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CORNERSTONE STRATEGIC VALUE FUND INC
Form N-CSR
March 05, 2010

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-05150

CORNERSTONE STRATEGIC VALUE FUND, INC.

(Exact name of registrant as specified in charter)

260 MADISON AVENUE, 8TH FLOOR NEW YORK, NEW YORK 10016

(Address of principal executive offices) (Zip code)

Frank J. Maresca

ULTIMUS FUND SOLUTIONS, LLC 260 MADISON AVENUE, 8TH FLOOR NEW YORK, NY 10016

(Name and address of agent for service)

Registrant's telephone number, including area code: 646-881-4985

Date of fiscal year end: DECEMBER 31, 2009

Date of reporting period: DECEMBER 31, 2009

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

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

ITEM 1. REPORTS TO STOCKHOLDERS.

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DIRECTORS AND CORPORATE OFFICERS

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

INVESTMENT MANAGER	STOCK TRANSFER AGENT AND REGISTRAR
Cornerstone Advisors, Inc. One West Pack Square Suite 1650 Asheville, NC 28801	American Stock Trust Co. 59 Maiden Lane New York, NY 28801

ADMINISTRATOR	INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
Ultimus Fund Solutions, LLC 260 Madison Avenue 8th Floor New York, NY 10016	Tait, Weller & Baker LLP 1818 Market Street Suite 2400 Philadelphia, PA 19103

CUSTODIAN	LEGAL COUNSEL
JPMorgan Chase Bank, N.A. 14201 North Dallas Pkwy. Second Floor Dallas, TX 75254	Blank Rome LLP Bank, N.A. 405 Lexington New York, NY 10174

EXECUTIVE OFFICES
260 Madison Avenue
8th Floor
New York, NY 10016

For shareholder inquiries, registered shareholders should call (800) 937-5449. For general inquiries, please call (513) 326-3597.

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LISTED
ALTERNEXT

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CORNERSTONE STRATEGIC
VALUE FUND, INC.

DECEMBER 31, 2009

This update contains the following two documents:
o Letter from the Funds
o Annual Report to Shareholders

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LETTER FROM THE FUND'S PRESIDENT

January 27, 2010

Dear Fellow Shareholders:

Following is the annual report for Cornerstone Strategic Value Fund, Inc., (the "Fund"), for the year ended December 31, 2009. At the end of the year, the Fund's net assets were \$57.4 million and the Net Asset Value per share was \$8.24. The share price closed at \$11.61. After reflecting the reinvestment of monthly distributions totaling \$2.09 per share, the Fund achieved a total investment return at market value of 89.55% for the year ended December 31, 2009.

ECONOMIC AND MARKET SUMMARY

After hitting bottom in the first quarter, the economy staged a tenuous and partial recovery during the rest of the year. Economic health as measured by Gross Domestic Product ("GDP") has gradually improved, measuring (5.5%), (0.7%), and 2.2% for the first three quarters respectively. Most economists expect even stronger positive growth in the 4th quarter. However, many of the systemic problems that created the hardest domestic and worldwide recession in half a century still remain to one degree or another. Most agree that the strong, though controversial intervention by the government in the form of the Troubled Asset Relief Program, the government stimulus package, and other programs to subsidize the severely damaged real estate markets over the last year has averted a full blown depression. The program aimed at supporting the housing market through the purchase of \$1.25 trillion of mortgage-backed securities, originally set to expire at the end of 2009, was extended through March 2010. Separately, the tax credit program for first-time homebuyers was extended into

the first half of 2010. Both of these programs have aided the crippled residential real estate industry in a tentative recovery. The real estate markets, whose collapse triggered the recession, still face significant headwinds. Residential foreclosures reached a record 2.8 million in 2009, and there are more to come in 2010. Separately, the commercial real estate industry, approximately one-third the size of the residential market, is headed for a round of mid-term loan renewals in the next 24 months in an environment where commercial real estate prices are down over 40% since October 2007. Given the tenuous state of economic recovery, there remains significant uncertainty regarding the ability of the economy to sustain a continued recovery in the absence of federal assistance.

At the same time, the equity markets have been more robust in their recovery, which is not unusual since the financial markets tend to be forward looking as a rule. The major market indices and most sectors of the financial markets have shown very strong growth following the lows at the end of the first quarter. It has been noted that a significant part of this growth has been driven by two factors, first, a natural reaction to what was later perceived as a panic-driven, over-sold market, and second, the effects of various forms of government stimulus which propped up consumers and businesses in certain sectors through deficit spending. Although earnings and productivity have improved to some degree, it has been observed that these results owe more to very strong cost control measures, through reduction of inventories and personnel layoffs, rather than a return of strong consumer demand. It remains unclear whether the economy can sustain these positive trends after government stimulus is withdrawn.

For the time being, the Federal Reserve has been aggressive in its monetary policy. Short-term interest rates have remained near zero with the federal funds rate set between 0% and 0.25%. Although many have voiced concern over the latent inflationary pressures of the excess liquidity resulting from the Fed's policies, inflation has remained subdued, and the Fed has indicated that it does not anticipate a change in monetary policy until the recovery shows signs of sustaining itself through normal economic activity.

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LETTER FROM THE FUND'S PRESIDENT (CONTINUED)

MANAGED DISTRIBUTION POLICY

The Fund has maintained its policy of regular distributions to shareholders which continues to be popular with investors. These distributions are not tied to the Fund's investment income and capital gains and do not represent yield or investment return on the Fund's portfolio. The policy of maintaining regular monthly distributions is designed to enhance shareholder value by increasing liquidity for individual investors and providing greater flexibility to manage their investment in the Fund. As always, shareholders have the option of taking their distributions in cash or reinvesting them in shares of the Fund pursuant to the Fund's reinvestment plan.

Pursuant to the Fund's distribution policy, the monthly distribution amount for the year 2010 was reset to \$0.1398 per share. The Board of Directors approved a distribution percentage of 21% of net assets for the calendar year 2010; under this policy this annual percentage rate was applied to the Fund's NAV at the end of October, 2009 in order to determine the monthly distribution amount for 2010.

The Board of Directors believes that the Fund's distribution policy maintains a stable, high rate of distribution for shareholders. As always, the monthly

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distributions are reviewed and approved periodically by the Board throughout the year and are subject to change at the discretion of the Board. In addition, shareholders should read the disclosure notes in the Fund's report for details on the Fund's distribution policy and reinvestment plan.

As in previous years, shareholders receive a final determination of the total distribution attributable to income, capital gains, or return-of-capital after the end of each year. The allocation among these categories may vary greatly from year to year. In any given year, there can be no guarantee that the Fund's investment returns will exceed the amount of the distributions. To the extent that the amount of distributions taken in cash exceeds the total net investment returns of the Fund, the assets of the Fund will decline. If the total net investment returns exceed the amount of cash distributions, the assets of the Fund will increase. Either way, the Fund's individual shareholders have complete flexibility to take their distributions in cash or to reinvest in Fund shares through the Fund's reinvestment plan, and they can change this election as often as they desire.

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

OUTLOOK

The Federal Reserve, the Treasury, and most economists have cautioned that the economy is still frail and that the recovery in 2010 will continue with only modest gains. As noted, the residential real estate industry is expected to continue its slow recovery, and the commercial real estate industry must negotiate refinancing on significantly devalued properties. Financial institutions will come under renewed pressure

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LETTER FROM THE FUND'S PRESIDENT (CONCLUDED)

during this period. Predictions of growth in GDP for 2010 range between 2% and 3%. After the substantial, though partial recovery in the financial markets during 2009, the major market indices seem to have established a limited trading range around current levels, and many expect a correction in the range of 5% to 10% before continuing in recovery. In spite of the gains made in 2009, investors appear to be waiting to see if the economic recovery can sustain itself as the government stimulus initiatives are discontinued. Investors are still holding a tremendous amount of cash, but most will probably remain on the sidelines until unemployment, typically a lagging indicator, shows signs of improvement. Although there was a marginal improvement in unemployment in the 4th quarter, from 10.2% to 10.0%, most observers expect that unemployment will continue to move upward during the 1st quarter of 2010 before growth in employment begins to turn positive sometime within the next six months. Recovery to nominal full

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employment is expected to take another eighteen to twenty-four months. Businesses need to begin rehiring personnel and restocking seriously depleted inventories before investors have full confidence in self-sustaining growth. We hope and anticipate that these trends will become established by the middle of 2010.

As you know, the Fund's holdings represent a widely diversified portfolio of predominantly large-cap companies. The large-cap sector has tended to consist of well-capitalized established companies which exhibit a greater degree of defensive strength during difficult market conditions. In addition to this, the investment manager attempts to enhance portfolio performance by taking advantage of temporary and occasional pricing inefficiencies in certain securities. The availability and magnitude of such opportunities are unpredictable, and their effect on possible portfolio performance may vary considerably from year to year. We remain confident that the Fund's portfolio is well-positioned to weather the current market volatility and to participate in the recovery when it occurs.

The Fund's Board of Directors, its officers, and its investment manager are very conscious of the fact that investors have placed their trust in us. Thank you for your support. We know you have a choice, and we look forward to continuing our service to you in the future.

Sincerely,

/s/ RALPH W. BRADSHAW

Ralph W. Bradshaw
President

IN ADDITION TO HISTORICAL INFORMATION, THIS REPORT CONTAINS FORWARD-LOOKING STATEMENTS, WHICH MAY CONCERN, AMONG OTHER THINGS, DOMESTIC AND FOREIGN MARKETS, INDUSTRY AND ECONOMIC TRENDS AND DEVELOPMENTS AND GOVERNMENT REGULATION AND THEIR POTENTIAL IMPACT ON THE FUND'S INVESTMENT PORTFOLIO. THESE STATEMENTS ARE SUBJECT TO RISKS AND UNCERTAINTIES AND ACTUAL TRENDS, DEVELOPMENTS AND REGULATIONS IN THE FUTURE AND THEIR IMPACT ON THE FUND COULD BE MATERIALLY DIFFERENT FROM THOSE PROJECTED, ANTICIPATED OR IMPLIED. THE FUND HAS NO OBLIGATION TO UPDATE OR REVISE FORWARD-LOOKING STATEMENTS.

THIS LETTER FROM THE FUND'S PRESIDENT IS NOT A PART OF THE ANNUAL REPORT TO SHAREHOLDERS THAT FOLLOWS.

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CORNERSTONE STRATEGIC VALUE FUND, INC.
PORTFOLIO SUMMARY - AS OF DECEMBER 31, 2009 (UNAUDITED)

SECTOR ALLOCATION

Sector	Percent of Net Assets
Information Technology	18.6
Financials	12.7
Healthcare	11.6
Energy	11.0
Consumer Staples	10.5
Industrials	9.5
Consumer Discretionary	8.9
Closed-End Funds	7.4
Utilities	3.4
Materials	3.1
Telecommunication Services	2.8

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Other 0.5

TOP TEN HOLDINGS, BY ISSUER

Holding	Sector	Percent of Net Assets
1. Exxon Mobil Corporation	Energy	4.3
2. International Business Machines Corporation	Information Technology	3.0
3. Microsoft Corporation	Information Technology	3.0
4. JPMorgan Chase & Company	Financials	2.5
5. Liberty All-Star Equity Fund	Closed-End Funds	2.3
6. Apple, Inc.	Information Technology	2.2
7. Google, Inc. - Class A	Information Technology	2.2
8. Johnson & Johnson	Healthcare	2.0
9. Procter & Gamble Company (The)	Consumer Staples	1.9
10. Zweig Fund, Inc. (The)	Closed-End Funds	1.9

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CORNERSTONE STRATEGIC VALUE FUND, INC.
SUMMARY SCHEDULE OF INVESTMENTS - DECEMBER 31, 2009

Description	No. of Shares	Value
EQUITY SECURITIES - 99.44%		
CLOSED-END FUNDS - 7.37%		
CORE		
Liberty All-Star Equity Fund	302,030	\$ 1,307,790
Liberty All-Star Growth Fund	283,601	952,899
Zweig Fund, Inc. (The)	323,850	1,071,944
Other Core (a) (b)		902,139
		4,234,772
CONSUMER DISCRETIONARY - 8.85%		
Amazon.com, Inc. *	3,000	403,560
McDonald's Corporation	11,400	711,816
Target Corporation	12,800	619,136
Walt Disney Company (The) ^ 12,700		409,575
Other Consumer Discretionary ^ (a)		2,940,533

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		5,084,620

CONSUMER STAPLES - 10.54%		
Altria Group, Inc.	31,800	624,234
Coca-Cola Company (The)	15,000	855,000
Procter & Gamble Company (The)	18,297	1,109,347
Wal-Mart Stores, Inc.	16,100	860,545
Other Consumer Staples ^ (a)		2,607,447
		6,056,573

ENERGY - 10.99%		
Chevron Corporation	8,032	618,384
Conocophillips	14,974	764,722
Exxon Mobil Corporation ^	36,500	2,488,935
Marathon Oil Corporation	11,500	359,030
Occidental Petroleum Corporation	5,000	406,750
Schlumberger Ltd. ^	6,000	390,540
Other Energy (a)		1,286,107
		6,314,468

		6,314,468

	No. of	Value
Description	Shares	

FINANCIALS - 12.65%		
Charles Schwab Corporation (The)	22,000	\$ 414,040
Goldman Sachs Group, Inc. (The)	5,000	844,200
JPMorgan Chase & Company	35,132	1,463,951
PNC Financial Services Group, Inc. ^	7,600	401,204
Travelers Companies, Inc. (The)	9,476	472,473
Wells Fargo & Company	28,900	780,011
Other Financials ^ (a)		2,892,799
		7,268,678

HEALTHCARE - 11.58%		
Abbott Laboratories	9,200	496,708
Amgen, Inc. *	6,700	379,019
Bristol-Myers Squibb Company	19,000	479,750
Johnson & Johnson	17,400	1,120,734
Medtronic, Inc.	8,000	351,840
Merck & Company, Inc.	15,267	557,857
Pfizer, Inc.	32,622	593,394
Other Health Care ^ (a)		2,672,335
		6,651,637

INDUSTRIALS - 9.50%		
3M Company	4,400	363,748
Burlington Northern Santa Fe Corporation	3,900	384,618
Deere & Company	6,500	351,585
General Electric Company	56,900	860,897
United Technologies Corporation	5,000	347,050
Other Industrials ^ (a)		3,151,529
		5,459,427

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INFORMATION TECHNOLOGY - 18.64%		
Apple, Inc. *	5,900	1,244,074
Cisco Systems, Inc. *	38,900	931,266
EMC Corporation *	21,148	369,455

See accompanying notes to financial statements.

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CORNERSTONE STRATEGIC VALUE FUND, INC.
SUMMARY SCHEDULE OF INVESTMENTS - DECEMBER 31, 2009

Description	No. of Shares	Value
INFORMATION TECHNOLOGY (CONTINUED)		
Google, Inc. - Class A *	2,000	\$ 1,239,960
Hewlett-Packard Company	7,900	406,929
Intel Corporation	50,500	1,030,200
International Business Machines Corporation	13,100	1,714,790
Microsoft Corporation	56,200	1,713,538
Oracle Corporation	22,272	546,555
QUALCOMM, Inc.	10,000	462,600
Other Information Technology ^ (a)		1,047,027
		10,706,394
MATERIALS - 3.12%		
Freeport-McMoRan		
Copper & Gold, Inc.	5,000	401,450
Praxair, Inc.	6,500	522,015
Other Materials ^ (a)		870,290
		1,793,755
REAL ESTATE INVESTMENT TRUST - 0.00%		
Total Real Estate		
Investment Trust ^ (a)		1,117
TELECOMMUNICATION SERVICES - 2.84%		
AT&T, Inc.	37,039	1,038,203
Verizon Communications, Inc.	17,800	589,714
		1,627,917
UTILITIES - 3.36%		
Other Utilities ^ (a)		1,927,985
TOTAL EQUITY SECURITIES		
(cost - \$53,492,174)		57,127,343
SHORT-TERM INVESTMENTS - 15.03%		
MONEY MARKET SECURITY - 2.47%		
JPMorgan U.S. Government Money Market Fund	1,416,729	1,416,729

Principal

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Description	Amount (000's)	Value

REPURCHASE AGREEMENTS - 12.56%		
J.P. Morgan Securities Inc.+++ (Agreement dated 12/31/2009 to be repurchased at \$7,208,261)	\$ 7,208	\$ 7,208,132
J.P. Morgan Securities Inc.+ (Agreement dated 12/31/2009 to be repurchased at \$7,813)	8	7,813

TOTAL SHORT-TERM INVESTMENTS (cost - \$8,632,675)		8,632,674

TOTAL INVESTMENTS - 114.47% (cost - \$62,124,849)		65,760,017

LIABILITIES IN EXCESS OF OTHER ASSETS - (14.47)%		(8,313,253)

NET ASSETS - 100.00%		\$ 57,446,764
		=====

(a) Represents issuers not identified as a top 50 holding in terms of market value and issues or issuers not exceeding 1% of net assets individually or in the aggregate, respectively, as of December 31, 2009.

(b) Affiliated investment. The Fund holds 0.46% (based on net assets) of Adams Express Company. A Director of the Fund also serves as a director to such company. During the year ended December 31, 2009 the Fund sold 23,100 shares of this security. There were no purchases during this period.

* Non-income producing security.

^ Security or a portion thereof is out on loan.

+ The maturity date for all repurchase agreements held was January 4, 2010, with interest rates ranging from 0.01% to 0.16% and collateralized by \$7,428,035 in U.S. Treasury Notes maturing August 15, 2018. Stated interest rate, before rebate earned by borrower of securities on loan.

++ Represents investment purchased with collateral received for securities on loan.

See accompanying notes to financial statements.

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CORNERSTONE STRATEGIC VALUE FUND, INC.
STATEMENT OF ASSETS AND LIABILITIES - DECEMBER 31, 2009

ASSETS

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Investments, at value, including collateral for securities on loan of \$7,208,132:	
Unaffiliated issuers (cost - \$61,802,559) (1)	\$ 65,493,377
Affiliated issuer (cost - \$322,290)	266,640

Total investments (cost - \$62,124,849)	65,760,017
Receivables:	
Dividends	124,000
Prepaid expenses	3,010

Total Assets	65,887,027

LIABILITIES

Payables:	
Upon return of securities loaned	7,208,132
Dividends	1,097,241
Investment management fees	47,577
Directors' fees	25,978
Other accrued expenses	61,335

Total Liabilities	8,440,263

NET ASSETS (applicable to 6,969,408 shares of common stock outstanding)	\$ 57,446,764
	=====

NET ASSET VALUE PER SHARE (\$57,446,764/6,969,408)	\$ 8.24
	=====

NET ASSETS CONSISTS OF

Capital stock, \$0.001 par value; 6,969,408 shares issued and outstanding (100,000,000 shares authorized)	\$ 6,969
Paid-in capital	58,272,016
Accumulated net realized loss on investments	(4,467,389)
Net unrealized appreciation in value of investments	3,635,168

Net assets applicable to shares outstanding	\$ 57,446,764
	=====

(1) Includes securities out on loan to brokers with a market value of
\$6,994,832.

See accompanying notes to financial statements.

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CORNERSTONE STRATEGIC VALUE FUND, INC.
STATEMENT OF OPERATIONS - FOR THE YEAR ENDED DECEMBER 31, 2009

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INVESTMENT INCOME

Income:	
Dividends (including \$5,518 earned from affiliated issuer)	\$ 1,404,637
Securities lending	5,659

Total Investment Income	1,410,296

Expenses:	
Investment management fees	545,334
Legal and audit fees	246,202
Directors' fees	108,935
Administration fees	54,811
Printing	39,848
Accounting fees	38,438
Transfer agent fees	20,084
Custodian fees	18,002
Stock exchange listing fees	11,001
Insurance	7,354
Miscellaneous	3,701

Total Expenses	1,093,710
Less: Management fee waivers	(28,834)
Less: Fees paid indirectly	(85,565)

Net Expenses	979,311

Net Investment Income	430,985

NET REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS

Net realized gain from unaffiliated investments	107,408
Net realized loss from affiliated investments	(70,614)
Net change in unrealized depreciation in value of investments	10,628,356

Net realized and unrealized gain on investments	10,665,150

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 11,096,135
	=====

See accompanying notes to financial statements.

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

	For the Year Ended December 31	
	-----	-----
	2009	2008
	-----	-----
DECREASE IN NET ASSETS		

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Operations:

Net investment income	\$ 430,985	\$ 984,743
Net realized loss from investments	36,794	(3,732,751)
Net change in unrealized appreciation/(depreciation) in value of investments	10,628,356	(33,698,235)
	-----	-----
Net increase/(decrease) in net assets resulting from operations	11,096,135	(36,446,243)
	-----	-----

Dividends and distributions to shareholders:

Net investment income	(430,985)	(984,743)
Return-of-capital	(14,022,576)	(27,088,110)
	-----	-----
Total dividends and distributions to shareholders	(14,453,561)	(28,072,853)
	-----	-----

Capital stock transactions:

Cash in lieu of fractional shares from the reverse stock split	--	(544)
Proceeds from 133,707 and 196,609 shares newly issued in reinvestment of dividends and distributions, respectively	1,294,627	3,761,155
	-----	-----
Total capital stock transactions	1,294,627	3,760,611
	-----	-----
Total decrease in net assets	(2,062,799)	(60,758,485)
	-----	-----

NET ASSETS

Beginning of year	59,509,563	120,268,048
	-----	-----
End of year	\$ 57,446,764	\$ 59,509,563
	=====	=====

See accompanying notes to financial statements.

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CORNERSTONE STRATEGIC VALUE FUND, INC.
FINANCIAL HIGHLIGHTS

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

	For the Years Ended December		
	2009	2008	2007
PER SHARE OPERATING PERFORMANCE			
Net asset value, beginning of year	\$ 8.71	\$ 18.12	\$ 21.28
	-----	-----	-----
Net investment income #	0.06	0.15	0.16
Net realized and unrealized			

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gain/(loss) on investments	1.52	(5.55)	0.96
	-----	-----	-----
Net increase/(decrease) in net assets resulting from operations	1.58	(5.40)	1.12
	-----	-----	-----
Dividends and distributions to shareholders:			
Net investment income	(0.06)	(0.15)	(0.16)
Net realized capital gains	--	--	(1.32)
Return-of-capital	(2.03)	(4.01)	(3.00)
	-----	-----	-----
Total dividends and distributions to shareholders	(2.09)	(4.16)	(4.48)
	-----	-----	-----
Capital stock transactions:			
Anti-dilutive effect due to shares issued in reinvestment of dividends and distributions	0.04	0.15	0.20
	-----	-----	-----
Net asset value, end of year	\$ 8.24	\$ 8.71	\$ 18.12
	=====	=====	=====
Market value, end of year	\$ 11.61	\$ 7.62	\$ 20.20
	=====	=====	=====
Total investment return (a)	89.55%	(49.92)%	(29.04)%
	=====	=====	=====
RATIOS/SUPPLEMENTAL DATA			
Net assets, end of year (000 omitted)	\$ 57,447	\$ 59,510	\$ 120,268
Ratio of expenses to average net assets, net of fee waivers, if any (b)	1.80%	1.40%	1.23%
Ratio of expenses to average net assets, excluding fee waivers, if any (c)	2.01%	1.54%	1.35%
Ratio of expenses to average net assets, net of fee waivers, if any (c)	1.95%	1.44%	1.25%
Ratio of net investment income to average net assets	0.79%	1.08%	0.86%
Portfolio turnover rate	10.81%	13.24%	10.38%

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

Based on average shares outstanding.

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

(b) Expenses are net of fees paid indirectly.

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

See accompanying notes to financial statements.

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NOTE A. ORGANIZATION

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

NOTE B. SIGNIFICANT ACCOUNTING POLICIES

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

SUBSEQUENT EVENTS: The Fund has evaluated the need for additional disclosures and/or adjustments resulting from subsequent events through February 24, 2010, the date the financial statements were issued. Based on this evaluation, no additional disclosures or adjustments were required to the financial statements as of December 31, 2009.

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

At December 31, 2009, the Fund held no securities valued in good faith by the Board of Directors. The net asset value per share of the Fund is calculated weekly and on the last business day of the month with the exception of those days on which the NYSE Alternext US LLC is closed.

The Fund is exposed to financial market risks, including the valuations of its investment portfolio. For the year ended December 31, 2009, the Fund did not engage in derivative instruments and other hedging activities.

REPURCHASE AGREEMENTS: The Fund has agreed to purchase securities from financial institutions subject to the seller's agreement to repurchase them at an

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agreed-upon time and price ("repurchase agreements"). The financial institutions with whom the Fund enters into repurchase agreements are banks and broker/dealers, which Cornerstone considers creditworthy. The seller under a repurchase agreement will be required to maintain the

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

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

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

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

The Accounting for Uncertainty in Income Taxes Topic of the FASB Accounting Standards Codification defines the threshold for recognizing the benefits of tax-return positions in the financial statements as "more-likely-than-not" to be sustained by the taxing authority and requires measurement of a tax position meeting the more-likely-than-not criterion, based on the largest benefit that is more than 50 percent likely to be realized. The Fund's policy is to classify interest and penalties associated with underpayment of federal and state income taxes, if any, as income tax expense on its Statement of Operations. As of December 31, 2009, the Fund does not have any interest or penalties associated with the under-payment of any income taxes. Management reviewed any uncertain tax positions for open tax years 2006 through 2009. The Fund has had discussions with the Internal Revenue Service's New York Regional Office regarding a technical tax issue relating to whether the Fund's historic dividend reinvestment plan may have resulted in a violation of certain Subchapter M requirements of the Internal Revenue Code for certain prior tax years. The Fund and the Internal Revenue Service have reached a tentative agreement to resolve this matter through the issuance of a closing letter that, if finalized in its current form, will avoid any material negative tax impact to the Fund. Pursuant to this tentative agreement, the Investment Manager will be responsible for paying any amount owing to the Internal Revenue Service. There was no material impact to the financial statements or, other than as described herein, the disclosures thereto as a result of the adoption of this pronouncement.

DISTRIBUTIONS TO SHAREHOLDERS: Effective June 25, 2002, the Fund initiated a fixed, monthly distribution to shareholders. On November 29, 2006, this distribution policy was updated to provide for the annual resetting of the monthly distribution amount per share based on the Fund's net asset value on the last business day in each October. The terms of the distribution policy will be

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reviewed and approved at least annually by the Fund's Board of Directors and can be modified at their discretion. To the extent that these distributions exceed the current earnings of the Fund, the balance will be generated from sales of portfolio securities held by the Fund, which will either be short-term or long-term capital gains or a tax-free return-of-capital. To the extent these distributions are not represented by net investment income and capital gains, they will not represent yield or investment return on the Fund's investment portfolio. The Fund plans to maintain this distribution policy even if regulatory requirements would make part of a return-of-capital, necessary to maintain the distribution, taxable to shareholders and to disclose that portion of the distribution that is classified as ordinary income. Although it has no current intention to do so, the Board may terminate this distribution policy at any time and such termination may have an adverse effect on the market price for the Fund's common shares. The Fund determines

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

annually whether to distribute any net realized long-term capital gains in excess of net realized short-term capital losses, including capital loss carryovers, if any. To the extent that the Fund's taxable income in any calendar year exceeds the aggregate amount distributed pursuant to this distribution policy, an additional distribution may be made to avoid the payment of a 4% U.S. federal excise tax, and to the extent that the aggregate amount distributed in any calendar year exceeds the Fund's taxable income, the amount of that excess may constitute a return-of-capital for tax purposes. A return-of-capital distribution reduces the cost basis of an investor's shares in the Fund. Dividends and distributions to shareholders are recorded by the Fund on the ex-dividend date.

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

NOTE C. FAIR VALUE

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

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

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

The following is a summary of the inputs used as of December 31, 2009 in valuing the Fund's investments carried at value:

VALUATION INPUTS	INVESTMENTS IN SECURITIES	OTHER FINANCIAL INSTRUMENTS*
Level 1 - Quoted Prices		
Equity Investments	\$57,127,343	--
Short-Term Investments	8,632,674	
Level 2 - Other Significant		
Observable Inputs	--	--
Level 3 - Significant		
Unobservable Inputs	--	--
	-----	-----
Total	\$65,760,017	--
	=====	=====

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

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

The Fund did not have any assets or liabilities that were measured at fair value on a recurring basis using significant unobservable inputs (Level 3) at December 31, 2009.

NEW ACCOUNTING PRONOUNCEMENT: In January 2010, the FASB Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2010-06 "Improving Disclosures about Fair Value Measurements". ASU 2010-06 amends FASB Accounting Standards Codification Topic, Fair Value Measurements and Disclosures, to require additional disclosures regarding fair value measurements. Certain disclosures required by ASU No. 2010-06 are effective for interim and annual reporting periods beginning after December 15, 2009, and other required disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. Management is currently evaluating the impact ASU No. 2010-06 will have on its financial statement disclosures.

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NOTE D. AGREEMENTS

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

INVESTMENT MANAGEMENT AGREEMENT

Cornerstone serves as the Fund's Investment Manager with respect to all investments. As compensation for its investment management services, Cornerstone receives from the Fund, an annual fee, calculated weekly and paid monthly, equal to 1.00% of the Fund's average weekly net assets. During the year ended December 31, 2009, Cornerstone voluntarily agreed to waive its management fees from the Fund to the extent that the Fund's net monthly operating expenses (including basic legal fees but excluding other legal and extraordinary expenses) exceeded a monthly rate of 0.11% and 0.125% of average annual weekly net assets, through February 28, 2009, and thereafter, respectively. For the year ended December 31, 2009, Cornerstone earned \$545,334 for investment management services, of which it waived \$28,834. Effective July 1, 2009 the Investment Manager discontinued such undertaking.

Included in the Statement of Operations, under the caption FEES PAID INDIRECTLY, are expense offsets of \$85,565 arising from credits earned on portfolio transactions executed with brokers, pursuant to directed brokerages arrangement.

ADMINISTRATION AGREEMENT

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

FUND ACCOUNTING AGREEMENT

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

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

NOTE E. AFFILIATED INVESTMENTS

Transactions in affiliates for the year ended December 31, 2009 were as follows:

ADAMS
EXPRESS
COMPANY

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Market value at beginning of year	\$ 397,485
	=====
Shares at beginning of year	49,500
Shares purchased during the year	--
Shares sold during the year	(23,100)

Shares at end of year	26,400
	=====
Dividend income earned	
during the year	\$ 5,518
	=====
Cost of purchases during the year	--
Proceeds from sales during the year	\$ 204,542
Net realized loss during the year	\$ (70,614)
Market value at end of year	\$ 226,640

NOTE F. INVESTMENT IN SECURITIES

For the year ended December 31, 2009, purchases and sales of securities, other than short-term investments, were \$5,861,559 and \$17,989,728 respectively.

NOTE G. SHARES OF COMMON STOCK

The Fund has 100,000,000 shares of common stock authorized and 6,969,408 shares outstanding at December 31, 2009. Transactions in common stock for the year ended December 31, 2009 were as follows:

Shares at beginning of year	6,835,701
Shares newly issued in reinvestment	
of dividends and distributions	133,707

Shares at end of year	6,969,408
	=====

NOTE H. SHARE REPURCHASE PROGRAM

As has been done in the past to enhance shareholder value, pursuant to Section 23 of the Investment Company Act of 1940, as amended, the Fund may again in the future purchase shares of its common stock on the open market from time to time, at such times, and in such amounts as may be deemed advantageous to the Fund. Nothing herein shall be considered a commitment to purchase such shares. The Fund had no repurchases during the year ended December 31, 2009. No limit has been placed on the number of shares to be repurchased by the Fund other than those imposed by federal securities laws.

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

NOTE I. SECURITIES LENDING

To generate additional income, the Fund may lend up to 33(1)/3% of its total assets. The Fund receives payments from borrowers equivalent to the dividends and interest that would have been earned on securities lent while simultaneously seeking to earn interest on the investment of cash collateral. Loans are subject to termination by the Fund or the borrower at any time, and are, therefore, not considered to be illiquid investments. Loans of securities are required at all times to be secured by collateral equal to at least 100% of the market value of securities on loan. However, in the event of default or bankruptcy of the other party to the agreement, realization and/or retention of the collateral may be subject to legal proceedings. In the event that the borrower fails to return securities, and collateral maintained by the lender is insufficient to cover the

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value of loaned securities, the borrower is obligated to pay the amount of the shortfall (and interest thereon) to the Fund. However, there can be no assurance the Fund can recover this amount.

The market value of securities on loan to brokers at December 31, 2009, was \$6,994,832. During the year ended December 31, 2009, the Fund earned \$5,659 in securities lending income which is included under the caption SECURITIES LENDING in the Statement of Operations.

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

NOTE J. FEDERAL INCOME TAXES

Income and capital gains distributions are determined in accordance with federal income tax regulations, which may differ from GAAP. These differences are primarily due to differing treatments of losses deferred due to wash sales and Post-October losses (as later defined), and excise tax regulations.

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

ORDINARY INCOME		RETURN-OF-CAPITAL	
2009	2008	2009	2008
----	----	----	----
\$430,985	\$984,743	\$14,022,576	\$27,088,110

At December 31, 2009 the components of the accumulated deficit on tax basis, for the Fund were as follows:

Capital loss carryforward	\$ (4,467,228)
Net unrealized appreciation	3,635,007

Total distributable earnings	\$ (832,221)
	=====

Accounting principles generally accepted in the United States of America require that certain components of net assets relating to permanent differences be reclassified between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share. For the year ended December 31, 2009, the Fund decreased net realized loss by \$1,139,305 and decreased paid-in capital by \$1,139,305. Under current tax law, certain capital losses realized after October 31 within a taxable year may be deferred and treated as occurring on the first day of the following tax year ("Post-October losses"). The Fund incurred no such loss.

At December 31, 2009, the Fund had a capital loss carryforward for U.S. federal income tax purposes of \$4,467,228 of which \$250,210 expires in 2010, \$484,687 expires in 2011, \$3,297,622 expires in 2016, and \$434,709 expires in 2017.

At December 31, 2009, the identified cost for federal income tax purposes, as well as the gross unrealized appreciation from investments for those securities having an excess of value over cost, gross unrealized depreciation from investments for those securities having an excess of cost over value and the net unrealized appreciation from investments were \$62,125,010, \$8,503,083,

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\$ (4,868,076) and \$3,635,007, respectively.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying statement of assets and liabilities of Cornerstone Strategic Value Fund, Inc., including the summary schedule of investments as of December 31, 2009, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2009, by correspondence with the custodian. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Cornerstone Strategic Value Fund, Inc. as of December 31, 2009, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

TAIT, WELLER & BAKER LLP
Philadelphia, Pennsylvania
February 24, 2010

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2009 TAX INFORMATION (UNAUDITED)

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Cornerstone Strategic Value Fund, Inc. (the "Fund") is required by Subchapter M of the Internal Revenue Code of 1986, as amended, to advise its shareholders within 60 days of the Fund's year end (December 31, 2009) as to the federal tax status of the dividends and distributions received by the Fund's shareholders in respect of such fiscal year. The \$14,453,561 in dividends and distributions paid to shareholders in respect of such year, is represented by \$430,985 of ordinary income, and \$14,022,576 of return-of-capital. As indicated in this notice, significant portions of the Fund's distributions for 2009 were comprised of a return-of-capital; accordingly these distributions do NOT represent yield or investment return on the Fund's portfolio.

SOURCES OF DIVIDENDS AND DISTRIBUTIONS (PER SHARE AMOUNTS)

PAYMENT DATES:	1/30/09	2/27/09	3/31/09	4/30/09	5/29/09
	-----	-----	-----	-----	-----
Ordinary Income(1)	\$ 0.0054	\$ 0.0054	\$ 0.0054	\$ 0.0054	\$ 0.0054
Return-of-Capital(2)	0.1692	0.1692	0.1692	0.1692	0.1692
	-----	-----	-----	-----	-----
Total:	\$ 0.1746	\$ 0.1746	\$ 0.1746	\$ 0.1746	\$ 0.1746
	=====	=====	=====	=====	=====
PAYMENT DATES:	7/31/09	8/31/09	9/30/09	10/30/09	11/30/09
	-----	-----	-----	-----	-----
Ordinary Income(1)	\$ 0.0054	\$ 0.0054	\$ 0.0054	\$ 0.0054	\$ 0.0054
Return-of-Capital(2)	0.1692	0.1692	0.1692	0.1692	0.1692
	-----	-----	-----	-----	-----
Total:	\$ 0.1746	\$ 0.1746	\$ 0.1746	\$ 0.1746	\$ 0.1746
	=====	=====	=====	=====	=====

-
- (1) ORDINARY INCOME DIVIDENDS - This is the total per share amount of ordinary income dividends and short-term capital gain distributions (if applicable) included in the amount reported in Box 1a on Form 1099-DIV.
- (2) RETURN-OF-CAPITAL - This is the per share amount of return-of-capital, or sometimes called nontaxable, distributions reported in Box 3 - under the title "Nondividend distributions" - on Form 1099-DIV. This amount should NOT be reported as taxable income on your current return. Rather, it should be treated as a reduction in the original cost basis of your investment in the Fund.

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

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

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

Shareholders are strongly advised to consult their own tax advisers with respect

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to the tax consequences of their investment in the Fund.

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

NAME AND ADDRESS* (BIRTH DATE)	POSITION(S) HELD WITH FUND	PRINCIPAL OCCUPATION OVER LAST 5 YEARS	POSITION WITH FUND SINCE
Ralph W. Bradshaw** (Dec. 1950)	Chairman of the Board of Directors and President	President, Cornerstone Advisors, Inc.; Financial Consultant; President and Director of Cornerstone Total Return Fund, Inc.; President and Trustee of Cornerstone Progressive Return Fund.	1998
Thomas H. Lenagh (Nov. 1924)	Director; Audit, Nominating and Corporate Governance Committee Member	Director of Cornerstone Total Return Fund, Inc.; Trustee of Cornerstone Progressive Return Fund; Director of Adams Express Company, Petroleum & Resources Corporation and PPGI Industries.	1987
Edwin Meese III (Dec. 1931)	Director; Audit, Nominating and Corporate Governance Committee Member	Distinguished Fellow, The Heritage Foundation Washington D.C.; Distinguished Visiting Fellow at the Hoover Institution, Stanford University; Senior Adviser, Revelation L.P.; Director of Cornerstone Total Return Fund, Inc.; Trustee of Cornerstone Progressive Return Fund.	2001
Scott B. Rogers (July 1955)	Director; Audit, Nominating and Corporate Governance Committee Member	Chairman, Board of Health Partners, Inc.; Chief Executive Officer, Asheville Buncombe Community Christian Ministry; and President, ABCCM Doctor's Medical Clinic; Appointee, NC Governor's Commission on Welfare to Work; Director of Cornerstone Total Return Fund, Inc.; Trustee of Cornerstone Progressive Return Fund.	2000

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

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NAME AND ADDRESS* (BIRTH DATE)	POSITION(S) HELD WITH FUND	PRINCIPAL OCCUPATION OVER LAST 5 YEARS	POSITION WITH FUND SINCE
Andrew A. Strauss (Nov. 1953)	Director; Chairman of Nominating and Corporate Governance Committee and Audit Committee Member	Attorney and senior member of Strauss & Associates, P.A., Attorneys, Asheville and Hendersonville, NC; previous President of White Knight Healthcare, Inc. and LMV Leasing, Inc., a wholly owned subsidiary of Xerox Credit Corporation; Director of Cornerstone Total Return Fund, Inc.; Trustee of Cornerstone Progressive Return Fund.	2000
Glenn W. Wilcox, Sr. (Dec. 1931)	Director; Chairman of Audit Committee Nominating and Corporate Governance Committee Member	Chairman of the Board, Tower Associates, Inc.; Chairman of the Board and Chief Executive Officer of Wilcox Travel Agency, Inc.; Director of Cornerstone Total Return Fund, Inc.; Trustee of Cornerstone Progressive Return Fund.	2000

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

NAME AND ADDRESS* (BIRTH DATE)	POSITION(S) HELD WITH FUND	PRINCIPAL OCCUPATION OVER LAST 5 YEARS
Gary A. Bentz (June 1956)	Chief Compliance Officer, Secretary, and Assistant Treasurer	Chairman and Chief Financial Officer of Cornerstone Advisors, Inc.; previous Director Vice President and Treasurer of the Fund and Cornerstone Total Return Fund, Inc.; Financial Consultant, C.P.A.; Chief Compliance Officer, Secretary, and Assistant Treasurer of Cornerstone Total Return Fund, Inc. and Cornerstone Progressive Return Fund.
William A. Clark (Oct. 1945)	Vice President	Director and Stockholder of Cornerstone Advisors, Inc.; Vice President and former Director of Cornerstone Total Return Fund, Inc.; Vice President and former Trustee of Cornerstone Progressive Return Fund; Financial Consultant; former Director of Investors First Fund, Inc.
Frank J. Maresca (Oct. 1958)	Treasurer	Executive Vice President of Ultimus Fund Solutions, LLC (since March 2009); previous Executive Director, JP Morgan Chase & Co.

(since June 2008); previous President of Bear Stearns Funds Management, Inc.; previous Senior Managing Director of Bear Stearns & Co., Inc.; Treasurer of Cornerstone Total Return Fund, Inc. and Cornerstone Progressive Return Fund (since May 2009).

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- * The mailing address of each Director and/or Officer with respect to the Fund's operation is 260 Madison Ave., New York, NY 10016.
 - ** Designates a director who is an "interested person" of the Fund as defined by the Investment Company Act of 1940, as amended. Mr. Bradshaw is an interested person of the Fund by virtue of his current position with the Investment Adviser of the Fund.

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DESCRIPTION OF DIVIDEND REINVESTMENT PLAN (UNAUDITED)

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

Shareholders automatically participate in the Fund's Plan, unless and until an election is made to withdraw from the Plan on behalf of such participating shareholder. Shareholders who do not wish to have Distributions automatically reinvested should so notify their broker, or if a registered shareholder, the Agent in writing at P.O. Box 922, Wall Street Station, New York, New York 10269-0560. Such written notice must be received by the Agent prior to the record date of the Distribution or the shareholder will receive such Distribution in shares through the Plan. Under the Plan, the Fund's Distributions to shareholders are reinvested in full and fractional shares as described below.

When the Fund declares a Distribution the Agent, on the shareholder's behalf, will (i) receive additional authorized shares from the Fund either newly issued or repurchased from shareholders by the Fund and held as treasury stock ("Newly Issued Shares") or (ii) purchase outstanding shares on the open market, on the NYSE Alternext US LLC or elsewhere, with cash allocated to it by the Fund ("Open Market Purchases").

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

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Whenever the Fund declares a Distribution and the net asset value of the Fund's shares is higher than its market price, the Agent will apply the amount of such Distribution payable to Plan participants of the Fund in Fund shares (less such Plan participant's pro rata share of brokerage commissions incurred with respect to Open Market Purchases in connection with the reinvestment of such Distribution) to the purchase on the open market of Fund shares for such Plan participant's account. Such purchases will be made on or after the payable date for such Distribution, and in no event more than 30 days after such date except where temporary curtailment or suspension of purchase is necessary to comply with applicable provisions of federal securities laws. The Agent may aggregate a Plan participant's purchases with the purchases of other Plan participants, and the average price (including brokerage commissions) of all shares purchased by the Agent shall be the price per share allocable to each Plan participant.

Participants in the Plan may withdraw from the Plan by providing written notice to the Agent at least 30 days prior to the applicable Distribution payment date. When a Participant withdraws from the Plan, or upon suspension or termination of the Plan at the sole discretion of the Fund's Board of Directors, certificates for whole shares credited to his or her account under the Plan will, upon request, be issued. Whether or not a participant requests that certificates for whole shares be issued, a cash payment will be made for any fraction of a share credited to such account.

The Agent will maintain all shareholder accounts in the Plan and furnish written confirmations of all transactions in the accounts, including information needed by shareholders for personal and tax records. The Agent will hold shares in the account of the Plan participant in non-certificated form in the name of the participant, and each shareholder's proxy will include those shares purchased pursuant to the Plan. Each participant, nevertheless, has the right

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DESCRIPTION OF DIVIDEND REINVESTMENT PLAN (UNAUDITED) (CONCLUDED)

to receive certificates for whole shares owned. The Agent will distribute all proxy solicitation materials to participating shareholders.

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

Neither the Agent nor the Fund shall have any responsibility or liability beyond the exercise of ordinary care for any action taken or omitted pursuant to the Plan, nor shall they have any duties, responsibilities or liabilities except such as expressly set forth herein. Neither shall they be liable hereunder for any act done in good faith or for any good faith omissions to act, including, without limitation, failure to terminate a participants account prior to receipt of written notice of his or her death or with respect to prices at which shares are purchased or sold for the participants account and the terms on which such purchases and sales are made, subject to applicable provisions of the federal securities laws.

The automatic reinvestment of Distributions will not relieve participants of any federal, state or local income tax that may be payable (or required to be withheld) on such Distributions.

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

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PROXY VOTING AND PORTFOLIO HOLDINGS INFORMATION (UNAUDITED)

Information regarding how Cornerstone Strategic Value Fund, Inc. (the "Fund") voted proxies related to its portfolio securities during the 12-month period ended June 30 of each year as well as the policies and procedures that the Fund uses to determine how to vote proxies relating to its portfolio securities are available by calling (513) 326-3597 or on the website of the Securities and Exchange Commission, <http://www.sec.gov>.

This report incorporates a Summary Schedule of Investments for the Fund. A complete Schedule of Investments for the Fund may be obtained free of charge by contacting the Fund at (513) 326-3597. The Fund files a complete schedule of its portfolio holdings for the first and third quarters of its fiscal year with the SEC on Form N-Q. The Fund's Forms N-Q are available on the SEC's website at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the SEC's Public Reference Room may be obtained by calling (202) 551-8090.

PRIVACY POLICY NOTICE (UNAUDITED)

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

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

1. Information from the Consumer: this category includes information the Fund receives from you on or in applications or other forms, correspondence, or conversations (such as your name, address phone number, social security number, assets, income and date of birth); and
2. Information about the Consumer's transactions with the Fund and its affiliates: this category includes information about your transactions with the Fund, its affiliates, or others (such as your account number and balance, payment history, parties to transactions, cost basis information, and other financial information).

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

you.

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

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SUMMARY OF GENERAL INFORMATION (UNAUDITED)

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

SHAREHOLDER INFORMATION (UNAUDITED)

The Fund is listed on the NYSE Alternext US LLC (symbol "CLM"). The previous week's net asset value per share, market price, and related premium or discount are published each Monday in THE WALL STREET JOURNAL under the designation "CornstnStrat" and BARRON'S under the designation "Cornerstone Str Val". Such information is available weekly and may be obtained by contacting the Fund at the general inquiry phone number.

NOTICE IS HEREBY GIVEN IN ACCORDANCE WITH SECTION 23(C) OF THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED, THAT CORNERSTONE STRATEGIC VALUE FUND, INC. MAY FROM TIME TO TIME PURCHASE SHARES OF ITS CAPITAL STOCK IN THE OPEN MARKET.

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

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CORNERSTONE STRATEGIC VALUE FUND, INC.

ITEM 2. CODE OF ETHICS.

(a) As of the end of the period covered by this report, the Registrant has adopted a code of ethics that applies to the Registrant's principal executive officer, principal accounting officer, and persons performing similar functions.

(c) and (d). During the period covered by this report, there was no amendment to, and no waiver granted from, any provision of the code of ethics that applies to the Registrant's principal executive officer, principal accounting officer, and persons performing similar functions.

(f) (1) Pursuant to Item 12(a) (1), the Registrant is attaching as an exhibit (EX-99.CODE ETH) a copy of its code of ethics that applies to its principal executive officer, principal financial officer, and persons performing similar functions.

(f) (3) The Registrant undertakes to provide to any person without charge, upon request, a copy of its code of ethics. This can be accomplished by calling the Registrant at (513) 326-3597.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

a) (1) The registrant's board of directors has determined that it does not have an audit committee financial expert serving on its audit committee.

(a) (2) Not applicable

(a) (3) At this time, the registrant believes that the experience provided by each member of the audit committee together offer the registrant adequate oversight for the registrant's level of financial complexity.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

(a) through (d). The information in the table below is provided for services rendered to the registrant by its independent registered public accounting firm, Tait, Weller & Baker LLP for the Registrant's fiscal years ended December 31, 2009 and December 31, 2008.

	2009	2008
Audit Fees	\$18,100	\$18,100
Audit-related Fees	--	--

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Tax Fees (1)	3,600	3,600
All Other Fees	--	--
	-----	-----
Total	\$21,700	\$21,700
	=====	=====

(1) Tax services in connection with the registrant's excise tax calculations and review of the registrant's applicable tax returns.

(e) (1) Audit Committee Pre-Approval Policies and Procedures.

Before the auditor is (i) engaged by the Registrant to render audit, audit related or permissible non-audit services to the Registrant or (ii) with respect to non-audit services to be provided by the auditor to the Registrant's investment adviser or any entity in the investment Registrant complex, if the nature of the services provided relate directly to the operations or financial reporting of the Registrant, either: (a) the Audit Committee shall pre-approve such engagement; or (b) such engagement shall be entered into pursuant to pre-approval policies and procedures established by the Audit Committee. Any such policies and procedures must be detailed as to the particular service and not involve any delegation of the Audit Committee's responsibilities to the Registrant's investment adviser. The Audit Committee may delegate to one or more of its members the authority to grant pre-approvals. The pre-approval policies and procedures shall include the requirement that the decisions of any member to whom authority is delegated under this provision shall be presented to the full Audit Committee at its next scheduled meeting. Under certain limited circumstances, pre-approvals are not required if certain de minimis thresholds are not exceeded, as such thresholds are set forth by the Audit Committee and in accordance with applicable SEC rules and regulations.

(e) (2) None of the services provided to the Registrant described in paragraphs (b)-(d) of Item 4 were pre-approved by the Audit Committee pursuant to paragraph (c) (7) (i) (C) of Rule 2-01 of regulation S-X.

(f) No disclosures are required by this Item 4(f).

(g) During the fiscal years ended December 31, 2009 and 2008, aggregate non-audit fees of \$3,600 and \$3,600, respectively, were billed by Tait, Weller & Baker LLP for services rendered to the Registrant. Investment advisor (not including any sub-advisor whose role is primarily portfolio management and is subcontracted with or overseen by another investment advisor) or any entity controlling, controlled by, or under common control with the investment advisor that provides ongoing services to the Registrant for the Registrant's last two fiscal years (December 31, 2008 and December 31, 2009).

(h) No disclosures are required by this Item 4(h).

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

(a) The Registrant has a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities and Exchange Act of 1934, as amended. Glenn Wilcox (Chair), Edwin Meese, Thomas Lenagh, Andrew Strauss and Scott Rogers are the members of the Registrant's audit committee.

(b) Not applicable.

ITEM 6. SCHEDULE OF INVESTMENTS.

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(a)

CORNERSTONE STRATEGIC VALUE FUND, INC.
SCHEDULE OF INVESTMENTS - DECEMBER 31, 2009

DESCRIPTION	NO. OF SHARES	VALUE
EQUITY SECURITIES - 99.44%		
CLOSED-END FUNDS - 7.37%		
CORE - 7.37%		
Adams Express Company (The) (a)	26,400	\$ 266,640
Advent/Claymore Enhanced Growth & Income Fund	26,561	297,483
BlackRock Dividend Achievers Trust	8,000	75,360
Liberty All-Star Equity Fund	302,030	1,307,790
Liberty All-Star Growth Fund	283,601	952,899
Tri-Continental Corporation	22,800	262,656
Zweig Fund, Inc. (The)	323,850	1,071,944

		4,234,772

TOTAL CLOSED-END FUNDS		4,234,772

CONSUMER DISCRETIONARY - 8.85%		
Amazon.com, Inc. *	3,000	403,560
Best Buy Company, Inc.	4,500	177,570
Comcast Corporation - Class A	11,555	194,817
DIRECTV Group, Inc. (The) - Class A *	4,000	133,400
Family Dollar Stores, Inc. ^	2,000	55,660
Gap, Inc. (The)	9,200	192,740
Home Depot, Inc. (The)	2,000	57,860
Lowe's Companies, Inc.	5,900	138,001
McDonald's Corporation	11,400	711,816
News Corporation - Class A	10,000	136,900
NIKE, Inc. - Class B	4,100	270,887
Omnicom Group, Inc.	4,200	164,430
Staples, Inc. ^	12,800	314,752
Starbucks Corporation ^ *	2,800	64,568
Target Corporation	12,800	619,136
Time Warner Cable, Inc.	1,966	81,373
Time Warner, Inc. *	2,900	84,506
TJX Companies, Inc. (The) ^	7,000	255,850
Toyota Motor Corporation - ADR ^	2,500	210,400
Viacom, Inc. - Class B *	5,450	162,029
Walt Disney Company (The) ^	12,700	409,575
Yum! Brands, Inc.	7,000	244,790

		5,084,620

CONSUMER STAPLES - 10.54%		
Altria Group, Inc.	31,800	624,234

See accompanying notes to schedule of investments.

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CORNERSTONE STRATEGIC VALUE FUND, INC.
SCHEDULE OF INVESTMENTS - DECEMBER 31, 2009 (CONTINUED)

DESCRIPTION	NO. OF SHARES	VALUE

CONSUMER STAPLES (CONTINUED)		
Archer-Daniels-Midland Company	3,960	\$ 123,988
Coca-Cola Company (The)	15,000	855,000
Colgate-Palmolive Company	3,400	279,310
ConAgra Foods, Inc.	3,400	78,370
CVS Caremark Corporation	8,430	271,530
General Mills, Inc. ^	2,500	177,025
H.J. Heinz Company	4,000	171,040
Kimberly-Clark Corporation	2,500	159,275
Kraft Foods, Inc. - Class A	10,932	297,132
Kroger Company (The) ^	8,800	180,664
PepsiCo, Inc.	5,600	340,480
Philip Morris International, Inc.	2,500	120,475
Procter & Gamble Company (The)	18,297	1,109,347
Sysco Corporation ^	8,300	231,902
Walgreen Company	4,800	176,256
Wal-Mart Stores, Inc.	16,100	860,545

		6,056,573

ENERGY - 10.99%		
Anadarko Petroleum Corporation	2,700	168,534
Baker Hughes, Inc. ^	8,100	327,888
Chevron Corporation	14,974	764,722
Exxon Mobil Corporation ^	36,500	2,488,935
Halliburton Company	9,700	291,873
Marathon Oil Corporation	11,500	359,030
Occidental Petroleum Corporation	5,000	406,750
Schlumberger Ltd. ^	6,000	390,540
Transocean Ltd. *	2,500	207,000
XTO Energy, Inc.	6,250	290,812

		6,314,468

FINANCIALS - 12.65%		
AFLAC, Inc.	5,500	254,375
Allstate Corporation (The)	6,800	204,272
American Express Company	6,400	259,328
Bank of America Corporation	16,138	243,038
Bank of New York Mellon Corporation (The)	7,754	216,879
BB&T Corporation ^	3,500	88,795
Capital One Financial Corporation	2,500	95,850
Charles Schwab Corporation (The)	22,000	414,040
Chubb Corporation (The)	3,500	172,130
Goldman Sachs Group, Inc. (The)	5,000	844,200

See accompanying notes to schedule of investments.

CORNERSTONE STRATEGIC VALUE FUND, INC.
SCHEDULE OF INVESTMENTS - DECEMBER 31, 2009 (CONTINUED)

DESCRIPTION	NO. OF SHARES	VALUE

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FINANCIALS (CONTINUED)

Hudson City Bancorp, Inc.	15,500	\$	212,815
JPMorgan Chase & Company	35,132		1,463,951
Marsh & McLennan Companies, Inc.	10,000		220,800
MetLife, Inc.	5,700		201,495
Morgan Stanley	11,500		340,400
PNC Financial Services Group, Inc. ^	7,600		401,204
T. Rowe Price Group, Inc.	3,000		159,750
Travelers Companies, Inc. (The)	9,476		472,473
U.S. Bancorp	9,901		222,872
Wells Fargo & Company	28,900		780,011

7,268,678

HEALTH CARE - 11.58%

Abbott Laboratories	9,200		496,708
Aetna, Inc.	5,000		158,500
Amgen, Inc. *	6,700		379,019
Baxter International, Inc.	5,000		293,400
Becton, Dickinson and Company	3,900		307,554
Biogen Idec, Inc. *	4,000		214,000
Bristol-Myers Squibb Company	19,000		479,750
Cardinal Health, Inc.	7,950		256,308
Covidien PLC ^	2,599		124,466
Eli Lilly & Company ^	4,700		167,837
Gilead Sciences, Inc. *	6,000		259,680
Johnson & Johnson	17,400		1,120,734
McKesson Corporation	2,800		175,000
Medtronic, Inc.	8,000		351,840
Merck & Company, Inc.	15,267		557,857
Pfizer, Inc.	32,622		593,394
Stryker Corporation ^	3,500		176,295
UnitedHealth Group, Inc.	11,000		335,280
WellPoint, Inc. *	3,500		204,015

6,651,637

INDUSTRIALS - 9.50%

3M Company	4,400		363,748
Boeing Company (The) ^	2,200		119,086
Burlington Northern Santa Fe Corporation	3,900		384,618
Caterpillar, Inc.	5,300		302,047
CSX Corporation	5,000		242,450
Deere & Company	6,500		351,585
Emerson Electric Company	6,000		255,600
General Dynamics Corporation	3,200		218,144

See accompanying notes to schedule of investments.

CORNERSTONE STRATEGIC VALUE FUND, INC. SCHEDULE OF INVESTMENTS - DECEMBER 31, 2009 (CONTINUED)

DESCRIPTION	NO. OF SHARES		VALUE

INDUSTRIALS (CONTINUED)			
General Electric Company	56,900	\$	860,897
Honeywell International, Inc.	5,000		196,000
Illinois Tool Works, Inc.	2,800		134,372
Lockheed Martin Corporation	3,000		226,050

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Norfolk Southern Corporation	5,500	288,310
Northrop Grumman Corporation	2,500	139,625
Raytheon Company	6,000	309,120
Union Pacific Corporation	4,000	255,600
United Parcel Service, Inc. - Class B	4,100	235,217
United Technologies Corporation	5,000	347,050
Waste Management, Inc.	6,800	229,908

		5,459,427

INFORMATION TECHNOLOGY - 18.64%		
Adobe Systems, Inc. *	4,200	154,476
Apple, Inc. *	5,900	1,244,074
Applied Materials, Inc.	10,800	150,552
Automatic Data Processing, Inc.	4,400	188,408
Cisco Systems, Inc. *	38,900	931,266
Corning, Inc.	11,500	222,065
Dell, Inc. *	2,700	38,772
eBay, Inc. *	2,500	58,850
EMC Corporation *	21,148	369,455
Google, Inc. - Class A *	2,000	1,239,960
Hewlett-Packard Company	7,900	406,929
Intel Corporation	50,500	1,030,200
International Business Machines Corporation	13,100	1,714,790
Microsoft Corporation	56,200	1,713,538
Oracle Corporation	22,272	546,555
QUALCOMM, Inc.	10,000	462,600
Texas Instruments, Inc.	6,400	166,784
Yahoo!, Inc. *	4,000	67,120

		10,706,394

MATERIALS - 3.12%		
Alcoa, Inc.	11,400	183,768
Dow Chemical Company (The) ^	5,400	149,202
E.I. Du Pont de Nemours & Company	9,500	319,865
Freeport-McMoRan Copper & Gold, Inc.	5,000	401,450
Monsanto Company	2,660	217,455
Praxair, Inc.	6,500	522,015

		1,793,755

See accompanying notes to schedule of investments.

CORNERSTONE STRATEGIC VALUE FUND, INC.
SCHEDULE OF INVESTMENTS - DECEMBER 31, 2009 (CONTINUED)

DESCRIPTION	NO. OF SHARES	VALUE

REAL ESTATE INVESTMENT TRUST - 0.00%		
Simon Property Group, Inc. ^	14	\$ 1,117
TELECOMMUNICATION SERVICES - 2.84%		
AT&T, Inc.	37,039	1,038,203
Verizon Communications, Inc.	17,800	589,714

		1,627,917

UTILITIES - 3.36%		

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American Electric Power Company, Inc.	5,000	173,950
Dominion Resources, Inc.	7,700	299,684
Duke Energy Corporation	15,800	271,918
Edison International ^	3,500	121,730
Exelon Corporation	3,000	146,610
FirstEnergy Corporation	3,000	139,350
FPL Group, Inc. ^	4,000	211,280
PG&E Corporation ^	3,000	133,950
Public Service Enterprises Group, Inc.	4,500	149,625
Southern Company (The) ^	8,400	279,888

		1,927,985

TOTAL EQUITY SECURITIES (cost - \$53,492,174)		\$ 57,127,343

SHORT-TERM INVESTMENTS - 15.03%		
MONEY MARKET SECURITY - 2.47%		
JPMorgan U.S. Government Money Market Fund	1,416,729	1,416,729

		PRINCIPAL AMOUNT
		(000'S)

REPURCHASE AGREEMENTS - 12.56%		
J.P. Morgan Securities, Inc. +++		
(Agreement dated 12/31/2009 to be		
repurchased at \$7,208,261)	\$ 7,208	\$ 7,208,132
J.P. Morgan Securities, Inc. +		
(Agreement dated 12/31/2009 to be		
repurchased at \$7,813)	8	7,813

TOTAL SHORT-TERM INVESTMENTS (cost - \$8,632,675)		8,632,674

TOTAL INVESTMENTS - 114.47% (cost - \$62,124,849)		65,760,017

LIABILITIES IN EXCESS OF OTHER ASSETS - (14.47)%		(8,313,253)

NET ASSETS - 100.00%		\$ 57,446,764
		=====

ADR - American Depositary Receipt.

(a) Affiliated investment. The Fund holds 0.46% (based on net assets) of Adams Express Company. A trustee of the Fund also serves as a director to such company. During the year ended December 31, 2009 the Fund sold 13,700 shares of this security. There were no purchases during this period.

* Non-income producing security.

^ Security or a portion thereof is out on loan.

+ The maturity date for all repurchase agreements held was January 4, 2010, with interest rates ranging from 0.01% to 0.16% and collateralized by \$7,428,035 in U.S. Treasury Notes maturing August 15, 2018. Stated interest rate, before rebate earned by borrower of securities on loan.

++ Represents investment purchased with collateral received for securities on loan.

See accompanying notes to schedule of investments.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying statement of assets and liabilities of Cornerstone Strategic Value Fund, Inc. (the "Fund"), including the summary schedule of investments as of December 31, 2009, the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2009, by correspondence with the custodian and brokers. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Cornerstone Strategic Value Fund, Inc. as of December 31, 2009, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of investments in securities as of December 31, 2009 appearing in Item 6 of this Form N-CSR is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of the Fund's management. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

TAIT, WELLER & BAKER LLP

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PHILADELPHIA, PENNSYLVANIA
FEBRUARY 24, 2010

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

The Registrant and Cornerstone Advisors, Inc. share the same Proxy Voting Policies and Procedures. The respective Proxy Voting Policies and Procedures of the Registrant and Adviser are attached as EXHIBIT99.VOTEREG

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

(a)(1) All information contained in this item and its subparts is as of the date of this filing, unless otherwise noted. Ralph W. Bradshaw and William A. Clark are employees of Cornerstone Advisors, Inc. (the Investment Manager) and portfolio managers of the Fund. Mr. Bradshaw has acted as the portfolio manager since 2001. Mr. Clark has acted as the portfolio manager since 2003. Ralph W. Bradshaw's occupation for the last five years is President of Cornerstone Advisors, Inc. and a Financial Consultant. William A. Clark's occupation for the last five years is Director and Stockholder of Cornerstone Advisors, Inc. and Vice President and former Director/Trustee of Cornerstone Total Return Fund, Inc. and Cornerstone Progressive Return Fund.

(a)(2)(i) Ralph W. Bradshaw and William A. Clark

(a)(2)(ii)(A) Registered Investment Companies - Ralph W. Bradshaw and William A. Clark each manage two other registered closed-end funds (Cornerstone Total Return Fund, Inc. and Cornerstone Progressive Return Fund). As of December 31, 2009, the total assets of Cornerstone Total Return Fund, Inc. was \$23.2 million. As of December 31, 2009, the total assets of Cornerstone Progressive Return Fund, Inc. was \$62.4 million.

(a)(2)(ii)(B) Not applicable

(a)(2)(ii)(C) Not applicable

(a)(2)(iii) None. Ralph W. Bradshaw and William A. Clark manage no accounts where the Advisory Fee is based on the performance of the account.

(a)(2)(iv) None.

(a)(3) As of the most recent fiscal year end December 31, 2009, the compensation paid to both Ralph W. Bradshaw and William A. Clark was fixed.

(a)(4) The dollar range of equity securities owned in the registrant beneficially by each portfolio manager is as follows: for Ralph W. Bradshaw it is in the range of \$10,001-\$50,000 and for William A. Clark it is in the range of \$10,001-\$50,000.

(b) None.

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

None

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

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

ITEM 11. CONTROLS AND PROCEDURES.

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

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

ITEM 12. EXHIBITS.

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

(a)(1) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit: EX-99.CODEETH

(a)(2) A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the Act (17 CFR 270.30a-2(a)): EX-99.CERT

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

(b) Certifications required by Rule 30a-2(b) under the Act (17 CFR 270.30a-2(b)): EX-99.906CERT

(99) Proxy Voting Policies of the Registrant and Adviser attached as EX-99.VOTEREG.

SIGNATURES

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

(Registrant) CORNERSTONE STRATEGIC VALUE FUND, INC.

By (Signature and Title)* /S/ RALPH W. BRADSHAW

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

Date MARCH 5, 2010

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

By (Signature and Title)* /S/ RALPH W. BRADSHAW

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

Date MARCH 5, 2010

By (Signature and Title)* /S/ FRANK J. MARESCA

Frank J. Maresca, Treasurer
(Principal Financial Officer)

Date MARCH 5, 2010

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