VULCAN
VALUE
PARTNERS

Second
Quarter
2012

Portfolio Review

General

We are pleased to report that all of Vulcan Value Partners' investment strategies outperformed their benchmarks during the second quarter. Unfortunately, equity markets posted low single-digit declines. We declined less. Year to date we have delivered exceptional results across all of our investment strategies with mid-teens returns, which, again, are well above their respective benchmarks. Much more important, we have produced exceptional long-term results. Three of our five investment strategies now have five year plus track records and our results are in the very top tier of our peers. These results are detailed in the table below.

	As of June 30, 2012			
	QTD	YTD	Annualized Since Inception*	Peer Rank Since Inception[1]
Large Cap Composite (Gross)	**-1.7%**	**13.2%**	**6.1%**	**Top 2%**
Large Cap Composite (Net)	**-1.9%**	**12.8%**	**5.2%**	
Russell 1000 Value Index	-2.2%	8.7%	-1.2%	
S&P 500 Index	-2.8%	9.5%	1.4%	
Focus Composite (Gross)	**-2.3%**	**16.2%**	**6.8%**	**Top 2%**
Focus Composite (Net)	**-2.6%**	**15.4%**	**5.3%**	
Russell 1000 Value Index	-2.2%	8.7%	1.3%	
S&P 500 Index	-2.8%	9.5%	0.4%	
Focus Plus Composite (Gross)	**-1.8%**	**15.4%**	**5.6%**	**Top 4%**
Focus Plus Composite (Net)	**-2.1%**	**14.7%**	**4.2%**	
Russell 1000 Value Index	-2.2%	8.7%	-1.2%	
S&P 500 Index	-2.8%	9.5%	1.4%	
Small Cap Composite (Gross)	**-0.7%**	**13.5%**	**7.9%**	**Top 2%**
Small Cap Composite (Net)	**-1.0%**	**12.8%**	**6.7%**	
Russell 2000 Value Index	-3.0%	8.2%	-0.6%	
Russell 2000 Index	-3.5%	8.5%	1.3%	

[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 June 31, 2012. 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.

Directory

Section	Page
Introduction	1
Portfolio Review	1
Large Cap Review	3
Small Cap Review	5
Focus Review	7
Focus Plus Review	9
All Cap Review	11
Closing	13
Disclosures	14

For more information please contact us at :

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

205.803.1582 phone

It feels like Déjà vu writing this second quarter letter. Last year at this time the global economy was slowing down, the euro-zone was in a financial crisis, and the U.S. economy was experiencing a sub-par recovery. At the same time our companies were producing solid free cash flow and growing their bottom lines. Consequently, our values were growing while stock prices were declining. This fortunate set of circumstances created fantastic opportunities to allocate capital into outstanding businesses at substantial discounts to our estimate of their intrinsic

Portfolio Review (Cont.)

worth. This combination of owning businesses with steadily growing values that were purchased with a margin of safety laid the foundation for strong compounding with minimal risk. The same circumstances exist today.

Our portfolios are fully invested. Our buy list greatly exceeds our resources. Our biggest problem is not in finding companies that we want to buy but in finding a way to pay for them. In the aggregate, the companies we own are doing very well, despite sub-par economic conditions. They remain discounted with large margins of safety. As a result, there is a high hurdle for new companies to enter our portfolios. Our research meetings have been quite long lately as we have spent the majority of our time debating what discounted, wonderful business we might sell or rebalance to buy an even more wonderful business selling at an even steeper discount. It is a very good problem to have.

Why are we able to find outstanding businesses selling at large discounts to any reasonable estimate of fair value? First, equities are out of favor. Flows into equity funds have been negative since 2007 while flows into bond funds have been at record levels. Long-only equity managers like ourselves are fast becoming "the last of the Mohicans" while hedge funds continue to attract capital. To summarize what we hear from some of our friends in the investment community the message is, "anything but equities." In addition, we hear a lot of valid concerns about the poor macro-economic outlook in the developed world. Last but not least, we observe that many investors are responding to those concerns by using ETF's and other sector based financial products to hedge their exposure to various macro-economic risks. The end result is that fewer and fewer investors are paying attention to the companies themselves and differentiating between the business quality of companies impacted by those macro-economic factors. So we continue to find some of the very best companies selling at the most attractive discounts.

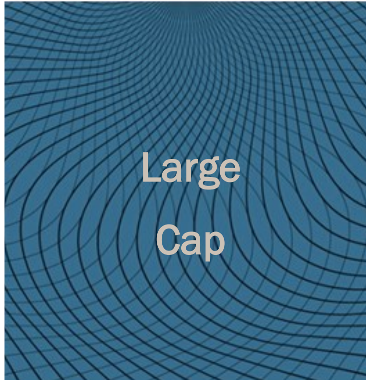
A number of things separate Vulcan Value Partners from other money managers. They include the fact that everyone in our firm is required to invest in publicly traded equities exclusively through Vulcan, a unique culture that rewards humility and discourages arrogance, an equal passion for business quality and discount, a willingness to stand apart from the crowd, and a truly long-term time horizon. All of these aspects of our firm create a potent, sustainable competitive advantage for us. Our five-year time horizon is one that we share with you, our client-partners. Your patient capital allows us to execute our investment philosophy. You are part of our competitive advantage. We are grateful to you. It is a wonderful thing to be part of an eco-system that is self-reinforcing.

All of you have been notified but, at the risk of being repetitive, we have adjusted our fees in a downward direction. Depending on the size of your relationship with us, you will be paying lower fees or your fees will decline faster as that relationship grows through the compounding of your capital.

As we have often said, we place no weight on short-term results, good or bad, and neither should you. In fact, we will willingly make decisions that negatively impact short-term performance when we think we can improve our long-term returns and lower risk. We encourage you to place more weight on our longer term historical results and a great deal of weight on our long-term prospects. We are virtually fully invested across all portfolios and pleased with both our value growth and attractive price to value ratios, which have improved since our last letter to you.

Please note that in the commentary that follows regarding each of our five investment programs we generally define material contributors and detractors as companies having a greater than 1% impact on the portfolio. We generally limit comments about top contributors and detractors to the top three. This quarter there were very few material contributors and no material detractors. Fortunately, we bought some wonderful new businesses so we will have something to talk about.

VULCAN
VALUE
PARTNERS



Vulcan Value Partners Large Cap Review

As of June 30, 2012						
			Annualized			
Investment Strategy	QTD	YTD	1 year	3 year	5 year	Since Inception*
VVP Large Cap (Gross)	-1.7%	**13.2%**	**14.2%**	**20.3%**	**5.2%**	**6.1%**
VVP Large Cap (Net)	**-1.9%**	**12.8%**	**13.4%**	**19.3%**	**4.3%**	**5.2%**
Russell 1000 Value Index	-2.2%	8.7%	3.0%	15.8%	-2.2%	-1.2%
S&P 500 Index	-2.8%	9.5%	5.5%	16.4%	0.2%	1.4%

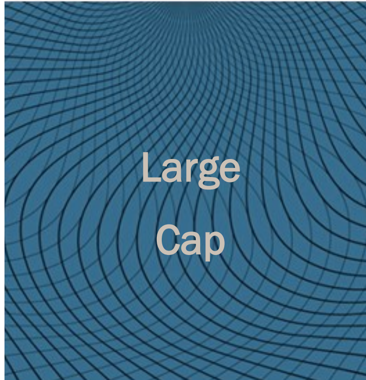
*Inception Date March 31, 2007

There were no material contributors or detractors to performance in the second quarter. However, several companies deserve comment.

As we have noted the macro-economic environment in which our companies operate is sub-par at best. One of the wonderful things about owning well financed, competitively entrenched businesses is that they can take advantage of tough times to improve their competitive position and enhance returns to shareholders. United Technologies took advantage of record low interest rates in the second quarter and sold $9.8 billion of bonds, the largest corporate offering in three years. The offering was oversubscribed with $35 billion of orders, another record. $8.3 billion of the bonds were fixed rate with maturities extending to 30 years. The 10 year and 30 year maturities were sold with yields of 3.109% and 4.576% respectively. We generally use corporate borrowing costs as a reference point in determining our discount rates. The discount rates we use to value United Technologies' free cash flow are MUCH higher than the cost of this capital they have actually locked in for the next 30 years. Consequently, our value is very conservative and United Technologies' stock price is substantially less than our conservative estimate of fair value, thereby creating a large margin of safety. United Technologies converts more than 100% of its earnings into free cash flow. Its free cash flow yield is approximately 8.5% as this letter is being written. We estimate that United Technologies will be able to grow its free cash flow and earnings at close to 10% on average over our long-term time horizon. Locking in low-cost, fixed-rate debt will help. Consider our position as equity holders. We receive nearly a 20% rate of return if there is no change in United Technologies' valuation. Holders of the ten-year bonds will receive just over a 3% return if there is no change in the bonds' valuation. If inflation rises, we will benefit as equity holders as United Technologies has pricing power but bond holders will almost surely suffer losses as bond yields rise with inflation. Equities are generally more risky than bonds but over and under valuation can change that relationship. "Generally" is not the same thing as "always". We much prefer being equity investors in United Technologies as opposed to bond holders.

We sold three wonderful businesses in the second quarter. It was painful. All of the companies were producing high levels of free cash flow, delivering solid bottom line results and were allocating capital intelligently. The companies we exited were Diageo, Fiserv, and Medtronic. There was nothing wrong with the businesses we sold. Their stock prices have compounded more rapidly than their values so that our margin of safety was less attractive

VULCAN
VALUE
PARTNERS



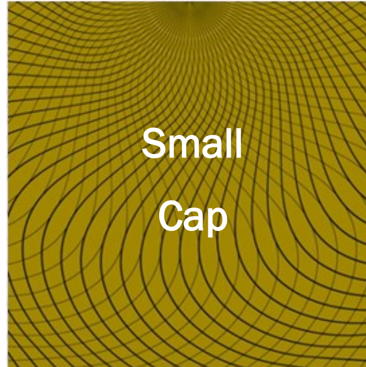
Vulcan Value Partners Large Cap Review (Cont.)

compared to the new positions we purchased with their proceeds. We are grateful to the management teams of these businesses for growing their values steadily while we owned them.

We purchased two new positions in the second quarter. CME Group operates the Chicago Mercantile Exchange, the Chicago Board of Trade, NYMEX, and the COMEX futures exchange. It is the largest derivatives marketplace in the world. It is by far and away the market leader for its most important products, which include futures and options based on interest rates, equity indexes, foreign exchange, energy, and agricultural commodities. It is self clearing. Because its market share is so high, it provides the most liquidity for market participants who trade its products. This deep liquidity creates a barrier to entry to would be competitors. CME Group enjoys very stable margins and generates high levels of free cash flow. We believe it is discounted today primarily because its short-term earnings growth is being held back by record low interest rates, which reduces demand for its interest rate products. We expect higher trading volumes, new products, and recurring free cash flow to lead to double-digit value growth over our five-year time horizon. We purchased CME Group at a large discount to our estimate of intrinsic worth, which is supported by numerous comparable transactions. As much as we liked the businesses we sold to pay for it, we believe that CME Group has even higher business quality and was purchased at a steeper discount than the businesses we sold.

Oracle is one of the most competitively entrenched technology companies we have ever analyzed. Oracle sells and services enterprise and cloud based software. It is used by most of the largest companies in the world. Its primary competitor, SAP, is also a wonderful company. The two rivals fight each other fiercely for new business but once a decision has been made to use one or the other's products it is extremely difficult to switch. Without Oracle's software, planes would not fly and Fed Ex and UPS would be delivering packages to each other's customers. Oracle has an excellent reputation supporting its customers and their software is critical to managing complex business systems. Customer retention rates exceed 90%. The majority of Oracle's revenue is recurring. Oracle enjoys strong pricing power and very high, very stable software margins. If Oracle never landed a new customer we estimate that it could grow at a mid-single rate just from its existing customer base. It generates very high levels of free cash flow and has allocated capital intelligently over a number of years. As with CME Group, we believe that Oracle has even higher business quality and was purchased at a steeper discount than the businesses we sold to pay for it.

Large Cap Strategy			
2Q 2012 Top 5 Performers		2Q 2012 Bottom 5 Performers	
Security	**Return %**	**Security**	**Return %**
Everest RE Group LTD	12.38%	Dover Corp	-14.43%
Disney (Walt) Company	10.78%	Cisco Systems Inc.	-14.41%
Oracle Corporation	8.41%	Nasdaq Stock Mkt Inc.	-11.95%
Discovery Communications	6.77%	Franklin Resources	-10.30%
Coca-Cola Co	6.19%	Google Inc.	-9.68%
It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this list. A company's relative contribution to return for the portfolio may not equal its absolute return and return for other portfolios for the relevant period because of differences in portfolio weights and holding periods.			



VULCAN
VALUE
PARTNERS

Vulcan Value Partners Small Cap Review

As of June 30, 2012						
			Annualized			
Investment Strategy	QTD	YTD	1 year	3 year	5 year	Since Inception*
VVP Small Cap (Gross)	**-0.7%**	**13.5%**	**12.2%**	**25.7%**	**8.3%**	**7.9%**
VVP Small Cap (Net)	**-1.0%**	**12.8%**	**10.9%**	**24.4%**	**7.0%**	**6.7%**
Russell 2000 Value Index	-3.0%	8.2%	-1.4%	17.4%	-1.1%	-0.6%
Russell 2000 Index	-3.5%	8.5%	-2.1%	17.8%	0.5%	1.3%

*Inception Date March 31, 2007

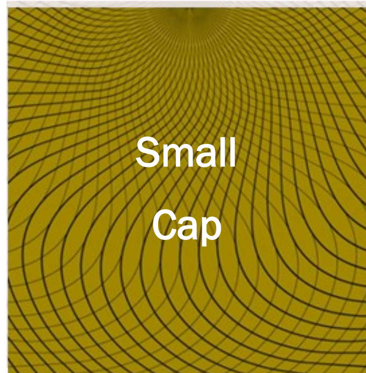
There were two material contributors to performance in the second quarter and no material detractors to performance.

Nathan's Famous gained 36.9% in the quarter. Nathan's Famous reported double-digit gains in its top and bottom lines in its fiscal year ended March 31st. In January, the company completed a modified dutch tender offer for approximately 12% of its outstanding shares at $22 per share, a price materially below our estimate of its intrinsic worth. As a result of outstanding operating results and equally outstanding capital allocation, our estimated value per share for Nathan's Famous has increased at a high double-digit rate year over year. Consequently, even though Nathan's Famous' share price is up, it has remained discounted. Nathan's Famous is a great example of what we look for in our investments. We want to buy a superior business that can grow its value while we own it and we want to purchase it at a steep discount to intrinsic worth so that we have a margin of safety in terms of value over price. This margin of safety will not protect us from stock price volatility but it will allow us to take advantage of it and protect our capital and yours from permanent loss. As an aside, if you would like to learn more about this wonderful company try its Nathan's Famous hot dogs and deli mustard. If you do, you will understand why the company is doing so well.

Sonic Corp. returned 33.4% during the quarter. Sonic is another food related company that makes delicious products and has a very loyal customer base, some of whom work here at Vulcan Value Partners. Sonic is experiencing improving same store sales and generating strong free cash flow, despite the weak economy. Sonic has repurchased approximately 6% of its outstanding shares year to date.

We sold two wonderful businesses in the second quarter. Similar to our comments about Large Cap, it was painful. Both of the companies were producing high levels of free cash flow, delivering solid bottom line results and were allocating capital intelligently. The companies we exited were Bolt Technology and Discovery Communications A. There was nothing wrong with the businesses we sold. Their stock prices have compounded more rapidly than their values so that our margin of safety was less attractive compared to the new positions we purchased with their proceeds. We are grateful to the management teams of these businesses for growing their values steadily while we owned them. Bolt Technology was a very small cap when we bought it in the summer of 2010 during the Deepwater Horizon oil spill and it remains a small cap today. Discovery Communications A was on the larger side of the small cap spectrum when we bought it in 2007 and it is a large cap stock today. We held on to it because it

VULCAN
VALUE
PARTNERS



Vulcan Value Partners Small Cap Review (Cont.)

remained discounted because both its value and its price compounded at a high double-digit rate while we owned it.

We purchased four new positions in the second quarter. They were Tupperware, Iconix Brand Group, Gardner-Denver, and Altra Holdings. Each of these companies generates high levels of free cash flow, has attractive returns on invested capital, and possesses strong balance sheets. Tupperware derives over 70% of its sales outside the U.S. and approximately 60% of its sales are from emerging markets. Iconix Brand Group owns brands and licenses them to retailers who pay royalties to Iconix. Iconix manages the brands but does no manufacturing. Retailers like working with Iconix because they can earn brand name margins on "private label" items. The company has stable margins, high returns on capital, and produces consistently high levels of free cash flow. Iconix owns many venerable brands but our favorite is Peanuts. Gardner-Denver makes industrial products, mostly pumps, compressors, and blowers. Approximately 31% of sales are in the after-market. Approximately 65% of their sales are outside the U.S. Altra Holdings makes motion control products. They have #1 or #2 market shares in their product categories. Their industry is highly fragmented. Approximately 42% of their sales are in the after-market.

We have had excellent research productivity in our Small Cap program. From a macro point of view some investors that we respect and like tell us that small caps are not as attractive as large caps. Our perspective is very much from the bottom up and we are finding good opportunities in both our Small Cap and Large Cap programs.

Small Cap Strategy			
2Q 2012 Top 5 Performers		2Q 2012 Bottom 5 Performers	
Security	**Return %**	**Security**	**Return %**
Nathan's Famous	36.93%	Ituran Location & Control LTD	-19.35%
Sonic Corp	33.41%	Bolt Technology Corp	-17.95%
NetSpend Holdings Inc.	19.85%	Jos A Bank Clothiers Inc.	-13.77%
Interval Leisure Group	13.34%	Dun & Bradstreet Corp	-13.71%
Everest RE Group LTD	12.93%	Gardner Denver Inc.	-11.85%
It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this list. A company's relative contribution to return for the portfolio may not equal its absolute return and return for other portfolios for the relevant period because of differences in portfolio weights and holding periods.			

VULCAN
VALUE
PARTNERS

Vulcan Value Partners Focus Review

As of June 30, 2012						
			Annualized			
Investment Strategy	QTD	YTD	1 year	3 year	5 year	Since Inception*
VVP Focus (Gross)	**-2.3%**	**16.2%**	**14.4%**	**21.2%**	**-**	**6.8%**
VVP Focus (Net)	**-2.6%**	**15.4%**	**12.7%**	**19.4%**	**-**	**5.3%**
Russell 1000 Value Index	-2.2%	8.7%	3.0%	15.8%	-	-1.3%
S & P 500 Index	-2.8%	9.5%	5.5%	16.4%	-	0.4%

*Inception Date November 30, 2007

There were no material contributors or detractors to performance in the second quarter. However, several companies deserve comment.

As we have noted the macro-economic environment in which our companies operate is sub-par at best. One of the wonderful things about owning well financed, competitively entrenched businesses is that they can take advantage of tough times to improve their competitive position and enhance returns to shareholders. United Technologies took advantage of record low interest rates in the second quarter and sold $9.8 billion of bonds, the largest corporate offering in three years. The offering was oversubscribed with $35 billion of orders, another record. $8.3 billion of the bonds were fixed rate with maturities extending to 30 years. The 10 year and 30 year maturities were sold with yields of 3.109% and 4.576% respectively. We generally use corporate borrowing costs as a reference point in determining our discount rates. The discount rates we use to value United Technologies' free cash flow are MUCH higher than the cost of this capital they have actually locked in for the next 30 years. Consequently, our value is very conservative and United Technologies' stock price is substantially less than our conservative estimate of fair value, thereby creating a large margin of safety. United Technologies converts more than 100% of its earnings into free cash flow. Its free cash flow yield is approximately 8.5% as this letter is being written. We estimate that United Technologies will be able to grow its free cash flow and earnings at close to 10% on average over our long-term time horizon. Locking in low-cost, fixed-rate debt will help. Consider our position as equity holders. We receive nearly a 20% rate of return if there is no change in United Technologies' valuation. Holders of the ten-year bonds will receive just over a 3% return if there is no change in the bonds' valuation. If inflation rises, we will benefit as equity holders as United Technologies has pricing power but bond holders will almost surely suffer losses as bond yields rise with inflation. Equities are generally more risky than bonds but over and under valuation can change that relationship. "Generally" is not the same thing as "always". We much prefer being equity investors in United Technologies as opposed to bond holders.

We exited Google in the second quarter. It was painful but we had an opportunity to reduce risk by redeploying capital in CME Group and Oracle. Google is a wonderful company and we continue to own it in our more diversified portfolios. We also rebalanced several other positions in order to purchase both CME Group and Oracle. There is nothing wrong with any company we sold or rebalanced. Our goal is always to reduce risk by lowering our portfolios' weighted average price to value ratios while maintaining or upgrading business quality.

VULCAN
VALUE
PARTNERS

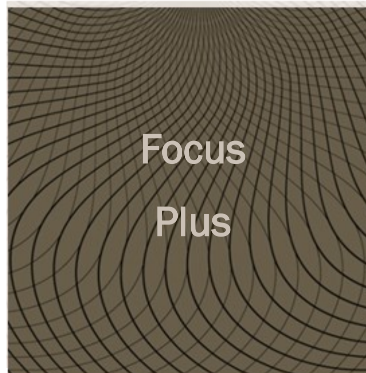
Vulcan Value Partners Focus Review (Cont.)

CME Group operates the Chicago Mercantile Exchange, the Chicago Board of Trade, NYMEX, and the COMEX futures exchange. It is the largest derivatives marketplace in the world. It is by far and away the market leader for its most important products, which include futures and options based on interest rates, equity indexes, foreign exchange, energy, and agricultural commodities. It is self clearing. Because its market share is so high, it provides the most liquidity for market participants who trade its products. This deep liquidity creates a barrier to entry to would be competitors. CME Group enjoys very stable margins and generates high levels of free cash flow. We believe it is discounted today primarily because its short-term earnings growth is being held back by record low interest rates, which reduces demand for its interest rate products. We expect higher trading volumes, new products, and recurring free cash flow to lead to double-digit value growth over our five-year time horizon. We purchased CME Group at a large discount to our estimate of intrinsic worth, which is supported by numerous comparable transactions. As much as we liked the businesses we sold to pay for it, we believe that CME Group has even higher business quality and was purchased at a steeper discount than the businesses we sold.

Oracle is one of the most competitively entrenched technology companies we have ever analyzed. Oracle sells and services enterprise and cloud based software. It is used by most of the largest companies in the world. Its primary competitor, SAP, is also a wonderful company. The two rivals fight each other fiercely for new business but once a decision has been made to use one or the other's products it is extremely difficult to switch. Without Oracle's software planes would not fly and Fed Ex and UPS would be delivering packages to each other's customers. Oracle has an excellent reputation supporting its customers and their software is critical to managing complex business systems. Customer retention rates exceed 90%. The majority of Oracle's revenue is recurring. Oracle enjoys strong pricing power and very high, very stable software margins. If Oracle never landed a new customer we estimate that it could grow at a mid-single rate just from its existing customer base. It generates very high levels of free cash flow and has allocated capital intelligently over a number of years. As with CME Group we believe that Oracle has even higher business quality and was purchased at a steeper discount than the businesses we sold to pay for it.

Focus Strategy			
2Q 2012 Top 5 Performers		**2Q 2012 Bottom 5 Performers**	
Security	**Return %**	**Security**	**Return %**
Disney (Walt) Company	10.79%	Dover Corp	-14.41%
Oracle Corporation	8.39%	Franklin Resources	-10.29%
Discovery Communications—C	6.42%	Google Inc.	-9.54%
Coca-Cola Co.	6.36%	Bank of New York Mellon Corp	-8.42%
Visa Inc.	5.02%	United Technologies	-8.23%
It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this list. A company's relative contribution to return for the portfolio may not equal its absolute return and return for other portfolios for the relevant period because of differences in portfolio weights and holding periods.			

VULCAN
VALUE
PARTNERS



Vulcan Value Partners Focus Plus Review

As of June 30, 2012						
			Annualized			
Investment Strategy	QTD	YTD	1 year	3 year	5 year	Since Inception*
VVP Focus Plus (Gross)	**-1.8%**	**15.4%**	**11.5%**	**19.9%**	**4.9%**	**5.6%**
VVP Focus Plus (Net)	**-2.1%**	**14.7%**	**10.1%**	**18.3%**	**3.4%**	**4.2%**
Russell 1000 Value Index	-2.2%	8.7%	3.0%	15.8%	-2.2%	-1.2%
S & P 500 Index	-2.8%	9.5%	5.5%	16.4%	0.2%	1.4%

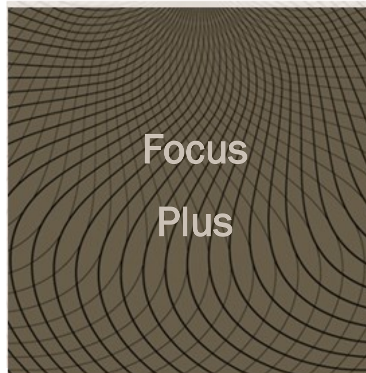
*Inception Date March 31, 2007

We did not write any options contracts during the second quarter. Volatility decreased throughout the fourth quarter of 2011 and has remained low throughout the first half of 2012, which made direct purchase and sale of stock more attractive. We use options to lower risk. We also make high, equity like returns when option prices reflect higher levels of implied volatility. If 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, we are being paid double digit returns on our cash while we wait for lower prices and a corresponding larger margin of safety. We also use options to exit positions. Generally, we write covered calls with the strike price being our estimate of fair value. As with our puts, we are being paid to do something we would do anyway at a given price.

There were no material contributors or detractors to performance in the second quarter. However, several companies deserve comment. As we have noted the macro-economic environment in which our companies operate is sub-par at best. One of the wonderful things about owning well financed, competitively entrenched businesses is that they can take advantage of tough times to improve their competitive position and enhance returns to shareholders. United Technologies took advantage of record low interest rates in the second quarter and sold $9.8 billion of bonds, the largest corporate offering in three years. The offering was oversubscribed with $35 billion of orders, another record. $8.3 billion of the bonds were fixed rate with maturities extending to 30 years. The 10 year and 30 year maturities were sold with yields of 3.109% and 4.576% respectively. We generally use corporate borrowing costs as a reference point in determining our discount rates. The discount rates we use to value United Technologies' free cash flow are MUCH higher than the cost of this capital they have actually locked in for the next 30 years. Consequently, our value is very conservative and United Technologies' stock price is substantially less than our conservative estimate of fair value, thereby creating a large margin of safety. United Technologies converts more than 100% of its earnings into free cash flow. Its free cash flow yield is approximately 8.5% as this letter is being written. We estimate that United Technologies will be able to grow its free cash flow and earnings at close to 10% on average over our long-term time horizon. Locking in low-cost, fixed-rate debt will help. Consider our position as equity holders. We receive nearly a 20% rate of return if there is no change in United Technologies' valuation. Holders of the ten-year bonds will receive just over a 3% return if there is no change in the bonds' valuation.

If inflation rises, we will benefit as equity holders as United Technologies has pricing power but bond holders will

VULCAN
VALUE
PARTNERS



almost surely suffer losses as bond yields rise with inflation. Equities are generally more risky than bonds but over and under valuation can change that relationship. "Generally" is not the same thing as "always". We much prefer being equity investors in United Technologies as opposed to bond holders.

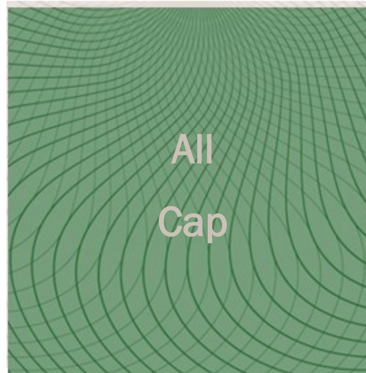
We exited Google in the second quarter. It was painful but we had an opportunity to reduce risk by redeploying capital in CME Group and Oracle. Google is a wonderful company and we continue to own it in our more diversified portfolios. We also rebalanced several other positions in order to purchase both CME Group and Oracle. There is nothing wrong with any company we sold or rebalanced. Our goal is always to reduce risk by lowering our portfolios' weighted average price to value ratios while maintaining or upgrading business quality.

CME Group operates the Chicago Mercantile Exchange, the Chicago Board of Trade, NYMEX, and the COMEX futures exchange. It is the largest derivatives marketplace in the world. It is by far and away the market leader for its most important products, which include futures and options based on interest rates, equity indexes, foreign exchange, energy, and agricultural commodities. It is self clearing. Because its market share is so high, it provides the most liquidity for market participants who trade its products. This deep liquidity creates a barrier to entry to would be competitors. CME Group enjoys very stable margins and generates high levels of free cash flow. We believe it is discounted today primarily because its short-term earnings growth is being held back by record low interest rates, which reduces demand for its interest rate products. We expect higher trading volumes, new products, and recurring free cash flow to lead to double-digit value growth over our five-year time horizon. We purchased CME Group at a large discount to our estimate of intrinsic worth, which is supported by numerous comparable transactions. As much as we liked the businesses we sold to pay for it, we believe that CME Group has even higher business quality and was purchased at a steeper discount than the businesses we sold.

Oracle is one of the most competitively entrenched technology companies we have ever analyzed. Oracle sells and services enterprise and cloud based software. It is used by most of the largest companies in the world. Its primary competitor, SAP, is also a wonderful company. The two rivals fight each other fiercely for new business but once a decision has been made to use one or the other's products it is extremely difficult to switch. Without Oracle's software planes would not fly and Fed Ex and UPS would be delivering packages to each other's customers. Oracle has an excellent reputation supporting its customers and their software is critical to managing complex business systems. Customer retention rates exceed 90%. The majority of Oracle's revenue is recurring. Oracle enjoys strong pricing power and very high, very stable software margins. If Oracle never landed a new customer we estimate that it could grow at a mid-single rate just from its existing customer base. It generates very high levels of free cash flow and has allocated capital intelligently over a number of years. As with CME Group we believe that Oracle has even higher business quality and was purchased at a steeper discount than the businesses we sold to pay for it.

Focus Plus Strategy			
2Q 2012 Top 5 Performers		2Q 2012 Bottom 5 Performers	
Security	**Return %**	**Security**	**Return %**
Disney (Walt) Company	11.18%	Dover Corp	-14.40%
Oracle Corporation	8.39%	Franklin Resources	-10.31%
Discovery Communications—C	6.84%	Google Inc.	-9.55%
Coca-Cola Co.	6.13%	United Technologies	-8.69%
Visa Inc.	4.96%	Bank of New York Mellon Corp	-8.54%
It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this list. A company's relative contribution to return for the portfolio may not equal its absolute return and return for other portfolios for the relevant period because of differences in portfolio weights and holding periods.			

VULCAN
VALUE
PARTNERS



Vulcan Value Partners All Cap Review

As of June 30, 2012						
			Annualized			
Investment Strategy	QTD	YTD	1 year	3 year	5 year	Since Inception*
VVP All Cap (Gross)	**-0.5%**	**15.1%**	**14.0%**	**-**	**-**	**7.4%**
VVP All Cap (Net)	**-0.8%**	**14.5%**	**12.8%**	**-**	**-**	**6.3%**
Russell 3000 Value Index	-2.3%	8.6%	2.6%	-	-	1.1%
Russell 3000 Index	-3.2%	9.3%	3.8%	-	-	2.6%

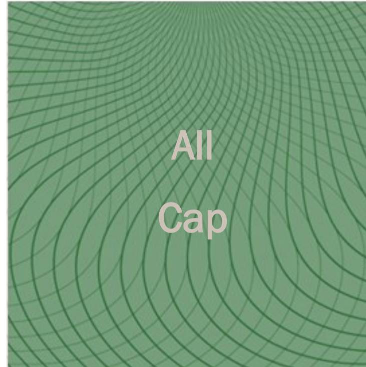
*Inception Date April 1, 2011

All Cap is now one year old, having started operations at the beginning of the second quarter of 2011. All Cap is just an application of our investment philosophy without market cap constraints. We have a five-year time horizon for each investment and will willingly sacrifice short-term returns to set the stage for outsized long-term, risk adjusted returns.

There were no material contributors or detractors to performance in the second quarter. However, several companies deserve comment. As we have noted the macro-economic environment in which our companies operate is sub-par at best. One of the wonderful things about owning well financed, competitively entrenched businesses is that they can take advantage of tough times to improve their competitive position and enhance returns to shareholders. United Technologies took advantage of record low interest rates in the second quarter and sold $9.8 billion of bonds, the largest corporate offering in three years. The offering was oversubscribed with $35 billion of orders, another record. $8.3 billion of the bonds were fixed rate with maturities extending to 30 years. The 10 year and 30 year maturities were sold with yields of 3.109% and 4.576% respectively. We generally use corporate borrowing costs as a reference point in determining our discount rates. The discount rates we use to value United Technologies' free cash flow are MUCH higher than the cost of this capital they have actually locked in for the next 30 years. Consequently, our value is very conservative and United Technologies' stock price is substantially less than our conservative estimate of fair value, thereby creating a large margin of safety. United Technologies converts more than 100% of its earnings into free cash flow. Its free cash flow yield is approximately 8.5% as this letter is being written. We estimate that United Technologies will be able to grow its free cash flow and earnings at close to 10% on average over our long-term time horizon. Locking in low-cost, fixed-rate debt will help. Consider our position as equity holders. We receive nearly a 20% rate of return if there is no change in United Technologies' valuation. Holders of the ten-year bonds will receive just over a 3% return if there is no change in the bonds' valuation. If inflation rises, we will benefit as equity holders as United Technologies has pricing power but bond holders will almost surely suffer losses as bond yields rise with inflation. Equities are generally more risky than bonds but over and under valuation can change that relationship. "Generally" is not the same thing as "always". We much prefer being equity investors in United Technologies as opposed to bond holders.

We sold three wonderful businesses in the second quarter. It was painful. All of the companies were producing high levels of free cash flow, delivering solid bottom line results and were allocating capital intelligently. The companies we exited were ProAssurance, Interval Leisure Group, and Ituran. There was nothing wrong with the businesses we sold. Their stock prices have compounded more rapidly than their values so that our margin of

VULCAN
VALUE
PARTNERS



Vulcan Value Partners All Cap Review (Cont.)

safety was less attractive compared to the new positions we purchased with their proceeds.

We bought three new outstanding businesses during the second quarter. They were Iconix Brand Group, CME Group, and Oracle. Iconix Brand Group owns brands and licenses them to retailers who pay royalties to Iconix. Iconix manages the brands but does no manufacturing. Retailers like working with Iconix because they can earn brand name margins on "private label" items. The company has stable margins, high returns on capital, and produces consistently high levels of free cash flow. Iconix owns many venerable brands but our favorite is Peanuts. As much as we liked the businesses we sold to pay for it, we believe that Iconix Brand Group has even higher business quality and was purchased at a steeper discount than the businesses we sold.

CME Group operates the Chicago Mercantile Exchange, the Chicago Board of Trade, NYMEX, and the COMEX futures exchange. It is the largest derivatives marketplace in the world. It is by far and away the market leader for its most important products, which include futures and options based on interest rates, equity indexes, foreign exchange, energy, and agricultural commodities. It is self clearing. Because its market share is so high, it provides the most liquidity for market participants who trade its products. This deep liquidity creates a barrier to entry to would be competitors. CME Group enjoys very stable margins and generates high levels of free cash flow. We believe it is discounted today primarily because its short-term earnings growth is being held back by record low interest rates, which reduces demand for its interest rate products. We expect higher trading volumes, new products, and recurring free cash flow to lead to double-digit value growth over our five-year time horizon. We purchased CME Group at a large discount to our estimate of intrinsic worth, which is supported by numerous comparable transactions. As much as we liked the businesses we sold to pay for it, we believe that CME Group has even higher business quality and was purchased at a steeper discount than the businesses we sold.

Oracle is one of the most competitively entrenched technology companies we have ever analyzed. Oracle sells and services enterprise and cloud based software. It is used by most of the largest companies in the world. Its primary competitor, SAP, is also a wonderful company. The two rivals fight each other fiercely for new business but once a decision has been made to use one or the other's products it is extremely difficult to switch. Without Oracle's software planes would not fly and Fed Ex and UPS would be delivering packages to each other's customers. Oracle has an excellent reputation supporting its customers and their software is critical to managing complex business systems. Customer retention rates exceed 90%. The majority of Oracle's revenue is recurring. Oracle enjoys strong pricing power and very high, very stable software margins. If Oracle never landed a new customer we estimate that it could grow at a mid-single rate just from its existing customer base. It generates very high levels of free cash flow and has allocated capital intelligently over a number of years. As with CME Group we believe that Oracle has even higher business quality and was purchased at a steeper discount than the businesses we sold to pay for it.

All Cap Strategy			
2Q 2012 Top 5 Performers		2Q 2012 Bottom 5 Performers	
Security	**Return %**	**Security**	**Return %**
Nathan's Famous	39.34%	Ituran Location & Control LTD	-18.96%
NetSpend Holdings Inc.	18.31%	Cisco Systems Inc.	-18.47%
Everest RE Group LTD	12.47%	Dover Corp	-14.35%
Disney (Walt) Company	10.76%	Nasdaq Stock Mkt Inc.	-11.91%
Oracle Corporation	8.39%	Franklin Resources Inc.	-10.10%

It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this list. A company's relative contribution to return for the portfolio may not equal its absolute return and return for other portfolios for the relevant period because of differences in portfolio weights and holding periods.

Closing

We could not be more pleased with our present set of circumstances. We are fully invested in outstanding businesses selling for material discounts to our estimate of intrinsic worth. Our research team continues to be ever more productive. We have a deep bench of companies that qualify for investment should one or more of the companies we own move to fair value. Despite a poor global economy, the values of our business continue to grow nicely. Our firm is also growing and our performance has gotten even better as we have grown. This fact is a testament to the entire organization, which is dedicated to executing our investment philosophy. Last but not least, we are pleased to be working with you, our client-partners. We have aligned ourselves with intelligent, long-term investors. Many of you are fiduciaries like us who take their fiduciary duty as seriously as we do. We are honored to work with such fine people.

We look forward to updating you again in the fall. In the meantime, we hope all of you are enjoying a good summer.

Sincerely,

C.T. Fitzpatrick
Chief Investment Officer

VULCAN
VALUE
PARTNERS

Second
Quarter
2012

Disclosures

The performance presented is for our Large Cap Composite, Focus Composite, Focus Plus Composite, Small Composite, and All Cap 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 for an individual security is the performance of the security from price at initial purchase date to the price at final sale date. 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. 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 above average economics that is too large 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 which is an index of 500 stocks selected based on market size, liquidity, and sector and is designed to provide a broad snapshot of the overall U.S. equity market. New accounts that fit the composite definition are added at the beginning of the first full calendar 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. Effective February 2019, the following returns were restated: 2009 Large Cap composite returns – Gross of Fees changed from 60.26% to 55.80% and Net of Fees changed from 58.67% to 54.25%; 2011 Large Cap composite returns – Gross of Fees changed from 5.88% to 5.23% and Net of Fees changed from 5.15% to 4.51%. All associated inception to date returns, dispersions, and 3 yr ex-post standard deviation calculations have also been updated to reflect these adjustments. Additional information regarding these changes is available upon request.

Focus Composite Information: This portfolio strategy invests in companies with larger market capitalizations. Subject to price, any publicly traded company with above average economics that is too large 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 is the S&P 500 which is an index of 500 stocks selected based on market size, liquidity, and sector and is designed to provide a broad snapshot of the overall U.S. equity market. New accounts that fit the composite definition are added at the beginning of the first full calendar 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. Effective February 2019, the following returns were restated: 2009 Focus composite returns – Gross of Fees changed from 66.42% to 60.28% and Net of Fees changed from 63.95% to 57.90%. The dispersion return was also adjusted from 2.40% to 0.66% to reflect the update. All associated inception to date returns, dispersions, and 3 yr ex-post standard deviation calculations have also been updated to reflect these adjustments. Additional information regarding these changes is available upon request.

VULCAN
VALUE
PARTNERS

Second Quarter 2012

Disclosures (Cont.)

Focus Plus Composite Information: This portfolio strategy invests in companies with larger market capitalizations. Subject to price, any publicly traded company with above average 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 and/or sell the stock. We do not intend to employ any leverage, but will utilize options to sell volatility when it is expensive and buy volatility when it is cheap. We will focus on options which give our clients the right to buy or sell stock in companies at prices that we would buy or sell anyway, and we will generate revenue through option premiums. Generally, we plan to use options instead of buying stock directly when we can earn double digit returns from selling options. We only intend purchase options under rare circumstances, and to continue to focus on reducing risk through the purchase of qualifying companies at attractive prices. 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 which is an index of 500 stocks selected based on market size, liquidity, and sector and is designed to provide a broad snapshot of the overall U.S. equity market. New accounts that fit the composite definition are added at the beginning of the first full calendar 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 above average 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 which measures the performance of the small-cap segment of the U.S. Equity universe and includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. New accounts that fit the composite definition are added at the beginning of the first full calendar 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 Cap Composite Information: This portfolio strategy invests in companies across all market capitalizations. Generally, positions held in this strategy will also be held in either the Large Cap or Small Cap strategies, though with sometimes differing weights. As with those strategies, a core position in this portfolio is 5% so that theoretically we would hold 20 positions diversified across various industries. Because it is rare that we would find 20 companies meeting our investment guidelines, concentration will vary with the price to value ratios we determine for companies in which we invest. 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 3000 Index which measures the performance of the largest 3000 US companies representing approximately 98% of the investable US Equity market. New accounts that fit the composite definition are added at the beginning of the first full calendar 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 April 1, 2011. Portfolios below the minimum asset level of $50,000 are not included in the composite.

All returns are expressed in US dollars.