

**ITEM 1  
COVER PAGE**

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

**Third Point LLC**

March 30, 2013

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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 212-715-3880. 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**

In December 2011, the firm and two of its employees were dismissed from a lawsuit filed in New Jersey state court in 2006 by Fairfax Financial Holdings Limited and one of its subsidiaries. A Notice of Appeal has since been filed.

The Private Placement Memorandum and Articles of Association for all the Third Point Funds were updated to better reflect the Funds' investment program and the current market environment.

Even though a concerted effort is made to keep investors informed of notable changes to the Firm's business throughout the year, investors are encouraged to review this update, much like all of the Firm's reports and communications, 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 three separately-managed institutional accounts (“Separately Managed Accounts”)(each an “Account” and 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 \$11.8 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 offering documents (“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, we reserve the right to 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 identify opportunities using a combination of top-down asset allocation decisions and a bottom-up, value-oriented approach to single security analysis. We seek dislocations in certain areas of the capital markets or in the pricing of a particular security. We supplement single security analysis with an approach to portfolio construction that includes sizing each investment based on upside/downside calculations, all with a view towards appropriately positioning and managing overall exposures across specific asset classes, sectors and geographies. The resulting portfolio expresses our overall tolerance for risk given macroeconomic and market conditions, and reflects considerations of overall portfolio hedging. We make investments globally – in both developed and emerging markets – in all sectors, and in equity, credit, commodity, currency, option and other instruments.

We favor "event-driven" situations, in which we believe that a catalyst, either intrinsic or extrinsic, will unlock value or alter the lens through which the greater market values a particular investment. We attempt to apply this "event" framework to each of our single security

investments with some flexibility, and this approach informs the timing and risk of each investment.

We invest in publicly traded and privately placed debt and equity securities in the following strategies: Long or Short Special Situation and Value Equities; Long or Short High-Yield Corporate Credit; Long or Short Distressed Corporate Credit; Long or Short Asset-Backed Securities; Risk Arbitrage; Long or Short Physical and Exchange-Traded Commodities; and Long or Short Currencies or Government Debt. We may also engage in various transactions in foreign securities; credit default swaps; futures and swaps; venture capital, private equity and direct real estate investments; and securities options strategies.

## **Business Risks**

*Overall Investment Risk.* All securities investments risk the loss of capital. The securities to be purchased and traded will be speculative in nature, and the markets in which we transact will be highly competitive. Changes in general domestic and international economic and political conditions, including fluctuations in interest rates, the availability of credit, recession and other factors may adversely affect the investments. The investment techniques and strategies we employ in an effort to meet our investment objectives may increase this risk. There can be no assurance our techniques and strategies will be successful, or that they will not incur losses, which could be meaningful.

Accordingly, any investment should be made only after consulting with independent, qualified sources of investment, legal, tax, accounting and other advice.

*Special Situation Companies.* We may invest in special situation companies. This generally involves investments in securities of companies in “event-driven” special situations such as acquisitions, tender offers, bankruptcies, recapitalizations, spinoffs, corporate and financial restructurings, litigation or other liability impairments, turnarounds, management changes, consolidating industries and other catalyst-oriented situations. 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 issues or that are involved in bankruptcy reorganization proceedings, liquidation or other corporate restructuring. 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 that 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. It is anticipated that some of such securities may not be widely traded, and that a position in such securities may be substantial in relation to the market for such securities.

These types of securities require active monitoring and may, at times, require our participation in bankruptcy or reorganization proceedings. To the extent we become involved in such

proceedings, we may have a more active participation in the affairs of the issuer than that assumed generally by an investor. In addition, our participation in such proceedings may restrict or limit our ability to trade securities of the subject company.

As a consequence of our role as an engaged investor, we 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, and litigation and indemnification expenses, including 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, even if some of the Accounts are not named in such litigation. 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 a particular Account, and thus at times they may be obligated to act in a manner that is adverse to an Account's interests.

In the event we do not seek to take legal or management control of issuers, we will have limited ability to influence the management of the issuer or to elect a representative to the issuer's board of directors or other governing body, potentially increasing the risk of such investments. In addition, the management of the issuer or its shareholders may have economic or business interests which are inconsistent with ours, and they may be in a position to take action contrary to our objectives.

*Distressed Securities.* We will 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 unless and until the company reorganizes and/or emerges from bankruptcy proceedings, and as a result 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.

*Fixed Income Securities Generally.* We may invest in fixed income securities. Investment in these securities may offer opportunities for income and capital appreciation, and may also be used for temporary defensive purposes and to maintain liquidity. Fixed income securities are obligations of the issuer to make payments of principal and/or interest on future dates, and include, among other securities: bank debt, bonds, notes, and debentures issued by corporations; debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities or by a non-U.S. government or one of its agencies or instrumentalities; municipal securities; and mortgage-backed and other asset-backed securities. These securities may pay fixed, variable, or floating rates of interest, and may include zero coupon obligations.



Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to factors such as interest rate sensitivity, market perception of the creditworthiness of the issuer, general market liquidity (i.e., market risk), government interference, economic news, and investor sentiment. Our fixed income investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation earlier than expected. This may happen when there is a decline in interest rates, or when a borrower's performance allows the refinancing of certain classes of debt with lower cost debt. To the extent such early prepayments increase, they may have a material adverse effect on our investment objectives and the profits on capital invested in fixed income investments. As with other investments we make, there may not be a liquid market for any of the debt instruments in which we invest, which may limit our ability to sell these debt instruments or to obtain the desired price. We may also purchase loans as participations from certain financial institutions and we may be subject to the credit risk of the selling financial institution as well as that of the underlying borrower.

We may attempt to take advantage of undervalued fixed income securities or relative mispricings in disrupted credit markets. The identification of attractive investment opportunities in disrupted credit markets is difficult and involves a significant degree of uncertainty. During periods of "credit squeezes" or "flights to quality," the market for fixed income investments can become substantially reduced. This poses a particular risk that leveraged credit instrument positions may need to be sold at discounts to fair value in order to meet margin calls. At the same time, the dealers may correspondingly reduce the value of outstanding positions, resulting in additional margin calls as loan to value triggers are hit under prime brokerage and swap agreements.

*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.

*Corporate Bonds.* We may invest in corporate bonds. Corporate bonds are subject to the risk of the issuer's inability to meet principal and interest payments on the obligation and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. When interest rates decline, the value of the corporate bonds can be expected to rise, and when interest rates rise, the value of those securities can be expected to decline. Bonds with longer maturities tend to be more sensitive to

interest rate movements than those with shorter maturities. Many such bonds are unsecured, which makes them less likely to be fully repaid in the event of a bankruptcy.

*Bank Loans.* We may invest in loans and loan participations originated by banks and other financial institutions. These investments may include highly-leveraged loans to borrowers with below investment grade credit ratings. Such loans are typically private corporate secured loans that are negotiated by one or more commercial banks or financial institutions and syndicated among a group of commercial banks and financial institutions. In order to induce the lenders to extend credit and to offer a favorable interest rate, the borrower often provides the lenders with extensive information about its business that is not generally available to the public. To the extent we obtain such information and it is material and nonpublic, we may be unable to trade in the other securities of the borrower until the information is disclosed to the public or otherwise ceases to be material, nonpublic information. A failure by us to advance requested funds to a borrower could result in claims against us and in possible assertions of offsets against amounts previously lent. Depending on the way in which we acquire our interest in a bank loan, it may be exposed to credit risks of both the borrower and the institution which sold us its interest in the loan. Also, bank loan transfers typically require consent of the issuer and agent bank, so the settlement period is longer and creates increased credit risk.

*Mortgage and Other Asset-Backed Securities.* We may invest in mortgage-backed securities and other asset-backed securities, whose investment characteristics differ from corporate debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that principal may be prepaid at any time because the underlying mortgage loans or other assets generally may be prepaid at any time. Mortgage-backed securities and asset-backed securities may also be subject to call risk and extension risk. For example, because homeowners have the option to prepay their mortgages, the duration of a security backed by home mortgages can either shorten (i.e., call risk) or lengthen (i.e., extension risk). In general, if interest rates on new mortgage loans fall sufficiently below the interest rates on existing outstanding mortgage loans, the rate of prepayment would be expected to increase. Conversely, if mortgage loan interest rates rise above the interest rates on existing outstanding mortgage loans, the rate of prepayment would be expected to decrease. In either case, a change in the prepayment rate can result in losses to investors. If we purchase securities that are subordinated to other interests in the same mortgage pool, we may only receive payments after the pool's obligations to other investors have been satisfied. We may from time to time invest in structures commonly known as "Re-REMICS," in which case a trust is further split between a senior tranche and a junior tranche. We usually buy the junior tranche in such circumstances. An unexpectedly high rate of default on mortgages held by a mortgage pool may limit substantially the pool's ability to make payments to us as a holder of securities, reducing the value of those securities or rendering them worthless. The risk of such defaults is generally higher in the case of mortgage pools that include "sub-prime" mortgages. Changes in laws and other regulatory developments relating to mortgage loans may impact our investments in mortgage-backed securities in the future.

*Investing in Emerging Markets and Foreign Securities.* Our investing in foreign securities may involve heightened risks in comparison to the risks of investing in domestic securities, including 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, transfer taxes 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 foreigners in issuers or industries deemed sensitive to relevant national interests and the absence of developed legal structures governing private and foreign 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. In addition, dividend and interest payments from and capital gains in respect of certain foreign securities may be subject to foreign taxes that may or may not be reclaimable. Finally, many transactions in these markets are executed as a “total return swap” or other derivative transaction with a financial institution counterparty, and as a result we have counterparty credit risk with respect to such counterparty.

*Risk Arbitrage Transactions.* We will also engage in risk arbitrage transactions where we will 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, a security to be issued in a merger or exchange offer may be sold short 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 its 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 such securities and we might be unable to dispose of securities purchased in private placements or other illiquid securities promptly or at reasonable prices. 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.

*Convertible Securities.* As a result of the conversion feature, convertible securities typically offer lower interest rates than if the securities were not convertible. During periods of rising interest rates, it is possible that the potential for capital gain on convertible securities may be less than that of a common stock equivalent if the yield on the convertible security is at a level that would cause

it to sell at a discount. To the extent that convertible securities are rated lower than investment grade or not rated, there would be greater risk as to timely repayment of the principal of, and timely payment of interest or dividends on, those securities. In the absence of adequate anti-dilution provisions in a convertible security, dilution in the value of our holding may occur in the event the underlying stock is subdivided, additional securities are issued, a stock dividend is declared, or the issuer enters into another type of corporate transaction which increases its outstanding securities.

### **Risks of Special Techniques.**

Each of the special investment techniques that we may use is subject to certain risks that are summarized below.

*Leverage.* Although the use of borrowed money to purchase securities will permit us to make investments in an amount in excess of our capital, it will also increase our exposure to losses. While there is no limit on our use of leverage, we will seek to use prudent levels of leverage on a risk-adjusted basis. The use of leverage also exposes us to increased operational and market risks. Among other risks, small hedging errors may be amplified by leverage, price and valuation disputes with counterparties must be resolved to assure collateral maintenance and hedges may at times fail to track investments due to uncorrelated changes in spreads among various instruments.

*Margin Borrowings.* We could be subject to a “margin call” pursuant to which we must either deposit additional funds or liquidate assets for subsequent deposit with a Prime Broker, or we could suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a drop in the value of our assets, we might not be able to liquidate assets quickly enough to pay off the margin debt. In such a case, the Prime Broker may liquidate some of our additional assets to satisfy such margin debt.

*Counterparty Creditworthiness.* To the extent that we engage in transactions directly and not through a broker or clearinghouse, including, but not limited to, forward foreign currency transactions, swap transactions, and the purchase and sale of bonds and other fixed income securities directly from the current holder thereof, we must rely on the creditworthiness of the counterparty to the extent it is unable to deliver the promised asset. To reduce our counterparty 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 we may not be able to close out a position

without incurring a loss. Trading in derivative instruments may permit us to incur additional leverage, which may magnify our gains and losses and could cause our net asset value to be subject to wider fluctuations than would otherwise be the case. 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 hedged 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, makes us subject 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 gains or 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.

*Short Sales.* We may engage in short selling of any of the instruments we trade. In selling short, we bear the risk of an increase in the value of the instrument sold short above the price at which it was sold. Such an increase could lead to a substantial (theoretically unlimited) loss, as the market price of instruments sold short may increase indefinitely. Under certain market conditions, we might have difficulty purchasing instruments to meet our short sale delivery obligations (such as to complete a dealer buy-in of the underlying instrument). We might also have to sell instruments to raise the capital necessary to meet our short sale margin call obligations at a time when fundamental investment considerations would not favor closing out such short position. Use of short-selling in our role as an engaged investor may also give rise to litigation and other expenses. See “Risk Factors – Litigation Risks.” Short-selling activities are subject to restrictions imposed by U.S. and non-U.S. securities laws and the various securities exchanges. Limitations on short-selling have been imposed on an emergency basis in the past during market disruptions. Short-selling may be subject to further regulatory restrictions in the future, including reporting requirements on short-selling, which may prevent us from successfully implementing our investment strategies involving short-selling.

*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 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.

*Trading in Forward Contracts.* We may engage in the trading of forward contracts from time to time. In contrast to futures contracts traded on an exchange, forward contracts are not guaranteed by any exchange or clearing house and are subject to the creditworthiness of the counterparty of the trade. Banks and other dealers with whom we may transact in such forwards may require us to deposit margin with respect to such trading, although margin requirements are often minimal or nonexistent. Our counterparties are not required to continue to make markets in such contracts and these contracts can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain counterparties have refused to continue to quote prices for forward contracts or have quoted prices with an unusually wide spread (the difference between the price at which the counterparty is prepared to buy and that at which it is prepared to sell). Arrangements to trade forward contracts may be made with only one or a few counterparties, and liquidity problems therefore might be greater than if such arrangements were made with numerous counterparties. In addition, disruptions can occur in any market we trade due to unusually high trading volume, political intervention, or other factors. Market illiquidity or disruption could result in major losses.

*Hedging Transactions.* We may utilize various financial instruments both for investment purposes and for risk management purposes in order to protect against possible changes in the market value of our portfolio resulting from fluctuations in the securities markets and changes in interest rates, protect unrealized gains in the value of the portfolio, facilitate the sale of any such investments, enhance or preserve returns, spreads or gains on any investment in the portfolio, hedge the interest rate or currency exchange rate on any of our liabilities or assets, protect against any increase in the price of any securities we anticipate purchasing at a later date or for any other reason that we deem appropriate. The success of our hedging strategy will be subject to our ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of our hedging strategy will also be subject to our ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While we may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance than if we had not engaged in any such hedging transactions. For a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent us from achieving the intended hedge or expose us to risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of our portfolio investments.

*Swap Agreements.* Swap agreements are privately negotiated over-the-counter derivative products in which two parties agree to exchange actual or contingent payment streams that may be calculated in relation to a rate, index, instrument, or certain securities, and a particular “notional amount.” Swaps may be subject to various types of risks, including market risk, liquidity risk, structuring risk, tax risk, and the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty. Swaps can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swaps may increase or decrease our exposure to commodity prices, equity or debt securities, long-term or short-term interest rates (in the United States or abroad), non-U.S. currency values, mortgage-backed securities, corporate borrowing rates, or other factors such as security prices, baskets of securities, or inflation rates and may increase or decrease the overall volatility of our portfolio. Swap agreements can take many different forms and are known by a variety of names. We are not limited to any particular form of swap agreement if we determine that other forms are consistent with our investment objectives and policies. A significant factor in the performance of swaps is the change in individual commodity values, specific interest rates, currency values, or other factors that determine the amounts of payments due to and from the counterparties. If a swap calls for payments by us, we must have sufficient cash availability to make such payments when due. In addition, if a counterparty’s creditworthiness declines, the value of a swap agreement would be likely to decline, potentially resulting in losses to us.

*Credit Default Swaps.* We may purchase or sell credit derivatives contracts—primarily credit default swaps—both for hedging and other purposes, but we primarily invest in credit default swaps as a buyer of “protection.” The typical credit default swap contract requires the seller to pay to the buyer, in the event that a particular reference entity experiences specified credit events, the difference between the notional amount of the contract and the value of a portfolio of securities issued by the reference entity that the buyer delivers to the seller. In return, the buyer agrees to make periodic payments equal to a fixed percentage of the notional amount of the contract. Credit default swaps generally trade on the basis of theoretical pricing and valuation models, which may not accurately value such swap positions when established or when subsequently traded or unwound under actual market conditions. In certain instances of issuer defaults or restructurings, it has been unclear under the standard industry documentation for credit default swaps whether or not a “credit event” triggering the seller’s payment obligation had occurred, in which case the buyer of the credit default swap may not be entitled to payment under the swap. A credit default swap also subjects us to counterparty credit risk, and upon default by the swap counterparty, we may not be able to realize the full value of the credit default swap upon a default by the reference entity. In the unlikely event we are a seller of credit default swaps, we incur leveraged exposure to the credit of the reference entity and are subject to many of the same risks we would incur if we were holding debt securities issued by the reference entity.

As a result of initiatives implemented by derivatives market participants designed to implement uniform settlement terms into standard credit default swap documentation, as well as refine the practices for the transparent conduct of the credit default swap market generally, certain of the preceding risks, including, without limitation, liquidity risk concerning the lack of availability of

deliverable securities, may be mitigated for certain categories of credit default swap transactions covered by such initiatives. However, despite the derivatives market initiatives to uniformly address the risks associated with the credit default swap market, there can be no guarantee of the success of these initiatives or the ability to mitigate the risks with respect to covered credit default swaps. In any event, we may enter into certain credit default swap transactions that may not be covered by these initiatives.

The regulation of credit default swaps is evolving, and significant changes in such regulation have been enacted or proposed and may adversely affect the Fund. See “Risk Factors – Legal and Regulatory Risks.”

*Investments in Certain Metals and Commodities.* We may invest directly or indirectly in metals, commodities and similar materials. Since ownership of such investments does not generate any income, the sole source of return would be from gains realized on sales of the investments, and a negative return would be realized to the extent such investments are sold at a loss. Certain metals, commodities and similar materials may incur storage or insurance costs that are higher than the custody fees paid on traditional financial assets. Prices of such metals, commodities and materials are affected by factors such as cyclical economic conditions, political events, and monetary policies of various governments and countries. Certain metals, commodities and similar materials are also subject to governmental action for political reasons. Markets for physical commodities are at times volatile, and there may be sharp fluctuations in prices even during periods of rising prices. There is also a risk that such metals, commodities or similar investments could be lost, suffer damage or deterioration if not adequately stored, or stolen, or that access to such investments could be restricted by natural events (e.g., force majeure) or tortious human actions. Such risks are increased to the extent we take possession of a physical commodity. The storage costs for physical commodities are higher than the custody fees paid on financial assets, although we will contract with internationally recognized custodians to hold any of its owned physical commodities. However, these custodians, consistent with market practice, may not have insurance adequate to cover any such loss. Finally, it is complicated to leverage positions in physical commodities, and to the extent we need to raise cash on an expedited basis, such commodities may not be available to borrow against on commercial terms.

*Exchange Traded Funds (ETFs).* We may invest in shares of ETFs, including for hedging purposes. As an investor in ETFs, we will bear its ratable share of various fees, allocations and expenses of the ETF, all of which are embedded in the net asset value of the ETF. ETFs represent shares of ownership in either funds or unit investment trusts that hold portfolios of common stocks, bonds or other instruments, which are designed to generally correspond to the price and yield performance of an underlying index. A primary risk factor relating to ETFs is that the general level of stock or bond prices may decline, thus affecting the value of an equity or fixed income ETF, respectively. An ETF may also be adversely affected by the performance of the specific sector or group of industries on which it is based. Moreover, although ETFs are designed to provide investment results that generally correspond to the price and yield performance of their underlying indices, ETFs may not be able to exactly replicate the performance of the indices because of their expenses and other factors.



*Interest Rates.* We may be adversely affected by changes in interest rates. Interest rates are determined by factors of supply and demand in the international money markets and can be influenced by macro-economic factors, speculation and other forms of government intervention.

*Currency.* The Accounts we manage will generally be denominated in U.S. Dollars. The underlying investors of the Accounts bear all risks of exchange rate fluctuations in respect of any purchase of shares using currencies other than U.S. Dollars. Also, certain of the investments of the Accounts may be in currencies other than U.S. Dollars. We intend to typically hedge against currency exchange rate fluctuations, but may not do so in our sole discretion. Unless we hedge against fluctuations in exchange rates between the U.S. Dollar and the currencies in which our investments are denominated in foreign markets, any profits which we might realize in such trading could be eliminated as a result of adverse changes in exchange rates, and we could even incur losses as a result of any such changes. Even if we hedge against such fluctuations, there is no guarantee such hedges will eliminate or reduce such losses. In addition to hedging transactions, we may take speculative positions in currency. Such positions may be leveraged and be subject to significant volatility based on a wide variety of factors which could subject us to significant loss.

*Turnover.* A substantial portion of our capital 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 be net of the profits of the Accounts we manage.

*Concentration Risk.* We do not have any hard limits regarding diversification of investments to reduce their risk of loss, although investments are subject to an Account's risk management policies (see "Investment Program – Risk Management"). The Accounts, while typically diversified, are considered to be non-diversified because they may at certain times hold large positions in a relatively limited number of investments. The Accounts could be subject to significant losses if they hold a relatively large position in a single issuer, industry, market or a particular type of investment that declines in value, and the losses could increase even further if the investments cannot be liquidated without adverse market reaction or are otherwise adversely affected by changes in market conditions or circumstances. Our investments could potentially be concentrated in relatively few strategies, issuers, industries or markets.

*Market Risks and Lack of Liquidity.* The success of our investment program depends to a great extent upon our ability to assess correctly the future course of price movements of stocks, bonds, and foreign currencies. There can be no assurance that we will accurately predict such movements. In addition, certain of the securities in which we invest, from time to time, may have limited liquidity. During periods of stress in the markets, prices for securities with less liquidity typically suffer significantly more than more liquid, exchange-traded equities. This lack of liquidity, together with a failure to accurately predict market movements, may adversely affect the market value of our investments from time to time.

*Trading on Foreign Exchanges.* We may trade on exchanges located outside the United States. Trading on such exchanges is not regulated by the U.S. Securities and Exchange Commission and

may, therefore, be subject to more risks than trading on domestic exchanges such as the risks of exchange controls, expropriation, burdensome taxation, moratoria and political or diplomatic events.

*Loans of Portfolio Securities.* We may lend our portfolio securities. By doing so, we attempt to increase income through the receipt of interest on the loan. In the event of the bankruptcy of the other party to a securities loan, we could experience delays in recovering the loaned securities. To the extent that the value of the securities we lent has increased, we could experience a loss if such securities are not recovered.

*Reliance on Third Parties.* We rely on third parties to provide us different types of data, including real time, raw, and calculated, data via the Internet. We could be adversely affected if our data providers' computer systems or infrastructure cannot properly process and calculate the information needed for us to conduct our trading strategies.

*Fraud.* In making certain investments, we may rely upon the accuracy and completeness of representations made by the issuer of such investment, but cannot guarantee the accuracy or completeness of such representations. Of concern in purchasing investments is the possibility of material misrepresentation or omission on the part of an issuer. Such inaccuracy or incompleteness may adversely affect the valuation of any investment. Instances of fraud and other deceptive practices committed by senior management of certain companies in which we may invest may undermine our ability to conduct effective due diligence on, or successfully exit investments made in, such companies. In addition, financial fraud may contribute to overall market volatility, which can negatively impact our investment program. Under certain circumstances, payments to us may be reclaimed if they are later determined to have been made with an intent to defraud creditors or make a preferential payment.

*Litigation Risk.* As a consequence of our role as an engaged investor in special situation and distressed investments, an Account may be subject to increased risk of incurring additional legal, indemnification or other expenses, even if the Account is not named in any action. In distressed or special situations, litigation often follows when disgruntled shareholders, creditors, and other parties seek to recover losses from poorly performing investments. The enhanced litigation risk for distressed companies is further elevated by the potential that we may have controlling or influential positions in the companies. Some of the claims that can be asserted against us as a distressed investor include: aiding and abetting breach of fiduciary duty; equitable subordination of the investors' claims; recharacterization of the investor's claims; and preference or fraudulent transfer claims. Our use of short-selling has subjected the Accounts, and may continue to subject the Accounts, to increased risk of litigation. Lawsuits can be brought against short sellers of the company's stock to discourage short-selling. Among other claims, these suits may allege libel, conspiracy, and market manipulation.

## **Operational Risks**

*Dependence on Daniel S. Loeb and the Investment Manager.* All investment decisions are made under the general supervision of Daniel S. Loeb; Accounts' 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 Third Point. In the event Mr. Loeb is no longer actively engaged in formulating the investment philosophy of Third Point, whether by death, disability, withdrawal as managing member of the firm or otherwise, the Accounts' investors will be entitled to special notice and redemption rights as described in their respective PPMs.

*Investment Manager and its Member and Principals.* We currently serve as the investment manager to various funds and/or managed accounts, which may have substantially the same investment program, and will not devote its resources exclusively to one Account's business. In addition, the majority owner and member of our firm will continue to have significant involvement with non-Account businesses and while he devotes a substantial and appropriate amount of his time to Account business, he has substantial philanthropic and other business interests to which he attends from time to time.

*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.* We, on behalf of or in conjunction with, the Funds have not entered, and do not intend to enter, into side letters (contractual agreements which vary the terms of an investment in the Fund applicable to an investor) other than side letters with certain regulated entities, such as state-sponsored pension plans, sovereign funds and registered investment companies (collectively, "Regulated Investors"), and certain "grandfathered" investors who entered into such agreement prior to July 2007. No side letters, including any grandfathered side letters, provide for or will provide for preferential fee terms or redemption rights, provided that the certain Regulated Investors may be permitted to redeem on different notice or without fees if, and only if, it is required by law or regulation to do so. The Investment Manager's practice, however, is not to provide full transparency of the Fund's current portfolio to any Shareholder, whether by side letter or otherwise.

*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.

*Increases In Assets Under Management.* The Funds we manage are currently closed for new investment subject to limited exceptions. We may, for example, choose to accept new subscriptions to replace any redemptions as we deem appropriate. We will revisit this

determination periodically based on market conditions and perceived opportunities. Generally, 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.

*Assets held by Prime Brokers.* An Account's prime brokers (the "Prime Brokers"), will each have a lien over those assets of the Accounts 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 Account, and the Account could lose a substantial portion or all of its assets held with such prime broker. Assets which are deposited with the Account's brokers as margin will be available to the creditors of the brokers in the event of the bankruptcy or insolvency of the broker. For example, while brokers are required to segregate client assets from their proprietary assets and are required to hold specified amounts of capital in reserve, client assets are normally held in pooled client accounts for the benefit of all clients. The broker may be able to transfer client assets out of such client accounts in the ordinary course of business, or rehypothecate the assets. If the pro rata share that the Account receives is less than 100% of what the broker owes it (the Account is entitled as a matter of law to the cash and marked-to-market value of the securities in its prime brokerage account, minus any indebtedness to the relevant broker), the Account could recover cash or securities with a marked-to-market value of up to a specified statutory limit from a fund established under U.S. law to reimburse customers of insolvent brokers. If the Account does not recover all cash and securities, including securities that have been rehypothecated, from its account with a broker after receiving its pro rata share of customer property recovered from the insolvent broker's estate, if any, and maximum payment from the customer reimbursement fund established under U.S. law to reimburse customers of insolvent broker-dealers, it will be an unsecured creditor of the insolvent broker with respect to such shortfall and, therefore, may not be able to recover equivalent assets in full, or at all. In addition, while the return of client property is designed to occur on an expedited basis (usually by transfer of the accounts to a solvent broker), the Account may be unable to trade the assets that were held by the insolvent broker during this transfer period. In certain circumstances, the assets of the Account held at a broker could be at risk if other clients of the broker fail to meet margin requirements and the assets of the broker are insufficient to cover any shortfall.

The assets of the Account also may be held by non-U.S. brokers or other entities. Such assets of the Account may be available to the creditors of those non-United States brokers and other entities. There can be no assurance that the Account will not experience losses in an insolvency of such non-U.S. brokers.

*Execution Risks and Investment Manager Error.* The execution of the trading and investment strategies we employ 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. Such losses may be caused by the brokers and counterparties or by 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 for losses caused by brokers or counterparties, other than in the case of fraud, bad faith, willful misconduct or gross negligence on our part. To the fullest extent permitted by law (including the U.S. Federal securities laws), we will not be liable for trade errors except for acts that constitute bad faith or fraud, willful misconduct or gross negligence.

*Incentive Allocation.* Depending on the Account, the General Partner, our affiliate, is entitled to receive an Incentive Allocation. Such a compensation arrangement may create an incentive for us to make investments that are riskier or more speculative than would be the case if such arrangement was not in effect. In addition, because the Incentive Allocation is calculated on a basis that includes unrealized appreciation of the assets, it may be greater than if such compensation were based solely on realized gains.

*Legal and Regulatory Risks.* Legal and regulatory changes could occur which may adversely affect us or the Accounts. For example, the legal and regulatory environment for derivative instruments is evolving, and changes in the regulation of derivative instruments may adversely affect the value of derivative instruments held and the ability to pursue certain trading strategies. Similarly, the regulatory environment for hedge funds and other pooled investment vehicles is evolving, and changes in the direct or indirect regulation of hedge funds and other pooled investment vehicles may adversely affect the ability to pursue investment objectives and/or trading strategies. In addition, certain jurisdictions have imposed restrictions and reporting requirements on short selling. Further, regulators and exchanges are authorized to regulate trading or other activity with respect to certain markets and may impose other restrictions which could have significant adverse effects on the portfolio and the ability to pursue investment strategies and achieve investment objectives. It is impossible to predict what additional interim or permanent government restrictions may be imposed on the markets and/or the effect of such restrictions on the strategies employed. However, we believe that regulation of the financial markets may be significantly increased and that such increased regulation could have a material adverse effect.

*Pay-to-Play Laws, Regulations and Policies.* A number of states and municipal pension plans have adopted so-called “pay-to-play” laws, regulations or policies which prohibit, restrict or require disclosure of payments to (and/or certain contacts with) state officials by individuals and entities seeking to do business with state entities, including investments by public retirement funds. The U.S. Securities and Exchange Commission also has adopted rules that, among other things, prohibit an investment adviser from providing advisory services for compensation to a

government client for a period of up to two years after the adviser or certain of its executives or employees make a contribution to certain elected officials or candidates. If we, our employees or affiliates or any service providers acting on our behalf, including, without limitation, a placement agent, fail to comply with such pay-to-play laws, regulations or policies such non-compliance could have an adverse effect on an Account by, for example, providing the basis for the withdrawal of the affected public pension fund investor.

*Disclosure of Information Regarding Shareholders.* We, an Account, and/or our service providers or agents may from time to time be required or may, in their sole discretion, determine that it is advisable to disclose certain information about an Account and the Shareholders, including, but not limited to, investments held by the Account and the names and level of beneficial ownership of Shareholders to (i) regulatory authorities of certain jurisdictions, which have or assert jurisdiction over the disclosing party or in which the Account directly or indirectly invests, or (ii) any counterparty of, or service provider to, us or the Account. By virtue of entering into a subscription agreement and becoming a Shareholder, each Account Shareholder consents to any such disclosure relating to such Shareholder. We will use commercially reasonable efforts to maintain the confidentiality of all such information.

*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.

*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.

**The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved. Investors are encouraged to review the Fund's PPM for a more detailed discussion.**

## **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. In December 2011, the firm and two of its employees were dismissed from a lawsuit filed in New Jersey state court in 2006 by Fairfax Financial Holdings Limited and one of its subsidiaries. A Notice of Appeal has since been filed. There are no other material administrative, civil or criminal actions.

## **ITEM 10**

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

One 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.

## **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.

## **Separately Managed Accounts**

dbX-Risk Arbitrage 11 Fund

Lyxor/Third Point Fund Limited

Third Point Reinsurance Company Ltd.

## **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 employees 1) to report personal transactions on a quarterly basis, 2) to file annual personal account disclosures and report securities holdings; and (3) 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 Accounts and in securities or other assets in which the Accounts 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 Accounts 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 Account portfolios with similar investment strategies, we periodically through unaffiliated broker-dealers and at the market price, may dispose of a particular security from one Account that it is acquiring for another by crossing the trade of one or more Accounts to one or more other Accounts 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 Registrant’s Accounts, while the economic benefits and risks of those investments are shared with other Accounts (“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 Accounts. 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 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, among other things, 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 using 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 commissions 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 a percentage of the management and incentive fees or a flat fee or monthly retainer. 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, Credit Suisse, Goldman Sachs & Co., HSBC Bank USA, N.A., JP Morgan Chase Clearing Co., Morgan Stanley, Inc., State Street, 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 we conclude 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 Registrant follows if a material conflict arises between the Registrant 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**

### **IDENTITY AND ABCKGROUND OF PRINCIPAL EXECUTIVE OFFICERS AND 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.

Munib Z. Islam (Head of Equity Research) was born in 1974. He rejoined Third Point in 2011 after serving as an analyst and portfolio manager here from 2004-2008. From 2008 – 2011, Mr. Islam worked at Highbridge Capital, where he was a Managing Director and Portfolio Manager of Highbridge's European Value Equities fund. Before joining Third Point, Mr. Islam worked as an Associate at Oak Hill Capital and at Lazard LLC. He received a BA in Economics magna cum laude from Dartmouth College and an M.B.A. from the Graduate School of Business at Stanford University.

Ian G. Wallace (Head of Credit Research) was born in 1962. He joined Third Point in 2009. Prior to joining Third Point, Mr. Wallace was the Managing Member of River Run Management, LLC, which he founded in 1999. From 1989 – 1998, Mr. Wallace was a Managing Director with Oak Hill, an affiliate of the Robert M. Bass Group. Prior to Oak Hill, Mr. Wallace was a Vice President in the High-Yield Research group at First Boston, and a staff accountant at Arthur Andersen & Co. Mr. Wallace graduated from the University of Washington with a B.A. in Business Administration.

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.

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.

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.