

CORNERSTONE STRATEGIC VALUE FUND INC/ NEW  
 Form N-Q  
 November 22, 2004

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
 MANAGEMENT INVESTMENT COMPANY

INVESTMENT COMPANY ACT FILE NUMBER: 811-05150

CORNERSTONE STRATEGIC VALUE FUND, INC.  
 (Exact name of registrant as specified in charter)

383 MADISON AVENUE  
 NEW YORK, NEW YORK 10179  
 (Address of principal executive offices) (Zip code)

JODI B. LEVINE, TREASURER  
 383 MADISON AVENUE  
 NEW YORK, NEW YORK 10179  
 (Name and address of agent for service)

Registrant's telephone number, including area code: (212) 272-3550  
 Date of fiscal year-end: DECEMBER 31, 2004  
 Date of reporting period: SEPTEMBER 30, 2004

ITEM 1: SCHEDULE OF INVESTMENTS

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 CORNERSTONE STRATEGIC VALUE FUND, INC.  
 SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2004 (UNAUDITED)  
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| DESCRIPTION                          | NO. OF<br>SHARES | VALUE      |
|--------------------------------------|------------------|------------|
| EQUITY SECURITIES - 99.52%           |                  |            |
| CLOSED-END DOMESTIC FUNDS - 2.12%    |                  |            |
| Adams Express Co.                    | 49,500           | \$ 628,155 |
| General American Investors Co., Inc. | 3,000            | 88,590     |
| Salmon Brothers Fund, Inc. (The)     | 11,900           | 141,729    |
| Tri Continental Corp.                | 77,000           | 1,278,970  |
| Zweig Fund, Inc.                     | 176,600          | 943,044    |
|                                      |                  | -----      |
|                                      |                  | 3,080,488  |
|                                      |                  | -----      |
| CONSUMER DISCRETIONARY - 14.40%      |                  |            |
| Bed Bath & Beyond Inc. +             | 4,200            | 155,862    |
| Best Buy Co., Inc.                   | 4,750            | 257,640    |
| Carnival Corp.                       | 11,800           | 558,022    |
| Circuit City Stores, Inc.            | 1,000            | 15,340     |
| Clear Channel Communications, Inc.   | 8,800            | 274,296    |

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|                                       |         |            |
|---------------------------------------|---------|------------|
| Comcast Corp., Class A +              | 31,537  | 890,605    |
| Comcast Corp., Special Class A +      | 4,100   | 114,472    |
| Costco Wholesale Corp.                | 6,500   | 270,140    |
| CVS Corp.                             | 2,500   | 105,325    |
| Delphi Corp.                          | 7,600   | 70,604     |
| Eastman Kodak Co.                     | 1,400   | 45,108     |
| Federated Department Stores, Inc.     | 1,000   | 45,430     |
| Ford Motor Co.                        | 26,300  | 369,515    |
| Fortune Brands, Inc.                  | 1,000   | 74,090     |
| Furniture Brands International, Inc.  | 52,200  | 1,309,176  |
| Gannett Co., Inc.                     | 2,000   | 167,520    |
| Gap, Inc. (The)                       | 12,200  | 228,140    |
| General Motors Corp.                  | 6,500   | 276,120    |
| Gildan Activewear Inc., Class A +     | 44,300  | 1,249,260  |
| Goodyear Tire & Rubber Co. (The) +    | 4,500   | 48,330     |
| Harley-Davidson, Inc.                 | 4,400   | 261,536    |
| Hilton Hotels Corp.                   | 3,200   | 60,288     |
| Home Depot, Inc. (The)                | 30,600  | 1,199,520  |
| J.C. Penney Co., Inc.                 | 4,500   | 158,760    |
| Kohl's Corp. +                        | 5,000   | 240,950    |
| Lowe's Companies, Inc.                | 11,200  | 608,720    |
| Marriott International, Inc., Class A | 2,100   | 109,116    |
| Mattel, Inc.                          | 5,500   | 99,715     |
| May Department Stores Co. (The)       | 4,900   | 125,587    |
| McDonald's Corp.                      | 17,600  | 493,328    |
| Monsanto Co.                          | 580     | 21,124     |
| NIKE, Inc., Class B                   | 2,300   | 181,240    |
| Omnicom Group Inc.                    | 1,600   | 116,896    |
| Reebok International Ltd.             | 1,500   | 55,080     |
| Rockwell Automation, Inc.             | 2,500   | 96,750     |
| Sears, Roebuck & Co.                  | 1,600   | 63,760     |
| Staples, Inc.                         | 7,200   | 214,704    |
| Starbucks Corp. +                     | 5,400   | 245,484    |
| Target Corp.                          | 11,800  | 533,950    |
| Time Warner Inc. +                    | 57,750  | 932,085    |
| TJX Companies, Inc. (The)             | 7,000   | 154,280    |
| Toys R Us, Inc. +                     | 1,000   | 17,740     |
| United Natural Foods, Inc. +          | 138,200 | 3,676,120  |
| Viacom Inc., non-voting Class B       | 23,900  | 802,084    |
| Wal-Mart Stores, Inc.                 | 59,800  | 3,181,360  |
| Walt Disney Co. (The)                 | 29,200  | 658,460    |
| Yum! Brands, Inc. +                   | 3,000   | 121,980    |
|                                       |         | -----      |
|                                       |         | 20,955,612 |
|                                       |         | -----      |

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CORNERSTONE STRATEGIC VALUE FUND, INC.  
SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2004 (UNAUDITED)  
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| DESCRIPTION                    | NO. OF<br>SHARES | VALUE     |
|--------------------------------|------------------|-----------|
| CONSUMER STAPLES - 6.20%       |                  |           |
| Albertson's, Inc.              | 2,500            | 59,825    |
| Altria Group, Inc.             | 29,300           | 1,378,272 |
| Anheuser-Busch Companies, Inc. | 8,700            | 434,565   |
| Archer-Daniels-Midland Co.     | 5,460            | 92,711    |
| Campbell Soup Co.              | 2,000            | 52,580    |

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|                                  |        |           |
|----------------------------------|--------|-----------|
| Coca-Cola Co. (The)              | 21,800 | 873,090   |
| Coca-Cola Enterprises Inc.       | 6,500  | 122,850   |
| Colgate-Palmolive Co.            | 8,400  | 379,512   |
| ConAgra Foods, Inc.              | 4,400  | 113,124   |
| General Mills, Inc.              | 2,500  | 112,250   |
| Gillette Co. (The)               | 12,600 | 525,924   |
| H.J. Heinz Co.                   | 1,600  | 57,632    |
| Kimberly-Clark Corp.             | 6,900  | 445,671   |
| Kroger Co. (The) +               | 4,800  | 74,496    |
| Pepsi Bottling Group, Inc. (The) | 4,000  | 108,600   |
| PepsiCo, Inc.                    | 24,800 | 1,206,520 |
| Procter & Gamble Co. (The)       | 37,600 | 2,034,912 |
| Sara Lee Corp.                   | 11,500 | 262,890   |
| Sysco Corp.                      | 5,800  | 173,536   |
| Walgreen Co.                     | 14,300 | 512,369   |

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9,021,329  
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ENERGY - 7.25%

|                             |         |           |
|-----------------------------|---------|-----------|
| Anadarko Petroleum Corp.    | 900     | 59,724    |
| Baker Hughes Inc.           | 1,100   | 48,092    |
| CenterPoint Energy, Inc.    | 3,900   | 40,404    |
| ChevronTexaco Corp.         | 19,330  | 1,036,861 |
| ConocoPhillips              | 6,237   | 516,736   |
| Exxon Mobil Corp.           | 71,000  | 3,431,430 |
| FMC Technologies, Inc. +    | 105,800 | 3,533,720 |
| Marathon Oil Corp.          | 1,500   | 61,920    |
| Reliant Energy Inc. +       | 1,104   | 10,300    |
| Schlumberger Ltd.           | 4,600   | 309,625   |
| Unocal Corp.                | 1,200   | 51,600    |
| Western Gas Resources, Inc. | 50,800  | 1,452,372 |

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10,552,784  
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FINANCIALS - 19.39%

|   |        |           |
|---|--------|-----------|
| Affiliated Managers Group, Inc. +             | 30,300 | 1,622,262 |
| AFLAC Inc.                                    | 7,000  | 274,470   |
| Allstate Corp. (The)                          | 9,300  | 446,307   |
| American Express Co.                          | 15,600 | 802,776   |
| American International Group, Inc.            | 37,531 | 2,551,733 |
| Aon Corp.                                     | 4,900  | 140,826   |
| Bank of America Corp.                         | 55,616 | 2,409,841 |
| Bank of New York Co., Inc. (The)              | 11,800 | 344,206   |
| Charles Schwab Corp. (The)                    | 12,000 | 110,280   |
| Citigroup Inc.                                | 74,300 | 3,278,116 |
| Direct General Corp.                          | 6,500  | 187,980   |
| Fannie Mae                                    | 13,000 | 824,200   |
| Fifth Third Bancorp                           | 9,000  | 442,980   |
| First Marblehead Corp. (The) +                | 73,300 | 3,401,120 |
| Franklin Resources, Inc.                      | 3,700  | 206,312   |
| Freddie Mac                                   | 9,500  | 619,780   |
| Goldman Sachs Group, Inc. (The)               | 7,300  | 680,652   |
| Hartford Financial Services Group, Inc. (The) | 6,000  | 371,580   |
| HSBC Holdings plc, ADR                        | 2,300  | 183,540   |
| J.P. Morgan Chase & Co.                       | 30,332 | 1,205,090 |
| Lehman Brothers Holdings Inc.                 | 3,600  | 286,992   |
| Manulife Financial Corp.                      | 2,963  | 129,750   |
| Marsh & McLennan Companies, Inc.              | 4,100  | 187,616   |

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CORNERSTONE STRATEGIC VALUE FUND, INC.  
 SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2004 (UNAUDITED)

| DESCRIPTION                              | NO. OF<br>SHARES | VALUE      |
|--|------------------|------------|
| MBNA Corp.                               | 12,600           | 317,520    |
| Merrill Lynch & Co., Inc.                | 14,400           | 715,968    |
| MetLife, Inc.                            | 10,200           | 394,230    |
| Morgan Stanley                           | 15,500           | 764,150    |
| National City Corp.                      | 9,700            | 374,614    |
| Northern Trust Corp.                     | 3,500            | 142,800    |
| Piper Jaffray Companies., Inc. +         | 104              | 4,117      |
| PNC Financial Services Group             | 4,100            | 221,810    |
| Prudential Financial, Inc.               | 8,200            | 385,728    |
| St. Paul Travelers Companies, Inc. (The) | 9,476            | 313,277    |
| State Street Corp.                       | 3,500            | 149,485    |
| SunTrust Banks, Inc.                     | 3,600            | 253,476    |
| UnumProvident Corp.                      | 1,100            | 17,259     |
| U.S. Bancorp                             | 25,401           | 734,089    |
| Wachovia Corp.                           | 17,600           | 826,320    |
| Washington Mutual, Inc.                  | 11,550           | 451,374    |
| Wells Fargo & Co.                        | 24,200           | 1,443,046  |
|  |                  | -----      |
|  |                  | 28,217,672 |
|  |                  | -----      |
| HEALTHCARE - 12.86%                      |                  |            |
| Abbott Laboratories                      | 21,000           | 889,560    |
| Allergan Inc.                            | 1,000            | 72,550     |
| Amgen Inc. +                             | 18,900           | 1,071,252  |
| Becton, Dickinson & Co.                  | 3,900            | 201,630    |
| Boston Scientific Corp. +                | 12,300           | 488,679    |
| Bristol-Myers Squibb Co.                 | 14,400           | 340,848    |
| Cardinal Health, Inc.                    | 2,950            | 129,122    |
| Cooper Companies, Inc. (The)             | 60,000           | 4,113,000  |
| Edwards Lifesciences Corp. +             | 53,000           | 1,775,500  |
| Eli Lilly & Co.                          | 14,500           | 870,725    |
| Guidant Corp.                            | 1,400            | 92,456     |
| HCA Inc.                                 | 3,500            | 133,525    |
| HEALTHSOUTH Corp. +                      | 4,300            | 21,715     |
| Hospira, Inc. +                          | 700              | 21,420     |
| Johnson & Johnson                        | 40,900           | 2,303,897  |
| McKesson Corp.                           | 2,300            | 58,995     |
| Medco Health Solutions, Inc. +           | 1,687            | 52,128     |
| Medtronic, Inc.                          | 16,300           | 845,970    |
| Merck & Co. Inc.                         | 20,500           | 676,500    |
| Pfizer Inc.                              | 99,660           | 3,049,596  |
| Schering-Plough Corp.                    | 7,500            | 142,950    |
| Tenet Healthcare Corp. +                 | 2,250            | 24,277     |
| UnitedHealth Group Inc.                  | 8,500            | 626,790    |
| Wyeth                                    | 19,200           | 718,080    |
|  |                  | -----      |
|  |                  | 18,721,165 |
|  |                  | -----      |
| INDUSTRIALS - 8.86%                      |                  |            |
| 3M Co.                                   | 4,400            | 351,868    |
| Automatic Data Processing, Inc.          | 4,900            | 202,468    |
| Boeing Co. (The)                         | 11,700           | 603,954    |

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|                  |       |         |
|------------------|-------|---------|
| Caterpillar Inc. | 2,900 | 233,305 |
| Cendant Corp.    | 6,000 | 129,600 |
| CSX Corp.        | 1,000 | 33,200  |

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CORNERSTONE STRATEGIC VALUE FUND, INC.  
SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2004 (UNAUDITED)  
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| DESCRIPTION                                   | NO. OF<br>SHARES | VALUE      |
|---|------------------|------------|
| Emerson Electric Co.                          | 3,500            | 216,615    |
| FedEx Corp.                                   | 4,500            | 385,605    |
| General Dynamics Corp.                        | 3,100            | 316,510    |
| General Electric Co.                          | 52,700           | 1,769,666  |
| Heartland Express, Inc.                       | 57,535           | 1,061,521  |
| Honeywell International Inc.                  | 12,500           | 448,250    |
| Illinois Tool Works Inc.                      | 2,400            | 223,608    |
| IMS Health Inc.                               | 1,400            | 33,488     |
| Lockheed Martin Corp.                         | 4,000            | 223,120    |
| Masco Corp.                                   | 4,200            | 145,026    |
| Paychex, Inc.                                 | 4,200            | 126,630    |
| Shuffle Master, Inc. +                        | 32,200           | 1,206,212  |
| Southwest Airlines Co.                        | 6,450            | 87,849     |
| Tyco International Ltd.                       | 8,397            | 257,452    |
| Union Pacific Corp.                           | 2,000            | 117,200    |
| United Parcel Service, Inc., Class B          | 16,300           | 1,237,496  |
| United Technologies Corp.                     | 7,200            | 672,336    |
| USF Corp.                                     | 72,600           | 2,605,614  |
| Waste Management, Inc.                        | 4,200            | 114,828    |
| Transocean Inc. +                             | 2,500            | 89,450     |
|   |                  | -----      |
|   |                  | 12,892,871 |
|   |                  | -----      |
| INFORMATION TECHNOLOGY - 14.42%               |                  |            |
| Adobe Systems Inc.                            | 1,100            | 54,417     |
| Agere Systems Inc., Class A +                 | 240              | 252        |
| Agilent Technologies, Inc. +                  | 3,300            | 71,181     |
| Altera Corp. +                                | 3,400            | 66,538     |
| Analog Devices, Inc.                          | 2,700            | 104,706    |
| Apple Computer, Inc. +                        | 1,500            | 58,125     |
| Applied Materials, Inc. +                     | 7,800            | 128,622    |
| CACI International Inc., Class A +            | 9,800            | 517,244    |
| Cisco Systems, Inc. +                         | 96,400           | 1,744,840  |
| Corning Inc. +                                | 3,000            | 33,240     |
| Dell Inc. +                                   | 29,700           | 1,057,320  |
| eBay Inc. +                                   | 9,500            | 873,430    |
| Electronic Arts Inc. +                        | 2,000            | 91,980     |
| Electronic Data Systems Corp.                 | 1,000            | 19,390     |
| EMC Corp. +                                   | 271,848          | 3,137,126  |
| Fairchild Semiconductor International, Inc. + | 201,600          | 2,856,672  |
| First Data Corp.                              | 7,324            | 318,594    |
| Hewlett-Packard Co.                           | 27,900           | 523,125    |
| Intel Corp.                                   | 80,600           | 1,616,836  |
| International Business Machines Corp.         | 21,000           | 1,800,540  |
| Linear Technology Corp.                       | 2,500            | 90,600     |
| Maxim Integrated Products, Inc.               | 2,300            | 97,267     |
| Micron Technology, Inc. +                     | 2,500            | 30,075     |
| Microsoft Corp.                               | 142,100          | 3,929,065  |

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|                          |        |            |
|--------------------------|--------|------------|
| Motorola, Inc.           | 13,700 | 247,148    |
| Oracle Corp. +           | 26,100 | 294,408    |
| QUALCOMM Inc.            | 17,000 | 663,680    |
| Sanmina-SCI Corp. +      | 2,500  | 17,625     |
| Siebel Systems, Inc. +   | 2,500  | 18,850     |
| Solelectron Corp. +      | 3,000  | 14,850     |
| Sun Microsystems, Inc. + | 7,500  | 30,300     |
| Texas Instruments Inc.   | 8,800  | 187,264    |
| Yahoo! Inc. +            | 8,800  | 298,408    |
|                          |        | -----      |
|                          |        | 20,993,718 |
|                          |        | -----      |

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CORNERSTONE STRATEGIC VALUE FUND, INC.  
SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2004 (UNAUDITED)  
-----

| DESCRIPTION                            | NO. OF<br>SHARES | VALUE      |
|--|------------------|------------|
| -----                                  |                  |            |
| MATERIALS - 10.07%                     |                  |            |
| Air Products & Chemicals, Inc.         | 1,000            | 54,380     |
| Alcoa Inc.                             | 4,200            | 141,078    |
| Dow Chemical Co. (The)                 | 5,400            | 243,972    |
| E.I. Du Pont de Nemours & Co.          | 8,500            | 363,800    |
| Georgia-Pacific Corp.                  | 2,000            | 71,900     |
| International Paper Co.                | 4,500            | 181,845    |
| Joy Global Inc.                        | 114,100          | 3,922,758  |
| Packaging Corp. of America             | 105,500          | 2,581,585  |
| Peabody Energy Corp.                   | 67,000           | 3,986,500  |
| Praxair, Inc.                          | 3,000            | 128,220    |
| Rohm & Haas Co.                        | 1,000            | 42,970     |
| Steel Dynamics, Inc. +                 | 74,300           | 2,869,466  |
| Weyerhaeuser Co.                       | 1,000            | 66,480     |
|  |                  | -----      |
|  |                  | 14,654,954 |
|  |                  | -----      |
| REAL ESTATE INVESTMENT TRUSTS - 0.15%  |                  |            |
| Simon Property Group Inc.              | 4,000            | 214,520    |
|  |                  | -----      |
| TELECOMMUNICATIONS SERVICES - 2.34%    |                  |            |
| ALLTEL Corp.                           | 1,500            | 82,365     |
| AT&T Corp.                             | 9,320            | 133,462    |
| AT&T Wireless Services Inc. +          | 26,056           | 385,108    |
| BellSouth Corp.                        | 20,000           | 542,400    |
| Lucent Technologies Inc. +             | 10,700           | 33,919     |
| Nextel Communications, Inc., Class A + | 11,000           | 262,240    |
| SBC Communications Inc.                | 30,600           | 794,070    |
| Sprint Corp. (FON Group)               | 10,800           | 217,404    |
| Verizon Communications Inc.            | 24,100           | 949,058    |
|  |                  | -----      |
|  |                  | 3,400,026  |
|  |                  | -----      |
| UTILITIES - 1.46%                      |                  |            |
| American Electric Power Co., Inc.      | 2,700            | 86,292     |
| Dominion Resources, Inc.               | 2,100            | 137,025    |
| Duke Energy Corp.                      | 5,300            | 121,317    |

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|                                      |       |             |
|--------------------------------------|-------|-------------|
| Edison International                 | 4,000 | 106,040     |
| Exelon Corp.                         | 8,000 | 293,520     |
| FirstEnergy Corp.                    | 5,000 | 205,400     |
| FPL Group, Inc.                      | 3,500 | 239,120     |
| Progress Energy, Inc.                | 3,500 | 148,190     |
| Public Service Enterprise Group Inc. | 1,000 | 42,600      |
| Scottish Power plc, ADR              | 4,000 | 123,360     |
| Southern Co. (The)                   | 8,400 | 251,832     |
| TXU Corp.                            | 4,700 | 225,224     |
| Xcel Energy, Inc.                    | 8,200 | 142,024     |
|                                      |       | -----       |
|                                      |       | 2,121,944   |
|                                      |       | -----       |
| TOTAL EQUITY SECURITIES - 99.52%     |       |             |
| (Cost - \$123,994,078)               |       | 144,827,083 |
|                                      |       | =====       |

|   | PRINCIPAL<br>AMOUNT<br>(000'S) | VALUE   |
|---|--------------------------------|---------|
|   | -----                          | -----   |
| SHORT-TERM INVESTMENTS - 5.74%  |                                |         |
| REPURCHASE AGREEMENTS - 5.74%   |                                |         |
| Bear, Stearns & Co. Inc.  |                                |         |
| (Agreement dated 09/30/04 to be repurchased<br>at \$830,629), 1.68%, 10/01/04 | \$ 831                         | 830,606 |

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CORNERSTONE STRATEGIC VALUE FUND, INC.  
SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2004 (UNAUDITED)  
-----

| DESCRIPTION  | PRINCIPAL<br>AMOUNT<br>(000'S) | VALUE         |
|--|--------------------------------|---------------|
| -----  | -----                          | -----         |
| Bear, Stearns & Co. Inc.   |                                |               |
| (Agreement dated 09/30/04 to be repurchased<br>at \$1,561,259), 0.94%*, 10/01/04,<br>collateralized by U.S. Treasury Bonds** | 1,516                          | 1,516,220     |
| Bear, Stearns & Co. Inc.   |                                |               |
| (Agreement dated 09/30/04 to be repurchased<br>at \$6,166,677), 1.88%*, 10/01/04,<br>collateralized by U.S. Treasury Bonds** | 6,002                          | 6,002,364     |
|  |                                | -----         |
| TOTAL SHORT-TERM INVESTMENTS   |                                |               |
| (Cost - \$8,349,190)   |                                | 8,349,190     |
|  |                                | -----         |
| TOTAL INVESTMENTS - 105.26%  |                                |               |
| (cost - \$132,343,268)   |                                | 153,176,273   |
|  |                                | -----         |
| LIABILITIES IN EXCESS OF OTHER ASSETS - (5.26)%  |                                | (7,648,273)   |
|  |                                | -----         |
| NET ASSETS - 100.00%   |                                | \$145,528,000 |
|  |                                | =====         |

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- + Non-income producing security.
- \* Stated interest rate, before rebate earned by borrower of securities on loan.
- \*\* Represents investment purchased with cash collateral received.

ADR American Depositary Receipts.

Portfolio Valuation - Investments are stated at value in the accompanying financial statements. All equity securities shall be valued at the closing price on the exchange or market on which the security is primarily traded ("Primary Market"). If the security did not trade on the Primary Market, it shall be valued at the closing price on another exchange where it trades. If there are no such sales prices, the value shall be the most recent bid, and if there is no bid, the security shall be valued at the most recent asked. If no pricing service is available and there are more than two dealers, the value shall be the mean of the highest bid and the lowest ask. If there is only one dealer, then the value shall be the mean if bid and ask are available, otherwise the value shall be the bid. All other securities and assets are valued as determined in good faith by the Board of Directors. Short-term investments having a maturity of 60 days or less are valued on the basis of amortized cost. The Board of Directors has established general guidelines for calculating fair value of not readily marketable securities. At September 30, 2004, the Fund held no securities valued in good faith by the Board of Directors. The net asset value per share of the Fund is calculated weekly and on the last business day of the month with the exception of those days on which the American Stock Exchange, LLC is closed.

Repurchase Agreements - The Fund has agreed to purchase securities from financial institutions subject to the seller's agreement to repurchase them at an agreed-upon time and price ("repurchase agreements"). The financial institutions with whom the Fund enters into repurchase agreements are banks and broker/ dealers, which Cornerstone Advisors, Inc. (the Fund's "Investment Manager" or "Cornerstone") considers creditworthy. The seller under a repurchase agreement will be required to maintain the value of the securities as collateral, subject to the agreement at not less than the repurchase price plus accrued interest. Cornerstone monitors daily, the mark-to-market of the value of the collateral, and, if necessary, requires the seller to maintain additional securities, so that the value of the collateral is not less than the repurchase price. Default by or bankruptcy of the seller would, however, expose the Fund to possible loss because of adverse market action or delays in connection with the disposition of underlying securities.

Federal Income Tax Cost - At September 30, 2004, 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 depreciation from investments for those securities having an excess of cost over value and the net unrealized appreciation from investments were \$132,343,268, \$26,849,126, \$(6,016,121) and \$20,833,005, respectively.

Other information regarding the Fund is available in the Fund's most recent Report to Shareholders. This information is available to registered shareholders by calling (800) 937-5449. For general inquiries, please call (212) 272-3550. This information is also available on the website of the Securities and Exchange Commission - <http://www.sec.gov>.

### ITEM 2: CONTROLS AND PROCEDURES

(a) As of a date within 90 days from the filing date of this report, the



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principal executive officer and principal financial officer concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the "Act")), were effective based on their evaluation of the disclosure controls and procedures required by Rule 30a-3(b) under the Act and Rules 13a-15(b) or 15d-15(b) under the Securities and Exchange Act of 1934.

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 3: EXHIBITS

1. The certifications of the registrant as required by Rule 30a-2(a) under the Act are exhibits to this report.

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SIGNATURES

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

Cornerstone Strategic Value Fund, Inc.

/s/ Ralph W. Bradshaw  
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Name: Ralph W. Bradshaw  
Title: Principal Executive Officer  
Date: November 22, 2004

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.

/s/ Ralph W. Bradshaw  
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Name: Ralph W. Bradshaw  
Title: Principal Executive Officer  
Date: November 22, 2004

/s/ Jodi B. Levine  
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Name: Jodi B. Levine  
Title: Principal Financial Officer  
Date: November 22, 2004