

BLUE CHIP VALUE FUND INC  
Form N-CSR  
March 09, 2007

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: 811-5003

Blue Chip Value Fund, Inc.  
(Exact name of registrant as specified in charter)

1225 17th Street, 26th Floor, Denver, Colorado 80202  
(Address of principal executive offices) (Zip code)

Michael P. Malloy  
Drinker Biddle & Reath LLP  
One Logan Square  
18<sup>th</sup> & Cherry Streets  
Philadelphia, Pennsylvania 19103-6996  
(Name and address of agent for service)

Registrant's Telephone Number, including Area Code: (800) 624-4190

Date of fiscal year end: December 31

Date of reporting period: December 31, 2006

**Item 1 - Reports to Stockholders**

The following is a copy of the report to shareholders pursuant to Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1).

**Annual Report  
to Stockholders**

**December 31, 2006**

## INVESTMENT ADVISER'S COMMENTARY

Dear Fellow Stockholders:

For the fourth quarter of 2006, Blue Chip Value Fund posted a strong return of 8.15% versus the S&P 500 Index at 6.70% and the Lipper Large-Cap Core peer group at 6.42%. The Fund returned 12.89% for the year, finishing behind the S&P 500 and the Lipper Large-Cap Core group, which posted returns of 15.80% and 13.39%, respectively.

For the year, the Fund underperformed in the technology, medical/healthcare and communications sectors. Our holdings of Dell and Intel hurt performance earlier in the year as we overestimated management's ability to improve their earnings. We sold Dell, but not Intel because our conviction for Intel remains and its performance has improved. IBM was a strong contributor in the fourth quarter.

In the communications sector our investment in cell phone giant Nokia underperformed our expectations, because demand forecasts moved lower and licensing issues created short-term uncertainty. However, it appears to us that Nokia continues to gain market share and remains dominant in emerging markets where demand growth is the strongest.

In the medical/healthcare sector, Zimmer Holdings, a medical device company, was among the stronger performers in the portfolio. For the quarter and year, our investment in Teva Pharmaceutical Industries hurt performance because of concerns about competition in the generic drug industry. However, we believe that Teva has good prospects in the near future because several large branded drugs are coming off patent, and we expect the company will offer generic alternatives.

For the year, Fund holdings in the consumer cyclical, interest rate sensitive and consumer staples sectors outperformed the benchmark. In consumer cyclicals, Walt Disney did well because of improved profits at theme parks and movies, and JC Penney did well because better merchandising continued to improve sales and profits.

Our best performance for the fourth quarter came from the interest rate sensitive sector. Within this sector Merrill Lynch and Morgan Stanley continued to benefit from a very strong trading market, a good mergers and acquisitions market, and strong equity issuance in initial public offerings. We also benefited from MBIA, a financial guarantee company.

## Edgar Filing: BLUE CHIP VALUE FUND INC - Form N-CSR

In consumer staples, the Fund's strong relative performance was driven by our holding of Bunge Limited, one of the world's largest processors of soybeans, with related fertilizer and food products businesses.

While our energy holdings did well for the year, they did not do well in the fourth quarter. This shortfall was primarily attributed to our holding of Transocean, an offshore contract drilling company, as the price of the stock was hurt by the decline in oil prices.

We remain optimistic about the prospects for the Blue Chip Value Fund. We believe that our research process can identify undervalued companies generating strong free cash flow and improving returns on capital. We believe this process has resulted in a portfolio of quality, large-cap stocks that have been purchased at attractive prices relative to their intrinsic value. As we look forward to 2007, we thank you for your continued support.

Sincerely,

Todger Anderson, CFA  
President, Blue Chip Value Fund, Inc.  
Chairman, Denver Investment Advisors LLC

*The Investment Adviser's Commentary included in this report contains certain forward-looking statements about the factors that may affect the performance of the Fund in the future. These statements are based on Fund management's predictions and expectations concerning certain future events and their expected impact on the Fund, such as performance of the economy as a whole and of specific industry sectors, changes in the levels of interest rates, the impact of developing world events, and other factors that may influence the future performance of the Fund. Management believes these forward-looking statements to be reasonable, although they are inherently uncertain and difficult to predict. Actual events may cause adjustments in portfolio management strategies from those currently expected to be employed.*

**Sector Diversification in Comparison to  
S&P 500 as of December 31, 2006\***

	<b>Fund</b>	<b>S&amp;P 500</b>
Basic Materials	0.0%	2.7%
Capital Goods	9.2%	8.7%
Commercial Services	4.4%	2.4%
Communications	3.8%	7.2%
Consumer Cyclical	10.3%	12.7%
Consumer Staples	7.8%	8.8%
Energy	7.9%	9.4%
Financials	25.5%	20.1%
Medical/Healthcare	16.4%	11.5%
REITs	0.0%	1.1%
Technology	11.9%	10.1%
Transportation	2.6%	1.6%
Utilities	0.0%	3.7%
Short-Term Investments	0.2%	0.0%

*\*Sector diversification percentages are based on the Fund's total investments at market value. Sector diversification is subject to change and may not be representative of future investments.*

**Average Annual Total Returns  
as of December 31, 2006**

<b>Return</b>	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
Blue Chip Value Fund Net Asset Value	12.89%	10.96%	6.51%	8.12%
Blue Chip Value Fund Market Price	4.58%	8.90%	5.18%	8.00%
S&P 500 Index	15.79%	10.44%	6.19%	8.42%

*Past performance is no guarantee of future results. Share prices will fluctuate, so that a share may be worth more or less than its original cost when sold. Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each period reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Rights offerings, if any, are assumed for purposes of this calculation to be fully subscribed under the terms of the rights offering. Please note that the Fund's total return shown above does not reflect the deduction of taxes that a stockholder would pay on Fund distributions or the sale of Fund shares. Current performance may be higher or lower than the total return shown above. Please visit our website at [www.blu.com](http://www.blu.com) to obtain the most recent month end returns. Generally, total investment return based on net asset value will be higher than total investment return based on market value in periods where there is an increase in the discount or a decrease in the premium of the market value to the net asset value from the beginning to the end of such periods. Conversely, total investment return based on the net asset value will be lower than total investment return based on market value in periods where there is a decrease in the discount or an increase in the premium of the market value to the net asset value from the beginning to the end of such periods.*



## **MANAGED DISTRIBUTION POLICY**

The Blue Chip Value Fund has a Managed Distribution Policy. This policy is to make quarterly distributions of at least 2.5% of the Fund's net asset value to stockholders. This is the quarterly payment that most Fund investors elect to receive in cash. The Board of Directors believes this policy creates a predictable level of quarterly cash flow to Fund shareholders. You should not draw any conclusions about the Fund's investment performance from the amount of this distribution. Please see the Fund's performance information on Page 5 of this report. The Fund's Managed Distribution Policy may be changed at the discretion of the Fund's Board of Directors, however at this time, the Board has no intention of making any changes.

The Fund's performance is measured by its total return. The source of the Fund's total return is from income and net realized and unrealized gains and losses. The Fund realizes a capital gain or loss when it sells a security from its portfolio. If the Fund distributes more than its income and net realized capital gains, a portion of your distribution is a return of capital. When this happens, the Fund is giving you back money that you invested in the Fund. This portion of the distribution is not normally subject to income taxes. Please see the detail of the sources of the 2006 distributions presented on Page 11 of this report. It is important to note that the Fund's investment adviser, Denver Investment Advisors LLC, seeks to minimize the amount of net realized capital gains, if consistent with the Fund's investment objective, to reduce the amount of income taxes incurred by our stockholders. This strategy can lead to greater levels of return of capital being paid out under the Managed Distribution Policy.

Edgar Filing: BLUE CHIP VALUE FUND INC - Form N-CSR

Thus, the 2.5% quarterly distribution percentage does not reflect the Fund's investment performance and should not be confused with yield, income or return of the Fund.

The first graph on Page 8 represents the cumulative value of a \$10,000 investment in the Fund over the past ten years assuming reinvestment of all cash distributions through the Fund's Dividend Reinvestment Plan and full participation in rights offerings. Stockholders who do not reinvest cash distributions in the Fund have a different rate of return on their investment than is shown in the first graph on Page 8. Also, these stockholders reduce their investment in the Fund by the amount of any return of capital. By contrast, stockholders who elect to reinvest their distributions receive additional Fund shares.

At the Fund level, the payment of return of capital can lead to the Fund having lower total assets if the total return earned by the Fund is less than the cash distribution. Similarly, the Fund's net asset value per share will decline if the total return of the Fund's net asset value is less than the cash distribution payout level over the same period. This scenario has occurred over the past ten years as depicted in the graph on Page 9.



*Please Note: Performance calculations are as of the end of December each year. Past performance is not indicative of future results. This chart assumes an investment of \$10,000 on 1/1/97. This chart does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.*

*S&P 500 Index is a broad-based measurement of changes in stock market conditions based on the average performance of 500 widely held common stocks. It is an unmanaged index.*

*Please see Average Annual Total Return information on page 5.*

Edgar Filing: BLUE CHIP VALUE FUND INC - Form N-CSR

*Please Note: line graph points are as of the end of each calendar quarter.*

*Past performance is no guarantee of future results. Share prices will fluctuate, so that a share may be worth more or less than its original cost when sold.*

*1Reflects the actual market price of one share as it has traded on the NYSE.*

*2Reflects the actual NAV of one share.*

*3The graph above includes the annual distribution totals over the past ten years, which equals \$8.79 per share. The NAV Per Share is reduced by the amount of the distribution on the ex-dividend date . The sources of these distributions are as follows:*

<b>Year</b>	<b>Net Investment Income</b>	<b>Capital Gains</b>	<b>Return of Capital</b>	<b>Total Amount of Distribution</b>
1997	\$ 0.1000	\$ 1.4700	\$ 0.0000	\$ 1.57
1998	\$ 0.0541	\$ 1.0759	\$ 0.0000	\$ 1.13
1999	\$ 0.0335	\$ 1.6465	\$ 0.0000	\$ 1.68
2000	\$ 0.0530	\$ 0.8370	\$ 0.0000	\$ 0.89
2001	\$ 0.0412	\$ 0.3625	\$ 0.3363	\$ 0.74
2002	\$ 0.0351	\$ 0.0000	\$ 0.5249	\$ 0.56
2003	\$ 0.0136	\$ 0.0000	\$ 0.4964	\$ 0.51
2004	\$ 0.0283	\$ 0.5317	\$ 0.0000	\$ 0.56
2005	\$ 0.0150	\$ 0.1128	\$ 0.4422	\$ 0.57
2006	\$ 0.0182	\$ 0.1260	\$ 0.4358	\$ 0.58
<b>Totals</b>	\$ 0.3920	\$ 6.1624	\$ 2.2356	\$ 8.79
<b>% of Total Distribution</b>	4.46%	70.11%	25.43%	100.00%

## **DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN**

Blue Chip Value Fund, Inc.'s (the "Fund") Dividend Reinvestment and Cash Purchase Plan offers stockholders the opportunity to reinvest dividends and capital gain distributions in additional shares of the Fund. A stockholder may also make additional cash investments under the Plan. There is no service charge for participation.

Participating stockholders will receive additional shares issued at a price equal to the net asset value per share as of the close of the New York Stock Exchange on the record date ("Net Asset Value"), unless at such time the Net Asset Value is higher than the market price of the Fund's common stock, plus brokerage commission. In this case, the Fund will attempt, generally over the next 10 business days (the "Trading Period"), to acquire shares of the Fund's common stock in the open market at a price plus brokerage commission which is less than the Net Asset Value. In the event that prior to the time such acquisition is completed, the market price of such common stock plus commission equals or exceeds the Net Asset Value, or in the event that such market purchases are unable to be completed by the end of the Trading Period, then the balance of the distribution shall be completed by issuing additional shares at Net Asset Value.

Participating stockholders may also make additional cash investments (minimum \$50 and maximum \$10,000 per month) by check or money order (or by wire for a \$10 fee) to acquire additional shares of the Fund. Please note, however, that these additional shares will be purchased at market value plus brokerage commission (without regard to net asset value) per share.

A stockholder owning a minimum of 50 shares may join the Plan by sending an Enrollment Form to the Plan Agent at Mellon Investor Services, LLC, 480 Washington Blvd., Jersey City, NJ 07310.

The automatic reinvestment of dividends and distributions will not relieve participants of any income taxes that may be payable (or required to be withheld) on dividends or distributions, even though the stockholder does not receive the cash. Participants must own at least 50 shares at all times.

A stockholder may elect to withdraw from the Plan at any time on 15-days' prior written notice, and receive future dividends and distributions in cash. There is no penalty for

withdrawal from the Plan and stockholders who have withdrawn from the Plan may rejoin in the future.

The Fund may amend the Plan at any time upon 30-days prior notice to participants.

Additional information about the Plan may be obtained from Blue Chip Value Fund, Inc. by writing to 1225 17th Street, 26th Floor, Denver, CO 80202, by telephone at (800) 624-4190 or by visiting us at [www.blu.com](http://www.blu.com).

If your shares are registered with a broker, you may still be able to participate in the Fund's Dividend Reinvestment Plan. Please contact your broker about how to participate and to inquire if there are any fees which may be charged by the broker to your account.

## STOCKHOLDER DISTRIBUTION INFORMATION

Certain tax information regarding Blue Chip Value Fund, Inc. is required to be provided to stockholders based upon the Fund's income and distributions to the stockholders for the calendar year ended December 31, 2006.

The Board of Directors of Blue Chip Value Fund, Inc. voted to pay 2.5% of the Fund's net asset value on a quarterly basis in accordance with the Fund's distribution policy. The following table summarizes the final sources of such distributions:

	<b>Net Investment Income</b>	<b>Short-Term Capital Gain</b>	<b>Long-Term Capital Gain</b>	<b>Return of Capital</b>	<b>Total</b>
1st Quarter	\$ 0.0047	\$ 0.0042	\$ 0.0284	\$ 0.1127	\$ 0.15
2nd Quarter	\$ 0.0044	\$ 0.0039	\$ 0.0265	\$ 0.1052	\$ 0.14
3rd Quarter	\$ 0.0044	\$ 0.0039	\$ 0.0265	\$ 0.1052	\$ 0.14
4th Quarter	\$ 0.0047	\$ 0.0042	\$ 0.0284	\$ 0.1127	\$ 0.15
<b>Total</b>	<b>\$ 0.0182</b>	<b>\$ 0.0162</b>	<b>\$ 0.1098</b>	<b>\$ 0.4358</b>	<b>\$ 0.58</b>

The Fund notified stockholders by the end of January 2007 of amounts for use in preparing 2006 income tax returns.

100% of the distributions paid from net investment income and short-term capital gain qualify for the corporate dividends received deduction and meet the requirements of the tax rules regarding qualified dividend income. In addition, none of the distributions from net investment income include income derived from U.S. Treasury obligations. There were no assets invested in direct U.S. Government Obligations as of December 31, 2006.

## **HOW TO OBTAIN A COPY OF THE FUND'S PROXY VOTING POLICIES AND RECORDS**

A description of the policies and procedures that are used by the Fund's investment adviser to vote proxies relating to the Fund's portfolio securities is available (1) without charge, upon request, by calling (800) 624-4190; (2) on the Fund's website at [www.blu.com](http://www.blu.com) and (3) on the Fund's Form N-CSR which is available on the U.S. Securities and Exchange Commission (SEC) website [atwww.sec.gov](http://www.sec.gov).

Information regarding how the Fund's investment adviser voted proxies relating to the Fund's portfolio securities during the most recent 12-month period ended June 30 is available, (1) without charge, upon request by calling (800) 624-4190; (2) on the Fund's website at [www.blu.com](http://www.blu.com) and (3) on the SEC website at [www.sec.gov](http://www.sec.gov).

## **QUARTERLY PORTFOLIO HOLDINGS**

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year 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, D.C. Information on the operation of the SEC's Public Reference Room may be obtained by calling 1-800-SEC-0330. In addition, the Fund's complete schedule of portfolio holdings for the first and third quarters of each fiscal year is available on the Fund's website at [www.blu.com](http://www.blu.com).

## **SEND US YOUR E-MAIL ADDRESS**

If you would like to receive monthly portfolio composition and characteristic updates, press releases and financial reports electronically as soon as they are available, please send an e-mail to [blu@denveria.com](mailto:blu@denveria.com) and include your name and e-mail address. You will still receive paper copies of any required communications and reports in the mail. This service is completely voluntary and you can cancel at any time by contacting us via e-mail at [blu@denveria.com](mailto:blu@denveria.com) or toll-free at 1-800-624-4190.

## INFORMATION ON THE DIRECTORS AND OFFICERS OF THE FUND

The list below provides certain information about the identity and business experience of the directors and officers of the Fund.

### ***INTERESTED DIRECTORS\****

#### **TODGER ANDERSON, CFA<sup>1</sup>**

Age: 62

#### **Position(s) Held with the Fund:**

*President and Director*

#### **Term of Office<sup>2</sup> and Length of Time Served:**

President since 1987. Director from 1988 to 1995 and since 1998. Term as Director expires in 2007.

#### **Principal Occupations During the Past Five Years:**

Chairman, Denver Investment Advisors LLC (since 2004);

President, Westcore Funds (since 2005);

President, Denver Investment Advisors LLC and predecessor organizations (1983-2004);

Portfolio Manager, Westcore MIDCO Growth Fund (1986-2005);

Portfolio Co-Manager, Westcore Select Fund (2001-2005).

#### **Number of Portfolios in Fund Complex<sup>3</sup>**

**Overseen by Director:** One

**Other Directorships<sup>4</sup> Held by Director:** Fischer Imaging Corporation

The Fund's President has certified to the New York Stock Exchange that, as of June 5, 2006, he was not aware of any violation by the Fund of the applicable NYSE Corporate Governance listing standards. In addition, the Fund has filed certifications of its principal executive officer and principal financial officer as exhibits to its reports on Form N-CSR filed with the Securities and Exchange Commission relating to the quality of the disclosures contained in such reports.

**KENNETH V. PENLAND, CFA<sup>1</sup>**

Age: 64

**Position(s) Held with the Fund:**

*Chairman of the Board and Director*

**Term of Office<sup>2</sup> and Length of Time Served:**

Chairman of the Board and Director since 1987. Term as Director expires in 2009.

**Principal Occupations During the Past Five Years:**

Chairman, Denver Investment Advisors LLC and predecessor organizations (1983-2001);  
President, Westcore Funds (1995-2001)

Trustee, Westcore Funds (2001-2005).

**Number of Portfolios in Fund Complex<sup>3</sup>**

**Overseen by Director:** One

**Other Directorships<sup>4</sup> Held by Director:** None

***INDEPENDENT DIRECTORS***

**RICHARD C. SCHULTE<sup>1</sup>**

Age: 62

**Position(s) Held with the Fund:**

*Director*

**Term of Office<sup>2</sup> and Length of Time Served:**

Director since 1987. Term expires in 2008.

**Principal Occupations During the Past Five Years:**

Private Investor;

President, Transportation Service Systems, Inc., a subsidiary of Southern Pacific Lines, Denver, Colorado (1993-1996);

Employee, Rio Grande Industries, Denver, Colorado (holding company) (1991-1993).

**Number of Portfolios in Fund Complex<sup>3</sup>**

**Overseen by Director:** One

**Other Directorships<sup>4</sup> Held by Director:** None

**ROBERTA M. WILSON, CFA<sup>1</sup>**

Age: 63

**Position(s) Held with the Fund:**

*Director*

**Term of Office<sup>2</sup> and Length of Time Served:**

Director since 1987. Term expires in 2009.

**Principal Occupations During the Past Five Years:**

Management consultant and coach (since 1998);

Director of Finance, Denver Board of Water Commissioners (Retired), Denver, Colorado (1985-1998).

**Number of Portfolios in Fund Complex<sup>3</sup>**

**Overseen by Director:** One

**Other Directorships<sup>4</sup> Held by Director:** None

**LEE W. MATHER, JR.<sup>1</sup>**

Age: 63

**Position(s) Held with the Fund:**

*Director*

**Term of Office<sup>2</sup> and Length of Time Served:**

Director since 2001. Term expires in 2008.

**Principal Occupations During the Past Five Years:**

Director, American Rivers (conservation organization) (2000-2006);

Investment Banker, Merrill Lynch & Co. (1977-2000).

**Number of Portfolios in Fund Complex<sup>3</sup>**

**Overseen by Director:** One

**Other Directorships<sup>4</sup> Held by Director:** None

**GARY P. MCDANIEL<sup>1</sup>**

Age: 61



**Position(s) Held with the Fund:**

*Director*

**Term of Office<sup>2</sup> and Length of Time Served:**

Director since 2001. Term expires in 2007.

**Principal Occupations During the Past Five Years:**

Senior Managing Director, BaseCamp Capital LLC (private equity investing) (since 2003);

Chief Executive Officer, Chateau Communities, Inc. (REIT/manufactured housing) (1997-2002).

**Number of Portfolios in Fund Complex<sup>3</sup>**

**Overseen by Director:** One

**Other Directorships<sup>4</sup> Held by Director:** None

**OFFICERS**

**MARK M. ADELMANN, CFA, CPA**

Age: 49

1225 Seventeenth St. 26th Floor

Denver, Colorado 80202

**Position(s) Held with the Fund:**

*Vice President*

**Term of Office<sup>2</sup> and Length of Time Served:**

Vice President since 2002.

**Principal Occupations During the Past Five Years:**

Vice President, Denver Investment Advisors LLC (since 2000);

Research Analyst, Denver Investment Advisors LLC (since 1995).

**JOAN OHLBAUM SWIRSKY**

Age: 49

One Logan Square

18th and Cherry Sts.

Philadelphia, PA 19103

**Position(s) Held with the Fund:**

*Secretary*

**Term of Office<sup>2</sup> and Length of Time Served:**

Secretary since 2004.

**Principal Occupations During the Past Five Years:**

Counsel to the law firm of Drinker Biddle & Reath LLP, Philadelphia, PA.



**JASPER R. FRONTZ, CPA, CFA<sup>5</sup>**

Age: 38

1225 Seventeenth St. 26th Floor

Denver, Colorado 80202

**Position(s) Held with the Fund:**

*Treasurer, Chief Compliance Officer*

**Term of Office<sup>2</sup> and Length of Time Served:**

Treasurer since 1997, Chief Compliance Officer since 2004.

**Principal Occupations During the Past Five Years:**

Vice President, Denver Investment Advisors LLC (since 2000);

Director of Mutual Fund Administration, Denver Investment Advisors LLC (since 1997);

Fund Controller, ALPS Mutual Fund Services, Inc. (1995-1997);

Registered Representative, ALPS Distributors, Inc. (since 1995).

**NOTES**

\* These directors each may be deemed to be an "interested director" of the Fund within the meaning of the Investment Company Act of 1940 by virtue of their affiliations with the Fund's investment adviser and their positions as officers of the Fund.

1. Each director may be contacted by writing to the director, c/o Blue Chip Value Fund, Inc., 1225 Seventeenth Street, 26th Floor, Denver, Colorado 80202, Attn: Jasper Frontz.

2. The Fund's By-Laws provide that the Board of Directors shall consist of three classes of members. Directors are chosen for a term of three years, and the term of one class of directors expires each year. The officers of the Fund are elected by the Board of Directors and, subject to earlier termination of office, each officer holds office for one year and until his or her successor is elected and qualified.

3. The Fund complex is comprised of thirteen portfolios, the Fund, eleven Westcore Funds and the Dunham Small-Cap Value Fund.

4. Includes only directorships of companies required to report to the Securities and Exchange Commission under the Securities Exchange Act of 1934 (i.e., "public companies") or other investment companies registered under the Investment Company Act of 1940.

5. Mr. Frontz also serves as Treasurer and Chief Compliance Officer of Westcore Funds.



**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and Board of Directors of Blue Chip Value Fund, Inc.:

We have audited the accompanying statement of assets and liabilities of Blue Chip Value Fund Inc., (the "Fund"), including the statement of investments, as of December 31, 2006, and the related statements of operations and cash flows 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 also 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, 2006, 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 Blue Chip Value Fund, Inc. as of December 31, 2006, the results of its operations and its cash flows 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.

DELOITTE & TOUCHE LLP  
Denver, Colorado

February 21, 2007

## BLUE CHIP VALUE FUND, INC.

### STATEMENT OF INVESTMENTS

December 31, 2006

	Shares	Cost	Market Value
<b>COMMON STOCKS</b> □ 107.57%			
<b>CAPITAL GOODS</b> □ 9.95%			
<b>Aerospace &amp; Defense</b> □ 4.52%			
General Dynamics Corp.	53,400	\$ 2,817,927	\$ 3,970,290
Raytheon Co.	62,300	2,320,567	3,289,440
		5,138,494	7,259,730
<b>Electrical Equipment</b> □ 2.08%			
General Electric Co.	89,900	3,221,255	3,345,179
<b>Industrial Products</b> □ 3.35%			
ITT Industries Inc.	34,300	1,744,525	1,948,926
Parker Hannifin Corp.	44,600	3,140,511	3,428,848
		4,885,036	5,377,774
TOTAL CAPITAL GOODS		13,244,785	15,982,683
<b>COMMERCIAL SERVICES</b> □ 4.76%			
<b>IT Services</b> □ 2.04%			
Computer			
Sciences Corp.**	61,450	2,920,440	3,279,586
<b>Transaction Processing</b> □ 2.72%			
First Data Corp.	91,200	2,000,026	2,327,424
The Western Union Co.	91,200	1,674,567	2,044,704
		3,674,593	4,372,128
TOTAL COMMERCIAL SERVICES		6,595,033	7,651,714
<b>COMMUNICATIONS</b> □ 4.12%			
<b>Networking</b> □ 2.63%			
Cisco Systems, Inc.**	154,800	3,864,637	4,230,684
<b>Telecomm Equipment &amp; Solutions</b> □ 1.49%			
Nokia Corp.	117,600	1,871,784	2,389,632
TOTAL COMMUNICATIONS		5,736,421	6,620,316
<b>CONSUMER CYCLICAL</b> □ 11.07%			
<b>Clothing &amp; Accessories</b> □ 2.76%			
TJX Companies Inc.	155,900	3,681,804	4,440,032
<b>Hotels &amp; Gaming</b> □ 2.17%			
Starwood Hotels & Resorts Worldwide Inc.	55,700	2,165,453	3,481,250
<b>Publishing &amp; Media</b> □ 2.97%			
Walt Disney Co.	139,300	3,518,260	4,773,811
<b>Restaurants</b> □ 1.86%			
Darden Restaurants Inc.	74,340	1,931,625	2,986,238
<b>Retail</b> □ 1.31%			

Edgar Filing: BLUE CHIP VALUE FUND INC - Form N-CSR

JC Penney Co. Inc.	27,100	1,544,216	2,096,456
TOTAL CONSUMER CYCLICAL		12,841,358	17,777,787



	Shares	Cost	Market Value
<b>CONSUMER STAPLES</b> □ 8.43%			
<b>Food</b> □ 2.86%			
Campbell Soup Co.	118,200	\$ 3,732,307	\$ 4,596,798
<b>Food &amp; Agricultural Products</b> □ 2.70%			
Bunge Ltd.	59,700	2,694,267	4,328,847
<b>Home Products</b> □ 2.87%			
Colgate Palmolive Co.	70,700	4,015,829	4,612,468
TOTAL CONSUMER STAPLES		10,442,403	13,538,113
<b>ENERGY</b> □ 8.53%			
<b>Exploration &amp; Production</b> □ 4.25%			
Occidental			
Petroleum Corp.	77,200	2,268,139	3,769,676
XTO Energy Inc.	65,200	2,031,830	3,067,660
		4,299,969	6,837,336
<b>Integrated Oils</b> □ 2.11%			
Marathon Oil Corp.	36,600	1,555,082	3,385,500
<b>Oil Services</b> □ 2.17%			