

May 4, 2012

## **First Quarter 2012 Investor Letter**

### **Review and Outlook**

As we discussed at our investor presentation in January, we believe the threat of a severe global slowdown receded as a result of the European stability mechanisms announced late in 2011, and so the global economy – and in particular, the US economy – is in a growth trajectory notwithstanding certain persistent “tail risks”. The First Quarter was a benign environment for our value-oriented stock-picking style, and our analysts found interesting opportunities everywhere, resulting in positive performance across most asset classes, sectors, and geographies.

Our mortgage portfolio was up ~6.5%, recovering nicely from a dip in the Fourth Quarter of 2011. Corporate credit gained 12% for the year through March 31<sup>st</sup>, on the strength of investments made during the credit market selloff in October 2011 which were primarily near-term, cash-returning situations with small downside risk and a quick payday. Long equity positions were up 12.4%, roughly the same as the market, despite a loss in Yahoo!, our largest equity position. We generated our greatest profits in Financials, Consumer, and Healthcare, losing money primarily in our Special Situations short book. From a regional perspective, Europe had a 20% return on average exposure while the US was up 12%. Gold was up ~5% on our average exposure of 5.5% of AUM.

Our moderate positioning helped us sidestep volatile markets in April. Throughout the events of the past few months, our overall investment outlook has remained fairly consistent. While we are not often accused of being boring, our unwillingness to party with the bulls or maraud with the bears has perhaps made us seem relatively so in terms of our exposures and approach so far in 2012.

### **Tail Risk, Hedging and “The Macro” in Portfolio Management**

Like most investors – at least those who have survived the trials and tribulations of the past few years – Third Point spends more time considering macroeconomic trends, forecasts, and pitfalls than we did before the 2008 market correction. As our partners know, we have imprinted our analysis of “macro” across our investments, and we continue to find new ways to apply our insights to portfolio management not only to protect against non-

security specific risk, but also to opportunistically generate alpha. Generally, we think about macro and express our bets in three ways.

First, since 2009, we have maintained a basket of “tail” trades, usually amounting to about 50-100 basis points of protection. We try to cushion the portfolio against various tail event risks including a war in the Middle East, EU sovereign defaults, contagion from Eastern Europe peripheral countries’ stress, Japanese fiscal weakness, the sustainability of China’s pace of growth, pressure on the Fed’s control over rates and its balance sheet, and a global growth slowdown. We structure these trades in a variety of ways including via commodities, currencies, rates, swaps, puts and calls. This “tail risk” portfolio has remained fairly steady in overall size since its inception, and we expect it to remain roughly in this range indefinitely. The key is that these positions should provide some insurance when and if we most need it, with limited costs in the (hoped for) event that the worst never materializes.

Second, we will occasionally find it more effective to hedge out a specific stock sector or geographic bet in our portfolio using a macro type of trade. As an example, last year, our bottom-up equity book was bullish on Chinese growth through multiple single name stocks listed on Western exchanges whose profit drivers were exposed to the Chinese consumer. To hedge against this long positioning, we might have put on a basket of single name Chinese equity shorts. We hedged instead by making a bet that Australian interest rates would come down if Chinese growth declined and initiated a position focused on the long end of the Aussie rates curve, which was then reflecting the consensus belief that rates would continue to rise. Since Australian growth is driven primarily by natural resources and thus commodity prices, each of which is heavily dependent on the country’s exports to Chinese buyers, if China wobbles, Australia totters too. This macro insight allowed us to effectively and relatively inexpensively hedge out some of our long equity book’s downside exposure to weakening Chinese growth.

Finally, we will sometimes make outright macro investments that appeal to us using the same framework we apply to equity or credit positions. During the Third Quarter of 2011, we recognized that copper had materially outperformed other base metals in the deteriorating global economic environment. We initiated an options trade to take advantage of falling copper prices and capitalize on relatively low implied volatility priced into the options. Expressing our view via an options trade allowed for defined, inexpensive risk and greater upside than shorting the metal itself. This investment allowed us to press our view that liquidity was tightening in China due to a curtailment of grey market and off-balance sheet lending and was a profitable way of capitalizing on our insight on the short side. Below, we discuss a current trade in Portuguese sovereign bonds that fits the classic

Third Point “forced selling” parameters that are reliably profitable, in this case applied to sovereign rather than corporate bonds.

Our ability to apply our macro knowledge to the portfolio in various ways has strengthened our risk management and alpha-generating capabilities. We expect to continue to find compelling opportunities in each of the three areas discussed above and believe that the size of these investments relative to the rest of our typical equity and credit positions will remain relatively consistent with current levels.

## **Quarterly Results**

Set forth below are our results through March 31, 2012.

|                                       | Third Point<br>Offshore Fund Ltd. | S&P 500 | HFRI |
|---------------------------------------|-----------------------------------|---------|------|
| 2012 First Quarter                    | 6.5%                              | 12.6%   | 4.6% |
| Annualized Return Since<br>Inception* | 17.5%                             | 6.0%    | 9.0% |

\*Return from inception, December 1996 for TP Offshore, S & P 500 and HFRI;

The top five winners for the quarter were Delphi Corp., Unicredit Spa (rights offering), Apple Inc., Eksportfinans ASA and HollyFrontier Corp. The top five losers for the period were Yahoo! Inc., Short A, Short B, Short C, and Short D.

Firm assets under management at March 31, 2012 were \$8.9 billion. The funds remain closed to new investments with limited exceptions as discussed previously.

## **Select Portfolio Positions**

### **Credit: Long Portuguese Sovereign Bonds**

We initiated a long position in Portuguese sovereign bonds during the First Quarter. While we have studied Portugal since last year, it was not until the country’s February downgrade to junk by all three rating agencies that we found a truly asymmetric investment opportunity. Many investors liquidated their holdings after the downgrade, causing bonds to decline from the high 50s to the low 40s. Following the playbook that has generated numerous successful investments for Third Point we provided liquidity to sellers when others would not. There were few natural buyers as “real money” was ratings-constrained and most distressed investors shied away from an opportunity not analyzable via traditional corporate balance sheet and earnings metrics.

As investors know, our framework flourishes in situations characterized by extreme market uncertainty and compressed time frames, and we initiated our position confident that the odds were solidly in our favor. The timing of our catalyst is often the one piece we cannot predict with any certainty, and in this case, the bonds experienced a sharp rebound very quickly. Our credit analyst met in Lisbon with government and IMF officials immediately following the downgrade, rigorously reviewed the country's quarterly IMF reports, spoke with current and former ECB officials, and analyzed Portugal's historic fiscal and economic position. Despite the recovery off the lows subsequent to our purchases, we believe Portuguese debt remains a very attractive investment opportunity and continue to own the position in meaningful size.

Portugal's 5-year CDS currently prices in a 65% probability of default and assumes a recovery of ~33%, roughly equivalent to Greek levels. Both the probability of default and recovery appear mispriced to us and marginal improvements in either should yield substantial upside. Under the current IMF/EU program, Portugal must re-enter public markets with a ~€10B bond issue in September 2013. Given IMF budgeting guidelines however, the Troika must assess that possibility by September 2012, a full year in advance. As this deadline approaches the IMF/EU will begin analyzing the merits of extending more funding to Portugal. Markets fear an extension denial will leave Portugal twisting in the wind. We believe this probability is materially overstated and the most likely outcome involves Portugal being funded by official channels until it can tap bond markets.

First, neither Portugal nor the Troika has an incentive to force a restructuring. Creating Spanish and Italian contagion risk from a Portuguese PSI would represent a massive "unforced error" by the Troika. Portugal's ~€185B debt stock is incredibly small compared to either Italy's (~€2,000B) or Spain's (~€850B), and funding requirements for a one to three year extension would likely not exceed ~€40B compared to a potential ESM size greater than €500B and new IMF resources of \$400B. From Portugal's perspective, the Official Sector's large and growing debt ownership (~60% by year end 2013) severely blunts a restructuring's effectiveness without their participation. Attempting to force a PSI could severely damage the economies of Portugal's main trading partners (exports represent ~35% of GDP) and potentially offset the benefits of marginal deleveraging.

Second, Portugal is not Greece and is actually more akin to Italy and Spain. The Greeks distinguished themselves from other PIIG nations both fundamentally and politically. Greece remains hopelessly over-levered even post-PSI and has continued, in our opinion, to act in bad faith. Portugal's debt profile is more consistent with Italy's than Greece's, its banks are substantially healthier than Spain's, and its government has enacted more aggressive labor reforms and is more stable than regimes in both countries. Bond

vigilantes did not immediately jump from Greece to Italy or Spain, but with banks' LTRO buying power close to fully expended, officials know creating avoidable contagion risk would be highly irresponsible.

Finally, if given the opportunity to right its own ship, Portugal could validate the efficacy and necessity of reforms being demanded of Spain and Italy and represent a political homerun for the ethos of austerity being championed by Northern Europe and the ECB. Portugal's debt to GDP is forecast to peak lower than Italy's current levels, its budget deficits are already materially lower than its neighbors (and even the US or Japan), and its economy is showing encouraging signs of market reforms through a rapidly improving current account deficit and expanding export growth for the last 18 months. The Portuguese economy's structural issues will require many years to correct, and it likely lacks key building blocks to ever exhibit above average growth trends. However, Portugal only needs a 1.5% GDP growth trend to achieve IMF-defined debt sustainability. Given their starting point and the presence of small green shoots, Portugal is not a lost cause but rather an incredible opportunity for IMF, EU, ECB and German validation. Furthermore, international investment has already returned to Portugal. Chinese power companies won two Portuguese privatization auctions featuring numerous international bidders and Banco Espirito Santo even increased its mid-April equity raise due to investor demand. If economically rational international corporations and equity investors are willing to bet on Portugal, why wouldn't the Troika?

We view a one to three year program extension during Q3 2012 as the most likely outcome. In that scenario our holdings would likely receive interest for at least 18 months before a potential restructuring if Portugal ultimately faltered. Most of our holdings carry coupons of nearly 5%, which will reduce our cost basis and limit downside from current market prices in the mid-50s. The Troika's awareness of the inverse relationship between recoveries and contagion risk supports our belief that any restructuring would include recoveries at a premium to Greece or even premiums to market prices. We view a realistic worst case outcome (other than a full Eurozone implosion which would likely trigger our tail hedges) to have downside of ~15% to 20%. In a positive outcome, however, it is possible that an extension and continued reform result in Portugal being viewed similarly to Ireland, whose debt carries yields of 6.5% or less as compared with similarly dated Portuguese bonds yielding 13% to 15%. If over the next year Portugal's spreads compress to within 100 basis points wide of Irish yields, total returns on most of our holdings would exceed 55%, and if spreads come completely in line with Ireland those returns would reach 65%. We believe our holdings carry ~3:1 upside to downside probability and better than 50/50 odds of a positive outcome.

Of course, Portugal's debt carries a myriad of risks and has extreme volatility. The largest and most commonly cited risk is subordination to the Official Sector in a restructuring, a dynamic that only gets worse the longer Portugal stays in an IMF/EU program. Third Point estimates by year end 2013 Official Sector holdings will represent nearly 60% of total Portuguese debt outstanding. Most investors are automatically assuming high levels of Official Sector holdings equate to lower private investor recoveries. We believe, however, these holdings ultimately provide a massive disincentive to a restructuring and would possibly force Official Sector participation in order to achieve any meaningful debt relief. Official Sector participation would significantly reduce contagion risk in Italy and Spain given large and possibly expanding ECB holdings of their debt and would likely enable recoveries higher than current market prices.

Ultimately, whether Portugal's reforms can reengineer its economy to necessary growth levels is difficult to predict and will not be known for many years. What we do know is that before the world gets the answer to that question, the Troika and Portugal must make very difficult decisions. Their alternatives are limited and generally point to one solution that is best for all parties, including bond holders.

### **Long Equity: Apple**

Following Apple's December quarter earnings, we re-established a position in the stock at \$445 per share, a level 10% up from the pre-earnings price. While the market reacted positively to the strong results, we believed it was still not discounting adequately the strong likelihood that Apple would return capital in 2012. The prospect of capital return stood to broaden the investor base enabling the market capitalization to re-base around an attractive dividend profile, particularly relative to the Company's growth rate. Beyond the capital return catalyst, we were focused on Apple's entry into the 4G device space in 2012, led by the latest iPad and the pending iPhone 5.

As we evaluated Apple at \$445 per share, some back-of-the-envelope math painted an intriguing picture. Due to its favorable working capital cycle and deferred revenue contribution, Apple has been churning out cash flow at close to 120% of earnings (actually 128% in FY2012). Looking forward to CY2012, that rate suggests cash flow in excess of \$50 per share in 2012. Ignoring repatriation tax for a moment, at \$445 per share less \$104 per share in net cash, we were creating Apple at 6-7x CY2012 free cash flow. Looking toward year-end 2012, with over \$150 per share in net cash, Apple's multiple dropped to 5-6x CY2012 free cash flow. As a result, we believed we were buying in with a healthy margin of safety, a likely cash return catalyst and a favorable product cycle. This strong cash position and cash flow made the prospect of a cash return strategy very likely. Even allowing for a healthy sense of skepticism, Apple's close to \$100 billion of net cash is greater than that of Microsoft, Google, Facebook and Nokia combined. Similarly, Apple's

likely \$50 billion of CY2012 free cash flow is again greater than that of Microsoft, Google, Facebook and Nokia combined.

Ahead of our expectations on timing, Apple announced its cash return policy in mid-March, outlining a dividend of \$10.60 per year (2.38% dividend yield at our cost basis, and 1.75% at Apple's current share price of \$605), and a \$10 billion buyback authorization. We believe Apple's dividend offers healthy growth potential, adding further support to the share price going forward. Currently, Apple is trading at 13.4x CY2012 EPS of \$45, and 11.6x CY2013 EPS of \$52 (consensus from Capital IQ). Adjusting for cash, Apple's valuation drops to 11.1x CY2012 EPS and 9.6x C2013, leaving it inexpensive relative to the S&P 500.

Looking ahead, Apple faces significant growth potential in China, expanded iPad distribution and adoption, "Halo Effect 2.0" in the U.S. and increasing ecosystem expansion into the living room. Perhaps underappreciated is what we describe as Halo Effect 2.0, which addresses the Mac opportunity. Apple has significant global market share headroom in the PC space. Within the U.S., Apple's footprint has expanded significantly over the last decade. Ten years ago, a consumer may have had an iPod, a Windows PC or laptop, a Sony TV, a Nokia phone, and a library of CDs and DVDs. Today, U.S. households increasingly have iPods, iPhones, iPads and an iTunes library. While these households have increasingly adopted Macs, the maturation of the Windows 7 installed base and pending Windows 8 launch will drive decision points into 2013, with many consumers looking to close to the device loop and tie their devices together with a Mac. With consumers deeply invested in their Apple ecosystems and iTunes libraries (now across music, apps, books and video), the living room stands as Apple's next frontier, potentially leading to an Apple TV in late 2012.

In order to sustain its success, Apple will need to drive its ecosystem experience outside of the US, with multiple devices, content libraries and cloud services. China's enthusiasm for Apple's products and brand is exciting, but investors will need to see whether Apple can establish the ecosystem the way it has in the U.S. Apple will need to invest in distribution and carrier relationships in China to set the stage for the ecosystem to take root. If Apple can drive multiple device households, iTunes and iCloud adoption, then China will provide a substantial growth opportunity for several years. This is not a certainty, as China has relatively low PC penetration and per capita GDP, but Apple has an excellent opportunity in front of it, and has executed well to date.

### **Private Position: Enphase**

Since 2005, we have been making small investments in emerging technology companies, led by Rob Schwartz. One of these investments, Enphase Energy Inc., went public in March (ENPH), and Rob was part of the team to ring the bell at the NASDAQ on the day Enphase opened for trading. The investment has generated an IRR of 20% since inception.

We first engaged with EnPhase (then called PVI Solutions) in April 2006. EnPhase's Co-Founders Martin Fornage and Raghu Belur are ex-Cisco systems engineers who created a radical new technology for solar inverters, which take the DC current generated by solar panels and convert it to AC current so that it can be picked up and fed into energy grids. EnPhase's Co-Founders designed and developed a new type of inverter called a "Micro-Inverter". The Micro-Inverter reduced and simplified installation, increased energy harvest, improved safety and, in so doing, lowered the cost of solar produced electricity and improved ROI. EnPhase also developed an integrated, reliable communications system that allowed web-based monitoring, management, and reporting on the performance of solar systems that use EnPhase Micro-Inverters.

Third Point's investment opportunity was simple and compelling – to use EnPhase's easily patented, ASIC-based technology to capture significant share in the rapidly growing multi-billion dollar Photovoltaic Solar Inverter market. EnPhase's innovations were radical and the founders were networking technology veterans with proven track records of success. After the company hit a proof of concept milestone in January 2007, we negotiated the Series B Term Sheet to invest the first institutional money. We took the entire first round of Series B, which gave us about 42% of the company for \$4.5M. Since our initial Series B investment in 2007, Third Point led or co-led three additional equity financings and a working capital convertible loan facility. We currently own ~7.2M common shares for an overall Third Point equity stake of ~20% of the company.

EnPhase has grown rapidly and is the number one inverter vendor for solar installations in California and a close second for installations in all of North America. The company is expanding into Canada and Europe and reported revenues for 2011 were ~\$150M. In the face of solar industry headwinds, EnPhase has consistently increased gross margins and revenues yearly. They are the only company shipping volumes of Micro-Inverters and have been able to grow through share gains based on superior value offered to their customers. For these reasons, we continue to own EnPhase and see a bright future ahead.

#### **Risk Arbitrage: Express Scripts/Medco**

On July 21, 2011, Express Scripts (ESRX) announced the acquisition of Medco Health Solutions (MHS) in a ~\$35B cash and stock transaction wherein MHS shareholders would receive \$28.8 and 0.81 shares of Express Scripts for each share of Medco. Express Scripts and Medco are both pharmacy benefit managers (PBMs), intermediaries in the healthcare value chain who serve three primary functions. First, PBMs manage the back-office processing of prescription drug claims. Second, PBMs leverage their aggregate client base to negotiate discounts and rebates with drug manufacturers. Third, PBMs develop and maintain drug formularies for clients.

Almost immediately, the MHS/ESRX merger arbitrage spread traded at wide levels due to antitrust concerns. Indeed, from the deal announcement through the end of 2011, the spread averaged \$11 per share or over 20% gross. Antitrust concerns focused in three areas: (1) large corporate clients were believed to have only three viable PBM options: MHS, ESRX or CVS Caremark (CVS); (2) mail order pharmacies where both MHS and ESRX had extensive capabilities; and (3) specialty pharmacies for high-value biologic drugs. In addition, the independent pharmacy and grocery associations lobbied vocally that a larger PBM in MHS/ESRX would impose more onerous rebates and drive many independent pharmacies and grocers out of business. Finally, many politicians wrote letters opposing the merger on similar grounds, culminating in two Congressional hearings discussing the merger's impact on industry competitiveness.

We became involved in the trade in early January with the belief that the transaction would ultimately be approved by the FTC by the end of Q2 2012. At the time, the spread was trading ~\$9 per share or 15% gross and over 35% annualized. Our conviction was buoyed by several factors including: willingness by both companies to divest both mail order facilities and some specialty pharmacy accounts as delineated in the merger agreement; industry analysis highlighting the emergence of several top-tier competitors such as UnitedHealth's Optum, SXC Health Solutions (SXC), and Catalyst Health Solutions (CHS); and discussion with Washington D.C. contacts to understand the FTC decision-making process in fine detail. The spread continued to react to media headlines, but we remained steadfast in our conviction and used these periods of volatility to trade around our position. For example, on March 30<sup>th</sup>, after several independent pharmacies and their respective national associations filed a motion for a temporary restraining order to block the merger, the spread widened to \$2 per share despite our belief that closing was imminent. We aggressively added to our position and were happily rewarded on April 2<sup>nd</sup> when Medco and Express Scripts issued a joint press release stating that the FTC had closed their investigation and the merger could close immediately.

Based on our analysis of the combined MHS/ESRX entity, we believe that Express Scripts remains an attractive investment candidate, combining 15+% EPS growth, the opportunity for accelerated synergy realization, and a reasonable forward PE multiple (13 x 2013 EPS). We have applied the knowledge we gained in the merger arbitrage trade toward a long position in the standalone company.

### **Mortgage Portfolio Update**

Housing is always on investors' minds, and our positions in the mortgage market give us insight into patterns and trends. The big question we are consistently asked is when the great deleveraging of housing supply will finally end. While we think it is too early to call a

bottom in the housing market, we are cautiously optimistic, especially since we have started to see recovery in certain regions we have considered radioactive for the past few years. Lower priced homes in Phoenix, the “Inland Empire” in California and Tampa are developing significantly more traction than we had expected. Metrics we focus on such as income growth, household formation, vacancy rates, and current to delinquent roll rates, generally seem to be on a path that supports a near-term bottom for house prices in those regions. While there are still areas of the country and segments of the market where we urge caution, we are encouraged by some of the positive signs in markets we had considered weak, and overall, these trends point to an increase in prices across the board.

Third Point’s mortgage portfolio has remained fairly consistent for the past 6-12 months. We continue to own Alt-A Re-Remic mezzanine bonds, “seasoned” subprime bonds, and CMBS mezzanine bonds. We have recently repurchased some Alt-A floating rate bonds which we previously owned in 2009. We continue to believe that market assumptions about mortgage bonds are too onerous when compared to the performance on mortgage remittance day each month. Roll rates and severities on liquidated loans continue to give us reasons to believe that the Street’s inputs for the bonds we own remain too bearish.

The mortgage market has returned to normal function after some liquidity issues towards the end of last year. We attribute this to the normal cycles of greed and fear, and we have not seen any change in the fundamentals of our investments (in either direction) to cause the leg down or the leg back up. By adding the Alt-A floaters back into our mortgage portfolio, we have been bringing down our beta while still finding securities we think will benefit when the market lowers its assumed terminal default rate. We have been selectively selling subprime bonds to add some of these floaters.

### **New Addition to the Analyst Team**

We are pleased to welcome Stoyan Hadjivaltchev back to Third Point. Stoyan rejoined us last month after previously serving as an analyst from 2006-2009. He will focus as a generalist in equities. From 2009-2012, Stoyan worked at Water Street Capital, a long/short equity fund. Before coming to Third Point in 2006, he was an associate at Hellman & Friedman in San Francisco and London. Previously, Stoyan worked in the Mergers and Acquisitions Group at Morgan Stanley in New York. He is a graduate of Princeton University with a B.A. in Economics and Applied Mathematics. Stoyan is fluent in Bulgarian, German, and Russian (and speaks a bit of English too!).

Thank you for your partnership.

Sincerely,



## Third Point LLC

---

Third Point LLC ("Third Point" or "Investment Manager") is an SEC-registered investment adviser headquartered in New York with approximately \$8.9 billion under management. Third Point is primarily engaged in providing discretionary investment advisory services to its proprietary private investment funds (each a "Fund" collectively, the "Funds"). Third Point's Funds currently consist of Third Point Offshore Fund, Ltd. ("TP Offshore"), Third Point Ultra Ltd., ("TP Ultra Ltd."), Third Point Partners L.P. ("TP Partners LP") and Third Point Partners Qualified L.P. Third Point also currently manages three separate accounts. The Funds and any separate accounts managed by Third Point are generally managed as a single strategy while TP Ultra Ltd. has the ability to leverage the market exposure of TP Offshore.

All performance results are based on the NAV of fee paying investors only and are presented net of management fees, brokerage commissions, administrative expenses, and accrued performance allocation, if any, and include the reinvestment of all dividends, interest, and capital gains. While performance allocations are accrued monthly, they are deducted from investor balances only annually (quarterly for Third Point Ultra) or upon withdrawal. The performance results represent fund-level returns, and are not an estimate of any specific investor's actual performance, which may be materially different from such performance depending on numerous factors. All performance results are estimates and should not be regarded as final until audited financial statements are issued.

The performance data presented represents that of Third Point Offshore Fund Ltd. All P&L or performance results are based on the net asset value of fee-paying investors only and are presented net of management fees, brokerage commissions, administrative expenses, and accrued performance allocation, if any, and include the reinvestment of all dividends, interest, and capital gains. The performance above represents fund-level returns, and is not an estimate of any specific investor's actual performance, which may be materially different from such performance depending on numerous factors. All performance results are estimates and should not be regarded as final until audited financial statements are issued. Exposure data represents that of Third Point Offshore Master Fund L.P.

While the performances of the Funds have been compared here with the performance of a well-known and widely recognized index, the index has not been selected to represent an appropriate benchmark for the Funds whose holdings, performance and volatility may differ significantly from the securities that comprise the index. Investors cannot invest directly in an index (although one can invest in an index fund designed to closely track such index).

Past performance is not necessarily indicative of future results. All information provided herein is for informational purposes only and should not be deemed as a recommendation to buy or sell securities. All investments involve risk including the loss of principal. This transmission is confidential and may not be redistributed without the express written consent of Third Point LLC and does not constitute an offer to sell or the solicitation of an offer to purchase any security or investment product. Any such offer or solicitation may only be made by means of delivery of an approved confidential offering memorandum.

Specific companies or securities shown in this presentation are meant to demonstrate Third Point's investment style and the types of industries and instruments in which we invest and are not selected based on past performance. The analyses and conclusions of Third Point contained in this presentation include certain statements, assumptions, estimates and projections that reflect various assumptions by Third Point concerning anticipated results that are inherently subject to significant economic, competitive, and other uncertainties and contingencies and have been included solely for illustrative purposes. No representations, express or implied, are made as to the accuracy or completeness of such statements, assumptions, estimates or projections or with respect to any other materials herein.

Information provided herein, or otherwise provided with respect to a potential investment in the Funds, may constitute non-public information regarding Third Point Offshore Investors Limited, a feeder fund listed on the London Stock Exchange, and accordingly dealing or trading in the shares of that fund on the basis of such information may violate securities laws in the United Kingdom and elsewhere.

---