

Davis Value Portfolio

(Portfolio of Davis Variable Account Fund, Inc.)

December 31, 2010

Annual Report

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This Annual Report is authorized for use by existing shareholders. Prospective shareholders must receive a current Davis Value Portfolio prospectus, which contains more information about investment strategies, risks, charges, and expenses. Please read the prospectus carefully before investing or sending money.

Shares of the Davis Value Portfolio are not deposits or obligations of any bank, are not guaranteed by any bank, are not insured by the FDIC or any other agency, and involve investment risks, including possible loss of the principal amount invested.

Performance Overview

Davis Value Portfolio delivered a total return on net asset value of 12.76% for the year ended December 31, 2010. Over the same time period, the Standard & Poor's 500[®] Index ("Index") returned 15.06%. Every sector¹ within the Index registered increases over the year. Consumer discretionary, industrials, and materials were the sectors within Index that increased the most. Health care and utilities were the sectors within the Index that increased the least.

Factors Impacting the Portfolio's Performance

The Portfolio had more invested in financials than any other sector and they were the most important contributor² to the Portfolio's performance. The Portfolio's financial companies out-performed the corresponding sector within the Index (up 17% versus up 11% for the Index) and had a higher relative average weighting (28% versus 16% for the Index). Berkshire Hathaway³, Wells Fargo, and Julius Baer Group were among the most important contributors to performance. Visa was among the most important detractors from performance.

Consumer staple companies were the second most important contributor to the Portfolio's performance. The Portfolio's consumer staple companies out-performed the corresponding sector within the Index (up 18% versus up 14% for the Index) and had a higher relative average weighting (15% versus 11% for the Index). Costco Wholesale was among the most important contributors to performance.

Energy companies made positive contributions to absolute performance, but were the most important reason that the Portfolio lagged the Index. The Portfolio's energy companies under-performed the corresponding sector within the Index (up 8% versus up 20% for the Index), but had a higher relative average weighting (16% versus 11% for the Index) in this stronger performing sector. Occidental Petroleum and Canadian Natural Resources were among the most important contributors to performance. EOG Resources, Transocean, and China Coal Energy were among the most important detractors from performance.

Industrial companies also made positive contributions to absolute performance, but were the second most important reason that the Portfolio's performance lagged the Index. The Portfolio's industrial companies under-performed the corresponding sector within the Index (up 16% versus up 27% for the Index) and had a lower relative average weighting (6% versus 11% for the Index) in this stronger performing sector. China Shipping Development was among the most important detractors from performance.

Other important detractors from the Portfolio's performance included two information technology companies, Hewlett-Packard and Microsoft. Both companies turned in negative returns for the year despite generally positive returns in both the information technology sector and in the overall market.

The Portfolio had approximately 21% of its net assets invested in foreign companies at December 31, 2010. As a whole, those companies out-performed the domestic companies held by the Portfolio.

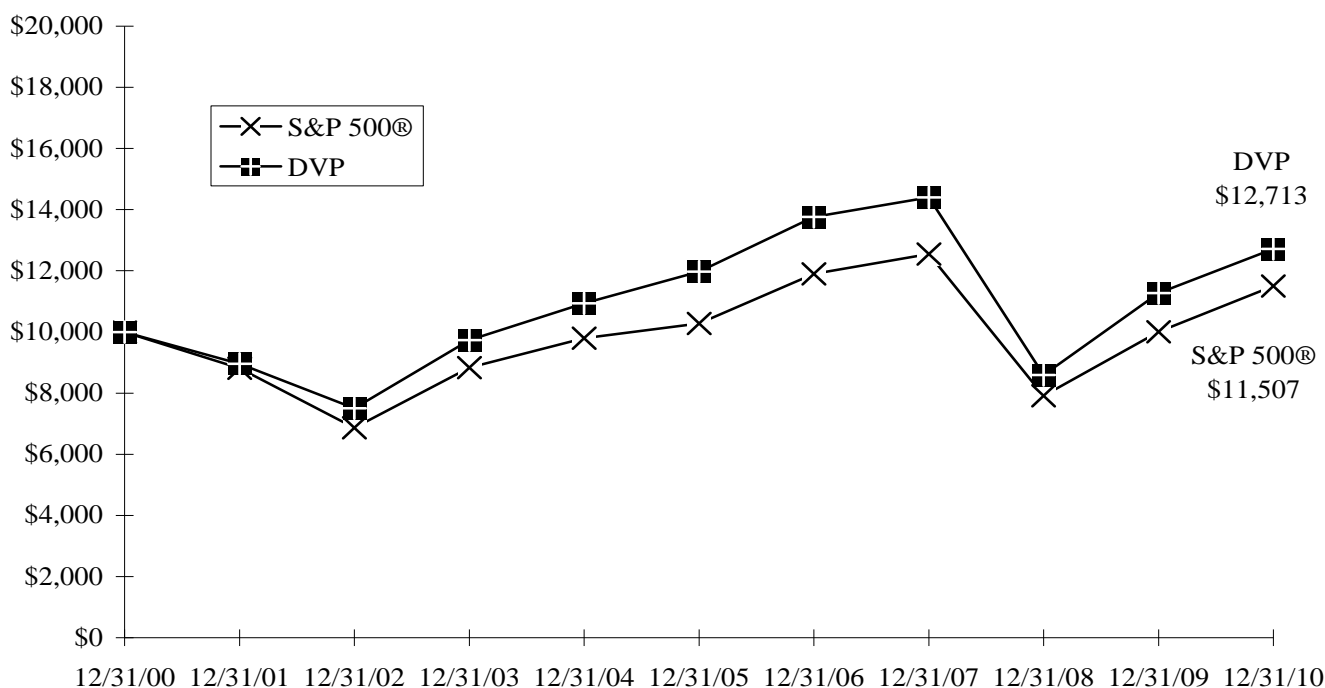
Davis Value Portfolio's investment objective is long-term growth of capital. There can be no assurance that the Portfolio will achieve its objective. Davis Value Portfolio's principal risks are: market risk, company risk, financial services risk, foreign country risk, small- and medium-capitalization risk, fees and expenses risk, and headline risk. See the prospectus for a full description of each risk.

¹ The companies included in the Standard & Poor's 500[®] Index are divided into ten sectors. One or more industry groups make up a sector.

² A company's or sector's contribution to or deduction from the Portfolio's performance is a product both of its appreciation or depreciation and its weighting within the Portfolio. For example, a 5% holding that rises 20% has twice as much impact as a 1% holding that rises 50%.

³ This Management Discussion of Fund Performance discusses a number of individual companies. The information provided in this report does not provide information reasonably sufficient upon which to base an investment decision and should not be considered a recommendation to purchase or sell any particular security. The Schedule of Investments lists the Portfolio's holdings of each company discussed.

COMPARISON OF A \$10,000 INVESTMENT IN DAVIS VALUE PORTFOLIO VERSUS THE STANDARD & POOR’S 500® INDEX OVER 10 YEARS FOR AN INVESTMENT MADE ON DECEMBER 31, 2000



AVERAGE ANNUAL TOTAL RETURN FOR PERIODS ENDED DECEMBER 31, 2010

FUND & BENCHMARK INDEX	1-YEAR	5-YEAR	10-YEAR	SINCE FUND’S INCEPTION (07/01/99)	GROSS EXPENSE RATIO	NET EXPENSE RATIO
Davis Value Portfolio	12.76%	1.21%	2.43%	3.14%	0.63%	0.63%
Standard & Poor’s 500® Index	15.06%	2.29%	1.41%	0.99%		

The Standard & Poor’s 500® Index is an unmanaged index of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The Index is adjusted for dividends, weighted towards stocks with large market capitalizations, and represents approximately two-thirds of the total market value of all domestic common stocks. Investments cannot be made directly in the Index.

The performance data for Davis Value Portfolio contained in this report represents past performance and assumes that all distributions were reinvested, and should not be considered as an indication of future performance from an investment in the Portfolio today. The investment return and principal value will fluctuate so that shares may be worth more or less than their original cost when redeemed. Portfolio performance changes over time and current performance may be higher or lower than stated. The operating expense ratio may vary in future years. For more current information please call Davis Funds Investor Services at 1-800-279-0279.

Portfolio performance numbers are net of all Portfolio operating expenses, but do not include any insurance charges imposed by your insurance company’s separate account. If performance included the effect of these additional charges, the return would be lower.

DAVIS VALUE PORTFOLIOFund Overview
December 31, 2010**Portfolio Composition**
(% of Fund's 12/31/10 Net Assets)

Common Stock (U.S.)	75.86%
Common Stock (Foreign)	20.96%
Convertible Bonds (Foreign)	0.21%
Convertible Bonds (U.S.)	0.10%
Short Term Investments	18.49%
Other Assets & Liabilities	(15.62)%
	<u>100.00%</u>

Industry Weightings
(% of 12/31/10 Long Term Portfolio)

	<u>Fund</u>	<u>S&P 500®</u>
Energy	15.61%	12.03%
Diversified Financials	13.25%	7.53%
Health Care	13.04%	10.91%
Insurance	9.07%	3.90%
Materials	9.06%	3.74%
Food & Staples Retailing	9.04%	2.36%
Food, Beverage & Tobacco	6.72%	5.87%
Information Technology	5.07%	18.65%
Banks	4.72%	3.10%
Retailing	3.18%	3.71%
Transportation	2.74%	2.02%
Commercial & Professional Services	2.53%	0.60%
Other	2.19%	13.97%
Automobiles & Components	1.64%	0.87%
Household & Personal Products	1.14%	2.41%
Capital Goods	1.00%	8.33%
	<u>100.00%</u>	<u>100.00%</u>

Top 10 Long Term Holdings
(% of Fund's 12/31/10 Net Assets)

Costco Wholesale Corp.	Food & Staples Retailing	5.01%
Wells Fargo & Co.	Commercial Banks	4.58%
American Express Co.	Consumer Finance	4.28%
CVS Caremark Corp.	Food & Staples Retailing	3.77%
EOG Resources, Inc.	Energy	3.38%
Occidental Petroleum Corp.	Energy	3.28%
Loews Corp.	Multi-line Insurance	3.05%
Merck & Co., Inc.	Pharmaceuticals, Biotechnology & Life Sciences	2.95%
Devon Energy Corp.	Energy	2.95%
Canadian Natural Resources Ltd.	Energy	2.94%

DAVIS VALUE PORTFOLIO
Fund Overview – (Continued)
December 31, 2010
New Positions Added (01/01/10-12/31/10)

(Highlighted positions are those greater than 0.50% of Fund's 12/31/10 net assets)

Security	Industry	Date of 1st Purchase	% of Fund's 12/31/10 Net Assets
Air Products and Chemicals, Inc.	Materials	08/24/10	0.26%
America Movil SAB de C.V., Series L, ADR	Telecommunication Services	04/21/10	0.32%
Aon Corp.	Insurance Brokers	07/12/10	0.13%
Baxter International Inc.	Health Care Equipment & Services	04/22/10	0.61%
Charles Schwab Corp.	Capital Markets	08/31/10	0.06%
Fairfax Financial Holdings Ltd., 144A	Multi-line Insurance	02/23/10	0.22%
Kraft Foods Inc., Class A	Food, Beverage & Tobacco	12/17/10	0.29%
Lockheed Martin Corp.	Capital Goods	09/20/10	0.63%
Nestle S.A.	Food, Beverage & Tobacco	03/09/10	0.18%
Praxair, Inc.	Materials	05/21/10	0.22%
Roche Holding AG - Genusschein	Pharmaceuticals, Biotechnology & Life Sciences	07/16/10	0.93%
Schlumberger Ltd.	Energy	06/07/10	0.23%
Unilever NV, NY Shares	Food, Beverage & Tobacco	02/09/10	0.40%

Positions Closed (01/01/10-12/31/10)

(Gains and losses greater than \$1,000,000 are highlighted)

Security	Industry	Date of Final Sale	Realized Gain (Loss)
ABB Ltd., ADR	Capital Goods	12/01/10	\$ 461,458
AES Corp.	Utilities	02/17/10	(15,445)
Amazon.com, Inc.	Retailing	07/13/10	1,639,800
Berkshire Hathaway Inc., Class B	Property & Casualty Insurance	05/07/10	159,903
Cardinal Health, Inc.	Health Care Equipment & Services	07/09/10	382,905
CareFusion Corp.	Health Care Equipment & Services	08/13/10	51,431
Comcast Corp., Special Class A	Media	02/24/10	(440,803)
ConocoPhillips	Energy	07/09/10	864,106
Cosco Pacific Ltd.	Transportation	09/17/10	(695,400)
DIRECTV, Class A	Media	01/21/10	1,491,847
Garmin Ltd.	Consumer Durables & Apparel	01/04/10	4,522
H&R Block, Inc.	Consumer Services	09/10/10	(140,129)
Harley-Davidson, Inc., Sr. Notes, 15.00%, 02/01/14	Automobiles & Components	12/08/10	564,023
Hartford Financial Services Group, Inc.	Multi-line Insurance	01/13/10	1,192,361
Laboratory Corp. of America Holdings	Health Care Equipment & Services	05/28/10	487,432
Level 3 Communications, Inc., Conv. Sr. Notes, 10.00%, 05/01/11	Telecommunication Services	05/27/10	26,720
News Corp., Class A	Media	09/24/10	(754,990)
PACCAR Inc.	Capital Goods	06/10/10	436,101
Principal Financial Group, Inc.	Life & Health Insurance	02/01/10	(23,370)
UnitedHealth Group Inc.	Health Care Equipment & Services	01/05/10	99,533
United Parcel Service, Inc., Class B	Transportation	07/23/10	320,294
Walt Disney Co.	Media	10/05/10	1,970,493

Example

As a shareholder of the Fund, you incur ongoing costs only, including advisory and administrative fees and other Fund expenses. The Expense Example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The Expense Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period indicated, which for the Fund is for the six-month period ended December 31, 2010. Please note that the Expense Example is general and does not reflect charges imposed by your insurance company’s separate account or account specific costs, which may increase your total costs of investing in the Fund. If these charges or account specific costs were included in the Expense Example, the expenses would have been higher.

Actual Expenses

The information represented in the row entitled “Actual” provides information about actual account values and actual expenses. You may use the information in this row, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then, multiply the result by the number under the heading “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The information represented in the row entitled “Hypothetical” provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only. Therefore, the information in the row entitled “Hypothetical” is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds.

	Beginning Account Value <u>(07/01/10)</u>	Ending Account Value <u>(12/31/10)</u>	Expenses Paid During Period* <u>(07/01/10-12/31/10)</u>
Actual	\$1,000.00	\$1,214.64	\$3.52
Hypothetical	\$1,000.00	\$1,022.03	\$3.21

Hypothetical assumes 5% annual return before expenses.

* Expenses are equal to the Fund’s annualized operating expense ratio (0.63%)**, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

** The expense ratio reflects the impact, if any, of the reduction of expenses paid indirectly and of certain reimbursements from the Adviser.

DAVIS VALUE PORTFOLIO

 Schedule of Investments
 December 31, 2010

	Shares	Value (Note 1)
COMMON STOCK – (96.82%)		
CONSUMER DISCRETIONARY – (5.51%)		
Automobiles & Components – (1.60%)		
Harley-Davidson, Inc.	217,500	\$ 7,540,725
Consumer Durables & Apparel – (0.23%)		
Hunter Douglas NV (Netherlands)	20,299	1,073,358
Media – (0.59%)		
Grupo Televisa S.A., ADR (Mexico)*	86,400	2,240,352
Liberty Media - Starz, Series A *	8,506	566,202
		2,806,554
Retailing – (3.09%)		
Bed Bath & Beyond Inc. *	166,105	8,163,230
CarMax, Inc. *	145,340	4,633,439
Liberty Media Corp. - Interactive, Series A *	115,034	1,812,936
		14,609,605
TOTAL CONSUMER DISCRETIONARY		26,030,242
CONSUMER STAPLES – (16.42%)		
Food & Staples Retailing – (8.78%)		
Costco Wholesale Corp.	327,640	23,663,799
CVS Caremark Corp.	512,678	17,825,814
		41,489,613
Food, Beverage & Tobacco – (6.53%)		
Coca-Cola Co.	93,710	6,163,307
Diageo PLC, ADR (United Kingdom)	92,433	6,870,545
Heineken Holding NV (Netherlands)	128,621	5,590,274
Hershey Co.	11,520	543,168
Kraft Foods Inc., Class A	44,000	1,386,440
Mead Johnson Nutrition Co.	36,465	2,269,946
Nestle S.A. (Switzerland)	14,600	854,920
Philip Morris International Inc.	90,990	5,325,645
Unilever NV, NY Shares (Netherlands)	59,700	1,874,580
		30,878,825
Household & Personal Products – (1.11%)		
Natura Cosméticos S.A. (Brazil)	31,800	913,580
Procter & Gamble Co.	67,240	4,325,549
		5,239,129
TOTAL CONSUMER STAPLES		77,607,567
ENERGY – (15.16%)		
Canadian Natural Resources Ltd. (Canada)	312,850	13,896,797
China Coal Energy Co. - H (China)	2,607,900	4,073,166
Devon Energy Corp.	177,330	13,922,178
EOG Resources, Inc.	174,780	15,976,640
Occidental Petroleum Corp.	158,160	15,515,496
OGX Petroleo e Gas Participacoes S.A. (Brazil)*	291,600	3,513,253
Schlumberger Ltd.	13,200	1,102,200
Transocean Ltd. *	52,604	3,656,504
TOTAL ENERGY		71,656,234

DAVIS VALUE PORTFOLIO

Schedule of Investments – (Continued)
December 31, 2010

	Shares	Value (Note 1)
COMMON STOCK – (CONTINUED)		
FINANCIALS – (27.15%)		
Banks – (4.58%)		
Commercial Banks – (4.58%)		
Wells Fargo & Co.	698,824	\$ 21,656,556
Diversified Financials – (12.87%)		
Capital Markets – (7.83%)		
Ameriprise Financial, Inc.	82,620	4,754,781
Bank of New York Mellon Corp.	442,400	13,360,480
Brookfield Asset Management Inc., Class A (Canada)	112,600	3,748,454
Charles Schwab Corp.	17,300	296,003
GAM Holding Ltd. (Switzerland)*	100,360	1,658,355
Goldman Sachs Group, Inc.	16,660	2,801,546
Julius Baer Group Ltd. (Switzerland)	221,460	10,374,276
		36,993,895
Consumer Finance – (4.28%)		
American Express Co.	471,019	20,216,135
Diversified Financial Services – (0.76%)		
JPMorgan Chase & Co.	11,368	482,231
Moody's Corp.	69,730	1,850,634
Visa Inc., Class A	18,200	1,280,916
		3,613,781
		60,823,811
Insurance – (8.80%)		
Insurance Brokers – (0.13%)		
Aon Corp.	13,620	626,656
Multi-line Insurance – (3.71%)		
Fairfax Financial Holdings Ltd. (Canada)	5,130	2,096,323
Fairfax Financial Holdings Ltd., 144A (Canada)(a)(b)	2,490	1,024,223
Loews Corp.	370,390	14,411,875
		17,532,421
Property & Casualty Insurance – (3.92%)		
Berkshire Hathaway Inc., Class A *	56	6,745,200
Markel Corp. *	1,390	525,601
Progressive Corp. (Ohio)	566,320	11,252,778
		18,523,579
Reinsurance – (1.04%)		
Transatlantic Holdings, Inc.	95,807	4,945,558
		41,628,214
Real Estate – (0.90%)		
Hang Lung Group Ltd. (Hong Kong)	643,000	4,235,488
		128,344,069
HEALTH CARE – (12.66%)		
Health Care Equipment & Services – (3.47%)		
Baxter International Inc.	57,051	2,887,922
Becton, Dickinson and Co.	60,760	5,135,435
Express Scripts, Inc. *	155,660	8,411,866
		16,435,223

DAVIS VALUE PORTFOLIO

Schedule of Investments – (Continued)
December 31, 2010

	Shares	Value (Note 1)
COMMON STOCK – (CONTINUED)		
HEALTH CARE – (CONTINUED)		
Pharmaceuticals, Biotechnology & Life Sciences – (9.19%)		
Agilent Technologies, Inc. *	110,280	\$ 4,568,900
Johnson & Johnson	189,780	11,737,893
Merck & Co., Inc.	386,585	13,932,524
Pfizer Inc.	502,140	8,792,472
Roche Holding AG - Genusschein (Switzerland)	30,100	4,410,374
		43,442,163
TOTAL HEALTH CARE		59,877,386
INDUSTRIALS – (6.09%)		
Capital Goods – (0.97%)		
Lockheed Martin Corp.	42,590	2,977,467
Tyco International Ltd.	39,504	1,637,046
		4,614,513
Commercial & Professional Services – (2.46%)		
D&B Corp.	46,900	3,850,021
Iron Mountain Inc.	310,867	7,774,784
		11,624,805
Transportation – (2.66%)		
China Merchants Holdings International Co., Ltd. (China)	1,561,055	6,165,653
China Shipping Development Co. Ltd. - H (China)	1,129,000	1,504,791
Kuehne & Nagel International AG (Switzerland)	32,464	4,513,711
LLX Logistica S.A. (Brazil)*	76,670	218,463
PortX Operacoes Portuarias S.A. (Brazil)*	76,670	171,353
		12,573,971
TOTAL INDUSTRIALS		28,813,289
INFORMATION TECHNOLOGY – (4.92%)		
Semiconductors & Semiconductor Equipment – (1.73%)		
Texas Instruments Inc.	251,600	8,177,000
Software & Services – (2.43%)		
Activision Blizzard, Inc.	215,200	2,676,012
Google Inc., Class A *	8,230	4,888,003
Microsoft Corp.	140,410	3,918,843
		11,482,858
Technology Hardware & Equipment – (0.76%)		
Hewlett-Packard Co.	85,831	3,613,485
TOTAL INFORMATION TECHNOLOGY		23,273,343

DAVIS VALUE PORTFOLIO

Schedule of Investments – (Continued)
December 31, 2010

	Shares/Principal	Value (Note 1)
COMMON STOCK – (CONTINUED)		
MATERIALS – (8.59%)		
Air Products and Chemicals, Inc.	13,420	\$ 1,220,549
BHP Billiton PLC (United Kingdom)	95,530	3,799,479
Martin Marietta Materials, Inc.	42,380	3,909,131
Monsanto Co.	80,600	5,612,984
Potash Corp. of Saskatchewan Inc. (Canada)	10,054	1,556,661
Praxair, Inc.	10,800	1,031,076
Rio Tinto PLC (United Kingdom)	52,005	3,637,697
Sealed Air Corp.	429,975	10,942,864
Sino-Forest Corp. (Canada)*	314,550	7,367,866
Sino-Forest Corp., 144A (Canada)*(a)(b)	8,900	208,469
Vulcan Materials Co.	29,790	1,321,484
TOTAL MATERIALS		40,608,260
TELECOMMUNICATION SERVICES – (0.32%)		
America Movil SAB de C.V., Series L, ADR (Mexico)	26,280	1,506,895
TOTAL TELECOMMUNICATION SERVICES		1,506,895
TOTAL COMMON STOCK – (Identified cost \$290,238,207)		457,717,285
CONVERTIBLE BONDS – (0.31%)		
MATERIALS – (0.21%)		
Sino-Forest Corp., Conv. Sr. Notes, 5.00%, 08/01/13 (Canada)(b)	\$ 736,000	994,980
TOTAL MATERIALS		994,980
TELECOMMUNICATION SERVICES – (0.10%)		
Level 3 Communications, Inc., Conv. Sr. Notes, 15.00%, 01/15/13	400,000	450,000
TOTAL TELECOMMUNICATION SERVICES		450,000
TOTAL CONVERTIBLE BONDS – (Identified cost \$1,136,000)		1,444,980
SHORT TERM INVESTMENTS – (18.49%)		
Banc of America Securities LLC Joint Repurchase Agreement, 0.25%, 01/03/11, dated 12/31/10, repurchase value of \$16,808,350 (collateralized by: U.S. Government agency mortgages in a pooled cash account, 2.104%-6.50%, 06/01/25-12/01/40, total market value \$17,144,160)	16,808,000	16,808,000
Goldman, Sachs & Co. Joint Repurchase Agreement, 0.16%, 01/03/11, dated 12/31/10, repurchase value of \$20,170,269 (collateralized by: U.S. Government agency mortgages in a pooled cash account, 3.50%-6.50%, 12/01/25-01/01/41, total market value \$20,573,400)	20,170,000	20,170,000
Mizuho Securities USA Inc. Joint Repurchase Agreement, 0.24%, 01/03/11, dated 12/31/10, repurchase value of \$50,426,009 (collateralized by: U.S. Government agency obligations in a pooled cash account, 3.125%-7.50%, 01/31/12-05/15/37, total market value \$51,433,500)	50,425,000	50,425,000
TOTAL SHORT TERM INVESTMENTS – (Identified cost \$87,403,000)		87,403,000
Total Investments – (115.62%) – (Identified cost \$378,777,207) – (c)		546,565,265
Liabilities Less Other Assets – (15.62%)		(73,831,055)
Net Assets – (100.00%)		\$ 472,734,210

ADR: American Depositary Receipt

DAVIS VALUE PORTFOLIO**Schedule of Investments – (Continued)
December 31, 2010**

* Non-Income producing security.

(a) These securities are subject to Rule 144A. The Board of Directors of the Fund has determined that there is sufficient liquidity in these securities to realize current valuations. These securities amounted to \$1,232,692 or 0.26% of the Fund's net assets as of December 31, 2010.

(b) Restricted Security – See Note 7 of the Notes to Financial Statements.

(c) Aggregate cost for federal income tax purposes is \$381,345,068. At December 31, 2010 unrealized appreciation (depreciation) of securities for federal income tax purposes is as follows:

Unrealized appreciation	\$	166,674,172
Unrealized depreciation		(1,453,975)
Net unrealized appreciation	\$	<u>165,220,197</u>

See Notes to Financial Statements

DAVIS VALUE PORTFOLIO**Statement of Assets and Liabilities
At December 31, 2010****ASSETS:**

Investments in securities at value* (see accompanying Schedule of Investments)	\$ 546,565,265
Cash	6,081
Receivables:	
Capital stock sold	57,661
Dividends and interest	551,202
Investment securities sold	260,909
Prepaid expenses	7,862
Total assets	547,448,980

LIABILITIES:

Payables:	
Capital stock redeemed	74,260,411
Investment securities purchased	132,874
Accrued management fee	260,962
Other accrued expenses	60,523
Total liabilities	74,714,770

NET ASSETS **\$ 472,734,210**

SHARES OUTSTANDING **39,497,648**

NET ASSET VALUE, offering, and redemption price per share (Net assets ÷ Shares outstanding) **\$ 11.97**

NET ASSETS CONSIST OF:

Par value of shares of capital stock	\$ 39,498
Additional paid-in capital	316,660,454
Overdistributed net investment income	(1,425,334)
Accumulated net realized losses from investments	(10,336,998)
Net unrealized appreciation on investments and foreign currency transactions	167,796,590
Net Assets	\$ 472,734,210

***Including:**

Cost of Investments	\$ 378,777,207
Cost and market value of repurchase agreements (if greater than 10% of net assets)	87,403,000

See Notes to Financial Statements

DAVIS VALUE PORTFOLIO**Statement of Operations
For the year ended December 31, 2010****INVESTMENT INCOME:****Income:**

Dividends*		\$	8,019,447
Interest			482,376
Total income			8,501,823

Expenses:

Management fees (Note 3)	\$	2,827,394	
Custodian fees		104,315	
Transfer agent fees		17,703	
Audit fees		20,400	
Legal fees		15,100	
Accounting fees (Note 3)		6,750	
Reports to shareholders		95,000	
Directors' fees and expenses		114,072	
Registration and filing fees		303	
Miscellaneous		16,819	
Total expenses			3,217,856
Expenses paid indirectly (Note 4)			(14)
Net expenses			3,217,842
Net investment income			5,283,981

**REALIZED & UNREALIZED GAIN (LOSS) ON INVESTMENTS AND
FOREIGN CURRENCY TRANSACTIONS:**

Net realized gain (loss) from:

Investment transactions		31,050,561
Foreign currency transactions		(62)
Net realized gain		31,050,499
Net increase in unrealized appreciation		28,380,743
Net realized and unrealized gain on investments and foreign currency transactions		59,431,242
Net increase in net assets resulting from operations		\$ 64,715,223

*Net of foreign taxes withheld as follows \$ 121,773

See Notes to Financial Statements

DAVIS VALUE PORTFOLIO

Statements of Changes in Net Assets

	Year ended December 31,	
	2010	2009
OPERATIONS:		
Net investment income	\$ 5,283,981	\$ 3,837,745
Net realized gain (loss) from investments and foreign currency transactions	31,050,499	(40,978,639)
Net change in unrealized appreciation (depreciation) on investments and foreign currency transactions	28,380,743	155,373,588
Net increase in net assets resulting from operations	64,715,223	118,232,694
DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS FROM:		
Net investment income	(6,868,898)	(3,982,003)
CAPITAL SHARE TRANSACTIONS:		
Net increase (decrease) in net assets resulting from capital share transactions (Note 5)	(104,516,079)	72,001,466
Total increase (decrease) in net assets	(46,669,754)	186,252,157
NET ASSETS:		
Beginning of year	519,403,964	333,151,807
End of year*	\$ 472,734,210	\$ 519,403,964
*Including undistributed (overdistributed) net investment income of	\$ (1,425,334)	\$ 126,666

See Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Fund is a separate series of Davis Variable Account Fund, Inc. (a Maryland corporation), which is registered under the Investment Company Act of 1940, as amended, as a diversified, open-end management investment company. Only insurance companies, for the purpose of funding variable annuity or variable life insurance contracts, may purchase shares of the Fund. The following is a summary of significant accounting policies followed by the Fund in the preparation of financial statements.

Security Valuation - The Fund calculates the net asset value of its shares as of the close of the New York Stock Exchange ("Exchange"), normally 4:00 P.M. Eastern time, on each day the Exchange is open for business. Securities listed on the Exchange (and other national exchanges) are valued at the last reported sales price on the day of valuation. Securities traded in the over-the-counter market (e.g. NASDAQ) and listed securities for which no sale was reported on that date are stated at the average of closing bid and asked prices. Securities traded on foreign exchanges are valued based upon the last sales price on the principal exchange on which the security is traded prior to the time when the Fund's assets are valued. Securities (including restricted securities) for which market quotations are not readily available are valued at their fair value. Securities whose values have been materially affected by what Davis Selected Advisers, L.P. ("Davis Advisors" or "Adviser"), the Fund's investment adviser, identifies as a significant event occurring before the Fund's assets are valued but after the close of their respective exchanges will be fair valued. Fair value is determined in good faith using consistently applied procedures under the supervision of the Board of Directors. Short-term securities purchased within 60 days to maturity are valued at amortized cost, which approximates market value. These valuation procedures are reviewed and subject to approval by the Board of Directors.

Value Measurements - Fair value is defined as the price that the Fund would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used to determine the fair value of the Fund's investments. These inputs are summarized in the three broad levels listed below.

- Level 1 – quoted prices in active markets for identical securities
- Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs (including Fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Value Measurements – (Continued)

The following is a summary of the inputs used as of December 31, 2010 in valuing the Fund's investments carried at value:

	Investments in Securities at Value			Total
	Valuation Inputs			
	Level 1: Quoted Prices	Level 2: Other Significant Observable Inputs	Level 3: Significant Unobservable Inputs	
<u>Equity securities:</u>				
Consumer discretionary	\$ 26,030,242	\$ –	\$ –	\$ 26,030,242
Consumer staples	77,607,567	–	–	77,607,567
Energy	71,656,234	–	–	71,656,234
Financials	128,344,069	–	–	128,344,069
Health care	59,877,386	–	–	59,877,386
Industrials	28,813,289	–	–	28,813,289
Information technology	23,273,343	–	–	23,273,343
Materials	40,608,260	–	–	40,608,260
Telecommunication services	1,506,895	–	–	1,506,895
Convertible debt securities	–	1,444,980	–	1,444,980
Short-term securities	–	87,403,000	–	87,403,000
Total	<u>\$ 457,717,285</u>	<u>\$ 88,847,980</u>	<u>\$ –</u>	<u>\$ 546,565,265</u>

Level 2 to Level 1 transfers*:

Consumer discretionary	\$ 1,073,358
Consumer staples	5,590,274
Energy	4,073,166
Financials	5,893,843
Industrials	12,184,155
Materials	7,437,176
Total	<u>\$ 36,251,972</u>

*Application of fair value procedures for securities traded on foreign exchanges triggered transfers between Level 1 and Level 2 assets during the year ended December 31, 2010.

Master Repurchase Agreements - The Fund, along with other affiliated funds, may transfer uninvested cash balances into one or more master repurchase agreement accounts. These balances are invested in one or more repurchase agreements, secured by U.S. Government securities. A custodian bank holds securities pledged as collateral for repurchase agreements until the agreements mature. Each agreement requires that the market value of the collateral be sufficient to cover payments of interest and principal; however, in the event of default by the other party to the agreement, retention of the collateral may be subject to legal proceedings.

Currency Translation - The market values of all assets and liabilities denominated in foreign currencies are recorded in the financial statements after translation to the U.S. Dollar based upon the mean between the bid and offered quotations of the currencies against U.S. Dollars on the date of valuation. The cost basis of such assets and liabilities is determined based upon historical exchange rates. Income and expenses are translated at average exchange rates in effect as accrued or incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Foreign Currency - The Fund may enter into forward purchases or sales of foreign currencies to hedge certain foreign currency denominated assets and liabilities against declines in market value relative to the U.S. Dollar. Forward currency contracts are marked-to-market daily and the change in market value is recorded by the Fund as an unrealized gain or loss. When the forward currency contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the forward currency contract at the time it was opened and value at the time it was closed. Investments in forward currency contracts may expose the Fund to risks resulting from unanticipated movements in foreign currency exchange rates or failure of the counter-party to the agreement to perform in accordance with the terms of the contract.

Reported net realized foreign exchange gains or losses arise from the sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books, and the U.S. Dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities other than investments in securities at fiscal year end, resulting from changes in the exchange rate. The Fund includes foreign currency gains and losses realized on the sale of investments together with market gains and losses on such investments in the Statement of Operations.

Federal Income Taxes - It is the Fund's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies, and to distribute substantially all of its taxable income, including any net realized gains on investments not offset by loss carryovers, to shareholders. Therefore, no provision for federal income or excise tax is required. The Adviser has analyzed the Fund's tax positions taken on federal and state income tax returns for all open tax years and has concluded that as of December 31, 2010, no provision for income tax would be required in the Fund's financial statements. The Fund's federal and state (Arizona and Maryland) income and federal excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by the Internal Revenue Service and state departments of revenue. The earliest tax year that remains subject to examination by these jurisdictions is 2007. The Fund has available for federal income tax purposes unused capital loss carryforwards as follows:

	Capital Loss Carryforwards
<u>Expiring</u> 12/31/2017	\$ 9,111,000
<u>Utilized in 2010</u>	\$ 21,334,000

The Regulated Investment Company Modernization Act of 2010 (the "Act") was enacted on December 22, 2010. The Act makes changes to several tax rules impacting the Fund. In general, the provisions of the Act will be effective for the Fund's fiscal year ending December 31, 2011. Although the Act provides several benefits, including the unlimited carryforward of future capital losses, there may be a greater likelihood that all or a portion of the Fund's pre-enactment capital loss carryforwards may expire without being utilized due to the fact that post-enactment capital losses get utilized before pre-enactment capital loss carryforwards. Relevant information regarding the impact of the Act on the Fund, if any, will be contained within the "Federal Income Taxes" section of the Notes to Financial Statements for the fiscal year ending December 31, 2011.

Securities Transactions and Related Investment Income - Securities transactions are accounted for on the trade date (date the order to buy or sell is executed) with realized gain or loss on the sale of securities being determined based upon identified cost. Dividend income is recorded on the ex-dividend date. Interest income, which includes accretion of discount and amortization of premium, is accrued as earned.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Dividends and Distributions to Shareholders - Dividends and distributions to shareholders are recorded on the ex-dividend date. Net investment income (loss), net realized gains (losses), and net unrealized appreciation (depreciation) on investments may differ for financial statement and tax purposes primarily due to differing treatments of wash sales, passive foreign investment company shares, and foreign currency transactions. The character of dividends and distributions made during the fiscal year from net investment income and net realized securities gains may differ from their ultimate characterization for federal income tax purposes. Also, due to the timing of dividends and distributions, the fiscal year in which amounts are distributed may differ from the fiscal year in which income or realized gain was recorded by the Fund. The Fund adjusts certain components of capital to reflect permanent differences between financial statement amounts and net income and realized gains/losses determined in accordance with income tax rules. Accordingly, during the year ended December 31, 2010, amounts have been reclassified to reflect a decrease in overdistributed net investment income of \$32,917 and a corresponding increase in accumulated net realized losses from investments and foreign currency transactions. The Fund's net assets have not been affected by this reclassification.

The tax character of distributions paid during the years ended December 31, 2010 and 2009 was as follows:

	<u>2010</u>	<u>2009</u>
Ordinary income	\$ 6,868,898	\$ 3,982,003

As of December 31, 2010, the components of distributable earnings (accumulated losses) on a tax basis were as follows:

Overdistributed net investment income	\$ (57,474)
Accumulated net realized losses from investments and foreign currency transactions	(9,111,145)
Net unrealized appreciation on investments	<u>165,228,729</u>
Total	<u>\$ 156,060,110</u>

Indemnification - Under the Fund's organizational documents, its officers and directors are indemnified against certain liabilities arising out of the performance of their duties to the Fund. In addition, some of the Fund's contracts with its service providers contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown since the amount of any future claims that may be made against the Fund cannot be determined and the Fund has no historical basis for predicting the likelihood of any such claims.

Use of Estimates in Financial Statements - In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of income and expenses during the reporting period. Actual results may differ from these estimates.

Directors Fees and Expenses - The Fund set up a Rabbi Trust to provide for the deferred compensation plan for Independent Directors that enables them to elect to defer receipt of all or a portion of annual fees they are entitled to receive. The value of an eligible Director's account is based upon years of service and fees paid to each Director during the years of service. The amount paid to the Director by the Trust under the plan will be determined based upon the performance of the Davis Funds in which the amounts are invested.

NOTE 2 - PURCHASES AND SALES OF SECURITIES

The cost of purchases and proceeds from sales of investment securities (excluding short-term securities) during the year ended December 31, 2010 were \$100,313,108 and \$198,766,570, respectively.

NOTE 3 - INVESTMENT ADVISORY FEES AND OTHER TRANSACTIONS WITH AFFILIATES

Advisory fees are paid monthly to the Adviser at an annual rate of 0.55% of the Fund's average net assets.

Boston Financial Data Services, Inc. ("BFDS") is the Fund's primary transfer agent. State Street Bank and Trust Company ("State Street Bank") is the Fund's primary accounting provider. Fees for such services are included in the custodian fee as State Street Bank also serves as the Fund's custodian. The Adviser is also paid for certain accounting services. The fee paid to the Adviser for these services for the year ended December 31, 2010 amounted to \$6,750. Certain directors and officers of the Fund are also directors and officers of the general partner of the Adviser.

Davis Selected Advisers-NY, Inc. ("DSA-NY"), a wholly-owned subsidiary of the Adviser, acts as sub-adviser to the Fund. DSA-NY performs research and portfolio management services for the Fund under a Sub-Advisory Agreement with the Adviser. The Fund pays no fees directly to DSA-NY.

NOTE 4 - EXPENSES PAID INDIRECTLY

Under an agreement with State Street Bank, custodian fees are reduced for earnings on cash balances maintained at the custodian by the Fund. Such reductions amounted to \$14 during the year ended December 31, 2010.

NOTE 5 - CAPITAL STOCK

At December 31, 2010, there were 500 million shares of capital stock (\$0.001 par value per share) authorized. Transactions in capital stock were as follows:

	Year ended December 31, 2010		Year ended December 31, 2009	
	Shares	Amount	Shares	Amount
Shares sold	5,615,497	\$ 58,765,835	16,029,614	\$ 142,471,775
Shares issued in reinvestment of distributions	573,843	6,868,898	368,022	3,982,003
	6,189,340	65,634,733	16,397,636	146,453,778
Shares redeemed	(14,994,784)	(170,150,812)	(8,410,774)	(74,452,312)
Net increase (decrease)	(8,805,444)	\$ (104,516,079)	7,986,862	\$ 72,001,466

NOTE 6 - BANK BORROWINGS

The Fund may borrow up to 5% of its assets from a bank to purchase portfolio securities, or for temporary and emergency purposes. The purchase of securities with borrowed funds creates leverage in the Fund. The Fund has entered into an agreement, which enables it to participate with certain other funds managed by the Adviser in an unsecured line of credit with a bank, which permits borrowings up to \$50 million, collectively. Interest is charged based on its borrowings, at a rate equal to the higher of the Federal Funds Rate or the Overnight Libor Rate, plus 1.25%. The Fund had no borrowings during the year ended December 31, 2010.

NOTE 7 - RESTRICTED SECURITIES

Restricted securities are not registered under the Securities Act of 1933 and may have contractual restrictions on resale. They are valued under methods approved by the Board of Directors as reflecting fair value. The aggregate value of restricted securities amounted to \$2,227,672 or 0.47% of the Fund's net assets as of December 31, 2010.

Information regarding restricted securities is as follows:

<u>Security</u>	<u>Acquisition Date</u>	<u>Principal</u>	<u>Shares/ Units</u>	<u>Cost per Share/Unit</u>	<u>Valuation per Share/Unit as of December 31, 2010</u>
Fairfax Financial Holdings Ltd., 144A	02/23/10	NA	2,490	\$ 355.00	\$ 411.33
Sino-Forest Corp., Conv. Sr. Notes, 5.00%, 08/01/13	07/17/08	\$ 736,000	7,360	\$ 100.00	\$ 135.19
Sino-Forest Corp., 144A	12/11/09	NA	8,900	\$ 15.85	\$ 23.42

DAVIS VALUE PORTFOLIO

Financial Highlights

The following financial information represents selected data for each share of capital stock outstanding throughout each period:

	Year ended December 31,				
	2010	2009	2008	2007	2006
Net Asset Value, Beginning of Period	\$ 10.75	\$ 8.26	\$ 14.48	\$ 14.58	\$ 12.77
Income (Loss) from Investment Operations:					
Net Investment Income	0.11	0.08	0.13	0.17	0.11
Net Realized and Unrealized Gains (Losses)	1.26	2.49	(6.00)	0.51	1.81
Total from Investment Operations	1.37	2.57	(5.87)	0.68	1.92
Dividends and Distributions:					
Dividends from Net Investment Income	(0.15)	(0.08)	(0.12)	(0.17)	(0.11)
Distributions from Realized Gains	-	-	(0.23)	(0.61)	-
Total Dividends and Distributions	(0.15)	(0.08)	(0.35)	(0.78)	(0.11)
Net Asset Value, End of Period	\$ 11.97	\$ 10.75	\$ 8.26	\$ 14.48	\$ 14.58
Total Return ^a	12.76%	31.16%	(40.32)%	4.64%	15.00%
Ratios/Supplemental Data:					
Net Assets, End of Period (in thousands)	\$ 472,734	\$ 519,404	\$ 333,152	\$ 658,699	\$ 771,828
Ratio of Expenses to Average Net Assets:					
Gross	0.63%	0.71%	0.82%	0.81%	0.81%
Net ^b	0.63%	0.71%	0.82%	0.81%	0.81%
Ratio of Net Investment Income to Average					
Net Assets	1.03%	0.97%	0.98%	1.11%	0.83%
Portfolio Turnover Rate ^c	21%	20%	17%	9%	19%

- a Assumes hypothetical initial investment on the business day before the first day of the fiscal period, with all dividends and distributions reinvested in additional shares on the reinvestment date, and redemption at the net asset value calculated on the last business day of the fiscal period. Total returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown.
- b The Net Ratio of Expenses to Average Net Assets reflects the impact, if any, of the reduction of expenses paid indirectly and of certain reimbursements from the Adviser.
- c The lesser of purchases or sales of portfolio securities for a period, divided by the monthly average of the market value of portfolio securities owned during the period. Securities with a maturity or expiration date at the time of acquisition of one year or less are excluded from the calculation.

See Notes to Financial Statements

**To the Shareholders and Board of Directors
of Davis Variable Account Fund, Inc.:**

We have audited the accompanying statement of assets and liabilities of Davis Value Portfolio (a separate series of the Davis Variable Account Fund, Inc.), including the schedule of investments, as of December 31, 2010, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the five-year period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2010, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Davis Value Portfolio as of December 31, 2010, the results of its operations for the year then ended, the changes in its net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the five-year period then ended, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

Denver, Colorado
February 9, 2011

Federal Income Tax Information (Unaudited)

During the calendar year ended December 31, 2010, \$6,868,898 or 100% of dividends paid by the Fund constituted income qualifying for the corporate dividends-received deduction.

Portfolio Proxy Voting Policies and Procedures

The Fund has adopted Portfolio Proxy Voting Policies and Procedures under which the Fund votes proxies relating to securities held by the Fund. A description of the Fund's Portfolio Proxy Voting Policies and Procedures is available (i) without charge, upon request, by calling the Fund toll-free at 1-800-279-0279, (ii) on the Fund's website at www.davisfunds.com, and (iii) on the SEC's website at www.sec.gov.

In addition, the Fund is required to file Form N-PX, with its complete proxy voting record for the 12 months ended June 30th, no later than August 31st of each year. The Fund's Form N-PX filing is available (i) without charge, upon request, by calling the Fund toll-free at 1-800-279-0279, (ii) on the Fund's website at www.davisfunds.com, and (iii) on the SEC's website at www.sec.gov.

Form N-Q

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Form N-Q is available without charge, upon request, by calling 1-800-279-0279 or on the Fund's website at www.davisfunds.com or on the SEC's website at www.sec.gov. The Fund's Form N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, DC, and information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

Matters Submitted to a Vote of Shareholders (Unaudited)

A special meeting of shareholders was held on November 18, 2010. The number of votes necessary to conduct the meeting and approve the proposal was obtained. The results of the votes of shareholders are listed below.

PROPOSAL

Election of Directors	For	Withheld
Marc Blum	471,572,527	17,026,929
Christopher Davis	471,503,824	17,095,632
Andrew Davis	471,616,486	16,982,970
John Gates Jr.	471,843,570	16,755,886
Thomas Gayner	471,757,049	16,842,407
G. Bernard Hamilton	470,145,131	18,454,325
Samuel Iapalucci	471,546,968	17,052,488
Robert Morgenthau	471,485,673	17,113,783
Christian Sonne	470,436,387	18,163,069
Marsha Williams	471,821,964	16,777,492

DAVIS VALUE PORTFOLIO

Directors and Officers

For the purposes of their service as directors to the Davis Funds, the business address for each of the directors is 2949 E. Elvira Road, Suite 101, Tucson, AZ 85756. Each Director serves until their retirement, resignation, death or removal. Subject to exceptions and exemptions, which may be granted by the Independent Directors, Directors must retire at the close of business on the last day of the calendar year in which the Director attains age seventy-four (74).

Name (birthdate)	Position(s) Held With Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships Held by Director
<i>Independent Directors</i>					
Marc P. Blum (09/09/42)	Director	Director since 1986	Chief Executive Officer, World Total Return Fund, LLLP; of Counsel to Gordon, Feinblatt, Rothman, Hoffberger and Hollander, LLC (law firm).	13	Director, Legg Mason Investment Counsel & Trust Company N.A. (asset management company) and Rodney Trust Company (Delaware).
John S. Gates, Jr. (08/02/53)	Director	Director since 2007	Chairman and Chief Executive Officer of PortaeCo LLC, a private investment company (beginning in 2006); Co-founder of CenterPoint Properties Trust (REIT); Co-chairman and Chief Executive Officer for 22 years (until 2006).	13	Director, DCT Industrial Trust (REIT); Chairman, Regional Transportation Authority.
Thomas S. Gayner (12/16/61)	Director/ Chairman	Director since 2004	President and Chief Investment Officer, Markel Corporation (insurance company).	13	Director, Washington Post Co. (publishing company); Director, Colfax Corp. (engineering and manufacturer of pumps and fluid handling equipment).
G. Bernard Hamilton (03/18/37)	Director	Director since 1978	Managing General Partner, Avanti Partners, L.P. (investment partnership), retired 2005.	13	none
Samuel H. Ipalucci (07/19/52)	Director	Director since 2006	Former Executive Vice President and Chief Financial Officer, CH2M-HILL Companies, Ltd. (engineering).	13	Director, Trow Global Holdings Inc. (engineering & consulting).
Robert P. Morgenthau (03/22/57)	Director	Director since 2002	Chairman, NorthRoad Capital Management, LLC (investment management firm) since June 2002.	13	none
Christian R. Sonne (05/06/36)	Director (Retired 12/31/10)	Director since 1990	General Partner, Tuxedo Park Associates (land holding and development firm).	13	none
Marsha Williams (03/28/51)	Director	Director since 1999	Senior Vice President and Chief Financial Officer, Orbitz Worldwide, Inc. (travel-services provider) since 2007; former Executive Vice President and Chief Financial Officer, Equity Office Properties Trust (REIT).	13	Director, Modine Manufacturing, Inc. (heat transfer technology); Director, Chicago Bridge & Iron Company, N.V. (industrial construction and engineering); Director, Fifth Third Bancorp (diversified financial services).

Name (birthdate)	Position(s) Held With Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships Held by Director
<i>Inside Directors*</i>					
Andrew A. Davis (06/25/63)	Director	Director since 1997	President or Vice President of each Davis Fund and Selected Fund; President, Davis Selected Advisers, L.P., and also serves as an executive officer in certain companies affiliated with the Adviser.	16	Director, the Selected Funds (consisting of three portfolios) since 1998.
Christopher C. Davis (07/13/65)	Director	Director since 1997	President or Vice President of each Davis Fund, Selected Fund, and Clipper Fund; Chairman, Davis Selected Advisers, L.P., and also serves as an executive officer in certain companies affiliated with the Adviser, including sole member of the Adviser's general partner, Davis Investments, LLC; Employee of Shelby Cullom Davis & Co. (registered broker/dealer).	16	Director, the Selected Funds (consisting of three portfolios) since 1998; Director, Washington Post Co. (publishing company).

* Andrew A. Davis and Christopher C. Davis own partnership units (directly, indirectly, or both) of the Adviser and are considered to be "interested persons" of the Funds as defined in the Investment Company Act of 1940. Andrew A. Davis and Christopher C. Davis are brothers.

Officers

Christopher C. Davis (born 07/13/65, Davis Funds officer since 1997). See description in the section on Inside Directors.

Andrew A. Davis (born 06/25/63, Davis Funds officer since 1997). See description in the section on Inside Directors.

Kenneth C. Eich (born 08/14/53, Davis Funds officer since 1997). Executive Vice President and Principal Executive Officer of each of the Davis Funds (consisting of 13 portfolios), Selected Funds (consisting of three portfolios), and Clipper Fund, Inc. (consisting of one portfolio); Chief Operating Officer, Davis Selected Advisers, L.P., and also serves as an executive officer in certain companies affiliated with the Adviser.

Douglas A. Haines (born 03/04/71, Davis Funds officer since 2004). Vice President, Treasurer, Chief Financial Officer, Principal Financial Officer, and Principal Accounting Officer of each of the Davis Funds (consisting of 13 portfolios), Selected Funds (consisting of three portfolios), and Clipper Fund, Inc. (consisting of one portfolio); Vice President and Director of Fund Accounting, Davis Selected Advisers, L.P.

Sharra L. Haynes (born 09/25/66, Davis Funds officer since 1997). Vice President, Chief Compliance Officer of each of the Davis Funds (consisting of 13 portfolios), Selected Funds (consisting of three portfolios), and Clipper Fund, Inc. (consisting of one portfolio); Vice President and Chief Compliance Officer, Davis Selected Advisers, L.P., and also serves as an executive officer in certain companies affiliated with the Adviser.

Thomas D. Tays (born 03/07/57, Davis Funds officer since 1997). Vice President and Secretary of each of the Davis Funds (consisting of 13 portfolios), Selected Funds (consisting of three portfolios), and Clipper Fund, Inc. (consisting of one portfolio); Vice President, Chief Legal Officer and Secretary, Davis Selected Advisers, L.P., and also serves as an executive officer in certain companies affiliated with the Adviser.

Arthur Don (born 09/24/53, Davis Funds officer since 1991). Assistant Secretary (for clerical purposes only) of each of the Davis Funds and Selected Funds; Shareholder, Greenberg Traurig, LLP (law firm); counsel to the Independent Directors and the Davis Funds.

DAVIS VALUE PORTFOLIO

Investment Adviser

Davis Selected Advisers, L.P. (Doing business as “Davis Advisors”)
2949 East Elvira Road, Suite 101
Tucson, Arizona 85756
(800) 279-0279

Distributor

Davis Distributors, LLC
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Tucson, Arizona 85756

Transfer Agent

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c/o The Davis Funds
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Custodian

State Street Bank and Trust Co.
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For more information about Davis Value Portfolio, including management fee, charges, and expenses, see the current prospectus, which must precede or accompany this report. The Fund’s Statement of Additional Information contains additional information about the Fund’s Directors and is available without charge upon request by calling 1-800-279-0279 and on the Fund’s website at www.davisfunds.com. Quarterly Fact sheets are available on the Fund’s website at www.davisfunds.com.

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