Fourth Quarter 2010

VULCAN VALUE PARTNERS

Portfolio Review

General

We are pleased to be able to report that all of Vulcan Value Partners investment strategies delivered double digit returns in 2010 and strong positive returns in the fourth quarter. Small Cap led the pack with a 32.5% gain for the year. As we have said many times before, we place no weight on short term results, good or bad, and neither should you. We are focused on producing superior real rates of return over our five year time horizon. Everything we do is with that goal in mind, even if it hurts our results in the short run. We encourage you to place more weight on our longer term historical results and a great deal of weight on our long-term prospects. Performance is detailed below.

Directory

	Through December 31, 2010			
	QTD	YTD	Annualized Since Inception*	Peer Rank[1]
Large Cap Composite (Gross)	**8.5%**	**13.0%**	**3.7%**	**Top 5%**
Russell 1000 Value Index	10.5%	15.5%	-3.9%	
S&P 500 Index	10.8%	15.1%	-1.1%	
Focus Composite (Gross)	**8.4%**	**13.3%**	**3.9%**	**Top 4%**
Russell 1000 Value Index	10.5%	15.5%	-4.6%	
S&P 500 Index	10.8%	15.1%	-3.0%	
Focus Plus Composite (Gross)	**9.3%**	**14.8%**	**3.8%**	**Top 5%**
Russell 1000 Value Index	10.5%	15.5%	-3.9%	
S&P 500 Index	10.8%	15.1%	-1.1%	
Small Cap Composite (Gross)	**12.4%**	**32.5%**	**6.9%**	**Top 7%**
Russell 2000 Value Index	15.4%	24.5%	-1.4%	
Russell 2000 Index	16.3%	26.9%	0.8%	

[1]Peer ranking information sourced from eVestment as of February 6, 2019 using Vulcan Value Partners Large Cap, Focus and Focus Plus Composites versus peer group of US Large Cap Value Equity Universe, and Vulcan Value Partners Small Cap Composite versus peer group of US Small Cap Value Equity Universe since inception ending December 31, 2010. All returns are shown gross and net of fees. Vulcan Value Partners claims compliance with the Global Investment Performance Standards (GIPS®). *Inception date is 3/31/2007 for Large Cap, Small Cap, and Focus Plus Composites. Inception date is 11/30/2007 for Focus Composite. Past performance is no guarantee of future results. Please see important disclosures at the end of this document.

For more information please contact us at :

Vulcan Value Partners
3500 Blue Lake Dr.
Suite 400
Birmingham, AL 35243

205.803.1582 phone

www.vulcanvaluepartners.com

We enter the New Year feeling very good about our long term prospective returns. Despite double digit performance in 2010 our price to value ratios are very close to where they stood a year ago. Moreover, we estimate that our companies' underlying values – as distinct from their stock prices – grew at a solid mid-teens rate over the last twelve months. While we can never predict

Portfolio Review (Cont.)

when the stock market will recognize the value of our businesses, we do know that our long term returns will be a function of the growth in the value of the businesses we own and the closing of the price to value gap. Since our companies are growing their values well in excess of the economy and "the market" in general and our price to value ratios are almost as low today as they were a year ago, our prospective returns look very promising. More importantly, risk – the probability of losing permanent capital – is very low. Said another way, our margin of safety, both in terms of discount to intrinsic worth and business quality, is very high.

We own extraordinary businesses. During the teeth of the recession in 2008 our businesses grew their values at a low single digit rate while the average business suffered double digit value declines and many below average businesses simply went out of business. In 2009 as the recession ended, our businesses grew their values at a low double digit rate, in line with our long-term expectations. In 2010, with a sub-par U.S. recovery, they grew their values well above our expectations, delivering mid-teen value growth. In the aggregate, they did so with very little and in many cases negative financial leverage (net cash on the balance sheet). How?

Our businesses generate substantial free cash flow. In many instances this free cash flow was used to repurchase stock at significant discounts to intrinsic worth, resulting in value per share growth that is greater than the growth in the businesses themselves. Our businesses are able to grow their sales and earnings and generate significant amounts of free cash flow because they are competitively entrenched. Moreover, many of them are global in scale with opportunities to deploy capital earning very high rates of return around the world.

Many people we talk to are bearish on the dollar, government, economy, and almost everything having to do with the U.S. We see many things we do not like as well. However, there is some good news. We look around the world for businesses that would qualify for investment. The vast majority of those we find are in the U.S. Our portfolios are full of globally dominant businesses that are benefitting greatly from the growth of emerging economies. Even though most, but by no means all, of our companies are domiciled in the U.S., the percentage of revenues our businesses generate outside the U.S. is substantial. Across each portfolio, the aggregate revenues derived outside the U.S. are approximately as follows:

Focus 48%	Focus Plus 42%
Large Cap 47%	Small Cap 28%.

The point is that our businesses are diversified around the world and their business quality is much higher than that of the typical company traded on foreign exchanges. Their value growth is more a function of the global economy than the U.S. economy, which is another reason our value growth is so high despite the headwinds facing the U.S. economy. Our businesses are also much better managed than the typical developing market company and they have the ability to allocate capital around the world to where it can earn the highest possible return. Most people would describe Vulcan Value Partners as a "domestic manager" but you should know that you own a collection of global companies, in some cases global behemoths, that are growing their values faster than many emerging market companies and they are doing so with less risk. There is less risk because their businesses are competitively entrenched, their corporate governance is better, and because they are attractively valued. They are attractively valued because they are not perceived to be fast growing, global businesses. They are perceived to be boring U.S. based businesses that are missing all of the action in China, India, and Brazil. We think it is analogous to Vulcan Value Partners being perceived to be a domestic manager. When perceptions change we will be amply rewarded. Until then, we are just going to keep on buying.

Large Cap

VULCAN
VALUE
PARTNERS

Vulcan Value Partners Large Cap Review

Investment Strategy	Through December 31, 2010				
	QTD	YTD	1 year	3 year	Annualized Since Inception*
VVP Large Cap (Gross)	8.5%	13.0%	13.0%	5.8%	3.7%
VVP Large Cap (Net)	8.2%	11.9%	11.9%	4.8%	2.7%
Russell 1000 Value Index	10.5%	15.5%	15.5%	-4.4%	-3.9%
S&P 500 Index	10.8%	15.1%	15.1%	-2.9%	-1.1%

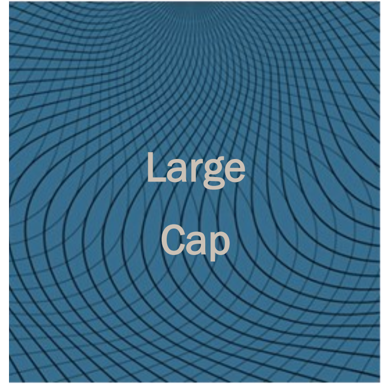
*Inception Date March 31, 2007

Since this letter is not only for the fourth quarter but is also a recap of the year we wanted to spend more time talking about changes to the portfolio instead of just discussing our winners and losers. Having said that, top contributors to performance for the year included Time Warner Cable (total return of 64.5%), Comcast (total return of 32.9%), Chubb (total return of 24.6%), and Direct TV (total return of 19.7%). In the fourth quarter Time Warner Cable and Comcast were also top contributors with 23.9% and 23.6% gains, respectively. Stated simply, rumors of cable's demise have been greatly exaggerated and as an industry it is performing wonderfully and is attractively valued.

There were no material detractors to performance in 2010 or in the fourth quarter. We generally define material contributors and detractors as companies having a greater than 1% impact on the portfolio.

During 2010, we exited Boeing, Dell, Fortune Brands, and Liberty Starz Group. In all cases, except Dell, we sold because prices had risen to, or close to, our estimate of intrinsic value and we had the opportunity to redeploy proceeds into more undervalued or higher quality companies. In the case of Dell, we identified several companies with substantially better competitive positions available at similar discounts. While our portfolios are more concentrated than most managers, we do pay attention to diversification and industry concentration. Given that we could buy similar but higher quality businesses with very attractive price to value ratios we decided to redeploy the capital we had committed to Dell into those businesses.

Fortune Brands deserves special mention. The company owns a large number of well known consumer brands in three business segments – Spirits (Jim Beam and Maker's Mark, Canadian Club, and Courvoisier among others), Golf (Titleist and FootJoy among others) and Home & Security (Moen, MasterLock, and Kitchen Craft among others). We have long admired their management team and their brands. Golf and Home & Security were hit hard by the recession but their largest segment, Spirits, held up well. In the aggregate, the company has produced solid free cash flow over the past few years but our value growth has been below average. The stock price, on the other hand, has risen dramatically. Recently, Bill Ackman, an activist investor with a value orientation, took a large stake in Fortune Brands and the company announced that it was splitting into three separate companies to unlock value. By our estimates the value has been unlocked and we are moving on. Fortune Brands was a very successful investment for us and we appreciate the fine job their management team did under trying circumstances while we were owners.



Vulcan Value Partners Large Cap Review (Cont.)

We purchased several new positions in 2010 as a number of very high quality companies became available to us at attractive discounts. A number of them were in the technology and medical industries including Cisco, Texas Instruments, Hewlett-Packard, Medtronic, and C.R. Bard. Cisco is a company I personally have followed for nearly two decades. It is a fantastic business and has been very well managed by CEO John Chambers. After the Internet/Tech bubble burst in 2000 Cisco's stock price collapsed from ridiculous valuation levels but it was still not remotely undervalued by our metrics. Over the past ten years, the stock price has gone nowhere but the company's value has grown tremendously through free cash flow production, strong top and bottom line growth, and intelligent capital allocation. Currently, there is a great deal of skepticism about Cisco's earnings in 2011. As a result, the stock price declined in 2010 giving us an opportunity to buy it at a significant discount to our estimate of intrinsic worth and a fraction of its historical valuation levels. Our value is not dependent on what Cisco earns in 2011. It is dependent on the company's long term prospects, which we think are very bright. The Internet has had, and is continuing to have, a game changing impact on wide swaths of the global economy. More and more data is being sent through the Internet. Cisco is at the center of it all. With very high market shares, global brand recognition, a diversified product base, and a large R&D budget, we think Cisco is well positioned to maintain its leadership position and capture more than its fair share of the economics of more data intense Internet usage.

Medtronic is another company we have long admired but never been able to purchase on attractive terms until last year. Like Cisco, it has leading market positions, strong brand recognition, and a substantial R&D budget. Medtronic will be affected by health care reform and it will not grow as rapidly as it has in the past. It does not need to do so to justify the price we paid for it. We think that Medtronic will be able to grow at a moderate pace going forward and continue to generate significant amounts of free cash flow. At fair value the combination would result in solid double digit returns. Since we purchased it at a discount to fair value we should realize an excess return if we are correct as price eventually rises to our growing value over our five year time horizon. More important, we expect to realize these above average returns with less risk because of the margin of safety we enjoy in terms of value over price.

As is typical of our portfolio holdings both Cisco and Medtronic have extremely strong balance sheets in addition to the free cash flow that they produce. These fortress like balance sheets give them flexibility to further strengthen their competitive positions and to take advantage of capital allocation opportunities. It also adds to the stability of their growing values and further reduces our risk.

Small Cap

VULCAN VALUE PARTNERS

Vulcan Value Partners Small Cap Review

Investment Strategy	Through December 31, 2010				
	QTD	YTD	1 year	3 year	Annualized Since Inception*
VVP Small Cap (Gross)	12.4%	32.5%	32.5%	11.7%	6.9%
VVP Small Cap (Net)	12.1%	31.0%	31.0%	10.4%	5.6%
Russell 2000 Value Index	15.4%	24.5%	24.5%	2.2%	-1.4%
Russell 2000 Index	16.3%	26.9%	26.9%	2.2%	0.8%

*Inception Date March 31, 2007

Since this letter is not only for the fourth quarter but is also a recap of the year we wanted to spend more time talking about changes to the portfolio instead of just discussing our winners and losers. Having said that, top contributors to performance for the year included Donaldson (total return of 38.5%), Harley-Davidson (total return of 39.5%), and Joseph A. Banks (total return of 43.4%). Each company exceeded our expectations operationally in 2010. In the fourth quarter Hurco, Del Monte Foods, and Donaldson were top contributors. Each company delivered improved operational results. Del Monte was taken away from us by KKR, who made a bid for the company and is taking it private – more on that below.

There were no material detractors to performance in 2010 or in the fourth quarter. We generally define material contributors and detractors as companies having a greater than 1% impact on the portfolio.

During 2010, we exited nine companies and purchased eleven new positions. 2010 was an unusually active year with buyout activity returning and value recognition accelerating for a number of companies that we had purchased with the intention of holding for our five year time horizon. However, when price rises to reflect value or when we can significantly improve our portfolio's weighted average price to value ratio we will sell. Notable sells include RCN, taken away from us by private equity early in 2010, Del Monte Foods, also taken away from us by private equity, and Genoptix, taken away from us by Swiss drug giant, Novartis. We purchased Del Monte and Genoptix in 2010 and exited them during the first quarter of 2011. Both are wonderful businesses in very different industries. Both have high returns on capital and produce substantial free cash flow. Both have strong balance sheets. Both were discounted when we purchased them. It is not surprising that, as credit markets begin to thaw, other private enterprises would come to the same conclusion as us and make a bid for these companies.

The good news is that we captured returns earlier than we otherwise would have. The bad news is that we have to find qualifying replacements. On that score, I am extremely pleased with our research team. We ended the year with roughly the same price to value ratio as we started the year and were virtually fully invested December 31st. More on our purchases below but a few more companies that we sold deserve mention.

Vulcan Value Partners Small Cap Review (Cont.)

Jack Henry was a very successful investment for us. We purchased it during the teeth of the financial crisis. Jack Henry is a leading provider of data processing services for commercial banks with an emphasis on small and medium sized banks. Regardless of their own financial condition these banks literally cannot operate without Jack Henry's systems. Unlike its customers, which have leveraged balance sheets and do not produce free cash flow, Jack Henry has a very strong balance sheet and ample free cash flow. As its customer's fortunes declined, Jack Henry's stock declined as well. However, because of its strong balance sheet and robust free cash flow production its value was stable, giving us a chance to buy it on very attractive terms. Since we purchased it, its value has compounded nicely, but its stock price has risen more rapidly, causing its price to value ratio to become less attractive so we sold our position and used proceeds from its sale to buy more discounted companies.

Polaris was also a very good investment for us. This company is an extremely well managed company. Even though its core products – ATV's – are discretionary consumer items, the company navigated through the economic downturn better than we could have imagined. Despite very difficult industry conditions, Polaris gained market share, produced strong free cash flow, maintained margins, and earned strong returns on capital while we owned it. Other investors took notice and bid its stock price to levels that no longer provided us with a sufficient margin of safety. All we can say is, thank you Polaris.

As mentioned above, two of the eleven new companies we purchased in 2010 were taken away from us through merger and acquisition activity. The other nine are all meeting or exceeding our expectations operationally. We fear that we would put you to sleep talking about all nine but we can highlight a few new purchases.

Bolt Technology is similar to Jack Henry in that it became discounted because of its customer base and its business model is very different than its customers. Bolt Technology makes underwater seismic systems used to explore for energy resources. They are the leading provider of these systems. Even though they operate around the world their stock price declined when deep water drilling was suspended in the Gulf of Mexico. Although Bolt Technology is a cyclical company it generates strong free cash flow and high returns on capital through a cycle. It has a very strong balance sheet. We are optimistic about Bolt's long-term prospects and are pleased to own it, although we regret the reason we were able to buy it was because of the Gulf oil spill.

Hurco is similar to Bolt Technology in many ways. They are a leading maker of high end machine tools used to, well, make other machines. While cyclical, returns on capital are attractive and free cash flow production is robust through a cycle. Their balance sheet is very strong. Many of Hurco's customers are exporters making machines that are being used in factories in developing markets. Hurco's high end cutting machines create the value added component to their customers' end products. Otherwise, their customers' end products would be commoditized. Therefore, Hurco is able to charge a premium for its machines.

Lincoln Electric is the world's leading manufacturer of welding solutions. There is a razor blade aspect to their business, allowing Lincoln Electric to make high returns on capital and generate strong free cash flow. Even though its products have been around forever, its long term outlook is very good due to rising demand from the developing world and deferred maintenance on infrastructure in the developed world. Of course, it has a strong balance sheet.

Focus

VULCAN VALUE PARTNERS

Vulcan Value Partners Focus Review

Investment Strategy	Through December 31, 2010				
	QTD	YTD	1 year	3 year	Annualized Since Inception*
VVP Focus (Gross)	8.4%	13.3%	13.3%	5.8%	3.9%
VVP Focus (Net)	8.0%	11.7%	11.7%	4.2%	2.3%
Russell 1000 Value Index	10.5%	15.5%	15.5%	-4.4%	-4.6%
S&P 500 Index	10.8%	15.1%	15.1%	-2.9%	-3.0%

*Inception Date November 30, 2007

Since this letter is not only for the fourth quarter but is also a recap of the year, we wanted to spend more time talking about changes to the portfolio instead of just discussing our winners and losers. Having said that, top contributors to performance for the year included Time Warner Cable (total return of 64.5%), Comcast (total return of 32.9%), Coca-Cola (total return of 19.0%), and Direct TV (total return of 19.7%). In the fourth quarter, Time Warner Cable, Comcast, and Coca-Cola were also top contributors with 23.8%, 23.8%, and 14.9% gains, respectively. Stated simply, rumors of cable's demise have been greatly exaggerated and as an industry it is performing wonderfully and is attractively valued.

There was only one material detractor to performance in 2010 – MasterCard (total return of -12.2%) - and none in the fourth quarter. We generally define material contributors and detractors as companies having a greater than 1% impact on the portfolio. We have written about MasterCard in earlier letters this year and nothing has changed our view since we last updated you. In fact, while we view government interference in the credit card industry as egregious and counter-productive we believe that MasterCard will benefit at Visa's expense because of new regulations impacting debit transactions.

During 2010, we exited Boeing, Dell, Fortune Brands, and Liberty Starz Group. In all cases, except Dell, we sold because prices had risen to, or close to, our estimate of intrinsic value and we had the opportunity to redeploy proceeds into more undervalued or higher quality companies. In the case of Dell, we identified several companies with substantially better competitive positions available at similar discounts.

Discovery Communications deserves to be highlighted. Discovery Communications owns several leading cable networks including The Discovery Channel and Animal Planet. It has worldwide distribution. It is an amazing business and is largely immune to cyclical economic events. Despite its stable business model, the stock was extremely discounted during the recession. Operationally, the company never skipped a beat. In fact, Discovery Communications made our conservative forecasts look absurdly low. If we have to miss a number we would rather miss it by being too low but in this case, it was embarrassing. Our value compounded at a solid double digit rate throughout the recession and into the recovery as the company raised prices, grew viewership, improved margins, generated high levels of free cash, and repurchased

Vulcan Value Partners Focus Review (Cont.)

shares at a discount. It was painful to sell Discovery Communications but the price to value gap narrowed substantially as its stock price rose. In Focus, all of our holdings have enviable business models and enjoy a large margin of safety in terms of value over price. When Discovery Communications no longer qualified on both metrics our discipline demanded that we sell it and we did.

New purchases included Teva Pharmaceuticals, Hewlett-Packard, Investment Technology Group, and Whirlpool.

Teva Pharmaceuticals is the leading generic drug maker in the world. Based in Israel, the company has a global footprint. Because of its scale it is able to move faster and capture more than its fair share of the economics of the generic drug market as leading drugs lose patent protection. It is well known that "Big Pharma" is facing a tsunami of patent expirations on blockbuster drugs over the next decade. In our opinion, Teva Pharmaceuticals will be the leading beneficiary of these patent expirations. Despite its enviable position the company trades at barely a double digit P/E ratio while traditional ethical drug manufacturers whose patents are expiring trade at higher valuation levels. Teva Pharmaceuticals generates substantial free cash flow and has a very strong balance sheet.

Hewlett-Packard has leading positions in a number of technology product areas including printers, servers, and PC's. They also have a large computer services business and a promising software business. We endured more drama than we would have liked in 2010 as former CEO, Mark Hurd, left in a dispute with the board. Our early impression of new CEO Leo Apotheker, is positive. We were very pleased to see Meg Whitman recently join the board of directors. Hewlett-Packard has tremendous depth, both in terms of its product line up and its management team. It goes without saying that the company generates large amounts of free cash flow and has a strong balance sheet. Its stock price is very discounted if our conservative forecasts of its prospects are close to reality and even more discounted based on comparable business sales for similar businesses.

Investment Technology Group is a leading provider of off exchange trading solutions. In other words, it is a dark pool. They match buyers and sellers anonymously off the major stock exchanges. Their core customer base has suffered through the bear market, followed by two years of outflows. Investment Technology Group's earnings are depressed but it still generates substantial free cash flow and has a very strong balance sheet. We think it is only a matter of time before their earnings rebound. In the meantime, our value is growing through the production of free cash flow, which is being used to repurchase stock at a large discount to our estimate of intrinsic worth.

Whirlpool has leading market shares and strong brand recognition in a number of home appliances, including washers, driers, refrigerators, and ranges. They have a large exposure to developing markets including Brazil, India, and China. Most of their demand in developed markets is replacement demand. They have a moderate amount of financial leverage supported by ample free cash flow. Whirlpool operates in multiple segments in multiple geographical regions. As a result, its consolidated results obscure the value of its individual pieces. We think the company is well positioned to benefit from the rapidly growing middle class in emerging economies and that its potential is not reflected in its stock price.

Vulcan Value Partners Focus Plus Review

Investment Strategy	Through December 31, 2010				
	QTD	YTD	1 year	3 year	Annualized Since Inception*
VVP Focus Plus (Gross)	9.3%	14.8%	14.8%	6.0%	3.8%
VVP Focus Plus (Net)	8.9%	13.2%	13.2%	4.5%	2.3%
Russell 1000 Value Index	10.5%	15.5%	15.5%	-4.4%	-3.9%
S&P 500 Index	10.8%	15.1%	15.1%	-2.9%	-1.1%

*Inception Date March 31, 2007

At year end all of our open options contracts had been exercised. The annualized yield on our option contracts that were open during the quarter averaged north of 40%. When exercised, these options give us the right to purchase stakes in companies we want to own at a lower price than the market price at the time the option was written. We would like for these options to be exercised and have set aside cash for that purpose. We employ no leverage. In effect, during the fourth quarter we were being paid 40% + (annualized) on our cash while we waited for lower prices and a corresponding larger margin of safety. Unlike many market participants, we use options to decrease risk. We are long-term investors. Oftentimes, those on the other side of our trade are speculators. Their appetite for risk is the reason we enjoy high yields on our option positions. We are happy to provide liquidity for them.

As the quarter ended implied volatility had declined dramatically on the companies we were interested in purchasing and selling. Therefore we had no options contracts outstanding at December 31st.

Since this letter is not only for the fourth quarter but is also a recap of the year, we wanted to spend more time talking about changes to the portfolio instead of our winners and losers. Having said that, top contributors to performance for the year included Time Warner Cable (total return of 64.5%), Comcast (total return of 32.9%), and Direct TV (total return of 19.7%). In the fourth quarter, Comcast and Time Warner Cable were also top contributors with 24.4% and 23.9% gains, respectively. Stated simply, rumors of cable's demise have been greatly exaggerated and as an industry it is performing wonderfully and is attractively valued.

Detractors to performance in 2010 included MasterCard (total return of -12.2%), and Hewlett-Packard (total return of -17.7%). We have written about each in earlier letters this year and nothing has changed our view since we last updated you. However, we talk about Hewlett-Packard below. There were no material detractors to performance in the fourth quarter. We generally define material contributors and detractors as companies having a greater than 1% impact on the portfolio.

During 2010, we exited Boeing, Dell, Fortune Brands, and Liberty Starz Group. In all cases, except Dell, we sold because prices had risen to, or close to, our estimate of intrinsic value and we had the opportunity to redeploy proceeds into more undervalued or higher quality companies. In the case of Dell, we identified companies with substantially better competitive positions available at similar discounts.

Vulcan Value Partners Focus Plus Review (Cont.)

Discovery Communications deserves to be highlighted. Discovery Communications owns several leading cable networks including The Discovery Channel and Animal Planet. It has worldwide distribution. It is an amazing business and is largely immune to cyclical economic events. Despite its stable business model the stock was extremely discounted during the recession. Operationally, the company never skipped a beat. In fact, Discovery Communications made our conservative forecasts absurdly low. If we have to miss a number we would rather miss it by being too low, but in this case, it was embarrassing. Our value compounded at a solid double digit rate throughout the recession and into the recovery as the company raised prices, grew viewership, improved margins, generated high levels of free cash, and repurchased shares at a discount. It was painful to sell Discovery Communications but the price to value gap narrowed substantially as its stock price rose. In Focus Plus, all of our holdings have enviable business models and enjoy a large margin of safety in terms of value over price. When Discovery Communications no longer qualified on both metrics our discipline demanded that we sell it and we did.

Fortune Brands deserves special mention. The company owns a large number of well known consumer brands in three business segments – Spirits (Jim Beam and Maker's Mark, Canadian Club, and Courvoisie among others), Golf (Titleist and FootJoy among others) and Home & Security (Moen, MasterLock, and Kitchen Craft among others). We have long admired their management team and their brands. Golf and Home & Security were hit hard by the recession but their largest segment, Spirits, held up well. In the aggregate, the company has produced solid free cash flow over the past few years but our value growth has been below average. The stock price, on the other hand, has risen dramatically. Recently, Bill Ackman, an activist investor with a value orientation, took a large stake in Fortune Brands and the company announced that it was splitting into three separate companies to unlock value. By our estimates the value has been unlocked and we are moving on. Fortune Brands was a very successful investment for us and we appreciate the fine job their management team did under trying circumstances while we were owners.

New purchases included Teva Pharmaceuticals, Hewlett-Packard, Investment Technology Group, Whirlpool, and NASDAQ-OMX Group.

Teva Pharmaceuticals is the leading generics maker in the world. Based in Israel, the company has a global footprint. Because of its scale it is able to move faster and capture more than its fair share of the economics of the generic drug market as leading drugs lose patent protection. It is well known that "Big Pharma" is facing a tsunami of patent expirations on blockbuster drugs over the next decade. In our opinion, Teva Pharmaceuticals will be the leading beneficiary of these patent expirations. Despite its enviable position the company trades at barely a double digit P/E ratio while traditional ethical drug manufacturers whose patents are expiring trade at higher valuation levels. Teva Pharmaceuticals generates substantial free cash flow and has a very strong balance sheet.

Hewlett-Packard has leading positions in a number of technology product areas including printers, servers, and PC's. They also have a large computer services business and a promising software business. We endured more drama than we would have liked in 2010 as former CEO, Mark Hurd, left in a dispute with the board. Our early impression of new CEO Leo Apotheker, is positive. We were very pleased to see Meg Whitman recently join the board of directors. Hewlett-Packard has tremendous depth, both in terms of its product line up and its management team. It goes without saying that the company generates large amounts

Vulcan Value Partners Focus Plus Review (Cont.)

of free cash flow and has a strong balance sheet. Its stock price is very discounted if our conservative forecasts of its prospects are close to reality and even more discounted based on comparable business sales for similar businesses.

Investment Technology Group is a leading provider of off exchange trading solutions. In other words, it is a dark pool. They match buyers and sellers anonymously off the major stock exchanges. Their core customer base has suffered through the bear market, followed by two years of outflows. Investment Technology Group's earnings are depressed but it still generates substantial free cash flow and has a very strong balance sheet. We think it is only a matter of time before their earnings rebound. In the meantime, our value is growing through the production of free cash flow, which is being used to repurchase stock at a large discount to our estimate of intrinsic worth.

Whirlpool has leading market shares and strong brand recognition in a number of home appliances, including washers, driers, refrigerators, and ranges. They have a large exposure to developing markets including Brazil, India, and China. Most of their demand in developed markets is replacement demand. They have a moderate amount of financial leverage supported by ample free cash flow. Whirlpool operates in multiple segments in multiple geographical regions. As a result, its consolidated results obscure the value of its individual pieces. We think the company is well positioned to benefit from the rapidly growing middle class in emerging economies and that its potential is not reflected in its stock price.

NASDAQ-OMX Group is similar to Investment Technology Group in many ways. In fact, they are competitors in some product areas. NASDAQ-OMX group is an exchange. They have operations around the world but the U.S. is by far their most important market. They have a diverse revenue stream and a largely fixed cost base. They generate strong free cash flow, which they are using to aggressively repurchase their discounted shares. They have done an excellent job growing their more profitable options business in the face of cyclically depressed share trading volume. We are pleased with their results in a challenging environment and think their long term prospects are outstanding and under appreciated.

Closing

If you notice a theme here you are not imagining it. We buy competitively entrenched businesses with strong balance sheets that produce high levels of free cash flow and generate high returns on invested capital. And, we buy them at a discount to our estimate of intrinsic value which creates a margin of safety. It is not very complicated, but it is difficult to implement. We are able to do so because we have an outstanding research team and a driven head trader, Anne Morrow, who is very good at executing our portfolio management decisions. I am honored to work with such a fine group of people who are both passionate about and competent in their work.

All of us at Vulcan Value Partners are also honored by you. We work for clients who have taken time to study our investment philosophy and learn about our organization. You have provided patient capital and you have hired us for the right reasons. We take the trust you have placed in us very seriously. We feel confident in telling you that we feel very good about our portfolios and about the productivity of our research team. Everyone here loves what they do and is doing their jobs well.

We look forward to our next opportunity to update you. We hope that your New Year is off to a good start. Ours certainly is.

Sincerely,

C.T. Fitzpatrick
Chief Investment Officer

Disclosures

The performance presented is for our Large Cap Composite, Focus Composite, Focus Plus Composite and Small Composite. The model composite portfolio performance figures reflect the deduction of brokerage or other commissions and the reinvestment of dividends and capital gains. Past performance is no guarantee of future results and we may not achieve our return goal. We have presented returns gross and net of fees. Gross of fees returns are calculated gross of management and custodial fees and net of transaction costs. Net of fees returns are calculated net of management fees and transaction costs and gross of custodian fees, taken at the highest applicable fee. The performance figures do not reflect the deduction of any taxes an investor might pay on distributions or redemptions. Our standard fees are presented in Part II of our ADV.

Value is our estimate of the price a willing buyer would pay, and a willing seller would accept, assuming neither was compelled to enter into a transaction. Total return percentages are shown only for individual companies that the composites owned for the entire year. Actual returns for the composites holdings of those securities may differ from total return as the composites rebalanced or changed weights in the individual securities. The total return percentages were sourced from Thomson ONE On Demand database as of December 31, 2009 through December 31, 2010. There may be market or economic conditions which affect our performance, or that of our relevant benchmarks, that may have changed Vulcan Value Partners' views regarding the prospects of any particular investment. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities discussed in this letter. The information provided in this presentation is furnished as of the date shown and no representation is being made with respect to its accuracy on any future date. Vulcan Value Partners does not assume any duty to update any information in this presentation. Vulcan buys concentrated positions for our portfolios, averaging 5% in our model portfolios, which may make our performance more volatile than that of our benchmark indices and our performance may diverge from an index, positively or negatively, as a result. Our focus is on long term capital appreciation, so our clients should consider at least a five year time horizon for an investment with Vulcan.

The S&P 500 Index is an unmanaged index of 500 common stocks chosen for market size, liquidity, and industry group representation. It is a market-value weighted index. The Russell 1000® Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values. The Russell 2000® Index includes the 2000 firms from the Russell 3000® Index with the smallest market capitalizations. The Russell 2000® Index Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. Index figures do not reflect deductions for any fees, expenses, or taxes. Investors cannot invest directly in an index.

Vulcan Value Partners is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. Vulcan focuses on long term capital appreciation; targeting securities purchases that we believe have a substantial margin of safety in terms of value over price and limiting our investments to companies that we believe have sustainable competitive advantages that will allow them to earn superior returns on capital. Vulcan Value Partners claims compliance with the Global Investment Performance Standards (GIPS®). To receive a complete list and description of Vulcan Value Partners' composites and a presentation that adheres to the GIPS standards, please contact Hampton McFadden at 205.803.1582 or write Vulcan Value Partners, 3500 Blue Lake Drive, Suite 400 Birmingham AL, 35243.

Large Cap Composite Information: This portfolio strategy invests in companies with larger market capitalizations. Subject to price, any publicly traded company with reasonable economics that is too large to be included in our small capitalization composite would be a potential investment in this portfolio. A core position is 5% so that theoretically our clients would hold 20 names diversified across various industries. It is very rare that enough companies are sufficiently discounted to warrant this level of concentration so concentration will vary with the price to value ratio. We will invest client assets in positions as small as 1% when price to value ratios are higher. We will not invest client assets in any business that is trading above our estimate of fair value. The composite benchmark is the S&P 500. New accounts that fit the composite definition are added at the beginning of the first full month for which the account is under management. Closed account data is included in the composite as mandated by the standards in order to eliminate a survivorship bias. The composite was created on March 31, 2007. Portfolios below the minimum asset level of $50,000 are not included in the composite.

Focus Composite Information: This portfolio strategy invests in companies with larger market capitalizations. Subject to price, any publicly traded company with reasonable economics that is too large to be included in our small capitalization composite would be a potential investment in this portfolio. This is a very concentrated portfolio holding between seven and fourteen positions. We will not invest client assets in any business that is trading above our estimate of fair value. The composite benchmark index is the S&P 500. New accounts that fit the composite definition are added at the beginning of the first full month for which the account is under management. Closed account data is included in the composite as mandated by the standards in order to eliminate a survivorship bias. The composite was created on November 30, 2007. Portfolios below the minimum asset level of $50,000 are not included in the composite.

Disclosures (Cont.)

Focus Plus Composite Information: This portfolio strategy invests in companies with larger market capitalizations. Subject to price, any publicly traded company with reasonable economics that is too large to be included in our small capitalization composite would be a potential investment in this portfolio. The portfolio is typically invested in between seven and fourteen names. We will use options instead of limit orders to acquire the stock. We will not invest client assets in any business that is trading above our estimate of fair value. The composite benchmark is the S&P 500 Index. New accounts that fit the composite definition are added at the beginning of the first full month for which the account is under management. Closed account data is included in the composite as mandated by the standards in order to eliminate a survivorship bias. The composite was created on March 31, 2007. Portfolios below the minimum asset level of $50,000 are not included in the composite.

Small Cap Composite Information: This portfolio strategy invests in companies with smaller market capitalizations. Subject to price, any publicly traded company with reasonable economics that is not "large" would be a potential investment in this portfolio. While we do not have any defined cutoffs we use the Russell 2000 as a guide to define small cap, and any small publicly traded company with reasonable economics would be a potential investment in this portfolio. A core position is 5% so that theoretically our clients would hold 20 names diversified across various industries. It is very rare that enough companies are sufficiently discounted to warrant this level of concentration so concentration will vary with the price to value ratio. We will invest client assets in positions as small as 1% when price to value ratios are higher. We will not invest client assets in any business that is trading above our estimate of fair value. The composite benchmark is the Russell 2000 Index. New accounts that fit the composite definition are added at the beginning of the first full month for which the account is under management. Closed account data is included in the composite as mandated by the standards in order to eliminate a survivorship bias. The composite was created on March 31, 2007. Portfolios below the minimum asset level of $50,000 are not included in the composite.

All returns are expressed in US dollars.