

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 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
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		20,955,612
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DESCRIPTION	NO. OF 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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 SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2004 (UNAUDITED)

DESCRIPTION	NO. OF 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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SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2004 (UNAUDITED)  
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DESCRIPTION	NO. OF 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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SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2004 (UNAUDITED)  
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DESCRIPTION	NO. OF SHARES	VALUE
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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 AMOUNT (000'S)	VALUE
	-----	-----
SHORT-TERM INVESTMENTS - 5.74%		
REPURCHASE AGREEMENTS - 5.74%		
Bear, Stearns & Co. Inc.		
(Agreement dated 09/30/04 to be repurchased at \$830,629), 1.68%, 10/01/04	\$ 831	830,606

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SCHEDULE OF INVESTMENTS - SEPTEMBER 30, 2004 (UNAUDITED)  
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DESCRIPTION	PRINCIPAL AMOUNT (000'S)	VALUE
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Bear, Stearns & Co. Inc.		
(Agreement dated 09/30/04 to be repurchased at \$1,561,259), 0.94%*, 10/01/04, collateralized by U.S. Treasury Bonds**	1,516	1,516,220
Bear, Stearns & Co. Inc.		
(Agreement dated 09/30/04 to be repurchased at \$6,166,677), 1.88%*, 10/01/04, 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  
-----

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

/s/ Jodi B. Levine  
-----

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