

**International Conference Call  
Tarpon Investimentos  
4th Quarter 2011 Earnings Results  
February 8, 2011**

**Operator:** Good morning ladies and gentlemen, welcome to Tarpon Investimentos 4th Quarter 2011 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/4Q11.htm](http://www.ccall.com.br/tarpon/4Q11.htm).

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. Rafael Sonder, Tarpon's Investor Relations Officer. You may now begin sir.

**Mr. Rafael Sonder:** Thank you, good afternoon everyone, thanks for attending this call.

*Bom tarde a todos, obrigado por participar do call de resultados da Tarpon. Iremos conduzir este call em inglês, porem todas as informações aqui divulgadas são parte da nossa divulgação de resultado que se encontra em nosso website.*

We are glad to present our operating and financial performance for 2011. On page 3 we will move to the highlights of the year. Assets under management amounted to 6.9 billion as of December 31, 2011, a 16% increase when compared to the same period of 2010. As of December 31, 2011 portfolio fund hybrid strategy posted negative net returns of 3.19% for the year and the portfolio funds long-only equity strategy posted negative returns of 9.8 versus a negative return of 27.26 from the Ibovespa index - all figures in US dollars.

Gross revenues amounted to 255.9 million as of September 31, an increase of 18% when compared to the same period of 2010. Net income for 2011 amounted to 109.5 million. We will cover these topics in greater detail in the next slides.

Now I would like to move to page 4 where we can find our AuM composition. It is always important to mention that we aim to attract and retain a sophisticated investor base that is aligned with our investment philosophy and with the long-term investment profile such as endowments, foundations, sovereign wealth funds and pension funds. This investor base is of great importance as it provides the necessary reliability of capital allowing us to pursue the best investment opportunities available in the long run.

Also I would like to highlight that our AuM is comprised of 11% of proprietary capital, which comprises Tarpon's employees and executives. This is very important as the management and partners at Tarpon are an extremely relevant investor of the funds that we manage.

Now moving on to page 5 we briefly show our two-investment strategy, which is the way at which we look at our business. First let us look at portfolio funds. Comprised of the Tarpon fund that has flexibility to invest either in public equities or publicly held companies in Brazil or other Latin American countries; and secondly the co-investment strategy, which serves as a sidecar and co-investment structure, whose primary objective is to increase Tarpon's exposure to selected investor companies.

All these vehicles are managed with our ultimate goal of having flexibility to go after the best investment opportunities available. We have the highest alignment between our proprietary capital and that of our limited partners. We are long-term oriented and we invest in our philosophy of concentration; contrary view of the market; high conviction; long-term horizon; deep value and positive attitude.

Now let us jump to page 6. As indicated in the chart on the top of the page our AuM amounted to 6.9 billion as of December 31 a 16% increase when compared to 2010 and an 11% increase when compared to September 2011.

In the chart at the bottom of the page we can find AuM breakdown by performance gains and net inflows. During the last quarter the net performance of the portfolio funds contributed to 503 million AuM increase. This increase is impacted by changes in asset prices and exchange rates. Also during 4Q the AuM growth in connection with the net inflows was equivalent to R\$ 152 million. In the year total new subscriptions amounted to kick 1.25 billion and net new subscriptions were kicking 481 million.

It is important to mention that the current follow a strategy in Tarpon's fundraising based on the concept based on the concept of capital recycling, where we work to replace potential redemptions with new subscriptions of similar sizes. For the co-investment strategy we continue to attract investors for specific investment

opportunities in assets where the portfolio funds have already reached their optimal exposure.

Now I would like to move to page 7. In the chart at the left-hand side of the page we present the AuM breakdown by investment strategies. As you can see the AuM allocated to portfolio funds strategy amounted to 5.6 billion and 1.3 billion was allocated to co-investment strategy.

In the chart at the right-hand side of the page we can see the AuM breakdown by public and private equity. As of December 31, 2011 Tarpon's exposure to public equities corresponded to 87% of our invested capital; private equity investments corresponded to 13%.

Now let us move ahead to page 8, where we can talk about the funds' performance. On 4Q11 portfolio funds' long-only strategy posted net returns of 7.86 in reais and 6.17 in dollars. Since the launch the accumulated annualized returns for this strategies were 32.49 in reais and 31.69 in dollars. The portfolio fund hybrid equity posted net returns of 7.16 in US dollars during the quarter. Since the launch the strategy posted accumulated annualized returns of 26.12% the quarter.

It is important to highlight that we do not follow any stock market index as a performance benchmark; however, for illustrative purposes during the quarter the Ibovespa index posted positive returns of 8.47 and 9.33 respectively, both in reais.

Moving ahead to page 9 we will not discuss Tarpon's financial highlights. On this page we present our operating revenue. As seen on the top left chart management fees are charged on the Tarpon funds on a monthly or quarterly basis calculated over the amount of assets under management. We do not charge fees on capital that is committed but uncalled.

During this quarter gross revenues related to management fees amounted to 17.1 million. The year-over-year increase results the AuM increase. In the year management fee collection amounted to R\$64.6 million, a growth of 20% over 2010. Now regarding performance fees revenues during this quarter we collected performance fees totaling R\$ 3.9 million. In the year total performance fee collection amounted to R\$191.3, an increase of 17% when compared to last year.

Just to remember, these fees are collected based on the performance of the funds when a certain hurdle rate is surpassed and are charged on the same dates of the year depending on the characteristics of the funds. In addition, as of December 31, 2011 the uncollected potential performance fees amounted to only kick 253,000.

This amount is based on the net asset value of the funds that were above high water mark as of such date amounting to 6% of our total AuM.

It is important to make clear, however, that we cannot guarantee that this potential amount will be owed to Tarpon at any future dates; the amounts presented may differ substantially from the actual realized amount.

Lastly on the bottom right chart of this page we see the performance fee payment schedule. This chart is a result of the collection date contracted for the different vehicles we manage. For illustrative purposes on this quarter of the year Tarpon collective performance on investment vehicles that accounted for 10% of our total assets under management.

Now moving to page 10 total gross operating revenues amounted to 255.9 million and net revenues amounted to 241.5 million. Operating expenses amounted to 77 million resulting in an operating margin of 64% calculated over net revenue.

In the chart at the bottom of the page we can find the operating expenses segregated by recurring and nonrecurring expenses. The recurring portion of our expenses is comprised of general, administrative and payroll expenses. Year over year increase is mainly due to headcount; cost related to personnel; costs associated with the larger facilities and cost related to monitoring of our invested companies.

As of December 31, 2011 nonrecurring operating expenses amounted to 60.8 million. That amount includes variable compensation and profit sharing paid out to our employees and management. It also includes the provisions of our stock option plan, which is a non-cash impact item.

Now moving to page 11 we will see that net income for 2011 amounted to 109.5 million, a 21% increase when compared to 2010.

I would like now to thank everyone for listening in and I will be happy to answer any questions 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 now. If at any time you would like to remove yourself from the questioning queue press star two (\*2).

Excuse me. As a reminder, to pose a question please press star one (\*1). Once again, to pose a question please press star one (\*1).

Excuse me. Our first question comes from Mr. John Woodberry from XXX Capital.

**Mr. John Woodberry:** Hi. I guess I wanted to see if you had some color on were in plus our standing, how you think about for this upcoming year and perhaps if you could make a little comments about how investment performance is going year to date.

**Mr. Sonder:** Sure. Hi John, how are you? The investment performance has been good for the year. We were up something like 5% in reais terms and as always it is not very correlated to be Bovespa but we are happy to see a few of our investments from last year performing pretty well in the beginning of this year.

Regarding funds inflow we continue with the same strategy: we do not want to overgrow. As everybody knows our strategies to try to be at an optimal site to be able to perform as best as possible with the strategy of recycling capital for the portfolio fund basically trying to net inflows and outflows - but always looking at the co-investment vehicles as a platform to be able to increase our ownership of companies that would like without necessarily overthrowing. So that is basically something that we will continue doing. I hope that answered the question.

**Mr. Woodberry:** Yes thank you.

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

Excuse me. This concludes today's question-and-answer session. I would like to invite Mr. Rafael Sonder to proceed with his closing statements. Please go ahead sir.

**Mr. Sonder:** Thank you everyone for listening in and feel free to contact us if you have any additional questions, if anything remained unanswered we will be happy to help. Thank you very much, bye-bye.

**Operator:** That does conclude the Tarpon Investimentos 4Q11 earnings results conference call. Thank you very much for your participation and have a good day.

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