THIRD POINT

THIRD POINT OFFSHORE MASTER FUND L.P.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

Period Ended June 30, 2009

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Unaudited Statement of Financial Condition

(Stated in United States Dollars)	June 30, 2009 $
Assets	
Cash	28,326,065
Investments in securities, at fair value (cost $1,496,523,165)	1,356,625,079
Due from brokers	279,089,281
Interest and dividends receivable	4,634,236
Total assets	**1,668,674,661**
Liabilities	
Securities sold, not yet purchased, at fair value (proceeds $271,748,946)	332,952,494
Due to brokers	178,987,108
Payable to withdrawing partner	100,307,224
Net unrealized loss on contracts for differences and swap contracts	2,864,205
Net unrealized loss on foreign currency forward contracts	1,502,722
Interest and dividends payable	439,742
Accrued expenses	8,220,206
Total liabilities	**625,273,701**
Commitments (See Note 10)	
Partners' capital	**1,043,400,960**
Total liabilities and partners' capital	**1,668,674,661**

See accompanying notes.

Unaudited Statement of Income

(Stated in United States Dollars)	Half-year June 30, 2009 $
Realized and unrealized gain/(loss) on investment transactions	
Net realized loss from securities, derivative contracts and currency transactions	(264,074,517)
Net change in unrealized depreciation on securities positions	349,766,522
Net change in unrealized depreciation on derivative contracts	22,236,030
Net gain from currencies	2,319,779
Net realized and unrealized gain from investment transactions	**110,247,814**
Investment income	
Interest	15,243,399
Dividends, net of withholding taxes of $2,094,295	9,648,209
Stock loan fees	66,679
Other income	3,876
Total investment income	**24,962,163**
Expenses	
Interest	537,768
Dividends on securities sold, not yet purchased	2,870,393
Stock borrow fees	35,972,723
Administrative and professional fees	3,549,991
Other expenses	1,008,273
Total expenses	**43,939,148**
Net investment loss	**(18,976,985)**
Net income	**91,270,829**

See accompanying notes.

Unaudited Statement of Changes in Partners' Capital

(Stated in United States Dollars)	Total $	General Partner $	Limited Partners $
Capital contributions	2,233,099,838	9,000,000	2,224,099,838
Capital withdrawals	(1,280,969,707)	–	(1,280,969,707)
Allocation of net income:			
Pro-rata allocation	91,270,829	755,541	90,515,288
Incentive allocation	–	7,950,930	(7,950,930)
Net income	91,270,829	8,706,471	82,564,358
Partners' capital at end of period	**1,043,400,960**	**17,706,471**	**1,025,694,489**

See accompanying notes.

Unaudited Statement of Cash Flows

(Stated in United States Dollars)	Half-year June 30, 2009 $
Cash flows from operating activities	
Net income	91,270,829
Adjustments to reconcile net income to net cash used by operating activities:	
Purchases of investment securities	(1,653,172,246)
Proceeds from disposition of investment securities	1,412,293,162
Purchases of investment securities to cover short sales	(856,731,228)
Proceeds from short sales of investment securities	695,630,430
Net change in unrealized depreciation on derivative contracts	(22,236,030)
Decrease in due from brokers	267,148,525
Decrease in interest and dividends receivable	733,348
Increase in due to brokers	164,920,181
Increase in interest and dividends payable	7,260
Decrease in accrued expenses	(1,199,484)
Net change in unrealized depreciation on securities positions	(349,766,522)
Net realized loss from securities, derivative contracts and currency transactions	248,042,025
Net cash used in operating activities	**(3,059,750)**
Cash flows from financing activities	
Capital contributions	1,212,048,298
Capital withdrawals	(1,180,662,483)
Net cash provided by financing activities	**31,385,815**
Net increase in cash	**28,326,065**
Cash at the beginning of the year	**–**
Cash at the end of the year	**28,326,065**
Supplemental disclosure of cash flow information	
Contributed net assets in-kind from Third Point Offshore Fund, Ltd.	1,021,051,540
Cash paid during the year for interest	543,321

See accompanying notes.

Notes to Unaudited Condensed Interim Financial Statements

Period ended June 30, 2009

1. Organization

Third Point Offshore Master Fund L.P. (the "Partnership") was organized as a limited partnership under the laws of the Cayman Islands and commenced operations on January 1, 2009. The Partnership was formed to carry on the business of investing and trading in securities, derivatives and other investment products. The Partnership will continue until terminated as provided for in the Initial Exempted Limited Partnership Agreement (the "Agreement").

The Partnership serves as the master fund in a "master-feeder" structure whereby Third Point Offshore Fund, Ltd. (the "Feeder"), a Cayman Islands exempted company, invests substantially all of its net assets in the Partnership, which conducts all investment and trading activities on behalf of the Feeder Fund. On January 1, 2009, the Feeder converted into a master-feeder structure (the "Conversion"). In order to carry out the Conversion of assets from the Feeder to the Partnership, the Feeder contributed substantially all of its net assets to the Partnership in exchange for a limited partnership interest in the Partnership in accordance with the Initial Exempted Limited Partnership Agreement of the Partnership. The Feeder and the Partnership have the same investment objectives. At June 30, 2009, 98.3% of the Partnership's capital is owned by the Feeder.

Third Point L.L.C. (the "Investment Manager") is the Investment Manager of the Partnership. The General Partner of the Partnership is Third Point Advisors II L.L.C. The Investment Manager is registered with the Securities and Exchange Commission as an Investment Adviser under the Investment Advisers Act of 1940. The Investment Manager and the General Partner are responsible for the operation and management of the Partnership.

The Investment Manager's bottom-up approach attempts to identify individual companies that would make attractive investment targets based on their growth and profitability characteristics. This approach differs from a top-down methodology which first evaluates macro-economic, sector, industry or geographic factors to select the best sectors or industries for investment.

The Investment Manager seeks to identify event-driven situations in which it can take either a long or short investment position where it can identify a near or long-term catalyst that would unlock value.

International Fund Services (Ireland) Limited serves as the administrator (the "Administrator") and transfer agent to the Partnership.

2. Significant Accounting Policies

The Partnership's unaudited interim financial statements are condensed in whole and have been guided by accounting principles generally accepted in the United States of America and are expressed in United States dollars. The following is a summary of the significant accounting and reporting policies:

Securities listed on a national securities exchange or quoted on NASDAQ are valued at their last sales price as of the last business day of the year. Listed securities with no reported sales on such date and over-the-counter securities are valued at their last closing bid price if held long by the Partnership and last closing ask price if held short by the Partnership. Additionally, securities are valued based on dealer quotes or other quoted market prices for similar securities. Private placement securities are not registered for public sale and are carried at an estimated fair value at the end of the period, as determined by the Investment Manager. Factors considered by the Investment Manager in determining fair value include cost, type of investment, subsequent purchases of the same or similar investments by the Partnership or other investors and the current financial position and operating results of the portfolio company. Due to the inherent uncertainty of valuation for these investments, the estimate of fair value for its interest in these investments may differ from the values that would have been used had a ready market existed for the investment, and the difference could be material.

Notes to Unaudited Condensed Interim Financial Statements continued

Period ended June 30, 2009

2. Significant Accounting Policies (continued)

Derivative financial instruments ("derivatives") have been recorded pursuant to the Financial Accounting Standards Board's ("FASB") Statement of Financial Accounting Standards ("SFAS") No. 133 ("SFAS 133"), *Accounting for Derivative Instruments and Hedging Activities*, as amended by SFAS No. 149, *Amendment of Statement 133 on Derivative Instruments and Hedging Activities*. The Partnership's derivatives are recorded at market or fair value. The Partnership values exchange-traded derivative contracts at their last sales price on the exchange where it is primarily traded. Over-the-counter ("OTC") derivatives, which include swap and forward currency contracts, are valued at independent values provided by third party pricing sources when available; otherwise, fair values are obtained from counterparty quotes that are based on pricing models that consider the time value of money, volatility, and the current market and contractual prices of the underlying financial instruments.

The Investment Manager values the Partnership's investments in other investment funds at fair value, which is an amount equal to the sum of the capital accounts in the investment funds generally determined from financial information provided by the investment managers of the investment funds. The resulting net gains or losses are reflected in the statement of income.

The Partnership records securities transactions and related income and expense on a trade-date basis. Realized gains and losses are determined using cost calculated on a specific identification basis. Dividends are recorded on the ex-dividend date. Interest is recorded on the accrual basis.

Assets and liabilities denominated in foreign currencies are translated at the closing rates of exchange at June 30, 2009. Transactions during the year are translated at the rate of exchange prevailing on the date of the transaction. Foreign currency transaction and translation gains and losses are included in the statement of income.

The Partnership is exempt from all forms of taxation in the Cayman Islands, including income, capital gains and withholding taxes. In jurisdictions other than the Cayman Islands, in some cases foreign taxes will be withheld at source on dividends and certain interest received by the Partnership. Capital gains derived by the Partnership in such jurisdictions generally will be exempt from foreign income or withholding taxes at the source.

The preparation of unaudited condensed interim financial statements requires management to make estimates and assumptions that affect the amounts and disclosures in the unaudited financial statements and accompanying notes. Actual results could differ from these estimates.

The fair value of the Partnership's assets and liabilities, which qualify as financial instruments under Statement of Financial Accounting Standards No. 107, *Disclosures about Fair Value of Financial Instruments*, approximates the carrying amounts presented in the statement of financial condition.

Effective January 1, 2008, the Partnership adopted FASB Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("SFAS 157"). SFAS 157 clarifies the definition of fair value, creates a hierarchy of fair value, and requires additional disclosures about fair value measurements. In accordance with SFAS 157, fair value is defined as the price that the Partnership would receive upon selling a security in a timely transaction to an independent buyer in the principal or most advantageous market of the security. SFAS 157 also established a hierarchy that classifies inputs into three levels broadly defined below:

- Level 1 – Quoted prices available in active markets/exchanges for identical investments as of the reporting date. The types of assets and liabilities that are classified at this level generally include equity, fixed income, and option securities listed in active markets.

2. Significant Accounting Policies (continued)

- Level 2 – Pricing inputs other than observable inputs including but not limited to prices quoted for similar assets or liabilities in active markets/exchanges or prices quoted for identical or similar assets or liabilities in markets that are not active and fair value is determined through the use of models or other valuation methodologies. The types of assets and liabilities that are classified at this level generally include equity swaps, forward contracts, and certain other derivatives.

- Level 3 – Pricing inputs unobservable for the investment and include activities where there is little, if any, market activity for the investment. The inputs into determination of fair value require significant management judgment and estimation. The types of assets and liabilities that are classified at this level generally include private investments, limited partnerships, investment companies and certain derivatives.

Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value including such a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable.

Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Investment Manager's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

On April 9, 2009, the FASB issued FSP FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* (the "FSP 157-4"). The FSP 157-4 provides additional guidance to highlight and clarify the factors that should be considered in estimating fair value when there has been a significant decrease in market activity for an asset or liability. FSP 157-4 also requires reporting entities to define major category for both debt and equity securities and is applicable for interim and annual reporting periods ending after June 15, 2009. The Partnership adopted FSP 157-4 effective June 30, 2009 and the adoption did not have a significant effect on the unaudited condensed interim financial statements.

On June 8, 2009, the FASB issued proposed FASB Staff Position No. FAS 157-g, *Estimating the Fair Value of Investments in Investment Companies That Have Calculated Net Asset Value per Share in Accordance with the AICPA Audit and Accounting Guide, Investment Companies* (the "proposed FSP"). Under the guidance in the proposed FSP, a reporting entity would be permitted, as a practical expedient, to estimate the fair value of certain alternative investments using the net asset value (NAV) per share of the investment. The proposed FSP also requires additional disclosures that will enable users of financial statements to better understand the nature and risks of investments within the scope. The proposed FSP would be effective upon issuance and applied prospectively.

The following is a summary of the inputs utilized in valuing the Partnership's assets and liabilities carried at fair value as of June 30, 2009:

Notes to Unaudited Condensed Interim Financial Statements continued

Period ended June 30, 2009

2. Significant Accounting Policies (continued)

	Fair Value Measurements at June 30, 2009			
Description	Level 1	Level 2	Level 3	Total
Assets				
Equity securities	$ 659,666,439	$ 478,347	$ 43,602,857	$ 703,747,643
Fixed income	77,599,577	265,825,325	8,938,692	352,363,594
Bank debt	–	156,976,342	29,788,876	186,765,218
Warrants/Rights	266,041	–	–	266,041
Investment funds	13,604,245	–	23,495,422	37,099,667
Asset-backed securities	–	56,736,286	19,646,630	76,382,916
Total assets	**$ 751,136,302**	**$ 480,016,300**	**$ 125,472,477**	**$ 1,356,625,079**
Liabilities				
Equity securities	$ 332,952,494	$ –	$ –	$ 332,952,494.00
Contracts for differences	–	(7,618,189)	–	(7,618,189)
Credit default swap contracts	–	(8,451,355)	–	(8,451,355)
Total return swap contracts	–	18,933,749	–	18,933,749
Foreign currency forward contracts	–	1,502,722	–	1,502,722
Total liabilities	**$ 332,952,494**	**$ 4,366,927**	**$ –**	**$ 337,319,421**

The following table is a reconciliation of assets and liabilities the Partnership held during the period ended June 30, 2009 at fair value using significant unobservable inputs (Level 3):

	Balance as of January 1, 2009	Purchases, sales, issuances and settlements, net	Net transfers in and/or out of Level 3	Total gain*	Balance as of June 30, 2009
Equity securities	$ 55,053,369	$ (5,588,405)	$ (1,032,831)	$ (4,829,276)	$ 43,602,857
Fixed income	18,967,041	(6,033,674)	–	(3,994,675)	8,938,692
Bank debt	38,256,019	(9,830,953)	–	1,363,810	29,788,876
Warrants/Rights	–	–	–	–	–
Investment funds	77,804,535	(34,160,359)	–	(20,148,754)	23,495,422
Asset-backed securities	–	19,266,435	–	380,195	19,646,630
Credit default swap contracts	–	(42,980,088)	14,554,303	28,425,785	–
Total Level 3	**$ 190,080,964**	**$ (79,327,044)**	**$ 13,521,472**	**$ 1,197,085**	**$ 125,472,477**
Total change in unrealized gain related to investments in securities held at June 30, 2009*					**$ 168,095,074**

**Total change in realized and unrealized gains/losses recorded on Level 3 financial instruments are included in net realized and unrealized gains on investments in the statement of income.*

Assets and liabilities of the Partnership fair valued using significantly unobservable inputs (Level 3) include investments fair valued by the Investment Manager, previously discussed in note 2, but are not limited to such investments.

On July 13, 2006, the FASB released FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48"). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Partnership's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet a "more-likely-than-not" threshold would be recorded as a

2. Significant Accounting Policies (continued)

tax expense in the current year. Adoption of FIN 48 is now required for non-public entities for fiscal years beginning after December 15, 2008 and is to be applied to all open tax years as of the effective date. The Investment Manager has elected to defer adoption of FIN 48, allowable under FASB Staff Position ("FSP") FIN 48-2, and will adopt for the fiscal year ending December 31, 2009 as required, however management is still in the process of evaluating the implications of FIN 48 and will ensure that the Partnership is compliant upon adoption. The Partnership's accounting policy for evaluating uncertain tax positions during financial statement periods subject to the deferral of FIN 48 is based on the recognition and disclosure criteria for loss contingencies under SFAS No. 5, *Accounting for Contingencies*.

In May 2009, the FASB issued SFAS No. 165, *Subsequent Events* ("SFAS No. 165"). This Statement establishes general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date and is effective for interim and annual periods ending after June 15, 2009.

3. Due from/to Brokers

Due from brokers includes cash balances with the Partnership's clearing brokers and amounts receivable for securities transactions that have not settled at June 30, 2009. The cash at brokers is primarily related to excess univested balances, proceeds from securities sold, but not yet purchased, and collateral posted for over-the-counter contracts. At June 30, 2009, the due from brokers balance includes collateral received of $14,851,380. Due to brokers consists primarily of cash and foreign currency balances owed, cash collateral from OTC counterparties received by the Partnership and amounts payable for securities transactions that have not yet settled at June 30, 2009. Margin debt balances, if any, are collateralized by certain of the Partnership's securities and cash held by the brokers. Margin interest is paid either at the daily broker call rate or based on LIBOR or the Federal funds rate. Cash at the clearing brokers that is related to securities sold, not yet purchased may be restricted until the securities are purchased.

4. Allocation of Net Income

The Feeder Fund will be allocated a proportionate share of the Partnership's gains, losses and expenses based on its interest in the Partnership.

In accordance with the provisions of the Agreement, net income or net loss of the Partnership, other than appreciation and depreciation in Special Investment accounts, is allocated to the general capital account of each partner in proportion to their respective general capital accounts.

As part of the Partnership's investment program, the Partnership may acquire assets or securities through direct investments or private placements that the Investment Manager believes either lack a readily ascertainable market value or should be held until the resolution of a special even or circumstances ("Special Investments").

Net income or net loss is allocated each fiscal period, as defined in the Agreement, or at other times during the fiscal year when the General Partner permits capital contributions and withdrawals. A partner's percentage ownership of the Partnership will increase whenever another partner withdraws capital and will decrease when another partner contributes capital. Therefore, the allocation of net income and net loss may vary among partners based upon the timing of capital transactions throughout the year. Gains and losses from "new issues," as defined by the Financial Industry Regulatory Authority ("FINRA") Consolidated Rulebook, are allocated only to those partners who are deemed to be unrestricted by the General Partner.

Notes to Unaudited Condensed Interim Financial Statements continued

Period ended June 30, 2009

4. Allocation of Net Income (continued)

The Feeder Fund is not charged a management fee on its capital account in the Partnership. Such amount is charged directly to the investors at the Feeder fund level, as applicable.

The General Partner receives an incentive allocation equal to 20% of the net profit allocated to each underlying investor, as defined in the Agreement (the "Full Incentive Allocation"). For purposes of determining net profits, appreciation or depreciation from realized (or deemed realized) Special Investments will be included. If an underlying investor has a net loss during any fiscal year and, during subsequent years, there is a net profit attributable to such limited partner, the limited partner must recover an amount equal to 2.5 times the amount of the net loss chargeable in the prior years before the General Partner is entitled to the Full Incentive Allocation. Until this occurs, the limited partner will be subject to a reduced incentive allocation equal to half of the Full Incentive Allocation. For the period ended June 30, 2009, the accrued incentive allocation is $7,950,930.

5. Related Party Transactions

Third Point Loan LLC ("Loan LLC") serves as a nominee of the Partnership and other investment management clients of the Investment Manager (collectively the "Beneficial Owners") for certain investments. Loan LLC has appointed the Investment Manager as its true and lawful agent and attorney. At June 30, 2009, Partnership investments of $186,765,218 are registered in the name of Loan LLC and are included in investments in securities in the statement of financial condition.

The Partnership entered into equity swap contracts with two investment funds with the same Investment Manager as the Partnership. For the period ended June 30, 2009, the Partnership's net realized loss was $1,462,228 on these swap contracts. At June 30, 2009, the change in aggregate unrealized loss on these swap contracts was $1,247,249.

The Partnership has entered into a partnership with three other investment funds managed by the Investment Manager in order to invest in certain securities. As of June 30, 2009, the Partnership's investment in the partnership was valued at $16,751,237 with a change in unrealized loss of $1,365,634. The partnership does not charge the Partnership management or incentive fees.

As of June 30, 2009, the Partnership held shares of Third Point Offshore Investors, Limited ("ListCo"), a London Stock Exchange listed entity that is managed by the Investment Manager and is also an investor in the Partnership. As part of ListCo's share purchase program, the Partnership has the ability to purchase shares in the after-market any time ListCo's shares trade at a discount to ListCo's net asset value. At June 30, 2009, the Partnership owned 2,805,000 US Dollar Shares in ListCo with an aggregate market value of $13,604,245 and an unrealized loss of $14,744,472. All gains and losses and implied financing costs related to the share purchase program are specifically allocated to only ListCo's investment in the Partnership.

6. Administration Fee

The Partnership has entered into an administrative services agreement with International Fund Services (Ireland) Limited. In accordance with the terms of this agreement, the administrator provides certain specified fund accounting and administration, trade support and transfer agent services. For the period ended June 30, 2009, the administrator received a fee of $756,991 based on the month end partners' capital of the Partnership and is included in administrative and professional fees in the statement of income.

7. New Issues

The Partnership may invest, directly or indirectly, in equity securities in initial public offerings deemed "new issues" under Rule 5130 of FINRA Consolidated Rulebook. "New issues" are defined as any initial public offering of an equity, regardless of whether such security is trading at a premium in the secondary market. NASD members generally may not sell "new issues" to an account, in which certain persons or entities designated as restricted persons have beneficial interest.

8. Financial Instruments with Off-Balance Sheet Risk or Concentrations of Credit Risk

In the normal course of its business, the Partnership trades various financial instruments and enters into various investment activities with off-balance sheet risk. These financial instruments include securities sold, not yet purchased, forward currency contracts, credit default swaps, index swaps, total return swaps and contracts for differences. Generally, these financial instruments represent future commitments to purchase or sell other financial instruments at specific terms at specified future dates. Each of these financial instruments contains varying degrees of off-balance sheet risk whereby changes in the market values of the securities underlying the financial instruments or fluctuations in interest rates and index values may exceed the amounts recognized in the statement of financial condition.

Securities sold, not yet purchased are recorded as liabilities in the statement of financial condition and have market risk to the extent that the Partnership, in satisfying its obligations, may have to purchase securities at a higher value than that recorded in the statement of financial condition.

Substantially all securities transactions of the Partnership are cleared by several major U.S. securities firms. At June 30, 2009, substantially all of the investments in securities, securities sold, not yet purchased and due from brokers are positions with and amounts due from these brokers. The Partnership had substantially all such individual counterparty concentration with these brokers or their affiliates.

Foreign currency forward contracts expose the Partnership to market risk to the extent that adverse changes occur in the exchange rate of the underlying foreign currency.

The Partnership enters into total return swaps, contracts for differences and index swaps that involve the exchange by the Partnership with another party of their respective commitments to pay or receive from the counterparty a net amount based on the change in market value of a particular equity or index and a specified notional holding. The use of these contracts exposes the Partnership to market risks equivalent to actually holding securities of the notional value but typically involve little capital commitment relative to the exposure achieved. The gains or losses of the Partnership may therefore be magnified on the capital commitment. Entering into total return swaps, contracts for differences and index swaps involves the risk of dealing with counterparties and their abilities to meet the terms of the contracts.

Credit default swap contracts entered into by the Partnership typically represent the exchange by the Partnership with a counterparty of a commitment to provide a level of credit protection for a commitment to pay interest at a fixed rate based on the potential risk of default of the relevant underlying issuers. The Partnership purchases credit default swaps in order to effectively obtain short credit exposure to particular issuers. With regard to credit default swap protection purchased, the Partnership is at risk for its commitment to pay interest at a fixed rate according to the terms of the respective contracts.

The Fund's exposure to credit risk associated with counterparty non-performance on forward, swap and OTC option contracts is limited to the net unrealized gains by counterpart inherent in such contracts which are recognized in the statement of assets and liabilities.

From time to time, the Partnership may engage in writing option contracts. The premium received by the Partnership upon writing an option contract is recorded as a liability, marked to market on a daily basis and is included in securities sold, not yet purchased in the statement of financial condition. In writing an option, the Partnership bears the market risk of an unfavorable change in the financial instrument underlying the written option. Exercise of an option written by the Partnership could result in the Partnership selling or buying a financial instrument at a price different from the current market value. At June 30, 2009, the Partnership did not hold any written options.

The Partnership's investments in securities and amounts due from brokers are partially restricted until the Partnership satisfies the obligation to deliver securities sold, not yet purchased.

Notes to Unaudited Condensed Interim Financial Statements continued

Period ended June 30, 2009

9. Derivative Contracts

In the normal course of business, the Partnership enters into derivative contracts. The derivatives that the Partnership invests in are primarily equity options, rights, warrants, foreign currency forward contracts, credit default on index and total return swap contracts and contracts for differences. Typically, derivatives serve as a component of the Partnership's investment strategy and are utilized primarily to structure the portfolio, or individual investments, to economically match the investment objective of the Partnership. Market values of derivatives are determined by using quoted market prices when available; otherwise fair values are based on pricing models that consider the time value of money, volatility, and the current market and contractual prices of underlying financial instruments.

In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161, *Disclosures about Derivative Instruments and Hedging Activities, an amendment of SFAS 133* ("SFAS 161"). SFAS 161 requires qualitative disclosures about objectives for using derivatives by primary underlying risk exposure and by purpose or strategy. The implementation of SFAS 161 resulted in additional disclosures but did not have a material effect on the Partnership's unaudited condensed interim financial statements.

The Partnership enters into derivative contracts relating to foreign currency, equity, and other market/credit risks for the following reasons:

- Trading Purposes – The Partnership utilizes derivative contracts to gain exposure to certain investments. The utilization of derivative contracts allows for an efficient means in which to trade certain asset classes.

- Hedging purposes – The Partnership uses derivatives to hedge certain risks. For example, foreign currency contracts are used to hedge non-U.S. Dollar denominated investments.

The following table sets forth the fair value of the Partnership's derivative contracts by major risk type on a gross basis as well as their notional amounts/shares as of June 30, 2009.

	Derivative Assets	Derivative Liabilities	Notional Amounts/ Shares
Contracts for differences[1]	$ 9,726,322	$ 2,108,133	39,656,136
Credit default swap contracts[1]	8,451,355	–	30,819,000
Total return swap contracts[1]	2,946,539	21,880,288	77,901,248
Foreign currency forward contracts[2]	–	1,502,722	228,834,654
Gross Fair Value of Derivative Contracts	**$ 21,124,216**	**$ 25,491,143**	

[1] *Included in net unrealized loss on contracts for differences and swap contracts on the unaudited statement of financial condition.*

[2] *Included in the net unrealized loss on foreign currency forward contracts on the unaudited statement of financial condition.*

9. Derivative Contracts (continued)

The following table sets forth by major risk type the Partnership realized and unrealized gain/(losses) related to trading activities for the period ended June 30, 2009 in accordance with SFAS No. 161. These realized and unrealized gain/(losses) are included in the Statement of Income.

	Realized Gains/(losses) Period Ended June 30, 2009	Unrealized Gains/(losses) Period Ended June 30, 2009
Contracts for differences	$ 7,028,959	$ 7,226,291
Credit default swap contracts	(23,677,646)	(44,424,904)
Total return swap contracts	(48,100,675)	55,443,044
Foreign currency forward contracts	(9,297,069)	3,991,600
Other Contracts	(1,702,208)	–
Total realized and unrealized gain/(loss)	**$ (75,748,639)**	**$ 22,236,031**

Certain derivative instruments contain provisions that require the Partnership to either post additional collateral or immediately settle any outstanding liability balances upon the occurrence of a specified credit risk–related event. These events, which are defined by the existing derivative contracts, are primarily downgrades in the credit ratings of the Partnership. As of June 30, 2009, the Partnership holds no derivative instruments with credit risk–related contingent features that are in a liability position.

10. Commitments

Loan and other participation interests purchased by the Partnership such as bank debt may include revolving credit arrangements or other financing commitments obligating the Partnership to advance additional amounts on demand. At June 30, 2009, the Partnership had unfunded capital commitments of $36,542,533.

In the normal course of trading activities, the Partnership trades and holds certain fair-valued derivative contracts, which constitute guarantees under FASB Interpretation No. 45 *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees for Indebtedness of Others* ("FIN 45"). Such contracts include credit default swaps where the Partnership is providing credit protection on an underlying instrument, and written put options where the Partnership commits to buying an underlying instrument. The maximum payouts for these contracts are limited to the notional amounts of each swap and written put option. At June 30, 2009, the Partnership did not have any credit default swap contracts where it is providing credit protection or any written put options where it is committed to buying an underlying instrument.

11. Indemnifications

In the normal course of business, the Partnership enters into contracts that contain a variety of indemnifications and warranties. The Partnership's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Partnership that have not yet occurred. However, the Partnership has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote. Thus, no amounts have been accrued related to such indemnifications.

Notes to Unaudited Condensed Interim Financial Statements continued

Period ended June 30, 2009

12. Financial Highlights

The following represents the ratios to average limited partners' capital and total return information for the period ended June 30, 2009:

Ratios to average limited partners' capital:

Total expenses	3.74%
Incentive allocation	0.68%
Total expenses and incentive allocation	**4.42%**
Net investment loss	**(1.61%)**

The ratios above are calculated for all the limited partners taken as a whole. The computation of such ratios based on the amount of expenses, incentive allocation, and net investment loss assessed to an individual investor's capital may vary from these ratios based on different management fee and incentive arrangements (as applicable) and the timing of capital transactions. The net investment loss ratio does not reflect the effect of any incentive allocation.

Total return before incentive allocation	9.13%
Incentive allocation	(0.75%)
Total return after incentive allocation	**8.38%**

Total return is calculated for all the limited partners taken as a whole. An individual investor's return may vary from these returns based on participation in "new issues", different management fee and incentive arrangements (as applicable) and the timing of capital transactions.

13. Subsequent Events

The Partnership estimates redemptions of approximately $58,000,000 and contributions of $3,100,000 from the Master Fund based on redemptions and contributions received as of August 14, 2009.