

**International Conference Call
Tarpon Investimentos
3rd Quarter 2010 Earnings Results
November 4, 2010**

Operator: Good morning ladies and gentlemen, welcome to Tarpon Investimentos 3rd Quarter 2010 Earnings Results conference call. Thank you for standing by. Today's live webcast and presentation may be accessed through Tarpon's website at www.ccall.com.br/tarpon.

We would like to inform you that this event is recorded and all participants will be in listen-only mode during the company's presentation. After Tarpon's remarks there will be a Question & Answer session. At that time further instructions will be given. Should any participant need assistance during this call please press star zero (*0) to reach the operator.

Before proceeding let me mention that this presentation may contain forward-looking statements which are based on the beliefs and assumptions of Tarpon's Management and on information currently available to the Company. They involve risks and uncertainties and actual results may differ materially from those expressed in such forward-looking statements.

Now I will turn the conference over to Mr. Eduardo Mufarej, Tarpon's Investor Relations Officer. You may now begin sir.

Mr. Eduardo Mufarej: Thank you, good morning everyone, thanks for attending this call. Since this is a quarter without much news on the business side as well as on the corporate side, I would like to move straight to page 1 where we talk about the quarter highlights.

As you can see assets under management amounted to R\$ 5.6 billion at the end of 3Q. That is an increase of over 61% relative to 3Q09. In terms of performance our funds and managed accounts performed positive absolute returns in the quarter contributing to good results for the year. Until the end of September our long-only strategy posted roughly 29% return in BRL versus a result of 1.2% of the Brazilian index, the Ibovespa also in BRL.

Operating revenues amounted to R\$ 35.4 million and that is nearly 4x higher than the amount earned in 3Q09. Net income in 3Q was R\$ 25.3 million and as usual we will cover these topics in more detail in the next slides.

I would like to move to page 3 where we can find our assets under management composition. As usual it is important to highlight that our assets under

management come very long standing clients and we have thankfully a very aligned and qualified investor base comprised of endowments, foundations, sovereign wealth funds, pension funds that gives us the necessary reliability in pursuing the best investment opportunities in the long run.

On top of that 17% is proprietary capital, which also enables us to have the calmness to operate in a volatile environment when volatile. As indicated in the chart of the page, on page 3, as I already said our AUM reached the R\$ 5.6 billion - that is nearly a 13% increase over the previous quarter and the relative to 2009 that is a growth of 61%.

As you can see in the chart at the bottom of the page you can find the AUM growth breakdown by performance gains and net inflows and as you may see during 3Q the AUM growth in connection to performance gains corresponded to R\$ 557 million while the net inflow was equivalent to roughly R\$ 90 million, 89 to be precise.

To sum up, during the nine months of the year there was an increase of nearly R\$ 1.7 billion in assets under management, being the majority explained by increase and performance gains, about 1 billion, and 660 million from net inflows.

Now moving to the next page, as you may know I very briefly ... our investment activities are conducted under three vehicle formats: the long-only equity strategy, which is exclusively public investments; the hybrid equity strategy, which has public and private investments; and the co-investment strategy, which was launched during the beginning of this year and comprises primarily co-investments in specific opportunities in both the public and the private side.

Now I would like to ask you to move to page 5. As you can see in the chart in the left-hand side of the page we presented the assets under management breakdown by investment strategy and also the respective amounts of called and uncalled capital. As you can see the total amount of uncalled capital totals nearly R\$ 500 million, precisely 488 million.

At the end of the quarter the amount of capital that was in the co-investment category - and excludes the Tarpon Special Opportunities Fund - amounted to R\$ 200 million and it is important to say that we hope to in the future strengthen the co-investment commitments on the Tarpon Special Opportunities Fund.

As of September 2010 the AUM of this vehicle amounted to R\$ 499 million, out of which 233 million was committed but uncalled, but we are experiencing new inflows in this fund towards 4Q.

In the chart on the right-hand side of the page we can see assets under management breakdown by public and private equity investments. As of September 30 the exposure corresponded to public equities corresponded to the vast majority of 90% of the invested capital, while private equity investments value corresponded to 10% - if you put them at market value it would be probably substantially higher than that.

It is also important to say that given the current market conditions we expect that our private equity investments pipeline should expand relative to the public equity, so during the upcoming quarters we may see probably more private investments rather than pure public equities as it is the case today.

Now I would like to ask you to move to page 7 when we talk about the funds' performance. During 3Q the long-only strategy posted net returns of 11.4% in BRL and 16.5% in dollar terms. From January to September of this year the accumulated returns for this strategy were in BRL 28.8% and 30% in dollar terms, while the hybrid strategy posted net returns of 20.8% in US dollars during the quarter, accumulating a net positive performance of 36.1% from January to September 2010.

As we usually say we do not ... we were not stock-market sensitive, index-sensitive and so forth, but just to illustrate during the year of 2010 the Ibovespa and IB-X posted respectively 1.2% and 0.8% performance, so this was a year of strong outperformance from our funds relative to the market indexes.

Now moving to the financial part, as you can see on page 8 we present our operating revenues. Management fees are charged on a monthly or quarterly basis depending on the amount of called capital; during 3Q10 revenues related to management fees amounted to R\$ 13.8 million - that is 48% higher than the same period of 2009. The year over year better results are pretty much a reflection of the growth in assets under management.

Now talking about performance fee revenues, this quarter we were glad to present strong results: in nearly 99% of Tarpon's net asset value was above high water marks and indicators of performance fees they are collected based on the performance of the funds when a certain hurdle rate is surpassed and they are collected on distinct dates of the year depending on the characteristics of the fund, so in 3Q alone we had performance fee revenues of 21.6 million compared to zero in the same period of 2009 and for the year of 2010 total revenues reached R\$

153.2 million in performance fees relative to the 11.6 million for the same period of 2009.

In addition, as of September 30, 2010 the uncollected performance fees amounted to R\$ 101 million and this amount is based on the net asset value of the funds that were above the high water mark at such date.

It is important, however, to highlight that this amount is for illustrative purposes only as it is impossible for us to predict the funds' performance, this potential amount may go higher or may go to zero depending on the performance of the funds in the upcoming quarters.

Now moving to page 10 total operating revenues amounted to 35.4 million, an amount 4x higher than 3Q09 and from January to September 2010 total operating revenues amounted to 192.6 million, again 30.9 million in the same period of 2009.

On the next page we can see operating revenues segregated by recurring and nonrecurring expenses. Total operating expenses amounted to 5.4 million during 3Q with an operating margin of 84%. From January to September 2010 total operating expenses amounted to 33.2 million with an operating margin of 82%.

The recurring portion of operating expenses is comprised of general, administrative expenses and payroll expenses. The nonrecurring portion of operating expenses includes this variable compensation, which is distributed on a semiannual basis and the provision for stock option plan. From January to September 2010 the nonrecurring operating expenses amounted to 22.7 million with variable compensation expenses accounting for 17.2 million. Stock option provisions for the nine months of 2010 - which has no cash impact - amounted to 5.5 million.

Now moving to page 12 net income in 3Q10 amounted to 25.2 million - that is equivalent to R\$ 0.61 per share, it is a net margin of 79% and net income increased relative to the same period of 2009 223%. Just a quick comment, as some of you may have doubts as far as dividends, we have a dividend policy to distribute every six months, so for 3Q there will be no dividend distribution and we expects to effectivate, to have it effective during the first quarter of next year.

From January to September 2010 net income amounted to R\$ 130 million - that is, as you can see, a substantial increase over the same period of 2009.

Well, in the last page, 13, we have some details of our shares performance. During this year our shares have been up about 40% - that is consistent with the performance of our funds and it was a good outperformance relative to the Ibovespa.

So now I would like to open the floor for questions that you may have.

Q&A Session

Operator: Thank you. Ladies and gentlemen, we will now begin the Question and Answer session. If you have a question please press the star key followed by the one key (*1) on your touch-tone phone. If at any time you would like to remove yourself from the questioning queue press star two (*2).

Excuse me. Our first question comes from Mr. Jonathan Prigoff from Equinox.

Mr. Jonathan Prigoff: Hi Eduardo, I just have one question about the tax rate. It looks like it was 15% in the quarter. Can you explain your expectations for the tax rate in 4Q and in 2011? Is it going to increase from these levels or is this what we should be expecting going forward?

Mr. Mufarej: Hi Jonathan. The tax levels that we have for this year are going to change substantially relative to the upcoming year. That is because as our revenues have surpassed a certain level we changed our tax regime in Brazil, so during 2011 you should expect the tax rate higher than 15, probably twice as that.

Mr. Prigoff: Ok thank you.

Mr. Mufarej: My pleasure.

Operator: Again, if you would like to pose a question please press star one (*1).

This concludes today's question and answer session. I would like to invite Mr. Eduardo Mufarej to proceed with his closing statements. Please go ahead sir.

Mr. Mufarej: I would like to thank you all for participating on this call. If you have any follow-up questions please do not hesitate to contact us. Thank you very much.

Operator: That does conclude the Tarpon Investimentos 2Q10 3rd quarter results conference call. Thank you very much for your participation, have a good day.
