NUVEEN CALIFORNIA MUNICIPAL VALUE FUND INC
Form N-CSRS
November 06, 2014

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 811-05235

Nuveen California Municipal Value Fund, Inc.
(Exact name of registrant as specified in charter)

Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606
(Address of principal executive offices) (Zip code)

Kevin J. McCarthy
Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606
(Name and address of agent for service)

Registrant's telephone number, including area code: (312) 917-7700

Date of fiscal year end: February 28

Date of reporting period: August 31, 2014

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

ITEM 1. REPORTS TO STOCKHOLDERS.

NUVEEN INVESTMENTS ACQUIRED BY TIAA-CREF

On October 1, 2014, TIAA-CREF completed its previously announced acquisition of Nuveen Investments, Inc., the parent company of your fund's investment adviser, Nuveen Fund Advisors, LLC ("NFAL") and the Nuveen affiliates that act as sub-advisers to the majority of the Nuveen Funds. TIAA-CREF is a national financial services organization with approximately $613 billion in assets under management as of June 30, 2014 and is a leading provider of retirement services in the academic, research, medical and cultural fields. Nuveen expects to operate as a separate subsidiary within TIAA-CREF's asset management business. Nuveen's existing leadership and key investment teams have remained in place following the transaction.

Your fund investment will not change as a result of Nuveen's change of ownership. You will still own the same fund shares and the underlying value of those shares will not change as a result of the transaction. NFAL and your fund's sub-adviser(s) will continue to manage your fund according to the same objectives and policies as before, and we do not anticipate any changes to your fund's operations.

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Chairman's Letter to Shareholders

Dear Shareholders,

Over the past year, global financial markets were generally strong as stocks of many countries rose due to strengthening economies and abundant central bank support. A low and stable interest rate environment allowed the bond market to generate modest but positive returns.

More recently, markets have been less certain as economic growth is strengthening in some parts of the world, but in other areas recovery has been slow or uneven at best. Despite increasing market volatility, geopolitical turmoil and concerns over rising rates, better-than-expected earnings results and economic data have supported U.S. stocks. Europe continues to face challenges as disappointing growth and inflation measures led the European Central Bank to further cut interest rates. Japan is suffering from the burden of the recent consumption tax as the government's structural reforms continue to steadily progress. Flare-ups in hotspots, such as the ongoing Russia-Ukraine conflict and Middle East, have not yet been able to derail the markets, though that remains a possibility. With all the challenges facing the markets, accommodative monetary policy around the world has helped lessen the impact of these events.

It is in such changeable markets that professional investment management is most important. Investment teams who have experienced challenging markets in the past understand how their asset class can behave in rapidly changing times. Remaining committed to their investment disciplines during these times is a critical component to achieving long-term success. In fact, many strong investment track records are established during challenging periods because experienced investment teams understand that volatile markets place a premium on companies and investment ideas that can weather the short-term volatility. By maintaining appropriate time horizons, diversification and relying on practiced investment teams, we believe that investors can achieve their long-term investment objectives.

As always, I encourage you to communicate with your financial consultant if you have any questions about your investment in a Nuveen Fund. On behalf of the other members of the Nuveen Fund Board, we look forward to continuing to earn your trust in the months and years ahead.

William J. Schneider
Chairman of the Board
October 23, 2014

Portfolio Manager's Comments

Nuveen California Municipal Value Fund, Inc. (NCA)
Nuveen California Municipal Value Fund 2 (NCB)
Nuveen California AMT-Free Municipal Income Fund (NKX)
Nuveen California Dividend Advantage Municipal Fund (NAC)
Nuveen California Dividend Advantage Municipal Fund 2 (NVX)
Nuveen California Dividend Advantage Municipal Fund 3 (NZH)

These Funds feature portfolio management by Nuveen Asset Management, LLC, an affiliate of Nuveen Investments, Inc. Portfolio manager Scott R. Romans, PhD, reviews key investment strategies and the six-month performance of the Nuveen California Municipal Funds. Scott has managed NCA, NKX, NAC, NVX and NZH since 2003 and NCB since its inception in 2009.

What key strategies were used to manage the California Funds during the six-month reporting period ended August 31, 2014?

During this reporting period, the rally in the municipal market continued, driven by strong demand and tight supply and reinforced by a market environment of solid fundamentals and improving technical factors. For the reporting period, municipal bond prices generally rose, while interest rates declined. California municipal paper as a whole outperformed the national market, due in part to increased demand triggered by recent changes in the state tax code as well as improving economic conditions in the state. During this time, we continued to take a bottom-up approach to discovering sectors that appeared undervalued as well as individual credits that we believed had the potential to perform well over the long term.

Despite the decline in new municipal issuance both nationally and to a greater extent in California, we continued to find opportunities to purchase bonds in both the primary and secondary markets that helped us keep the Funds fully invested. As the municipal market improved, we tried to position our portfolios somewhat more defensively by focusing on higher grade bonds that offered good liquidity and that were positioned in the longer-intermediate part of the yield curve, (i.e., 18 to 22 years, rather than 25 to 30 years). In the current rate environment, we believe it is advantageous to think of purchases as short-term holdings that can be swapped for credit positions with better embedded yields when interest rates start to rise. We successfully used this strategy when rates rose in 2013 to swap out of bonds with 5% coupons and into bonds with higher coupons. In addition, many of those bonds had been purchased at significant premiums. Because premiums must be amortized, that cut into the amount of income available for distribution from the coupon. By executing a bond swap in a rising interest rate environment, the amortization expense was basically

Certain statements in this report are forward-looking statements. Discussions of specific investments are for illustration only and are not intended as recommendations of individual investments. The forward-looking statements and other views expressed herein are those of the portfolio manager as of the date of this report. Actual future results or occurrences may differ significantly from those anticipated in any forward-looking statements, and the views expressed herein are subject to change at any time, due to numerous market and other factors. The Funds disclaim any obligation to update publicly or revise any forward-looking statements or views expressed herein.

Ratings shown are the highest rating given by one of the following national rating agencies: Standard & Poor's (S&P), Moody's Investors Service, Inc. (Moody's) or Fitch, Inc. (Fitch). Credit ratings are subject to change. AAA, AA, A, and BBB are investment grade ratings; BB, B, CCC, CC, C and D are below investment grade ratings. Certain bonds backed by U.S. government or agency securities are regarded as having an implied rating equal to the rating of such securities. Holdings designated N/R are not rated by these national rating agencies.

Bond insurance guarantees only the payment of principal and interest on the bond when due, and not the value of the bonds themselves, which will fluctuate with the bond market and the financial success of the issuer and the insurer. Insurance relates specifically to the bonds in the portfolio and not to the share prices of a Fund. No representation is made as to the insurers' ability to meet their commitments.

Portfolio Manager's Comments (continued)

converted into a loss, so that more of the income from the coupon could be distributed to shareholders. An additional benefit of this strategy was the generation of tax loss carry-forwards that could be used to offset future capital gains.

During this reporting period, we also took advantage of some opportunities to trade tobacco bonds. Bonds from certain tobacco issuers tend to be more liquid because they were part of a larger issuance. Because of this liquidity, these bonds are preferred by nontraditional municipal investors such as hedge funds. By swapping the Funds' more liquid tobacco bonds for ones with less liquidity, we were able to pick up bonds with better credit quality and structure and higher yields, while also harvesting tax losses.

Overall, our emphasis in purchase activity was on relative value and credit quality, rather than sector. That is, when considering the purchase of a lower rated bond or a slightly less liquid issue, we looked carefully at the compensation offered by the bond in question relative to its credit quality or liquidity to determine that, if the bond were held for the long term rather than swapped when interest rates rise, the Funds would be well compensated for that. During this reporting period, our purchases of high grade, liquid bonds included California general obligation (GO) bonds as well as California State Public Works credits, both of which we bought until the credit upgrade on California GOs (see next paragraph). As spreads on these bonds tightened following the upgrade, we shifted our focus to other bonds in the high-grade end of the spectrum. All of the additions to our portfolios during this reporting period consisted of California paper.

In June 2014, Moody's upgraded its credit rating on California GO debt to Aa3 from A1, the highest level since 2001, citing California's "rapidly improving financial position, high but declining debt metrics, adjusted net pension liability ratios…and robust employment growth." Earlier in 2014, S&P had revised its outlook for the state to positive from stable, while affirming an A-rating. Fitch continued to rate the state at A with a stable outlook. Also during this reporting period, S&P upgraded its credit rating on National Public Finance Guarantee Corp. (NPFG), the insurance subsidiary of MBIA, to AA- rated from A-rated, citing NPFG's strong operating performance and competitive position in the financial guarantee market. As a result, the ratings on the Funds' holdings of bonds backed by insurance from NPFG were similarly upgraded to AA- as of mid-March 2014. This action produced an increase in the percentage of our portfolios held in the AA-rated credit quality category (and a corresponding decrease in the A-rated category), improving the overall credit quality of the Funds. During this reporting period, S&P also upgraded its rating on Assured Guaranty Municipal (AGM) as well as AGM's municipal-only insurer Municipal Assurance Corp. to AA from AA-.

Cash for purchases was generated primarily by proceeds from called and matured bonds, which we worked to redeploy to keep the Funds fully invested and support their income streams. The decline in municipal yields and the flattening of the municipal yield curve relative to the Treasury curve helped to make refunding deals more attractive and we saw an increase in this activity during the reporting period, as bond issuers sought to lower costs through refinancings. This provided ample cash for purchases and drove most of our trading activity for the reporting period.

As of August 31, 2014, all six of these Funds continued to use inverse floating rate securities. We employ inverse floaters for a variety of reasons, including duration management, income enhancement and total return enhancement.

How did the Funds perform during the six-month reporting period ended August 31, 2014?

The tables in the Performance Overview and Holding Summaries section of this report provide total returns for each Fund for the six-month, one-year, five-year, ten-year and/or since inception periods ended August 31, 2014. Each Fund's returns at net asset value (NAV) are compared with the performance of corresponding market indexes and Lipper classification average.

For the six months ended August 31, 2014, the total returns at common share NAV for all six of these Funds exceeded the return for the S&P Municipal Bond California Index as well as that for the national S&P Municipal Bond Index. For this same period, NKX, NAC and NZH outperformed the average return for the Lipper California Municipal Debt Funds Classification Average, while NCA, NCB and NVX trailed this Lipper California average.

Key management factors that influenced the Funds' returns included duration and yield curve positioning, credit exposure and sector allocation. In addition, the use of regulatory leverage was an important factor affecting the performance of these Funds. Among the primary reasons that the returns of NCA and NCB lagged those of the other Funds for this six-month reporting period was that these two Funds do not use regulatory leverage. Leverage is discussed in more detail later in this report.

Given the combination of declining interest rates and a flattening yield curve during this reporting period, municipal bonds with longer maturities generally outperformed those with shorter maturities. Overall, credits with maturities of 15 years or more, especially those at the longest end of the municipal yield curve, outperformed the general municipal market, while bonds at the shortest end of the curve produced the weakest results. In general, the Funds' durations and yield curve positioning were positive for their performance. Consistent with our long-term strategy, all of these Funds tended to be overweighted in the longer parts of the yield curve that performed best and underweighted in the underperforming shorter end of the curve. This was especially true in NKX and NAC, which had the longest durations among these Funds, while NVX had the shortest duration among the leveraged Funds. Between the two Funds that do not use leverage, NCA benefited from having a longer duration than NCB.

During this reporting period, lower rated bonds generally outperformed higher quality bonds, as the municipal market rally continued and investors became more willing to accept risk. In general, these Funds tended to have good weightings in the lower quality categories and underweights in the highest AAA-rated category, which helped their performance. Overall, NKX was the most advantageously positioned among these Funds in terms of credit exposure, while NVX received less of a contribution from its ratings positioning.

Health care bonds generally were the top performer among the municipal market, while industrial development revenue (IDR), transportation (led by tollroads), education, and water and sewer credits also outperformed the general municipal market. Among these Funds, NCB, NAC and NZH had the heaviest weightings in the health care sector, which boosted their performance. Conversely, health care was a negative factor in NVX due to where its health care holdings were weighted along the curve. The Funds also benefited from solid performance from their holdings of tax increment financing (TIF) district bonds, an area on which we have focused in recent years. Benefiting from the improving housing market and overall economy, land-secured deals such as TIF bonds led the outperformance of the tax-supported sector. However, the Funds tended to be underweighted in tax-supported

Portfolio Manager's Comments (continued)

bonds as a whole. During this reporting period, lower rated tobacco credits backed by the 1998 master tobacco settlement agreement tended to perform in the middle of the pack. All of these Funds had allocations of tobacco bonds issued by various California agencies, with NKX and NZH having the heaviest weighting in these credits and NCA the smallest.

In contrast, pre-refunded bonds, which are often backed by U.S. Treasury securities, were among the poorest performing market segments. The underperformance of these bonds relative to the market can be attributed primarily to their shorter effective maturities and higher credit quality. All of these Funds had allocations of pre-refunded bonds, with NCA having by far the heaviest weighting and NCB and NZH the smallest exposures. In addition, GO credits generally trailed the revenue sectors as well as the municipal market as a whole for the reporting period. This included California state GOs, which underperformed despite their upgrade by Moody's in June 2014.

We also continue to monitor ongoing economic developments in Puerto Rico for any impact on the Funds' holdings and performance. Shareholders should note that NCB had no exposure to Puerto Rico bonds during this reporting period, while NVX had less than 2% and the other four Funds had allocations of less than 1% at the end of the reporting period. The Puerto Rico credits offered higher yields, added diversification, and triple exemption (i.e., exemption from most federal, state, and local taxes). However, Puerto Rico's continued economic weakening, escalating debt service obligations, and long-standing inability to deliver a balanced budget led to multiple downgrades on its debt over the past two years. Following the latest rating reduction by Moody's in July 2014, Puerto Rico general obligation debt was rated B2/BB+/BB (below investment grade) by Moody's, S&P and Fitch, respectively, with negative outlooks. In late June 2014, Puerto Rico approved new legislation creating a judicial framework and formal process that would allow several of the commonwealth's public corporations to restructure their public debt. As of September 2014, the Nuveen complex held $70.9 million in bonds backed by public corporations in Puerto Rico that could be restructured under this legislation, representing less than 0.1% of our municipal assets under management. In light of the evolving economic situation in Puerto Rico, Nuveen's credit analysis of the commonwealth had previously considered the possibility of a default and the restructuring of public corporations, and we had adjusted our portfolios to prepare for such an outcome, although no such default or restructuring has occurred to date. The Nuveen complex's entire exposure to obligations of the government of Puerto Rico and other Puerto Rico issuers totals 0.35% of assets under management, as of September 30, 2014. For the reporting period ended August 31, 2014, Puerto Rico paper underperformed the municipal market as a whole.

FUND REORGANIZATIONS

Effective before the opening of business on June 9, 2014, certain California Funds (the Target Funds) were reorganized into larger California Funds included in this report (the Acquiring Funds) as follows:

The approved reorganizations are as follows:

Target Funds	Acquiring Funds
Nuveen California Performance Plus Municipal Fund, Inc. (NCP)	Nuveen California Dividend Advantage Municipal Fund (NAC)
Nuveen California Municipal Market Opportunity Fund, Inc. (NCO)	
Nuveen California Investment Quality Municipal Fund, Inc. (NQC)	
Nuveen California Select Quality Municipal Fund, Inc. (NVC)	

Nuveen California Quality Income Municipal Fund, Inc.
(NUC)

Nuveen California Premium Income Municipal Fund
(NCU)

Nuveen California AMT-Free Municipal Income Fund
(NKX)

Upon the closing of a reorganization, a Target Fund transfers its assets to the Acquiring Fund in exchange for common and preferred shares of the Acquiring Fund, and the assumption by the Acquiring Fund of the liabilities of the Target Fund. Each Target Fund is then liquidated, dissolved and terminated in accordance with its Declaration of Trust. Shareholders of each Target Fund become shareholders of the Acquiring Fund. Holders of common shares receive newly issued common shares of their Acquiring Fund, the aggregate net asset value of which equal the aggregate net asset value of the common shares of the Target Fund held immediately prior to the reorganization (including for this purpose fractional Acquiring Fund shares to which shareholders are entitled). Fractional shares are sold on the open market and shareholders received cash in lieu of such fractional shares. Holders of preferred shares of each Target Fund receive on a one-for-one basis newly issued preferred shares of their Acquiring Fund, in exchange for preferred shares of the Target Fund held immediately prior to the reorganizations.

Fund Leverage

IMPACT OF THE FUNDS' LEVERAGE STRATEGY ON PERFORMANCE

One important factor impacting the returns of the Funds relative to their comparative benchmarks was the Funds' use of leverage through their issuance of preferred shares and/or investments in inverse floating rate securities, which represent leveraged investments in underlying bonds. As mentioned previously, NCA and NCB do not use regulatory leverage. The Funds use leverage because our research has shown that, over time, leveraging provides opportunities for additional income, particularly in the recent market environment where short-term market rates are at or near historical lows, meaning that the short-term rates the Fund has been paying on its leveraging instruments have been much lower than the interest the Fund has been earning on its portfolio of long-term bonds that it has bought with the proceeds of that leverage. However, use of leverage also can expose the Fund to additional price volatility. When a Fund uses leverage, the Fund will experience a greater increase in its net asset value if the municipal bonds acquired through the use of leverage increase in value, but it will also experience a correspondingly larger decline in its net asset value if the bonds acquired through leverage decline in value, which will make the Fund's net asset value more volatile, and its total return performance more variable over time. In addition, income in levered funds will typically decrease in comparison to unlevered funds when short-term interest rates increase and increase when short-term interest rates decrease. Leverage had a positive impact on the performance of the Funds over this reporting period. For NCA, the impact was minimal due to the low level of leverage used in the Fund.

As of August 31, 2014, the Funds' percentages of leverage are as shown in the accompanying table.

	NCA	NCB	NKX	NAC	NVX	NZH
Effective Leverage*	1.67 %	9.48 %	34.85 %	36.34 %	32.12 %	38.20 %
Regulatory Leverage*	0.00 %	0.00 %	30.48 %	29.44 %	30.03 %	31.55 %

* Effective leverage is a Fund's effective economic leverage, and includes both regulatory leverage and the leverage effects of certain derivative and other investments in a Fund's portfolio that increase the Fund's investment exposure. Currently, the leverage effects of Tender Option Bond (TOB) inverse floater holdings are included in effective leverage values, in addition to any regulatory leverage. Regulatory leverage consists of preferred shares issued or borrowings of a Fund. Both of these are part of a Fund's capital structure. Regulatory leverage is subject to asset coverage limits set forth in the Investment Company Act of 1940.

THE FUNDS' REGULATORY LEVERAGE

As of August 31, 2014, the following Funds have issued and outstanding MuniFund Term Preferred (MTP) Shares and Variable Rate Demand Preferred (VRDP) Shares as shown in the accompanying table. As mentioned previously, NCA and NCB do not use regulatory leverage.

	MTP Shares				VRDP Shares		
	Series	Shares Issued at Liquidation Value	Annual Dividend Rate	NYSE/ NYSE MKT Ticker	Series	Shares Issued at Liquidation Value	Total
NKX	2015*	$ 35,250,000	2.00%	NKX PRC	2	$ 35,500,000	
					3	$ 42,700,000	
					4	$ 109,000,000	