

**International Conference Call  
Tarpon Investimentos  
3<sup>rd</sup> Quarter 2011 Earnings Results  
November 11, 2011**

**Operator:** Good morning ladies and gentlemen, welcome to Tarpon Investimentos 3<sup>rd</sup> 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/3Q11.htm](http://www.ccall.com.br/tarpon/3Q11.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 morning everyone, thanks for attending this call.

*Bom dia 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 3Q11. On page 3 we will move to the quarter's highlights. Assets under management amounted to 6.2 billion as of September 30, 2011, a 10 % increase when compared to 3Q10. As of September 30, 2011 portfolio fund hybrid strategy posted negative net returns of 9.6% for the year and the portfolio funds long-only equity strategy posted negative returns of 15 % for the year versus a negative return of 32.1% from the Ibovespa index - all figures in US dollars.

Gross revenues amounted to 234.9 million as of September 30, an increase of 22% when compared to the same nine months of 2010. Net income was 6.6 million in the quarter. We will cover these topics in detail in the next slide.

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 in the long run.

Also I would like to highlight that our AuM is comprised of 12% of proprietary capital, which comprises Tarpon's employees and executives. This is very important as the management at Tarpon... as the management partners of Tarpon are an extremely relevant investor of the funds that we manage.

On page 5 we briefly show our two-investment strategy, which is the way at which we look at our business. 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 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 and we are long-term oriented. 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 6.2 billion as of September 30, 2011, a 10% increase when compared to the same period of 2010 and an increase of 4% when compared to June 2011.

In the chart at the bottom of the page we can find AuM growth rate on our performance gains and net inflows. During the quarter the net performance of the portfolio funds contributed to 23% AuM increase in 3Q. This increase is impacted by changes in asset prices and exchange rates. The AuM growth in connection with the net inflows was equivalent to R\$ 222 million.

It is important to mention that the current strategy of Tarpon's portfolio fundraising effort is 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 specific investors for co-investment opportunities in assets where the portfolio funds have already reached their optimal exposure.

Now I would like to move to the next page, 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 5.1 billion and the AuM allocated to co-investment strategy amounted to 1.2 billion.

In the chart at the right-hand side of the page we can see the AuM breakdown by public and private equity. As of September 30, 2011 Tarpon's exposure to public equities corresponded to 88% of our invested capital; private equity investments corresponded to 12%.

Now if we move ahead to page 8 we can talk about the funds' performance. On 3Q11 portfolio funds' long only strategy posted net returns of -0.8 in reais and -16.7 in dollars. Since the launch the accumulated annualized returns for this strategy were 32.4 in reais and 31.7% in dollars. The portfolio fund hybrid strategy posted net returns of -18.5 in US dollars during the quarter. Since the launch the strategy posted accumulated annualized returns of 25.8%.

It is important to highlight that we do not follow any stock market index as a performance benchmark; however, for illustrative purposes during 3Q11 the Ibovespa index posted negative returns of 16.1% and the IBX index posted negative returns of 13.1% - 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 correlated 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 16.2 million year-over-year increase as a result of the AuM increase in the period. In the first three quarters of the year management fee collection amounted to R\$ 47.5 million. Now regarding performance fees revenues during this quarter we recorded performance fees totaling R\$ 152,000. In the first nine months of the year the total performance fee collection amounted to R\$ 187.4 million, an increase of 22% when compared to the same period of last year.

Just 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 September 30 the uncollected potential performance fees amounted to 1.7 million. This amount is based on the net asset value of the funds that were above high water mark, which comprehends 3% 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 the result of the collection date contracted through the different vehicles we manage. For illustrative purposes until 3Q of the year Tarpon collective performance on invested vehicles that accounted for 91% of our total assets under management.

Now moving to page 10 total gross operating revenues amounted to 234.9 million and net revenues amounted to 221.8 million. Operating expenses amounted to 66.4 million resulting in an operating margin for the first nine months of the year of 72% 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 operating expenses is comprised of general, administrative and payroll expenses. Year over year increase is mainly due to headcount and cost related personnel; costs associated with the larger office facilities we moved to in September 2010 and cost related to monitoring of our invested companies.

From January through September 2011 nonrecurring operating expenses amounted to 49.1 million. That amount includes variable compensation and profit sharing paid out to employees and senior management and provisions of our stock option plan, which is a no-cash impact item.

Now moving to page 11 net income in 3Q amounted to 6.6 million and in the first nine months of the year amounted to R\$ 101.2 million.

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. If at any time you would like to remove yourself from the questioning queue press star two (\*2).

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

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 further questions.

**Operator:** That does conclude the Tarpon Investimentos 3Q11 earnings results conference call. Thank you very much for your participation and have a good day.

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