First

Quarter

2010

VULCAN
VALUE
PARTNERS

Portfolio Review

General

We are pleased to report that Vulcan Value Partners is off to a good start in 2010. Each of our four investment strategies delivered solid returns and all were ahead of their respective major market benchmarks. Our Small Cap strategy is the standout with a 13.6% return in the quarter ended March 31. These results are particularly gratifying following Vulcan Value Partners' very strong results in 2009. Each of our four strategies are detailed later in the letter. A summary is as follows:

Directory

	Inception Date	YTD through 03/31/2010	Annualized Since Inception	Peer Rank Through 03/31/2010
Large Cap Composite	3/31/2007	7.0%	3.8%	Top 0.42%
S&P 500 Index		5.4%	-4.2%	
Russell 1000 Value Index		6.8%	-7.3%	
Focus Composite	11/30/2007	5.7%	3.7%	Top 0.26%
S&P 500 Index		5.4%	-7.5%	
Russell 1000 Value Index		6.8%	-9.2%	
Focus Plus Composite	3/31/2007	8.0%	2.6%	Top 1.53%
S&P 500 Index		5.4%	-4.2%	
Russell 1000 Value Index		6.8%	-7.3%	
Small Cap Composite	3/31/2007	13.6%	3.2%	Top 3.40%
Russell 2000 Index		8.9%	-4.0%	
Russell 2000 Value Index		10.0%	-5.7%	

Peer ranking information sourced from Zephyr StyleADVISOR versus Zephyr Large Cap Value and Zephyr Small Cap Value for periods ending March 31, 2010. All returns are gross of fees. Vulcan Value Partners claims compliance with the Global Investment Performance Standards (GIPS®).

For more information please contact us at :

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Over the long term our results will be a function of value growth and the closing of the gap between price and value in the companies we own. Short term results are overly influenced by market psychology and are not very meaningful. The long term drivers of our performance are encouraging. As we discussed in our 2009 year end letter, on average, our companies compounded their values at a double digit rate during the recession. As the economy continues to improve it is reasonable to

Portfolio Review (Cont.)

expect that their values will compound at above average rates. Moreover, our price to value ratios are compelling as we have sold or reduced our stake in companies whose prices have risen in relation to fair value and have replaced them with more discounted names possessing similar, outstanding business economics.

We only purchase investments that we would be comfortable owning for five years. Our expectation is that over our five year time horizon price will converge with value. It seems intuitive that the faster value is recognized the larger our returns will be. However, there is also a cost. When the price to value gap closes we sell because there is no longer a margin of safety. We will not hold an investment at fair value. So, we must find replacements for companies that have risen to fair value and those replacements might or might not be able to compound their underlying values at the same rate as the companies we have sold. In short, there is execution risk. It is easier to make one great decision than to make, say, ten great decisions. Therefore, we are very happy to own superior business enterprises that steadily compound their value as long as we can do so while enjoying a margin of safety.

The key to successfully executing our investment philosophy is to limit our investments to truly outstanding businesses possessing sustainable competitive advantages that allow them to consistently compound their values. Doing so allows us to take advantage of stock market volatility instead of being taken advantage of, because the values of the companies we own are more stable than their stock prices. When such businesses are purchased at a discount, which we demand, then risk is reduced and the potential for excess returns is maximized. Our research team has done an excellent job of finding qualifying investments to replace companies whose stock price has appreciated faster than underlying values have compounded. Our prospects for future compounding are materially better than they would have been without their great work. We end the first quarter of 2010 virtually fully invested across all of our portfolios. We enjoy a substantial margin of safety in terms of value over price. Our price to value ratios range from the low 70's to the low 60's. Business values are growing nicely. We are fortunate to have assembled such a fine research team. It will be fun for me to let you learn more about them in future letters.

Please note that in the commentary that follows regarding each of our four strategies we define meaningful as having a 1% impact on portfolio returns or a greater than 10% change in price. We generally limit comments about top contributors and detractors to the top three or to companies that had a meaningful impact on portfolio performance.

Large Cap

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Vulcan Value Partners Large Cap Review

Investment Strategy	Inception Date	YTD Through 03/31/2010	1 year	3 year	Annualized Since Inception
VVP Large Cap (Gross)	03/31/2007	7.0%	66.8%	3.8%	3.8%
VVP Large Cap (Net)		6.7%	65.1%	2.8%	2.8%
S&P 500 Index		5.4%	49.8%	-4.2	-4.2%
Russell 1000 Value Index		6.8%	53.6%	-7.3	-7.3%

Top contributors to performance included Time Warner Cable and Boeing. Time Warner Cable produced solid results and generated substantial free cash flow in 2009. Its strong business fundamentals became a little less under-appreciated during the first quarter. Boeing successfully completed the first test flight of the 787 and also received some good news on a large defense contract to build long range refueling planes for the Unites States Air Force.

The only meaningful detractor to first quarter performance was Google. Google's impact was less than 1% but it was the largest detractor. Google is generating ample free cash flow and is producing solid bottom line results. Consequently, its value is growing, which is our chief concern. Google has been in the news a lot lately because of its decision to stop filtering its Chinese website search results. Chinese related revenues are a small fraction of Google's total so if Google does leave China it will be immaterial. While the opportunity cost of foregoing future growth in China is high we believe that it is more than offset by the benefit Google derives from cementing its worldwide reputation as the leading source of objective search information on the Internet.

Small

Cap

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Vulcan Value Partners Small Cap Review

Investment Strategy	Inception Date	YTD Through 03/31/2010	1 year	3 year	Annualized Since Inception
VVP Small Cap (Gross)	03/31/2007	13.6%	79.1%	3.2%	3.2%
VVP Small Cap (Net)		13.2%	76.9%	1.9%	1.9%
Russell 2000 Index		8.9%	62.8%	-4.0%	-4.0%
Russell 2000 Value Index		10.0%	65.1%	-5.7%	-5.7%%

Top contributors to performance were RCN Corp., Heartland Payment Systems, and Joseph A. Bank. RCN was up 39.1% after receiving a buyout offer at $15.00 per share. RCN has an advanced fiber optic network in large metropolitan areas, primarily in the Northeast. It offers cable T.V. and telecom services. The company grew its bottom line at a double digit rate during the recession in 2009. It is difficult to believe, but a year ago RCN traded below $4.00 per share. RCN is a great example of the advantage we have over investors who do not appreciate the difference between price and value. Based upon our detailed discounted cash flow analysis and supported by comparable business sales, RCN was worth substantially more than its share price. Consequently, we were adding to our position last March, which is how RCN became our largest position. Contrast our behavior with index funds who were selling their shares to us simply because RCN's market cap had declined. We believe that markets are reasonably efficient over the long term but can be grossly inefficient in the short term. We know other investors disagree and we are grateful. The liquidity they provide makes our job easier.

Heartland Payments Systems is a credit card processor. It was the victim of a sophisticated data breach whereby encrypted credit card information on their network was stolen. When the breach was discovered we calculated a range of possible legal liabilities related to the data theft. Under the worst of scenarios Heartland Payment Systems was substantially undervalued. As the company has moved forward in settling its claims the market's assessment of Heartland Payment System's legal liability has declined and the stock has responded favorably.

Joseph A. Bank is a recent purchase. It sells men's clothes, mostly for the office. Joseph A. Bank offers high quality clothes across a broad price spectrum. Its stores are relatively small and are fully staffed. They emphasize customer service and allow their clientele to get in and out quickly. Their selection and customer service greatly exceeds that of most department stores and their

Vulcan Value Partners Small Cap Review (Cont.)

prices are lower. Joseph A. Bank has built a great brand based on service, value, accessibility and quality. Additionally, because their clothes do not go out of style, their inventory risk is much lower than an average retailer. Despite the poor economy, Joseph A. Bank produced double digit growth in its bottom line and enjoyed strong same store sales gains in 2009. The market responded favorably to its results.

Speedway Motorsports was the largest detractor to performance with roughly a ½ of 1% negative impact on Small Cap. Speedway Motorsports is fine company with high barrier to entry race tracks located across the Unites States, but its customer base has been affected by high unemployment and limited wage gains. Consequently, attendance at its races has declined modestly and spending per customer has declined as well. The company continues to produce free cash flow but profits are down. We expect Speedway Motorsport's results to improve as the economy rebounds.

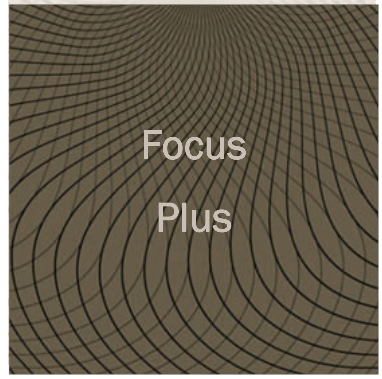
VULCAN VALUE PARTNERS

Vulcan Value Partners Focus Review

Investment Strategy	Inception Date	YTD Through 03/31/2010	1 year	3 year	Annualized Since Inception
VVP Focus (Gross)	03/31/2007	5.7%	70.1%	-	3.7%
VVP Focus (Net)		5.3%	67.6%	-	2.2%
S&P 500 Index		5.4%	49.8%	-	-7.5%
Russell 1000 Value Index		6.8%	53.6%	-	-9.2%

Top contributors were Time Warner Cable and Boeing. Time Warner Cable produced solid results and generated substantial free cash flow in 2009. Its strong business fundamentals became a little less under-appreciated during the first quarter. Boeing successfully completed the first test flight of the 787 and also received some good news on a large defense contract to build long range refueling planes for the Unites States Air Force.

The only meaningful detractor to first quarter performance was Google. Google's impact was less than 1% but it was the largest detractor. Google is generating ample free cash flow and is producing solid bottom line results. Consequently, its values are growing, which is our chief concern. Google has been in the news a lot lately because of its decision to stop filtering its Chinese website search results. Chinese related revenues are a small fraction of Google's total so if Google does leave China it will be immaterial. While the opportunity cost of foregoing future growth in China is high we believe that it is more than offset by the benefit Google derives from cementing its worldwide reputation as the leading source of objective search information on the Internet.



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Vulcan Value Partners Focus Plus Review

Investment Strategy	Inception Date	YTD Through 03/31/2010	1 year	3 year	Annualized Since Inception
VVP Focus Plus (Gross)	03/31/2007	8.0%	71.6%	2.6%	2.6%
VVP Focus Plus (Net)		7.7%	69.1%	1.1%	1.1%
S&P 500 Index		5.4%	49.8%	-4.2%	-4.2%
Russell 1000 Value Index		6.8%	53.6%	-7.3%	-7.3%

Top contributors were Time Warner Cable and Boeing. Time Warner Cable produced solid results and generated substantial free cash flow in 2009. Its strong business fundamentals became a little less under-appreciated during the first quarter. Boeing successfully completed the first test flight of the 787 and also received some good news on a large defense contract to build long range refueling planes for the Unites States Air Force.

The only meaningful detractor to first quarter performance was Google. Google's impact was less than 1% but it was the largest detractor. Google is generating ample free cash flow and is producing solid bottom line results. Consequently, its values are growing, which is our chief concern. Google has been in the news a lot lately because of its decision to stop filtering its Chinese website search results. Chinese related revenues are a small fraction of Google's total so if Google does leave China it will be immaterial. While the opportunity cost of foregoing future growth in China is high we believe that it is more than offset by the benefit Google derives from cementing its worldwide reputation as the leading source of objective search information on the Internet.

The annualized yield on our options averaged north of 28% during the first quarter. These options give us the right to purchase stakes in companies we want to own at a lower price. We would like for these options to be exercised and have set aside cash for that purpose. Unlike many market participants we use options to decrease risk. We employ no leverage. In effect, we are being paid 28% +, on an annualized basis, on our cash while we wait for lower prices and a corresponding larger margin of safety. 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.

Closing

We are pleased to be able to report strong results, especially after the outstanding year we enjoyed last year. We caution you that we do not place importance on short term results and will willingly move against the crowd to generate superior long term returns. Our time horizon is five years and, as our investment partners, yours should be as well.

We thank you for the confidence you have placed in us and look forward to updating you again in our next report.

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.

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.