

**ITEM 1  
COVER PAGE**

**PART 2A OF FORM ADV: FIRM BROCHURE**

**Third Point LLC**

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*This brochure provides information about the qualifications and business practices of Third Point LLC. If you have any questions about the contents of this brochure, please contact us at 212-224-7400. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.*

*Additional information about Third Point LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

*Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.*

**ITEM 2**  
**MATERIAL CHANGES**

**This brochure is our first annual update pursuant to the SEC's new Form ADV Part 2. Since the format and responses are new, this update should be reviewed in its entirety.**

### ITEM 3

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## **ITEM 4**

### **ADVISORY BUSINESS**

Third Point LLC (“Registrant”, “Third Point”, “we”, or “Adviser”) is a Delaware limited liability company established in 1995. Registrant’s principal owner is Daniel S. Loeb. Registrant is registered with the Securities and Exchange Commission (“SEC”).

Third Point provides discretionary investment advisory services to a variety of domestic and offshore private investment vehicles (each a “Fund” and collectively, the “Funds”), a London Stock Exchange listed closed-end fund (“LSE Fund”) and two separately-managed institutional accounts (“Separately Managed Accounts”)(collectively, the “Unregistered Funds” or “Accounts”). We pursue an event-driven, value-oriented strategy that spans across a broad range of industries, geographies and asset classes.

We employ one strategy for all of our Accounts but modify the strategy for certain Accounts to comply with account guidelines.

We manage approximately \$6.2 billion on a discretionary basis.

## **ITEM 5**

### **FEES AND COMPENSATION**

For all but one Fund, we typically receive an annual management fee of between 1% and 2.5% for each Fund’s assets under management depending on the Fund and share class. For the one Fund, we may receive more than 2% depending on the ratio of the Fund’s leverage relative to that of another Fund. In that instance, the management fee is equal to the annual rate of 2.0% multiplied by the net assets of the Fund, multiplied in turn by the ratio of the Fund’s leverage relative to that of the other Fund. Management fees are payable either monthly or quarterly in advance depending on the Fund.

We also typically receive a quarterly or annual performance allocation equal to 20% of the net realized and unrealized appreciation in the net asset value of each series of shares (in the case of a limited partnership interest, net capital appreciation of a capital account) in the respective Funds.

Investors in the Funds may redeem their interests or shares in whole or in part from the applicable Fund in accordance with the withdrawal/redemption terms of the relevant PPM. Depending on the Fund, or share class of the Fund, investors may generally redeem at the end of each month or quarter with 30 or 60 days prior written notice. This is subject to a one year “soft” lock with a 5% early redemption penalty. If an investor redeems his investment, any unearned fees paid in advance will be refunded in an amount prorated from the date of termination to the end of the relevant period in which the termination date falls.

Non-Fund accounts are charged fees that are negotiated with the client and typically carry a 2%

management fee and a 20% performance allocation.

Depending on the client account, some accounts will also incur other costs including, but not limited to, legal, administration, audit, tax, director's fees, research, trade systems, deal fees/other investment related expenses and market data. Please refer to Item 12 and the Funds' PPMs or other account offering documents for a more detailed discussion.

## **ITEM 6**

### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

A description of the fees charged by Adviser is provided above in Item 5.

We serve primarily as an investment adviser to the Funds and are not actively seeking other new non-Fund accounts. However, on occasion, we will allow an investor who meets certain criteria to open a separately managed account which may have different and, possibly more favorable, terms regarding, among other things, transparency and liquidity than those of the Funds. Each Fund imposes minimum investment limits upon investors in the Fund that can be waived in certain circumstances as set forth in each Fund's Offering Documents.

## **ITEM 7**

### **TYPES OF CLIENTS**

We primarily provide advice to the Funds, the LSE Fund, and the Separately Managed Accounts. Investors in these Accounts typically include institutions and high net worth individuals. For the Funds, a minimum investment of \$10,000,000 is generally required. Details can be found in the Funds' PPMs and subscription agreements.

## **ITEM 8**

### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

**Please refer to the Fund's PPM or Offering Documents for a more detailed discussion of our investment strategy and related risks.**

We are a fundamental, research-focused, investment firm. We pursue an event-driven, value-oriented strategy which seeks to identify companies or other securities/investments for which we anticipate a catalyst that will unlock value. The anticipated events could include, among other things, a restructuring or spin-off, changes in capital structure and/or uses of excess cash flows, management changes, industry transition, or merger transactions. We are not constrained by geographies, industries or types of securities. We invest in publicly traded and privately placed debt and equity securities including, but not limited to, loans (including bank loans), distressed debt instruments, high yield debt instruments, convertible debt securities or instruments, subordinated debt securities or instruments, mortgage backed and preferred equity securities. We may also engage in various transactions in short sales, forward contracts, swaps, credit default swaps, and other derivatives and instruments to manage or hedge interest rate, currency exchange, industry, equity and other risks. Please refer to the relevant Fund's PPM or Offering Documents for a more detailed discussion.

We may attempt to enhance an Account's performance or hedge our portfolios by the use of leverage, short sales, options, futures and other derivative instruments.

Our investment activities are speculative and involve a substantial degree of risk including partial or total loss of any investment. Accordingly, any investment should be made only after consulting with independent, qualified sources of investment, legal, tax, accounting and other advice.

We cannot guarantee we will be able to identify investment opportunities or correctly exploit inefficiencies in the markets. There is also no guarantee that our analyses and overall execution of our investment strategies will be successful in a given set of market conditions, or that our strategies are the most successful available system. Accordingly, there is no guarantee that investors will realize a profit on their investments. In fact, investors could lose some or all of their investments.

## **Investment Risk**

*Equity Securities.* We invest in common and preferred stock and other equity securities including both public and private securities. Equity securities generally will be subordinate to the debt securities and other indebtedness of the issuers of such equity securities. Prices of equity securities generally fluctuate more than prices of debt securities and are more likely to be affected by poor economic or market conditions, general stock market fluctuations and changes in market confidence and perceptions of issuers. Investor perceptions are based on various and unpredictable factors including expectations regarding governmental, economic, monetary and fiscal policies, inflation and interest rates, economic expansion and contraction, and global or regional political, economic or financial crises. In some cases, the issuers of such equity securities may be highly leveraged or subject to other risks such as limited product lines, markets or financial resources. Some of the small and mid-cap issuers of equity securities in which we may invest may be more vulnerable than larger companies to adverse business or market developments, may have limited markets or financial resources and may lack experienced management. In addition, some equity securities may be illiquid. Due to perceived or actual illiquidity or investor concerns regarding leverage capitalization, certain equity securities often trade at significant discounts to otherwise comparable investments or are not readily tradable. Such securities generally do not produce current income and may be speculative. In addition, actual and perceived accounting irregularities may cause dramatic price declines in the equity securities of companies reporting such irregularities or that are rumored to be subject to accounting irregularities.

*Special Situations.* We may invest in special situations. This generally involves investments in securities of companies involved in a recapitalization, spinoff, corporate and financial restructuring, litigation or other liability impairment, turnaround, management change, consolidating industries and other catalyst-oriented situation. We may also invest in securities of issuers in weak financial condition, experiencing poor operating results, having substantial financial needs or negative net worth or facing special competitive or product obsolescence problems. Investments of this type involve substantial financial business risks that can result in substantial or total losses. Among the problems involved in assessing and making investments in troubled issuers is the fact that it frequently may be difficult to obtain information as to the condition of such issuer. The market prices of the securities of such issuers are also subject to

abrupt and erratic market movements and above average price volatility, and the spread between the bid and asked prices of such securities may be greater than normally expected. It may take a number of years for the market prices of such securities to reflect their intrinsic values. Moreover, some of such securities may not be widely traded or we may own a substantial portion in relation to the market for such securities.

These types of securities require active monitoring and may, at times, require participation in bankruptcy or reorganization proceedings by the Investment Manager. To the extent that we become involved in such proceedings, we may have a more active participation in the affairs of the issuer than as a passive investor. In addition, our participation in such proceedings may restrict or limit our ability to trade securities of the subject company.

As a result, the Fund may incur additional legal or other expenses, including, but not limited to, the costs associated with conducting proxy contests, U.S. Securities and Exchange Commission filings, litigation expenses and indemnification payments to us or persons serving at our request on the boards of directors of companies in which we have an interest. It should also be noted that any such board representatives have a fiduciary duty to act in the best interests of all shareholders, and not simply our interest, and thus at times they may be obligated to act in a manner that is adverse to our clients' interests.

*Distressed Securities.* We may purchase securities and other obligations of companies that are experiencing significant financial or business distress including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such purchases may result in significant returns, they involve a substantial degree of risk and may not show any return for a considerable period of time. In fact, many of these securities and investments ordinarily remain unpaid even if the company reorganizes and/or emerges from bankruptcy proceedings, and as a result are converted to equity and may have to be held for an extended period of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial distress is unusually high. There is no assurance that we will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which we invest, we may lose our entire investment or may be required to accept cash or securities with a value less than our original investment.

*High Yield Securities.* We may invest in "high yield" debt and preferred securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominately speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those of higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower rated securities, whether or not



based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

*Non-U.S. Securities.* We may invest in non-U.S. securities which may involve heightened risks in comparison to the risks of investing in U.S. securities. The heightened risks may include unfavorable changes in currency rates and exchange control regulations, reduced and less reliable information about issuers and markets, less stringent accounting standards, illiquidity of securities and markets, higher brokerage commissions and custody fees, local economic or political instability and greater market risk in general. In particular, investing in securities of issuers located in emerging market countries involves additional risks, such as exposure to economic structures that are generally less diverse and mature than, and to political systems that can be expected to have less stability than, those of developed countries. Other characteristics of emerging market countries that may affect investment in their markets include certain national policies that may restrict investment by non-U.S. residents in issuers or industries deemed sensitive to relevant national interests and the absence of developed legal structures governing private and non-U.S. investments and private property. The typically small size of the markets for securities of issuers located in emerging markets and the possibility of a low or nonexistent volume of trading in those securities may also result in a lack of liquidity and in price volatility of those securities.

*Residential Mortgage-Backed Securities and Other Asset-Backed Securities.* We may invest in residential mortgage-backed securities and other asset-backed securities. Generally, these securities are subject to, among other things, the risk of a sharp and prolonged rise in interest rates, a contraction in available credit to finance the underlying asset, or a sharp and broad decline in the price of the underlying asset.

*Risk Arbitrage Transactions.* We may also engage in risk arbitrage transactions where we purchase securities at prices slightly below the anticipated value of the cash, securities or other consideration to be paid or exchanged for such securities in a proposed merger, exchange offer, tender offer or other similar transaction. Such purchase price may be substantially in excess of the market price of the securities prior to the announcement of the merger, exchange offer, tender offer or other similar transaction. If the proposed merger, exchange offer, tender offer or other similar transaction later appears likely not to be consummated or in fact is not consummated or is delayed, the market price of the security we purchased may decline sharply and result in losses if such securities are sold, transferred or exchanged for securities or cash, the value of which is less than the purchase price. In certain transactions, we may not be “hedged” against market fluctuations. This can result in losses, even if the proposed transaction is consummated. In addition, we may sell short a security to be issued in a merger or exchange offer in the expectation that the short position will be covered by delivery of such security when issued. If the merger or exchange offer is not consummated, we may be forced to cover our short position at a higher price than its short sale price, resulting in a loss.

*Non-Publicly Traded and Illiquid Securities.* Limitations on resale may have an adverse effect on the marketability of portfolio securities and we might be unable to dispose of securities purchased in private placements or other illiquid securities promptly or at reasonable prices and might thereby experience difficulty satisfying redemptions on a timely basis. We might also have to register such restricted securities in order to dispose of them resulting in additional expense and delay. Adverse market conditions could impede such a public offering of securities.

Moreover, determining the fair value of illiquid securities may be difficult.

*Leverage.* Although the use of borrowed money to purchase securities will permit us to make investments in an amount in excess of the capital we manage, it will also increase our exposure to losses. Moreover, if we are not able to pay the principal of and interest on the debt when due, the lender may liquidate the assets pledged as collateral at unfavorable prices resulting in a total loss of our investments.

*Counterparty Creditworthiness.* To the extent that we engage in certain transactions, including, but not limited to, forward foreign currency transactions, swap transactions, the purchase and sale of bonds and other fixed income securities, we must rely on the creditworthiness of our counterparty. In certain instances, counterparty or credit risk is affected by the lack of a central clearinghouse. To reduce our credit risk exposure, we intend to effect currency and swap transactions through leading banks and brokerage firms.

*Derivative Instruments in General.* We may use various derivative instruments including options, futures, forward contracts, swaps and other derivatives, which may be volatile and speculative. Certain positions may be subject to wide and sudden fluctuations in market value. Derivatives, especially over the counter derivatives engaged as a privately negotiated contract against a principal counterparty, may be subject to adverse valuations reflecting the counterparty's marks (or valuations), which might not correspond to the valuations of other market or exchange-traded instruments. Derivatives used for hedging purposes may not correlate perfectly with the underlying investment sought to be hedged. Derivative instruments may not be liquid in all circumstances, so that in volatile markets the Fund may not be able to close out a position without incurring a loss. Trading in derivative instruments can result in large amounts of leverage, which may magnify the gains and losses. While derivatives used for hedging purposes can reduce or eliminate losses, such use can also reduce or eliminate gains. When we use derivatives as an investment vehicle to gain market exposure, rather than for hedging purposes, any loss on the derivative investment will not be offset by gains on another investment. We are therefore directly exposed to the risks of that derivative. Derivatives may not be available upon acceptable terms. As a result, we may be unable to use derivatives for hedging or other purposes. As noted above under "Counterparty Creditworthiness," the use of certain instruments, including derivatives, exposes us to the risk that the other party to the transaction will not be able to perform.

*Futures.* Futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. Because of the low margin deposits normally required in futures trading, a high degree of leverage is typical of a futures trading account, and a relatively small price movement in a futures contract may result in substantial losses to the trader. Futures positions are marked to the market each day and variation margin payments must be paid to or by us. Futures trading may also be illiquid, and certain exchanges do not permit trading in particular contracts at prices that represent a fluctuation in price during a single day's trading beyond certain set limits. Should prices fluctuate during a single day's trading beyond those limits, which conditions might last for several days with respect to certain contracts, we could be prevented from promptly liquidating unfavorable positions and thus be subjected to substantial losses. The U.S. Commodity Futures Trading Commission and various exchanges impose speculative position limits on the number of positions that we may hold or

control in particular contracts.

*Currency Exposure.* The capital we manage is denominated in U.S. Dollars and will be issued and redeemed in U.S. Dollars. From time to time, we may invest in securities and other investments that are denominated in other currencies. Accordingly, the value of such assets may be affected favorably or unfavorably by fluctuations in currency rates. We may seek to hedge the foreign currency exposure but such hedging strategies may not necessarily be available or effective and may not always be employed. Accordingly, the capital we manage may at times be, directly or indirectly, subject to foreign exchange risks. Therefore, prospective investors whose assets and liabilities are denominated predominantly in other currencies should take into account the potential risk of loss arising from fluctuations in value between the U.S. Dollar and such other currencies.

*Short Sales.* We may engage in selling securities short. Short selling involves selling securities that are not owned by the short seller and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from a decline in the market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. A short sale creates the risk of theoretically unlimited losses, in that the price of the underlying security (and thus the cost of buying those securities in the open market to return to the lender) could theoretically increase without limit. The possible losses from a short sale of a security differ from losses that could be incurred from a cash investment in the security; the former may be unlimited, whereas the latter can only equal the total amount of the cash investment. There can be no assurance that we will be able to maintain the ability to borrow securities sold short. The securities may be “bought in” (i.e., we may be forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further. In a “short squeeze,” a lack of supply and an excess of demand for a traded stock caused by short sellers seeking to cover their short positions forces the prices upward. If the price of a stock starts to rise rapidly, the trend may escalate as an increasing number of shorts sellers seek to close out their positions quickly. Short-selling activities are subject to restrictions imposed by the Federal securities laws and the various securities exchanges.

*Options.* Both the purchasing and selling of call and put options entail risks. Although an option buyer’s risk is limited to the amount of the original investment for the purchase of the option, an investment in an option may be subject to greater fluctuation than is an investment in the underlying securities. In theory, an uncovered call writer’s loss is potentially unlimited, but in practice the loss is limited by the term of existence of the call. The risk for a writer of a put option is that the price of the underlying security may fall below the exercise price. Options also involve counterparty risk. However, we generally intend to limit our trading in option contracts to standardized options which trade on recognized exchanges. We believe that these options provide greater liquidity and involve less counterparty risk than customized options for which a clearinghouse does not exist.

*Turnover.* A substantial portion of the capital we manage may be invested on the basis of short-term market considerations. The portfolio turnover rate of those investments may be significant, potentially involving substantial brokerage commissions and fees. These commissions and fees

will, of course, reduce an account's net return.

*Market Risks and Lack of Liquidity.* Our success depends to a great extent upon our ability to assess correctly the future course of price movements of stocks, bonds, and non-U.S. currencies. We cannot guarantee that our assessments will be correct. In addition, certain of the securities in which we invest will, from time to time, have limited liquidity. This lack of liquidity, together with a failure to accurately predict market movements, may adversely affect our ability to execute trade orders at desired prices.

## **Operational Risks**

*Dependence on Daniel S. Loeb and the Investment Manager.* All investment decisions by the Investment Manager are made under the general supervision of Daniel S. Loeb; investors have no right or power to take part in the management of the accounts. As a result, the success of the accounts depends largely upon the abilities of Mr. Loeb, and no assurance can be given that a suitable replacement could be found for him in the event of his death, disability or withdrawal from the Investment Manager. Fund investors will have the right to withdraw from the Funds in the event of Mr. Loeb's death, disability or withdrawal as managing member of the Investment Manager.

*Fees.* Accounts will incur substantial fees and expenses whether or not any profits are realized.

*Changes in Applicable Laws.* Our investment activities are subject to compliance with various legal requirements, including requirements imposed by the Federal securities laws and tax laws. Should any of those laws change, the legal requirements to which accounts and its holders may be subject could differ materially from current requirements.

*Side Letters.* In the past, we entered into several letter agreements or other similar arrangements (collectively, "Side Letters") with one or more Fund investors that alter or supplement terms of the relevant Fund agreement or any subscription agreement providing for, among other things, increased liquidity, heightened transparency, heightened reporting and reduced Management Fees. Certain side letter provisions may have provided a Fund investor with certain advantages over other Fund investors. For instance, if a Fund investor had increased access to portfolio information, such Fund investor could be able to make more informed decisions about redeeming from the Fund. Any resulting redemption could have forced the Fund to sell investments at a time when it might not otherwise have done so or for a price less than it deemed fair value.

Beginning in 2007, we revised our Fund PPMs in a manner designed to encompass the terms of existing Side Letters and determined that, going forward, we would provide a "level playing field" with respect to the terms of such side letters for all Fund investors and not enter into new side letters other than those required to meet legal or regulatory requirements or policies applicable to certain types of investors, such as state pension plans. Moreover, we determined that any such side letter would not vary the terms of the PPMs with respect to fees, withdrawal provisions or disclosure of portfolio information.

*Effects of Substantial Redemptions.* Substantial voluntary redemptions of investments by Fund investors within a limited period of time could require the Fund to liquidate its securities positions more rapidly than would otherwise be desirable, which could adversely affect the value of both the investments being redeemed and the remaining investments. In addition, regardless of the period of

time in which redemptions occur, the resulting reduction in the Fund's Net Asset Value, and thus in its equity base, could make it more difficult for the Fund to generate trading profits or recoup losses, and could even cause the Fund to liquidate positions prematurely.

*Assets held by Prime Brokers.* Barclays Capital, Inc. ("Barclays"), Citigroup Global Markets Inc. ("CGMI"), Goldman Sachs & Co ("Goldman Sachs"), JP Morgan Clearing Corp. ("JP Morgan"), Morgan Stanley & Co. ("Morgan Stanley") and UBS Securities LLC ("UBS" and, together with Barclays, CGMI, Goldman Sachs JP Morgan, and Morgan Stanley, each a "Prime Broker" and together, the "Prime Brokers") the Funds' prime brokers, will each have a lien over those assets of the Fund held by such Prime Broker, materially all of which are deposited as collateral. Further, should a Prime Broker become insolvent, those assets may become available to the creditors of such Prime Broker. The insolvency of any such Prime Broker could seriously damage the operations of the Fund, and the Fund could lose a substantial portion or all of its assets.

*Execution Risks and Investment Manager Error.* The execution of the trading and investment strategies employed for the Fund can often require rapid execution of trades, high volume of trades, complex trades, difficult to execute trades, use of negotiated terms with counterparties such as in the use of derivatives and the execution of trades involving less common or novel instruments. In each case, we seek best execution and have trained execution and operational staff devoted to executing, settling and clearing such trades. However, in light of the high volumes and complexity involved, some slippage, errors and miscommunications with brokers and counterparties are inevitable and may result in losses to the accounts. Such losses may be caused by the accounts' brokers and counterparties or us or by a combination of the broker or counterparty and us. We may, but are not required to, attempt to recover losses from brokers or counterparties. We are not liable to the accounts for losses caused by brokers or counterparties, by our own negligence or by a combination of the broker or counterparty and us. To the fullest extent permitted by law (including the U.S. Federal securities laws), we will not be liable to the accounts except for acts that constitute bad faith or fraud, willful misconduct or gross negligence. Investments in the accounts are only available for subscription by investors who understand that they and the accounts are waiving potential claims for damages arising from the operation of the accounts, including damages resulting from our own negligence, and expect some execution losses to the accounts.

*Litigation.* Litigation can and does occur in the ordinary course of our business. We may be engaged in litigation both as a plaintiff and as a defendant. This risk is somewhat greater where we exercise control or significant influence over a company's direction, e.g. as a result of board participation or being active on a creditor's committee. Such litigation can arise as a result of issuer defaults, issuer bankruptcies or other reasons. In certain cases, such issuers may bring claims or counterclaims against us alleging violations of the securities laws and other typical issuer claims and counterclaims seeking damages. We are indemnified by the accounts in connection with such litigation subject to certain conditions. The expense of defending against third-party claims made against the accounts or persons indemnified by the accounts and paying any amounts pursuant to settlements or judgments generally would be borne by the accounts and reduce net asset to the extent the accounts have not been able to protect themselves through indemnification or other rights against the relevant portfolio company, is not entitled to such protections, or is entitled to such protections but the portfolio company is insolvent.

Similarly, in instances where one of our employees may serve as a director with respect to a portfolio company, we may obtain material non-public information in such capacity with respect to the portfolio company or may be subject to trading restrictions pursuant to the internal policies of such company. In such instances, we may choose to restrict ourselves or otherwise be prohibited from engaging in transactions with respect to the securities or instruments of such company, which restriction may have an adverse effect on the Accounts.

In addition, serving in any such capacity, we may acquire fiduciary duties to the company and its shareholders which may compel us to take actions that, while in the best interests of the company and its shareholders, may not be in the best interests of our clients thus posing a conflict of interest.

*Similar Funds.* We may determine to organize and/or manage other accounts (including separately managed accounts) that share substantially similar investment strategies and objectives with the accounts from time to time. Such other accounts may offer investors in such accounts benefits that investors will not receive in relation to their investments such as increased liquidity, heightened transparency (including with respect to portfolio composition information), the right to impose investment restrictions or guidelines, heightened reporting and reduced managed fees and performance allocations or fees. We are not required to notify investors of the terms applicable to such other accounts, and such increased liquidity and/or heightened transparency may have an adverse effect on the accounts.

*Valuation of Securities.* For most of the accounts we manage, we, in consultation with the Funds' administrator, are responsible for valuing the securities and other instruments comprising the assets of the accounts. We, in consultation with the Funds' administrator, generally value the relevant portfolios using U.S. generally accepted accounting principles ("U.S. GAAP"). Typically, the valuations would be "marked to market" by reference to the last generally available price or broker quotation. When no market exists for an investment or when we determine that the market price does not fairly represent the value of the investment, we calculate the fair value of such investment. Valuations assigned to securities and other instruments are not necessarily equivalent to the value that can be realized by the accounts on the sale of those securities and other instruments. In addition, there is a risk that the valuations of a security made pursuant to U.S. GAAP may differ from the price at which the security may actually be sold.

*Increases In Assets Under Management.* We have not presently agreed to limit the amount of additional assets we may manage and new investment strategies we may launch, and will continue to seek new investment capital, although from time to time, we may close one or more of the accounts (or one or more classes of interests therein) to new investments based on market conditions and perceived opportunities. The greater the amount of assets we manage, the more difficult it may be for us to invest profitably for the accounts because of the difficulty of trading larger positions without adversely affecting prices and managing risks associated with larger positions. In addition, there can be no assurance that there will be appropriate investment opportunities to accommodate future increase in assets under management, which may force us to modify our investment decisions for the accounts because we cannot deploy all the assets in a manner we desire. Furthermore, due to the overlap of strategies and investments across many of the accounts, the accounts may be adversely affected in the event of rapid or large liquidations of investment positions held by the accounts due to a lack of liquidity resulting from large position sizes in the same investments held by the other accounts.

*Location and Infrastructure.* Most of the key personnel of our Firm are located in one building in midtown Manhattan. Loss of the building and/or key personnel, whether through fire, terrorist action, earthquake or some other catastrophic event, could adversely affect our operations and the investment returns of the accounts. A serious impairment to the infrastructure of the building such as extended loss of power or a prolonged restriction of physical access to the building by governmental authorities also could adversely affect our operations and investment returns of the accounts. We have contracted for offsite data back-up and recovery and have a disaster recovery plan for offsite operation, but the risk of disruption of operations remains. Similar risks may apply to the brokers, and dealers and other custodians of the accounts' assets.

## **ITEM 9**

### **Disciplinary Information**

From time to time the firm and/or its principals are or may be subject to civil litigation. No such litigation has or is expected to result in an adverse disposition. Of note, the firm and two of its employees are among several hedge funds and their principals named as defendants in a lawsuit filed in New Jersey state court in 2006 by Fairfax Financial Holdings Limited and one of its subsidiaries. The case continues to wind its way through the court and we believe the lawsuit is without merit. There are no other material administrative, civil or criminal actions.

## **ITEM 10**

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

One portfolio manager is in the process of winding down an SEC-registered investment adviser he operated before joining Third Point. He is not initiating new positions, and it occupies a de minimis portion of his time. Another portfolio manager is an investor in, and currently serves on the board of a private company that is not a portfolio company.

We do not have an affiliated broker-dealer. Nevertheless, we may have certain relationships with, and receive certain benefits from, non-affiliated broker-dealers that may pose a conflict of interest when selecting and using broker-dealers. Examples of such relationships and benefits include, but are not limited to: (i) referral or recommendation of investors; (ii) personal investments by a registered representative of a broker-dealer in funds managed we managed; (iii) access to an electronic communication network for order entry and account information; (iv) receipt of proprietary research; and (v) participation in broker-dealer sponsored research and capital introduction conferences.

We serve as an adviser to private investment partnerships and offshore Funds and certain other accounts. We are also a related person to the general partners of the following Unregistered Funds that are investment limited partnership.

**General Partners**

Third Point Advisors LLC  
Third Point Advisors II LLC

**Investment Managers**

Third Point LLC

**Domestic Funds**

Third Point Opportunities, L.P.  
Third Point Partners, L.P.  
Third Point Partners Qualified, L.P.

**Separately Managed Accounts**

dbX-Risk Arbitrage 11 Fund  
Lyxor/Third Point Fund Limited

**Offshore Funds**

Third Point Offshore Fund, Ltd.  
Third Point Offshore Investors Ltd.  
Third Point Offshore Master Fund, L.P.  
Third Point Opportunities Ltd.  
Third Point Opportunities Master Fund, L.P.  
Third Point Ultra, Ltd.  
Third Point Ultra Master Fund, L.P.

**ITEM 11****CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**Code of Ethics

We have adopted a code of ethics (“Code of Ethics”) which is designed to foster compliance with the applicable federal statutes and regulatory requirements, prevent circumstances that may lead to or give the appearance of conflicts of interest with clients, insider trading or unethical business conduct as well as promote a culture of high ethical standards. Among other things, the Code of Ethics governs personal securities trading by our employees. Generally, no employee may personally trade or own any security (with the exception of certain securities such as U.S. government obligations, cash equivalents, money market funds, open-end mutual funds, unit investment trust, investment grade corporate bonds, investment grade preferred securities, limited mortgage bonds, master limited partnerships, private investments, etc. (“Exempt Security” or “Exempt Transaction”)). For some of the Exempt Securities or Exempt Transactions, Employees must pre-clear any trades. In limited exception situations (primarily due to economic hardship), employees may trade in other securities but only subject to compliance pre-approval.

The Code of Ethics also requires 1) employees to report personal transactions on a quarterly basis, 2) file annual personal account disclosures and report securities holdings; and (3) employees to certify their compliance with the Code of Ethics on an annual basis.

**Restrictions Due to Insider Information**

We forbid employees from trading, either personally or on behalf of others (including client accounts managed by Third Point), on material non-public information or communicating material non-public information (“inside information”) to others in violation of the federal



securities laws. This conduct is frequently referred to as “insider trading”. We have designed and implemented policies and controls in order to monitor the flow of inside information as well as prevent trading on the basis of inside information.

A copy of the Code of Ethics is available upon request.

### **Participation or Interest in Client Transactions**

Third Point, its affiliates and their respective personnel may invest in the Funds and in securities or other assets in which the Funds or other clients invest subject to applicable law and the firm’s Code of Ethics.

Third Point, its related persons and employees may have financial interests in one or more of the Funds either as direct investments, carried interests, indirectly through intermediaries or through the rights of deferred compensation under a deferred incentive fee agreement that Third Point or its related person may have with certain of its Funds (all such interests will be referred to herein as “proprietary interests”). In some cases, such proprietary interests may exceed 25% of the total Fund so that the Fund may be deemed to be a proprietary account.

For purposes of rebalancing Client portfolios with similar investment strategies, we periodically through unaffiliated broker-dealers and at the market price, may dispose of a particular security from one Client that it is acquiring for another by crossing the trade of one or more Clients to one or more other Clients in order to minimize transaction and market impact costs (“Rebalancing”). Additionally, there may be circumstances in which it may be advantageous to enter into transactions whereby certain investments may be held by only certain of Applicant’s Clients, while the economic benefits and risks of those investments are shared with other Clients (“Shared Transactions”). Such Shared Transactions may entail the creation of special purpose vehicles, derivative contracts and other mechanisms for sharing in the risk and reward of each participating Client. Whenever such Rebalancing or Shared Transactions are effected between Clients that include a proprietary account, such transactions are reviewed by an independent party, which may include independent directors of any incorporated Fund to approve such transactions in order to address potential conflicts of interests.

## **ITEM 12**

### **BROKERAGE PRACTICES**

The primary consideration in placing portfolio securities transactions with broker-dealers for execution is to obtain, and maintain the availability of, execution at the best net price available and in the most effective manner possible. In selecting broker-dealers to execute transactions and evaluating the reasonableness of the brokerage commissions paid to them, consideration will be given to the following: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of the order and difficulty of execution; the financial strength, integrity and stability of the broker dealer; the firm’s risk in positioning a block of securities; the quality, comprehensiveness and frequency of research services available through the broker-dealer; and the competitiveness of commission. We

generally seek competitive commission rates, but we will not necessarily pay the lowest commission available. Trading costs are measured and monitored by the Brokerage Committee which reviews, among other things, the costs and quality of executing brokers.

### **Research and Other Soft Dollar Benefits.**

We have entered into soft dollar arrangements where brokerage commissions executed through certain broker-dealers are used to generate “soft dollars” to pay for brokerage and research services used by Third Point on behalf of the Funds. In accumulating soft dollars, we “pay up” or more than the lowest available commission. Our intention is for the soft dollar arrangements to be within the “safe harbor” of Section 28(e) of the Securities Exchange Act of 1934. These arrangements may be with Soft Dollar Brokers that provide proprietary research directly or through third party arrangements where the Soft Dollar Services are developed by third parties and the Soft Dollar Broker participates in effecting the transaction. Some of the Soft Dollar Services include: newswire and quotation systems, research reports and information on companies, industries and securities; economic, financial and market data; economic surveys and analyses; recommendations as to specific securities; and consultants that provide specialized data or analysis to specific companies or sectors.

If less than 100% of a product or service is used for assistance in our decision-making process, we will consider the product as a “mixed-use” product. With mixed-use products, we will make a good-faith allocation between the research and non-research benefits and will use commissions to pay for only that portion of the product used to formulate investment decision and will pay for the remainder in hard dollars. With mixed-use products, we may have a conflict of interest when determining the allocation of good faith allocation of costs between research and non-research benefits particularly in circumstances where the non-research benefits are not expenses paid for by the Funds or managed accounts.

These services or products would otherwise only be available to us for a cash payment. To the extent we utilize commissions to obtain items that would otherwise be an expense of the Registrant (and not payable by the accounts), such use of commissions could be viewed as additional compensation to Third Point. This may create a potential conflict of interest between our fiduciary duty to operate the accounts in their best interest and the desire to receive or direct these soft dollar benefits. As a result of receiving such services or products, there is an incentive for us to use, and continue to use, such brokers and dealers to effect transactions for the accounts over which we exercise trading discretion so long as such brokers and dealers continue to provide us with such soft dollars credits.

We have adopted procedures to monitor all soft dollar activities and maintain effective controls. Brokerage and research services paid by one account may be used to benefit all the accounts. We do not allocate the relative costs or benefits of research among the accounts because we believe that the research received is fulfilling our overall responsibilities to our clients.

We also have commission sharing arrangements whereby soft dollars, which have been generated, are paid to brokers who have provided research services in the past, in lieu of trading with those brokers.

On some occasions, we may separate orders and send them to different executing brokers. This may result in two separate batch or block trades at approximately the same time for the same securities, which may be executed at different prices or at different brokerage commission rates from one another. This may result in less favorable pricing or commission rates than if they had been content in

using block or batch trades for execution.

Our personnel may receive or give certain gifts from or to broker-dealers or other persons with whom we do business. This may include such things as tickets to sporting events, meals and other entertainment, transportation, attendance at seminars or other educational training or informational events, logo items and other items of small value, gifts associated with life events such as birthdays, weddings, anniversaries, and other gifts of more substantial value. The receipt of such gifts and gratuities might be viewed as causing a conflict of interest for us in selecting brokers and dealers and other service providers. Our policy prohibits employees from accepting valuable gifts or excessively lavish entertainment from any person or entity that does or seeks to do business with or on behalf of Third Point or its clients. Employees are prohibited from accepting gifts of cash or cash equivalents. Employees are also required to report, on a quarterly basis, the receipt of gifts and entertainment exceeding certain thresholds.

From time to time we may participate in certain broker-dealer's charity day programs. We may elect, on a specified day, to execute certain trades through the sponsoring broker-dealer and permit it to use a portion of the commissions for charitable purposes, including donations to other broker-dealers that may need assistance in natural disaster recovery efforts.

On occasion, we may engage in a "step-out" transaction in which we may send part or all of a commission in respect of a transaction to one broker while the transaction is executed by a different broker.

### **Trade Error Policy**

Client account transactions may be effected on occasion in a manner that differs from what was intended for the account. We review any trade errors that we discover, on a case-by-case basis, and decide what corrective steps to take, if any, after reviewing the error. Trade errors are often borne by the Accounts.

### **Brokerage for Client Referrals.**

We may effect transactions or otherwise utilize broker-dealers that have, or whose affiliates have, referred or recommended investors to us and broker-dealers or registered representatives of broker-dealers that personally or through related persons or family members have investments in some of the accounts we managed. These practices may create an incentive for us to direct more business to these broker-dealers in order to generate future referrals or additional affiliated investments.

### **Directed Brokerage.**

A managed account client may direct us to utilize a particular broker-dealer to execute some or all transactions for the client's account. In such circumstances, the managed account client is responsible for negotiating the terms and arrangements for the account with that broker-dealer. We will not seek better execution services or prices from other broker-dealers or be able to aggregate the managed account client's transactions, for execution through other brokers-dealers, with orders for the Funds or the other managed account we manage. As a result, we may not obtain best execution on behalf of such directing managed account client, who may pay materially disparate commissions, greater spreads or other transaction costs, or receive less

favorable net prices on transactions for the account than would otherwise be the case. We seek to allocate investment opportunities among Clients in the fairest possible way taking into account Clients' best interests and investment objectives/restrictions. We will follow procedures to help ensure that allocations do not reflect a practice of favoring or discriminating against any Client or group of Clients. Account performance is never a factor in trade allocations.

Excluding the LSE Fund, we generally manage our Client portfolios on a parallel pro rata basis, employing primarily the same investment strategies subject, but not limited, to each Client's varying stated investment objectives including the amount of leverage used, restrictions and tax considerations. Consequently, when possible, Client orders in the same security are generally placed on an aggregated basis and typically allocated proportionately to each participating Client account. We may, however, increase or decrease the amount of securities allocated to an account to avoid holding odd-lot shares for particular Clients. Each Client that participates in an aggregated order will generally participate at the average share price for all the transactions in that security on a given day, and transaction costs generally will be shared pro-rata based on each Client's participation in the transaction.

On some occasions, we may separate orders and send them to different executing brokers. This may result in two separate batch or block trades at approximately the same time for the same securities, which may be executed at different prices or at different brokerage commission rates from one another. This may result in less favorable pricing or commission rates than if they had been content in suing block or batch trades for execution.

## **ITEM 13**

### **REVIEW OF ACCOUNTS**

Position Reviews: We perform various daily, weekly, monthly and quarterly reviews of all Accounts. The Chief Executive Officer ("CEO") is responsible for overseeing the reviews. Research analysts also monitor existing holdings on a regular basis. In addition, our business groups including accounting, operations and compliance conduct reviews on a regular basis for, among others things, trade allocations, execution and commission paid on security transactions, performance comparisons, investment objectives, guidelines and restrictions.

In addition, the Funds' third party administrator ("Administrator") provides daily reviews and reconciliations of cash, positions, and activity to prime brokers to validate that all transactions were executed as initiated and accounted for in a proper manner. Daily profits and losses are reconciled by the Investment Manager back to the Administrator. On a daily basis the Administrator reports reconciliation breaks for resolution by our Operations group. The monthly net asset value calculations are prepared by the Administrator and reviewed by our accounting group.

Investors receive monthly capital account statements for their investment in each Fund as well as monthly and quarterly written updates of activity in their Fund and the relevant markets. Investors also receive annual audited financial statements of the Fund in which they are invested.

## **ITEM 14**

### **CLIENT REFERRALS AND OTHER COMPENSATION**

We may receive certain economic benefits from broker-dealers and prime brokers which we conduct business with that might not be received otherwise. These benefits may include: access to an electronic communication network for order entry and account information; proprietary research; and participation in sponsored research and capital introduction conferences. While these services are generally provided at no additional cost, we may select certain broker-dealers due to receipt of such services. We understand that the benefits received through these relationships generally do not depend upon the amount of transactions directed to or the amount of assets custodied.

We may compensate third parties that refer clients to us. Generally, compensation is based upon the engagement and retention of new clients and a percentage of the assets invested. No portion of the compensation paid to the third parties will be charged to the clients.

## **ITEM 15**

### **CUSTODY**

We may be deemed to have constructive custody of certain client assets as a result of fee payments or the service of certain affiliates as general partners to private investment funds. Actual custody of client assets, however, is at a broker-dealer, bank or trust company, not with us. Accounts are reconciled, via statements provided by the counterparties and internal proprietary systems, at least weekly between us, the fund administrator (IFS) and each counterparty. Any breaks are resolved as soon as possible. Currently, client assets are custodied at Barclays, Citigroup, Goldman Sachs & Co., HSBC Bank USA, N.A., JP Morgan Chase Clearing Co., Morgan Stanley, Inc., and UBS, LLC We review our use of prime brokers periodically and may change them without notice. As such, investors receive capital account statements on a monthly basis directly from the Funds' administrator. Investors should carefully review all account statements.

## **ITEM 16**

### **INVESTMENT DISCRETION**

We provide investment advisory services to our clients on a discretionary basis in a manner consistent with each account's investment objectives and restrictions, as set forth in the governing agreements and documents. In providing discretionary investment advisory services, we generally supervise and manage the account's portfolio and make investment decisions, without consulting the investors.

## **ITEM 17**

### **VOTING CLIENT SECURITIES**

Our formal proxy voting policy is located in each Fund's specific offering memorandum. These written policies and procedures require us to vote the Fund's proxies in the interest of

maximizing shareholder value. Votes on all matters are determined on a case-by-case basis. We may choose not to participate in a particular proxy, to take no action or not vote if it concludes that the effect on shareholders' economic interest or the value of the portfolio holding is indeterminable or insignificant, the potential benefit of voting is outweighed by the cost, or when it is not in the Fund's best interest to vote. Our Analysts are responsible for the recommendation, the CEO or COO approves the decision and the Operations group executes the vote.

Our proxy voting policies and procedures also include guidelines which Applicant follows if a material conflict arises between the Applicant and the company that is the subject of the proxy or a proponent of a proxy proposal.

Records of proxy materials and votes are maintained in our offices. A complete copy of our proxy voting policies, procedures and prior voting history are available to investors upon request.

## **ITEM 18**

### **FINANCIAL INFORMATION**

This section is not applicable to the Adviser

## **ITEM 19**

### **MANAGEMENT PERSONS**

The following is a list of our management personnel:

Daniel S. Loeb (Chief Executive Officer) was born in 1961. He founded Third Point in 1995 and leads its portfolio management activities. Before starting Third Point, Mr. Loeb was Vice-President of high-yield bond sales at Citigroup, a Senior Vice-President in the distressed debt department at Jefferies & Co. a risk arbitrage Analyst at Lafer Equity Investors and an Associate in private equity at Warburg Pincus. Mr. Loeb graduated from Columbia University with an A.B. in economics.

James P. Gallagher (Chief Administrative Officer and Director of Operations) was born in 1970. He joined Third Point in 2008. Prior to joining Third Point, Mr. Gallagher was a Managing Director at Indus Capital Partners LLC, where he was responsible for the middle and back office, technology, risk management and fund administration functions. Previously, Mr. Gallagher was a Vice President, Head of Operations for the Hedge Fund Strategies division of Goldman Sachs Asset Management (formerly Commodities Corporation LLC). Mr. Gallagher holds a B.S. in Accounting from the University of Richmond's Robins School of Business.

R. Mendy Haas (Chief Financial Officer) was born in 1975. He joined Third Point in 2008. Prior to joining Third Point, Mr. Haas was the Chief Financial Officer for DiMaio Ahmad Capital. Mr. Haas holds a joint J.D./M.B.A. from Fordham University and a B.S. in Accounting from Brooklyn College.

William Song (Chief Compliance Officer and Deputy General Counsel) was born in 1968. He joined Third Point in 2008. Prior to joining Third Point, Mr. Song served as General Counsel of TD Asset Management USA Inc. Previously, Mr. Song served as an attorney with the SEC, Division of Enforcement. Mr. Song earned his B.A. from Tufts University, J.D. from Temple University School of Law, and M.B.A. from the University of Pennsylvania, Wharton School.

Joshua L. Targoff (Chief Operating Officer and General Counsel) was born in 1969. He joined Third Point in 2008. Prior to joining Third Point, Mr. Targoff was the General Counsel of the Investment Banking Division of Jefferies & Co. Mr. Targoff spent seven years doing M & A transactional work at Debevoise & Plimpton LLP. Mr. Targoff graduated with a J.D. from Yale Law School, and holds a B.A. from Brown University.