

Davis Value Portfolio

(Portfolio of Davis Variable Account Fund, Inc.)

December 31, 2009

Annual Report

Management's Discussion of Fund Performance.....	2
Fund Overview	4
Expense Example	6
Schedule of Investments.....	7
Statement of Assets and Liabilities	12
Statement of Operations	13
Statements of Changes in Net Assets	14
Notes to Financial Statements	15
Financial Highlights	21
Report of Independent Registered Public Accounting Firm.....	22
Fund Information.....	23
Directors and Officers	24

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 31.16% for the year ended December 31, 2009. Over the same time period, the Standard & Poor's 500[®] Index ("Index") returned 26.46%. The sectors¹ within the Index that turned in the strongest performance over the year were information technology, materials, and consumer discretionary. The sectors within the Index that turned in the weakest (but still positive) performance over the year were telecommunication services, utilities, and energy.

Factors Impacting the Portfolio's Performance

The Portfolio's energy companies out-performed the corresponding sector within the Index (up 39% versus up 14% for the Index) and were the largest contributors² to performance on a relative basis compared to the Index. Occidental Petroleum³, EOG Resources, and Canadian Natural Resources were among the most important contributors to performance. ConocoPhillips was among the most important detractors from performance.

The Portfolio's information technology companies were the largest detractor from performance relative to the Index. The Portfolio's information technology companies out-performed the corresponding sector within the Index (up 63% versus up 62% for the Index), however this sector still detracted from performance relative to the Index due to the lower relative average weighting (8% versus 18% for the Index). Google, Microsoft, and Texas Instruments were among the most important contributors to performance. Tyco Electronics was among the most important detractors from performance. The Portfolio no longer owns Tyco Electronics.

The Portfolio's financial companies were among the most important contributors to relative performance as the Portfolio had a higher average weighting (28% versus 13% for the Index) and the Portfolio's financial companies out-performed the corresponding sector within the Index (up 26% versus up 17% for the Index). American Express and GAM Holding were among the most important contributors to performance. Bank of America, Citigroup, NIPPONKOA Insurance, and Julius Baer Group were among the most important detractors from performance. The Portfolio no longer owns Bank of America, Citigroup, or NIPPONKOA Insurance.

The Portfolio's relative performance was helped due to stock selection of health care companies. The Portfolio had a lower relative average weighting in health care companies (8% versus 14% for the Index), but the Portfolio's health care companies out-performed the corresponding sector within the Index (up 40% versus up 20% for the Index). Schering-Plough was among the most important contributors to performance. Schering-Plough merged with Merck in November 2009.

The Portfolio ended the year with approximately 15% of its net assets invested in foreign companies. As a whole these companies out-performed the domestic companies held by the Portfolio.

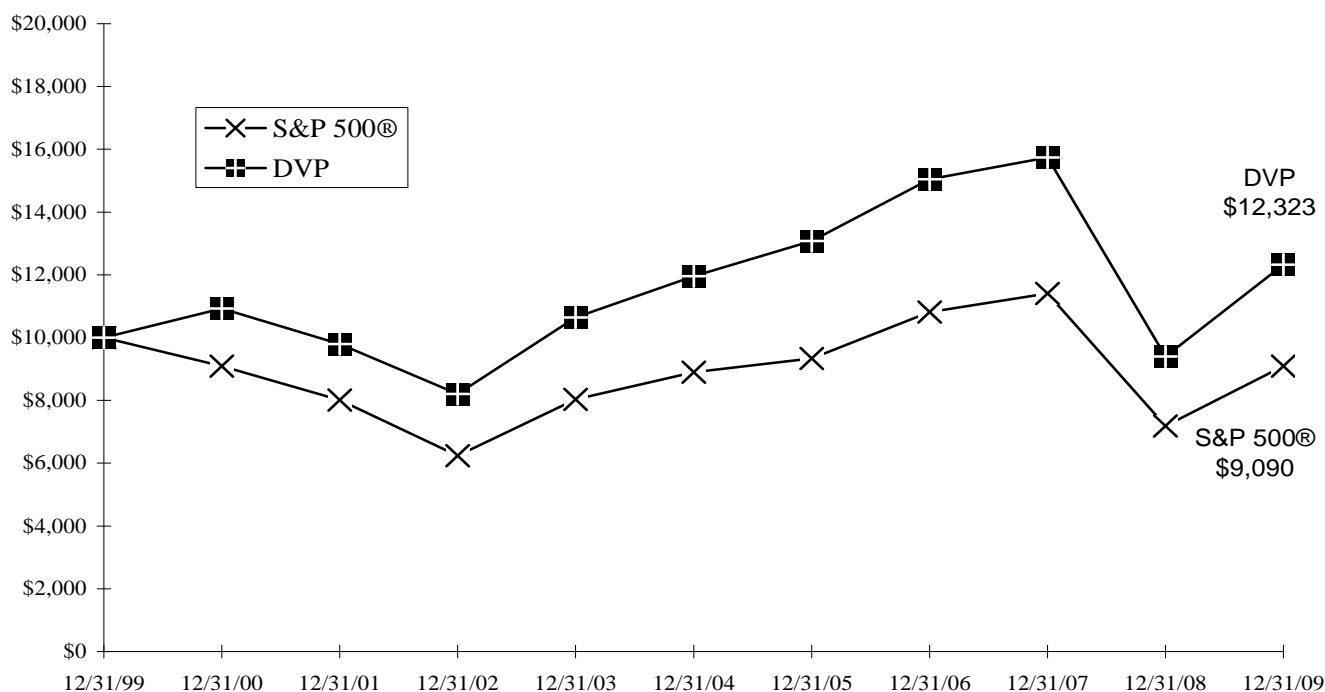
Davis Value Portfolio's investment objective is long-term growth of capital. There can be no assurance that the Portfolio will achieve its objective. The primary risks of an investment in Davis Value Portfolio are: (1) market risk, (2) company risk, (3) financial services risk, (4) foreign country risk, (5) headline risk, and (6) selection 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 detraction 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, 1999



AVERAGE ANNUAL TOTAL RETURN FOR PERIODS ENDED DECEMBER 31, 2009

FUND & BENCHMARK INDEX	1-YEAR	5-YEAR	10-YEAR	SINCE FUND’S INCEPTION	INCEPTION DATE	GROSS EXPENSE RATIO	NET EXPENSE RATIO
Davis Value Portfolio	31.16%	0.61%	2.11%	2.26%	07/01/99	0.71%	0.71%
Standard & Poor’s 500® Index	26.46%	0.42%	(0.95)%	(0.26)%			

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 PORTFOLIO

Fund Overview
December 31, 2009

Portfolio Composition (% of Fund's Net Assets)		Industry Weightings (% of Long Term Portfolio)		
			Fund	S&P 500[®]
Common Stock (U.S.)	79.88%	Energy	16.60%	11.48%
Common Stock (Foreign)	14.99%	Diversified Financials	13.81%	7.87%
Convertible Bonds (U.S.)	0.41%	Insurance	11.61%	2.41%
Convertible Bonds (Foreign)	0.17%	Health Care	9.26%	12.63%
Corporate Bonds	0.47%	Information Technology	8.53%	19.85%
Short Term Investments	2.95%	Food & Staples Retailing	6.52%	2.69%
Other Assets & Liabilities	1.13%	Materials	6.40%	3.60%
	100.00%	Banks	4.31%	2.86%
		Food, Beverage & Tobacco	4.18%	5.84%
		Media	4.03%	2.90%
		Retailing	2.77%	3.46%
		Transportation	2.65%	2.09%
		Commercial & Professional Services	2.43%	0.66%
		Other	1.97%	10.73%
		Household & Personal Products	1.96%	2.83%
		Automobiles & Components	1.58%	0.61%
		Capital Goods	1.39%	7.49%
			100.00%	100.00%

Top 10 Holdings (% of Fund's Net Assets)

Berkshire Hathaway Inc., Class A	Property & Casualty Insurance	4.39%
Occidental Petroleum Corp.	Energy	4.22%
Wells Fargo & Co.	Commercial Banks	4.13%
American Express Co.	Consumer Finance	3.96%
Costco Wholesale Corp.	Food & Staples Retailing	3.87%
EOG Resources, Inc.	Energy	3.50%
Devon Energy Corp.	Energy	3.17%
Loews Corp.	Multi-line Insurance	2.56%
JPMorgan Chase & Co.	Diversified Financial Services	2.41%
Merck & Co., Inc.	Pharmaceuticals, Biotechnology & Life Sciences	2.41%

DAVIS VALUE PORTFOLIO
Fund Overview – (Continued)
December 31, 2009
New Positions Added (01/01/09-12/31/09)

(Highlighted positions are those greater than 0.80% of 12/31/09 total net assets)

Security	Industry	Date of 1st Purchase	% of 12/31/09 Fund Net Assets
Activision Blizzard, Inc.	Software & Services	01/07/09	0.45%
Becton, Dickinson and Co.	Health Care Equipment & Services	03/02/09	0.91%
Coca-Cola Co.	Food, Beverage & Tobacco	06/26/09	0.54%
Fairfax Financial Holdings Ltd.	Multi-line Insurance	09/08/09	0.39%
GAM Holding Ltd.	Capital Markets	02/23/09	0.52%
Harley-Davidson, Inc., Sr. Notes, 15.00%, 02/01/14	Automobiles & Components	02/03/09	0.47%
Laboratory Corp. of America Holdings	Health Care Equipment & Services	03/02/09	0.39%
LLX Logistica S.A.	Transportation	09/22/09	0.07%
Mead Johnson Nutrition Co.	Household & Personal Products	12/14/09	0.32%
Medtronic, Inc.	Health Care Equipment & Services	01/07/09	–
Merck & Co., Inc.	Pharmaceuticals, Biotechnology & Life Sciences	03/11/09	2.41%
Natura Cosmeticos S.A.	Household & Personal Products	07/31/09	0.13%
Pfizer Inc.	Pharmaceuticals, Biotechnology & Life Sciences	02/25/09	0.88%
Potash Corp. of Saskatchewan Inc.	Materials	05/14/09	0.24%
Walt Disney Co.	Media	02/05/09	0.85%

Positions Closed (01/01/09-12/31/09)

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

Security	Industry	Date of Final Sale	Realized Gain (Loss)
Altria Group, Inc.	Food, Beverage & Tobacco	01/05/09	\$ 122,420
American International Group, Inc.	Multi-line Insurance	12/18/09	(19,978,679)
Avon Products, Inc.	Household & Personal Products	03/23/09	(561,130)
Bank of America Corp.	Diversified Financial Services	03/16/09	(2,187,724)
Cisco Systems, Inc.	Technology Hardware & Equipment	08/20/09	(139,893)
Citigroup Inc.	Diversified Financial Services	03/10/09	(3,383,562)
Dell Inc.	Technology Hardware & Equipment	02/27/09	(1,662,540)
Discover Financial Services	Consumer Finance	02/04/09	(156,778)
eBay Inc.	Software & Services	06/03/09	(388,469)
E*TRADE Financial Corp.	Capital Markets	03/13/09	(760,169)
Lowe's Cos, Inc.	Retailing	02/04/09	(636,067)
MBIA Inc.	Property & Casualty Insurance	03/06/09	(664,262)
Medtronic, Inc.	Health Care Equipment & Services	04/28/09	(43,478)
Morgan Stanley	Capital Markets	03/16/09	(142,779)
NIPPONKOA Insurance Co., Ltd.	Property & Casualty Insurance	10/23/09	(1,151,848)
Schering-Plough Corp.	Pharmaceuticals, Biotechnology & Life Sciences	11/04/09	799,891
Sears Holdings Corp.	Retailing	02/27/09	(716,036)
Siemens AG, Registered	Capital Goods	03/20/09	(1,446,925)
Sprint Nextel Corp.	Telecommunication Services	03/12/09	(5,851,079)
State Street Corp.	Capital Markets	03/16/09	(107,364)
Sun Life Financial Inc.	Life & Health Insurance	12/14/09	165,773
Tyco Electronics Ltd.	Technology Hardware & Equipment	03/18/09	(629,440)
Whole Foods Market, Inc.	Food & Staples Retailing	01/09/09	(791,997)
WPP PLC, ADR	Media	01/09/09	(12,020)

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, 2009. 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 (07/01/09)	Ending Account Value (12/31/09)	Expenses Paid During Period* (07/01/09-12/31/09)
Actual	\$1,000.00	\$1,242.37	\$3.50
Hypothetical	\$1,000.00	\$1,022.08	\$3.16

Hypothetical assumes 5% annual return before expenses.

* Expenses are equal to the Fund’s annualized operating expense ratio (0.62%)**, 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, 2009**

Shares	Security	Value (Note 1)
COMMON STOCK – (94.87%)		
CONSUMER DISCRETIONARY – (8.34%)		
Automobiles & Components – (1.04%)		
214,000	Harley-Davidson, Inc.	\$ 5,392,800
Consumer Durables & Apparel – (0.19%)		
435	Garmin Ltd.	13,350
20,299	Hunter Douglas NV (Netherlands)	992,348
1,005,698		
Consumer Services – (0.58%)		
132,863	H&R Block, Inc.	3,005,361
Media – (3.87%)		
182,441	Comcast Corp., Special Class A	2,919,968
85,074	DIRECTV, Class A *	2,836,793
110,770	Grupo Televisa S.A., ADR (Mexico)	2,299,585
8,506	Liberty Media - Starz, Series A *	392,594
529,525	News Corp., Class A	7,254,493
136,200	Walt Disney Co.	4,392,450
20,095,883		
Retailing – (2.66%)		
17,130	Amazon.com, Inc. *	2,305,355
163,615	Bed Bath & Beyond Inc. *	6,317,993
166,400	CarMax, Inc. *	4,035,200
105,950	Liberty Media Corp. - Interactive, Series A *	1,149,028
13,807,576		
TOTAL CONSUMER DISCRETIONARY		43,307,318
CONSUMER STAPLES – (12.14%)		
Food & Staples Retailing – (6.25%)		
340,300	Costco Wholesale Corp.	20,125,342
382,798	CVS Caremark Corp.	12,329,924
32,455,266		
Food, Beverage & Tobacco – (4.01%)		
49,500	Coca-Cola Co.	2,821,500
93,333	Diageo PLC, ADR (United Kingdom)	6,478,244
141,621	Heineken Holding NV (Netherlands)	5,923,032
31,760	Hershey Co.	1,136,690
92,290	Philip Morris International Inc.	4,447,455
20,806,921		
Household & Personal Products – (1.88%)		
38,270	Mead Johnson Nutrition Co.	1,672,399
31,800	Natura Cosméticos S.A. (Brazil)	663,215
122,520	Procter & Gamble Co.	7,428,388
9,764,002		
TOTAL CONSUMER STAPLES		63,026,189
ENERGY – (15.92%)		
172,200	Canadian Natural Resources Ltd. (Canada)	12,389,790
2,659,900	China Coal Energy Co. - H (China)	4,813,023
35,222	ConocoPhillips	1,798,788
224,330	Devon Energy Corp.	16,488,255
187,030	EOG Resources, Inc.	18,198,019

DAVIS VALUE PORTFOLIO

Schedule of Investments – (Continued)
December 31, 2009

Shares	Security	Value (Note 1)
COMMON STOCK – (CONTINUED)		
ENERGY – (CONTINUED)		
269,260	Occidental Petroleum Corp.	\$ 21,904,301
290,000	OGX Petroleo e Gas Participacoes S.A. (Brazil)	2,848,363
51,504	Transocean Ltd. *	4,264,531
	TOTAL ENERGY	82,705,070
FINANCIALS – (29.07%)		
Banks – (4.13%)		
Commercial Banks – (4.13%)		
795,824	Wells Fargo & Co.	21,479,290
Diversified Financials – (13.25%)		
Capital Markets – (5.85%)		
103,020	Ameriprise Financial, Inc.	3,999,236
373,600	Bank of New York Mellon Corp.	10,449,592
108,900	Brookfield Asset Management Inc., Class A (Canada)	2,415,402
221,460	GAM Holding Ltd. (Switzerland)	2,681,673
17,940	Goldman Sachs Group, Inc.	3,028,990
221,460	Julius Baer Group Ltd. (Switzerland)	7,788,404
		30,363,297
Consumer Finance – (3.96%)		
507,680	American Express Co.	20,571,194
Diversified Financial Services – (3.44%)		
300,668	JPMorgan Chase & Co.	12,528,835
140,930	Moody's Corp.	3,776,924
17,900	Visa Inc., Class A	1,565,534
		17,871,293
		68,805,784
Insurance – (11.13%)		
Life & Health Insurance – (0.19%)		
40,980	Principal Financial Group, Inc.	985,159
Multi-line Insurance – (3.37%)		
5,130	Fairfax Financial Holdings Ltd. (Canada)	2,000,546
95,300	Hartford Financial Services Group, Inc.	2,216,678
365,490	Loews Corp.	13,285,561
		17,502,785
Property & Casualty Insurance – (6.68%)		
230	Berkshire Hathaway Inc., Class A *	22,816,000
99	Berkshire Hathaway Inc., Class B *	325,314
1,340	Markel Corp. *	455,600
616,020	Progressive Corp. (Ohio) *	11,082,200
		34,679,114
Reinsurance – (0.89%)		
89,207	Transatlantic Holdings, Inc.	4,648,577
		57,815,635
Real Estate – (0.56%)		
588,000	Hang Lung Group Ltd. (Hong Kong)	2,904,203
	TOTAL FINANCIALS	151,004,912
HEALTH CARE – (8.88%)		
Health Care Equipment & Services – (3.52%)		
59,800	Becton, Dickinson and Co.	4,715,828

DAVIS VALUE PORTFOLIO

Schedule of Investments – (Continued)
December 31, 2009

Shares	Security	Value (Note 1)
COMMON STOCK – (CONTINUED)		
HEALTH CARE – (CONTINUED)		
Health Care Equipment & Services – (Continued)		
100,150	Cardinal Health, Inc.	\$ 3,228,836
49,450	CareFusion Corp. *	1,236,744
76,180	Express Scripts, Inc. *	6,586,523
27,400	Laboratory Corp. of America Holdings *	2,050,616
14,600	UnitedHealth Group Inc.	445,008
		18,263,555
Pharmaceuticals, Biotechnology & Life Sciences – (5.36%)		
167,380	Johnson & Johnson	10,780,946
342,555	Merck & Co., Inc.	12,516,960
250,800	Pfizer Inc.	4,562,052
		27,859,958
	TOTAL HEALTH CARE.....	46,123,513
INDUSTRIALS – (6.20%)		
Capital Goods – (1.33%)		
111,180	ABB Ltd., ADR (Switzerland)	2,123,538
32,630	PACCAR Inc.	1,184,143
101,334	Tyco International Ltd.	3,615,597
		6,923,278
Commercial & Professional Services – (2.33%)		
53,500	D&B Corp.	4,513,795
333,697	Iron Mountain Inc. *	7,594,944
		12,108,739
Transportation – (2.54%)		
1,482,352	China Merchants Holdings International Co., Ltd. (China)	4,781,972
1,097,000	China Shipping Development Co. Ltd. - H (China)	1,637,083
950,804	Cosco Pacific Ltd. (China)	1,209,089
26,355	Kuehne & Nagel International AG, Registered (Switzerland)	2,562,474
63,000	LLX Logistica S.A. (Brazil)*	365,841
45,810	United Parcel Service, Inc., Class B	2,628,120
		13,184,579
	TOTAL INDUSTRIALS	32,216,596
INFORMATION TECHNOLOGY – (8.19%)		
Semiconductors & Semiconductor Equipment – (1.49%)		
296,800	Texas Instruments Inc.	7,734,608
Software & Services – (3.96%)		
210,600	Activision Blizzard, Inc. *	2,340,819
12,840	Google Inc., Class A *	7,960,736
337,110	Microsoft Corp.	10,278,484
		20,580,039
Technology Hardware & Equipment – (2.74%)		
198,050	Agilent Technologies, Inc. *	6,153,413
156,170	Hewlett-Packard Co.	8,044,317
		14,197,730
	TOTAL INFORMATION TECHNOLOGY.....	42,512,377
MATERIALS – (5.97%)		
81,830	BHP Billiton PLC (United Kingdom)	2,608,742
42,380	Martin Marietta Materials, Inc.	3,789,196

DAVIS VALUE PORTFOLIO

Schedule of Investments – (Continued)
December 31, 2009

Shares/Principal	Security	Value (Note 1)
COMMON STOCK – (CONTINUED)		
<u>MATERIALS – (CONTINUED)</u>		
32,200	Monsanto Co.	\$ 2,632,350
11,354	Potash Corp. of Saskatchewan Inc. (Canada)	1,231,909
41,205	Rio Tinto PLC (United Kingdom)	2,224,940
485,995	Sealed Air Corp.	10,623,851
256,750	Sino-Forest Corp. (Canada)*	4,757,675
8,900	Sino-Forest Corp., 144A (Canada)*(a)(b)	164,920
56,890	Vulcan Materials Co.	2,996,396
	TOTAL MATERIALS	31,029,979
<u>UTILITIES – (0.16%)</u>		
60,800	AES Corp. *	809,248
	TOTAL UTILITIES	809,248
	TOTAL COMMON STOCK – (Identified cost \$354,033,569).....	492,735,202
CONVERTIBLE BONDS – (0.58%)		
<u>MATERIALS – (0.17%)</u>		
\$ 736,000	Sino-Forest Corp., Conv. Sr. Notes, 5.00%, 08/01/13 (Canada) (c)	869,860
	TOTAL MATERIALS	869,860
<u>TELECOMMUNICATION SERVICES – (0.41%)</u>		
1,600,000	Level 3 Communications, Inc., Conv. Sr. Notes, 10.00%, 05/01/11	1,624,000
400,000	Level 3 Communications, Inc., Conv. Sr. Notes, 15.00%, 01/15/13 (c)	500,000
	TOTAL TELECOMMUNICATION SERVICES.....	2,124,000
	TOTAL CONVERTIBLE BONDS – (Identified cost \$2,736,000).....	2,993,860
CORPORATE BONDS – (0.47%)		
<u>CONSUMER DISCRETIONARY – (0.47%)</u>		
<u>Automobiles & Components – (0.47%)</u>		
2,000,000	Harley-Davidson, Inc., Sr. Notes, 15.00%, 02/01/14 (c).....	2,449,958
	TOTAL CORPORATE BONDS – (Identified cost \$2,000,000).....	2,449,958
SHORT TERM INVESTMENTS – (2.95%)		
5,111,000	Banc of America Securities LLC Joint Repurchase Agreement, 0.01%, 01/04/10, dated 12/31/09, repurchase value of \$5,111,006 (collateralized by: U.S. Government agency mortgages in a pooled cash account, 3.131%-5.959%, 02/01/35-06/01/38, total market value \$5,213,220) ..	5,111,000
10,222,000	Mizuho Securities USA Inc. Joint Repurchase Agreement, 0.03%, 01/04/10, dated 12/31/09, repurchase value of \$10,222,034 (collateralized by: U.S. Government agency obligations in a pooled cash account, 0.93%-2.625%, 03/30/10-12/31/14, total market value \$10,426,440) ..	10,222,000
	TOTAL SHORT TERM INVESTMENTS – (Identified cost \$15,333,000)	15,333,000
	Total Investments – (98.87%) – (Identified cost \$374,102,569) – (d)	513,512,020
	Other Assets Less Liabilities – (1.13%)	5,891,944
	Net Assets – (100.00%)	\$ 519,403,964

ADR: American Depositary Receipt

* Non-Income producing security.

DAVIS VALUE PORTFOLIO**Schedule of Investments – (Continued)
December 31, 2009**

- (a) This security is subject to Rule 144A. The Board of Directors of the Fund has determined that there is sufficient liquidity in this security to realize current valuations. This security amounted to \$164,920, or 0.03% of the Fund's net assets, as of December 31, 2009.
- (b) Restricted Security – See Note 7 of the Notes to Financial Statements.
- (c) Illiquid Security – See Note 7 of the Notes to Financial Statements.
- (d) Aggregate cost for federal income tax purposes is \$375,885,823. At December 31, 2009 unrealized appreciation (depreciation) of securities for federal income tax purposes is as follows:

Unrealized appreciation	\$	146,574,379
Unrealized depreciation		(8,948,182)
Net unrealized appreciation	\$	<u>137,626,197</u>

See Notes to Financial Statements

DAVIS VALUE PORTFOLIO**Statement of Assets and Liabilities
At December 31, 2009****ASSETS:**

Investments in securities at value* (see accompanying Schedule of Investments).....	\$	513,512,020
Cash		154,232
Receivables:		
Capital stock sold		6,042,463
Dividends and interest.....		558,699
Investment securities sold.....		265,900
Prepaid expenses.....		7,126
Total assets.....		<u>520,540,440</u>

LIABILITIES:

Payables:		
Investment securities purchased.....		505,886
Capital stock redeemed		342,486
Accrued management fee.....		244,972
Other accrued expenses		43,132
Total liabilities		<u>1,136,476</u>

NET ASSETS\$ 519,403,964

SHARES OUTSTANDING..... 48,303,092

NET ASSET VALUE, offering, and redemption price per share

(Net assets ÷ Shares outstanding)\$ 10.75

NET ASSETS CONSIST OF:

Par value of shares of capital stock.....	\$	48,303
Additional paid-in capital		421,167,728
Undistributed net investment income		126,666
Accumulated net realized losses from investments and foreign currency transactions		(41,354,580)
Net unrealized appreciation on investments and foreign currency transactions		139,415,847
Net Assets	\$	<u>519,403,964</u>

*Including:

Cost of Investments.....\$ 374,102,569

See Notes to Financial Statements

DAVIS VALUE PORTFOLIO

**Statement of Operations
For the year ended December 31, 2009**

INVESTMENT INCOME:

Income:

Dividends*	\$	6,113,936
Interest		<u>563,805</u>
Total income		<u>6,677,741</u>

Expenses:

Management fees (Note 3).....	\$	2,514,522
Custodian fees.....		84,382
Transfer agent fees.....		15,696
Audit fees.....		20,400
Legal fees.....		13,596
Accounting fees (Note 3).....		6,252
Reports to shareholders.....		58,615
Directors' fees and expenses.....		110,360
Registration and filing fees		290
Miscellaneous		<u>15,889</u>
Total expenses.....		2,840,002
Expenses paid indirectly (Note 4)		<u>(6)</u>
Net expenses.....		<u>2,839,996</u>
Net investment income.....		<u>3,837,745</u>

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

Net realized loss from:

Investment transactions.....	(40,964,511)
Foreign currency transactions	(14,128)
Net change in unrealized appreciation (depreciation).....	<u>155,373,588</u>
Net realized and unrealized gain on investments and foreign currency transactions	<u>114,394,949</u>
Net increase in net assets resulting from operations	<u>\$ 118,232,694</u>

*Net of foreign taxes withheld as follows\$ 73,330

See Notes to Financial Statements

DAVIS VALUE PORTFOLIO

Statements of Changes in Net Assets

	Year ended December 31,	
	2009	2008
OPERATIONS:		
Net investment income	\$ 3,837,745	\$ 4,955,792
Net realized gain (loss) from investments and foreign currency transactions.....	(40,978,639)	605,679
Net change in unrealized appreciation (depreciation) on investments and foreign currency transactions	155,373,588	(246,836,174)
Net increase (decrease) in net assets resulting from operations.....	118,232,694	(241,274,703)
DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS FROM:		
Net investment income	(3,982,003)	(4,909,074)
Realized gains from investment transactions	-	(8,550,201)
CAPITAL SHARE TRANSACTIONS:		
Net increase (decrease) in net assets resulting from capital share transactions (Note 5)	72,001,466	(70,813,149)
Total increase (decrease) in net assets	186,252,157	(325,547,127)
NET ASSETS:		
Beginning of year.....	333,151,807	658,698,934
End of year*	\$ 519,403,964	\$ 333,151,807
*Including undistributed net investment income of.....	\$ 126,666	\$ 285,052

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, 2009 in valuing the Fund's investments carried at value:

	Investments in Securities at Value			
	Valuation Inputs			
	Level 1: Quoted Prices	Level 2: Other Significant Observable Inputs*	Level 3: Significant Unobservable Inputs	Total
<u>Equity securities:</u>				
Consumer discretionary	\$ 42,314,970	\$ 992,348	\$ –	\$ 43,307,318
Consumer staples	57,103,157	5,923,032	–	63,026,189
Energy	77,892,047	4,813,023	–	82,705,070
Financials	145,419,036	5,585,876	–	151,004,912
Health care	46,123,513	–	–	46,123,513
Industrials	22,025,978	10,190,618	–	32,216,596
Information technology	42,512,377	–	–	42,512,377
Materials	26,196,297	4,833,682	–	31,029,979
Utilities	809,248	–	–	809,248
Convertible debt securities	–	2,993,860	–	2,993,860
Corporate debt securities	–	2,449,958	–	2,449,958
Short-term securities	–	15,333,000	–	15,333,000
Total	<u>\$ 460,396,623</u>	<u>\$ 53,115,397</u>	<u>\$ –</u>	<u>\$ 513,512,020</u>

*Includes certain securities trading primarily outside the U.S. whose value the Fund adjusted as a result of significant market movements following the close of local trading.

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, 2009, 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 2006. At December 31, 2009, the Fund had available for federal income tax purposes unused capital loss carryforwards and post October 2009 capital losses as follows:

<u>Expiring</u>	Capital Loss Carryforwards	Post October 2009 Capital Losses
12/31/2017	\$ 30,445,000	\$ -
12/31/2018	-	9,789,000
	\$ 30,445,000	\$ 9,789,000

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 the classification of distributions to shareholders to reflect the differences between financial statement amounts and distributions determined in accordance with income tax rules. Accordingly, during the year ended December 31, 2009, amounts have been reclassified to reflect a decrease in undistributed net investment income of \$14,128 and a corresponding decrease in accumulated net realized losses from investments and foreign currency transactions. Net assets have not been affected by this reclassification.

The tax character of distributions paid during the years ended December 31, 2009 and 2008 were as follows:

	2009	2008
Ordinary income	\$ 3,982,003	\$ 4,912,728
Long-term capital gain	–	8,546,547
Total	<u>\$ 3,982,003</u>	<u>\$ 13,459,275</u>

As of December 31, 2009, the components of distributable earnings (accumulated losses) on a tax basis were as follows:

Undistributed net investment income	\$ 790,168
Accumulated net realized losses from investments and foreign currency transactions	(40,234,828)
Net unrealized appreciation on investments	<u>137,632,593</u>
Total	<u>\$ 98,187,933</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.

NOTE 2 - PURCHASES AND SALES OF SECURITIES

Purchases and sales of investment securities (excluding short-term securities) during the year ended December 31, 2009 were \$149,251,682 and \$74,542,809, respectively.

NOTE 3 - INVESTMENT ADVISORY FEES AND OTHER TRANSACTIONS WITH AFFILIATES

Advisory fees are paid monthly to the Adviser. Prior to July 1, 2009, the annual rate was 0.75% of the Fund's average net assets. Effective July 1, 2009, the annual rate is 0.55% of the Fund's average net assets. Advisory fees paid during the year ended December 31, 2009 approximated 0.63% of the 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, 2009 amounted to \$6,252. 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 \$6 during the year ended December 31, 2009.

NOTE 5 - CAPITAL STOCK

At December 31, 2009, 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, 2009		Year ended December 31, 2008	
	Shares	Amount	Shares	Amount
Shares sold	16,029,614	\$ 142,471,775	5,699,870	\$ 61,188,955
Shares issued in reinvestment of distributions	368,022	3,982,003	1,734,051	13,459,275
	16,397,636	146,453,778	7,433,921	74,648,230
Shares redeemed	(8,410,774)	(74,452,312)	(12,622,781)	(145,461,379)
Net increase (decrease)	7,986,862	\$ 72,001,466	(5,188,860)	\$ (70,813,149)

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, 2009.

NOTE 7 - ILLIQUID AND RESTRICTED SECURITIES

Securities may be considered illiquid if they lack a readily available market or if valuation has not changed for a certain period of time. 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 illiquid securities amounted to \$3,819,818 or 0.74% of the Fund's net assets as of December 31, 2009. The aggregate value of restricted securities amounted to \$164,920 or 0.03% of the Fund's net assets as of December 31, 2009.

Information regarding illiquid and restricted securities is as follows:

<u>Security</u>	<u>Acquisition Date</u>	<u>Principal</u>	<u>Units/ Shares</u>	<u>Cost per Unit/Share</u>	<u>Valuation per Unit/Share as of December 31, 2009</u>
Harley-Davidson, Inc., Sr. Notes, 15.00%, 02/01/14	02/03/09	\$ 2,000,000	20,000	\$ 100.00	\$ 122.50
Level 3 Communications, Inc., Conv. Sr. Notes, 15.00%, 01/15/13	12/23/08	\$ 400,000	4,000	\$ 100.00	\$ 125.00
Sino-Forest Corp., Conv. Sr. Notes, 5.00%, 08/01/13	07/17/08	\$ 736,000	7,360	\$ 100.00	\$ 118.19
Sino-Forest Corp., 144A	12/11/09	NA	8,900	\$ 15.85	\$ 18.53

NOTE 8 - SUBSEQUENT EVENTS

Fund management has determined that no material events or transactions occurred subsequent to December 31, 2009 and through February 9, 2010, the date the Fund's financial statements were issued, which require adjustments and/or additional disclosure in the Fund's financial statements.

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

	Year ended December 31,				
	2009	2008	2007	2006	2005
Net Asset Value, Beginning of Period.....	\$ 8.26	\$ 14.48	\$ 14.58	\$ 12.77	\$ 11.78
<u>Income (Loss) from Investment Operations:</u>					
Net Investment Income	0.08	0.13	0.17	0.11	0.12
Net Realized and Unrealized Gains (Losses) ...	2.49	(6.00)	0.51	1.81	0.99
Total from Investment Operations.....	2.57	(5.87)	0.68	1.92	1.11
<u>Dividends and Distributions:</u>					
Dividends from Net Investment Income	(0.08)	(0.12)	(0.17)	(0.11)	(0.11)
Distributions from Realized Gains	–	(0.23)	(0.61)	–	–
Distributions in Excess of Net Investment Income	–	–	–	–	(0.01)
Total Dividends and Distributions.....	(0.08)	(0.35)	(0.78)	(0.11)	(0.12)
Net Asset Value, End of Period.....	\$ 10.75	\$ 8.26	\$ 14.48	\$ 14.58	\$ 12.77
Total Return ^a	31.16%	(40.32)%	4.64%	15.00%	9.44%
<u>Ratios/Supplemental Data:</u>					
Net Assets, End of Period (in thousands).....	\$ 519,404	\$ 333,152	\$ 658,699	\$ 771,828	\$ 620,369
Ratio of Expenses to Average Net Assets:					
Gross	0.71%	0.82%	0.81%	0.81%	0.81%
Net ^b	0.71%	0.82%	0.81%	0.81%	0.81%
Ratio of Net Investment Income to Average Net Assets.....					
Net Assets.....	0.97%	0.98%	1.11%	0.83%	0.87%
Portfolio Turnover Rate ^c	20%	17%	9%	19%	14%

- 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, 2009, 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, 2009, 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, 2009, 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, 2010

Federal Income Tax Information (*Unaudited*)

During the calendar year ended 2009, \$3,982,003 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 that information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

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 (a REIT); Co-chairman and Chief Executive Officer for 22 years (until 2006).	13	Director, DCT Industrial Trust (a REIT).
Thomas S. Gayner (12/16/61)	Director	Director since 2004	Executive Vice President and Chief Investment Officer, Markel Corporation (insurance company).	13	Director, First Market Bank; Director, Washington Post Co. (newspaper publisher); 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. Iapalucci (07/19/52)	Director	Director since 2006	Former Executive Vice President and Chief Financial Officer, CH2M-Hill, Inc. (engineering).	13	none
Robert P. Morgenthau (03/22/57)	Director	Director since 2002	Chairman, NorthRoad Capital Management, LLC (an investment management firm) since June 2002.	13	none
Christian R. Sonne (05/06/36)	Director	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 (a 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>					
Jeremy H. Biggs (08/16/35)	Director / Chairman (retired 12/31/09)	Director since 1994	Vice Chairman, Member of the Audit Committee and Member of the International Investment Committee, former Chief Investment Officer (1980 through 2005), all for Fiduciary Trust Company International (money management firm); Consultant to Davis Selected Advisers, L.P.	13	none
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).	10	Director, Davis New York Venture Fund, Inc. (consisting of four portfolios); Director, the Selected Funds (consisting of three portfolios) since 1998; Director, Washington Post Co. (newspaper publisher).

* Jeremy H. Biggs 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.

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). President or Vice President of each of the Davis Funds (consisting of 13 portfolios) and Selected Funds (consisting of three portfolios); President, Davis Selected Advisers, L.P., serves as an executive officer in certain companies affiliated with the Adviser; Director of Davis Series, Inc. (consisting of six portfolios) and the Selected Funds (consisting of three portfolios).

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 (a law firm); counsel to the Independent Directors and the Davis Funds.

DAVIS VALUE PORTFOLIO

Investment Adviser

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(800) 279-0279

Distributor

Davis Distributors, LLC
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Transfer Agent

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P.O. Box 8406
Boston, Massachusetts 02266-8406

Custodian

State Street Bank and Trust Co.
One Lincoln Street
Boston, Massachusetts 02111

Counsel

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Chicago, Illinois 60601

Independent Registered Public Accounting Firm

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Denver, Colorado 80202

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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