

BLUE CHIP VALUE FUND INC

Form N-30B-2

November 29, 2006

**Third Quarter Report
to Stockholders**

September 30, 2006

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:

The net asset value of the Blue Chip Value Fund rose 3.57% in the third quarter and 4.38% for the year to date. The Fund's benchmark, the S&P 500, rose 5.66% in the third quarter and 8.52% for the year to date. Peer managers, as measured by the Lipper Large-Cap Core group, were up 4.29% in the quarter and 6.55% for the year.

Technology and healthcare went from being among the Fund's worst performing sectors in the second quarter to being among the best performing in the third quarter. While the portfolio holdings produced positive returns, led by medical products provider Zimmer Holdings' 19% rise, the sector returns fell short of the benchmark's increase for the period. Within technology, VeriSign, an e-commerce enabler, made a decision to undertake a review of its options-granting process which has delayed SEC filings. As a result of this and uncertainty about prospects for certain lines of its business, the stock performed relatively poorly. We undertook a diligent reassessment of VeriSign's underlying businesses and believe that its option review process should not affect its long-term prospects. Our expectation remains for continued improvement in free cash flow and that returns will be realized. In contrast to VeriSign, Microsoft had a very strong quarter with the stock up nearly 18% on the anticipated launch of Vista, its new operating system, as well as continuing share reduction efforts.

Within energy, the 20% price decline of oil since peak levels in July caused the sector to be among the portfolio's weakest performers during the quarter. While we have reduced our weighting over the course of the year, our holdings underperformed slightly, led by Transocean, a deepwater drilling rig company. As supply concerns waned, the outlook for day rates for rigs declined. We continue to see value in Transocean and in energy overall, even with lower oil prices and day rates. Finally, transportation was the weakest sector of the market due to increased concerns about an economic slowdown. Norfolk Southern, which has been a strong performer over time, underperformed during the quarter. We do not believe that the economic slowing will lead to recession, and we continue to see solid free cash flow levels from Norfolk Southern.

The two best sector contributors to the portfolio in the third quarter were capital goods and consumer cyclical. General Dynamics performed well within the capital goods sector, as demand for business jets continued and the near-term outlook for reauthorization of the defense budget improved. TJX Companies turned in the highest return in the portfolio, and led to outperformance in consumer cyclical. It appears to us that TJX's management continues to drive improved financial performance with better merchandising and product management, helped by purchases of excess inventory created by the consolidation of department stores. While sales and margins have strengthened, we see potential for further improvement, which we expect should drive continued free cash flow growth.

We have written frequently about our intense focus in our portfolio selection process on understanding free cash flow factors and how the market values businesses that produce a significant amount of free cash flow. Free cash flow refers to the cash a business generates which can be used to pay cash dividends, buy back stock, or invest in new business opportunities. Companies that produce top tier free cash flow in relation to their value have been shown to outperform the market two-thirds of the time over more than 50 years of history. Over the last 15 months we have increasingly found technology companies that trade at very attractive free cash flow yields. We believe the market currently is excessively discounting the duration or amount of the free cash flow being generated.

Empirical Research Partners published a report in August that found that since 1952 on a free cash flow yield basis, technology has only been cheaper 10% of the time. Based on free cash flow yield, the study found that, over the last 12 months, the top 40% of technology companies produced net profit margins nearly double that of the market, as well as returns on capital 25% higher than the market. We believe our technology holdings share similar attractive characteristics and continue to look for potential portfolio additions within the technology sector. We believe and recognize that the discounting and [inexpensive] valuations reflect various market concerns about the economy, capital spending, and company-specific technology risks. These issues make the timing of realizing improved valuations a constant challenge. We spend a great deal of research effort examining the factors that drive sales and margins exclusive of the strength of the overall economy, and the potential pitfalls to our assessments.

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We also remain comfortable that while certain areas of the economy, most notably housing, are clearly slowing, we believe a soft landing is likely. Interest rates have stabilized in our opinion, and consensus is growing that there may be modest cuts as early as 2007. As noted above, energy prices are down meaningfully. We also find the market's valuations at favorable levels, and see the potential for meaningful improvements. In comparing the current market characteristics to historical standards, data suggests that the market reflects comparable valuation levels to the 1960's. During that decade, dividend yields were also around 2%, return expectations were comparable and the U.S. was involved in the Cold War and in Vietnam. However, the current taxation of dividends is 80% lower and capital gains taxes remain 40% lower. One could infer that given the current higher after-tax returns, valuations should be notably higher. We believe that all of these factors combine to support an outlook for solid market returns, and we remain optimistic about the Fund's ability to capture those returns over time.

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

**Sector Diversification in Comparison to
S&P 500 as of September 30, 2006***

	Fund	S&P 500
Basic Materials	0.0%	2.6%
Capital Goods	9.0%	8.7%
Commercial Services	4.1%	2.4%
Communications	1.4%	5.9%
Consumer Cyclical	10.7%	12.4%
Consumer Staples	7.2%	9.0%
Energy	7.4%	8.8%
Financials	26.9%	20.3%
Medical/Healthcare	17.9%	12.0%
REITs	0.0%	1.1%
Technology	12.9%	11.6%
Transportation	2.3%	1.7%
Utilities	0.0%	3.5%
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 September 30, 2006**

Return	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Blue Chip Value Fund <input type="checkbox"/>						
NAV	4.38%	8.88%	12.27%	6.84%	7.93%	8.46%
Blue Chip Value Fund <input type="checkbox"/>						
Market Price	0.31%	(0.34%)	11.25%	6.51%	8.98%	8.81%
S&P 500 Index	8.52%	10.79%	12.30%	6.97%	8.59%	10.64%

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 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.

**Market Price and Net Asset Value
Performance History
January 1, 1995 through September 30, 2006**

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The top graph represents the cumulative value of an investment assuming reinvestment of all distributions through the Fund's Dividend Reinvestment Plan and full participation in rights offerings. The bottom graph represents the Actual Market Price and NAV per share over the same period.

The Fund's Actual NAV per share is reduced by each distribution amount when recorded. If the total return of the Fund's NAV is less than the distribution percentage over the same period, the Actual NAV per share during such period will decline. This is illustrated in the bottom graph. However, the overall value of the investment held by a shareholder who reinvests distributions through the Fund's Dividend Reinvestment Plan will not decline over this period if the total return is positive during the period. This is illustrated in the top graph.

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 cumulative total return using market prices and net asset values as indicated, of an investment made by a stockholder who purchased one share at inception (April 15, 1987) (\$10.00 IPO) and then reinvested all distributions through the Fund's Dividend Reinvestment Plan and fully participated in primary subscription of rights offerings. These returns do not reflect the deduction of taxes that a Fund stockholder would pay on Fund distributions or the sale of Fund shares.

2Reflects the actual market price of one share as it has traded on the NYSE.

3Reflects the actual NAV of one share.

4Annual distribution totals represent actual amounts. Please note the distribution total for 2006 is for nine months ended September 30, 2006. The Fund currently pays 2.5% of its net asset value quarterly; however this policy may be changed at the discretion of the Fund's Board of Directors. You should not draw any conclusions about the Fund's investment performance from the amount of distributions or from the terms of the Fund's managed distribution policy. Please see the Fund's performance on page 5.

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 <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.

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.

NEWS RELEASE

Date: Monday, October 2, 2006

BLUE CHIP VALUE FUND DECLARES THIRD QUARTER DISTRIBUTION

DENVER, CO. (October 2, 2006) The Directors of Blue Chip Value Fund, Inc. have declared a distribution of \$0.14 per share. This distribution is payable October 27, 2006, to stockholders of record October 13, 2006, and will have an ex-dividend date of October 11, 2006. The Fund currently pays a quarterly distribution equal to 2.5% of its Net Asset Value, rounded to the nearest penny.

Of the total distribution, approximately \$0.0035 represents net investment income earned in the third quarter and the remaining undesignated portion is paid from capital surplus. If the Fund's total distributions for the year exceed its net investment income and net realized capital gains for the year, all or a portion of the undesignated distributions may constitute a non-taxable return of capital. As of October 2, 2006, the date of this press release, the undesignated portion of the distribution would include approximately 0% from net realized capital gains earned in the third quarter. For the fiscal year-to-date, the undesignated portion of the distributions would include approximately 27.59% from net realized capital gains and 72.41% from paid-in capital. The estimated components of each distribution are likely to change throughout the year. As such, the actual determination of the source of the undesignated distributions can be made only at year-end.

As of September 30, 2006, the Fund's N.A.V. was \$5.57 and the stock closed at \$6.01, a premium of 7.8995%.

BLUE CHIP VALUE FUND, INC.

STATEMENT OF INVESTMENTS

September 30, 2006
(Unaudited)

	Shares	Cost	Market Value
COMMON STOCKS □			
105.63%			
CAPITAL GOODS □			
9.55%			
Aerospace & Defense □			
4.28%			
General Dynamics Corp.	52,000	\$ 2,715,097	\$ 3,726,840
Raytheon Co.	60,800	2,244,547	2,919,008
			6,645,848
Electrical Equipment □			
1.99%			
General Electric Co.	87,700	3,143,991	3,095,810
Industrial Products □			
3.28%			
ITT Industries	33,500	1,701,533	1,717,545
Parker Hannifin Corp.	43,500	3,050,345	3,381,255
			5,098,800
TOTAL CAPITAL GOODS		12,855,513	14,840,458
COMMERCIAL SERVICES □			
4.30%			
IT Services □			
1.89%			
Computer Sciences Corp.**	59,950	2,843,685	2,944,744
Transaction Processing □			
2.41%			
First Data Corp.	89,000	3,571,610	3,738,000
TOTAL COMMERCIAL SERVICES		6,415,295	6,682,744
COMMUNICATIONS □			
1.46%			
Telecomm Equipment & Solutions □			
1.46%			
Nokia Corp.	114,800	1,815,672	2,260,412
TOTAL COMMUNICATIONS		1,815,672	2,260,412
CONSUMER CYCLICAL □			
11.29%			
Clothing & Accessories □			
2.74%			
TJX Companies Inc.	152,100	3,577,570	4,263,363
Hotels & Gaming □			
2.00%			
Starwood Hotels & Resorts Worldwide Inc.	54,300	2,077,137	3,105,417

Publishing & Media □ 3.41%			
Walt Disney Co.	171,300	4,362,244	5,294,883
Restaurants □ 1.98%			
Darden Restaurants Inc.	72,540	1,858,995	3,080,774
Retail □ 1.16%			
JC Penney Co. Inc.	26,400	1,489,078	1,805,496
TOTAL CONSUMER CYCLICAL		13,365,024	17,549,933
CONSUMER STAPLES □ 7.63%			
Food □ 2.71%			
Campbell Soup Co.	115,300	3,623,934	4,208,450
Food & Agricultural Products □ 2.17%			
Bunge Ltd.	58,200	2,592,841	3,372,690

	Shares	Cost	Market Value
Home Products □ 2.75%			
Colgate Palmolive Co.	68,900	\$ 3,898,664	\$ 4,278,690
TOTAL CONSUMER STAPLES		10,115,439	11,859,830
ENERGY □ 7.80%			
Exploration & Production □ 4.05%			
Occidental Petroleum Corp.	75,300	2,176,446	3,622,683
XTO Energy Inc.	63,600	1,954,439	2,679,468
			6,302,151
Integrated Oils □ 1.77%			
Marathon Oil Corp.	35,700	1,472,390	2,745,330
Oil Services □ 1.98%			
Transocean Inc.**	42,000	1,516,488	3,075,660
TOTAL ENERGY		7,119,763	12,123,141
FINANCIAL □ 28.50%			
Insurance □ 4.57%			
ACE Ltd.	67,900	3,753,401	3,716,167
MBIA Inc.	55,200	3,238,560	3,391,488
			7,107,655
Integrated Financial Services □ 5.80%			
American International Group	64,900	4,161,952	4,300,274
Citigroup Inc.	94,900	4,236,881	4,713,683
			9,013,957
Money Center Banks □ 6.09%			
Bank of America Corp.	75,800	3,627,695	4,060,606
The Bank of New York Co. Inc.	99,700	3,524,210	3,515,422
SunTrust Banks Inc.	24,500	1,886,713	1,893,360
			9,469,388
Regional Banks □ 2.46%			
US Bancorp	60,300	1,742,179	2,003,166
Wachovia Corp.	32,700	1,580,225	1,824,660
			3,827,826

**Securities & Asset
Management** □ **4.59%**

Merrill Lynch & Company Inc.	50,000	2,809,910	3,911,000
Morgan Stanley & Co.	44,200	2,391,080	3,222,622
			7,133,622

Specialty Finance □ **3.14%**

Countrywide Financial Corp.	58,000	2,000,557	2,032,320
Freddie Mac	42,800	2,734,328	2,838,924
			4,871,244

Thriffs □ **1.85%**

Washington Mutual Inc.	66,100	2,614,928	2,873,367
TOTAL FINANCIALS		40,302,619	44,297,059

	Shares	Cost	Market Value
MEDICAL - HEALTHCARE □ 18.98%			
Healthcare Services □ 1.15%			
Caremark Rx Inc.	31,500	\$ 1,771,758	\$ 1,785,105
Medical Technology □ 2.71%			
Medtronic Inc.	90,800	4,445,920	4,216,752
Pharmaceuticals □ 15.12%			
Abbott Laboratories	121,100	5,126,491	5,880,616
Amgen Inc.**	64,600	3,776,467	4,620,838
Barr Pharmaceuticals Inc.**	52,300	2,473,155	2,716,462
Teva Pharmaceutical Industries Ltd.	193,900	5,363,256	6,610,051
Zimmer Holdings Inc.**	54,400	3,714,421	3,672,000
			23,499,967
TOTAL MEDICAL - HEALTHCARE		26,671,468	29,501,824
TECHNOLOGY □ 13.68%			
Computer Software □ 8.30%			
International Business Machines Corp.			
	47,800	3,827,040	3,916,732
Microsoft Corp.	240,600	6,864,892	6,575,598
Verisign Inc.**	118,700	2,737,625	2,397,740
			12,890,070
Semiconductors □ 5.38%			
Altera Corp.**	134,000	2,731,638	2,462,920
Intel Corp.	286,900	6,654,852	5,901,533
			8,364,453
TOTAL TECHNOLOGY		22,816,047	21,254,523
TRANSPORTATION □ 2.44%			
Railroads □ 2.44%			
Norfolk Southern Corp.	86,100	3,058,420	3,792,705
TOTAL TRANSPORTATION		3,058,420	3,792,705
TOTAL COMMON STOCKS		144,535,260	164,162,629
SHORT TERM INVESTMENTS □ 0.18%			
Goldman Sachs Financial Square Prime Obligations			

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Fund - FST Shares	282,349	282,349	282,349
TOTAL SHORT TERM INVESTMENTS		282,349	282,349

TOTAL INVESTMENTS	105.81%	\$ 144,817,609	\$ 164,444,978
Liabilities in Excess of Other Assets	(5.81)%		(9,029,276)
NET ASSETS	100.00%		\$ 155,415,702

** Denotes non-income producing security.

BLUE CHIP VALUE FUND, INC.

STATEMENT OF ASSETS AND LIABILITIES

September 30, 2006 (Unaudited)

ASSETS

Investments at market value	\$	164,444,978
(identified cost \$144,817,609)		
Receivable for securities sold		8,272,929
Dividends receivable		102,723
Interest receivable		2,709
Other assets		12,237
TOTAL ASSETS		172,835,576

LIABILITIES

Loan payable to bank (Note 4)		8,880,000
Interest due on loan payable to bank		44,960
Payable for securities purchased		8,342,899
Advisory fee payable		74,368