

CORNERSTONE STRATEGIC VALUE FUND INC
Form 497
April 10, 2015

CORNERSTONE STRATEGIC VALUE FUND, INC.

48 Wall Street, 22nd Floor

New York, NY 10005

April 10, 2015

Dear Stockholder:

We are pleased to invite you to the Special Meeting of Stockholders (the "Special Meeting") of Cornerstone Strategic Value Fund, Inc., a Maryland corporation ("CLM").

The Special Meeting is scheduled to be held at 11:30 a.m. (EST) on May 22, 2015, at 1075 Hendersonville Road, Asheville, North Carolina, 28803. At the Special Meeting stockholders will be asked to approve the following proposal:

to approve a Merger Agreement and Plan of Reorganization (the "CFP Plan" or "CFP Merger Agreement"), (1) whereby Cornerstone Progressive Return Fund ("CFP") will merge with and into CLM in accordance with the Maryland General Corporation Law and the Delaware Statutory Trust Act.

The Board of Directors of CLM believes that the merger is important to your interests as a stockholder. Please note that it is possible that the merger may or may not occur.

Stockholders who are unable to attend this meeting are strongly encouraged to vote by proxy, which is customary in corporate meetings of this kind. A Proxy Statement/Prospectus regarding the meeting, a proxy card(s) for your vote at the meeting and an envelope - postage prepaid - in which to return your proxy card are enclosed. At the Special Meeting you will be asked to vote on one matter.

THE BOARD OF DIRECTORS OF CLM BELIEVES THAT THE PROPOSED CFP MERGER IS IN THE BEST INTERESTS OF CLM AND ITS STOCKHOLDERS AND RECOMMENDS THAT YOU READ THE ENCLOSED MATERIALS CAREFULLY AND THEN VOTE "FOR" PROPOSAL 1.

YOUR VOTE IS IMPORTANT NO MATTER HOW MANY SHARES YOU MAY OWN. PLEASE TAKE A FEW MINUTES TO REVIEW THIS PROXY STATEMENT AND VOTE YOUR SHARES TODAY.

CLM has engaged AST Fund Solutions, LLC, a professional proxy solicitor, to assist stockholders throughout the voting process. If you should have any questions regarding this proxy material, you can contact AST Fund Solutions, LLC at 866-416-0643. As the meeting date approaches and we still have not received your proxy, you may receive a call from AST Fund Solutions, LLC encouraging you to vote your shares in order to be represented at this meeting.

Respectfully,

Ralph W. Bradshaw
Chairman of the Board of Directors

YOU ARE URGED TO SIGN THE PROXY CARD(S) AND RETURN THE CARD(S) IN THE POSTAGE-PAID ENVELOPE TO ENSURE A QUORUM AT THE MEETING. YOUR VOTE IS IMPORTANT REGARDLESS OF THE SIZE OF YOUR SHAREHOLDINGS.

CORNERSTONE PROGRESSIVE RETURN FUND

48 Wall Street, 22nd Floor

New York, NY 10005

April 10, 2015

Dear Shareholder:

We are pleased to invite you to the Special Meeting of Shareholders (the "Special Meeting") of Cornerstone Progressive Return Fund, a Delaware statutory trust ("CFP").

The Special Meeting is scheduled to be held at 11:00 a.m. (EST) May 22, 2015, at 1075 Hendersonville Road, Asheville, North Carolina, 28803. At the Special Meeting, shareholders will be asked to consider and approve the following proposal:

to approve a Merger Agreement and Plan of Reorganization (the "CFP Plan" or "CFP Merger Agreement"), (1) whereby CFP will merge with and into Cornerstone Strategic Value Fund, Inc. ("CLM") in accordance with the Maryland General Corporation Law and the Delaware Statutory Trust Act.

As a result of the approval of the merger, CFP will cease to exist and CLM will be the surviving corporation. The CFP merger will have a significant impact on each CFP shareholder and you are strongly urged to read all of the information contained in the Combined Proxy Statement/Prospectus.

Shareholders who are unable to attend this meeting are strongly encouraged to vote by proxy, which is customary in corporate meetings of this kind. A Proxy Statement/Prospectus regarding the meeting, a proxy card(s) for your vote at the meeting and an envelope - postage prepaid - in which to return your proxy card are enclosed. At the Special Meeting you will be asked to vote on one matter.

THE BOARD OF TRUSTEES OF CFP BELIEVES THAT THE PROPOSED CFP MERGER IS IN THE BEST INTERESTS OF CFP AND ITS SHAREHOLDERS AND RECOMMENDS THAT YOU READ THE ENCLOSED MATERIALS CAREFULLY AND THEN VOTE "FOR" PROPOSAL 1.

YOUR VOTE IS IMPORTANT NO MATTER HOW MANY SHARES YOU MAY OWN. PLEASE TAKE A FEW MINUTES TO REVIEW THIS PROXY STATEMENT AND VOTE YOUR SHARES TODAY.

CFP has engaged AST Fund Solutions, LLC, a professional proxy solicitor, to assist shareholders throughout the voting process. If you should have any questions regarding this proxy material, you can contact AST Fund Solutions, LLC at 866-416-0643. As the meeting date approaches and we still have not received your proxy, you may receive a call from AST Fund Solutions, LLC encouraging you to vote your shares in order to be represented at this meeting.

Respectfully,

Ralph W. Bradshaw
Chairman of the Board of Trustees

YOU ARE URGED TO SIGN THE PROXY CARD(S) AND RETURN THE CARD(S) IN THE POSTAGE-PAID ENVELOPE TO ENSURE A QUORUM AT THE MEETING. YOUR VOTE IS IMPORTANT REGARDLESS OF THE SIZE OF YOUR SHAREHOLDINGS

CORNERSTONE STRATEGIC VALUE FUND, INC.

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SPECIAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 22, 2015: THE NOTICE OF SPECIAL MEETING OF STOCKHOLDERS AND PROXY STATEMENT ARE AVAILABLE ON THE INTERNET AT [HTTP://WWW.CORNERSTONESTRATEGICVALUEFUND.COM/DATA/SITES/5/DOCS/CLM_PROXY_FINAL.PDF](http://www.cornerstonestrategicvaluefund.com/data/sites/5/docs/clm_proxy_final.pdf)

Notice is hereby given that the Special Meeting of Stockholders (the "CLM Special Meeting") of Cornerstone Strategic Value Fund, Inc. ("CLM"), a Maryland corporation, will be held at 1075 Hendersonville Road, Asheville, North Carolina, 28803, on May 22, 2015, at 11:30 a.m. (EST), for the following purpose:

To consider and vote upon the approval of a CFP Merger Agreement and Plan of Reorganization dated April 10, (1)2015 whereby Cornerstone Progressive Return Fund ("CFP") will merge with and into CLM, in accordance with the Maryland General Corporation Law and the Delaware Statutory Trust Act.

The appointed proxies will vote in their discretion on any other business that may properly come before the CLM Special Meeting or any adjournments thereof.

Holders of record of shares of common stock of CLM at the close of business on April 10, 2015 (the "Record Date") are entitled to vote at the CLM Special Meeting and at any postponements or adjournments thereof. In addition to stockholders of CLM approving the proposed merger with CFP, CFP shareholders must approve the CFP merger.

The persons named as proxies may propose one or more adjournments of the CLM Special Meeting if the necessary quorum to transact business or the vote required to approve or reject any proposal is not obtained at the meeting. Any such adjournment will require the affirmative vote of the holders of a majority of CLM's shares present in person or by proxy at the CLM Special Meeting. The persons named as proxies will vote those proxies which they are entitled to vote on any such proposal in accordance with their best judgment in the interest of CLM.

The enclosed proxy is being solicited on behalf of the Board of Directors of CLM.

By Order of the Board of Directors,

Ralph W. Bradshaw, President

CORNERSTONE PROGRESSIVE RETURN FUND

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SPECIAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 22, 2015: THE NOTICE OF SPECIAL MEETING OF STOCKHOLDERS AND PROXY STATEMENT ARE AVAILABLE ON THE INTERNET AT HTTP://WWW.CORNERSTONEPROGRESSIVERETURNFUND.COM/DATA/SITES/6/DOCS/CFP_PROXY_FINAL.PDF

Notice is hereby given that the Special Meeting of Shareholders (the "CFP Special Meeting") of Cornerstone Progressive Return Fund ("CFP"), a Delaware statutory trust, will be held at 1075 Hendersonville Road, Asheville, North Carolina, 28803, on May 22, 2015, at 11:00 a.m. (EST) for the following purpose:

1. To consider and vote upon the approval of a CFP Merger Agreement and Plan of Reorganization dated April 10, 2015 whereby CFP will merge with and into Cornerstone Strategic Value Fund, Inc. ("CLM"), in accordance with the Maryland General Corporation Law and the Delaware Statutory Trust Act.

The appointed proxies will vote in their discretion on any other business that may properly come before the CFP Special Meeting or any adjournments thereof.

Holders of record of shares of beneficial interest of CFP at the close of business on April 10, 2015 (the "Record Date") are entitled to vote at the CFP Special Meeting and at any postponements or adjournments thereof. CLM stockholders must approve the merger as well. For further information concerning the merger, please refer to the combined Proxy Statement/Prospectus enclosed herein.

The persons named as proxies may propose one or more adjournments of the CFP Special Meeting if the necessary quorum to transact business or the vote required to approve or reject any proposal is not obtained at the meeting. Any such adjournment will require the affirmative vote of the holders of a majority of CFP's shares present in person or by proxy at the CFP Special Meeting. The persons named as proxies will vote those proxies which they are entitled to vote on any such proposal in accordance with their best judgment in the interest of CFP.

The enclosed proxy is being solicited on behalf of the Board of Trustees of CFP.

By Order of the Board of Trustees,

Ralph W. Bradshaw, President

Instructions for signing proxy cards

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

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

REGISTRATION

Corporate accounts

Valid Signature

- | | |
|---------------------------------------|----------------------------------|
| (1) ABC Corp. | ABC Corp.
John Doe, Treasurer |
| (2) ABC Corp. | John Doe, Treasurer |
| (3) ABC Corp. c/o John Doe, treasurer | John Doe |
| (4) ABC Corp. profit sharing plan | John Doe, Trustee |

Partnership accounts

- | | |
|--|--------------------------------|
| (1) The XYZ partnership | Jane B. Smith, Partner |
| (2) Smith and Jones, limited partnership | Jane B. Smith, General Partner |

Trust accounts

- | | |
|---|----------------------|
| (1) ABC trust account | Jane B. Doe, Trustee |
| (2) Jane B. Doe, trustee u/t/d 12/18/78 | Jane B. Doe |

Custodial or estate accounts

- | | |
|--------------------------------|--|
| (1) John B. Smith, Cust. f/b/o | |
|--------------------------------|--|

John B. Smith, Jr. UGMA/UTMA

John B. Smith

(2) Estate of John B. Smith

John B. Smith, Jr., Executor

April 10, 2015

COMBINED PROXY STATEMENT/PROSPECTUS

CORNERSTONE STRATEGIC VALUE FUND, INC. AND CORNERSTONE PROGRESSIVE RETURN FUND

This combined Proxy Statement/Prospectus is being furnished to stockholders of Cornerstone Strategic Value Fund, Inc. ("CLM") and shareholders of Cornerstone Progressive Return Fund ("CFP") for use at CLM and CFP's Special Meeting of Stockholders/Shareholders. CLM and CFP each may be referred to hereinafter as the "Fund" or collectively, the "Funds". Each of the CFP Special Meeting and CLM Special Meeting will be held on May 22, 2015 at 11:00 a.m. (EST) and at 11:30 a.m. (EST), respectively, and at any and all postponements or adjournments thereof.

Throughout this Combined Proxy Statement/Prospectus the CLM Special Meeting and CFP Special Meeting shall collectively be referred to as the "Meetings." Throughout this Combined Proxy Statement/Prospectus the stockholders of CLM and the shareholders of CFP shall collectively be referred to as the "Shareholders." The approximate mailing date of this Proxy Statement/Prospectus is April 15, 2015.

PURPOSE OF THE MEETINGS

The Meetings are being called for the following purpose:

At the CLM and CFP Special Meetings, Shareholders of CLM and CFP will be asked to approve the CFP Merger Agreement and Plan of Reorganization dated [____], 2015 (the "CFP Plan") whereby CFP will merge with and into CLM, in accordance with the Maryland General Corporation Law and the Delaware Statutory Trust Act. A primary purpose for the merger is to allow Shareholders of CFP to take advantage of the managed distribution policy ("MDP") currently in place for CLM. The MDP of CLM relies on the existence of an exemptive order granted to CLM by the SEC. The Board of CFP believes that the MDP of CLM will result in a more defined managed distribution policy for the Shareholders of CFP rather than the distribution policy currently in place for CFP Shareholders. The merger will also create a larger fund, presumably providing better economies of scale, increased liquidity and resulting in a lower expense ratio for CLM Shareholders.

SPECIFICS OF THE PLAN OF REORGANIZATION

CFP MERGER: As a result of the approval of the CFP Merger:

(i) CFP will no longer exist,

(ii) CLM will be the surviving corporation,

each share of beneficial interest of CFP will convert into an equivalent dollar amount of full and fractional shares
(iii) of common stock of CLM based on the relative net asset value per share of CFP and CLM on the business day preceding the day on which the CFP Merger is consummated,

each CFP Shareholder participating in the CFP dividend reinvestment plan shall receive fractional shares of CLM
(iv) based on the relative net asset value per share of CFP and CLM on the business day preceding the day on which the CFP Merger is consummated, and

CFP Shareholders that do not participate in the CFP dividend reinvestment plan will not receive fractional shares,
(v) rather CLM's transfer agent will aggregate all fractional shares, sell the resulting full shares on the NYSE MKT, LLC (the "NYSE MKT") at the then current price and remit the proceeds to CFP's shareholders in proportion to their fractional shares.

In connection with the merger, CLM will issue that number of shares that have an aggregate net asset value equal to the aggregate net asset value of the outstanding shares of CFP. Each CFP Shareholder, in connection with the merger, will receive shares of CLM having an aggregate net asset value equal to the aggregate net asset value of the Shareholder's CFP shares at the close of business on the day before the Effective Date of the CFP Merger. While the total net asset value of shares received by each CFP Shareholder in the merger may be the same as before the merger, the market value of CLM shares that a CFP Shareholder receives in the merger may be more or less than the market value of CFP shares that such Shareholder owned immediately before the merger, depending on the current market discount or premium levels of CLM and CFP. Shares of closed-end investment companies frequently trade at a market price that is less than or greater than the value of the fund's assets.

No assurances can be given that the proposed merger will be approved by the Shareholders of the respective Funds.

CLM and CFP are each registered with the U.S. Securities and Exchange Commission (the "SEC") as a closed-end management investment company and, shares of CLM and CFP are both listed on the NYSE MKT. CLM and CFP are each classified as a diversified closed-end management investment company. CLM's investment objective is to seek long-term capital appreciation through investment in equity securities of U.S. and non-U.S. companies. CFP's investment objective is to provide total return through investing primarily in the equity securities of U.S. and non-U.S. companies. The current investment objective and policies of CLM will continue unchanged regardless of whether the mergers occur.

The terms and conditions of the proposed merger is more fully described in this Proxy Statement/Prospectus and in the CFP Plan, copies of which are attached hereto as Exhibit A.

This Proxy Statement/Prospectus serves as a prospectus for shares of CLM under the Securities Act of 1933, as amended (the "Securities Act"), in connection with the issuance of CLM shares of common stock pursuant to the merger.

CFP MERGER

Assuming the Shareholders of CFP and CLM approve the CFP Merger and that all other conditions contained in the CFP Merger Agreement are satisfied or waived, CFP will file a certificate of merger in the office of the Secretary of State of Delaware. Additionally, CLM will file articles of merger (the "CFP Articles of Merger"), with the State Department of Assessments and Taxation of Maryland (the "Department"). It is proposed that the CFP Merger will become effective on June 19, 2015, or such other date as may result from the application of the terms of the CFP Merger Agreement (the "CFP Effective Date"). CFP, as soon as practicable after the CFP Effective Date, will terminate its registration under the Investment Company Act of 1940, as amended (the "Investment Company Act").

Under Section 3-202 of the Maryland General Corporation Law (the "MGCL"), Shareholders of CLM are not entitled to any appraisal or similar rights in connection with the merger contemplated by the CFP Plan. Under Section 3815 of the Delaware Statutory Trust Act (the "DSTA"), Shareholders of CFP are not entitled to any appraisal or similar rights in connection with the merger contemplated by the CFP Plan.

This combined Proxy Statement/Prospectus sets forth concisely the information about CLM and CFP that you should be aware of before voting upon a merger proposal. You should retain this Proxy Statement/Prospectus for future reference as it sets forth information about CLM and CFP that you should know before voting on any merger proposal.

A Statement of Additional Information (the "SAI") dated April 10, 2015, which contains additional information about CLM has been filed with the SEC. The SAI for CLM and financial statements of CFP and CLM for the calendar year ended December 31, 2014 are incorporated by reference into this Proxy Statement/Prospectus. Copies of these documents are available upon request and without charge by writing to either Fund c/o AST Fund Solutions, LLC, 48 Wall Street, 22nd Floor, New York, NY 10005, or by calling (866) 668-6558. You may ask questions about CLM and/or CFP by calling (866) 668-6558. CFP has provided the information included in this Proxy Statement/Prospectus regarding that Fund and CLM has provided the information included in this Proxy Statement/Prospectus regarding that Fund.

CLM's shares of common stock are listed on the NYSE MKT under the symbol "CLM," and CFP's shares of beneficial interest are listed on the NYSE MKT under the symbol "CFP." After the Effective Date, shares of common stock of CLM will continue to be listed on the NYSE MKT under the symbol "CLM." Reports, proxy materials and other information concerning CLM and CFP may be inspected at the offices of the NYSE MKT, 11 Wall Street, New York, NY 10005.

The SEC has not approved or disapproved these securities or determined if this Proxy Statement/Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Proxy Statement/Prospectus is April 10, 2015

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GENERAL

This combined Proxy Statement/Prospectus is furnished to the Shareholders of each Fund in connection with the solicitation of proxies on behalf of each of its Board of Directors/Trustees. The Board of Directors/Trustees of each Fund is soliciting proxies for use at each Fund's respective Special Meeting. The mailing address for each Fund is c/o AST Fund Solutions, LLC, 48 Wall Street, 22nd Floor, New York, NY 10005.

This combined Proxy Statement/Prospectus, the Notices of Meeting to Shareholders and the proxy card(s) (attached hereto as Exhibits B1 and B2) are first being mailed to Shareholders on or about April 15, 2015 or as soon as practicable thereafter. Any Shareholder who gives a proxy has the power to revoke the proxy either: (i) by mail, addressed to the Secretary of the respective Fund, at the Fund's mailing address, or (ii) in person at the Meeting by executing a superseding proxy or by submitting a notice of revocation to the respective Fund. All properly executed proxies received in time for the meetings will be voted as specified in the proxy or, if no specification is made, "FOR" the proposal for that Fund.

Shareholders of both CFP and CLM will be asked to vote on Item I - Proposal 1 -- the approval of the CFP Merger.

QUORUM

The presence, either in person or by proxy, of the holders of one-third of the outstanding shares of common stock/beneficial interest entitled to vote at the meetings of CLM and CFP, will constitute a quorum for the transaction of business for each Fund. For purposes of determining the presence of a quorum for transacting business at a meeting, abstentions and broker "non votes" will be treated as shares that are present. Broker non-votes are proxies received by a fund from brokers or nominees, indicating that the broker or nominee has neither received instructions from the beneficial owner or other persons entitled to vote nor has the discretionary power to vote on a particular matter. Shareholders are urged to forward their voting instructions promptly.

REQUIRED VOTE

Item I - Proposal 1 (the CFP Merger), to be submitted at the CFP and CLM Special Meetings, requires the affirmative vote of a majority of the outstanding shares of common stock/beneficial interest of each Fund

Abstentions and broker non-votes will have the effect of a "no" vote for Item I.

Proxy solicitations will be made primarily by mail, but solicitations may also be made by telephone, telegraph or personal interviews conducted by officers or employees of each Fund, Cornerstone Advisors, Inc., the investment adviser of CLM and CFP ("Cornerstone Advisors" or the "Advisor"), AST Fund Solutions, LLC, the administrator for each Fund ("AFS" or the "Administrator"), and AST Fund Solutions, LLC a proxy solicitation firm ("AFS Proxy Solicitor"). Each Fund will bear its costs of solicitation.

An agreement between each Fund and AFS Proxy Solicitor provides for AFS Proxy Solicitor to provide general solicitation services to each Fund at an estimated cost of \$37,000 plus expenses. Each Fund will, upon request, bear the reasonable expenses of brokers, bank and their nominees who are holders of record of the Fund's voting securities on the record date, incurred in mailing copies of this Proxy Statement/Prospectus to the beneficial owners of the Funds' voting securities.

Only Shareholders of record of each Fund at the close of business on April 10, 2015 (the "Record Date"), are entitled to vote. Each outstanding share of each Fund is entitled to one vote on all matters voted upon at a meeting of the Shareholders of that Fund. As of April 10, 2015, there were 8,228,537 shares of CLM outstanding and 16,593,689 shares of CFP outstanding.

Both CLM and CFP provide periodic reports to all of their Shareholders. These reports highlight relevant information including investment results and a review of portfolio changes for each Fund. You may receive a copy of the most recent annual and semi-annual reports for CLM or CFP, without charge, by calling (866) 668-6558 or writing to the Administrator of each Fund AST Fund Solutions, LLC located at 48 Wall Street, 22nd Floor, New York, NY 10005.

The Board of Directors/Trustees of each Fund knows of no business other than the proposal described above which will be presented for consideration at each Fund's respective Special Meeting. If any other matter is properly presented, it is the intention of the persons named in the enclosed proxy to vote on that matter in their discretion.

ITEM I. MERGER PROPOSAL TO BE VOTED ON BY SHAREHOLDERS OF CFP AND CLM

PROPOSAL 1: APPROVAL OF THE CFP MERGER AGREEMENT
AND PLAN OF REORGANIZATION (THE "CFP PLAN")

On February 27, 2015, the Board of Directors/Trustees of both Funds, including a majority of the Directors/Trustees who are not "interested persons," as such term is defined in Section 2(a)(19) of the Investment Company Act (the "Non-interested Directors/Trustees"), unanimously:

- (1) declared that the merger of CFP with and into CLM is in the best interest of each Fund and its Shareholders;
- (2) declared that in their respective opinions the interests of the existing Shareholders of CFP and CLM will not be diluted with respect to value but will be diluted with respect to voting, as a result of the CFP Merger;
- (3) approved the CFP Plan; and
- (4) recommended that the Shareholders of each Fund approve the CFP Plan.

Shareholders should note that the composition of the Board of Directors/Trustees of CLM and CFP are identical, therefore, the Non-interested Directors/Trustees are "non-interested" with respect to CLM and CFP but may not be considered to be at arms-length with respect to the proposed CFP Merger. The Board of Directors/Trustees of each Fund suggests that Shareholders carefully review the information contained in the Proxy Statement/Prospectus before casting a vote.

For more information about the merger, see "Information about the CFP Merger."

The CFP Plan is subject to the approval of the Shareholders of each Fund and certain other conditions that are explained below. It provides for the merger (the "CFP Merger") of CFP with and into CLM in accordance with the DSTA and MGCL.

As a result of the CFP Merger:

- (1) CFP will no longer exist;
- (2) CLM will be the surviving corporation, and then each share of beneficial interest of CFP will convert into an equivalent dollar amount of full and fractional shares
- (a) of common stock of CLM based on the relative net asset value per share of CLM and CFP calculated at the close of business on the Business Day (as such term is defined in the CFP Plan) preceding the Effective Date;
- (b) CFP Shareholders participating in CFP's dividend reinvestment plan will receive fractional shares; and
- (c)

CFP Shareholders that do not participate in CFP's dividend reinvestment plan will not receive fractional shares, rather CLM's transfer agent will aggregate all fractional shares, sell the resulting full shares on the NYSE MKT at the then current market price and remit the proceeds to CFP's Shareholders in proportion to their fractional shares.

A copy of the CFP Plan is attached to this combined Proxy Statement/Prospectus as Exhibit A, and the description of the CFP Plan included in this combined Prospectus/Proxy Statement is qualified in its entirety by reference to Exhibit A.

The following provides a more detailed discussion about the CFP Merger, CLM and CFP and additional information that you may find helpful when considering your vote on the CFP Merger.

SYNOPSIS

This summary highlights important information included in this combined Proxy Statement/Prospectus. This summary is qualified by reference to the more complete information included elsewhere in this Proxy Statement/Prospectus and the CFP Plan. Shareholders of each Fund should read this entire Proxy Statement/Prospectus carefully.

THE PROPOSED CFP MERGER

The Board of Directors/Trustees of CLM and CFP, including the Non-interested Directors/Trustees of each Fund, have unanimously approved the CFP Plan. The CFP Plan provides for the merger of CFP with and into CLM. As a result of the CFP Merger:

- each share of beneficial interest of CFP will convert into an equivalent dollar amount of full and fractional shares
- (1) of CLM common stock based on the relative net asset value per share of CLM and CFP calculated at the close of business on the Business Day (as such term is defined in the CFP Plan) preceding the Effective Date;
 - (2) Shareholders participating in CFP's dividend reinvestment plan will, on the Effective Date, receive fractional shares;
Shareholders that do not participate in CFP's dividend reinvestment plan will not receive fractional shares, rather
 - (3) CLM's transfer agent will aggregate all fractional shares, sell the resulting full shares on the NYSE MKT at the then current market price and remit the proceeds to CFP's Shareholders in proportion to their fractional shares.

If the CFP Merger is not consummated, CLM and CFP each will continue as a separately managed investment company. There will be no changes to CLM, however because CFP does not have the same exemption from Section 19 of the Investment Company Act as CLM, the Board of Trustees of CFP will have to review its current level and frequency of distributions and may have to revise the amount and frequency of such distributions.

FORM OF ORGANIZATION

Both CLM and CFP are closed-end, diversified management investment companies, both of which are registered under the Investment Company Act. CLM was organized as a Maryland corporation in 1987. CFP was organized as a Delaware statutory trust in 2007. Both CLM and CFP's Board of Directors/Trustees is responsible for the management of the business and affairs of the respective Fund.

INVESTMENT OBJECTIVES

CLM's investment objective is to seek long-term capital appreciation through investment in equity securities of U.S. and non-U.S. companies. CFP's investment object is to provide total return through investments in equity securities of U.S. and non-U.S. companies.

CLM's investment objective is fundamental, and can only be changed with the approval of the holders of a majority of the outstanding voting securities of CLM, as set forth in Section 2(a)(42) of the Investment Company Act. CFP's investment objective is non-fundamental, which means that it may be changed by the Board of Trustees without the

vote of a majority of the Fund's outstanding shares if the Board believes that it is in the best interests of the Fund and the Shareholders to do so.

The preceding summary of both CLM and CFP's investment objective and certain policies should be considered in conjunction with the discussion below under "Risk Factors and Special Considerations" and "Comparison of Investment Objectives and Policies."

NET ASSETS OF CLM AND CFP

At December 31, 2014, CLM had net assets of \$168,287,331 and CFP had net assets of \$261,342,276.

FEES AND EXPENSES--CFP AND CLM

Cornerstone Advisors serves as the investment adviser for both CLM and CFP. The investment advisory agreements between the Advisor and CLM and CFP respectively are substantially identical. As compensation for its advisory services, Cornerstone Advisors is contractually entitled to receive from CLM and CFP an annual fee of one percent (1.00%) of each Fund's average weekly net assets payable on a monthly basis.

For the year ended December 31, 2014, Cornerstone Advisors earned \$1,755,166 and \$2,284,138 for performing its advisory services to CLM and CFP, respectively.

AFS serves as CFP's and CLM's administrator. CFP and CLM each pay AFS a monthly fee that is computed weekly at an annual rate of 0.075% of the respective Fund's average daily net assets, subject to a minimum annual fee of \$50,000. In addition to the fee, both CFP and CLM are required to reimburse AFS for its reasonable out-of-pocket expenses, including but not limited to the travel and lodging expenses incurred by officers and employees of AFS in connection with attendance at Board meetings and legal fees. For the year ended December 31, 2014, AFS earned \$131,638 and \$171,311 from CLM and CFP, respectively for services performed for each Fund.

Based on net assets at December 31, 2014, and projected expenses for the year 2015, each of CLM's and CFP's annualized expense ratio for 2015 would be expected to be approximately 1.33% and 1.25%, respectively. Based on similar assumptions, CLM's annualized expense ratio after the CFP Merger, not including the expenses of the CFP Merger, is projected to be approximately 1.24% for the 2015 year. The actual expense ratio for the 2015 year, whether or not the CFP Merger occurs, may be higher or lower than these projections and depend upon performance, general stock market and economic conditions, net asset levels, stock prices and other factors.

See "Expense Table" below for the current expenses of CLM and CFP and pro forma expenses following the proposed merger.

DISTRIBUTION POLICIES

CLM

CLM initiated a fixed, monthly distribution to Shareholders in 2002 which, with interim adjustments and extensive disclosure, continues to be a high-level managed distribution plan ("MDP"). The MDP has been maintained through the historic economic volatility, increased regulatory scrutiny and challenging markets of the intervening years.

During recent years, CLM's investments made in accordance with its objective have failed to provide adequate income to meet the requirements of the managed distribution policy. Nevertheless, the Board of Directors of CLM continues to believe that CLM's objective and strategy are complementary to the CLM's commitment, through the MDP, to provide regular distributions which increase liquidity and provide flexibility to individual Shareholders. The Adviser seeks to achieve net investment returns that exceed the amount of CLM's managed distributions, although there is no guarantee that the Adviser will be successful in this regard.

CLM previously filed a registration statement on Form N-2 on September 19, 2014 but does not intend to proceed with the rights offering prior to the proposed CFP Merger, as the Board does not believe that a rights offering would currently be in the best interests of CLM and its Shareholders. If the Board of CLM determines to proceed with a rights offering it would not do so until after the proposed CFP Merger is consummated.

CLM has previously conducted four rights offerings between the calendar years 2010 thru 2013, each of which have increased CLM's assets and provided CLM additional flexibility in maintaining CLM's MDP. The use of the proceeds from previous rights offerings have been, and the use of proceeds from any future rights offerings may be used to maintain CLM's MDP by providing funding for future distributions, some or all of which may constitute a return of its Shareholders' capital. Shareholders should be aware that substantially all of the distributions that CLM made to its Shareholders for the calendar years 2009 thru 2011 consisted of a return of its Shareholders' capital, and not of income or gains generated from CLM's investment portfolio, and a majority of the distributions that CLM made to its Shareholders for the calendar years 2012 thru 2014 consisted of a return of its Shareholders' capital, and not of income or gains generated from CLM's investment portfolio. Additionally, the cash proceeds of any rights offering become assets of the Fund and may be used to pay Fund expenses including management fees as well as for making portfolio investments.

The MDP provides a regular monthly distribution to Shareholders that is adjusted through an annual resetting of the monthly distribution amount per share based on CLM's net asset value on the last business day in October. The terms of the MDP have been reviewed and are approved at least annually by the CLM's Board of Directors and can be modified at the Board's discretion. To the extent that distributions exceed the current net earnings of CLM, the balance of the amounts paid out will be generated from sales of portfolio securities held by CLM and will be distributed either as short-term or long-term capital gains or a tax-free return-of-capital. Although return of capital distributions may not be taxable, such distributions may reduce a Shareholder's cost basis in his or her shares, and therefore may result in an increase in the amount of any taxable gain on a subsequent disposition of such shares, even if such shares are sold at a loss to the Shareholder's original investment amount. To the extent these distributions are not represented by net investment income and capital gains, they will not represent yield or investment return on CLM's investment portfolio. Substantially all of the distributions that CLM made to its Shareholders for years 2010-2011 consisted of a return of its Shareholders' capital, and not of income or gains generated from CLM's investment portfolio, and a majority of the distributions that CLM made to its Shareholders for years 2012-2014 consisted of a return of its Shareholders' capital, and not of income or gains generated from CLM's investment portfolio. A return-of-capital distribution reduces the tax basis of an investor's shares in CLM. The Board of Directors intends to maintain CLM's MDP even if a return-of-capital distribution would exceed an investor's tax basis and therefore be a taxable distribution. The Board of Directors currently plans to maintain this MDP 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. The Board of Directors cannot determine the tax consequences for individual Shareholders in the Fund. In the past, Shareholders have received distributions from the Fund regardless of the tax characterization of the distribution. A substantial portion of CLM's distributions likely will be a return of capital, which constitutes the return of a portion of a Shareholder's original investment. Under the tax rules, such returns of capital are generally not currently taxable, but lower a Shareholder's tax basis in his or her CLM shares. A lower tax basis may result in tax consequences to the Shareholder in the future in connection with the sale of CLM shares, such as a larger capital gain or a smaller capital loss, even if the Fund shares are sold by the Shareholder for an amount less than the Shareholder's original investment. To the extent such excess exceeds a common Stockholder's basis in CLM's common stock, such excess will be taxed as capital gain. Although it has no current intention to do so, the Board may terminate the MDP at any time and such termination may have an adverse effect on the market price for CLM's shares.

The MDP historically has maintained a stable, high rate of distribution. The Board of Directors remains convinced that CLM's Shareholders are well served by a policy of regular distributions which increase liquidity and provide flexibility to individual Shareholders in managing their investments. Shareholders have the option of reinvesting all or a portion of these distributions in additional shares through CLM's distribution reinvestment plan or receiving them in cash.

CLM makes level distributions on a monthly basis and these distributions are not tied to the Fund's net investment income and capital gains, and may not represent yield or investment return on the Fund's portfolio. Under the MDP, CLM makes monthly distributions to Shareholders at a rate that may include periodic distributions of its net earnings or a return of capital. As noted above, Shareholders have the option of reinvesting all or a portion of these distributions in additional shares of CLM through the Fund's distribution reinvestment plan or receiving them in cash. In any fiscal year where total cash distributions exceed net earnings and unrealized gain or loss for the year, such excess will decrease the Fund's total assets and, as a result, will have the likely effect of increasing the Fund's expense ratio. There is a risk that the total net earnings and unrealized gain or loss for years from the Fund's portfolio would not be great enough to fully offset the amount of cash distributions paid to CLM Shareholders. If this were to be the case, CLM's assets would be partially reduced by an equal amount, and there is no guarantee that CLM would be able to replace the assets. In addition, in order to make such distributions, CLM may need to sell a portion of its investment portfolio at a time when independent investment judgment might not dictate such action. Furthermore, the cash used to make distributions will not be available for investment pursuant to the Fund's investment objective.

Funds maintain varying degrees of cash levels pursuant to market conditions and the judgment of the portfolio manager. In addition, portfolio managers must raise cash periodically to cover operating expenses. For any fund, to the extent that cash is held at any given time for operating expenses or other purposes, it will not be available for investment pursuant to that fund's investment objective. In addition to these general cash requirements, a fund's distribution policy may also require that securities be sold to raise cash for those shareholders who elect to take cash distributions rather than reinvest in shares of the fund, in which case, it will also not be available for investment pursuant to the fund's investment objective. It is possible that a situation will occur where the MDP contributes to a reduction of assets over an extended period of time such that the assets of CLM are reduced to a point where CLM would no longer be economically viable. In such event, CLM would need to take additional actions, which may include, for example, liquidation or merger, to address the situation. If the CFP Merger is approved, the Board believes that it would reduce the risk of this situation occurring in the future. While this is one of the risk factors of any managed distribution policy, including the MDP, it is important to note that the MDP was not designed to be a mechanism for the dissolution of CLM or a short-term liquidation policy, and it is not the intention of the Board to allow CLM to self-liquidate through the unsupervised effects of the MDP. The Board monitors the MDP and CLM's asset levels regularly, and remains ready to modify the terms of the MDP if, in its judgment, the Board believes it is in the best interests of the Fund and its Shareholders. To the extent CLM assets are reduced, the Board will consider additional rights offerings in the future.

A return-of-capital distribution reduces the tax basis of an investor's shares, which may make record-keeping by certain Shareholders more difficult.

CLM discloses the characterization of its distributions in notices to Shareholders and press releases to the public. Notwithstanding these communications, it is possible that the MDP may create potential confusion in the marketplace as to whether CLM's distributions are comprised of income or return of capital and how such characterization may influence the market price of CLM's shares.

In order to maintain the MDP, CLM applied for and received an exemption from the requirements of Section 19(b) of the Investment Company Act and Rule 19b-1 thereunder permitting it to make periodic distributions of long-term capital gains, provided that the MDP calls for periodic (e.g., quarterly/monthly) distributions in an amount equal to a fixed percentage of CLM's average net asset value over a specified period of time or market price per share at or about

the time of distribution or pay-out of a level dollar amount.

The MDP results in the payment of approximately the same amount per share to CLM's Shareholders each month. These distributions are not to be tied to CLM's investment income and capital gains and do not represent yield or investment return on CLM's portfolio. Section 19(a) of the Investment Company Act and Rule 19a-1 thereunder require CLM to provide a written statement accompanying any such payment that adequately discloses its source or sources, other than net investment income. Thus, if the source of some or all of the dividend or other distribution were the original capital contribution of the Shareholder, and the payment amounted to a return of capital, CLM would be required to provide written disclosure to that effect. Nevertheless, persons who periodically receive the payment of a dividend or other distribution may be under the impression that they are receiving net profits when they are not. Shareholders should read any written disclosure provided pursuant to Section 19(a) and Rule 19a-1 carefully, and should not assume that the source of any distribution from CLM is net profit. A return of capital distribution does not reflect positive investment performance. Shareholders should not draw any conclusions about CLM's investment performance from the amount of its managed distributions or from the terms of the MDP. When CLM issues a written disclosure pursuant to Section 19(a) and Rule 19a-1, CLM will refer to such a notice as a "Rule 19a-1 Notice Accompanying Distribution Payment". In addition, CLM will refer to the return of capital distributions as "Paid-in-capital" which will be presented under the "Source of payment" heading in such notice.

On August 8, 2014, the Board of Directors of CLM announced that the distribution percentage for the calendar year 2015 was to remain at 21%, which was applied to the net asset value of CLM at the end of October 2014 to determine the distribution amounts for calendar year 2015. The distribution percentage is not a function of, nor is it related to, the investment return on CLM's portfolio but the 2015 distributions based on the distribution percentage may consist of a return of Shareholders' capital invested in CLM.

The Board of Directors of CLM reserves the right to change the MDP from time to time.

CFP

The Fund seeks to make a distribution to Shareholders each month (the "Distribution Policy"). It is important to note that the Board of Trustees of CFP has not adopted a MDP for CFP because CFP does not have an exemption from Section 19 of the Investment Company Act similar to the exemption obtained by CLM.

During recent years, the Fund's investments made in accordance with its objective have failed to provide adequate income to meet the requirements of the Distribution Policy. Nevertheless, the Board of Trustees of CFP continues to believe that the Fund's objective and strategy are complementary to the Fund's commitment, through the Distribution Policy, to provide regular distributions which increase liquidity and provide flexibility to individual Shareholders. The Adviser seeks to achieve net investment returns that exceed the amount of the Fund's distributions, although there is no guarantee that the Adviser will be successful in this regard.

CFP seeks to make a distribution to Shareholders each month. These distributions are not tied to the Fund's investment income and capital gains and do not represent yield or investment return on CFP's portfolio. The distribution rate may be modified by the Board of Trustees from time to time. To the extent that distributions exceed the Fund's current net income and net capital gains, the balance of the amounts paid out will be generated from sales of portfolio securities held by CFP and will be distributed either as short-term or long-term capital gains or a tax-free return-of-capital. Although return-of-capital distributions may not be taxable, such distributions may reduce a Shareholder's cost basis in his or her shares, and therefore may result in an increase in the amount of any taxable gain on a subsequent disposition of such shares, even if such shares are sold at a loss to the Shareholder's original investment amount. To the extent these distributions are not represented by net investment income and capital gains, they will not represent yield or investment return on CFP's investment portfolio. Most of the distributions that CFP made to its Shareholders for years 2010 - 2014 consisted of a return of its Shareholders' capital, and not of income or gains generated from CFP's investment portfolio. CFP's final distribution for each calendar year is expected to include any remaining investment company taxable income and net tax-exempt income undistributed during the year, as well as all net capital gain realized during the year. However, if it determines it is appropriate to do so, the Board of Trustees may elect to not distribute realized gains and to pay taxes incurred. In general, the total distributions made in any taxable year (other than distributions of net capital gain or return of capital) would be treated as ordinary dividend income to the extent of CFP's current and accumulated earnings and profits. Distributions in excess of the earnings and profits would first be a tax-free return of capital to the extent of the adjusted tax basis in the shares. Shareholders are advised to consult their own tax advisers with respect to the tax consequences of their investment in CFP. The Distribution Policy may, under certain circumstances, have adverse consequences to the Fund and the Shareholders

because it may result in a return of capital resulting in less of a Shareholder's assets being invested in CFP and, over time, increase the Fund's expense ratio. To the extent necessary to meet the amounts distributed under the Distribution Policy, portfolio securities may be sold to the extent adequate income is not available.

Unless the registered owner of shares elects to receive cash, all distributions declared on shares are automatically reinvested in additional Shares.

If the CFP Merger is not approved, the Board of Trustees will consider what steps should be taken with regard to continuing its Distribution Policy, including modifying it, or eliminating it. The Board of Trustees of CFP may determine in the future to authorize the filing of an exemptive application with the SEC seeking an order under the Investment Company Act to exempt CFP from the requirements of Section 19(b) of the Investment Company Act and Rule 19b-1 thereunder, permitting the Fund to make periodic distributions of long-term capital gains, provided that the distribution policy of the Fund with respect to its shares calls for periodic (for example, quarterly/monthly) distributions in an amount equal to a fixed percentage of the CFP's average net asset value over a specified period of time or market price per share at or about the time of distribution or pay-out of a level dollar amount. It is important to note that the conditions contained in any exemptive relief granted by the staff of the SEC will differ considerably from the conditions contained in CLM's exemptive order. It is important to note that the conditions contained in recent requests for exemptive relief granted by the staff of the SEC differ considerably from the conditions contained in CLM's exemptive order ("Order"). CLM's Order granted by the SEC provided that the Order would terminate upon the effective date of a registration statement under the Securities Act of 1933 for any future public offering by CLM of its common shares other than: (i) a non-transferable rights offering to shareholders of CLM, provided that such offering does not include solicitation by brokers or the payment of any commission or underwriting fee; and (ii) an offering in connection with a merger, consolidation, acquisition, spin-off or reorganization including, the registration statements filed on Form N-14; unless CLM has received from the staff of the Commission written assurance that the order will remain in effect. More recent exemptive orders granted by the SEC have contained the following conditions; (i) quarterly compliance review and reporting to the Board; (ii) ongoing disclosures to fund stockholders including detailed reporting relating to fund distributions; (iii) a requirement to produce written communications to stockholders, prospective stockholders and third parties in regard to fund distributions; (iv) a requirement to deliver Rule 19(a) notices to beneficial owners; (v) additional Board determinations in regard to the continuation of the distribution policy for funds whose common stock trades at a premium to net asset value; and (vi) a requirement that the fund will not make a public offer of the fund's common stock other than through (a) a rights offering below net asset value to holder's of the fund's common stock or (b) an offering in connection with a dividend reinvestment plan, merger, consolidation, acquisition, spin off or reorganization of the Fund. The Board will monitor whether such relief is appropriate given these new and different conditions. In the event the Board determines to authorize the filing of such an exemptive application, there can be no assurance that the staff of the SEC will grant such relief to CFP or, if granted, that the Board will determine to implement a managed distribution plan. No assurance can be given that the SEC will grant the exemption to CFP if requested. Since its inception, CFP has maintained a high level of distributions utilizing its loss carry forwards to offset its realized long-term capital gains. The Board of CFP has determined not to file for exemptive relief at this time. Although no assurance can be given, management and the Board believe it is possible that CFP can continue its distribution policy indefinitely, at the discretion of the Board.

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The level monthly dividend distribution described above results in the payment of approximately the same amount or percentage to the Shareholders each month. These distributions are not tied to the Fund's investment income and capital gains and do not represent yield or investment return on CFP's portfolio. Section 19(a) of the Investment Company Act and Rule 19a-1 thereunder require CFP to provide a written statement accompanying any such payment that adequately discloses its source or sources, other than net investment income. Thus, if the source of some or all of the dividend or other distribution were the original capital contribution of the Shareholder, and the payment amounted to a return of capital, CFP would be required to provide written disclosure to that effect. Nevertheless, persons who periodically receive the payment of a dividend or other distribution may be under the impression that they are receiving net profits when they are not. Shareholders should read any written disclosure provided pursuant to Section 19(a) and Rule 19a-1 carefully, and should not assume that the source of any distribution from the Fund is net profit.

If CFP were to merge into CLM, CFP Shareholders will become Shareholders of CLM and will take part in the MDP that currently exists in CLM including, CLM's exemption from Section 19(b) of the Investment Company Act currently held by CLM.

Cornerstone Strategic Value Fund, Inc.

Managed Distributions Paid and NAV Returns from 2010 through 2014

Years	NAV Per Share	Average Annual Return*	Average Annual Return*	Managed Distribution Per Share	Return-of-Capital Distribution	Capital Gains Distribution	Net Investment Income Distribution	Gross Expense Ratio
2010+	\$30.20	8.07 %	11.99 %	\$ 6.72	\$ 6.44	\$ -	\$ 0.28	1.74 %
2011+	24.52	-3.19	1.50	6.12	5.60	-	0.52	1.55
2012+	22.72	15.34	14.37	5.32	3.08	0.76	1.48	1.40
2013+	22.72	24.24	21.59	4.92	2.76	1.76	0.40	1.33
2014	20.54	11.72	10.67	4.60	2.76	1.52	0.32	1.33

Includes the reinvestments of distributions in accordance

* with the operations of CLM's distribution reinvestment plan.

**Includes distributions received but not reinvested.

NAVs and distribution amounts are adjusted for a

+ one-for-four reverse stock split that was effective December 29, 2014.

Cornerstone
Progressive
Return Fund
Distributions
Paid and
NAV
Returns
from 2010
through
2014

Years	NAV Per Share	Average Annual Return*	Average Annual Return**	Distribution Per Share	Return-of-Capital Distribution	Capital Gains Distribution	Net Investment Income Distribution	Gross Expense Ratio
2010+	\$23.60	17.38 %	18.47 %	\$ 6.16	\$ 1.60	\$ -	\$ 4.56	1.61 %
2011+	20.00	2.45	5.69	4.96	2.52	-	2.44	1.45
2012+	19.04	18.49	17.14	4.40	2.80	-	1.60	1.34
2013+	17.24	13.49	12.08	4.12	2.60	-	1.52	1.33
2014	15.78	14.16	13.05	3.71	3.10	-	0.61	1.25

* Includes the reinvestments of distributions in accordance with the operations of CFP's distribution reinvestment plan.

** Includes distributions received but not reinvested.

+ NAVs and distribution amounts are adjusted for a one-for-four reverse stock split that was effective December 29, 2014.

FEDERAL INCOME TAX CONSEQUENCES OF THE CFP MERGER

As a condition to the closing of the CFP Merger, each Fund will receive an opinion of Blank Rome LLP, counsel to each Fund, stating that the CFP Merger will constitute a tax-free reorganization within the meaning of Section 368(a)(1) of the Internal Revenue Code of 1986, as amended (the "Code"). Accordingly, CLM, CFP, CLM Shareholders, and CFP Shareholders that participate in the CFP dividend reinvestment plan will not recognize any substantial gain or loss as a result of the CFP Merger. However, CFP Shareholders that do not participate in the CFP dividend reinvestment plan and receive cash in lieu of the fractional shares may recognize some gain, which is believed to be de minimis. The holding period and the aggregate tax basis of CLM shares (including fractional shares) received by a CFP shareholder will be the same as the holding period and aggregate tax basis of the shares of CFP previously held by the Shareholder. The holding period and the aggregate tax basis of the assets received by CLM in the CFP Merger will be the same as the holding period and the tax basis of such assets in the hands of CFP immediately before the CFP Merger. For more information about the tax consequences of the CFP Merger, see "Information about the CFP Merger - Tax Considerations and Consequences of the Merger."

UNREALIZED CAPITAL GAINS/LOSSES

As of December 31, 2014, CLM had approximately \$28,045,935 in net unrealized capital gains representing 16.7% of net assets, and CFP had \$15,211,963 in net unrealized capital losses representing 5.8% of net assets.

EXPENSES OF THE CFP MERGER

In evaluating the proposed CFP Merger, the Board of Directors/Trustees of each Fund have estimated the amount of expenses CLM and CFP would incur to be approximately \$185,000 and \$150,000 respectively, which includes, but is not limited to, SEC registration fees, legal and accounting fees, proxy and distribution costs, and expenses incurred in connection with the CFP Merger. Each Fund will bear its respective costs of the CFP Merger, however, to the extent that any of the expenses incurred relate specifically to actions taken by CLM as a result of the CFP Merger, such as SEC registration fees, such expenses will be allocated on the basis of relative net assets of each Fund.

PRINCIPAL RISK FACTORS

Both CLM and CFP are closed-end management investment companies and are designed primarily for long-term investors and not as trading vehicles.

Stock Market Volatility. Stock markets can be volatile. In other words, the prices of stocks can rise or fall rapidly in response to developments affecting a specific company or industry, or to changing economic, political or market conditions. Each Fund is subject to the general risk that the value of its investments may decline if the stock markets perform poorly. There is also a risk that each Fund's investments will underperform either the securities markets generally or particular segments of the securities markets.

Issuer Specific Changes. Changes in the financial condition of an issuer, changes in the specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can affect the credit quality or value of an issuer's securities. Lower-quality debt securities tend to be more sensitive to these changes than higher-quality debt securities.

Other Investment Company Securities Risk. Each Fund invests a significant portion of its assets in the securities of other closed-end investment companies and in exchange traded funds (“ETFs”). Investing in other investment companies and ETFs involves substantially the same risks as investing directly in the underlying instruments, but the total return on such investments at the investment company level may be reduced by the operating expenses and fees of such other investment companies, including advisory fees. To the extent that each Fund invests a portion of its assets in investment company securities, those assets will be subject to the risks of the purchased investment company’s portfolio securities, and a Shareholder in each Fund will bear not only his/her proportionate share of the expenses of the Fund, but also, indirectly, the expenses of the purchased investment company. There can be no assurance that the investment objective of any investment company or ETF in which each Fund invests will be achieved.

Common Stock Risk. Each Fund will invest a portion of its net assets in common stocks. Common stocks represent an ownership interest in a company. Each Fund may also invest in securities that can be exercised for or converted into common stocks (such as convertible preferred stock). Common stocks and similar equity securities are more volatile and more risky than some other forms of investment. Therefore, the value of your investment in each Fund may sometimes decrease instead of increase. Common stock prices fluctuate for many reasons, including changes in investors’ perceptions of the financial condition of an issuer, the general condition of the relevant stock market or when political or economic events affecting the issuers occur. In addition, common stock prices may be sensitive to rising interest rates, as the costs of capital rise for issuers. Because convertible securities can be converted into equity securities, their values will normally increase or decrease as the values of the underlying equity securities increase or decrease. The common stocks in which each Fund will invest are structurally subordinated to preferred securities, bonds and other debt instruments in a company’s capital structure in terms of priority to corporate income and assets and, therefore, will be subject to greater risk than the preferred securities or debt instruments of such issuers.

Foreign Securities Risk. Investments in securities of non-U.S. issuers involve special risks not presented by investments in securities of U.S. issuers, including the following: less publicly available information about companies due to less rigorous disclosure or accounting standards or regulatory practices; the impact of political, social or diplomatic events, including war; possible seizure, expropriation or nationalization of the company or its assets; possible imposition of currency exchange controls; and changes in foreign currency exchange rates. These risks are more pronounced to the extent that each Fund invests a significant amount of its investments in companies located in one region. These risks may be greater in emerging markets and in less developed countries. For example, prior governmental approval for foreign investments may be required in some emerging market countries, and the extent of foreign investment may be subject to limitation in other emerging countries. With respect to risks associated with changes in foreign currency exchange rates, each Fund does not expect to engage in foreign currency hedging transactions.

Market Discount From Net Asset Value. Shares of closed-end investment companies frequently trade at a discount from their net asset value. This characteristic is a risk separate and distinct from the risk that each Fund’s net asset value could decrease as a result of its investment activities and may be greater for investors expecting to sell their shares in a relatively short period following the CFP Merger, if it occurs. Whether investors will realize gains or losses upon the sale of the common stock will depend not upon each Fund’s net asset value but entirely upon whether the market price of the shares at the time of sale is above or below the investor’s purchase price for the shares. Because the market price of the shares will be determined by factors such as relative supply of and demand for the shares in the market, general market and economic conditions, and other factors beyond the control of each Fund, each Fund cannot predict whether the shares will trade at, below or above net asset value. As of December 31, 2014, each of CLM and

CFP were trading at discounts to their net asset value, 2.53% and 3.61%, respectively.

Defensive Positions. During periods of adverse market or economic conditions, each Fund may temporarily invest all or a substantial portion of its assets in cash or cash equivalents. Each Fund would not be pursuing its investment objective in these circumstances and could miss favorable market developments.

Management Risk. Each Fund is subject to management risk because it is an actively managed portfolio. Each Fund's successful pursuit of its investment objective depends upon the Advisor's ability to find and exploit market inefficiencies with respect to undervalued securities. Such situations occur infrequently and sporadically and may be difficult to predict, and may not result in a favorable pricing opportunity that allows the Advisor to fulfill each Fund's investment objective. The Advisor's security selections and other investment decisions might produce losses or cause each Fund to underperform when compared to other funds with similar investment goals. If one or more key individuals leave the employ of the Advisor, the Advisor may not be able to hire qualified replacements, or may require an extended time to do so. This could prevent each Fund from achieving its investment objective. The Advisor may also benefit from the offering because its fee is based on the assets of each Fund, which could be perceived as a conflict of interest.

Managed Distribution Risk. Under CLM's MDP and CFP's managed distribution policy (collectively the "Distribution Policy"), each 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. For any fiscal year where total cash distributions exceeded Net Earnings (the "Excess"), the Excess would decrease each Fund's total assets and, as a result, would have the likely effect of increasing each Fund's expense ratio. There is a risk that the total Net Earnings from each Fund's portfolio would not be great enough to offset the amount of cash distributions paid to Shareholders. If this were to be the case, each Fund's assets would be depleted, and there is no guarantee that each Fund would be able to replace the assets. In addition, in order to make such distributions, each Fund may have to sell a portion of its investment portfolio, including securities purchased with the proceeds of the offering, at a time when independent investment judgment might not dictate such action. Furthermore, such assets used to make distributions will not be available for investment pursuant to each Fund's investment objective. Since CLM adopted the Distribution Policy in 2002, the Fund's distributions have exceeded its Net Earnings for each year except one (2005). Since CFP adopted the Distribution Policy, the Fund's distributions have exceeded its Net Earnings for each year. For the taxable Shareholders, the portion of distribution that constitutes ordinary income and/or capital gains is taxable to such Shareholders in the year the distribution is declared. A return of capital is non-taxable to the extent of the Shareholder's basis in the shares. The Shareholders would reduce their basis in the shares by the amount of the distribution and therefore may result in an increase in the amount of any taxable gain on a subsequent disposition of such shares, even if such shares are sold at a loss to the Shareholder's original investment amount. Any return of capital will be separately identified when Shareholders receive their tax statements. Any return of capital that exceeds cost basis may be treated as capital gain. Shareholders are advised to consult with their own tax advisers with respect to the tax consequences of their investment in CLM and CFP. Furthermore, each Fund may need to raise additional capital in order to maintain the Distribution Policy.

Preferred Securities Risk. Investment in preferred securities carries risks including credit risk, deferral risk, redemption risk, limited voting rights, risk of subordination and lack of liquidity. Fully taxable or hybrid preferred securities typically contain provisions that allow an issuer, at its discretion, to defer distributions for up to 20 consecutive quarters. Traditional preferred also contain provisions that allow an issuer, under certain conditions to skip (in the case of "noncumulative preferreds") or defer (in the case of "cumulative preferreds"), dividend payments. If each Fund owns a preferred security that is deferring its distributions, each Fund may be required to report income for tax purposes while it is not receiving any distributions. Preferred securities typically contain provisions that allow for redemption in the event of tax or security law changes in addition to call features at the option of the issuer. In the event of a redemption, each Fund may not be able to reinvest the proceeds at comparable rates of return. Preferred securities typically do not provide any voting rights, except in cases when dividends are in arrears beyond a certain time period, which varies by issue. Preferred securities are subordinated to bonds and other debt instruments in a company's capital structure in terms of priority to corporate income and liquidation payments, and therefore will be subject to greater credit risk than those debt instruments. Preferred securities may be substantially less liquid than many other securities, such as U.S. government securities, corporate debt or common stocks. Dividends paid on preferred securities will generally not qualify for the reduced federal income tax rates applicable to qualified dividends under the Code.

Convertible Securities Risk. The value of a convertible security, including, for example, a warrant, is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The

credit standing of the issuer and other factors may also have an effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. Generally, the conversion value decreases as the convertible security approaches maturity. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed income security.

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by a Fund is called for redemption, a Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the Fund's ability to achieve its investment objective.

Emerging Markets Securities Risk. CFP may invest up to 20% of its net assets in securities of issuers located in “emerging markets” through its investments in ETFs, other investment companies and depository receipts and may invest up to 5% of its net assets directly in emerging market securities. Because of less developed markets and economies and, in some countries, less mature governments and governmental institutions, the risks of investing in foreign securities can be intensified in the case of investments in issuers domiciled or doing substantial business in emerging market countries. These risks include high concentration of market capitalization and trading volume in a small number of issuers representing a limited number of industries, as well as a high concentration of investors and financial intermediaries; lack of liquidity and greater price volatility due to the smaller size of the market for such securities and lower trading volume; political and social uncertainties; national policies that may restrict CFP’s investment opportunities including restrictions on investing in issuers or industries deemed sensitive to relevant national interests; greater risks of expropriation, confiscatory taxation and nationalization; over-dependence on exports, especially with respect to primary commodities, making these economies vulnerable to changes in commodity prices; overburdened infrastructure and obsolete or unseasoned financial systems; environmental problems; less developed legal systems; and less reliable custodial services and settlement practices. Dividends paid by issuers in emerging market countries will generally not qualify for the reduced federal income tax rates applicable to qualified dividends under the Code. Unlike CFP, CLM is not restricted when investing in securities of issuers located in “emerging markets.” If the CFP Merger is approved by Shareholders of CFP, the Shareholders of CFP who will become Shareholders of CLM, will no longer be subject to the restrictions of investing in securities of issuers located in “emerging markets.”

As a Shareholder, you may pay certain fees and expenses if you hold shares of CLM or CFP, or in CLM-Post CFP Merger. These fees and expenses, including fees and expenses based on a pro forma basis, post the merger are set forth in the table below and the example that follows.

EXPENSE TABLE FOR SHAREHOLDERS

Total Expenses Table for Shareholders of the Funds as of December 31, 2014

The following tables illustrate the anticipated reduction or increases in the total expense ratio for the Shareholders of each Fund expected as a result of the completion of the CFP Merger. The table sets forth (i) the total expense ratio for each Fund for the 12-month period ended December 31, 2014; and (ii) the *pro forma* total expense ratio for the combined fund, assuming the merger had taken place on December 31, 2014.

	CFP	CLM	CLM Pro Forma, Post CFP Merger^(a)
Shareholder Transaction Expenses	None	None	None

Maximum Sales Load (as a percentage of the offering price) imposed on purchases of common shares^(b)

Distribution Reinvestment Plan fees None None None

Annual Total Expenses (as a percentage of average net assets attributable to shares)

Investment Management Fees ^(c)	1.00%	1.00%	1.00%
Other Expenses ^(d)	0.25%	0.33%	0.24%
Acquired Fund Fees and Expenses ^(e)	0.92%	0.53%	0.75%
Total Annual Expenses	2.17%	1.86%	1.99%

^(a) Assumes the merger had taken place on December 31, 2014. These figures also reflect the anticipated reduction in other operating expenses due to elimination of certain duplicative expenses as a result of the merger. The pro forma annual operating expenses are projections for a 12-month period and do not include expenses to be borne by the Funds in connection with the merger.

^(b) No sales load will be charged in connection with the issuance of CLM shares as part of the merger. Shares are not available for purchase from the Funds but may be purchased on the NYSE MKT, through a broker-dealer subject to individually negotiated commission rates. Shares purchased in the secondary market may be subject to brokerage commissions or other charges.

Both CFP and CLM each pay the Investment Adviser a contractual management fee at an annual rate of 1.00% of each Fund's average weekly net assets. If the merger is consummated, the annual contractual investment advisory fee rate of CLM Post CFP Merger will be 1.00% of the average weekly net assets of the combined fund.

"Other Expenses" are based upon gross estimated amounts for the current fiscal year and include among other expenses, administration and accounting fees. Pro forma "other expenses" reflect the elimination of duplicative costs and other efficiencies expected to arise from the merger. Each Fund has no current intention to borrow money for investment purposes and each has adopted a fundamental policy against selling securities short.

Each Fund invests in other closed-end investment companies and exchange traded funds ("ETFs") (collectively, the "Acquired Funds"). Each Fund's Shareholders indirectly bear a pro rata portion of the fees and expenses of the Acquired Funds in which the respective Fund invests. Acquired Fund Fees and Expenses are based on estimated amounts for the fiscal year ended December 31, 2014.

Each Fund will bear expenses incurred in connection with the merger (whether or not the merger is consummated), including but not limited to, costs related to the preparation and distribution of materials distributed to each Fund's Board of Directors/Trustees, expenses incurred in connection with the preparation of the merger agreement and the registration statement on Form N-14, SEC filing fees and legal and accounting fees in connection with the merger, legal fees incurred preparing each Fund's Board of Directors/Trustees materials, attending each Fund's Board of Directors/Trustees meetings, stock exchange fees, transfer agency fees and any similar expenses incurred in connection with the merger. Expenses specific to one or each of CFP or CLM are expensed as incurred while non-fund specific expenses are allocated on a pro rata basis based upon net assets. Merger costs are estimated to be \$150,000 for CFP and \$185,000 for CLM, for a total of \$335,000. Costs related to the merger are currently estimated to be approximately 0.08 % of net assets, which equates to \$0.01 per share for CFP and \$0.02 per share for CLM as of December 31, 2014. The actual costs associated with the proposed merger may be more or less than the estimated costs discussed herein.

Example. The purpose of the following example is to help you understand the costs and expenses you may bear, directly or indirectly, as a Shareholder. This example is based on the level of total annual operating expenses for each Fund listed in the table above, the total expenses relating to a \$1,000 investment, assuming a 5% annual return and reinvestment of all dividends and distributions. Shareholders do not pay these expenses directly, they are paid by the Funds before they distribute net investment income to Shareholders. This example should not be considered a representation of future expenses, and actual expenses may be greater or less than those shown. Federal regulations require the example to assume a 5% annual return, but actual annual returns will vary.

	1 Year	3 Years	5 Years	10 Years
CFP	\$ 22	\$ 69	\$ 118	\$ 253
CLM	\$ 19	\$ 59	\$ 101	\$ 219
CLM Pro Forma Combined Fund	\$ 20	\$ 63	\$ 108	\$ 233

FINANCIAL HIGHLIGHTS

The information required in this portion is being incorporated by reference from each Fund's Annual Report to Shareholders filed with the SEC (Cornerstone Strategic Value Fund, Inc. Annual Report for the year ended December 31, 2014, filed with the Securities and Exchange Commission on February 24, 2015 (File No. 811-05150) and Cornerstone Progressive Return Fund Annual Report for the year ended December 31, 2014, filed with the Securities and Exchange Commission on February 24, 2015 (File No. 811-22066.) This information was audited by Tait, Weller & Baker, LLP, each Fund's independent auditors, whose reports, along with each Fund's financial statements, are incorporated herein by reference and included in each Fund's Annual Report to Shareholders. Each of the Fund's Annual Report and Semi-Annual Report may be obtained without charge, by writing to the Fund c/o AST Fund Solutions, LLC, 48 Wall Street, 22nd Floor, New York, NY 10005, or by calling (866) 668-6558.

COMPARISON OF INVESTMENT OBJECTIVES AND POLICIES

ORGANIZATION

CLM is a closed-end, diversified management investment company registered under the Investment Company Act. CLM was incorporated in Maryland on May 1, 1987 and commenced operations on June 30, 1987. CFP is a closed-end, diversified management investment company registered under the Investment Company Act. CFP was organized as a Delaware statutory trust on April 26, 2007 and commenced operations on September 10, 2007. Each Fund is managed and advised by Cornerstone Advisors. The shares of common stock/beneficial interest of each Fund are listed and trade on the NYSE MKT under the symbols "CLM" and "CFP", respectively. After the CFP Merger, CLM's shares will continue to trade on the NYSE MKT under the symbol "CLM", while CFP's shares will be delisted and CFP will cease to exist.

The shares of common stock/beneficial interest of each Fund have equal non-cumulative voting rights and equal rights with respect to dividends, assets and dissolution. Each Fund's shares of common stock/beneficial interest are fully paid and non-assessable and have no preemptive, conversion or other subscription rights. Fluctuations in the market price of each Fund's shares is the principal investment risk of an investment in either Fund. Portfolio management, market conditions, investment policies and other factors affect such fluctuations. Although the investment objectives, policies and restrictions of each Fund are similar, there are differences between them, as discussed below. There can be no assurance that either Fund will achieve its stated investment objective.

INVESTMENT OBJECTIVES

CLM

CLM's investment objective is to seek long-term capital appreciation through investment primarily in equity securities of U.S. and non-U.S. companies which CLM management believes have demonstrated fundamental investment value and favorable growth prospects, as determined by the Advisor. In general, CLM invests primarily in common stocks, preferred stocks, rights, warrants and securities convertible into common stocks that are listed on stock exchanges or traded over the counter.

CFP

CFP's investment objective is to provide total return through investing primarily in the equity securities of U.S. and non-U.S. companies. In general, CFP invests primarily all of its assets in equity securities of U.S. issuers, non-U.S. issuers whose securities trade on a U.S. securities exchange or over the counter or as American Depositary Receipts ("ADRs") or other forms of depositary receipts, such as International Depositary Receipts ("IDRs"), which trade in the United States, closed-end investment companies and ETFs. CFP pursues current income, as a component of total return, by investing in dividend-paying equity securities and U.S. dollar-denominated debt securities.

CLM's investment objective is fundamental, and can only be changed with the approval of the holders of a majority of the outstanding voting securities of CLM, as set forth in Section 2(a)(42) of the Investment Company Act. CFP's investment objective is non-fundamental, which means that it may be changed by the Board of Trustees without the vote of a majority of CFP's outstanding shares if the Board believes that it is in the best interests of the Fund and the Shareholders to do so.

COMPARISON OF INVESTMENT POLICIES

CLM

CLM's portfolio, may under normal market conditions, consist of the equity securities of U.S. and non-U.S. companies. CLM may invest without limitation in other closed-end investment companies and ETFs, provided that CLM limits its investment in securities issued by other investment companies so that not more than 3% of the outstanding voting stock of any one investment company will be owned by CLM. As a shareholder in any investment company, the Fund will bear its ratable share of the investment company's expenses and would remain subject to payment of the Fund's advisory and administrative fees with respect to the assets so invested. As of December 31, 2014, 41.6% of CLM's portfolio consisted of other closed-end investment companies.

In general, the Fund invests in other closed-end investment companies, ETFs, common stocks, preferred stocks, rights, warrants and securities convertible into common stocks that are listed on stock exchanges or traded over the counter. CLM may, without limitation, hold cash or invest in assets in money market instruments, including U.S. and non-U.S. government securities, high grade commercial paper and certificates of deposit and bankers' acceptances issued by U.S. and non-U.S. banks having deposits of at least \$500 million. In addition, CLM may engage in hedging transactions to reduce its company market and currency exchange exposure.

In determining which securities to buy for CLM's portfolio, the Advisor uses a balanced approach, including "value" and "growth" investing by seeking out companies at reasonable prices, without regard to sector or industry, which demonstrate favorable long-term growth characteristics. Valuation and growth characteristics may be considered for purposes of selecting potential investment securities. In general, valuation analysis is used to determine the inherent value of the company by analyzing financial information such as a company's price to book, price to sales, return on equity, and return on assets ratios; and growth analysis is used to determine a company's potential for long-term dividends and earnings growth due to market-oriented factors such as growing market share, the launch of new products or services, the strength of its management and market demand. Fluctuations in these characteristics may trigger trading decisions to be made by the Advisor.

Although CLM has the ability to invest a portion of its assets in non-U.S. companies, CLM has consistently maintained the investment of at least 95% of its assets in U.S. listed companies since June 30, 2001.

To comply with provisions of the Investment Company Act, on any matter upon which CLM is solicited to vote as a shareholder in an investment company in which it invests, the Advisor votes such shares in the same general proportion as shares held by other shareholders of that investment company. The Fund does not and will not invest in any other closed-end funds managed by the Advisor.

CLM may invest up to 15% of its assets in illiquid U.S. and non-U.S. securities, provided that CLM may not invest more than 3% of CLM's assets in the securities of companies that, at the time of investment, had less than a year of operations, including operations of predecessor companies. CLM will invest only in such illiquid securities that, in the opinion of the Advisor, present opportunities for substantial growth over a period of two to five years.

CLM's investment policies emphasize long-term investment in securities. Therefore, the CLM's annual portfolio turnover rate is expected to continue to be relatively low, ranging between 10% and 90%. Higher portfolio turnover rates resulting from more actively traded portfolio securities generally result in higher transaction costs, including brokerage commissions and related capital gains or losses.

CLM's foregoing investment policies may be changed by CLM's Board of Directors without Shareholder vote.

Although CLM does not anticipate having any securities lending income during the current calendar year, CLM may lend the securities that it owns to others, which would allow the Fund the opportunity to earn additional income. Although CLM will require the borrower of the securities to post collateral for the loan in accordance with market practice and the terms of the loan will require that CLM be able to reacquire the loaned securities if certain events occur, CLM is still subject to the risk that the borrower of the securities may default, which could result in CLM losing money, which would result in a decline in CLM's net asset value.

CLM may, from time to time, take temporary defensive positions that are inconsistent with CLM's principal investment strategies in attempting to respond to adverse market, economic, political or other conditions. During such times, the Fund may temporarily invest up to 100% of its assets in cash or cash equivalents, including money market instruments, prime commercial paper, repurchase agreements, Treasury bills and other short-term obligations of the U. S. Government, its agencies or instrumentalities. In these and in other cases, CLM may not achieve its investment objective.

The Advisor may invest CLM's cash balances in any investments it deems appropriate. The Advisor expects that such investments will primarily be pursuant to a repurchase agreement, however such investments may also be made in, without limitation and as permitted under the Investment Company Act, money market funds, additional repurchase agreements, U.S. Treasury and U.S. agency securities, municipal bonds and bank accounts. Any income earned from such investments is ordinarily reinvested by the Fund in accordance with its investment program. Many of the considerations entering into the Advisor's recommendations and the portfolio manager's decisions are subjective.

CLM has no current intent to use leverage; however, CLM reserves the right to utilize limited leverage through issuing preferred shares. CLM also may borrow money in amounts not exceeding 10% of its total assets (including the amount borrowed) for temporary or emergency purposes, including the payment of dividends and the settlement of securities transactions, which otherwise might require untimely dispositions of CLM securities. In addition, CLM may incur leverage through the use of investment management techniques (e.g., "uncovered" sales of put and call options, futures contracts and options on futures contracts). In order to hedge against adverse market shifts and for non-hedging, speculative purposes, CLM may utilize up to 5% of its net assets to purchase put and call options on securities or stock indices.

CFP

Under normal market conditions, the Fund's portfolio consists principally of the equity securities of U.S. and non-U.S. companies. Equity securities in which CFP may invest include common and preferred stocks, closed-end investment companies, convertible securities, warrants and other securities having the characteristics of common stocks, such as American Depositary Receipts ("ADRs") and International Depositary Receipts ("IDRs"), and ETFs.

CFP may invest a portion of its assets in U.S. dollar-denominated debt securities when the Advisor believes that it is appropriate to do so to earn current income. For example, when interest rates are high in comparison to anticipated returns on equity investments, the Advisor may determine to invest in U.S. dollar-denominated debt securities. Debt securities in which CFP may invest include U.S. dollar-denominated bank, corporate or government bonds, notes, and debentures of any maturity determined by the Advisor to be suitable for investment by the Fund. CFP may invest in the securities of issuers that it determines to be suitable for investment by CFP regardless of their rating; provided, however, that the Fund may not invest directly in debt securities that are determined by the Advisor to be rated below "BBB" by S&P or "Baa" by Moody's, commonly referred to as "junk bonds".

CFP may invest without limitation in other closed-end investment companies and ETFs, provided that the Fund limits its investment in securities issued by other investment companies so that not more than 3% of the outstanding voting stock of any one investment company will be owned by CFP. As a shareholder in any investment company, the Fund will bear its ratable share of the investment company's expenses and would remain subject to payment of the Fund's advisory and administrative fees with respect to the assets so invested. As of December 31, 2014, 68.3% of CFP's total assets were invested in closed-end funds.

The Advisor utilizes a balanced approach, including "value" and "growth" investing by seeking out companies at reasonable prices, without regard to sector or industry, which demonstrate favorable long-term growth characteristics. Valuation and growth characteristics may be considered for purposes of selecting potential investment securities. In general, valuation analysis is used to determine the inherent value of the company by analyzing financial information such as a company's price to book, price to sales, return on equity, and return on assets ratios; and growth analysis is used to determine a company's potential for long-term dividends and earnings growth due to market-oriented factors such as growing market share, the launch of new products or services, the strength of its management and market demand. Fluctuations in these characteristics may trigger trading decisions to be made by the Advisor with respect to the Fund's portfolio.

To comply with provisions of the Investment Company Act, on any matter upon which CFP is solicited to vote as a shareholder in an investment company in which it invests, the Advisor votes such shares in the same general proportion as shares held by other shareholders of that investment company. The Fund will not invest in any other closed-end funds managed by the Advisor.

Generally, securities will be purchased or sold by CFP on national securities exchanges and in the over-the-counter market. From time to time, securities may be purchased or sold in private transactions, including securities that are not publicly traded or that are otherwise illiquid. The Advisor does not expect investments in illiquid securities to comprise more than 10% of the Fund's net assets (determined at the time the investment is made). CFP will invest only in illiquid securities that, in the opinion of the Advisor, present opportunities for substantial growth over a period of two to five years.

CFP's foregoing investment policies may be changed by the Fund's Board of Trustees without Shareholder vote.

CFP may, from time to time, take temporary defensive positions that are inconsistent with CFP's principal investment strategies in attempting to respond to adverse market, economic, political or other conditions. During such times, the Fund may temporarily invest up to 100% of its assets in cash or cash equivalents, including money market instruments, prime commercial paper, repurchase agreements, Treasury bills and other short-term obligations of the U. S. Government, its agencies or instrumentalities. In these and in other cases, CFP may not achieve its investment objective.

The Advisor may invest the Fund's cash balances in any investments it deems appropriate. The Advisor expects that such investments will primarily be pursuant to a repurchase agreement, however such investments may also be made in, without limitation and as permitted under the Investment Company Act, money market funds, additional repurchase agreements, U.S. Treasury and U.S. agency securities, municipal bonds and bank accounts. Any income earned from such investments is ordinarily reinvested by the Fund in accordance with its investment program. Many of the considerations entering into the Adviser's recommendations and the portfolio manager's decisions are subjective.

CFP has no current intent to use leverage; however, CFP reserves the right to utilize limited leverage through issuing preferred shares. The Fund also may borrow money as a temporary measure for extraordinary or emergency purposes, including the payment of dividends and the settlement of securities transactions, which otherwise might require untimely dispositions of Fund securities. In addition, CFP may incur leverage through the use of investment management techniques (e.g., “uncovered” sales of put and call options, futures contracts and options on futures contracts). In order to hedge against adverse market shifts and for non-hedging, speculative purposes, CFP may utilize up to 5% of its net assets to purchase put and call options on securities or stock indices. The Fund has no current intention to enter into any derivative transactions.

Under the Investment Company Act, neither CLM or CFP may: (1) invest more than 5% of its total assets in the securities of any one investment company, nor (2) acquire more than 3% of the outstanding voting securities of any such company.

The following is a summary of the material rights of Shareholders of CFP and CLM, but does not purport to be a complete description of these rights. These rights may be determined in full by reference to the DSTA and CFP’s Declaration of Trust and By-Laws and to the MGCL and CLM’s Articles of Incorporation and By-Laws (collectively, the “Governing Instruments”). The Governing Instruments are subject to amendment in accordance with their terms.

	Maryland Corporation	Delaware Statutory Trust
Voting Requirement for CFP Merger	CLM’s Articles of Incorporation state that for any action, including a merger of the kind contemplated in this combined proxy/prospectus, to be effective and valid requires an affirmative vote of a majority of the total number of votes entitled to be cast. In contrast, §3-105 of the Maryland Corporate Law requires an affirmative vote of the holders of at least sixty-six and two thirds percent (66 2/3%) of the outstanding shares. Pursuant to §2-104 of the Maryland Corporate Law states that the Articles of Incorporation may have a provision that requires for any purpose a lesser proportion of the votes of all shareholders, but the proportion may not be less than a majority of all the votes entitled to be cast on the matter.	Affirmative vote of the holders of at least fifty percent (50%) of the outstanding shares of beneficial interest
Shareholder Liability	The Maryland Corporate Law states that a shareholder of a corporation is not personally liable for the acts or obligations of the corporation.	The Delaware Statutory Trust Act does not include an express provision relating to the limitation of liability of the beneficial owners of a Delaware statutory trust. CFP’s Declaration of Trust states that no shareholder of the trust shall be subject in such capacity to any personal liability whatsoever to any person in connection with trust property or the acts, obligations or affairs of the trust.
Preemptive Rights	Shareholders of a Maryland Corporation are not entitled to any preference, preemptive, appraisal or conversion rights.	Shareholders of a Delaware Statutory Trust are not entitled to

any preference, preemptive,
appraisal or conversion rights.

UNITED STATES FEDERAL INCOME TAXES

The following is a brief summary of certain United States federal income tax issues that apply to each Fund. Shareholders should consult their own tax advisers with regard to the federal tax consequences of the purchase, ownership and disposition of each Fund's shares, as well as tax consequences arising under the laws of any state, foreign country, or other taxing jurisdiction.

Each Fund has qualified, and intends to continue to qualify and elect to be treated, as a regulated investment company ("RIC"), for each taxable year under Subchapter M of the Code. A RIC generally is not subject to federal income tax on income and gains distributed in a timely manner to its shareholders.

Each Fund intends to distribute annually to its shareholders substantially all of its investment company taxable income. The Board of Directors/Trustees of each Fund will determine annually whether to distribute any net realized long-term capital gains in excess of net realized short-term capital losses, including any capital loss carryovers. Each Fund currently expects to distribute any excess annually to their shareholders. However, if either Fund retains for investment an amount equal to its net long-term capital gains in excess of its net short-term capital losses and capital loss carryovers, it will be subject to a corporate tax, currently at a rate of 35%, on the amount retained. In that event, that Fund expects to designate such retained amounts as undistributed capital gains in a notice to its shareholders who:

- (1) will be required to include in income for United States federal income tax purposes, as long-term capital gains, their proportionate shares of the undistributed amount;
will be entitled to credit their proportionate shares of the 35% tax paid by that Fund on the undistributed amount
- (2) against their United States federal income tax liabilities, if any, and to claim refunds to the extent their credits exceed their liabilities, if any; and
- (3) will be entitled to increase their tax basis, for United States federal income tax purposes, in their shares by an amount equal to 65% of the amount of undistributed capital gains included in the shareholder's income.

Income received by a Fund from sources within countries other than the United States may be subject to withholding and other taxes imposed by such countries, which will reduce the amount available for distribution to shareholders. If more than 50% of the value of either Fund's total assets at the close of its taxable year consists of securities of foreign corporations, that Fund will be eligible and intends to elect to "pass-through" to shareholders the amount of foreign income and similar taxes it has paid. Pursuant to this election, shareholders of the electing Fund will be required to include in gross income (in addition to the full amount of the taxable dividends actually received) their pro rata share of the foreign taxes paid by that Fund. Each such shareholder will also be entitled either to deduct (as an itemized deduction) its pro rata share of foreign taxes in computing its taxable income or to claim a foreign tax credit against its U.S. federal income tax liability, subject to limitations. No deduction for foreign taxes may be claimed by a shareholder who does not itemize deductions, but such a shareholder may be eligible to claim the foreign tax credit.

The deduction for foreign taxes is not allowable in computing alternative minimum taxable income. Each shareholder will be notified within 60 days after the close of that Fund's taxable year whether the foreign taxes paid by the Fund will "pass through" for that year.

Generally, a credit for foreign taxes is subject to the limitation that it may not exceed the shareholder's U.S. tax attributable to his or her foreign source taxable income. For this purpose, if the pass-through election is made, the source of each Fund's income flows through to its shareholders. Any gains from the sale of securities by either Fund will be treated as derived from U.S. sources and certain currency fluctuation gains, including fluctuation gains from foreign currency-denominated debt securities, receivables and payables, will be treated as ordinary income derived from U.S. sources. The limitation on the foreign tax credit is applied separately to foreign source passive income (as defined for purposes of the foreign tax credit), including the foreign source passive income passed through by each Fund. Because of the limitation, shareholders taxable in the United States may be unable to claim a credit for the full amount of their proportionate share of the foreign taxes paid by each Fund. The foreign tax credit also cannot be used to offset more than 90% of the alternative minimum tax (as computed under the Code for purposes of this limitation) imposed on corporations and individuals.

Shareholders will be notified annually by each Fund as to the United States federal income tax status of the dividends, distributions and deemed distributions made by the Fund to its shareholders. Furthermore, shareholders will also receive, if appropriate, various written notices after the close of each Fund's taxable year regarding the United States federal income tax status of certain dividends, distributions and deemed distributions that were paid, or that are treated as having been paid, by that Fund to its shareholders during the preceding taxable year. For a more detailed discussion of tax matters affecting each Fund and its shareholders, see "Taxation" in the SAI.

INFORMATION ABOUT THE MERGER

GENERAL

Under the CFP Plan, CFP will merge with and into CLM on the Effective Date. As a result of the CFP Merger and on the Effective Date:

- (1) CFP will no longer exist; and
- (2) CLM will be the surviving corporation and CFP will then:
 - (a) deregister as an investment company under the Investment Company Act of 1940;
 - (b) withdraw from registration under the Securities Exchange Act of 1934 (the "Exchange Act");
 - (c) remove its shares of beneficial interest from listing on the NYSE MKT; and
 - (d) cease its separate existence under Delaware law.

Each share of beneficial interest of CFP will convert into an equivalent dollar amount of full and fractional shares of CLM common stock, based on the relative net asset value per share of CLM and CFP calculated at the close of business on the Business Day preceding the Effective Date. CLM full and fractional shares will be issued to all of the CFP Shareholders. CFP Shareholders that participate in CFP's dividend reinvestment plan will receive fractional shares. Any CFP Shareholder that does not participate in CFP's dividend reinvestment plan will not receive fractional shares, rather CLM's transfer agent will aggregate all fractional shares, sell the resulting full shares on the NYSE MKT at the then current market price and remit the proceeds to CFP's Shareholders in proportion to their fractional shares.

The CFP Plan may be terminated and the CFP Merger abandoned, whether before or after approval by the Funds' Shareholders, at any time prior to the Effective Date (i) by the mutual written consent of the Board of

Directors/Trustees of CLM and CFP, or (ii) by either Fund's Board of Directors/Trustees if the conditions to that Fund's obligations under the CFP Plan have not been satisfied or waived.

If the CFP Merger has not been consummated by December 31, 2015, the CFP Plan automatically terminates on that date, unless a later date is mutually agreed upon by the Board of Directors/Trustees of each Fund.

REASONS FOR THE CFP MERGER

The Board of Directors/Trustees of each Fund, including all of the Non-Interested Directors/Trustees, considered the proposed CFP Merger at a meeting of each Board held on February 27, 2015 and unanimously approved the proposed CFP Merger. For the reasons discussed below, the Board of Directors/Trustees of each Fund, including the Non-interested Directors/Trustees of the Funds, after consideration of the potential benefits of the CFP Merger to the Shareholders of each Fund and the expenses expected to be incurred by each Fund in connection therewith, unanimously determined that:

- (1) the interests of the existing Shareholders of CFP and CLM will not be diluted with respect to value but will be diluted with respect to voting, as a result of the proposed CFP Merger;
the managed distribution policy currently in place for CLM, which relies on the existence of an exemptive order granted to CLM by the SEC, is a better defined managed distribution policy for the Shareholders of CFP than the
- (2) distribution policy currently in place for CFP Shareholders due to the fact that under Section 19 of the Investment Company Act, the distribution policy in place for CFP may have to change to avoid violation of Section 19 without obtaining exemptive relief; and

the proposed CFP Merger is in the best interests of each Fund and its Shareholders due to the fact that it will (3) increase the assets of CLM presumably providing better economies of scale, increased liquidity and resulting in a lower expense ratio for CLM Shareholders.

The reasons stated above were fully recorded in each Fund's minute book.

Three principal factors led the Board of Directors/Trustees of each Fund to reach these conclusions: (i) the CFP Merger will create a larger Fund and, consequently, all other factors being equal, should result in an expense ratio that is lower than the current expense ratio of either CLM or CFP; (ii) the managed distribution policy maintained by CLM in reliance on an exemptive order granted under Section 19(b) of the Investment Company Act that permits CLM to make periodic distributions of long-term capital gains in an amount equal to a fixed percentage of CLM's average net asset value or market price over a specified period of time would benefit the Shareholders of CFP and (iii) the larger Fund should provide better market liquidity for Shareholders who want to sell their shares or add to their holdings. The Board of Directors/Trustees of each Fund also considered additional factors they deemed relevant and used their own business judgment in determining the material factors to consider in evaluating the CFP Merger and the weight to be given to each factor. Each Director/Trustee weighed the various factors differently in reaching his conclusion with respect to the CFP Merger. The Board of Directors/Trustees of each Fund believe that, all other things being equal, a lower expense ratio, a more defined managed distribution policy and better market liquidity for the shares would be a beneficial result to the surviving Fund.

IN THE JUDGMENT OF THE BOARD OF DIRECTORS/TRUSTEES OF EACH FUND, THE CFP MERGER SERVES THE BEST INTERESTS OF EACH FUND AND ITS SHAREHOLDERS.

Shareholders should note that the Boards of Directors/Trustees of CLM and CFP are identical, therefore, although the Non-interested Directors/Trustees are "non-interested" with respect to each of the Funds under the Investment Company Act, they are not at arm's-length with respect to the proposed CFP Merger.

The Board of Directors/Trustees of each Fund, in declaring advisable and recommending the proposed CFP Merger, also considered the following:

- 1) the capabilities and resources of Cornerstone Advisors in the area of investment management;
- 2) the experience of Cornerstone Advisors in managing an investment company that has implemented a fixed monthly distribution policy;
- 3) expense ratios and information regarding fees and expenses of CLM and CFP, both currently and on a pro forma basis after the CFP Merger;
- 4) the terms and conditions of the CFP Merger and whether it would result in dilution of the interests of each Fund and its existing Shareholders;
- 5) the compatibility of CLM and CFP's portfolio securities, investment objective, policies and restrictions;
- 6) the tax consequences to each Fund and its Shareholders in connection with the CFP Merger; and
- 7) the anticipated expenses of the CFP Merger.

In reviewing issues relating to the structure of the CFP Merger and the selection of the surviving corporation in the CFP Merger, each Board also considered information provided to them by Cornerstone Advisors concerning:

- 1)the comparative performance records of CLM and CFP;
- 2)public and market perception of CLM and CFP;
- 3)the relative size of CLM and CFP;
- 4) the investment policies, strategies and personnel Cornerstone Advisors intends to utilize in managing the surviving Fund;
- 5)Cornerstone Advisors' recommendation that CLM be the surviving corporation; and
- 6)the relative tax positions of CLM and CFP.

TERMS OF THE CFP MERGER AGREEMENT

The following is a summary of the significant terms of the CFP Plan. This summary is qualified in its entirety by reference to the CFP Plan, attached hereto as Exhibit A.

Each share of beneficial interest of CFP will convert into an equivalent dollar amount of full and fractional shares of CLM common stock based on the relative net asset value per share of CLM and CFP calculated at the close of business on the Business Day (as defined in the CFP Plan) preceding the Effective Date. CLM full and fractional shares will be issued to all of the CFP Shareholders. CFP Shareholders that participate in CFP's dividend reinvestment plan will receive fractional shares. Any CFP Shareholder that does not participate in CFP's dividend reinvestment plan will not receive fractional shares, rather CLM's transfer agent will aggregate all fractional shares, sell the resulting full shares on the NYSE MKT at the then current market price and remit the proceeds to CFP's Shareholders in proportion to their fractional shares.

For purposes of valuing assets in connection with the CFP Merger, the assets of CFP will be valued pursuant to the principles and procedures consistently utilized by CLM, which principles and procedures are also utilized by CFP in valuing its own assets and determining its own liabilities. As a result, it is not expected that CLM's valuation procedures as applied to CFP's portfolio securities will result in any difference from the valuation that would have resulted from the application of CFP's valuation procedures to such securities. The net asset value per share of CLM common stock will be determined in accordance with these principles and procedures, and CLM will certify the computations involved. The net asset value per share of each Fund will not be adjusted to take into account differences in unrealized gains and losses, nor will it be adjusted to take into account the potential value of tax loss carryforwards.

Neither CLM nor CFP issue stock certificates. The shares of beneficial interest of CFP that will be converted into shares of common stock of CLM will be held in book-entry form, with a statement provided to each Shareholder indicating such book-entry shares held behalf of each Shareholder.

The net asset value of the CLM shares received by CFP Shareholders will be equal to the aggregate net asset value of the CFP shares exchanged.

The CFP Plan provides, among other things, that the CFP Merger will not take place without (i) the requisite approval of the Shareholders of CFP and CLM, and (ii) the effectiveness of a Registration Statement on Form N-14.

The CFP Plan may be terminated at any time prior to the Effective Date by mutual agreement of each Fund's Board of Directors/Trustees or by either Fund if the other has violated a condition of the CFP Plan. The CFP Plan will automatically terminate after December 31, 2015 if the CFP Merger has not been consummated, unless such time is extended by mutual agreement of the Board of Directors/Trustees of each Fund.

The CFP Plan may be amended, modified or supplemented by mutual agreement of the Boards of Directors/Trustees of CLM and CFP. However, no amendments which would have the effect of changing the provisions for determining the number of shares issued to CFP Shareholders will be permitted following the meeting unless CFP Shareholders

consent to the amendment.

EXPENSES OF THE CFP MERGER

In evaluating the proposed CFP Merger, the Board of Directors/Trustees of each Fund has estimated the amount of expenses each Fund will incur, including, but not limited to, SEC registration fees, legal and accounting fees, proxy and distribution costs, and expenses incurred in connection with the CFP Merger. The estimated total expenses pertaining to the CFP Merger is approximately \$150,000 for CFP and \$185,000 for CLM, such number is inclusive of the expense that CLM will incur in connection with the CFP Merger. Each Fund will bear its respective costs of the CFP Merger, however, to the extent that any of the expenses incurred relate specifically to actions taken by CLM as a result of the CFP Merger, such as SEC registration fees, such expenses will be allocated on the basis of relative net assets of each Fund.

The expenses of the CFP Merger are expected to result in a reduction in net asset value per CLM share of approximately \$0.02, and a reduction in net asset value per CFP share of approximately \$0.01.

TAX CONSIDERATIONS AND CONSEQUENCES OF THE MERGER

THE FOLLOWING IS A DISCUSSION OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER TO CFP SHAREHOLDERS WHO EXCHANGE THEIR SHARES OF CFP BENEFICIAL INTEREST FOR SHARES OF CLM COMMON STOCK IN THE MERGER. THIS DISCUSSION ADDRESSES ONLY CFP SHAREHOLDERS WHO ARE U.S. HOLDERS (AS DEFINED BELOW) AND HOLD CFP SHARES OF BENEFICIAL INTEREST AS A CAPITAL ASSET. IT DOES NOT ADDRESS ALL OF THE U.S. FEDERAL INCOME TAX CONSEQUENCES THAT MAY BE RELEVANT TO A PARTICULAR CFP SHAREHOLDER IN LIGHT OF THAT SHAREHOLDER'S INDIVIDUAL CIRCUMSTANCES OR TO A CFP SHAREHOLDER WHO IS SUBJECT TO SPECIAL RULES, INCLUDING, WITHOUT LIMITATION:

- a financial institution or insurance company;
- a shareholder who is not a U.S. Holder;
- a pass-through entity or an investor in such an entity;
- a dealer or broker in securities or foreign currencies; and
- a shareholder who holds CFP stock as part of a hedge, appreciated financial position, straddle, constructive sale or conversion transaction.

The following discussion is based on the Code, applicable Treasury Regulations, administrative interpretations and court decisions, each as in effect as of the date of this Proxy Statement/Prospectus and all of which are subject to change, possibly with retroactive effect. This discussion is not binding on the Internal Revenue Service, which is referred to as the IRS, and there can be no assurance that the IRS (or a court, if challenged by the IRS) will agree with the conclusions stated herein. In addition, this discussion does not address any state, local or foreign tax consequences of the merger.

CFP SHAREHOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS AS TO THE SPECIFIC TAX CONSEQUENCES TO THEM OF THE MERGER IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES INCLUDING THE APPLICABILITY AND EFFECT OF U.S. FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX LAWS.

"U.S. Holder" refers to a beneficial holder of stock that is (i) an individual citizen or resident of the United States, (ii) a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source or (iv) a trust (x) that is subject to the supervision of a court within the United States and the control of one or more U.S. persons as described in section 7701(a)(30) of the Code or (y) that has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership holds CFP shares of beneficial interest, the tax treatment of a partner will generally depend upon the status of the partner and the activities of that partnership. If a U.S. Holder is a partner of a partnership holding that CFP share of beneficial interest, the holder is urged to consult its tax advisor regarding the tax consequences of the merger.

It is a non-waivable condition to the completion of the merger that CFP and CLM receive a written opinion from Blank Rome LLP dated as of the effective date of the merger, to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. The opinion will rely on certain assumptions as well as representations and covenants made by each of CFP and CLM. If any of those assumptions, representations or covenants are inaccurate, Blank Rome may not be able to render the required opinion and the tax consequences of the merger could differ from those discussed here. An opinion of counsel is not binding on the IRS or any court, nor does it preclude the IRS from adopting a contrary position. No ruling has been or will be sought from the IRS on the U.S. federal income tax consequences of the merger.

Assuming that the merger qualifies as a reorganization within the meaning of Section 368(a) of the Code, for U.S. federal income tax purposes:

a CFP shareholder whose CFP shares of beneficial interest are exchanged in the merger for shares of CLM common stock will not recognize gain or loss, except to the extent of chase, if any received in lieu of a fractional share of CLM common stock;

A CFP shareholder's aggregate tax basis in shares of CLM common stock received in the merger (including any fractional share interests deemed to be received and converted to cash) will equal the aggregate tax basis of the CFO share of beneficial interest surrendered in the merger; and

A CFP shareholder's holding period for shares of CLM common stock received in the merger will include the holding period for the shares of beneficial interest of CFP in the merger

CASH IN LIEU OF FRACTIONAL SHARES

To the extent that a CFP shareholder receives cash in lieu of a fractional share of CLM common stock, the shareholder will be deemed to have received that fractional share in the merger and then to have received the cash in exchanged for that fractional share. The shareholder will generally recognize capital gain or loss equal to the difference between the cash received and the portion of the shareholder's tax basis in the shares of beneficial interest of CFP surrendered allocable to that fractional share. This capital gain or loss will generally be long-term capital gain or loss if the CFP shareholder's holding period for its shares of beneficial interest CFP exceeded one year at the effective time of the merger.

While CLM is not aware of any adverse state or local tax consequences of the proposed CFP Merger, it has not requested any ruling or opinion with respect to such consequences and shareholders may wish to consult their own tax advisers with respect to such matters.

The Board of Directors/Trustees of each Fund considered the tax loss carryforward and current capital loss positions of each Fund as part of their overall process of considering the proposed CFP Merger. They also considered professional advice that they received regarding the future use of these various capital loss categories to offset future capital gains. This professional advice included the possibility that in some circumstances utilization of the capital loss carryforwards might be restricted, in part because of the CFP Merger, although based on current knowledge, any such restriction was believed to be de minimis. The Boards also considered whether the ability to continue to utilize the capital loss carryforwards should be made a condition to the effectiveness of the CFP Merger and concluded that it should not. It is believed that the effective utilization of the capital loss carryforward of CFP, without triggering adverse income tax consequences, will have little if any impact whether the CFP Merger is approved or not. The Boards concluded that in their respective judgments, under all of the facts and circumstances known to them after considering the advice of their professional advisers, the CFP Merger is in the best interests of each Fund and its shareholders, because any "truncation" (restriction on the utilization) of the capital loss carryforwards under the Code is currently believed to be de minimis. It is expected that there will be a de minimis amount, if any, of the capital loss carry forward either lost or restricted as a result of the CFP Merger. The capital loss carry forwards will continue to benefit all Shareholders after the CFP Merger which can be viewed as a benefit to CLM Shareholders.

ADDITIONAL INFORMATION ABOUT THE FUNDS

DESCRIPTION OF SECURITIES TO BE ISSUED

The authorized stock of CLM currently consists of one hundred million (100,000,000) shares of common stock, \$0.001 par value per share. Shares of CLM entitle its holders to one vote per share. Holders of CLM's common stock are entitled to share equally in distributions authorized by the Fund's Board of Directors payable to the holders of such common stock and in the net assets of CLM available for distribution to holders of such common stock. Shares have noncumulative voting rights and no conversion, preemptive or other subscription rights, and are not redeemable. The outstanding shares of common stock of CLM are fully paid and non-assessable. In the event of liquidation, each share of common stock is entitled to its proportion of the Fund's assets after payment of debts and expenses. CLM holds shareholder meetings annually.

The following table shows information about the common stock/shares of beneficial interest of each Fund as of December 31, 2014.

	AMOUNT AUTHORIZED	AMOUNT HELD BY FUND	AMOUNT OUTSTANDING
CLM COMMON STOCK	100,000,000	0	8,194,717
CFP SHARES OF BENEFICIAL INTEREST	unlimited	0	16,565,151

As of December 31, 2014, the net asset value of CLM common stock was \$20.54, and the market price per share was \$20.02. As of that same date, the net asset value of CFP shares of beneficial interest was \$15.78, and the market price per share was \$15.21.

PREMIUM/DISCOUNT TO NET ASSET VALUE

Shares of closed-end investment companies frequently trade at a discount from net asset value. This characteristic is a risk separate and distinct from the risk that the Funds' net asset values may decrease, and this risk may be greater for Shareholders expecting to sell their shares in a relatively short period. **THE SHARES OF COMMON STOCK/BENEFICIAL INTEREST OF THE FUNDS SHOULD THUS BE VIEWED AS BEING DESIGNED PRIMARILY FOR LONG-TERM INVESTORS AND SHOULD NOT BE CONSIDERED A VEHICLE FOR TRADING PURPOSES.**

During the six year period (2009-2014) of CLM and CFP, the common stock/shares of beneficial interest of each Fund have generally traded at times at substantial premiums to net asset value, however, as of October 2014, both CLM and CFP have consistently traded at discounts through the end of the calendar year. As of the last business day prior to the announcement of the proposed CFP Merger, common stock of CLM was trading at a premium and shares of beneficial interest of CFP were trading at a slight discount. It is not possible to state whether shares of CLM will trade at a premium or discount to net asset value following the CFP Merger, or the extent of any such premium or discount.

PER SHARE DATA FOR CORNERSTONE PROGRESSIVE RETURN FUND SHARES OF BENEFICIAL INTEREST TRADED ON THE NYSE MKT*

QUARTER ENDED	HIGH PRICE	LOW PRICE	CLOSING MARKET PRICE	CLOSING NET ASSET VALUE	PREMIUM/(DISCOUNT)
3/31/13	\$23.80	\$20.44	\$23.68	\$19.08	24.11%
6/30/13	24.92	19.92	23.16	17.28	34.03
9/30/13	23.64	20.00	20.52	17.28	18.75
12/31/13	21.08	20.04	20.56	17.24	19.26
3/31/14	21.72	20.60	21.20	17.00	24.71
6/30/14	21.52	18.32	18.36	17.68	3.85
9/30/14	18.72	15.76	16.44	16.44	0.00
12/31/14	16.56	12.52	15.21	15.78	(3.61)

* The figures provided from March 31, 2013 through December 31, 2014 are based on the per share data for CFP's securities as traded on the NYSE MKT.

PER SHARE DATA FOR CORNERSTONE STRATEGIC VALUE FUND, INC. COMMON STOCK TRADED ON THE NYSE MKT*

QUARTER ENDED	HIGH PRICE	LOW PRICE	CLOSING MARKET PRICE	CLOSING NET ASSET VALUE	PREMIUM/(DISCOUNT)
3/31/13	\$28.48	\$24.39	\$28.31	\$23.28	21.61%
6/30/13	30.24	26.68	29.24	21.84	33.88
9/30/13	29.84	28.12	28.64	21.40	33.83
12/31/13	30.96	24.60	26.40	22.72	16.20
3/31/14	26.28	24.00	25.88	22.24	8.75
6/30/14	22.21	20.55	24.36	22.40	8.75
9/30/14	24.92	21.56	23.36	21.12	10.61
12/31/14	23.16	16.48	20.02	20.54	(2.58)

* The figures provided from March 31, 2013 through December 31, 2014 are based on the per share data for CFP's securities as traded on the NYSE MKT.

CAPITALIZATION

The following table shows on an unaudited basis the capitalization of CLM and CFP as of December 31, 2014 and on a pro forma basis as of that same date giving effect to the CFP Merger:

(in thousands, except per share values)

	CFP	CLM	Pro Forma Adjustments	CLM Pro Forma, Post CFP Merger*
Net Assets	\$261,342	\$168,287	(\$335) ^(a)	\$429,294
Shares of Common Stock Outstanding	16,565	8,195	(3,839)	20,921
Net Assets Per Share of Common Stock	\$15.78	\$20.54		\$20.54

* The Pro Forma Net Assets of CLM Post Merger account for the aggregate cost of the merger to the participating Fund.

^(a)To include costs associated with the merger of CFP into CLM.

DIVIDENDS AND OTHER DISTRIBUTIONS

CLM initiated a fixed, monthly distribution to Shareholders in 2002, which with interim adjustments and extensive disclosure continues to be a high-level managed distribution plan (“MDP”). The MDP provides a regular monthly distribution to Shareholders that is adjusted through an annual resetting of the monthly distribution amount per share based on CLM’s net asset value on the last business day in October. To the extent that distributions exceed the current net earnings of CLM, the balance of the amounts paid out will be generated from sales of portfolio securities held by CLM and will be distributed either as short-term or long-term capital gains or a tax-free return-of-capital. Although return of capital distributions may not be taxable, such distributions may reduce a Shareholder’s cost basis in his or her shares, and therefore may result in an increase in the amount of any taxable gain on a subsequent disposition of such shares, even if such shares are sold at a loss to the Shareholder’s original investment amount. To the extent these distributions are not represented by net investment income and capital gains, they will not represent yield or investment return on CLM’s investment portfolio.

CLM makes level distributions on a monthly basis and these distributions are not tied to the Fund's net investment income and capital gains, and may not represent yield or investment return on the Fund's portfolio. Under the MDP, CLM makes monthly distributions to Shareholders at a rate that may include periodic distributions of its net earnings or a return of capital. Shareholders have the option of reinvesting all or a portion of these distributions in additional shares of CLM through the Fund's distribution reinvestment plan or receiving them in cash. In any fiscal year where total cash distributions exceed net earnings and unrealized gain or loss for the year, such excess will decrease the Fund's total assets and, as a result, will have the likely effect of increasing the Fund's expense ratio. There is a risk that the total net earnings and unrealized gain or loss for years from the Fund's portfolio would not be great enough to fully offset the amount of cash distributions paid to CLM Shareholders. If this were to be the case, CLM's assets would be partially reduced by an equal amount, and there is no guarantee that CLM would be able to replace the assets. In addition, in order to make such distributions, CLM may need to sell a portion of its investment portfolio at a time when independent investment judgment might not dictate such action. Furthermore, the cash used to make distributions will not be available for investment pursuant to the Fund's investment objective.

In order to maintain the MDP, CLM applied for and received an exemption from the requirements of Section 19(b) of the Investment Company Act and Rule 19b-1 thereunder permitting it to make periodic distributions of long-term capital gains, provided that the MDP calls for periodic (e.g., quarterly/monthly) distributions in an amount equal to a fixed percentage of CLM's average net asset value over a specified period of time or market price per share at or about the time of distribution or pay-out of a level dollar amount.

The MDP results in the payment of approximately the same amount per share to CLM's Shareholders each month. These distributions are not to be tied to CLM's investment income and capital gains and do not represent yield or investment return on CLM's portfolio. Section 19(a) of the Investment Company Act and Rule 19a-1 thereunder require CLM to provide a written statement accompanying any such payment that adequately discloses its source or sources, other than net investment income. Thus, if the source of some or all of the dividend or other distribution were the original capital contribution of the Shareholder, and the payment amounted to a return of capital, CLM would be required to provide written disclosure to that effect. Nevertheless, persons who periodically receive the payment of a dividend or other distribution may be under the impression that they are receiving net profits when they are not. Shareholders should read any written disclosure provided pursuant to Section 19(a) and Rule 19a-1 carefully, and should not assume that the source of any distribution from CLM is net profit. A return of capital distribution does not reflect positive investment performance. Shareholders should not draw any conclusions about CLM's investment performance from the amount of its managed distributions or from the terms of the MDP. When CLM issues a written disclosure pursuant to Section 19(a) and Rule 19a-1, CLM will refer to such a notice as a "Rule 19a-1 Notice Accompanying Distribution Payment". In addition, CLM will refer to the return of capital distributions as "Paid-in-capital" which will be presented under the "Source of payment" heading in such notice.

On August 8, 2014, the Board of Directors of CLM announced that the distribution percentage for the calendar year 2015 is to remain at 21%, which was applied to the net asset value of CLM at the end of October 2014 to determine the distribution amounts for calendar year 2015. The distribution percentage is not a function of, nor is it related to, the investment return on CLM's portfolio but the 2015 distributions based on the distribution percentage are expected to consist principally or entirely of a return of Shareholders' capital invested in CLM.

CFP seeks to make a distribution to Shareholders each month. These distributions are not tied to the Fund's investment income and capital gains and do not represent yield or investment return on CFP's portfolio. The distribution rate may be modified by the Board of Trustees from time to time. To the extent that distributions exceed the Fund's current net income and net capital gains, the balance of the amounts paid out will be generated from sales of portfolio securities held by CFP and will be distributed either as short-term or long-term capital gains or a tax-free return-of-capital. Although return-of-capital distributions may not be taxable, such distributions may reduce a Shareholder's cost basis in his or her shares, and therefore may result in an increase in the amount of any taxable gain on a subsequent disposition of such shares, even if such shares are sold at a loss to the Shareholder's original investment amount. To the extent these distributions are not represented by net investment income and capital gains, they will not represent yield or investment return on CFP's investment portfolio. CFP's final distribution for each calendar year is expected to include any remaining investment company taxable income and net tax-exempt income undistributed during the year, as well as all net capital gain realized during the year. However, if it determines it is appropriate to do so, the Board of Trustees may elect to not distribute realized gains and to pay taxes incurred. In general, the total distributions made in any taxable year (other than distributions of net capital gain or return of capital) would be treated as ordinary dividend income to the extent of CFP's current and accumulated earnings and profits. Distributions in excess of the earnings and profits would first be a tax-free return of capital to the extent of the adjusted tax basis in the shares. Shareholders are advised to consult their own tax advisers with respect to the tax consequences of their investment in CFP. The Distribution Policy may, under certain circumstances, have adverse consequences to the Fund and the Shareholders because it may result in a return of capital resulting in less of a Shareholder's assets being invested in CFP and, over time, increase the Fund's expense ratio. To the extent necessary to meet the amounts distributed under the Distribution Policy, portfolio securities may be sold to the extent adequate income is not available.

Unless the registered owner of shares elects to receive cash, all distributions declared on shares are automatically reinvested in additional Shares.

If the CFP Merger is not approved, the Board of Trustees of CFP may determine in the future to authorize the filing of an exemptive application with the SEC seeking an order under the Investment Company Act to exempt CFP from the requirements of Section 19(b) of the Investment Company Act and Rule 19b-1 thereunder, permitting the Fund to make periodic distributions of long-term capital gains, provided that the distribution policy of the Fund with respect to its shares calls for periodic (for example, quarterly/monthly) distributions in an amount equal to a fixed percentage of the CFP's average net asset value over a specified period of time or market price per share at or about the time of distribution or pay-out of a level dollar amount. It is important to note that the conditions contained in any exemptive relief granted by the staff of the SEC will differ considerably from the conditions contained in CLM's exemptive order. The Board will monitor whether such relief is appropriate given these new and different conditions. In the event the Board determines to authorize the filing of such an exemptive application, there can be no assurance that the staff of the SEC will grant such relief to CFP or, if granted, that the Board will determine to implement a managed distribution plan. No assurance can be given that the SEC will grant the exemption to CFP if requested.

The level monthly dividend distribution described above results in the payment of approximately the same amount or percentage to the Shareholders each month. These distributions are not tied to the Fund's investment income and capital gains and do not represent yield or investment return on CFP's portfolio. Section 19(a) of the Investment Company Act and Rule 19a-1 thereunder require CFP to provide a written statement accompanying any such payment that adequately discloses its source or sources, other than net investment income. Thus, if the source of some or all of the dividend or other distribution were the original capital contribution of the Shareholder, and the payment amounted to a return of capital, CFP would be required to provide written disclosure to that effect. Nevertheless, persons who periodically receive the payment of a dividend or other distribution may be under the impression that they are receiving net profits when they are not. Shareholders should read any written disclosure provided pursuant to Section 19(a) and Rule 19a-1 carefully, and should not assume that the source of any distribution from the Fund is net profit.

It is the current intention of the Board of Directors of CLM to continue CLM's current monthly distribution policy after the CFP Merger.

PORTFOLIO VALUATION

Investments of each Fund are stated at value in each Fund's financial statements. All securities for which market quotations are readily available are valued at the last sales price or lacking any sales, at the closing price last quoted for the securities (but if bid and asked quotations are available, at the mean between the current bid and asked prices). Securities that are traded over-the-counter are valued at the mean between the current bid and the asked prices, if available. All other securities and assets are valued at fair value as determined in good faith by each Fund's Board of Directors/Trustees. Short-term investments having a maturity of 60 days or less are valued on the basis of amortized cost. The Board of Directors/Trustees of each Fund has established general guidelines for calculating fair value of

securities that are not readily marketable. At December 31, 2014, both CFP and CLM held no securities valued in good faith by the Board of Directors/Trustees. The net asset value per share of each Fund is made available to the public on a weekly basis.

For purposes of valuing assets in connection with the CFP Merger, the assets of CFP will be valued pursuant to the principles and procedures consistently utilized by CLM, which principles and procedures are also utilized by CFP in valuing its own assets and determining its own liabilities. It is not expected that CLM's valuation procedures as applied to CFP's portfolio securities will result in any difference from the valuation that would have resulted from the application of CFP's valuation procedures to such securities.

DIVIDEND REINVESTMENT PLAN

Each Fund operates a distribution reinvestment plan (the "Plan"), administered by American Stock Transfer and Trust Company, LLC (the "Agent"), pursuant to which each 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 each Fund's shares.

Shareholders automatically participate in the 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. Under the Plan, Distributions to Shareholders are reinvested in full and fractional shares as described below.

When the respective 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 MKT or elsewhere, with cash allocated to it by the Fund ("Open Market Purchases").

The method for determining the number of Newly Issued Shares received when Distributions are reinvested will be determined by dividing the amount of the Distribution either by the respective Fund's last reported net asset value per share or by a price equal to the average closing price of the respective Fund over the five trading days preceding the payment date of the Distribution, whichever is lower. However, if the last reported net asset value of the respective Fund's shares is higher than the average closing price of the Fund over the five trading days preceding the payment date of the Distribution (i.e., the Fund is selling at a discount), shares may be acquired by the Agent in Open Market Purchases and allocated to the reinvesting Shareholders based on the average cost of such Open Market Purchases. Upon notice from each Fund, the Agent will receive the distribution in cash and will purchase shares of common stock/shares of beneficial interest in the open market, on the NYSE MKT or elsewhere, for the participants' accounts, except that the Agent will endeavor to terminate purchases in the open market and cause each Fund to issue the remaining shares if, following the commencement of the purchases, the market value of the shares, including brokerage commissions, exceeds the net asset value at the time of valuation. These remaining shares will be issued by each Fund at a price equal to the net asset value at the time of valuation. In a case where the Agent has terminated open market purchases and caused the issuance of remaining shares by each Fund, the number of shares received by the participant in respect of the cash dividend or distribution will be based on the weighted average of prices paid for shares purchased in the open market, including brokerage commissions, and the price at which each Fund issues the remaining shares. To the extent that the Agent is unable to terminate purchases in the open market before the Agent has completed its purchases, or remaining shares cannot be issued by each Fund because each Fund declared a dividend or distribution payable only in cash, and the market price exceeds the net asset value of the shares, the average share purchase price paid by the Agent may exceed the net asset value of the shares, resulting in the acquisition of fewer shares than if the dividend or distribution had been paid in shares issued by each Fund.

Whenever the respective Fund declares a Distribution and the last reported 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 shares (less such 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 shares for such 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 participant's purchases with the purchases of other participants, and the average price (including brokerage commissions) of all shares purchased by the Agent shall be the price per share allocable to each participant.

Registered Shareholders who do not wish to have their Distributions automatically reinvested should so notify the respective 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 Distribution, 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 suspension or termination of the Plan at the sole discretion of each Fund's Board of Directors/Trustees, certificates for whole shares credited to such participant's 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. 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 Funds 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 participant's 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 participant's 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.

Each 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.

Participants may at any time sell some or all their shares through the Agent. Shares may be sold via the internet at www.amstock.com or through the toll free number. Participants can also use the tear off portion attached to the bottom of their statement and mail the request to American Stock Transfer and Trust Company LLC, P.O. Box 922, Wall Street Station, New York, N.Y. 10269-0560. There is a fee of \$15.00 per transaction and commission of \$0.10 per share.

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, (866) 668-6558.

CORPORATE GOVERNANCE PROVISIONS.

CLM is a Maryland corporation and CFP is a Delaware statutory trust. In many respects the Articles of Incorporation and the Declaration of Trust for each Fund as well as the by-law provisions of each Fund are similar to each other.

SPECIAL VOTING PROVISIONS AND REQUIREMENTS

The Articles of Incorporation/Declaration of Trust and By-laws of each Fund contain provisions that could have the effect of limiting the ability of other entities or persons to acquire control of the Fund, to cause it to engage in certain transactions or to modify its structure.

The affirmative vote of at least sixty-six and two-thirds percent (66 2/3%) of the holders of the shares of CLM is required to authorize any of the following transactions:

- 1) merger, consolidation or share exchange of the Fund with or into any Principal Shareholder (as defined below);
- 2) issuance by the Fund of any securities of the Fund to any Principal Shareholder for cash;
sale, lease, or exchange by either of all or any substantial part of the assets a Fund to any Principal Shareholder
- 3) (except assets having an aggregate fair market value of less than \$1,000,000 aggregating for the purpose of such computation all assets sold, leased or exchanged in any series of similar transactions within a twelve-month period);
and
the sale, lease or exchange to a Fund, in exchange for securities of the Fund, of any assets of any Principal
- 4) Shareholder (except assets having an aggregate fair market value of less than \$1,000,000 aggregating for the purpose of such computation all assets sold, leased or exchanged in any series of similar transactions within a twelve-month period).

The affirmative vote of at least fifty percent (50%) of the holders of the shares of CFP is required to authorize any of the following transactions:

- 1) The merger or consolidation of the Fund or any subsidiary of the Fund with or into any Principal Shareholder.

The issuance of any securities of the Fund to any Principal Shareholder for cash (other than pursuant to any automatic dividend reinvestment plan or pursuant to any offering in which such Principal Shareholder acquires securities that represent no greater a percentage of any class or series of securities being offered than the percentage of any class of Shares beneficially owned by such Principal Shareholder immediately prior to such offering or, in the case of securities, offered in respect of another class or series, the percentage of such other class or series beneficially owned by such Principal Shareholder immediately prior to such offering).

2) The sale, lease or exchange of all or any substantial part of the assets of the Fund to any Principal Shareholder (except assets having an aggregate fair market value of less than \$1,000,000, aggregating for the purpose of such computation all assets sold, leased or exchanged in any series of similar transactions within a twelve-month period.)

3) The sale, lease or exchange to the Fund or any subsidiary thereof, in exchange for securities of the Fund of any assets of any Principal Shareholder (except assets having an aggregate fair market value of less than \$1,000,000, aggregating for the purposes of such computation all assets sold, leased or exchanged in any series of similar transactions within a twelve-month period).

4) The purchase by the Fund or any Person controlled by the Fund of any Common Shares of the Fund from such Principal Shareholder or any person to whom such Principal Shareholder shall have transferred such Common Shares.

Each Fund's By-laws contain provisions the effect of which is to prevent matters, including nominations of directors/trustees, from being considered at Shareholders' meetings where the Fund has not received sufficient prior notice of the matters.

The Board of Directors/Trustees of each Fund has determined that the foregoing voting requirements are in the best interests of Shareholders generally. A "Principal Shareholder" is defined in each Fund's respective Articles of Incorporation/Declaration of Trust as any corporation, person or other entity which is the beneficial owner, directly or indirectly, of more than five percent (5%) of the outstanding shares of any class of stock of the respective Fund and shall include any affiliate or associate, as such terms are defined in clause (ii) below, of a Principal Shareholder. In addition to the shares which a corporation, person or other entity beneficially owns directly, (a) any corporation, person or other entity shall be deemed to be the beneficial owner of any shares of either of the Funds (i) which it has the right to acquire pursuant to any agreement or upon exercise of conversion rights or warrants, or otherwise (but excluding share option granted by the respective Fund), or (ii) which are beneficially owned, directly or indirectly (including shares deemed owned through application of clause (i) above), by any other corporation, person or entity with which it or its "affiliate" or "associate" (as defined below) has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of shares of either Fund, or which is its "affiliate" or "associate," as those terms are defined in Rule 12b-2 of the Exchange Act, and (b) the outstanding shares of either Fund shall include shares deemed owned through application of clauses (i) and (ii) above but shall not include any other shares which may be issuable pursuant to any agreement, or upon exercise of conversions rights or warrants, or otherwise.

BY-LAWS

Each Fund's By-laws provide, among other things, that:

- (1) certain advance notice requirements must be met in order for Shareholders to submit proposals at annual meetings and for nominations by Shareholders for election to the Board of Directors/Trustees; and
- (2) the power to amend the By-laws is reserved to the Board of Directors/Trustees, except as otherwise required by the Investment Company Act.

MANAGEMENT OF THE FUNDS

DIRECTORS AND PRINCIPAL OFFICERS

The business and affairs of each Fund are managed under the direction of that Fund's Board of Directors/Trustees, and the day-to-day operations are conducted through or under the direction of the officers of that Fund. The composition of the Boards of Directors/Trustees of each Fund and the executive officers of each Fund is identical. Below is a description of the Boards of Directors/Trustees and the executive officers of each Fund.

The Boards of Directors/Trustees of the Funds (the "Boards") have the responsibility for the overall management of the Funds, including general supervision and review of each Fund's investment activities and its conformity with Maryland/Delaware law and the policies of each Fund. The Boards elect the officers of each Fund, who are responsible for administering each Fund's day-to-day operations.

The Directors/Trustees, including the Directors/Trustees who are not interested persons of the Funds, as that term is defined in the Investment Company Act (“Independent Directors”), and executive officers of the Funds, their ages and principal occupations during the past five years are set forth below.

INDEPENDENT DIRECTORS

NAME AND ADDRESS* (BIRTHDATE)	POSITION(S) HELD WITH THE FUNDS	TERM OF OFFICE AND LENGTH OF TIME SERVED SINCE	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX** OVERSEEN BY DIRECTOR	OTHER DIRECTORSHIPS HELD BY DIRECTOR
Glenn W. Wilcox, Sr. (Dec. 1931)	Director; Chairman of Audit Committee and Nominating and Corporate Governance Committee Member	CLM: Since 2000 (Until 2016) CFP: Since 2007 (Until 2015)	For more than the past (5) years, Chairman of the Board of Tower Associates, Inc.; Chairman of the Board of Wilcox Travel Agency, Inc.; Director of Champion Industries, Inc.; Director of Cornerstone Total Return Fund, Inc.	3	Director of Champion Industries, Inc.

INDEPENDENT DIRECTORS

Andrew A. Strauss (Nov. 1953)	Director; Chairman of Nominating and Corporate Governance Committee and Audit Committee Member	CLM: Since 2000 (Until 2016) CFP: Since 2007 (Until 2015)	For more than the past five (5) years, Attorney and senior member of Strauss & Associates, P.A., Attorneys; Director of Cornerstone Total Return Fund, Inc.	3	None
Edwin Meese III	Director; Audit, Nominating and Corporate Governance Committee Member	CLM: Since 2000	For more than the past five (5) years, Distinguished Fellow, The Heritage Foundation Washington D.C.; Distinguished Visiting Fellow at the Hoover Institution, Stanford University; Director of	3	None

(Dec.
1931)

(Until
2017)

Cornerstone Total Return Fund, Inc.

CFP:
Since
2007
(Until
2015)

INDEPENDENT DIRECTORS

		CLM: Since 2000		
Scott B. Rogers (July 1955)	Director; Audit, Nominating and Corporate Governance Committee Member	(Until 2015)	For more than the past five (5) years, Director, Board of Health Partners Inc.; Chief Executive Officer, Asheville Buncombe Community Christian Ministry (“ABCCM”); and President, ABCCM Doctor’s Medical Clinic; Member of North Carolina Governor’s Council on Homelessness (from July 2014) Director of Cornerstone Total Return Fund, Inc.	3 None
		CFP: Since 2007 (Until 2015)		
Robert E. Dean (April 1951)	Director; Audit, Nominating and Corporate Governance Committee Member	CLM: Since 2014 (Until 2015)	For more than the past (5) years, Board member and private investor	3 Director, National Bank Holdings Corp.
		CFP: Since 2014 (Until 2015)		

INTERESTED DIRECTOR

		CLM: Since 1998		
Ralph W. Bradshaw (Dec. 1950)***	Chairman of the Board of Directors/Trustees and President	(Until 2017)	President, Cornerstone Advisors Inc. since 2001; Financial Consultant; President and Director of Cornerstone Total Return Fund, Inc.	3 None
		CFP: Since 2007 (Until 2015)		

* The mailing address of each Director/Trustee and officer is c/o AST Fund Solutions, LLC, 48 Wall Street, 22nd Floor, New York, NY 10005.

As of December 31, 2014, the Fund Complex is comprised of Cornerstone Strategic Value Fund, Inc., Cornerstone **Total Return Fund, Inc. and Cornerstone Progressive Return Fund, all of which are managed by Cornerstone Advisors, Inc. Each of the above Directors oversees all of the Funds in the Fund Complex.

*** Mr. Bradshaw is an “interested person” as defined in the Investment Company Act of 1940 because of his affiliation with Cornerstone Advisors, Inc.

The Boards believe that the significance of each Director/Trustee’s experience, qualifications, attributes or skills is an individual matter (meaning that experience that is important for one Director/Trustee may not have the same value for another) and that these factors are best evaluated at the Board level, with no single Director/Trustee, or particular factor, being indicative of the Board’s effectiveness. The Boards determined that each of the Directors/Trustees is qualified to serve as a Director/Trustee of each Fund based on a review of the experience, qualifications, attributes and skills of each Director/Trustee. In reaching this determination, the Boards have considered a variety of criteria, including, among other things: character and integrity; ability to review critically, evaluate, question and discuss information provided, to exercise effective business judgment in protecting shareholder interests and to interact effectively with the other Directors/Trustees, the Adviser, other service providers, counsel and the independent registered accounting firm (“independent auditors”); and willingness and ability to commit the time necessary to perform the duties of a Director/Trustee. Each Director/Trustee’s ability to perform his duties effectively is evidenced by his experience or achievements in the following areas: management or board experience in the investment management industry or companies or organizations in other fields, educational background and professional training; and experience as a Director/Trustee of each Fund. In addition, the Board values the diverse skill sets and experiences that each Director/Trustee contributes. The Boards consider that its diversity as a whole is as a result of a combination of Directors/Trustees who are working in the private, as opposed to public, sector, those that are retired from professional work and the various perspectives that each Director/Trustee provides as a result of his present experiences and his background. Information discussing the specific experience, skills, attributes and qualifications of each Director/Trustee which led to the Boards’ determination that the Director/Trustee should serve in this capacity is provided below.

Ralph W. Bradshaw. Mr. Bradshaw is co-founder of Cornerstone Advisors, Inc. and has served as its President since its inception in 2001. He brings over 20 years of extensive investment management experience and also serves as a director of several other closed-end funds. Prior to founding the Adviser, he served in consulting and management capacities for registered investment advisory firms specializing in closed-end fund investments. His experiences included developing and implementing successful trading strategies with a variety of underlying portfolios containing domestic and international equity and fixed-income investments. In addition, he has been a financial consultant and has held managerial positions or operated small businesses in several industries. Mr. Bradshaw holds a B.S. in Chemical Engineering and an M.B.A. Mr. Bradshaw provides the Board with effective business judgment and an ability to interact effectively with the other Directors/Trustees, as well as with service providers, counsel and each Fund's independent auditor. Mr. Bradshaw commits a significant amount of time to each Fund as a Director/Trustee, in addition to in his capacity as President of the Adviser. The Board values his strong moral character and integrity.

Edwin Meese III. Mr. Meese holds the Ronald Reagan Chair in Public Policy at The Heritage Foundation and is also the Chairman of The Heritage Foundation's Center for Legal and Judicial Studies. He is the former chairman of the governing board of George Mason University in Virginia and serves on the board of several civic and educational organizations. Previously, Mr. Meese served as the 75th Attorney General of the United States and immediately prior to that as Counselor to the President of the United States for Ronald Reagan. Mr. Meese provides the Board with effective business judgment and an ability to interact effectively with the other Directors/Trustees, as well as with the Adviser, other service providers, counsel and each Fund's independent auditor. Mr. Meese has demonstrated a willingness to commit the time necessary to serve as an effective Director/Trustee. The Board values his strong moral character and integrity.

Scott B. Rogers. Reverend Rogers has been the Executive Director of a regional community ministry organization for over 30 years and is member of the North Carolina Governor's Council on Homelessness. In addition to the leadership and management skills obtained through this work, he contributes a non-profit perspective and community insight to the Board's discussions and deliberations, which provides desirable diversity. Mr. Rogers provides the Board with effective business judgment and an ability to interact effectively with the other Directors/Trustees, as well as with the Adviser, other service providers, counsel and each Fund's independent auditor. Mr. Rogers has demonstrated a willingness to commit the time necessary to serve as an effective Director/Trustee. The Board values his strong moral character and integrity.

Andrew A. Strauss. Mr. Strauss is an experienced attorney with a securities law background. He currently manages a law firm specializing in estate planning, probate and estate administration. In addition, Mr. Strauss served in an executive capacity with a large public company for over nine years. He is a graduate of the Wharton School of the University of Pennsylvania and Georgetown University Law Center. Mr. Strauss provides the Board with effective business judgment and an ability to interact effectively with the other Directors/Trustees, as well as with the Adviser, other service providers, counsel and each Fund's independent auditor. Mr. Strauss has demonstrated a willingness to commit the time necessary to serve as an effective Director/Trustee. The Board values his strong moral character and integrity.

Glenn W. Wilcox, Sr. Mr. Wilcox has been a business owner for over 55 years. He has previous business experience in the real estate development, radio and oil and gas exploration industries. He serves on the Board of Directors and Audit Committee of another public company. From 1996 until 2004, Mr. Wilcox was a member of the Board of Appalachian State University, and was Chairman of the Board from 2001-2003. He has been a private investor in public equities for over 50 years. Mr. Wilcox provides the Board with effective business judgment and an ability to interact effectively with the other Directors/Trustees, as well as with the Adviser, other service providers, counsel and each Fund's independent auditor. Mr. Wilcox has demonstrated a willingness to commit the time necessary to serve as an effective Director/Trustee. The Board values his strong moral character and integrity.

Robert E. Dean. Mr. Dean is a private investor. From October 2000 to December 2003, Mr. Dean was with Ernst & Young Corporate Finance LLC, a wholly owned broker-dealer subsidiary of Ernst & Young LLP, serving as a Senior Managing Director and member of the Board of Managers from December 2001 to December 2003. From June 1976 to September 2000, Mr. Dean practiced corporate, banking and securities law with Gibson, Dunn & Crutcher LLP. Mr. Dean was Partner-in-Charge of the Orange County, California office from 1993 to 1996 and was a member of the law firm's Executive Committee from 1996 to 1999. Since June 2009, Mr. Dean has served as a director of National Bank Holdings Corporation (NYSE:NBHC), a bank holding company, serving as chairman of the Nominating and Governance Committee and a member of the Audit & Risk and Compensation committees. Mr. Dean holds a Bachelor of Arts degree from the University of California, Irvine and a Juris Doctor degree from the University of Minnesota Law School. Mr. Dean's substantial experience in the public capital markets and merger and acquisition transactions, regulatory matters and public company corporate governance matters qualifies him to serve on the Board of Directors/Trustees of each Fund. The board values his strong moral character and integrity.

Specific details regarding each Director/Trustee's principal occupations during the past five years are included in the table above. The summaries set forth above as to the experience, qualifications, attributes and/or skills of the Directors/Trustees do not constitute holding out the Board or any Director/Trustee as having any special expertise or experience, and do not impose any greater responsibility or liability on any such person or on the Board as a whole than would otherwise be the case. The following table sets forth, for each Director/Trustee, the aggregate dollar range of equity securities owned of each Fund and of all Funds overseen by each Director/Trustee in the Fund Complex as of December 31, 2014. The information as to beneficial ownership is based on statements furnished to each Fund by each Director/Trustee.

NAME OF DIRECTOR/TRUSTEE	DOLLAR RANGE OF EQUITY SECURITIES IN CLM	DOLLAR RANGE OF EQUITY SECURITIES IN CFP	AGGREGATE DOLLAR RANGE OF EQUITY SECURITIES IN ALL REGISTERED INVESTMENT COMPANIES OVERSEEN BY DIRECTOR/TRUSTEE IN FAMILY OF INVESTMENT COMPANIES
INDEPENDENT DIRECTORS/TRUSTEES			
Robert E. Dean	None	None	None
Edwin Meese III	None	None	None
Scott B. Rogers	None	Over \$100,000	Over \$100,000
Andrew A. Strauss	None	None	None
Glenn W. Wilcox Sr.	\$10,001-\$50,000	\$1-\$10,000	\$10,001-\$50,000
INTERESTED DIRECTOR/TRUSTEE			
Ralph W. Bradshaw	Over \$100,000	\$50,001-\$100,000	Over \$100,000

EXECUTIVE OFFICERS

The Board elects the officers of each Fund annually. In addition to Mr. Bradshaw, the current principal officers of each Fund are:

NAME AND ADDRESS* (BIRTHDATE)	POSITION(S) HELD WITH FUNDS	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS
Gary A. Bentz (June 1956)	Chief Compliance Officer; Secretary and Assistant Treasurer	CLM: Since 2004, 2008, 2009, respectively CFP: Since 2007, 2008, 2009 respectively	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.
Frank J. Maresca (Oct. 1958)	Treasurer	CLM/CFP: Since April 17, 2013	Executive Vice President of AST Fund Solutions, LLC (since February 2012), Executive Vice President of Ultimus Fund Solutions, LLC (from March 2009-February 2012) previous Executive Director, JP Morgan Chase & Co.; Previous President of Bear Stearns Funds Management Inc.; Previous Senior Managing Director of Bear Stearns & Co. Inc.; Treasurer of Cornerstone Strategic Value Fund, Inc., Cornerstone Total Return Fund, Inc. and Cornerstone Progressive Return Fund (from May 2009 through February 2012)

*The mailing address of each officer is c/o AST Fund Solutions, LLC, 48 Wall Street, 22nd Floor, New York, NY 10005.

COMPENSATION

CLM will pay an annual fee in the amount of \$20,000 to each Director who is not an officer or employee of the Advisor (or any affiliated company of the Advisor). CFP will pay an annual fee in the amount of \$20,000 to each Trustee who is not an officer or employee of the Advisor (or any affiliated company of the Advisor). All Directors/Trustees are reimbursed by each Fund for all reasonable out-of-pocket expenses incurred relating to attendance at meetings of the Board of Directors/Trustees or committee meetings.

The table set forth below includes information regarding compensation from each Fund and other funds in the Fund Complex for each of the Directors/Trustees during the year ended December 31, 2014. This information does not reflect any additional monies received for a named individual serving in any other capacity to each Fund. Please note that each Fund has no bonus, profit sharing, pension or retirement plans, none of the officers of the Funds receive compensation from the Funds, nor does any person affiliated with the Funds receive compensation in excess of \$60,000 from the Funds.

NAME OF PERSON, POSITION	AGGREGATE COMPENSATION FROM CLM	AGGREGATE COMPENSATION FROM CFP	AGGREGATE COMPENSATION FROM CORNERSTONE TOTAL RETURN FUND, INC. ("CRF")	PENSION OR RETIREMENT BENEFITS ACCRUED AS PART OF FUND EXPENSES	ESTIMATED ANNUAL BENEFITS UPON RETIREMENT	TOTAL COMPENSATION FROM AND TO DI TRUST
INDEPENDENT DIRECTOR/ TRUSTEE						
Glenn W. Wilcox, Sr.	\$20,500	\$19,250	\$10,500	None	None	\$50,250
Andrew A. Strauss	\$20,500	\$19,250	\$10,500	None	None	\$50,250
Edwin Meese III	\$20,500	\$19,250	\$10,500	None	None	\$50,250
Scott B. Rogers	\$20,500	\$19,250	\$10,500	None	None	\$50,250
Robert E. Dean	\$0	\$0	\$0	None	None	\$0
INTERESTED DIRECTOR						
Ralph W. Bradshaw	\$0	\$0	\$0	None	None	\$0

* For compensation purposes, the Fund Complex refers to CLM, CFP and Cornerstone Total Return Fund, Inc., all of which were managed by Cornerstone Advisors, Inc. during the year ended December 31, 2014.

DIRECTOR/TRUSTEE TRANSACTIONS WITH FUND AFFILIATES

As of December 31, 2014, neither the Independent Directors/Trustees nor members of their immediate family owned securities beneficially or of record in Cornerstone Advisors, Inc., or any affiliate thereof. Furthermore, over the past five years, neither the Independent Directors/Trustees nor members of their immediate family have any direct or indirect interest, the value of which exceeds \$120,000, in Cornerstone Advisors, Inc. or any affiliate thereof. In addition, since the beginning of the last two fiscal years, neither the Independent Directors/Trustees nor members of their immediate family have conducted any transactions (or series of transactions) or maintained any direct or indirect relationship in which the amount involved exceeds \$120,000 and to which Cornerstone Advisors, Inc. or any affiliate thereof, the Funds, an officer of the Funds, an investment company which the Cornerstone Advisors, Inc. advises or an officer thereof was a party.

BOARD COMPOSITION AND LEADERSHIP STRUCTURE

Each of the Boards consist of six individuals, one of whom is an Interested Director/Trustee. The Chairman of each of the Boards, Mr. Bradshaw, is the Interested Director/Trustee and is the President of each Fund and the President of the Adviser. The Boards do not have a lead independent director. Because the Boards believes that its structure is sufficient to ensure active participation by all of its members and at the same time rely on the expertise and knowledge of Mr. Bradshaw as the Chairman of the Boards.

Each of the Boards believes that its leadership structure facilitates the orderly and efficient flow of information to the Directors/Trustees from the Adviser and other service providers with respect to services provided to the Funds, potential conflicts of interest that could arise from these relationships and other risks that the Funds may face. Each of the Boards further believes that its structure allows all of the Directors/Trustees to participate in the full range of the Board's oversight responsibilities. Each of the Boards believes that the orderly and efficient flow of information and the ability to bring each Director/Trustee's talents to bear in overseeing each Fund's operations is important, in light of the size and complexity of each Fund and the risks that each Fund faces. Each of the Boards and its committees review their structure regularly, to help ensure that it remains appropriate as the business and operations of each Fund and the environment in which each Fund operates changes.

Currently, each of the Boards has an Audit Committee and a Nominating and Corporate Governance Committee. The responsibilities of each committee and its members are described below.

THE AUDIT COMMITTEE

Each Fund has a standing Audit Committee (the “Audit Committee”), which is comprised of Messrs. Wilcox, Meese, Rogers, Strauss and Dean, all of whom are Directors/Trustees who are not interested persons of the Funds, as such term is defined in Section 2(a)(19) of the Investment Company Act. Each Audit Committee has a written charter. The principal functions of the Audit Committee include but are not limited to, (i) the oversight of the accounting and financial reporting processes of the Funds and its internal control over financial reporting; (ii) the oversight of the quality and integrity of the Funds’ financial statements and the independent audit thereof; and (iii) the approval, prior to the engagement of, the Funds’ independent registered public accounting firm and, in connection therewith, to review and evaluate the qualifications, independence and performance of the Funds’ independent registered public accounting firm.

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

THE NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

Each Fund has a standing Nominating and Corporate Governance Committee (the “N&CG Committee”), which is comprised of Messrs. Wilcox, Sr., Strauss, Rogers, Meese and Dean, all of whom are Independent Directors/Trustees. The N&CG Committee has a written charter. In addition to its responsibility to oversee the corporate governance of the Funds, the N&CG Committee’s principal function is to identify and select qualified candidates for the Boards who have exhibited strong decision making ability, substantial business experience, relevant knowledge of the investment company industry (including closed-end funds), skills or technological expertise and exemplary personal integrity and reputation. In addition, the N&CG Committee seeks candidates that have experience and knowledge involving all of the service providers of a registered investment company.

Each N&CG Committee will consider all nominees recommended by shareholders of its Fund, so long as shareholders send their recommendations in writing to the Secretary of the Funds in a manner consistent with each Fund's By-laws. Specifically, the N&CG Committee assesses all director/trustee nominees taking into account several factors, including, but not limited to, issues such as the current needs of the Boards and the nominee's: (i) integrity, honesty, and accountability; (ii) successful leadership experience and strong business acumen; (iii) forward-looking, strategic focus; (iv) collegiality; (v) independence and absence of conflicts of interests; and (vi) ability to devote necessary time to meet Director/Trustee responsibilities. The N&CG Committee does not have a policy with regard to considering diversity when identifying candidates for election, but would expect to consider racial, gender and professional experience diversity when identifying future candidates. The N&CG Committee will ultimately recommend nominees that it believes will enhance each Board's ability to effectively oversee, in an effective manner, the affairs and business of each Fund. The N&CG Committee will consider and evaluate shareholder-recommended candidates by applying the same criteria used to evaluate director/trustee-recommended candidates.

BOARD'S ROLE IN RISK OVERSIGHT OF THE FUND

Each Boards oversees risk management for its Fund directly and, as to certain matters, through its Audit and N&CG Committees. Each Boards exercises its oversight in this regard primarily through requesting and receiving reports from and otherwise working with each Fund's senior officers (including each Fund's Chief Compliance Officer), portfolio management personnel of the Adviser, each Fund's independent auditors, legal counsel and personnel from each Fund's other service providers. At its regular quarterly meetings, each Board receives a report regarding risks applicable to the Funds presented by the Adviser and the Chief Compliance Officer. Each of the Boards has adopted, on behalf of its Fund, and periodically reviews with the assistance of each Fund's Chief Compliance Officer, policies and procedures designed to address certain risks associated with each Fund's activities. In addition, the Adviser and each Fund's other service providers also have adopted policies, processes and procedures designed to identify, assess and manage certain risks associated with each Fund's activities, and the Board receives reports from service providers with respect to the operation of these policies, processes and procedures as required and/or as the Boards deem appropriate. The Boards do not believe that a separate Risk Oversight Committee is necessary for effective risk oversight at this time, but intend to continuously evaluate how it assesses risk and will consider again in the future whether any changes to their current structure are prudent.

INVESTMENT ADVISER

Cornerstone Advisors, Inc., is the investment adviser to both CLM and CFP pursuant to investment advisory agreements entered into with each Fund.

Cornerstone Advisors, which has its principal office at 1075 Hendersonville Road, Suite 250, Asheville, North Carolina 28803, was organized in February of 2001, to provide investment management services to closed-end investment companies and is registered with the SEC under the Investment Advisers Act. Cornerstone Advisors is the investment adviser to one other closed-end fund, Cornerstone Total Return Fund, Inc ("CRF"). Mr. Ralph W. Bradshaw,

a Director/Trustee and President of CFP, CLM, and CRF, serves as each Fund's portfolio manager.

Messrs. Ralph W. Bradshaw and Gary A. Bentz, are the only shareholders of Cornerstone Advisors. Both individuals have extensive experience with closed-end investment companies. Mr. Bentz serves as Chief Compliance Officer, Secretary and Assistant Treasurer to CFP, CLM and CRF.

Cornerstone Advisors has investment discretion for each Fund's assets subject to the Fund's stated investment policies and the oversight and supervision of each Fund's respective Board of Directors/Trustees. Cornerstone Advisors selects investments for each Fund and places purchase and sale orders on behalf of the Funds.

ADMINISTRATOR

AFS serves as each Fund's administrator pursuant to an administrative agreement with each Fund. AFS is located at 48 Wall Street, 22nd Floor, New York, NY 10005.

AFS provides office facilities and personnel adequate to perform the following services for each Fund:

- 1) oversight of the determination and dissemination of each Fund's net asset value in accordance with the respective Fund's policy as adopted from time to time by the respective Board of Directors/Trustees;
- 2) maintenance of the books and records of each Fund as required under the Investment Company Act;
- 3) preparation of each Fund's U.S. federal, state and local income tax returns;
- 4) preparation of financial information for each Fund's proxy statements and semi-annual and annual reports to shareholders; and
- 5) preparation of certain of each Fund's reports to the SEC.

As of December 31, 2014, AFS provided accounting and/or administrative services for three investment companies and investment partnerships, with combined total assets of approximately \$516.7 million

CUSTODIAN

U.S. Bank N.A., located at 425 Walnut Street, Cincinnati, Ohio 45202, is the custodian for both Funds and maintains custody of the securities and cash of each Fund.

TRANSFER AGENT AND REGISTRAR

American Stock Transfer and Trust Co., LLC, with an address at 6201 15th Avenue, Brooklyn, New York 11219, serves as the transfer agent and dividend paying agent for each Fund.

ESTIMATED EXPENSES

Except as otherwise provided in the administrative services agreements, Cornerstone Advisors and AFS are each obligated to pay expenses associated with providing the services contemplated by the agreements to which they are parties, including compensation of and office space for their respective officers and employees connected with investment and economic research, trading and investment management and administration of each Fund, as well as the fees of all directors of each Fund who are affiliated with those companies or any of their affiliates. Each Fund pays all other expenses incurred in the operation of that Fund including, among other things:

- (1) expenses for legal and independent accountants' services;
- (2) costs of printing proxies, stock certificates and shareholder reports;
- (3) charges of the custodians, and the transfer and dividend-paying agent's expenses in connection with each Fund's Dividend Reinvestment;
- (4) fees and expenses of unaffiliated directors;
- (5) accounting and pricing costs;
- (6) membership fees in trade associations;
- (7) fidelity bond coverage for each Fund's officers and employees;
- (8) directors' and officers' errors and omissions insurance coverage;
- (9) brokerage costs and stock exchange listing fees and expenses;
- (10) taxes; and
- (11) other extraordinary or non-recurring expenses and other expenses properly payable by each Fund.

CONTROL PERSONS AND PRINCIPAL HOLDERS OF SECURITIES

The following table shows certain information based on filings made with the SEC concerning persons who may be deemed beneficial owners of 5% or more of the shares of common stock/beneficial interest of either CLM or CFP because they possessed or shared voting or investment power with respect to the shares of that Fund:

NAME AND ADDRESS OF BENEFICIAL OWNER	CFP Shares of Beneficial Interest Beneficially Owned Amount	%	CLM Shares of Common Stock Beneficially Owned Amount	%
Sit Investments Associates, Inc. 3300 IDS Center 80 South Eight Street Minneapolis, MN 55402	1,158,347	6.99%	308,684	1.00%

All the directors/trustees and executive officers, as a group, of CLM and CFP, as of December 31, 2014, owned less than 1% of the outstanding shares of the respective Fund.

EXPERTS

Each Fund's public accountants is Tait, Weller & Baker, LLP, 1818 Market Street, Suite 2400, Philadelphia, PA 19103. Tait, Weller & Baker, LLP audited CLM and CFP's financial statements for the calendar year ended December 31, 2014.

REQUIRED VOTE

The CFP Merger has been approved by the Board of Trustees of CFP and the Board of Directors of CLM. Approval of the CFP Merger requires the affirmative vote of the holders of a majority of the outstanding shares of beneficial interest of CFP and of the holders of the majority of the outstanding shares of common stock of CLM. Therefore an abstention is equivalent to a vote against the CFP Merger. The Board of Directors/Trustees of CLM and CFP recommends that the Shareholders vote in favor of Item I - - Proposal 1.

LEGAL PROCEEDINGS

There are currently no material legal proceedings to which either Fund is a party.

LEGAL OPINIONS

Certain legal matters in connection with the CFP Merger will be passed upon for the Funds by Blank Rome LLP.

EXHIBIT A

MERGER AGREEMENT AND PLAN OF REORGANIZATION

THIS MERGER AGREEMENT AND PLAN OF REORGANIZATION (the "Agreement") is made as of this [__] day of [__], 2015, between Cornerstone Progressive Return Fund (the "Target Fund" or "CFP"), a Delaware statutory trust and a registered investment company under the Investment Company Act of 1940, as amended (the "1940 Act"), and Cornerstone Strategic Value Fund, Inc. (the "Acquiring Fund" or "CLM"), a Maryland corporation and a registered investment company under the 1940 Act. CLM and CFP shall hereinafter be referred to as a "Fund" or the "Funds."

This Agreement contemplates a tax-free merger transaction which qualifies for federal income tax purposes as a reorganization within the meaning of Section 368(a)(1) of the Internal Revenue Code of 1986, as amended (the "Code").

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter set forth, the Funds agree as follows:

1. DEFINITIONS

Certain capitalized terms used in this Agreement are specifically defined herein.

2. BASIC TRANSACTION

2.1. THE MERGER. On and subject to the terms and conditions of this Agreement, the Target Fund will merge with and into the Acquiring Fund (the "Merger") at the Effective Date (as defined in Section 2.3 below) in accordance with the Maryland General Corporation Law ("MGCL") and the Delaware Statutory Trust Act ("DSTA"). CLM shall be the surviving investment company and CFP shall cease to exist as a separate entity.

Each share of CFP will be converted into shares of Common Stock of CLM in accordance with Section 5.01 below.

2.2. ACTIONS AT CLOSING. At the closing of the transactions contemplated by this Agreement on the date thereof (the "Closing Date"), (i) CFP will deliver to CLM the various certificates and documents referred to in Article 7 below, (ii) CLM will deliver to CFP the various certificates and documents referred to in Article 8 below, (iii) CLM

will file with the State Department of Assessments and Taxation of Maryland (the "Department") articles of merger (the "Articles of Merger") and make all other filings or recordings required by Maryland law in connection with the Merger, and (iv) CFP will file a certificate of merger (the "Certificate of Merger") in the office of the Secretary of State of Delaware and make all other filings or recordings required by Delaware law in connection with the Merger.

2.3. EFFECT OF MERGER. Subject to the requisite approvals of the shareholders of the Funds, and to the other terms and conditions described herein, the Merger shall become effective at such time as the Articles of Merger are accepted for record by the Department and the Certificate of Amendment is accepted for record by the State of Delaware, or at such later time as is specified in the Articles of Merger and Certificate of Amendment (the "Effective Date") and the separate corporate existence of CFP shall cease. As promptly as practicable after the Merger, CFP shall delist its shares from the NYSE MKT, LLC ("NYSE MKT") and its registration under the 1940 Act shall be terminated. Any reporting responsibility of CFP is, and shall remain, the responsibility of CFP up to and including the Effective Date.

3. REPRESENTATIONS AND WARRANTIES OF CFP

CFP represents and warrants to CLM that the statements contained in this Article 3 are correct and complete in all material respects as of the execution of this Agreement on the date hereof. CFP represents and warrants to, and agrees with, CLM that:

3.1. ORGANIZATION. CFP is a statutory trust duly organized, validly existing under the laws of the State of Delaware and is in good standing with the State of Delaware, and has the power to own all of its assets and to carry on its business as it is now being conducted and to carry out this Agreement.

3.2. REGISTRATIONS AND QUALIFICATIONS. CFP is duly registered under the 1940 Act as a closed-end, diversified management investment company, and such registration has not been revoked or rescinded and is in full force and effect. CFP has elected and qualified for the special tax treatment afforded regulated investment companies ("RIC") under Sections 851-855 of the Code at all times since its inception. CFP is qualified as a foreign corporation in every jurisdiction where required, except to the extent that failure to so qualify would not have a material adverse effect on CFP.

3.3. REGULATORY CONSENTS AND APPROVALS. No consent, approval, authorization, or order of any court or governmental authority is required for the consummation by CFP of the transactions contemplated herein, except (i) such as have been obtained or applied for under the Securities Act of 1933, as amended (the "1933 Act"), the Securities Exchange Act of 1934 (the "1934 Act"), and the 1940 Act, (ii) such as may be required by state securities laws, (iii) such as may be required under Maryland law for the acceptance for record of the Articles of Merger by the Department, and (iv) such as may be required under Delaware law for the acceptance for record of the Certificate of Merger by the Secretary of the State of Delaware

3.4. NONCONTRAVENTION. CFP is not, and the execution, delivery and performance of this Agreement by CFP will not result in, a violation of the laws of the State of Delaware or of the Declaration of Trust or the By-laws of CFP, or of any material agreement, indenture, instrument, contract, lease or other undertaking to which CFP is a party or by which it is bound, and the execution, delivery and performance of this Agreement by CFP will not result in the acceleration of any obligation, or the imposition of any penalty, under any agreement, indenture, instrument, contract, lease, judgment or decree to which CFP is a party or by which it is bound.

3.5. FINANCIAL STATEMENTS. CLM has been furnished with CFP's Annual Report of Shareholders, as of December 31, 2014, said financial statements having been examined by Tait, Weller & Baker, LLP, independent public auditors. These financial statements are in accordance with generally accepted accounting principles applied on a consistent basis ("GAAP") and present fairly, in all material respects, the financial position of CFP as of such date in accordance with GAAP, and there are no known contingent liabilities of CFP required to be reflected on a balance sheet (including the notes thereto) in accordance with GAAP as of such date not disclosed therein.

3.6. QUALIFICATION, CORPORATE POWER, AUTHORIZATION OF TRANSACTION. CFP has full power and authority to enter into and perform its obligations under this Agreement. The execution, delivery and performance of this Agreement has been duly authorized by all necessary action of its Board of Trustees, and, subject to shareholder approval, this Agreement constitutes a valid and binding contract enforceable in accordance with its terms, subject to the effects of bankruptcy, insolvency, moratorium, fraudulent conveyance and similar laws relating to or affecting creditors' rights generally and court decisions with respect thereto.

3.7. LEGAL COMPLIANCE. No material litigation or administrative proceeding or investigation of or before any court or governmental body is presently pending (in which service of process has been received) or to its knowledge threatened against CFP or any properties or assets held by it. CFP knows of no facts which might form the basis for

the institution of such proceedings which would materially and adversely affect its business and is not a party to or subject to the provisions of any order, decree or judgment of any court or governmental body which materially and adversely affects its business or its ability to consummate the transactions herein contemplated.

3.8. MATERIAL CONTRACTS. There are no material contracts outstanding to which CFP is a party that have not been disclosed in the N-14 Registration Statement (as defined in Section 3.12 below) or will not be otherwise disclosed to CLM prior to the Effective Date.

3.9. UNDISCLOSED LIABILITIES. There has not been any material adverse change in CFP's financial condition, assets, liabilities or business and CFP has no known liabilities of a material amount, contingent or otherwise, required to be disclosed in a balance sheet in accordance with GAAP other than those shown on CFP's statements of assets, liabilities and capital referred to above, those incurred in the ordinary course of its business as an investment company, and those incurred in connection with the Merger. Prior to the Effective Date, CFP will advise CLM in writing of all known liabilities, contingent or otherwise, whether or not incurred in the ordinary course of business, existing or accrued. For purposes of this Section 3.9, a decline in net asset value per share of CFP due to declines in market values of securities in CFP's portfolio or the discharge of CFP liabilities will not constitute a material adverse change.

3.10. TAX FILINGS. All federal and other tax returns and information reports of CFP required by law to have been filed shall have been filed and are or will be correct in all material respects, and all federal and other taxes shown as due or required to be shown as due on said returns and reports shall have been paid or provision shall have been made for the payment thereof, and, to the best of CFP's knowledge, no such return is currently under audit and no assessment has been asserted with respect to such returns. All tax liabilities of CFP have been adequately provided for on its books, and no tax deficiency or liability of CFP has been asserted and no question with respect thereto has been raised by the Internal Revenue Service or by any state or local tax authority for taxes in excess of those already paid, up to and including the taxable year in which the Effective Date occurs.

3.11. QUALIFICATION UNDER SUBCHAPTER M. For each taxable year of its operation (including the taxable year ending on the Effective Date), CFP has met the requirements of Subchapter M of the Code for qualification as a RIC and has elected to be treated as such, has been eligible to and has computed its federal income tax under Section 852 of the Code, and will have distributed substantially all of its investment company taxable income and net realized capital gain (as defined in the Code) that has accrued through the Effective Date.

3.12. FORM N-14. The registration statement to be filed by CLM on Form N-14 relating to CLM common stock to be issued pursuant to this Agreement, and any supplement or amendment thereto or to the documents therein, as amended (the "N-14 Registration Statement"), on the effective date of the N-14 Registration Statement, at the time of the shareholders' meetings referred to in Article 6 of this Agreement and at the Effective Date, insofar as it relates to CFP (i) shall have complied or will comply in all material respects with the provisions of the 1933 Act, the 1934 Act and the 1940 Act and the rules and regulations thereunder and (ii) did not or will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; and the prospectus included therein did not or will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this Section 3.12 shall only apply to statements in, or omissions from, the N-14 Registration Statement made in reliance upon and in conformity with information furnished by CLM for use in the N-14 Registration Statement.

3.13. CAPITALIZATION.

(a) All issued and outstanding shares of CFP (i) have been offered and sold in compliance in all material respects with applicable registration requirements of the 1933 Act and state securities laws, (ii) are, and on the Effective Date will be, duly and validly issued and outstanding, fully paid and non-assessable, and (iii) will be held at the time of the Closing by the persons and in the amounts set forth in the records of the transfer agent as provided in Section 6.7. CFP does not have outstanding any options, warrants or other rights to subscribe for or purchase any of CFP shares, nor is there outstanding any security convertible into, or exchangeable for, any of CFP shares.

(b) CFP is authorized to issue an unlimited amount of shares of beneficial interest at no par value, all of which are classified as shares of beneficial interest and each outstanding share is fully paid, non-assessable and has full voting

rights.

3.14. BOOKS AND RECORDS.

The books and records of CFP made available to CLM are substantially true and correct and contain no material misstatements or omissions with respect to the operations of CFP.

4. REPRESENTATIONS AND WARRANTIES OF CLM

CLM represents and warrants to CFP that the statements contained in this Article 4 are correct and complete in all material respects as of the execution of this Agreement on the date hereof. CLM represents and warrants to, and agrees with, CFP that:

4.1. ORGANIZATION. CLM is a corporation duly organized, validly existing under the laws of the State of Maryland and is in good standing with the Department, and has the power to own all of its assets and to carry on its business as it is now being conducted and to carry out this Agreement.

4.2. REGISTRATIONS AND QUALIFICATIONS. CLM is duly registered under the 1940 Act as a closed-end, diversified management investment company and such registration has not been revoked or rescinded and is in full force and effect. CLM has elected and qualified for the special tax treatment afforded RICs under Sections 851-855 of the Code at all times since its inception. CLM is qualified as a foreign corporation in every jurisdiction where required, except to the extent that failure to so qualify would not have a material adverse effect on CLM.

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4.3. REGULATORY CONSENTS AND APPROVALS. No consent, approval, authorization, or order of any court or governmental authority is required for the consummation by CLM of the transactions contemplated herein, except (i) such as have been obtained or applied for under the 1933 Act, the 1934 Act and the 1940 Act, (ii) such as may be required by state securities laws and (iii) such as may be required under Maryland law for the acceptance for record of the Articles of Merger by the Department.

4.4. NONCONTRAVENTION. CLM is not, and the execution, delivery and performance of this Agreement by CLM will not result, in violation of the laws of the State of Maryland or of the Articles of Incorporation or the By-laws of CLM, or of any material agreement, indenture, instrument, contract, lease or other undertaking to which CLM is a party or by which it is bound, and the execution, delivery and performance of this Agreement by CLM will not result in the acceleration of any obligation, or the imposition of any penalty, under any agreement, indenture, instrument, contract, lease, judgment or decree to which CLM is a party or by which it is bound.

4.5. FINANCIAL STATEMENTS. CFP has been furnished with CLM's Annual Report to Stockholders as of December 31, 2014, said financial statements having been examined by Tait, Weller & Baker, LLP, independent public auditors. These financial statements are in accordance with GAAP and present fairly, in all material respects, the financial position of CLM as of such date in accordance with GAAP, and there are no known contingent liabilities of CLM required to be reflected on a balance sheet (including the notes thereto) in accordance with GAAP as of such date not disclosed therein.

4.6. QUALIFICATION, CORPORATE POWER, AUTHORIZATION OF TRANSACTION. CLM has full power and authority to enter into and perform its obligations under this Agreement. The execution, delivery and performance of this Agreement has been duly authorized by all necessary action of its Board of Directors, and, subject to shareholder approval, this Agreement constitutes a valid and binding contract enforceable in accordance with its terms, subject to the effects of bankruptcy, insolvency, moratorium, fraudulent conveyance and similar laws relating to or affecting creditors' rights generally and court decisions with respect thereto.

4.7. LEGAL COMPLIANCE. No material litigation or administrative proceeding or investigation of or before any court or governmental body is presently pending or to its knowledge threatened against CLM or any properties or assets held by it. CLM knows of no facts which might form the basis for the institution of such proceedings which would materially and adversely affect its business and is not a party to or subject to the provisions of any order, decree or judgment of any court or governmental body which materially and adversely affects its business or its ability to consummate the transactions herein contemplated.

4.8. MATERIAL CONTRACTS. There are no material contracts outstanding to which CLM is a party that have not been disclosed in the N-14 Registration Statement or will not be otherwise disclosed to CFP prior to the Effective Date.

4.9. **UNDISCLOSED LIABILITIES.** Since entering into this Agreement, there has not been any material adverse change in CLM's financial condition, assets, liabilities, or business and CLM has no known liabilities of a material amount, contingent or otherwise, required to be disclosed in a balance sheet with GAAP other than those shown on CLM's statements of assets, liabilities and capital referred to above, those incurred in the ordinary course of its business as an investment company since 1989, and those incurred in connection with the Merger. Prior to the Effective Date, CLM will advise CFP in writing of all known liabilities, contingent or otherwise, whether or not incurred in the ordinary course of business, existing or accrued. For purposes of this Section 4.9, a decline in net asset value per share of CLM due to declines in market values of securities in CLM's portfolio or the discharge of CLM liabilities will not constitute a material adverse change.

4.10. **TAX FILINGS.** All federal and other tax returns and information reports of CLM required by law to have been filed shall have been filed and are or will be correct in all material respects, and all federal and other taxes shown as due or required to be shown as due on said returns and reports shall have been paid or provision shall have been made for the payment thereof, and, to the best of CLM's knowledge, no such return is currently under audit and no assessment has been asserted with respect to such returns. All tax liabilities of CLM have been adequately provided for on its books, and no tax deficiency or liability of CLM has been asserted and no question with respect thereto has been raised by the Internal Revenue Service or by any state or local tax authority for taxes in excess of those already paid, up to and including the taxable year in which the Effective Date occurs.

4.11. **QUALIFICATION UNDER SUBCHAPTER M.** For each taxable year of its operation, CLM has met the requirements of Subchapter M of the Code for qualification as a RIC and has elected to be treated as such, has been eligible to and has computed its federal income tax under Section 852 of the Code, and will have distributed substantially all of its investment company taxable income and net realized capital gain (as defined in the Code) that has accrued through the Effective Date.

4.12. FORM N-14. The N-14 Registration Statement, on the effective date of the N-14 Registration Statement, at the time of the shareholders' meetings referred to in Section 6 of this Agreement and at the Effective Date, insofar as it relates to CLM (i) shall have complied or will comply in all material respects with the provisions of the 1933 Act, the 1934 Act and the 1940 Act and the rules and regulations thereunder and (ii) did not or will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; and the prospectus included therein did not or will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this Section 4.12 shall not apply to statements in, or omissions from, the N-14 Registration Statement made in reliance upon and in conformity with information furnished by CFP for use in the N-14 Registration Statement.

4.13. CAPITALIZATION.

(a) All issued and outstanding shares of CLM (i) have been offered and sold in compliance in all material respects with applicable registration requirements of the 1933 Act and state securities laws, (ii) are, and on the Effective Date will be, duly and validly issued and outstanding, fully paid and non-assessable, and (iii) will be held at the time of the Closing by the persons and in the amounts set forth in the records of the transfer agent. CLM does not have outstanding any options, warrants or other rights to subscribe for or purchase any of CLM shares, nor is there outstanding any security convertible into, or exchangeable for, any of CLM shares.

(b) CLM is authorized to issue 100,000,000 shares of stock, par value \$0.001 per share, all of which shares are classified as common stock and each outstanding share of which is fully paid, non-assessable and has full voting rights.

4.14. ISSUANCE OF STOCK.

(a) The offer and sale of the shares to be issued pursuant to this Agreement will be in compliance with all applicable federal and state securities laws.

(b) At or prior to the Effective Date, CLM will have obtained any and all regulatory, director and shareholder approvals necessary to issue CLM common stock.

4.16. BOOKS AND RECORDS. The books and records of CLM made available to CFP are substantially true and correct and contain no material misstatements or omissions with respect to the operations of CLM.

5. CONVERSION TO CLM COMMON STOCK

5.1. CONVERSION.

(a) Subject to the requisite approval of the shareholders of each Fund, and the other terms and conditions contained herein, at the Effective Date, each share of beneficial interest of CFP will be converted into an equivalent dollar amount of full and, to the extent possible as defined in (b) below, fractional shares of CLM common stock, based on the relative net asset value per share of each Fund at the Valuation Time. The Valuation Time shall be at the close of business on the Business Day preceding the Effective Date or such other time on that day when net asset value of the respective Fund would be computed in accordance with the usual and customary practices of such Fund. A Business Day is a day on which the NYSE MKT is open for trading. The Effective Date and the day preceding the Effective Date shall both be Business Days.

(b) Fractional shares of CLM will be issued to CFP stockholders that participate in CFP's Dividend Reinvestment Plan.

(c) CFP stockholders that do not participate in the CFP Dividend Reinvestment Plan will not receive fractional shares, rather, CLM's transfer agent will aggregate all fractional shares, sell the resulting full shares on the NYSE MKT at the then current market price and remit the proceeds to CFP's stockholders in proportion to their fractional shares.

5.2. COMPUTATION OF NET ASSET VALUE. The net asset value per share of each Fund shall be determined as of the Valuation Time, and no formula will be used to adjust the net asset value so determined of either of the Fund's to take into account differences in realized and unrealized gains and losses. The value of the assets of CFP to be transferred to CLM shall be determined by CLM pursuant to the principles and procedures consistently utilized by CLM in valuing its own assets and determining its own liabilities for purposes of the Merger, which principles and procedures are substantially similar to those employed by CFP when valuing its own assets and determining its own liabilities. Such valuation and determination shall be made by CLM in cooperation with CFP and shall be confirmed in writing by CLM to CFP. The net asset value per share of CLM common stock shall be determined in accordance with such procedures, and CLM shall certify the computations involved.

5.3. ISSUANCE OF CLM COMMON STOCK. Neither CLM nor CFP issue stock certificates. The shares of beneficial interest of CFP that will be converted into shares of common stock of CLM will be held in book-entry form, with a statement provided to each Shareholder indicating such book-entry shares held behalf of each Shareholder.

6. COVENANTS OF THE FUNDS

6.1. SHAREHOLDERS' MEETINGS.

(a) Each Fund shall hold a meeting of its respective shareholders for the purpose of considering the Merger as described herein, which meeting has been called by each Fund for May 22, 2015, and any adjournments thereof.