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Los Angeles • New York

Hedge Fund Investment Due Diligence Report
Third Point Partners LP
Third Point Qualified LP
Third Point Offshore Fund, Ltd.

January 2011

Operations Due Diligence Report provided under separate cover.

Hedge Fund Investment Due Diligence Report

Firm Name:	Third Point LLC		
Fund Name:	Third Point Partners LP/Third Point Qualified LP/Third Point Offshore Fund, Ltd		
Fund/Strategy Assets:	\$4.4 billion		
Style:	Event Driven	Location:	New York, NY
Review Date:	January 2011	Reviewer:	[REDACTED]

Summary

People and Organization: Third Point LLC ("Third Point" or the "firm") was founded in 1995 by Daniel Loeb. The firm currently manages \$4.4 billion in its flagship event driven fund, Third Point Partners LP / Third Point Qualified LP / Third Point Offshore Fund, Ltd. ("Third Point" or the "fund"), its levered fund, Third Point Ultra Ltd, and two separately managed fund platforms. Third Point employs a total of 54 people, of which 20 are investment professionals. In addition, the firm has an investment vehicle, Third Point Offshore Investors Ltd. ("TPOU"), which was listed on the London Stock Exchange in 2007 that currently represents 15% of assets. The firm is headquartered in New York City and has been registered with the SEC since January 2006. The firm is [REDACTED] owned by Daniel Loeb. [REDACTED]

Investment Strategy and Process: Third Point is an opportunistic event driven fund with a value oriented investment style. Third Point's investment process is research-intensive, relying on fundamental, bottom-up analysis of each investment opportunity. The manager seeks to identify companies where a clear catalyst will unlock value. The fund is nimble and has the experience to opportunistically diversify investments across industries, geographies, and asset classes. The fund focuses on the following areas; long/short equity, special situations, risk/merger arbitrage and credit.

Performance: The fund has produced very strong absolute and risk-adjusted returns for over fifteen years. From its inception in June 1995 through November 2010, the fund generated an annualized return of 22.15% with volatility of 14.04%, resulting in a Sharpe ratio of 1.24.

Risk Management: Risk is managed by portfolio manager, Daniel Loeb. In addition, Third Point employs two dedicated risk reporting professionals and has a firm-wide risk committee that meets weekly and applies a proprietary, in-house risk management system, [REDACTED] to evaluate portfolio risk exposures. [REDACTED]

Operational Analysis: Third Point has made a substantial investment its middle and back office infrastructure. The operations team is led by chief administrative officer Mr. [REDACTED] who has significant industry experience and totals [REDACTED] employees. The senior professionals have implemented a comprehensive framework to manage the trading and business operations. Investor transparency includes a monthly report detailing portfolio exposures on a number of metrics and very detailed quarterly letters. The fund departs from best practices by relying on its external administrator, [REDACTED] to keep its general ledger information rather than maintaining a full shadow set of books and records. However, the risk that arises from this departure from best practices is minimal because the manager has a low trading volume and reviews the work of [REDACTED] on a daily basis. No other material departures from best practices were found in the operational due diligence analysis.

Investment Terms: Third Point offers quarterly liquidity with 60 days notice following a one year soft lock-up period which allows redemptions subject to a 5% penalty payable to the fund. The fund charges a 2% management fee and a 20% performance fee. The incentive allocation is subject to a modified high water mark provision, which is favorable to Third Point. However, it requires that the fund recoup 250% of prior losses, which is a more favorable modified high water mark for investors. There is a key man provision for Mr. Loeb.

Recommendation

Third Point is recommended for investment in the Event Driven category.

This report reflects information only through the date hereof. Our reporting relies upon the accuracy and completeness of financial and other information publicly available or provided to us by the fund manager, its professional staff, and through other references we have contacted. We have not conducted an independent verification of the information provided other than as described in this report. Our conclusions do not reflect an audit of the investment nor should they be construed as providing legal advice. Past performance does not guarantee future performance. The information contained herein is confidential commercial or financial information, the disclosure of which would cause substantial competitive harm to you, Cliffwater LLC, or the person or entity from whom the information was obtained, and may be protected from disclosure by applicable law.

People and Organization

Third Point LLC ("Third Point" or the "firm") was founded in 1995 by Daniel Loeb. The firm currently manages \$4.4 billion in its flagship event driven fund, Third Point Partners LP / Third Point Qualified LP / Third Point Offshore Fund, Ltd. ("Third Point" or the "fund"), its levered fund, Third Point Ultra Ltd, and two separately managed fund platforms. Third Point employs a total of [REDACTED] people, of which [REDACTED] are investment professionals. The firm is headquartered in New York City and has satellite offices in Menlo Park and Sunnyvale California. The firm has been registered with the SEC since January 2006.

Mr. Loeb serves as the firm's CEO. He leads portfolio management, risk management, and research activities. Prior to forming Third Point, Mr. Loeb worked on both the buy and sell side for over a decade where he gained experience in distressed debt, high-yield bond sales, risk arbitrage, and private investments. Before founding Third Point, Mr. Loeb was a vice president of high-yield bond sales at Citigroup. Previously, he was a senior vice president in the distressed debt department at Jefferies & Co., where he worked as a bankruptcy analyst, bank loan trader, and as a distressed securities salesman. Before Jefferies, he was a risk arbitrage analyst at Lafer Equity Investors. He began his career as an associate in private equity at Warburg Pincus. Mr. Loeb graduated from Columbia University with an A.B. in economics.

In addition to Mr. Loeb, [REDACTED] and [REDACTED] are portfolio managers and were recently made partners of the firm. However, they do not have sole authority over their respective investment portfolios, as everything must still be cleared with Mr. Loeb. [REDACTED] joined Third Point in 2005 and primarily focuses on short positions. [REDACTED] was a founding partner of [REDACTED] a hedge fund based in [REDACTED]. Prior to that, he was a principal at [REDACTED]. At both [REDACTED] and [REDACTED], [REDACTED] concentrated on the investigative due diligence of short positions. Prior to joining [REDACTED], [REDACTED] was an analyst and portfolio advisor at [REDACTED]. He graduated from the University of [REDACTED] with a B.S. in Business Administration and holds an M.B.A. from [REDACTED] University.

[REDACTED] joined Third Point in 2009. Prior to joining Third Point, [REDACTED] was the managing member of [REDACTED] which he founded in 1999. [REDACTED] was a hedge fund focused on high yield and distressed investments and [REDACTED]. From 1989 to 1998, [REDACTED] was a managing director with [REDACTED] an affiliate of the [REDACTED]. Prior to [REDACTED], [REDACTED] was a vice president in the high yield research group at [REDACTED] and a staff accountant at [REDACTED]. [REDACTED] graduated from the University of [REDACTED] with a B.A. in Business Administration.

The operations team is led by [REDACTED], the chief operating officer and general counsel. [REDACTED] joined Third Point in 2008. Prior to joining Third Point, [REDACTED] was the general counsel of the investment banking division of [REDACTED]. [REDACTED] spent seven years doing M & A transactional work at [REDACTED]. [REDACTED] graduated with a J.D. from [REDACTED] and holds a B.A. from [REDACTED].

Third Point manages \$4.4 billion in event driven hedge funds. Third Point's flagship strategy is the Third Point Partners strategy, an event driven strategy with \$3.4 billion in assets. Third Point also offers a leveraged version of the Partners strategy, the Ultra strategy, which has \$638 million in assets. The firm's flagship Third Point Partners strategy is offered in three funds: Third Point Partners L.P., Third Point Partners Qualified L.P., and Third Point Offshore Fund, Ltd. Third Point Partners L.P. (\$288 million) is a 3c-1 fund and was the firm's initial hedge fund, launched in June 1995. As the fund began to approach capacity limits for the number of investors it could accept in 2004, they launched Third Point Partners Qualified L.P. in January 2005. Third Point Partners Qualified L.P. is a 3c-7 fund and currently has \$601 million in assets. Third Point Offshore Fund, Ltd. is a Cayman Islands company launched in December 1996 that currently has \$2.5 billion in assets. Third Point LLC serves as the fund's Investment Manager. On January 1, 2009, the fund converted into a master-feeder structure. Following the conversion, the fund invests substantially all of its assets through Third Point Offshore Master Fund L.P., an exempted limited

partnership organized under the laws of the Cayman Islands (the "Master Fund"). Third Point Advisors II L.L.C. (the "General Partner"), a limited liability company formed under the laws of the State of Delaware an affiliate of the Investment Manager, serves as the general partner of the Master Fund. In 2007, Third Point listed a permanent capital vehicle on the London Stock Exchange, Third Point Offshore Investors Ltd. (TPOU) [REDACTED]

Third Point experienced a significant number of redemptions in 2008 and has since worked to improve the quality and mix of its investor base. The client mix includes institutions [REDACTED], funds of funds [REDACTED], and high net worth / family offices [REDACTED]. The balance of the firm's capital is essentially permanent and includes Third Point Offshore Investors Ltd., the closed end fund that trades on the London Stock Exchange [REDACTED] and the firm's principals who are the largest single investor at [REDACTED] of capital.

Third Point was founded in June 1995 with \$3 million of capital. Over the course of its history, Third Point has been mindful of its asset growth and has periodically closed the flagship fund to new investors. The fund experienced significant outflows in 2008 after a disappointing year and assets declined from a peak of \$5.5 billion in 2007 to approximately \$1.7 billion in the second quarter of 2009. The fund generated strong performance in 2009 and 2010 and through performance and raising new assets the fund currently manages \$3.4 billion. Third Point currently believes it has the capability to manage \$6 billion in the flagship fund which is now open to new investors. A detailed history of the firm's assets under management can be found in Exhibit 1.

Exhibit 1
Third Point LLC
Assets Under Management (\$ millions)

<u>Year End</u>	<u>Total Firm Assets ¹</u>	<u>Flagship Fund Assets</u>	<u>Levered Fund Assets</u>
1995	\$6	\$6	
1996	\$22	\$22	
1997	\$97	\$85	\$12
1998	\$99	\$91	\$5
1999	\$130	\$101	\$11
2000	\$270	\$163	\$14
2001	\$423	\$253	\$24
2002	\$465	\$309	\$20
2003	\$754	\$522	\$31
2004	\$2,001	\$1,568	\$110
2005	\$3,320	\$2,710	\$248
2006	\$4,037	\$3,435	\$319
2007	\$5,685	\$4,757	\$562
2008	\$2,391	\$2,082	\$238
2009	\$2,409	\$1,982	\$279
2010	\$4,435	\$3,404	\$638

¹ Includes managed account platforms, GP deferral, and historical funds that have been closed.

Third Point employs [REDACTED] individuals, [REDACTED]. All of the investment and operational staff members are focused on the flagship fund with a breakout by functional area depicted in Exhibit 2 below.

Exhibit 2
Third Point LLC
Personnel Count

	Involved With Fund Strategy	Firm-Wide	Departures Within Last Three Years
Investment Professionals:			
Portfolio Managers ¹			
Research Analysts			
Traders/Trade Assistants ²			
Risk Management ¹			
Operations/Back Office:			
Operations			
Accounting/Administration			
Information Technology			
Legal/Compliance			
Investor Relations			

¹ Mr. Loeb is the ultimate decision maker and bears responsibility for risk management.
² [REDACTED]

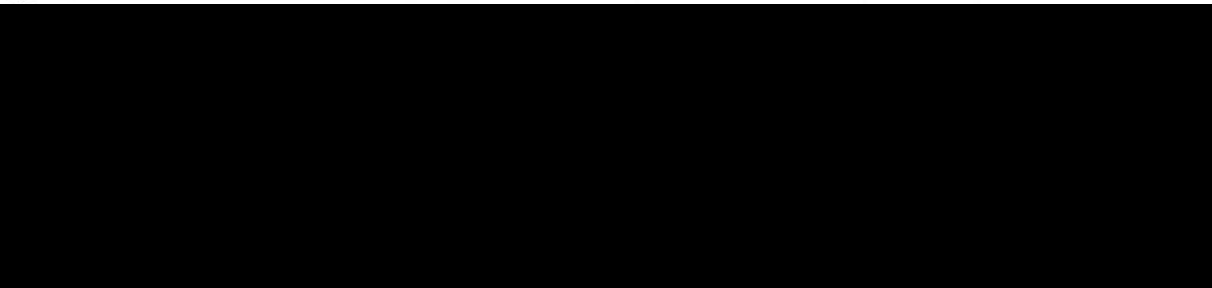
As shown in Exhibit 2, Third Point's team consists of [REDACTED] people, [REDACTED] on the investment-side and [REDACTED] in operations. The investment team includes [REDACTED] portfolio managers, [REDACTED] research analysts, [REDACTED] traders, and [REDACTED] risk management professionals. The senior investment team has worked at Third Point for an average of 5 years. Key employees on the operations-side include a chief operating officer/general counsel, chief financial officer, chief compliance officer, chief technology officer, and co-heads of investor relations. Third Point has experienced reasonably high turnover on both the investment and operations teams, however, the turnover appears to have stabilized and the firm has only had two departures since May 2009. A number of members of the investment team left after 2008 when Third Point stopped allocating carve-out's and decided to focus on one strategy and one fund versus growing to be a multi-product, large asset manager. Additionally, the firm's chief operating officer, departed in 2007 as did some of the team that he brought with him and the operations team has since been restructured. In December 2010, two investment analysts resigned from the firm; one was recruited to start his own hedge fund and the other left to teach at Harvard.

Exhibit 3
Third Point LLC
Key Investment and Operations Professionals

Name	Title	Years at Firm Incep (16)	Years Exp.	Prior Experience/ Education
Daniel Loeb	Chief Executive Officer, Portfolio Manager		25	Citicorp Securities, Jefferies & Co., Lafer Equity Investors, Warburg Pincus / AB Columbia
[REDACTED]	Portfolio Manager, Distressed	[REDACTED]	[REDACTED]	[REDACTED] BA Univ. of
[REDACTED]	Portfolio Manager, Short investments	[REDACTED]	[REDACTED]	[REDACTED] MBA BS Univ.
[REDACTED]	Analyst, Mortgages	[REDACTED]	[REDACTED]	[REDACTED] BS
[REDACTED]	Analyst, Europe	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]	Analyst, Special Situations	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	Trader	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	Risk Management	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	Chief Operating Officer/ General Counsel	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	Chief Financial Officer	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	Chief Administrative Officer/ Dir. of Ops	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	Managing Director, Dir. of IR and Co-Head of Mktg.	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	Managing Director, Co-Head of Mktg.	[REDACTED]	[REDACTED]	[REDACTED]

¹ Member of Third Point's risk management committee



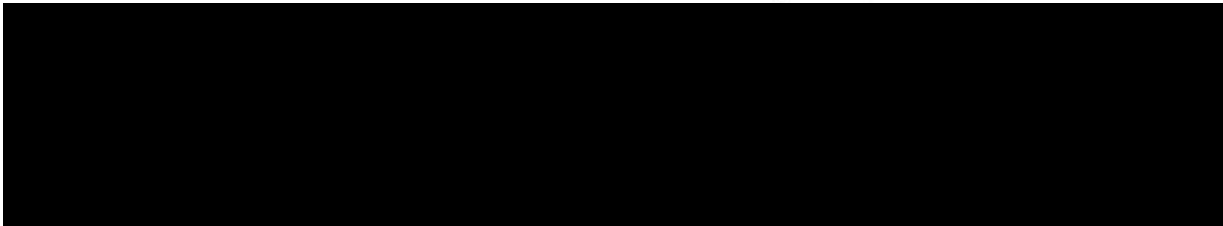
Investment Strategy and Process

Third Point is an opportunistic event driven fund with a value oriented investment style. Third Point's investment process is research-intensive, relying on fundamental, bottom-up analysis of each investment opportunity. The investment process begins with the identification of events that could serve as the catalyst for closing the gap between the market price of a security and the fundamental value of the security as determined by the manager.

Initial identification of opportunities can come from internal research and institutional knowledge that has accumulated among the team, screening based on valuation criteria, interaction with the firm's extensive network of buy-side and sell-side contacts as well as industry contacts and consultants, and general corporate news flow. Once a company is identified as a potential investment candidate, the team begins a comprehensive research effort that includes extensive modeling of the company's financials and conversations with the company's management, competitors, consultants and other analysts. Many of the investment professionals at the firm have private equity backgrounds and approach an investment on the long side as if they were acquiring the whole company. The focus on the short side mirrors the opportunity on the long side, whereby the team seeks to identify situations where the market price exceeds the fundamental value of a security. The result of this intensive research process is the ability to build a portfolio with core, sometimes concentrated holdings.

The fund is nimble and Mr. Loeb has the experience to opportunistically diversify investments across industries, geographies, and asset classes. The fund broadly focuses on the following areas: long/short equity, special situations, risk/merger arbitrage, and credit. Throughout Third Point's history, Mr. Loeb has been successful at identifying attractive areas of investment opportunity and directing the firm's capital accordingly.

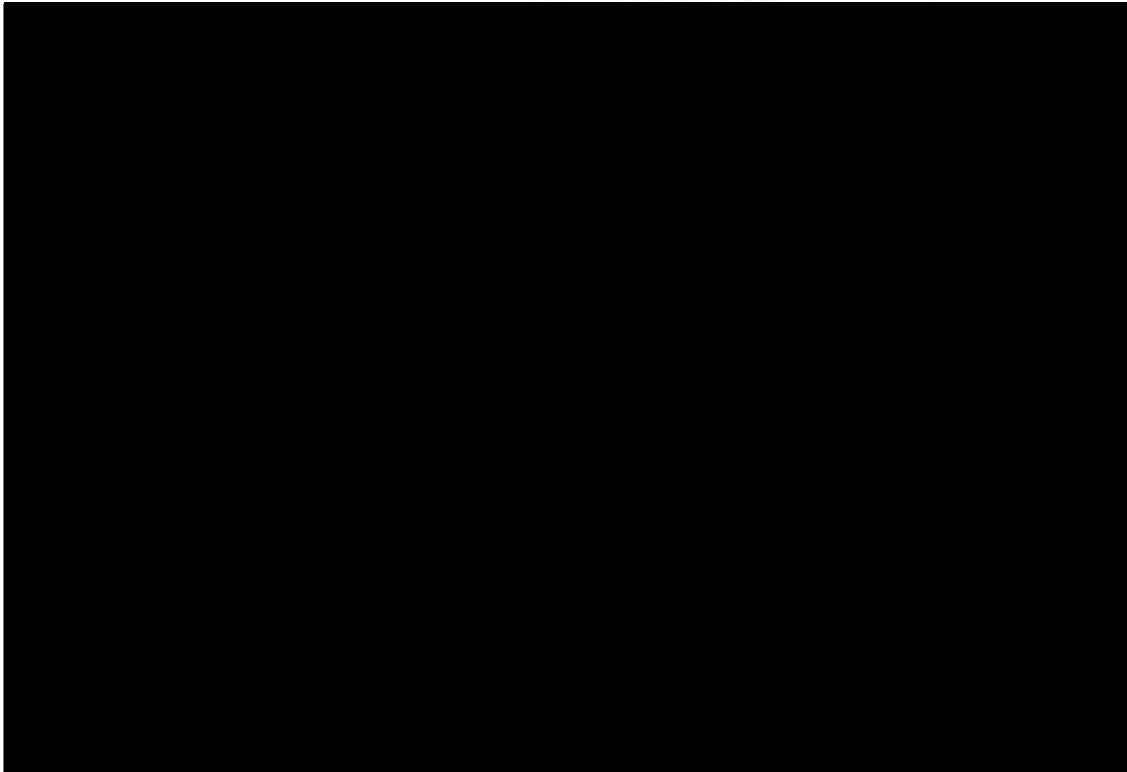
At Third Point's inception in 1995, the focus was on special situations and distressed investments where the opportunity set was rich. The investment focus then transitioned to equities and grew to include short selling and risk arbitrage in the late 1990's. From 2000 to 2002, through the bursting of the technology bubble, the fund generated returns from equities and hedged positions. Beginning in 2002, Third Point returned to distressed investments and continued down that path from 2003 to 2005 taking advantage of the investment opportunities in credit at that time. Profits from 2005 to 2006 were generated by maintaining a long bias in equity restructurings and other special situations. In 2007 as the firm's outlook on the US economy dimmed, Third Point profited from positions in international event driven situations and short positions in financials and the ABX subprime mortgage index. The fund had difficult performance in 2008 despite having the correct economic views. Essentially, the manager underestimated the speed at which the economy could deteriorate and the fund generated losses from long positions in energy/industrial companies as well as from illiquid positions and special situations. In 2009, Mr. Loeb generated profits from special situations short selling including positions in European banks, sovereign debt (largely CDS), and for-profit education companies. Performing credit helped drive returns during the middle of 2009 and distressed credit (specifically post-reorganization equities) and mortgages (RMBS) helped drive performance toward the end of the year. During 2010, Mr. Loeb was successful at navigating the turbulent market and generated positive performance across all strategies. When the market corrected, as he had done many times in the past, he cut gross and net exposure and sold long equity positions without hard catalysts, specifically, those with exposure to potential government regulation (within the healthcare and financial sectors). Mr. Loeb also increased the fund's exposure to performing credit as a result of credit spreads widening. The fund also benefited from long positions in structured credit, particularly mortgages and post-reorganization equities.



Analysts are organized by asset and industry focus but are encouraged to work together and to share their expertise. The areas of focus include credit, short opportunities, Europe, special situations, and the following industries; consumer, cyclicals, financials, and TMT. Historically, the fund has made some activist investments, many of which were successful, however beginning in 2007, the manager focused less on such opportunities and this remains the case going forward.

Allocations to various strategies are a byproduct of the attractiveness of the opportunity set and vary over time as shown in Exhibit 4.

Exhibit 4
Third Point Offshore Fund, Ltd. - Historical Strategy Allocations ¹
December 2000 – November 2010



An overview of the strategies the fund invests in, along with the percentage of the gross long portfolio they represent in November 2010 are:

Long/short equity (44%): Long opportunities: Many of the fund's long equity investments are special situations. The fund will seek opportunities in undervalued securities in which a potential catalyst for an extraordinary transaction exists such as a spin off or a mutual conversion. Additionally, the fund may invest in securities issued by companies emerging from bankruptcy or reorganization proceedings, particularly common stock issued to creditors under a plan of reorganization.

Short selling: On the short side of the portfolio, investments are made both for hedging and for alpha generation. The fund's alpha generating short sales will focus primarily on overvalued equities where there is excessive leverage which might trigger a liquidity crisis or bankruptcy. Third Point may also seek out companies where it believes fraud and accounting irregularities may exist which could cause a significant decline in the company's stock price.

Risk / merger arbitrage (3%): Risk arbitrage involves the purchase of securities which are the subject of a takeover attempt, exchange offer, merger or other acquisition prior to the time the market price of the securities fully reflects the value offered in the transaction, with the expectation that the price of the securities will rise. Risk arbitrage positions may involve long and short positions, or a combination thereof. The manager is typically not investing in plain vanilla merger spreads, but rather is focusing on more complicated situations.

Credit (40%): The fund will invest in publicly and non-publicly traded debt securities and other debt obligations, such as bank loans, bonds, notes, convertible bonds, mortgage securities, promissory notes and payables to trade creditors of companies that are experiencing significant financial or business

distress. Under many circumstances, these instruments will be in default. Companies that are experiencing significant financial or business distress include, but are not limited to, companies that are, or are likely to become, subject to bankruptcy proceedings, companies that are candidates for restructuring or recapitalization, liquidation or sale of all or a portion of their assets, companies currently experiencing operating difficulties, but that offer the potential for significant earnings and cash flow improvement, and companies in need of "rescue" financing for purposes of avoiding the expense of bankruptcy.

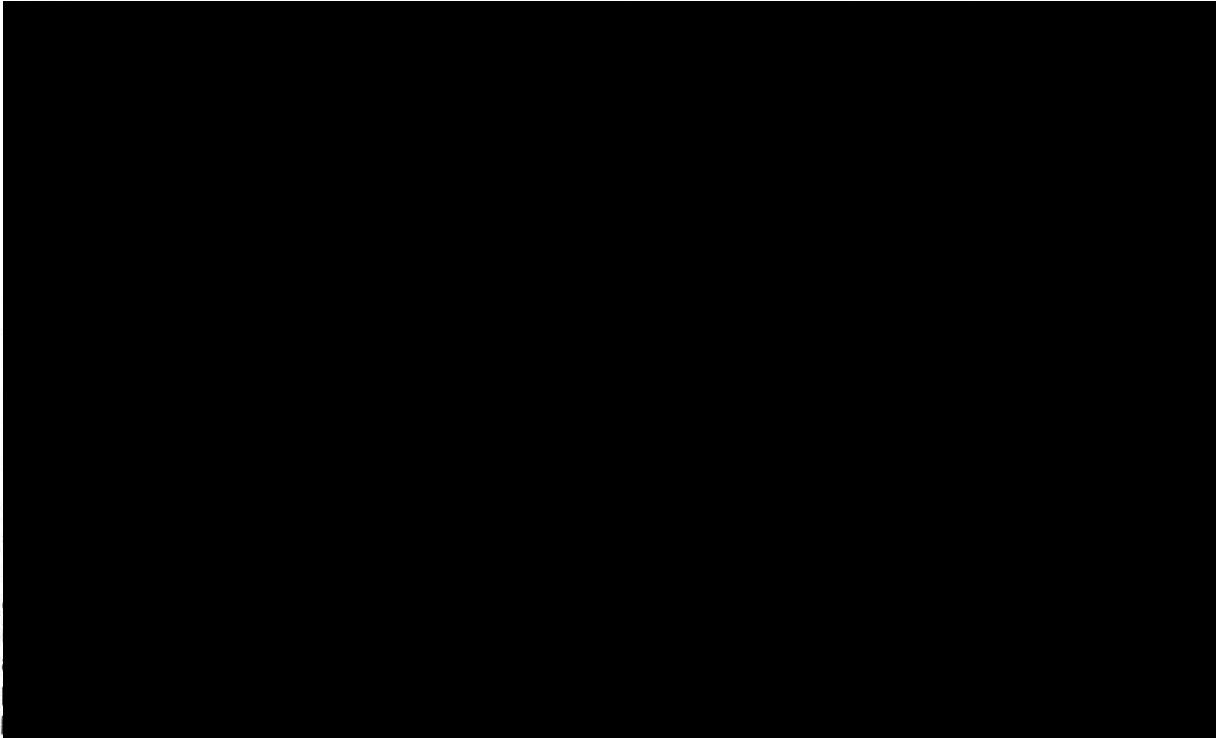
Privates /Other (13%): Privates: The fund may invest up to 15% of its assets in illiquid investments and these currently represent 7% of the portfolio. The current private book represents legacy investments as no new private investments have been made since 2007. Going forward, private/illiquid investments will continue to be de-emphasized and should further shrink over the near-term.

Other: Investments in the other category currently include investments in gold, platinum, palladium and a tail risk trade on gold leasing rates. Other short exposure currently includes interest rate hedges and tail risk trades, including a municipal swap and currency options.

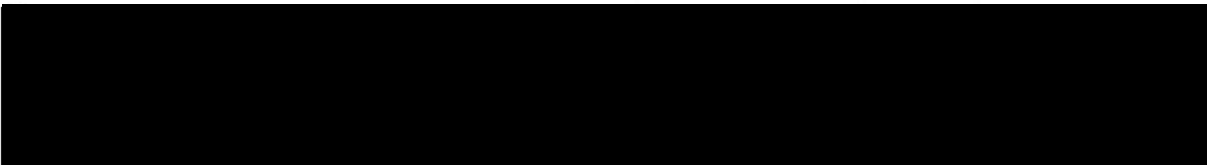
Some examples that illustrate Third Point's investment strategy follow.

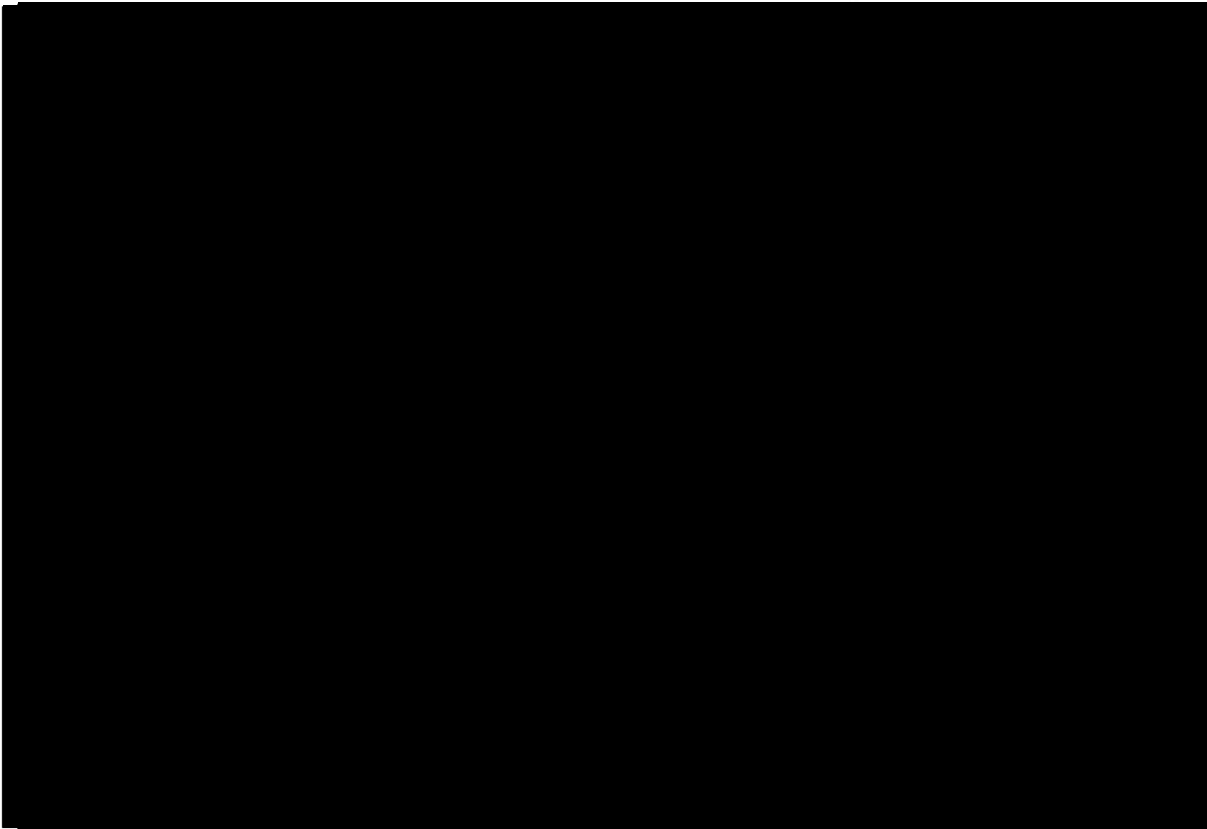
Investment Examples:

 *credit and post-reorganization equity*

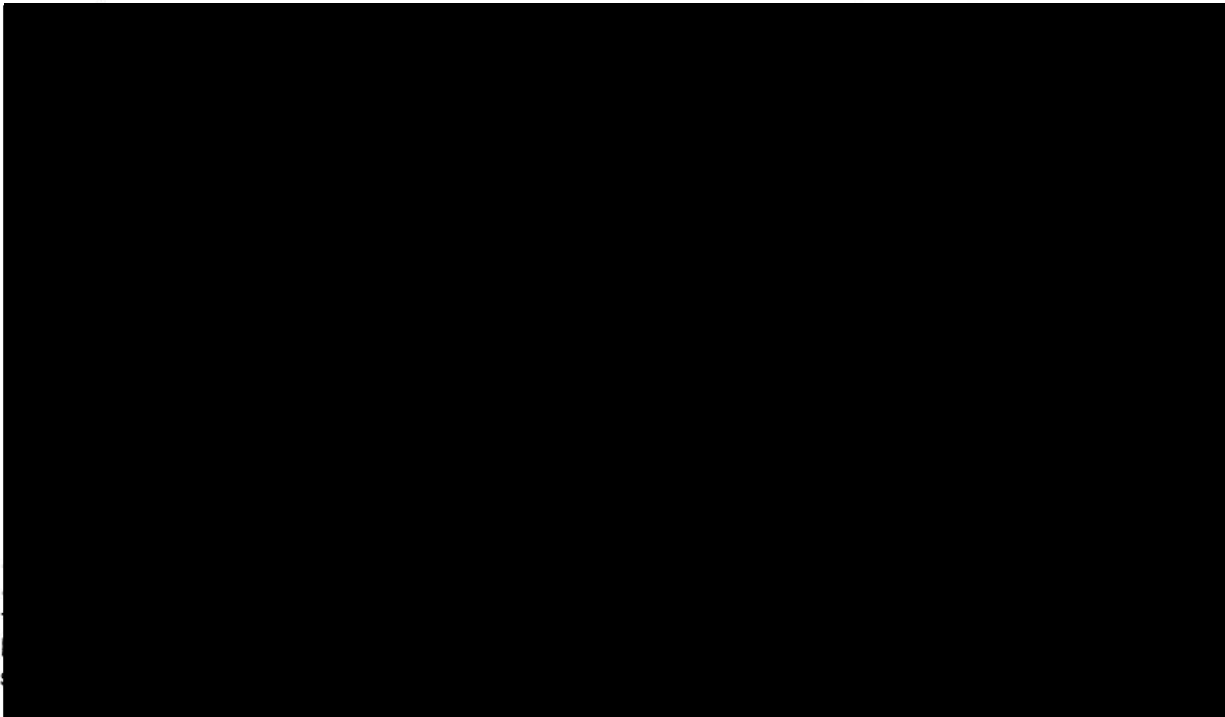


 *Term Loan, Preferred Equity and Common stock*




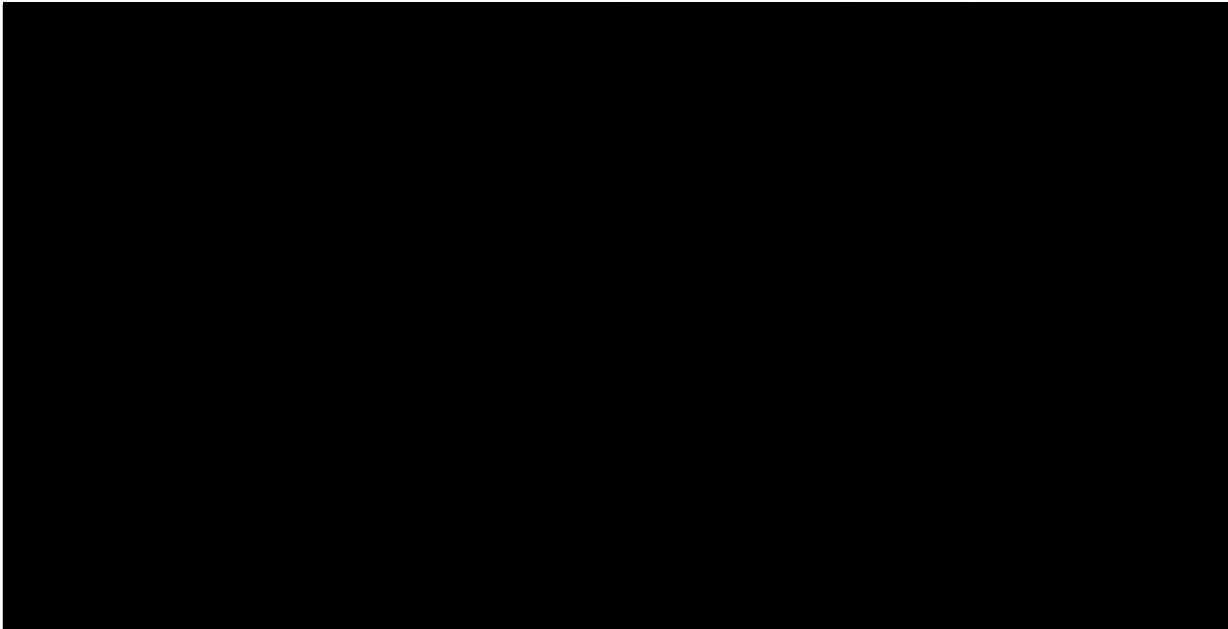


Mortgage Securities: historical exposure





 *risk arbitrage position*



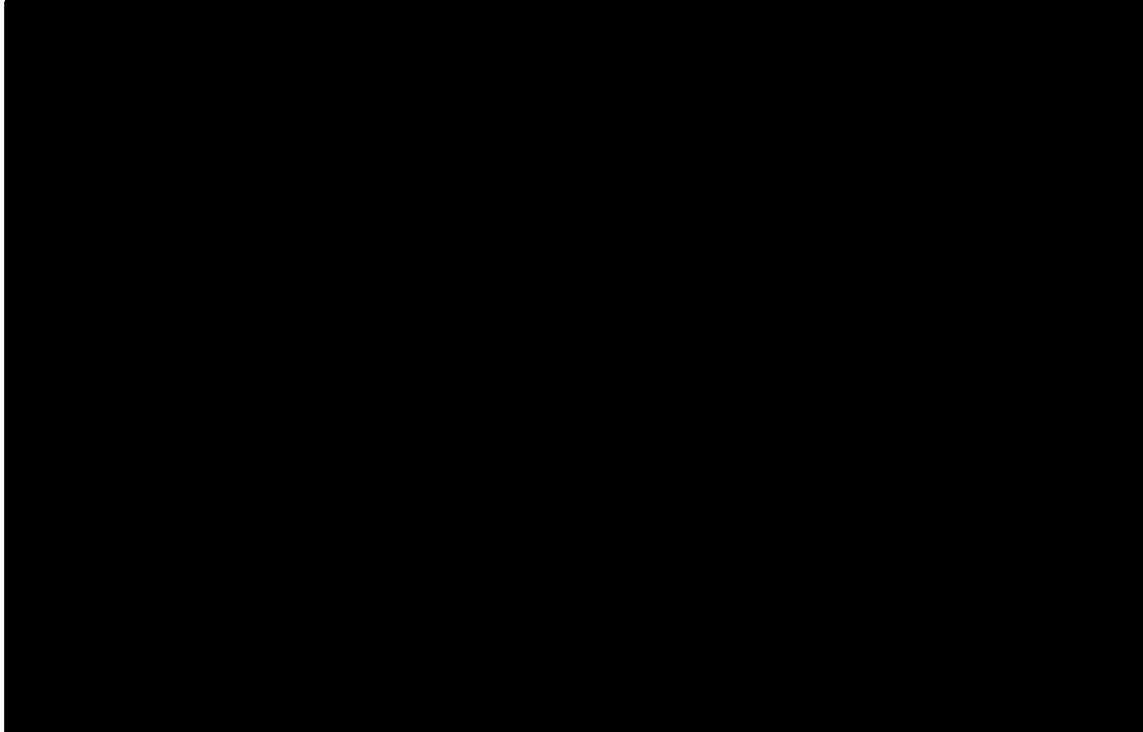
Portfolio Characteristics

Mr. Loeb actively manages the fund's net and gross exposure, incorporating both stock-specific and macro-related factors that are developed internally. The fund's net exposure is not determined a market call or top-down view. However, Mr. Loeb will implement hedges and other macro related views when he feels it necessary. This was evidenced from 2007 through 2008 when gross exposures were decreased from a peak of 260% to a trough of 105% and net exposure was reduced from +100% to -23%. Each position is sized according to its relative attractiveness. Investments tend to have a value orientation and therefore have a natural "margin of safety" embedded. Allocations to the various sub-strategies and industries vary over time and are a function of the opportunity set. As of November 2010, 44% of the portfolio was allocated to equities, while 15% was in distressed, 8% was in performing credit, 17% was in mortgage backed securities, 3% was in risk arbitrage, 7% was in privates, and the remaining 6% was in other which is comprised of investments in gold, platinum, palladium and a tail risk trade on gold leasing rates. Other short exposure currently includes interest rate hedges and tail risk trades, including a municipal swap and currency options.

The portfolio can be expected to have 150 to 400 positions and currently holds 380 of which nearly half are mortgages securities. Third Point is opportunistic and does not maintain specific geographic targets, however, its non-U.S. exposure can be expected to range from 20% to 40%. As demonstrated in Exhibit 5 below, the gross and net exposure has varied significantly over time. Throughout the past five years, gross exposure has ranged widely from 105% to 263% with a mean of 160%, as has the net, moving between -23% and +134% with a mean of +89%. Top long positions will range between 5% and 7% and top shorts are expected to range between 2% and 4%. The top 10 longs will be fairly concentrated,

comprising 20% to 40% of the portfolio. The portfolio is largely comprised of large and mid-capitalization stocks and approximately 85% of the portfolio can be liquidated in less than 10 days.

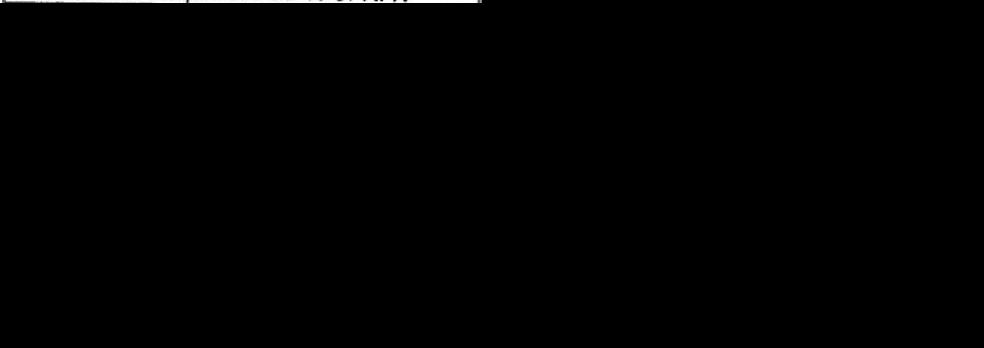
Exhibit 5
Third Point Offshore Fund, Ltd. - Historical Exposures
December 2000 to November 2010



As of November 2010, Third Point was running with gross exposure of 144% and net exposure of +92%. The top 10 longs totaled 34% and top 10 shorts 17%. The top long position was 6% of NAV, while the top short was 3%. Within equity long/short, the fund maintained exposure to several sectors among which the largest were consumer at 25%, financials at 22%, basic materials at 18%, and technology at 10%. Third Point invests globally, including North America, Europe, Asia, and Emerging markets. As of November 2010, 70% of the portfolio was invested in North America, 28% in Europe, Middle East and Africa, and 2% in Asia. As of December 31, 2010, the FAS 157 breakdown was as follows: Level 1 assets were 44%, Level 2 were 53%, and Level 3 were 3%.

Exhibit 6
Third Point Offshore Fund, Ltd.
Portfolio Characteristics

Total number of positions	
Types of securities	
Gross exposure as % of NAV	
Gross long exposure as % of NAV	
Gross short exposure as % of NAV	



Performance

Third Point has produced very strong absolute and risk-adjusted returns for over a decade. From its inception in June 1995 through November 2010, the fund generated an annualized return of 22.15% with volatility of 14.04%, resulting in a Sharpe ratio of 1.24. Exhibits 7a and 7b provide additional statistics and comparative data for the fund. Given Third Point's long track record, the universe of funds to compare it to on a since inception basis is limited, therefore, the commentary will focus on the past five and ten years (although not shown in exhibit 7a):

Return

Third Point's annualized return for the past five years of 11.20% far exceeds the HFRI Equity Hedge Index which returned 5.81% over the same period. This performance places Third Point amongst the top 22% of all event driven funds in the universe. Over the past ten years, the fund has annualized at 15.25% placing it amongst the top 9% of all event driven funds in the universe. Third Point had difficult performance in 2008 despite the manager having the correct economic outlook. The fund declined -32.84% versus losses of 19.03% for the HFRI Event Driven Index. Although the manager decreased gross and net exposure, the fund generated losses from long positions in energy/industrial companies as well as from illiquid positions and special situations. However, over the full period of the financial crisis, the fund performed well as it more than recouped its losses and was up 38.14% in 2009 and 32.27% in 2010 through November.

Risk

Third Point is a higher return, higher risk fund. Over the past five years, the fund has generated an annualized standard deviation of 15.30%, which is higher than the strategy universe median of 12.34%, placing Third Point in the third quartile of all event driven funds on a risk adjusted return ranking basis. Over the past 10 years, the fund has generated an annualized standard deviation of 14.07% which also places Third Point in the third quartile of all event driven funds on a risk adjusted return ranking basis.

Risk-Adjusted Return

Since its inception in June 1995, Third Point has produced strong risk-adjusted returns resulting in a since inception Sharpe ratio of 1.24 placing it in the top 3% of all funds in the HFRI Universe over the same time period. Over the past ten years, the fund has produced a Sharpe ratio of 0.90, placing the fund in the top 30% of all event driven funds. However, its drawdown in 2008 has resulted in a lower Sharpe ratio of 0.58 for the past five years placing the fund in the top 44% of all funds in the event driven universe.

Betas

The first section of Exhibit 7 shows five year regression coefficients on major market indices. Most of the beta coefficients are not meaningful due to the low T-Stat values indicated by the regression. The fund has shown meaningful sensitivity to non-U.S. sovereigns, which is not surprising given short-biased sovereign exposures in 2008 and 2009.

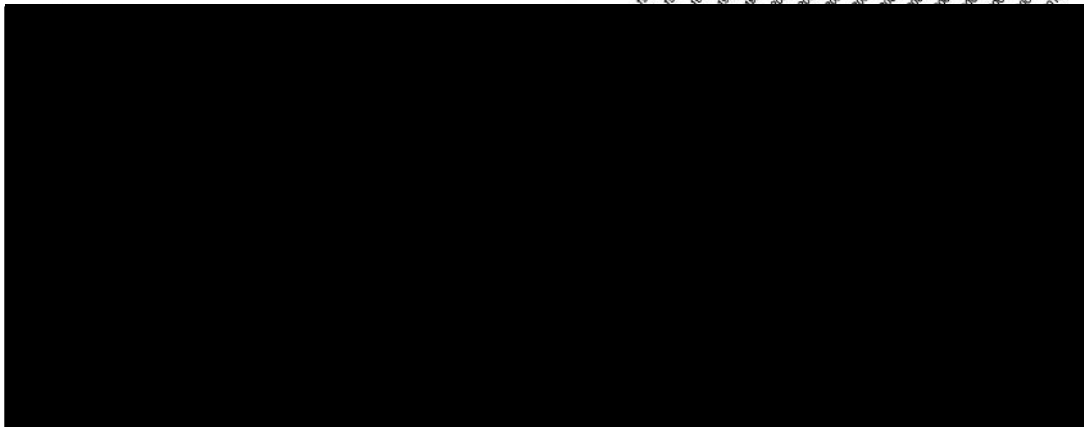
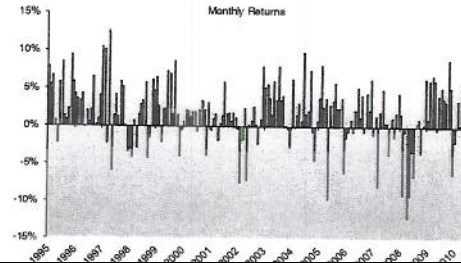
Other

Third Point's R^2 of 0.43 indicates that the fund has been correlated to other event driven funds over the long-term. This is surprising given that the portfolio exposures have varied dramatically over the course of its history. In terms of its distribution of returns, with the exception of the large drawdown in 2008, Third Point's monthly performance has not exhibited significant negative skew or kurtosis.

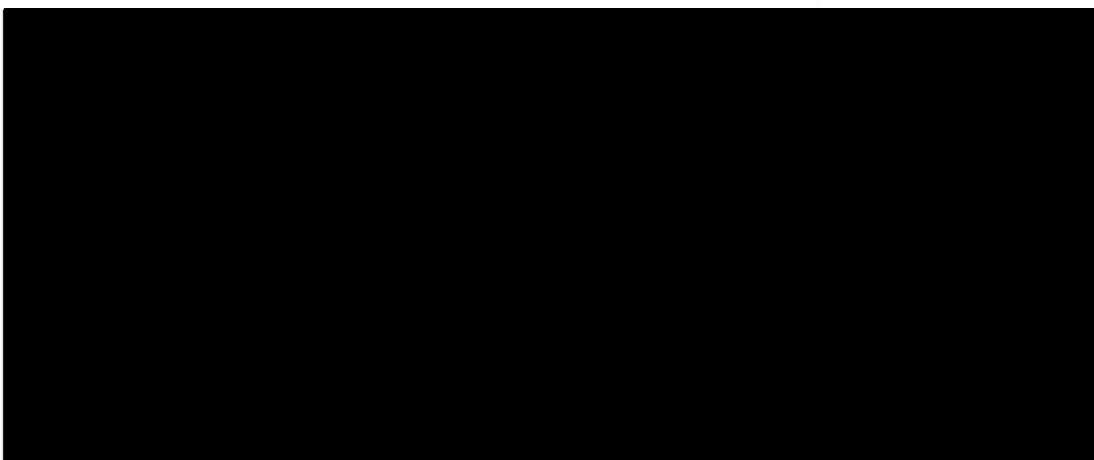
Exhibit 7a
Third Point Partners L.P. - Performance Analysis
As of November 2010



Fund Return	1-Year	3-Years	5-Years	Inception
Third Point Partners L.P.				
S&P 500 TR				
Barclays Aggregate Bond Index				
3 Month Labor Rate				

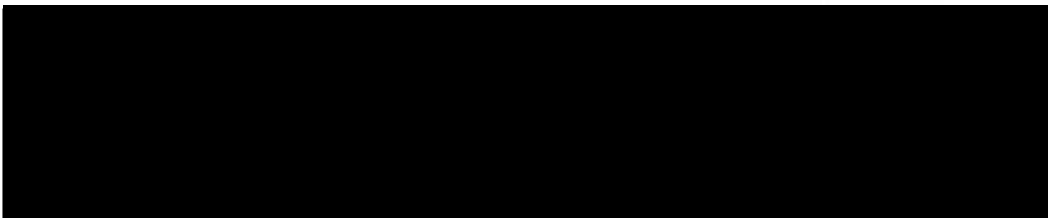
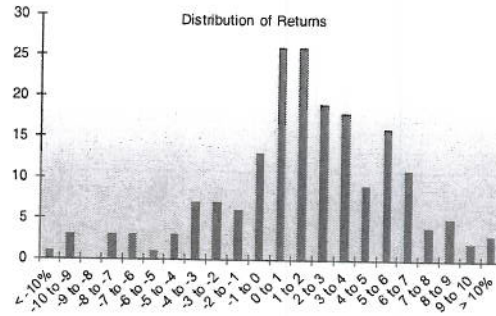
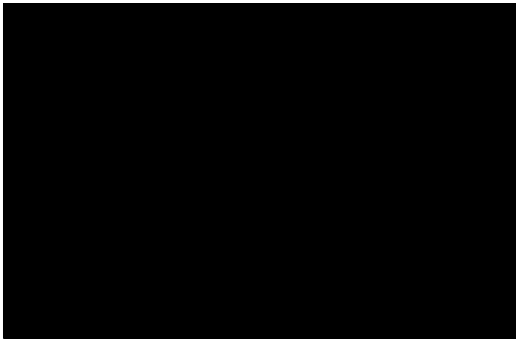
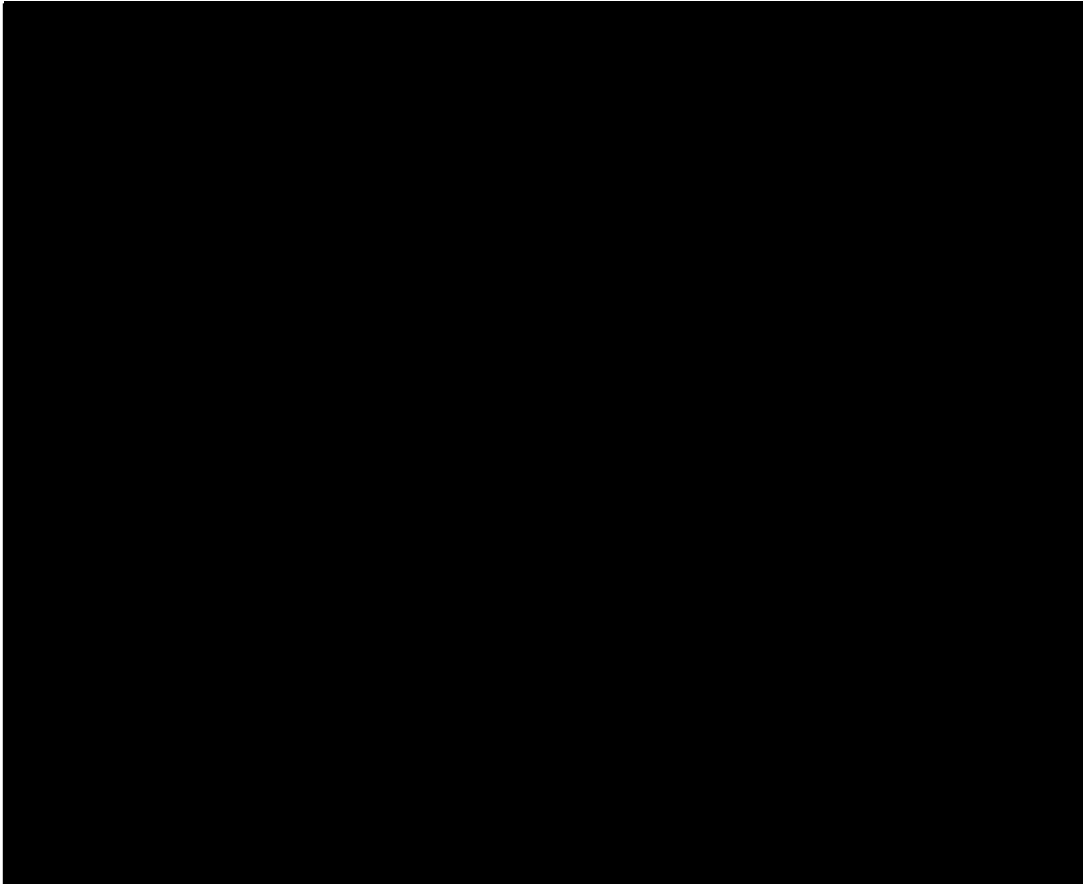


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	HFR I FW
2010	3.70%	3.40%	8.90%	5.20%	-6.20%	-2.10%	3.50%	0.20%	5.90%	5.50%	1.20%		32.27%	7.11%
2009	0.44%	0.95%	-3.53%	0.25%	6.40%	0.97%	6.10%	6.80%	6.10%	-0.50%	4.20%	5.20%	38.14%	19.88%
2008	-3.74%	1.06%	-1.36%	1.81%	4.38%	1.60%	-9.20%	-0.66%	-12.17%	-9.23%	-3.38%	-6.70%	-32.64%	-19.03%
2007	4.10%	-0.68%	4.37%	2.14%	6.20%	-1.11%	1.42%	-7.92%	1.87%	4.95%	0.42%	0.46%	16.61%	9.96%
2006	5.73%	2.42%	2.38%	3.72%	-6.14%	-1.45%	-0.77%	0.85%	-0.73%	2.20%	5.21%	1.20%	14.98%	12.69%
2005	1.99%	7.41%	-0.71%	-4.56%	0.78%	3.76%	8.13%	2.62%	3.69%	-9.62%	2.66%	3.31%	19.96%	9.30%



Hedge Fund Research, Inc. ("HFR") is the source and owner of the HFR data contained or reflected in this report and all trademarks related thereto. This report relies upon the accuracy and completeness of financial information obtained through the fund manager. We have not conducted an independent verification or an audit of such information. Past performance does not guarantee future performance. The information contained herein is confidential financial information, which should not be disclosed to third parties except as required by applicable law.

Exhibit 7b
Third Point Partners L.P. - Risk Characteristics
As of November 2010



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Risk Management

Ultimately, Mr. Loeb is responsible for managing risk in the portfolio. Third Point controls risk by sizing positions based on downside risk. The portfolio is invested in both long and short opportunities, all of which have an event driven catalyst. Additionally, Third Point has a value orientation and most investments generally have "margin of safety" embedded in them. The fund tends to run with a net long bias and is not managed to mitigate monthly volatility.

After the events of 2008 during which the fund lost 32.5%, Mr. Loeb implemented a number of changes to the strategy, firm, and risk management. Mr. Loeb became the sole portfolio manager and the team is now focused on a single P&L. Additionally, the firm's focus on activism was reduced and will not be a focus going forward. Furthermore, the fund will no longer participate in illiquid co-investments. These changes should enhance accountability and lead to stronger risk management.

As the firm's portfolio mix shifted away from equities to credit and some more esoteric securities (such as hybrids, converts, CDS, etc.), Third Point recognized the need for refined data analysis. Therefore, Third Point developed a proprietary risk management tool and formed a Risk Management committee, comprised of individuals from the business and investment team to support in the monitoring and evaluation of risk in the portfolio. The firm's primary Risk Management tool is an in-house, customized platform called [REDACTED] is driven off a comprehensive database containing historical data about instruments, positions, returns, performance and market factors. Third Point's portfolio risk metrics are updated on a daily basis. Although [REDACTED] allows analysis of custom portfolios, information is often aggregated under three main strategies: long/short equity, risk arbitrage, and credit/distressed debt.

The risk management team works closely with Third Point's operations group and investment professionals to ensure that the risk profile of all investments is properly captured on trade date. On a position and a portfolio level, the following are examples of measures that are frequently reviewed:

- Delta adjusted exposure by sector, proprietary risk strategy and instrument type
- Beta adjusted exposure by sector, proprietary risk strategy and instrument type
- Value at Risk (VaR) at various confidence intervals, decay factors and time horizons
- Liquidity profile

Individual positions are sized based on probability weighted estimates of upside and downside, with a general guideline of [REDACTED] downside at the position level. RiskPoint ensures that all underlying portfolio risk data is available on a real-time basis for the risk management, research and trading teams to perform numerous stress test scenarios and portfolio shocks including, the variability of commodity prices, interest rates and currency values.

The Risk Management Committee is comprised of the [REDACTED] and representatives from the [REDACTED] and [REDACTED] teams. The committee acts independently of Mr. Loeb and the investment research process. It meets on a weekly basis to review relevant portfolio, operational and business risk issues. The committee regularly apprises Mr. Loeb of its findings and analysis.

Investment TermsSummary Comments

Third Point offers quarterly liquidity with 60 days notice following a one year soft lock-up period which allows redemptions subject to a 5% penalty payable to the fund. The fund charges a 2% management fee and a 20% performance fee. The incentive allocation is subject to a modified high water mark provision, which is favorable to Third Point. However, it requires that the fund recoup 250% of prior losses, which is a more favorable modified high water mark for investors. There is a key man provision for Mr. Loeb.

Term

Fees and expenses	
Management fee	2%
Performance fee	20%, subject to reduced performance fee during periods when recouping 250% of prior losses
High water mark	Yes, modified
Hurdle rate	No
Fee payment frequency	Quarterly (onshore) or monthly (offshore) management fees, annual performance fees
Fund expenses	55 bps (15 – 20 bps excluding legal and research fees)
Typical fund expenses	Brokerage, legal, administration, audit, tax, directors fees, research, trade systems, deal fees/other investment related expenses and market data
Offsets to expenses	Any closing, directors' or break-up fees will generally offset the management fee
Subscriptions	
Minimum initial investment	\$10 million
Minimum subsequent investments	\$100,000
Frequency	Monthly
Timing	Onshore: First day of each quarter Offshore: First business day of each month
Notification period	Two business days
Other subscription provisions	None
Redemptions	
Frequency	Quarterly
Timing	Last day of each quarter
Notification period	60 days
Gate	20%
Distribution of proceeds	95% paid within 10 business days, balance paid within 60 days after the end of the fiscal quarter (onshore) or month (offshore) in which notice of withdrawal was provided. Distributions can be made in cash or in kind
Suspension provisions	The General Partner (onshore) or Board of Directors (offshore) may suspend redemptions
Other withdrawal provisions	None
Liquidity	
Lock-up	One year "soft" lock-up on each contribution
Early withdrawal penalties	5% redemption charge payable to the fund if redeem within first 12 months
Key man provisions	
Transferability	Yes, on Mr. Loeb Only with the prior written consent of the General Partner (onshore) or Board of Directors (offshore)
Side pockets for illiquid investments	Up to 10% of the fund's net assets, or an investor's capital account (onshore) or net asset value (offshore); however, the

Side letters

Applicability of terms to all investors

fund may invest up to an additional 5% of its net assets in illiquid investments. Investors may elect at the time of their investment not to participate in side pockets

None

Yes

Appendix: Glossary

Alpha	Measure of a fund's excess returns over market indices. Alpha represents the portion of a portfolio's returns attributable to manager skill.
Arbitrage Strategy	A hedge fund style that aims to profit from the discrepancy in valuation between related securities, which may include equities, fixed income, derivatives, etc. An example is convertible arbitrage, which attempts to exploit the mispricing between embedded options in convertible bonds and the underlying security.
Beta	Measure of a portfolio's return sensitivity to a market index. The higher the beta, the greater the sensitivity to the market. A portfolio with a beta of 1.0 should move directly in line with the market index.
Convexity	A measure of the sensitivity of a bond's duration to changes in interest rates. Bond portfolios with positive convexity are structured to have greater upside, when interest rates decline, than downside when interest rates increase.
Credit Strategy	A hedge fund style that typically invests in high yield and high grade bonds, bank loans, credit default swaps and structured products. Managers use fundamental credit analysis to identify mispriced debt instruments and express their views through long and short positions.
Derivative	A security whose price is derived from the value of one or more of the underlying variables, commonly the price of another security. An example is a call option which gives the holder the right, but not the obligation, to buy an asset at a specified price for a limited period of time. Derivatives can be used to hedge risk, speculate, or establish arbitrage positions.
Distressed Strategy	A hedge fund style that seeks to take advantage of corporate securities in default, under bankruptcy protection, in distress or heading toward such a condition, or in liquidation. Some distressed managers attempt to add value by becoming actively involved in the restructuring process.
DV01	The hypothetical mark-to-market impact on a fixed income portfolio of a 1 basis point increase in the credit spread of each asset.
DV1%	The hypothetical mark-to-market impact on a fixed income portfolio of a 1% increase in the credit spread of each asset.
Early Withdrawal Penalty	A fee assessed to investors that redeem assets prior to the expiration of a "soft" lock-up. The penalty is a percentage of assets, typically 2% to 5%, and these fees generally accrue to the fund.
Equity Long/Short Strategy	A hedge fund style that primarily allocates capital to long and short positions in equities and equity derivatives. Exposures range from net long to market neutral to dedicated short. Some equity long/short funds focus on specific sectors (e.g., technology and healthcare) or regions (e.g., Asia and Europe).
Event Driven Strategy	A hedge fund style that aims to profit from the mispricing of securities related to hard and/or soft catalysts. Examples include mergers (merger arbitrage), restructurings, bankruptcies, litigation, regulatory and legislative changes.
F-Stat (p-value)	Measure of the statistical significance of a regression. A smaller p-value associated with the F-stat indicates a higher level of statistical significance. For example, a p-value of .01 or less indicates significance at the 99% level.
Expense Ratio	All expenses charged to the fund other than those related to trading and financing. These expenses typically include organizational expenses; fund legal, compliance, audit and administrative fees (including middle/back office services); directors' fees and expenses; fund-related insurance costs and research and data fees. Charges related to entering into, maintaining, and financing a position are not included in the ratio. These charges would typically include commissions, margin and other finance charges ("carry"), stock loan costs net of short rebate, brokerage charges, intermediation fees, and any other execution or finance related charges.
Fund of Funds	An investment vehicle that invests in a portfolio of hedge funds.
Gate	A restriction on the amount that investors can redeem from a hedge fund in a given period. Gates are designed to help prevent problems associated with large redemption requests during a specific period. Fund level gates establish this limit as a percentage of all holdings in the fund, potentially allowing redeeming investors to receive a percentage greater than the gate amount. Investor level gates limit each investor's withdrawal to a specific percentage of their account.
General Partner	The partner responsible for the management and investment decisions of the fund.
Global Macro Strategy	A hedge fund style focused on taking advantage of structural macroeconomic imbalances and trends. Global macro managers generally have broad mandates to invest globally

	across all asset classes. These managers tend to employ leverage and have exposure to global interest rates, currencies, commodities and equities.
High Water Mark ("HWM") (also Modified HWM)	The value that a portfolio must exceed before incentive fees can be assessed. The HWM is the highest net asset value previously achieved, and ensures that the manager does not earn performance fees on gains until previous losses are recaptured. A modified HWM allows the manager to earn a reduced (one-half) incentive fee during recovery, with the full incentive fee resuming after recovering 200% of earlier losses. A modified HWM helps a manager retain talented employees during weak performance periods.
Information Ratio ("IR")	Commonly used measure of a manager's risk-adjusted alpha versus a benchmark or set of market indices. The IR is the ratio of excess fund returns to tracking error. LIBOR is an appropriate benchmark for evaluating absolute return strategies, with a high IR indicating consistent outperformance.
Kurtosis	Positive kurtosis measures the tendency of returns to deviate from a "normal" distribution and exhibit "fat tails" where there is a greater frequency of large losses and large gains versus what would be normally predicted. Investors should be cautious of hedge funds whose returns exhibit high positive kurtosis, also known as tail risk.
Leverage	<p>The use of explicit debt (i.e. borrowing) or implicit debt (i.e. derivatives) to achieve investment positions that exceed invested capital (NAV), thereby amplifying return but also increasing risk. A common leverage calculation is the ratio of gross notional exposure to invested capital. For example, a \$100 investment in BP stock coupled with a \$100 short sale of Exxon stock yields gross notional exposure of \$200. Leverage in this example can be described in at least two ways:</p> <ol style="list-style-type: none"> The portfolio has 200% gross exposure (equal to \$200 gross notional exposure divided by \$100 NAV) The portfolio is one time (1x) levered (equal to \$100 in debt divided by \$100 NAV) <p>As illustrated in the example, the \$200 gross notional exposure equals the absolute value total of both \$100 long ("gross long") and \$100 short ("gross short") asset exposures. The measurement of gross notional exposure varies by asset class:</p> <ul style="list-style-type: none"> <i>Equities</i> – the market value of long and short positions <i>Corporate Debt and Municipal Bonds</i> – the market value of long and short positions <i>US Treasuries (and other highly rated government debt)</i> – the market value of long and short positions, adjusted to a 10 year bond equivalent maturity (approximate 9 year duration), so that a \$100 exposure to a 2 year duration bond is recognized as a lower risk compared to a \$100 20 year duration bond. The \$100 3 year duration bond is said to have a \$33 10 year bond equivalent exposure (\$100 times 3, divided by 9) while the \$100 20 year duration bond is said to have a \$222 10 year bond equivalent exposure (\$100 times 20, divided by 9) <i>Options</i> – the delta adjusted exposure rather than the total notional value of the underlying reference asset. Delta adjusted exposure represents the implied shares/holdings necessary to hedge the options position <i>Credit Default Swaps</i> – total notional exposure of the underlying reference credit <i>Interest Rate Swaps</i> – total notional exposure (expressed as 10-year bond equivalent, per the duration adjustment process described above) to reference security or index <i>Futures/Forwards</i> – total notional exposure to reference security or index
Limited Partner	Investors are limited partners in the hedge fund and are "limited" in that they have no voice in hedge fund investment or operational matters, and their losses are limited to amounts invested.
Liquidity	The ease with which a hedge fund can convert its holdings to cash. Funds with higher liquidity can close out of positions more easily and with fewer costs.
Lock-up	The period of time before an investor is eligible to redeem from a hedge fund. Lock-ups of one or two years are typical, and may apply to each subsequent investment. The liquidity of the strategy typically influences the length of the lock-up. For example, distressed funds typically have longer lock-up periods than macro and equity long/short funds.
Hard	Assets can not be redeemed during the lock-up period.
Soft	Assets may be redeemed prior to expiration of the lock-up period, but an early redemption penalty must be paid.
Management Fee	Compensation for management of the hedge fund. Management fees typically range from 1% to 2% of assets.
Macro Overlay	A supplemental component of a portfolio designed to change the exposure of the underlying portfolio to various macroeconomic factors.

Margin (Encumbered Cash)	Cash posted as collateral with a broker or exchange to satisfy the trading requirements of derivative contracts.
Margin-to-equity ratio	The percentage of portfolio capital posted as margin with a broker or exchange (i.e., margin capital divided by total capital). In a portfolio composed entirely of derivative contracts, this number represents the percentage of encumbered cash in the portfolio. This is a common measure of leverage used by CTA managers, since it is proportional to the amount of notional exposure per dollar of capital. For example, if one CTA portfolio has a higher margin-to-equity ratio than another, all else being equal, the former portfolio has higher leverage.
Master-Feeder Fund Structure	A fund structure which allows for onshore and offshore fund vehicles to be managed as a single portfolio.
Master Fund	The master fund is that part of a master-feeder structure into which the feeder funds invest and which manages the single combined investment portfolio. The master fund is generally a non-US corporate entity.
Feeder Funds	Two separate legal entities, one a U.S. onshore partnership (LP) and the other a non-U.S. offshore corporation (LTD) which accommodates investor groups with different tax and regulatory needs.
Max Drawdown	The greatest investment loss experienced by a hedge fund, measured from peak (prior highest cumulative return) to valley (subsequent lowest cumulative return).
Multi-Strategy	A hedge fund style that opportunistically allocates capital to various hedge fund strategies and uses diversification to reduce asset-class and single-strategy risks. Ideally, multi-strategy portfolio managers tactically shift capital among strategies in order to capitalize on current market opportunities. Some multi-strategy funds act as a collection of traders, while others have a more formal organizational structure.
Net Asset Value (NAV)	A fund's total assets less total liabilities.
Notional Exposure	The total dollar exposure represented by a position. Due to leverage, this amount may be greater than the equity in the position. For example, a CDS contract offering \$1 million of protection has a notional value of \$1 million even though the cost of the contract itself is likely to be a small fraction of that amount.
Gross Long	The total notional exposure of all long positions in a portfolio. Long positions benefit from increases in securities prices.
Gross Short	The total notional exposure of all short positions in a portfolio. Short positions benefit from decreases in securities prices.
Net	The difference between a portfolio's gross long and gross short exposures. A net long position indicates a higher portion of long positions in the portfolio, and that the portfolio should generally benefit from an increase in asset prices. A net short position indicates the opposite.
Total Gross	The sum of a portfolio's gross long and gross short exposures.
Offshore Fund	Hedge funds which are registered/domiciled in offshore jurisdictions such as the Cayman Islands, British Virgin Islands, and Luxembourg. Offshore funds provide eligible investors with tax benefits and regulatory relief. Because offshore funds are administered outside of the U.S., non-U.S. investors and tax exempt U.S. investors such as ERISA pension funds can take advantage of tax benefits.
Onshore Fund	A fund with a U.S. legal domicile under the tax and regulatory locale of the fund manager. Most onshore funds are limited partnerships registered under Delaware law.
Performance (Incentive) Fee	The manager's share of the profits above the high water mark and net of management fees and expenses. The fee is typically 20%.
Serial Correlation	The correlation between current and past returns. In an efficient market, there should be no correlation between returns from one period to the next. Some hedge funds, particularly credit oriented funds, exhibit positive serial correlation which indicates that security pricing may be "sticky" and not change from period to period.
Sharpe ratio	Commonly used measure of a manager's risk-adjusted alpha in relation to a risk-free asset. The Sharpe ratio is equal to excess returns divided by excess risk. A high Sharpe ratio indicates that a manager has generated high risk-adjusted returns.
Side Letter	An addendum to the partnership and subscription agreement which stipulates key terms for a particular investor, such as negotiated fee levels, MFN (Most Favored Nation) clauses, transparency requirements, or special liquidity terms.
Side Pocket	A segregated portion of a portfolio that may be used to hold illiquid, less frequently priced securities. Once a holding is placed in a side pocket, only current investors participate in its performance. Subsequent investors do not share in the gains/losses associated with assets previously placed in side pockets. Performance fees are paid when side pocket

	investments are realized. Assets placed into side pockets are not available for withdrawal until the investments are realized.
Skew	Skew measures the tendency of returns to deviate from a symmetrical distribution. Given two return distributions with the same mean and standard deviation, the distribution with the higher positive skew would be more desirable. Several hedge fund styles, particularly arbitrage strategies, exhibit return patterns that are negatively skewed, an undesirable trait but one that can be managed through style diversification at the portfolio level.
Soft Dollars	Commission credits from trading securities that can be used to pay for research or other services that brokers provide to hedge funds and that are intended for the benefit of investors. Most funds operate under the SEC 28e safe harbor rules that restrict soft dollar use to research only.
Suspension Provisions	A hedge fund provision that allows the manager to suspend all redemptions, generally to deal with extraordinary market circumstances.
T-Stat (p-value)	Measure of the statistical significance of an individual independent variable in a regression. A smaller p-value associated with the T-stat indicates a higher level of statistical significance. For example, a p-value of .01 indicates significance at the 99% level.
Tail Risk	A form of risk that arises when portfolio returns deviate from a "normal" distribution and exhibit "fat tails" where there is a greater frequency of large losses and large gains versus what would be predicted. Although technically positive kurtosis, tail risk is usually associated with downside risk in an extreme scenario.
Tracking Error	Measure of the volatility of an investment's performance relative to a benchmark.
Transferability	The terms under which an investor may transfer ownership rights to another investor. Typically requires the approval of the manager or administrator.
Unencumbered Cash	Unencumbered cash is equal to cash holdings less margin requirements.
VAMI	The Value Added Monthly Index (VAMI) reflects the growth of a hypothetical \$1,000 in a given investment over time.
Value at Risk (VaR)	The potential loss in value of a portfolio given a specific time horizon and probability. For example, if a portfolio has a one day 5% VaR of \$1 million, there is a 5% chance the portfolio will lose more than \$1 million on any given day.