CLIPPER FUND℠

January, 2010

Dear Shareowner:

On May 17, 2006, the **Tax Increase Prevention and Reconciliation Act (TIPRA) of 2005** was signed into effect. One provision of **TIPRA** is that starting in 2010, owners of qualified retirement plans are able to convert to Roth IRA plans without regard to income limits.

This type of conversion ***will*** create an IRS reportable and taxable event for those participating. For 2010 ***only***, those electing to do this type of conversion will have the option of paying their taxes resulting from the transaction in its entirety in 2010, or deferring, in equal parts, to the 2011 and 2012 tax years. Either of the two elections will be up to the shareowner to account for on their taxes, as the fund must report the transaction as a one time distribution in the year it occurs. Therefore, it is highly recommended that a tax specialist or financial advisor be consulted prior to requesting a conversion.

Roth conversions can be done by owners of Traditional IRAs, SEP-IRAs and, two years after establishing, SIMPLE-IRAs. Conversions may be possible from Employer Sponsored Plans. For conversions from Employer Sponsored Plans, please consult with your plan administrator to inquire about your eligibility.

Although the income limitations have been removed as a condition for conversion eligibility, they remain in place for additional contributions to a Roth IRA.

For further questions and information, or to request the applicable paperwork to accomplish a conversion, please contact Investor Services at 800-432-2504.

Sincerely,

Clipper Fund
Retirement Services

This letter is authorized for use by existing shareholders. A current Clipper Fund prospectus must accompany or precede this letter if it is distributed to prospective shareholders. You should carefully consider the Fund's investment objectives, risks, fees, and expenses before investing. Read the prospectus carefully before you invest or send money.

Davis Advisors ■ 2949 East Elvira Road, Suite 101 ■ Tucson, AZ 85756 ■ 800-432-2504