

BLUE CHIP VALUE FUND INC
Form N-CSRS
September 08, 2008

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
18th & 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: January 1, 2008 - June 30, 2008

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).

**Semi-Annual Report
to Stockholders**

June 30, 2008

MANAGED DISTRIBUTION POLICY

The Blue Chip Value Fund, Inc. (the “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 (“NAV”) to stockholders. This is the quarterly payment that Fund investors elect to receive in cash or reinvest in additional shares through the Fund’s Dividend Reinvest–ment Plan. The Board of Directors believes this policy creates a predictable level of quarterly cash flow to Fund shareholders.

The table on the next page sets forth the estimated amounts of the most recent –quarterly distribution and the cumulative distributions paid during this fiscal year to date from the following sources: net investment income; net realized short term capital gains; net realized long term capital gain; and return of capital.

You should not necessarily draw any conclusions about the Fund’s investment performance from the amount of the distributions, as summarized in the table on the next page, or from the terms of the Fund’s Managed Distribution Policy.

The Fund estimates that it has distributed more than its income and capital gains; therefore, a portion of the distributions, as summarized in the table on the next page, may be a return of capital. A return of capital may occur, for example, when some or all of the money that you invested in the Fund is paid back to you. A return of capital distribution does not necessarily reflect the Fund’s investment performance and should not be confused with “yield” or “income.” 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.

The amounts and sources of distributions reported are only estimates and are not being provided for tax reporting purposes. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the Fund’s investment experience during the remainder of its fiscal year and may be subject to changes based on tax regulations. The Fund will send you a Form 1099-DIV for the calendar year that will tell you how to report these distributions for –federal income tax purposes.

The Fund’s Managed Distribution Policy may be changed or terminated at the discretion of the Fund’s Board of Directors without prior notice to stockholders. If, for example, the Fund’s total distributions for the year result in taxable return of capital, the Fund’s Board of Directors would consider that factor, among others, in determining whether to retain, alter or eliminate the Managed Distribution Policy. It is possible, that the Fund’s market price may decrease if the Managed Distribution Policy is terminated. At this time, the Board has no intention of making any changes or terminating the Managed Distribution Policy.

ESTIMATED SOURCES OF DISTRIBUTIONS

	Current Distribution (\$)	% Breakdown of the Current Distribution	Total Cumulative Distributions for the Fiscal Year to Date (\$)	% Breakdown of the Total Cumulative Distributions for the Fiscal Year to Date
Net Investment Income	\$ 0.0071	5.92%	\$ 0.0068	2.72%
Net Realized Short Term Capital Gains	\$ 0.0000	0.00%	\$ 0.0000	0.00%
Net Realized Long Term Capital Gains	\$ 0.0007	0.58%	\$ 0.0000	0.00%
Return of Capital	\$ 0.1122	93.50%	\$ 0.2432	97.28%
Total (per common share)	\$ 0.12	100%	\$ 0.25	100%
Average annual total return (in relation to NAV) for the 5 years ending June 30, 2008				8.77%
Annualized current distribution rate expressed as a percentage of NAV as of June 30, 2008				9.98%
Cumulative total return (in relation to NAV) for the fiscal year through June 30, 2008				(7.68%)
Cumulative fiscal year distributions as a percentage of NAV as of June 30, 2008				5.20%

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 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 or toll-free at 1-800-624-4190.

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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.

INVESTMENT ADVISER'S COMMENTARY

Dear Fellow Stockholders:

August 5, 2008

For the six months ended June 30, 2008 the net asset value of the Blue Chip Value Fund, Inc. declined 7.68%. During this same period the S&P 500 Index, the Fund's benchmark index, lost 11.91% and the Lipper Large Core peer group declined 10.80%. The investing environment during the first half of 2008 was perhaps best characterized by fear of the financial fallout from the mortgage crisis and the continued propensity of investors to buy stocks only in sectors that have performed well, such as energy and commodities. Against this backdrop, we continued to manage the Fund by choosing stocks that have strong free cash flow, earn good returns on capital and are reasonably priced relative to their earnings.

The exceptional performance of several of our healthcare holdings helped the Fund's overall performance during the period. Standout performers included the biotech company Amgen, Inc. and Zimmer Holdings, Inc., a manufacturer of orthopedic implants. Both companies enjoyed improving profitability and appear to us to have good prospects for continuing their growth.

Another strong contributor to the Fund's performance was Quanta Services, Inc., a contracting services company that offers network solutions to the electric power, gas, telecommunications and cable television industries. We believe that Quanta stands to benefit meaningfully from upgrades to power grids. It continues to win contracts, driving revenues and cash flows higher. As a result of a 26% increase in Quanta's stock price over the past six months, the commercial services sector was the Fund's second largest contributor to performance.

While it is clear that high energy prices and a difficult housing market are affecting consumer attitudes, our holdings of discount retailer TJX Companies and casual dining operator Darden Restaurants were both up in the first half of the year. The gains posted by these two companies helped to buffer the loss of the group as a whole, which declined only 3.77% compared to the consumer cyclical stocks in the S&P 500 Index, which declined nearly 9.72% as a group.

Our largest individual contributor to performance was oil and gas exploration company XTO Energy, which gained 33%. Aided by the strong performance of integrated oil and gas company Occidental Petroleum, our energy holdings outperformed the oil and gas stocks in the benchmark index. However, we remain somewhat cautious on the sustainability of the recent spike in energy prices and therefore owned a slightly smaller weighting in energy than the S&P 500 during the period. As a result, energy created a nominal drag on Fund performance.

Fund holding Wachovia, a provider of commercial and retail banking services, lost 57% during the first half of the year. This caused the Fund's absolute performance in the interest-rate sensitive sector to lag the S&P 500 on average. Helping to offset this underperformance was our decision to hold a slightly underweight position in the sector versus the benchmark. While we believe there is significant value in interest-rate sensitive stocks over time, near-term uncertainties convinced us to be cautious in this area.

Although economic slowing is clearly being discounted in the market, we believe there are increasing opportunities to own companies with strong operations and –balance sheets at attractive valuations. Over the next several quarters, we believe the concerns about the degree of slowing should be clarified, and we expect the market will begin to improve. In the meantime, we remain focused on preserving capital and limiting risks.

Thank you for your continued support.

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

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**Sector Diversification in Comparison to
S&P 500 as of June 30, 2008***

	Fund	S&P 500
Basic Materials	2.7%	3.1%
Capital Goods	9.6%	8.4%
Commercial Services	5.2%	2.0%
Communications	8.0%	7.4%
Consumer Cyclical	12.6%	10.6%
Consumer Staples	8.0%	10.3%
Energy	14.7%	15.3%
Interest Rate Sensitive	10.4%	12.7%
Medical/Healthcare	12.4%	11.1%
REITs	0.0%	1.2%
Technology	10.7%	11.8%
Transportation	2.7%	2.1%
Utilities	2.7%	4.0%
Short-Term Investments	0.3%	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 June 30, 2008**

Return	Year-To					
	3 Mos.	Date	1-Year	3-Year	5-Year	10-Year
Blue Chip Value Fund - NAV	(1.21%)	(7.68%)	(11.01%)	4.83%	8.77%	3.17%
Blue Chip Value Fund - Market Price	(1.85%)	(10.52%)	(18.45%)	(1.47%)	4.99%	2.30%
S&P 500 Index	(2.73%)	(11.91%)	(13.12%)	4.41%	7.58%	2.88%

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 cost of 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 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.

Please Note: Performance calculations are as of the end of December each year and the current period end. Past performance is not indicative of future results. This chart assumes an investment of \$10,000 on 1/1/98. 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 6.

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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.

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

² *Reflects the actual NAV of one share.*

³*The graph above includes the distribution totals since January 1, 1998, which equals \$7.93 per share. For the six months ended June 30, 2008 only one distribution has been paid. The NAV per share is reduced by the amount of the distribution on the ex-dividend date. The sources of these distributions are depicted in the chart on the next page.*

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HISTORICAL SOURCES OF DISTRIBUTIONS

Year	Net Investment Income	Capital Gains	Return of Capital	Undesignated*	Total Amount of Distribution
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
2007	\$ 0.0146	\$ 0.2118	\$ 0.2136	\$ 0.1400*	\$ 0.58
1Q 2008 (estimated)	\$ 0.0000	\$ 0.0000	\$ 0.1300		\$ 0.13
Totals	\$ 0.3066	\$ 4.9042	\$ 2.5792	\$ 0.1400*	\$ 7.93
% of Total Distribution	3.87%	61.84%	32.52%	1.77%	100%

*Pursuant to Section 852 of the Internal Revenue Code, the taxability of this distribution will be reported in 2008.

DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN

The Blue Chip Value Fund Inc.'s (the "Fund") Dividend Reinvestment and Cash Purchase Plan (the "Plan") offers stockholders the opportunity to reinvest the Fund's dividends and distributions in additional shares of the Fund. A stockholder may also make additional cash investments under the Plan.

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, through BNY Mellon Shareowner Services, (the "Plan Administrator") 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. The reinvestment price is then determined by the weighted average price per share, including trading fees, of the shares issued by the Fund and/or acquired by the Plan Administrator in connection with that transaction.

Participating stockholders may also make additional cash investments (minimum \$50 and maximum \$10,000 per month) 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. The transaction price of shares and fractional shares acquired on the open market for each participant's account in connection with the Plan shall be determined by the weighted average price per share, including trading fees, of the shares acquired by the Plan Administrator in connection with that transaction.

A registered stockholder may join the Plan by completing an Enrollment Form from the Plan Administrator. The Plan Administrator will hold the shares acquired through the Plan in book-entry form, unless you request share certificates. If your shares are registered with a broker, you may still be able to participate in the Fund's Dividend Reinvestment and Cash Purchase Plan. Please contact your broker about how to reregister your shares through the Direct Registration System ("DRS") and to inquire if there are any fees which may be charged by the broker to your account.

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.

A stockholder may elect to withdraw from the Plan at any time on 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. In addition, you may request the Plan Administrator to sell all or a portion of your shares. When your shares are sold, you will receive the proceeds less a service charge of \$15.00 and trading fees of \$0.02 per share. The Plan Administrator will generally sell your shares on the day your request is received in good order, however the Plan Administrator reserves the right to take up to 5 business days to sell your shares. Shares will be aggregated by the Plan Administrator with the shares of other participants selling their shares that day and sold on the open market. A participant will receive the weighted average price minus trading fees and service charges of all liquidated shares sold by the Plan Administrator on the transaction date.

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 the Plan Administrator by writing to BNY Mellon Shareowner Services, 480 Washington Blvd., Jersey City, NJ 07310, by telephone at (800) 624-4190 (option #1) or by visiting the Plan Administrator at www.bnymellon.com/shareowner.

BLUE CHIP VALUE FUND BOARD CONSIDERATIONS RELATING TO THE ADVISORY CONTRACT RENEWAL

The Board of Directors of the Fund decided on February 5, 2008 to renew the Advisory Agreement (the “Agreement”) with Denver Investment Advisors (“DenverIA”). Prior to making its determination, the Board received detailed information from DenverIA, including, among other things, information provided by an independent rating and ranking organization and DenverIA comparing the performance, advisory fee and other expenses of the Fund to that of relevant peer groups identified by the organization and the Fund’s benchmark and information responsive to requests by the Fund’s independent counsel for certain information to assist the Board in its considerations, including DenverIA’s Form ADV. In addition, the Board reviewed a memorandum from its independent counsel detailing the Board’s duties and responsibilities in considering renewal of the Agreement.

In reaching its decision to renew the Agreement, the Board, including a majority of the Directors who are not interested persons under the Investment Company Act of 1940 (the “Independent Directors”), considered, among other things: (i) the nature, extent and quality of DenverIA’s services provided to the Fund, DenverIA’s compliance culture and resources committed to its compliance program; (ii) the experience and qualifications of the portfolio management team; (iii) DenverIA’s investment philosophy and process; (iv) DenverIA’s assets under management and client descriptions; (v) DenverIA’s brokerage and soft dollar commission reports; (vi) current advisory fee arrangement with the Fund and DenverIA’s other similarly managed mutual fund client, noting that DenverIA did not provide advisory fee information on its other separate account clients, because those clients are not managed similarly to the Fund’s large cap value style; (vii) independent rating and ranking organization information comparing the Fund’s performance, advisory fee and other expenses to those of comparable funds; (viii) information provided by DenverIA on the Fund’s performance in relation to its benchmark index and comparing the Fund’s expenses net of the interest expense for the line of credit and DenverIA’s co-administration fees to those of comparable funds; (ix) DenverIA’s financial statements, Form ADV, and profitability analysis related to providing advisory and administrative services to the Fund; (x) the level of DenverIA’s insurance coverage; (xi) compensation and possible benefits to DenverIA and its affiliates arising from their advisory, administrative and other relationships with the Fund; and (xii) the extent to which economies of scale are relevant to the Fund.

During the course of its deliberations, the Board, including a majority of Independent Directors, reached the following conclusions, among others, regarding DenverIA and the Agreement: that DenverIA had the capabilities, resources and personnel necessary to manage the Fund; that the performance of the Fund over the last 3 and 5 year periods was competitive with that of its peer groups and benchmark index; the advisory fee is competitive with that of its peer groups, consistent with DenverIA's other similarly managed mutual fund client and is fair and reasonable; that the combined advisory and co-administration fee payable to DenverIA is also competitive with that of its peer group; the Fund's expense ratio, without interest expense from the line of credit, is favorable compared to the peer group averages. The Board determined that it was reasonable to factor out the interest expense on the Fund's expenses to those of the peer group because few of these funds incur interest expense. The Board also concluded that the expected profit to DenverIA for advisory and administrative services seemed reasonable based on the data Denver IA provided; that the benefits derived by DenverIA from managing the Fund, including how DenverIA uses soft-dollars, and the ways in which it conducts portfolio transactions for the Fund and selects brokers are reasonable; and that the breakpoints in the advisory and administrative fees payable to DenverIA allow shareholders to benefit from economies of scale as the Fund's asset level increases, noting that the asset level breakpoints have been reached under the agreements.

Based on the factors considered, the Board, including a majority of the Independent Directors, concluded that it was appropriate to renew the Agreement.

OTHER IMPORTANT INFORMATION

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 and (3) on the Fund's Form N-CSR which is available on the U.S. Securities and Exchange Commission ("SEC") website at 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 and (3) on the SEC website at 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 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.

BLUE CHIP VALUE FUND, INC.

STATEMENT OF INVESTMENTS

June 30, 2008 (Unaudited)

	Shares	Cost	Market Value
COMMON STOCKS - 108.54%			
BASIC MATERIALS - 3.04%			
Forestry & Paper - 3.04%			
Ball Corp.	87,140	\$ 4,576,516	\$ 4,160,064
TOTAL BASIC MATERIALS		4,576,516	4,160,064
CAPITAL GOODS - 10.54%			
Aerospace & Defense - 4.19%			
General Dynamics Corp.	36,800	1,885,173	3,098,560
Raytheon Co.	46,800	1,676,515	2,633,904
		3,561,688	5,732,464
Farm Equipment - 1.52%			
CNH Global N.V. - ADS (Netherlands)	61,300	2,402,223	2,082,361
Industrial Products - 4.83%			
ITT Corp.	49,000	2,669,571	3,103,170
Parker Hannifin Corp.	49,150	2,282,811	3,505,378
		4,952,382	6,608,548
TOTAL CAPITAL GOODS		10,916,293	14,423,373
COMMERCIAL SERVICES - 5.65%			
Business Products & Services - 2.82%			
Quanta Services Inc.**	116,100	3,553,909	3,862,647
IT Services - 1.15%			
Computer Sciences Corp.**	33,650	1,585,081	1,576,166
Transaction Processing - 1.68%			
The Western Union Co.	92,900	1,710,955	2,296,488
TOTAL COMMERCIAL SERVICES		6,849,945	7,735,301
COMMUNICATIONS - 8.79%			
Networking - 4.43%			
Cisco Systems Inc.**	260,900	6,458,175	6,068,534
Telecomm Equipment & Solutions - 4.36%			
Nokia Corp. - ADR (Finland)	50,630	826,080	1,240,435
QUALCOMM Inc.	106,400	4,527,012	4,720,968
		5,353,092	5,961,403
TOTAL COMMUNICATIONS		11,811,267	12,029,937
CONSUMER CYCLICAL - 13.25%			
Apparel & Footwear Manufacturers - 2.39%			
Nike Inc.	54,750		