

CORNERSTONE STRATEGIC VALUE FUND INC/ NEW  
Form N-CSRS  
August 31, 2006

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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)

383 Madison Avenue, New York, New York 10179

-----  
(Address of principal executive offices) (Zip code)

Jodi Levine

383 Madison Avenue, New York, NY 10179

-----  
(Name and address of agent for service)

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

Date of fiscal year end: December 31, 2006

Date of reporting period: June 30, 2006

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.

JUNE 30, 2006

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CORNERSTONE STRATEGIC  
VALUE FUND, INC.

SEMI-ANNUAL REPORT  
JUNE 30, 2006

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CORNERSTONE STRATEGIC VALUE FUND, INC.  
PORTFOLIO SUMMARY - AS OF JUNE 30, 2006 (UNAUDITED)  
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SECTOR ALLOCATION

Sector	Percent of Net Assets
Financials	20.2
Information Technology	14.2
Healthcare	12.8
Industrials	11.5
Consumer Discretionary	10.4
Energy	9.8
Consumer Staples	9.7
Utilities	3.3
Telecommunication Services	3.3
Materials	2.4
Closed-End Domestic Funds	1.5
Other	0.9

TOP TEN HOLDINGS, BY ISSUER

Holding	Sector	Percent of Net Assets
1. Exxon Mobil Corporation	Energy	3.9
2. General Electric Company	Industrials	2.9
3. Bank of America Corporation	Financials	2.5
4. Microsoft Corporation	Information Technology	2.1
5. Johnson & Johnson	Healthcare	1.9
6. Citigroup Inc.	Financials	1.8
7. EMC Corporation	Information Technology	1.8
8. Procter & Gamble Company (The)	Consumer Staples	1.7
9. American International Group, Inc.	Financials	1.7
10. Altria Group, Inc.	Consumer Staples	1.6

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CORNERSTONE STRATEGIC VALUE FUND, INC.  
SUMMARY SCHEDULE OF INVESTMENTS - JUNE 30, 2006 (UNAUDITED)

Description	No. of Shares	Value
EQUITY SECURITIES - 99.57%		
CLOSED-END DOMESTIC FUNDS - 1.49%		
Zweig Fund, Inc. ^	176,600	\$ 941,278
Other Closed-End Domestic Funds (a)		1,011,967
		-----
		1,953,245
		-----
CONSUMER DISCRETIONARY - 10.37%		
Home Depot, Inc. (The)	28,100	1,005,699
Time Warner Inc.	76,000	1,314,800
Other Consumer Discretionary (a)		11,305,373
		-----
		13,625,872
		-----
CONSUMER STAPLES - 9.73%		
Altria Group, Inc.	29,300	2,151,499
Coca-Cola Company (The)	23,500	1,010,970
PepsiCo, Inc. ^	24,800	1,488,992
Procter & Gamble Company (The)	41,297	2,296,113
Wal-Mart Stores, Inc.	39,800	1,917,166
Other Consumer Staples (a)		3,929,436
		-----
		12,794,176
		-----
ENERGY - 9.80%		
Chevron Corporation	27,532	1,708,636
ConocoPhillips	17,974	1,177,836
Exxon Mobil Corporation	84,000	5,153,400
Occidental Petroleum Corporation	8,000	820,400
Schlumberger Limited ^	22,000	1,432,420
Other Energy (a)		2,583,528
		-----
		12,876,220
		-----
FINANCIALS - 20.23%		
American Express Company	19,600	1,043,112

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American International Group, Inc. ^	37,531	2,216,206
Bank of America Corporation	67,938	3,267,818
Citigroup Inc.	49,300	2,378,232
Freddie Mac	14,500	826,645
Goldman Sachs Group, Inc. (The) ^	7,300	1,098,139
JPMorgan Chase & Co.	40,132	1,685,544
Merrill Lynch & Co., Inc.	10,700	744,292
Metlife, Inc. ^	15,200	778,392
Morgan Stanley	15,500	979,755
U.S. Bancorp	28,401	877,023
Wachovia Corporation	22,600	1,222,208
Wells Fargo & Company	24,200	1,623,336
Other Financials (a)		7,838,871
		-----
		26,579,573
		-----
HEALTHCARE - 12.82%		
Abbott Laboratories ^	28,000	1,221,080
Amgen Inc. +	18,900	1,232,847
Bristol-Myers Squibb Company	30,500	788,730
Johnson & Johnson ^	40,900	2,450,728
Medtronic, Inc.	21,500	1,008,780
Pfizer Inc. ^	77,560	1,820,333
UnitedHealth Group Incorporated	23,000	1,029,940
Wyeth	19,200	852,672
Other Healthcare (a)		6,437,387
		-----
		16,842,497
		-----
INDUSTRIALS - 11.53%		
3M Co. ^	15,400	1,243,858
Boeing Company (The) ^	11,700	958,347
Caterpillar Inc.	11,800	878,864
General Electric Company	115,500	3,806,880
Other Industrials (a)		8,271,199
		-----
		15,159,148
		-----

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See accompanying notes to financial statements.

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CORNERSTONE STRATEGIC VALUE FUND, INC.  
SUMMARY SCHEDULE OF INVESTMENTS - JUNE 30, 2006 (UNAUDITED) (CONCLUDED)  
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Description	No. of Shares	Value
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INFORMATION TECHNOLOGY - 14.16%

Cisco Systems, Inc. +	96,400	\$ 1,882,692
EMC Corporation +	212,648	2,332,749
Hewlett-Packard Company ^	27,900	883,872
Intel Corporation ^	82,500	1,563,375
International Business Machines Corporation ^	12,600	967,932
Microsoft Corporation	120,900	2,816,970
QUALCOMM Inc.	21,000	841,470
Other Information Technology (a)		7,326,236
		-----
		18,615,296
		-----

MATERIALS - 2.40%

Total Materials (a)		3,151,889
		-----

REAL ESTATE INVESTMENT TRUSTS - 0.41%

Total Real Estate Investment Trusts (a)		539,110
		-----

TELECOMMUNICATION SERVICES - 3.29%

AT&T Inc. ^	48,364	1,348,872
BellSouth Corporation	23,000	832,600
Sprint Nextel Corporation ^	38,446	768,536
Verizon Communications Inc. ^	30,900	1,034,841
Other Telecommunication Services (a)		334,103
		-----
		4,318,952
		-----

UTILITIES - 3.34%

Total Utilities (a)		4,391,786
		-----

TOTAL EQUITY SECURITIES (cost - \$116,572,604)		130,847,764
		-----

Description	Principal Amount (000's)	Value
-----		
SHORT-TERM INVESTMENTS - 1.75%		
REPURCHASE AGREEMENTS - 1.75%		
Bear, Stearns & Co. Inc. + (b) (Agreement dated 6/30/2006 to be repurchased at \$2,302,578)	\$ 2,302	\$ 2,301,892
		-----
TOTAL SHORT-TERM INVESTMENTS (cost - \$2,301,892)		2,301,892
		-----
TOTAL INVESTMENTS - 101.32% (cost - \$118,874,496)		133,149,656
		-----

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LIABILITIES IN EXCESS OF OTHER ASSETS - (1.32)%	(1,737,955) -----
NET ASSETS - 100.00%	\$ 131,411,701 =====

- 
- + Non-income producing security.
  - ^ Security or a portion thereof is out on loan.
  - + Includes investments purchased with cash collateral received for securities on loan.
- (a) Represents issues 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 of June 30, 2006.
- (b) At June 30, 2006, the maturity date for all repurchase agreements held was July 3, 2006, with interest rates ranging from 2.66% to 5.31%, and collateralized by \$2,371,096 in U.S. Treasury Bond STRIPs.

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See accompanying notes to financial statements.

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CORNERSTONE STRATEGIC VALUE FUND, INC.  
STATEMENT OF ASSETS AND LIABILITIES - JUNE 30, 2006 (UNAUDITED)

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ASSETS

Investments, at value, including collateral for securities on loan \$1,718,389 (Cost \$118,874,496) (1)	\$ 133,149,656
Receivables:	
Dividends	139,192
Interest	2,608
Prepaid expenses	14,254
Total Assets	----- 133,305,710 -----

LIABILITIES

Payables:	
Upon return of securities loaned	1,718,389
Investment management fees	97,402
Directors' fees	28,385
Other accrued expenses	49,833
Total Liabilities	----- 1,894,009 -----
NET ASSETS (applicable to 25,138,175 shares of common stock outstanding)	\$ 131,411,701 =====

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NET ASSET VALUE PER SHARE  
 (\$131,411,701 ./ 25,138,175) \$ 5.23  
 =====

NET ASSETS CONSISTS OF

Capital stock, \$0.001 par value; 25,138,175 shares issued and outstanding (100,000,000 shares authorized)	\$ 25,138
Paid-in capital	139,981,964
Cost of 1,236,852 shares repurchased	(17,516,253)
Accumulated net realized loss on investments	(5,354,308)
Net unrealized appreciation in value of investments	14,275,160
	-----
Net assets applicable to shares outstanding	\$ 131,411,701
	=====

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 See accompanying notes to financial statements.

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 CORNERSTONE STRATEGIC VALUE FUND, INC.  
 STATEMENT OF OPERATIONS - FOR THE SIX MONTHS ENDED JUNE 30, 2006 (UNAUDITED)  
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INVESTMENT INCOME

Income:

Dividends	\$ 1,370,937
Securities lending	34,871
Interest	1,184
	-----

Total Investment Income	1,406,992
	-----

Expenses:

Investment management fees	683,271
Administration fees	68,326
Directors' fees	54,052
Legal and audit fees	34,876
Printing	25,291
Accounting fees	19,702
Transfer agent fees	11,405
Custodian fees	10,084
Stock exchange listing fees	7,989
Insurance	4,067
Miscellaneous	1,240
	-----

Total Expenses	920,303
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Less: Management fee waivers	(67,632)
Less: Fees paid indirectly	(7,875)
	-----
Net Expenses	844,796
	-----
Net Investment Income	562,196
	-----
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	
Net realized loss from investments	(62,284)
Net change in unrealized appreciation in value of investments	1,842,480
	-----
Net realized and unrealized gain on investments	1,780,196
	-----
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 2,342,392
	=====

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See accompanying notes to financial statements.

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

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	For the Six Months Ended June 30, 2006 (unaudited)	For the Year Ended December 31, 2005
	-----	-----
DECREASE IN NET ASSETS		
Operations:		
Net investment income	\$ 562,196	\$ 834,753
Net realized gain/(loss) from investments	(62,284)	27,008,793
Net change in unrealized appreciation in value of investments	1,842,480	(22,438,516)
	-----	-----
Net increase in net assets resulting from operations	2,342,392	5,405,030
	-----	-----
Dividends and distributions to shareholders:		
Net investment income	(562,196)	(980,195)
Net realized capital gains	--	(24,369,995)
Return-of-capital	(12,424,982)	--
	-----	-----
Total dividends and distributions to shareholders	(12,987,178)	(25,350,190)
	-----	-----
Capital stock transactions:		
Proceeds from 427,870 and 832,602		

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shares newly issued in reinvestment of dividends and distributions, respectively	2,350,371	4,961,290
	-----	-----
Total decrease in net assets	(8,294,415)	(14,983,870)
	-----	-----
NET ASSETS		
Beginning of period	139,706,116	154,689,986
	-----	-----
End of period	\$ 131,411,701	\$ 139,706,116
	=====	=====

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See accompanying notes to financial statements.

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CORNERSTONE STRATEGIC VALUE FUND, INC.  
FINANCIAL HIGHLIGHTS

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

	For the Six Months Ended June 30, 2006  (unaudited)	For the Years Ended		
		2005	2004	2003
PER SHARE OPERATING PERFORMANCE				
Net asset value, beginning of period	\$ 5.65	\$ 6.48	\$ 6.90	\$ 6.41
	-----	-----	-----	-----
Net investment income/(loss) #	0.02	0.03	0.05	0.04
Net realized and unrealized gain/(loss) on investments and foreign currency related translations	0.08	0.18	0.55	1.44
	-----	-----	-----	-----
Net increase/(decrease) in net assets resulting from operations	0.10	0.21	0.60	1.48
	-----	-----	-----	-----
Dividends and distributions to shareholders:				

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Net investment income	(0.02)	(0.04)	(0.05)	(0.04)
Net realized gain on investments and foreign currency related transactions	--	(1.00)	--	--
Return-of-capital	(0.50)	--	(0.99)	(0.95)
	-----	-----	-----	-----
Total dividends and distributions to shareholders	(0.52)	(1.04)	(1.04)	(0.99)
Capital stock transactions:				
Anti-dilutive effect due to capital stock repurchased	--	--	--	--
Anti-dilutive/(dilutive) effect due to shares issued in reinvestment of dividends and distributions	--	--	0.02	--
	-----	-----	-----	-----
Total capital stock transactions	--	--	0.02	--
	-----	-----	-----	-----
Net asset value, end of period	\$ 5.23	\$ 5.65	\$ 6.48	\$ 6.90
	=====	=====	=====	=====
Market value, end of period	\$ 7.19	\$ 7.05	\$ 8.51	\$ 9.00
	=====	=====	=====	=====
Total investment return (a)	12.06%	(1.32)%	8.38%	77.69%
	=====	=====	=====	=====

RATIOS/SUPPLEMENTAL DATA

Net assets, end of period (000 omitted)	\$ 131,412	\$ 139,706	\$ 154,690	\$ 26,565
Ratio of expenses to average net assets, net of fee waivers, if any (b)	1.23% (d)	1.20%	1.28%	1.20%
Ratio of expenses to average net assets, excluding fee waivers, if any (c)	1.34% (d)	1.36%	1.50%	1.59%
Ratio of expenses to average net assets, net of fee waivers, if any (c)	1.24% (d)	1.26%	1.36%	1.25%
Ratio of net investment income/(loss) to average net assets	0.82% (d)	0.58%	0.73%	0.68%
Portfolio turnover rate	3.67%	21.60%	39.05%	11.88%

See accompanying notes to financial statements.

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

NOTE A. SIGNIFICANT ACCOUNTING POLICIES

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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.

The following is a summary of significant accounting policies consistently followed by the Fund:

**MANAGEMENT ESTIMATES:** The preparation of financial statements in accordance 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.

**PORTFOLIO VALUATION:** Investments are stated at value in the accompanying financial statements. All equity securities shall be valued at the closing price on the exchange or market on which the security is primarily traded ("Primary Market"). If the security did not trade on the Primary Market, it shall be valued at the closing price on another exchange where it trades. If there are no such sale prices, the value shall be the most recent bid, and if there is no bid, the security shall be valued at the most recent asked. If no pricing service is available and there are more than two dealers, the value shall be the mean of the highest bid and lowest ask. If there is only one dealer, then the value shall be the mean if bid and ask are available, otherwise the value shall be the bid. All other securities and assets are valued as determined in good faith by the Board of Directors. Short-term investments having a maturity of 60 days or less are valued on the basis of amortized cost. Securities and assets for which market quotations are not readily available are valued at their fair value as determined in good faith under procedures established by and under the general supervision of the Board. Fair valuation methodologies and procedures may include, but are not limited to: analysis and review of financial and non-financial information about the company; comparisons to the valuation and changes in valuation of similar securities, including reference to special reports prepared by analysts and or reports published in the financial press, the financial conditions and prospects of the issuer available, including considering any recent management or capital structure changes or other recent events that may impact the price of the security; and evaluation of any other information that could be indicative of the value of the security. At June 30, 2006, 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 American Stock Exchange, LLC is closed.

**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 Advisors, Inc. (the Fund's "Investment Manager" or "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 accrued interest. Cornerstone monitors daily, 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.

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

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.

DISTRIBUTIONS OF INCOME AND GAINS: Effective June 25, 2002, the Fund initiated a fixed, monthly distribution to shareholders. 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 a 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 classified as ordinary income. Although it has no current intention to do so, the Board may terminate the 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 the 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.

NOTE B. AGREEMENTS

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 2006, Cornerstone voluntarily agreed to waive its management fees from the Fund to the extent that the Fund's net monthly operating expenses (including basic legal fees but excluding other legal expenses) exceed a rate of 0.10% of average net assets. For the six months ended June 30, 2006, Cornerstone earned \$683,271 for investment management services, of which it waived \$67,632. The Investment Manager may discontinue such undertaking at any time during the fiscal year without notice to fund shareholders.

Included in the Statement of Operations, under the caption FEES PAID INDIRECTLY, are expense offsets of \$7,875 arising from credits earned on portfolio transactions executed with a broker, pursuant to a directed brokerage arrangement.

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The Fund paid or accrued approximately \$25,604 for the six months ended June 30, 2006 for legal services to Blank Rome LLP ("Blank"), counsel to the Fund. Thomas R. Westle, partner of Blank, serves as Secretary of the Fund.

NOTE C. INVESTMENT IN SECURITIES

For the six months ended June 30, 2006, purchases and sales of securities, other than short-term investments, were \$5,026,535 and \$14,811,373 respectively.

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

NOTE D. 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 value of securities on loan to brokers at June 30, 2006, was \$1,712,428.

NOTE E. 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 and Post-October losses (as later defined), and excise tax regulations. The tax character of dividends and distributions paid during the years ended December 31, for the Fund was as follows:

ORDINARY INCOME		RETURN-OF-CAPITAL	
2005	2004	2005	2004
\$980,195	\$729,442	--	\$13,677,285

LONG-TERM CAPITAL GAINS	
2005	2004

\$24,369,995 --

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"). For the tax period ended December 31, 2005, the Fund did not incur Post-October losses.

At December 31, 2005, the Fund had a capital loss carryforward for U.S. federal income tax purposes of \$5,292,024 of which \$2,547,381 expires in 2008, \$1,281,365 expires in 2009, \$693,207 expires in 2010, \$635,700 expires in 2011 and \$134,371 expires in 2012.

At June 30, 2006, the identified cost for federal income tax purposes, as well as the gross unrealized appreciation from investments for those securities having an excess of value over cost, gross unrealized depreciation from investments for those securities having an excess of cost over value and the net unrealized appreciation from investments were \$118,874,496, \$20,003,680, \$(5,728,520) and \$14,275,160, respectively.

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RESULTS OF ANNUAL MEETING OF STOCKHOLDERS (UNAUDITED)

On April 10, 2006, the Annual Meeting of Stockholders of Cornerstone Strategic Value Fund, Inc. was held and the following matter was voted upon based on 24,773,751 shares of common stock outstanding on February 17, 2006:

- (1) To approve the re-election of three Class II Directors until the year 2009 Annual Meeting.

NAME OF CLASS II DIRECTORS	FOR	WITHHOLD
-----	---	-----
Scott B. Rogers	21,279,926	261,505
William A. Clark	21,289,973	251,458
Thomas H. Lenagh	21,268,411	273,020

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### 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 dividends and distributions, net of any applicable U.S. withholding tax, are reinvested in shares of the Fund. American Stock Transfer & Trust Company serves as the Agent that administers the Plan for the shareholders in the Plan.

Shareholders who have shares registered directly in their own names automatically participate in the Fund's Plan, unless and until an election is made to withdraw from the Plan on behalf of such participating shareholder. Shareholders who do not wish to have distributions automatically reinvested should so notify the Agent at P.O. Box 922, Wall Street Station, New York, New York 10269-0560 or call (877) 248-6416. Under the Plan, the Fund's respective dividends and other distributions to shareholders are reinvested in full and fractional shares as described below.

When the Fund declares an income dividend or a capital gain or other distribution (each, a "Distribution" and collectively, "Distributions"), 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 American Stock Exchange, LLC or elsewhere, with cash allocated to it by the Fund ("Open Market Purchases").

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. Alternatively, the Agent will allocate Newly Issued Shares to the reinvesting shareholders at the lower of (i) a price equal to the average closing price of shares of the respective Fund over the five trading days preceding the payment date of such Distribution or (ii) the net asset value of the Fund as last determined prior to such payment date.

Registered shareholders who acquire their shares through Open Market Purchases and who do not wish to have their Distributions automatically reinvested should so notify the Fund in writing. If a shareholder has not elected to receive cash Distributions and the Agent does not receive notice of an election to receive cash Distributions prior to the record date of any Dividend, the shareholder will automatically receive such Distributions in additional shares.

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 termination of the Plan as provided below, 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-certified 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

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shares registered in the shareholder's name and held for the account of beneficial owners participating 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.

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INVESTMENT MANAGEMENT AGREEMENT APPROVAL DISCLOSURE (UNAUDITED)

The Board of Directors including, the Independent Directors, (the "Board") of Cornerstone Strategic Value Fund, Inc. (the "Fund") considers the approval of the Investment Management Agreement (the "Agreement") between Cornerstone Advisors, Inc. (the "Investment Manager") and the Fund on an annual basis. The most recent approval of the Agreement occurred at a meeting of the Board held on February 17, 2006.

In determining whether to approve the Agreement, the Board requested and received extensive materials and information from the Investment Manager to assist them in considering the approval of the continuance of the Agreement. Based on their review of the information requested and provided, and the discussions with management of the Investment Manager, the Board determined that the approval of the Agreement was consistent with the best interests of the Fund and its shareholders, and would enable the Fund to continue to receive high quality services at a cost that is appropriate, reasonable, and in the best interests of the Fund and its shareholders. The Board made these determinations on the basis of the following factors, among others: (1) the nature and quality of the services provided by the Investment Manager; (2) the cost to the Investment Manager for providing such services, with special attention to the Investment Manager's profitability (and whether the Investment Manager realizes any economies of scale); (3) the direct and indirect benefits received by the Investment Manager from its relationship with the Fund and the other investment company advised by the Investment Manager; and (4) comparative information as to the management fees, expense ratios and performance of other similarly situated closed-end investment companies.

The materials provided by the Investment Manager to the Board described the services provided by the Investment Manager to the Fund and included an overview of the Investment Manager and its investment process and policies, including the Investment Manager's extensive knowledge and experience in the closed-end fund industry. The Board also discussed the knowledge of the Investment Manager with respect to managing the Fund's monthly distribution policy and the extent to which such policy contributes to the current premium of the Fund's market price to its net asset value. The Board also favorably received the Investment Manager's continued commitment to voluntarily waive its management fees from the Fund to the extent that monthly operating expenses exceed 0.10% of average net assets calculated monthly (including basic legal fees but excluding other extraordinary legal expenses). The Board also reviewed and discussed a comparison of the Fund's performance with comparable closed-end funds and a comparison of the Fund's expense ratios and management fees with those comparable funds. Additionally, the Investment Manager presented an analysis of its profitability based on its contractual relationship with the Fund and the other investment company advised by the Investment Manager.

The Board carefully evaluated this information, taking into consideration many factors including, the overall high quality of the personnel, operations, financial condition, investment management capabilities, methodologies, and performance of the Investment Manager, and was advised by independent legal

counsel with respect to its deliberations. Based on its review of the information requested and provided, the Board determined that the management fees payable to the Investment Manager under the Agreement are fair and reasonable in light of the services to be provided, the anticipated costs of these services, the profitability of the Investment Manager's relationship with the Fund, and the comparability of the proposed fee to fees paid by comparable closed-end funds. The Board determined that the Agreement is consistent with the best interests of the Fund and its shareholders, and enables the Fund to receive high quality services at a cost that is appropriate, reasonable, and in the best interests of the Fund and its shareholders.

Accordingly, in light of the above considerations and such other factors and information it considered relevant, the Board by a unanimous vote of those present in person at the meeting (including a separate vote of the Independent Directors present in person at the meeting) approved the continuance of the Agreement with respect to the Fund.

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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 (212) 272-3550; 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 (212) 272-3550.

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 are 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.

#### PRIVACY POLICY NOTICE (UNAUDITED)

The following is a description of Cornerstone Strategic Value Fund, Inc.'s (the "Fund") policies regarding disclosure of nonpublic personal information that you provide to the Fund or that the Fund collects from other sources. In the event that you hold shares of the Fund through a broker-dealer or other financial intermediary, the privacy policy of the financial intermediary would govern how your nonpublic personal information would be shared with unaffiliated third parties.

CATEGORIES OF INFORMATION THE FUND COLLECTS. The Fund collects the following nonpublic personal information about you:

1. Information from the Consumer: this category includes information the Fund receives from you on or in applications or other forms, correspondence, or conversations (such as your name, address, phone number, social security number, assets, income and date of birth); and

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- 2. Information about the Consumer's transactions: this category includes information about your trans- actions with the Fund, its affiliates, or others (such as your account number and balance, payment history, parties to transactions, cost basis information, and other financial information).

CATEGORIES OF INFORMATION THE FUND DISCLOSES. The Fund does not disclose any nonpublic personal information about their current or former shareholders to unaffiliated third parties, except as required or permitted by law. The Fund is permitted by law to disclose all of the information it collects, as described above, to its service providers (such as the Fund's custodian, administrator and transfer agent) to process your transactions and otherwise provide services to you.

CONFIDENTIALITY AND SECURITY. The Fund restricts access to your nonpublic personal information to those persons who require such information to provide products or services to you. The Fund maintains physical, electronic and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

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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 American Stock Exchange, 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 American Stock Exchange, LLC (symbol "CLM"). The share price is published in: THE NEW YORK TIMES (daily) under the designation "CornerStrt" and THE WALL STREET JOURNAL (daily) and BARRON'S (each Monday) under the designation "CornstnStrat." The net asset value per share is available weekly and may be obtained by contacting the Fund at the general inquiry phone number.

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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.  
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This report, including the financial statements herein, is sent to the shareholders of the Fund for their information. The financial information included herein is taken from the records of the Fund without examination by independent registered public accountants who do not express an opinion thereon. 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 this report.  
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CORNERSTONE STRATEGIC VALUE FUND, INC.

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## DIRECTORS AND CORPORATE OFFICERS

Ralph W. Bradshaw	Chairman of the Board of Directors and President
William A. Clark	Director and Vice President
Thomas H. Lenagh	Director
Edwin Meese III	Director
Scott B. Rogers	Director
Andrew A. Strauss	Director
Glenn W. Wilcox, Sr.	Director
Gary A. Bentz	Chief Compliance Officer
Thomas R. Westle	Secretary
Jodi B. Levine	Treasurer

## STOCK TRANSFER AGENT AND REGISTRAR

INVESTMENT MANAGER Cornerstone Advisors, Inc. One West Pack Square Suite 1650 Asheville, NC 28801	American Stock Transfer & Trust Co. 59 Maiden Lane New York, NY 10038
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## INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

ADMINISTRATOR Bear Stearns Funds Management Inc. 383 Madison Avenue New York, NY 10179	Tait, Weller & Baker LLP 1818 Market Street Suite 2400 Philadelphia, 19103 PA
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## CUSTODIAN

Custodial Trust Company 101 Carnegie Center Princeton, NJ 08540	LEGAL COUNSEL Blank Rome LLP 405 Lexington Avenue New York, NY 10174
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## EXECUTIVE OFFICES

383 Madison Avenue  
New York, NY 10179

For shareholder inquiries, registered shareholders should call (800) 937-5449.  
For general inquiries, please call (212) 272-3550.

LOGO  
AMERICAN  
STOCK EXCHANGE(r)  
LISTED  
CLM

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## ITEM 2. CODE OF ETHICS.

Not applicable.

## ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

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Not applicable.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable.

ITEM 6. SCHEDULE OF INVESTMENTS.

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CORNERSTONE STRATEGIC VALUE FUND, INC.  
SCHEDULE OF INVESTMENTS -- JUNE 30, 2006 (UNAUDITED)

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DESCRIPTION	NO. OF SHARES	VALUE
EQUITY SECURITIES - 99.57%		
CLOSED-END DOMESTIC FUNDS - 1.49%		
Adams Express Company	49,500	\$ 637,065
General American Investors Company	3,000	108,300
Tri-Continental Corporation	13,700	266,602
Zweig Fund, Inc. ^	176,600	941,278
		-----
		1,953,245
		-----
CONSUMER DISCRETIONARY - 10.37%		
Acco Brands Corporation +	235	5,146
Bed Bath & Beyond Inc. +	4,200	139,314
Best Buy Co., Inc. ^	7,125	390,735
Black & Decker Corporation (The)	3,000	253,380
Carnival Corporation	11,800	492,532
CBS Corporation ^	4,450	120,372
Circuit City Stores, Inc. ^	5,000	136,100
Clear Channel Communications, Inc. ^	8,800	272,360
Comcast Corporation, Special Class A +	19,037	623,271
D.R. Horton, Inc.	7,000	166,740
Eastman Kodak Company	1,400	33,292
eBay Inc. +	21,500	629,735
Federated Department Stores, Inc.	11,052	404,503
Ford Motor Company ^	6,000	41,580
Fortune Brands, Inc.	3,500	248,535
Gannett Co., Inc.	6,000	335,580
Gap, Inc. (The) ^	12,200	212,280
Goodyear Tire & Rubber Company (The) +^	4,500	49,950
Harley-Davidson, Inc.	4,400	241,516
Hilton Hotels Corporation	11,200	316,736
Home Depot, Inc. (The)	28,100	1,005,699

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J.C. Penney Company, Inc.	4,500	303,795
Kohl's Corporation +	5,000	295,600
Live Nation Inc. +	1,100	22,396
Lowe's Companies, Inc.	11,200	679,504
Marriott International, Inc., Class A	4,200	160,104
Mattel, Inc.	5,500	90,805
McDonald's Corporation	17,600	591,360
News Corporation	23,000	441,140
NIKE, Inc.	2,300	186,300
Omnicom Group Inc.	4,100	365,269
Sears Holdings Corporation +	503	77,885
Staples, Inc.	10,800	262,656
Starbucks Corporation +	10,800	407,808
Target Corporation	11,800	576,666
Time Warner Inc.	76,000	1,314,800
TJX Companies, Inc. (The)	7,000	160,020
Univision Communications Inc., Class A +	7,000	234,500
Viacom Inc. +	11,950	428,288
Walt Disney Company (The)	20,200	606,000
Yum! Brands, Inc. ^	6,000	301,620
		-----
		13,625,872
		-----
CONSUMER STAPLES - 9.73%		
Altria Group, Inc.	29,300	2,151,499

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DESCRIPTION	NO. OF SHARES	VALUE
Anheuser-Busch Companies, Inc.	6,200	282,658
Archer-Daniels-Midland Company ^	5,460	225,389
Campbell Soup Company	2,000	74,220
Coca-Cola Company (The)	23,500	1,010,970
Coca-Cola Enterprises Inc.	3,000	61,110
Colgate-Palmolive Company	11,100	664,890
ConAgra Foods, Inc.	4,400	97,284
Costco Wholesale Corporation	6,500	371,345
CVS Corporation	5,000	153,500
General Mills, Inc. ^	9,500	490,770
H.J. Heinz Company ^	6,600	272,052
Kroger Co. (The) ^	4,800	104,928
Pepsi Bottling Group, Inc. (The)	4,000	128,600
PepsiCo, Inc. ^	24,800	1,488,992
Procter & Gamble Company (The)	41,297	2,296,113
Sara Lee Corporation	11,500	184,230
Sysco Corporation	5,800	177,248
Walgreen Co.	14,300	641,212
Wal-Mart Stores, Inc.	39,800	1,917,166
		-----
		12,794,176
		-----
ENERGY - 9.80%		
Anadarko Petroleum Corp.	11,800	562,742
Baker Hughes Incorporated	8,100	662,985
Chevron Corporation	27,532	1,708,636
ConocoPhillips	17,974	1,177,836
Devon Energy Corporation ^	5,000	302,050

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Exxon Mobil Corporation	84,000	5,153,400
Hugoton Royalty Trust ^	298	8,851
Marathon Oil Corp.	7,500	624,750
Occidental Petroleum Corporation	8,000	820,400
Schlumberger Limited ^	22,000	1,432,420
Transocean Inc. +	2,500	200,800
XTO Energy, Inc.	5,000	221,350
		-----
		12,876,220
		-----
FINANCIALS - 20.23%		
AFLAC Incorporated	7,000	324,450
Allstate Corporation (The)	9,300	508,989
American Express Company	19,600	1,043,112
American International Group, Inc. ^	37,531	2,216,206
Ameriprise Financial, Inc.	3,120	139,370
Aon Corporation	4,900	170,618
Bank of America Corporation	67,938	3,267,818
Bank of New York Company, Inc. (The)	11,400	367,080
Charles Schwab Corporation (The)	12,000	191,760
Citigroup Inc.	49,300	2,378,232
Fannie Mae	13,000	625,300
Fifth Third Bancorp	2,500	92,375
Franklin Resources, Inc. ^	3,700	321,197
Freddie Mac	14,500	826,645
Goldman Sachs Group, Inc. (The) ^	7,300	1,098,139
Hartford Financial Services Group, Inc. (The)	6,000	507,600
JPMorgan Chase & Co.	40,132	1,685,544
Lehman Brothers Holdings Inc.	7,200	469,080
Marsh & McLennan Companies, Inc.	10,100	271,589
Merrill Lynch & Co., Inc.	10,700	744,292
Metlife, Inc. ^	15,200	778,392
Morgan Stanley	15,500	979,755
National City Corporation	12,700	459,613

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DESCRIPTION	NO. OF SHARES	VALUE
Northern Trust Corporation	3,500	193,550
PNC Financial Services Group, Inc.	7,100	498,207
Prudential Financial, Inc.	8,200	637,140
St. Paul Travelers Companies, Inc. (The)	9,476	422,440
State Street Corporation ^	3,500	203,315
SunTrust Banks, Inc.	7,600	579,576
U.S. Bancorp	28,401	877,023
UnumProvident Corporation	8,100	146,853
Wachovia Corporation	22,600	1,222,208
Washington Mutual, Inc.	15,550	708,769
Wells Fargo & Company	24,200	1,623,336
		-----
		26,579,573
		-----
HEALTH CARE - 12.82%		
Abbott Laboratories ^	28,000	1,221,080
Aetna Inc.	12,000	479,160
Amgen Inc. +	18,900	1,232,847
Applera Corporation	8,000	258,800

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Baxter International Inc. ^	5,000	183,800
Becton, Dickinson and Company	6,900	421,797
Biogen Idec Inc. +	8,000	370,640
Boston Scientific Corporation +	23,051	388,179
Bristol-Myers Squibb Company	30,500	788,730
Cardinal Health, Inc.	5,450	350,598
Caremark Rx, Inc. +	9,000	448,830
Eli Lilly and Company	11,000	607,970
Gilead Sciences, Inc. +	3,500	207,060
HCA, Inc. ^	8,500	366,775
Hospira, Inc. +	3,700	158,878
IMS Health Incorporated	7,400	198,690
Johnson & Johnson ^	40,900	2,450,728
McKesson Corporation	2,300	108,744
Medco Health Solutions, Inc. +	6,687	383,031
Medtronic, Inc.	21,500	1,008,780
Merck & Co. Inc. ^	20,000	728,600
Pfizer Inc. ^	77,560	1,820,333
Schering-Plough Corporation	17,000	323,510
Tenet Healthcare Corporation +	2,250	15,705
UnitedHealth Group Incorporated	23,000	1,029,940
WellPoint Inc. + ^	6,000	436,620
Wyeth	19,200	852,672
		-----
		16,842,497
		-----
INDUSTRIALS - 11.53%		
3M Co. ^	15,400	1,243,858
Boeing Company (The) ^	11,700	958,347
Caterpillar Inc.	11,800	878,864
Cendant Corporation	28,000	456,120
CSX Corporation	9,000	633,960
Danaher Corporation ^	3,500	225,120
Emerson Electric Co.	8,500	712,385
FedEx Corp. ^	4,500	525,870
General Dynamics Corporation	6,200	405,852
General Electric Company	115,500	3,806,880
Honeywell International Inc.	12,500	503,750
Illinois Tool Works Inc.	10,800	513,000
Ingersoll-Rand Company Ltd. Class A	3,500	149,730
Lockheed Martin Corporation	4,000	286,960
Masco Corporation ^	4,200	124,488
Norfolk Southern Corporation	10,000	532,200

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DESCRIPTION	NO. OF SHARES	VALUE
Northrop Grumman Corporation	5,000	320,300
Rockwell Automation, Inc.	2,500	180,025
Southwest Airlines Co.	6,450	105,586
Textron Inc.	4,500	414,810
Tyco International Ltd.	15,397	423,418
Union Pacific Corporation ^	2,000	185,920
United Parcel Service, Inc., Class B	5,300	436,349
United Technologies Corporation	11,000	697,620
Waste Management, Inc. ^	12,200	437,736
		-----
		15,159,148
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INFORMATION TECHNOLOGY - 14.16%		
Adobe Systems Incorporated	9,200	279,312
Analog Devices, Inc.	9,200	295,688
Apple Computer, Inc. +	3,000	171,360
Applied Materials, Inc.	33,800	550,264
Automatic Data Processing, Inc.	9,900	448,965
Cisco Systems, Inc. +	96,400	1,882,692
Corning Incorporated +	17,000	411,230
Dell Inc. +	18,700	456,467
Electronic Arts Inc. +	5,000	215,200
Electronic Data Systems Corporation	10,000	240,600
EMC Corporation +	212,648	2,332,749
First Data Corporation ^	11,324	510,033
Freescale Semiconductor Inc., Class B +	6,512	191,453
Hewlett-Packard Company ^	27,900	883,872
Intel Corporation ^	82,500	1,563,375
International Business Machines Corporation ^	12,600	967,932
Linear Technology Corporation	6,500	217,685
Lucent Technologies Inc. +	10,700	25,894
Maxim Integrated Products, Inc. ^	2,300	73,853
Micron Technology, Inc. +	11,500	173,190
Microsoft Corporation	120,900	2,816,970
Motorola, Inc.	34,700	699,205
Oracle Corporation +	43,872	635,705
Paychex, Inc.	4,200	163,716
QUALCOMM Inc.	21,000	841,470
Sanmina-SCI Corporation +	5,500	25,300
Solectron Corporation +	3,000	10,260
Sun Microsystems, Inc. +	7,500	31,125
Symantec Corporation +	10,000	155,400
Texas Instruments Incorporated	23,900	723,931
Yahoo! Inc. +	18,800	620,400
		-----
		18,615,296
		-----
MATERIALS - 2.40%		
Air Products & Chemicals, Inc.	1,000	63,920
Alcoa Inc.	14,200	459,512
Dow Chemical Company (The)	15,400	601,062
E. I. du Pont de Nemours and Company	14,800	615,680
International Paper Company ^	10,500	339,150
Monsanto Company	5,080	427,685
Newmont Mining Corporation	7,000	370,510
Praxair, Inc.	3,000	162,000
Rohm and Hass Company	1,000	50,120
Weyerhaeuser Company	1,000	62,250
		-----
		3,151,889
		-----
REAL ESTATE INVESTMENT TRUST - 0.41%		
Simon Property Group, Inc. ^	6,500	539,110

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DESCRIPTION	NO. OF SHARES	VALUE
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TELECOMMUNICATIONS SERVICES - 3.29%		
ALLTEL Corporation ^	4,000	255,320
AT&T Inc. ^	48,364	1,348,872
BellSouth Corporation	23,000	832,600

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Embarq Corporation +	1,922	78,783
Sprint Nextel Corporation ^	38,446	768,536
Verizon Communications Inc. ^	30,900	1,034,841
		-----
		4,318,952
		-----
UTILITIES - 3.34%		
American Electric Power Company, Inc.	5,500	188,375
CenterPoint Energy, Inc.	13,900	173,750
Dominion Resources, Inc.	4,600	344,034
Duke Energy Corporation ^	13,300	390,621
Edison International	4,000	156,000
Exelon Corporation	11,000	625,130
FirstEnergy Corp.	5,000	271,050
FPL Group, Inc.	4,000	165,520
PG&E Corporation	9,000	353,520
Progress Energy, Inc. ^	3,500	150,045
Public Service Enterprise Group Incorporated	6,000	396,720
Southern Company (The)	11,900	381,395
TXU Corp. ^	9,400	562,026
Williams Companies, Inc. (The)	10,000	233,600
		-----
		4,391,786
		-----
TOTAL EQUITY SECURITIES		
(cost - \$116,572,604)		130,847,764
		-----
	PRINCIPAL	
	AMOUNT (000'S)	
	-----	
SHORT-TERM INVESTMENTS - 1.75%		
REPURCHASE AGREEMENTS - 1.75%		
Bear, Stearns & Co. Inc. * **	\$ 1,327	1,326,514
(Agreement dated 6/30/2006 to be repurchased at \$1,326,807), 2.6562%, 7/3/2006, collateralized by \$1,365,340 in U.S. Treasury Bond STRIP)		
Bear, Stearns & Co. Inc.	584	583,503
(Agreement dated 6/30/2006 to be repurchased at \$583,722), 4.5000%, 7/3/2006, collateralized by \$601,674 in U.S. Treasury Bond STRIP)		
Bear, Stearns & Co. Inc. * **	392	391,875
(Agreement dated 6/30/2006 to be repurchased at \$392,048), 5.3125%, 7/3/2006, collateralized by \$404,083 in U.S. Treasury Bond STRIP)		
		-----
TOTAL SHORT-TERM INVESTMENTS		
(cost - \$2,301,892)		2,301,892
		-----

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DESCRIPTION	NO. OF SHARES	VALUE
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TOTAL INVESTMENTS - 101.32%		
(cost - \$118,874,496)		133,149,656
		-----
LIABILITIES IN EXCESS OF OTHER ASSETS - (1.32)%		(1,737,955)
		-----
NET ASSETS - 100.00%		\$131,411,701
		=====

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

Not applicable.

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

Not applicable.

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

None.

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

None.

ITEM 11. CONTROLS AND PROCEDURES.

(a) The Registrant's principal executive officer and principal financial officer have evaluated the Registrant's disclosure controls and procedures as of a date within 90 days of this filing and have concluded that the Registrant's disclosure controls and procedures are effective, as of such date, in ensuring that information required to be disclosed by the registrant in this Form N-CSR was recorded, processed, summarized, and reported timely.

(b) The Registrant's principal executive officer and principal financial officer are aware of no changes in the Registrant's internal control over

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financial reporting that occurred during the Registrant's last fiscal half-year that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

(a) (1) Not applicable.

(a) (2) Separate certifications of Principal Executive and Financial Officers pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 attached as EX-99.CERT.

(b) Certification of Principal Executive and Financial Officers pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 furnished as EX-99.906 CERT.

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SIGNATURES

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Cornerstone Strategic Value Fund, Inc.

By: /S/ RALPH W. BRADSHAW  
-----

Name: Ralph W. Bradshaw  
Title: Principal Executive Officer  
Date: August 31, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: /S/ RALPH W. BRADSHAW  
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Name: Ralph W. Bradshaw  
Title: Principal Executive Officer  
Date: August 31, 2006

By: /S/ JODI B. LEVINE  
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Name: Jodi B. Levine  
Title: Principal Financial Officer  
Date: August 31, 2006

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