

BLUE CHIP VALUE FUND INC
Form N-CSR
March 05, 2010

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

Suite 2000

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, 2009 - December 31, 2009

Item 1 - Reports to Stockholders

**Annual Report
to Stockholders**

December 31, 2009

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@denvest.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@denvest.com or toll-free at 1-800-624-4190.

TABLE OF CONTENTS

Investment Adviser's Commentary	2
Sector Diversification Chart	4
Average Annual Total Returns	4
Change in Investment of \$10,000	5
Performance History	6
Sources of Distributions	7
Dividend Reinvestment and Cash Purchase Plan	8
Other Important Information	9
Portfolio Management Team	10
Directors and Officers	11
Report of Independent Registered Public Accounting Firm	15
Statement of Investments	16
Country Breakdown	19
Statement of Assets and Liabilities	20
Statement of Operations	21
Statements of Changes in Net Assets	22
Statement of Cash Flows	23
Financial Highlights	24
Notes to Financial Statements	26

INVESTMENT ADVISER'S COMMENTARY

Dear Fellow Stockholders:

February 10, 2010

For the year ended December 31, 2009, the Blue Chip Value Fund, Inc.'s net asset value was up 33.9% while the S&P 500 Index, the Fund's benchmark index was up 26.5% and the Fund's peer group index, the Lipper Large Core Index was up 28.15%. The Fund's portfolio returns benefitted from financial leverage and good stock selection.

We believe the financial crisis of 2008-2009 has abated and 2010 should be a year of economic progress and further stock market gains. Our focus continues to be on large companies we believe have strong balance sheets, good profitability and strong free cash flow.

Although it is paramount to keep looking forward, it is occasionally beneficial to stop for a moment to reflect on the past. In the decade following the turn of the 21st century, we have experienced many significant events. Among them, the shock and tragedy of 9/11, two recessions, the exposure of numerous Ponzi schemes, and the near collapse of the international banking system. Despite the challenges of the past decade, Blue Chip Value Fund's 10-year average annual investment return (+1.13%) was better than that of the S&P 500 Index (-0.95%).

Turning to the portfolio, the stock price of Expedia, an online travel agency within the consumer cyclical sector, tripled during the year. The company's earnings and cash flow exceeded expectations as investors appeared to recognize that, with an improved economic outlook, prospects for profits from travel booking existed. The consumer cyclical sector was the Fund's best performing sector for the year.

Within the energy sector, Fund holding Transocean returned over 75% for the year. Transocean provides offshore drilling rigs to exploration and development companies. In late 2008, investors seemed to disregard the stability of the cash flows we thought inherent in Transocean's long-term rig contracts and, as a result, the company's stock price declined. During 2009, the company reported results that allowed investors to recognize the cash flows generated by these rig contracts. While energy was one of the weaker sectors of the Index, the Fund's energy holdings outperformed relative to the S&P 500 Index.

The basic materials sector was the strongest sector in the S&P 500 Index and Fund holdings outperformed the Index led by International Paper. The company returned over 135% during 2009. During the fourth quarter of 2009, International Paper and its largest competitors announced containerboard price increases. We believe that this price increase combined with inventory replenishment, which had been at 15 year lows, should help increase company profits in 2010.

Our technology holdings performed well, up more than 44% on average for the year with none up less than 30%. However, strong performance from stocks we didn't own, such as Apple, led the Fund's technology holdings to underperform relative to the S&P 500 Index. We continue to monitor stock prices, free cash flow trends and expectations in this sector.

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Within capital goods, Fund holding ITT Industries, an integrated manufacturer of defense, fluid and motion control products, gave updated earnings guidance for fiscal year 2010 that was slightly below investors' expectations. The adjustment appears to be related to the timing of defense contracts as well as higher than expected raw material costs. However, the company has a history of providing conservative guidance and we anticipate that this year is no different. We are encouraged by ITT's balance sheet and continue to believe that the company's ability to generate free cash flow is undervalued.

Fund holding Norfolk Southern Corporation, an eastern U.S. railroad operator, lagged the transportation sector through much of the year. However, it was among our best performing stocks in the fourth quarter. Solid third-quarter results highlighted that pricing and volume improvement at the company had begun to take hold. The company continues with its cost cutting initiatives which, in our opinion, should aid its bottom line performance. Despite Norfolk's strong fourth quarter performance, our transportation stocks modestly under-performed versus the S&P 500 Index for much of the year.

Our investment process uses an active, bottom-up stock selection process that seeks to capture the return potential of large companies that are undervalued or out of favor, but whose business appears to us to be solid or improving. Our sector weightings and portfolio positioning are driven by this fundamental research. While no major changes in the portfolio were thought necessary, we are slightly more overweight in basic materials and transportation where we continue to find companies that meet our investment criteria at attractive prices. We are slightly more underweight in capital goods stocks where we believe price expectations are more difficult to justify.

It appears to us that 2010 will be a year where company fundamentals will be much more relevant than in 2009, and we believe this environment should favor our disciplined, research-driven investment process. Thank you for your 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, 2009***

	Fund	S&P 500
Basic Materials	6.6%	3.1%
Capital Goods	4.5%	7.3%
Commercial Services	4.8%	2.3%
Communications	8.2%	8.1%
Consumer Cyclical	12.9%	12.7%
Consumer Staples	7.0%	10.5%
Energy	10.6%	11.1%
Interest Rate Sensitive	12.6%	12.7%
Medical/Healthcare	10.7%	11.8%
REITs	0.0%	1.2%
Technology	15.1%	13.4%
Transportation	3.7%	2.1%
Utilities	3.1%	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, 2009**

Return	3 Mos.	1-Year	3-Year	5-Year	10-Year
Blue Chip Value Fund □ NAV	4.74%	33.92%	(5.64%)	0.31%	1.13%
Blue Chip Value Fund □ Market Price	2.94%	37.97%	(12.21%)	(6.01%)	(0.39%)
S&P 500 Index	6.04%	26.47%	(5.63%)	0.42%	(0.95%)

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. The Fund's annualized gross expense ratio for the twelve months ended December 31, 2009 was 1.37%.

1-800-624-4190 □ www.blu.com

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, 2009.

The following table summarizes the final sources of the 2009 reportable distributions for tax purposes.

	Net Investment Income	Short-Term Capital Gain	Long-Term Capital Gain	Return of Capital	Total
4th Quarter 2008	\$ 0.008147	\$ 0.000000	\$ 0.000000	\$ 0.061853	\$ 0.07*
1st Quarter 2009	\$ 0.008147	\$ 0.000000	\$ 0.000000	\$ 0.061853	\$ 0.07
Total	\$ 0.016294	\$ 0.000000	\$ 0.000000	\$ 0.123706	\$ 0.14

*Pursuant to Sector 852 of the Internal Revenue Code, the taxability of this distribution had been deferred until 2009.

The Fund notified stockholders by February 15, 2010 of amounts for use in preparing 2009 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, 2009.

HISTORICAL SOURCES OF DISTRIBUTIONS

Year	Net Investment Income	Capital Gains	Return of Capital	Total Amount of Distribution (Tax Basis)	Amount of Distribution (Book Basis)
2000	\$0.053000	\$0.837000	\$0.000000	\$0.89	\$0.89
2001	\$0.041200	\$0.362500	\$0.336300	\$0.74	\$0.74
2002	\$0.035100	\$0.000000	\$0.524900	\$0.56	\$0.56
2003	\$0.013600	\$0.000000	\$0.496400	\$0.51	\$0.51
2004	\$0.028300	\$0.531700	\$0.000000	\$0.56	\$0.56
2005	\$0.015000	\$0.112800	\$0.442200	\$0.57	\$0.57
2006	\$0.018200	\$0.126000	\$0.435800	\$0.58	\$0.58
2007	\$0.014600	\$0.211800	\$0.213600	\$0.44	\$0.58
2008	\$0.018000	\$0.007300	\$0.464700	\$0.49	\$0.42
2009	\$0.016294	\$0.000000	\$0.123706	\$0.14	\$0.07
Totals	\$0.253294	\$2.189100	\$3.037606	\$5.48	\$5.48
% of Total Distribution	4.62%	39.95%	55.43%	100%	

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 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.

OTHER IMPORTANT INFORMATION

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940 that the Fund may purchase, from time to time, shares of its common stock on the open market.

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.

PORTFOLIO MANAGEMENT TEAM OF BLUE CHIP VALUE FUND

Kris Herrick, CFA, Partner, Director of Value Research and Portfolio Manager, joined Denver Investments in 2000. Prior to joining the firm, he was an Equity Research Analyst with Jurika and Voyles (since 1997). He has 13 years total investment experience and has been a member of the Fund's portfolio management team since December 1, 2003.

Mark Adelmann, CFA, CPA (Inactive), Partner and Portfolio Manager/Analyst, joined Denver Investments in 1995. He has 31 years total investment experience and has been the Fund's portfolio manager since June 3, 2002.

Derek Anguilm, Partner and Portfolio Manager/Analyst, joined Denver Investments in 2000. Prior to joining the firm he was with EVEREN Securities (since 1999). He has 11 years total investment experience and has been a member of the Fund's portfolio management team since December 1, 2003.

Troy Dayton, CFA, Partner and Portfolio Manager/Analyst, joined Denver Investments in 2002. Prior to joining the firm, he was an Equity Research Analyst with Jurika and Voyles (since 2001) and Dresdner RCM Global Investors (since 1998). He has 14 years total investment experience and has been a member of the Fund's portfolio management team since December 1, 2003.

Lisa Ramirez, CFA, Vice President and Portfolio Manager/Analyst, joined Denver Investments in 1989 and started as a portfolio administrator in 1993. She became an analyst on the Mid-Cap Growth team in 1997 and joined the Value team in 2005. She has 17 years total investment experience and joined the Fund's portfolio management team on April 30, 2009.

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, CFA1

Age: 65

Position(s) Held with the Fund:

President and Director

Term of Office² and Length of Time Served:

President since 1987. Director from 1988 to 1995 and since 1998. Term as Director expires in 2010.

Principal Occupations During the Past Five Years:

Chairman, Denver Investment Advisors LLC (since 2004);

President, Westcore Trust (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 Complex³ Overseen by Director: One

Other Directorships⁴ Held by Director: None

KENNETH V. PENLAND, CFA1

Age: 67

Position(s) Held with the Fund:

Chairman of the Board and Director

Term of Office² and Length of Time Served:

Chairman of the Board and Director since 1987. Term as Director expires in 2012.

Principal Occupations During the Past Five Years:

Chairman, Denver Investment Advisors LLC and predecessor organizations (1983-2001);

President, Westcore Trust (1995-2001)

Trustee, Westcore Trust (2001-2005).

Number of Portfolios in Fund Complex³ Overseen by Director: One

Other Directorships⁴ Held by Director: None

INDEPENDENT DIRECTORS

RICHARD C. SCHULTE¹

Age: 65

Position(s) Held with the Fund:

Director

Term of Office² and Length of Time Served:

Director since 1987. Term expires in 2011.

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 Complex³ Overseen by Director: One

Other Directorships⁴ Held by Director: None

ROBERTA M. WILSON, CFA¹

Age: 66

Position(s) Held with the Fund:

Director

Term of Office² and Length of Time Served:

Director since 1987. Term expires in 2012.

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 Complex³ Overseen by Director: One

Other Directorships⁴ Held by Director: None

LEE W. MATHER, JR.¹

Age: 66

Position(s) Held with the Fund:

Director

Term of Office² and Length of Time Served:

Director since 2001. Term expires in 2011.

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 Complex³ Overseen by Director: One

Other Directorships⁴ Held by Director: None

OFFICERS

MARK M. ADELMANN, CFA, CPA (Inactive)

Age: 52

1225 Seventeenth St.
26th Floor
Denver, Colorado 80202

Position(s) Held with the Fund:

Vice President

Term of Office² and Length of Time Served:

Vice President since 2002.

Principal Occupations During the Past Five Years:

Vice President (since 2000) and member (since 2001), Denver Investment Advisors LLC;
Research Analyst, Denver Investment Advisors LLC (since 1995);
Portfolio management team member, Westcore Trust (since 2002).

NANCY P. O'HARA

Age: 51

One Logan Square
18th and Cherry Sts.
Philadelphia, PA 19103

Position(s) Held with the Fund:

Secretary

Term of Office² and Length of Time Served:

Secretary since 2007.

Principal Occupations During the Past Five Years:

Counsel (since 2009) and Associate (1999-2009) of the law firm of Drinker Biddle & Reath LLP, Philadelphia, PA.

JASPER R. FRONTZ, CPA, CFA⁵

Age: 41

1225 Seventeenth St.
26th Floor
Denver, Colorado 80202

Position(s) Held with the Fund:

Treasurer, Chief Compliance Officer

Term of Office² 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 fifteen portfolios, the Fund, twelve Westcore Funds, the Dunham Small-Cap Value Fund and the RiverSource Partners VP 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 Trust.

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, 2009, 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, 2009, by correspondence with the custodian. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Blue Chip Value Fund, Inc. as of December 31, 2009, 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 16, 2010

BLUE CHIP VALUE FUND, INC.

STATEMENT OF INVESTMENTS

December 31, 2009

	Shares		Cost		Market Value
COMMON STOCKS □ 110.45%					
BASIC MATERIALS □ 7.32%					
Forestry & Paper □ 5.50%					
Ball Corp.	41,940	\$	2,200,539	\$	2,168,298
International Paper Co.	138,600		3,349,014		3,711,708
			5,549,553		5,880,006
Specialty Chemicals □ 1.82%					
The Mosaic Co.	32,500		1,706,361		1,941,225
TOTAL BASIC MATERIALS			7,255,914		7,821,231
CAPITAL GOODS □ 5.02%					
Aerospace & Defense □ 2.90%					
General Dynamics Corp.	22,100		1,444,761		1,506,557
Raytheon Co.	31,000		1,465,509		1,597,120
			2,910,270		3,103,677
Industrial Products □ 2.12%					
ITT Corp.	45,500		2,500,494		2,263,170
TOTAL CAPITAL GOODS			5,410,764		5,366,847
COMMERCIAL SERVICES □ 5.30%					
Business Products & Services □ 2.20%					
Quanta Services Inc.**	113,000		3,475,189		2,354,920
IT Services □ 1.67%					
Computer Sciences Corp.**	31,050		1,630,333		1,786,307
Transaction Processing □ 1.43%					
The Western Union Co.	81,000		1,341,107	 	