THIRD POINT

THIRD POINT OFFSHORE MASTER FUND L.P.

FINANCIAL STATEMENTS

Year ended December 31, 2009

With Report of Independent Auditors

Contents

ERNST & YOUNG

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Report of Independent Auditors

To the Partners of
Third Point Offshore Offshore Master Fund L.P.

We have audited the accompanying statement of assets and liabilities of Third Point Offshore Offshore Master Fund L.P. (the "Partnership"), including the condensed schedule of investments, as of December 31, 2009, and the related statements of income, changes partners' capital and cash flows for the year then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Third Point Offshore Offshore Master Fund L.P. at December 31, 2009, and the results of its operations, the changes in its partners' capital and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Ernst + Young LLP

March 26, 2010

Statement of Financial Condition

December 31, 2009

(Stated in United States Dollars)	$
Assets	
Cash	4,123,411
Investments in securities, at fair value (cost $1,739,039,292)	1,875,030,802
Due from brokers	173,544,963
Net unrealized gain on derivative contracts (including upfront fees paid of $4,810,565)	22,121,243
Interest and dividends receivable	6,593,639
Other assets	243,587
Total assets	**2,081,657,645**
Liabilities	
Securities sold, not yet purchased, at fair value (proceeds $210,028,117)	233,996,228
Securities sold under agreement to repurchase	13,347,497
Due to brokers	299,671,836
Net unrealized loss on derivative contracts (including upfront fees received of $11,178,896)	12,938,737
Payable to Feeder	131,274,451
Interest and dividends payable	246,932
Accrued expenses	1,598,141
Total liabilities	**693,073,822**
Commitments (See Note 10)	
Partners' capital	**1,388,583,823**
Total liabilities and partners' capital	**2,081,657,645**

See accompanying notes.

Condensed Schedule of Investments

December 31, 2009

(Stated in United States Dollars)	Shares	Fair Value $	Percentage of Partners' Capital %
Investments in Securities			
Equity Securities			
United States:			
Aerospace/Defense		50,709,822	3.65
Airlines		162,554	0.01
Alternative Energy		1,743,885	0.13
Automobile Parts and Equipment:			
Dana Holding Corporation – Preferred	402,700	39,867,300	2.87
Dana Holding Corporation	918,100	9,952,204	0.72
Other		37,109,334	2.67
Total Automobile Parts and Equipment		86,928,838	6.26
Banks		41,607,404	3.00
Beverages		16,306,102	1.17
Commercial Services		13,928,892	1.00
Computers		37,081,241	2.67
Diversified Machinery		1,619,481	0.12
Electronics		8,573,576	0.62
Finance:			
CIT Group, Inc.	1,037,700	28,650,897	2.06
Other		111,153,892	8.01
Total Finance		139,804,789	10.07
Healthcare Services		79,463,622	5.72
Insurance		28,657,944	2.06
Internet		9,950,540	0.72
Media		48,023,849	3.46
Office Equipment		20,062,890	1.44
Oil and Gas		41,934,579	3.02
Pharmaceuticals		64,261,946	4.63
Real Estate Investment Trust		10,968,128	0.79
Software		37,480,100	2.70
Utilities		3,309,957	0.24
Total United States (cost $680,498,602)		**742,580,139**	**53.48**
Canada:			
Mining		9,075,723	0.65
Oil and Gas		2,084,756	0.15
Pharmaceuticals		2,058,555	0.15
Total Canada (cost $18,523,367)		**13,219,034**	**0.95**
Cayman Islands:			
Insurance (cost $20,284,859)		15,293,950	1.10

Condensed Schedule of Investments continued

December 31, 2009

(Stated in United States Dollars)	Principal $	Fair Value $	Percentage of Partners' Capital %
Investments in Securities (continued)			
Equity Securities (continued)			
France:			
Aerospace/Defense (cost $7,932,003)		8,864,731	0.64
Germany:			
Media (cost $3,389,223)		3,369,129	0.24
Guernsey:			
Finance (cost $4,183,002)		4,142,291	0.30
Puerto Rico:			
Banks (cost $9,227,517)		13,406,546	0.96
Switzerland:			
Chemicals (cost $5,103,921)		5,259,076	0.38
United Kingdom:			
Banks		2,523,840	0.18
Retail Restaurants		5,927,425	0.43
Total United Kingdom (cost $12,215,628)		**8,451,265**	**0.61**
Virgin Islands, British:			
Oil and Gas (cost $6,025,772)		2,926,976	0.21
Total Equity Securities (cost $767,383,894)		**817,513,137**	**58.87**
Corporate Bonds			
United States:			
Airlines		1,049,706	0.08
Automobile Parts and Equipment		10,690,785	0.77
Building Materials		15,709,060	1.13
Commercial Services		7,916,332	0.57
Entertainment		13,043,690	0.94
Finance:			
CIT Group Inc. 7%, 05/01/2017	21,284,318	18,481,883	1.33
CIT Group Inc. 7%, 05/01/2016	15,203,083	13,353,375	0.96
CIT Group Inc. 7%, 05/01/2014	9,121,848	8,392,100	0.60
CIT Group Inc. 7%, 05/01/2015	9,121,848	8,156,452	0.59
CIT Group Inc. 7%, 05/01/2013	6,081,231	5,696,086	0.41
Other		68,783,100	4.96
Total Finance		**122,862,996**	**8.85**

(Stated in United States Dollars)	Principal $	Fair Value $	Percentage of Partners' Capital %
Investments in Securities (continued)			
Corporate Bonds (continued)			
United States (continued):			
Media		10,566,720	0.76
Oil and Gas		9,636,154	0.69
Real Estate Investment Trust		8,033,677	0.58
Telecommunications		16,165	0.00
Total United States (cost $188,045,463)		**199,525,285**	**14.37**
Belgium:			
Banks (cost $57,361,700)		54,122,050	3.90
Bermuda:			
Telecommunications (cost $819,875)		861,408	0.06
Germany:			
Finance (cost $11,752,430)		10,487,449	0.76
Iceland:			
Banks (cost $32,473,261)		34,631,350	2.49
Netherlands:			
Electronics (cost $21,188,977)		22,286,633	1.61
United Kingdom:			
Finance (cost $44,424,267)		43,795,550	3.15
Total Corporate Bonds (cost $356,065,973)		**365,709,725**	**26.34**
Bank Debt			
United States:			
Automobile Financing		64,621,352	4.65
Automobile Manufacturing		37,936,115	2.73
Automobile Parts and Equipment:			
Dana Holding Corporation, 01/12/2013	15,829,110	14,932,127	1.08
Dana Holding Corporation, 08/07/2019	6,075,406	5,731,133	0.41
Other		25,412,728	1.83
Total Automobile Parts and Equipment		46,075,988	3.32
Chemicals		36,218,849	2.61
Entertainment		5,729,790	0.41
Media		9,832,838	0.71
Oil and Gas		13,967,160	1.01
Real Estate Investment Trust		8,652,873	0.62

Condensed Schedule of Investments continued

December 31, 2009

(Stated in United States Dollars)	Fair Value $	Percentage of Partners' Capital %
Investments in Securities (continued)		
Bank Debt (continued)		
United States (continued):		
Resorts and Casinos	7,595,870	0.55
Transportation	5,818,067	0.42
Total United States (cost $182,425,080)	**236,448,902**	**17.03**
Bermuda:		
Telecommunications (cost $3,032,835)	6,170,683	0.44
France:		
Education Services (cost $33,833,829)	36,754,772	2.64
Germany:		
Special Purpose Acquisition (cost $16,565,315)	18,164,529	1.31
Iceland:		
Banks (cost $5,542,472)	6,212,851	0.45
United Kingdom:		
Sporting Activities (cost $8,554,389)	8,986,991	0.65
Total Bank Debt (cost $249,953,920)	**312,738,728**	**22.52**
Mortgage-Backed Securities		
United States:	256,557,369	18.48
Total Mortgage-Backed Securities (cost $250,503,606)	**256,557,369**	**18.48**
Investment Funds		
United States:		
Investment Companies	29,951,207	2.16
Limited Partnerships	6,139,019	0.44
Total United States (cost $18,564,858)	**36,090,226**	**2.60**
Cayman Islands:		
Investment Companies	3,220,035	0.23
Limited Partnership Funds	8,006,285	0.58
Total Cayman Islands (cost $6,215,000)	**11,226,320**	**0.81**
Guernsey:		
Investment in Affiliated Portfolio Fund (cost $15,799,920)	18,933,743	1.36
Total Investment Funds (cost $40,579,778)	**66,250,289**	**4.77**

(Stated in United States Dollars)	Fair Value $	Percentage of Partners' Capital %
Investments in Securities (continued)		
Private Securities		
Private Common Equity Securities		
United States:		
Finance	5,585,400	0.40
Mining	369,442	0.03
Oil and Gas	136,125	0.01
Special Purpose Acquisition	12,672,000	0.91
Telecommunications	3,653,458	0.27
Total United States (cost $24,043,428)	**22,416,425**	**1.62**
Canada:		
Mining (cost $3,304,176)	6,680,994	0.48
Total Private Common Equity Securities (cost $27,347,604)	**29,097,419**	**2.10**
Private Preferred Equity Securities		
United States:		
Alternative Energy	9,851,054	0.71
Computers	2,960,539	0.21
Oil and Gas	2,961,550	0.21
Pharmaceuticals	9,752,608	0.70
Telecommunications	676,150	0.05
Total Private Preferred Equity Securities (cost $46,608,943)	**26,201,901**	**1.88**
Total Private Securities (cost $73,956,547)	55,299,320	3.98
Trade Claims		
United States:		
Airlines	846,342	0.06
Total Trade Claims (cost $595,574)	**846,342**	**0.06**
Rights and Warrants		
Canada:		
Mining (cost $0)	115,892	0.01
Total Rights and Warrants (cost $0)	**115,892**	**0.01**
Total Investments in Securities (cost $1,739,039,292)	1,875,030,802	135.03

Condensed Schedule of Investments continued

December 31, 2009

(Stated in United States Dollars)	Fair Value $	Percentage of Partners' Capital %
Securities Sold, not yet Purchased		
Equity Securities		
United States:		
Airlines	2,849,068	0.21
Banks	18,796,699	1.35
Commercial Services	25,966,302	1.87
Diversified Manufacturing	9,345,801	0.67
Education Services	34,163,160	2.46
Electronics	7,911,248	0.57
Finance	19,089,640	1.38
Healthcare Products	3,372,695	0.24
Healthcare Services	14,239,800	1.03
Insurance	13,997,333	1.01
Media	9,614,019	0.69
Medical Equipment	3,796,026	0.27
Oil and Gas	177,857	0.01
Retail Automobile	5,430,746	0.39
Telecommunications	5,422,725	0.39
Transportation	5,404,917	0.39
Wholesale Distribution	7,622,368	0.55
Total United States (proceeds $170,936,497)	**187,200,404**	**13.48**
Cayman Islands:		
Alternative Energy	17,192,094	1.24%
Electronics	3,641,020	0.26
Total Cayman Islands (proceeds $18,574,772)	**20,833,114**	**1.50**
Netherlands:		
Commercial Services (proceeds $9,211,528)	11,711,622	0.84
Switzerland:		
Healthcare Products (proceeds $5,369,395)	5,788,263	0.42
Virgin Islands, British:		
Agriculture	1,798,456	0.13
Alternative Energy	5,671,729	0.41
Total Virgin Islands, British (proceeds $5,329,092)	**7,470,185**	**0.54**
Total Equity Securities (proceeds $209,421,284)	**233,003,588**	**16.78**

(Stated in United States Dollars)	Fair Value $	Percentage of Partners' Capital %
Securities Sold, not yet Purchased (continued)		
Bank Debt		
United States:		
Automobile Manufacturing	40,623	0.00
Automobile Parts and Equipment	905,968	0.07
Oil and Gas	7,625	0.00
Total United States (proceeds $425,116)	**954,216**	**0.07**
France:		
Media (proceeds $181,717)	38,424	0.00
Total Bank Debt (proceeds $606,833)	**992,640**	**0.07**
Total Securities Sold, not yet Purchased (proceeds $210,028,117)	**233,996,228**	**16.85**

Condensed Schedule of Investments continued

December 31, 2009

(Stated in United States Dollars)	Unrealized Gain/(Loss) $	Percentage of Partners' Capital %
Derivative Contracts		
Contracts for Differences – Long Contracts		
Cayman Islands:		
Alternative Energy	(270,912)	(0.02)
Germany:		
Media	651,836	0.05
Retail Building Products	3,641,088	0.26
Total Germany	**4,292,924**	**0.31**
Gibraltar:		
Gaming activities	(51,844)	(0.01)
Netherlands:		
Insurance	(1,238,179)	(0.09)
Switzerland:		
Chemicals	134,100	0.01
United Kingdom:		
Aerospace/Defense	7,152,950	0.52
Banks	(5,320,888)	(0.38)
Commercial Services	10,084,227	0.73
Food	33,264	0.00
Packaging and Containers	1,962,359	0.14
Retail Restaurants	(2,438,879)	(0.18)
Total United Kingdom	**11,473,033**	**0.83**
Total Contracts for Differences – Long Contracts	**14,339,122**	**1.03**
Contracts for Differences – Short Contracts		
United Kingdom:		
Real Estate Investment Trust	(3,668,635)	(0.26)
Total Contracts for Differences – Short Contracts	**(3,668,635)**	**(0.26)**
Credit Default Swap Contracts – Protection Purchased		
United States:		
Finance	5,752,811	0.41
Total Credit Default Swap Contracts – Protection Purchased (including upfront fees paid of $4,810,565)	**5,752,811**	**0.41**

Condensed Schedule of Investments continued

December 31, 2009

(Stated in United States Dollars)	Unrealized Gain/(Loss) $	Percentage of Partners' Capital %
Derivative Contracts (continued)		
Credit Default Swap Contracts – Protection Sold		
United States:		
Index	(7,501,613)	(0.54)
Total Credit Default Swap Contracts – Protection Sold (including upfront fees received of $11,178,896)	**(7,501,613)**	**(0.54)**
Total Return Swap Contracts – Long Contracts		
United States:		
Alternative Energy	3,093,782	0.22
Pharmaceuticals	(2,797,560)	(0.20)
Total Return Swap Contracts – Long Contracts	**296,222**	**0.02**
Net Unrealized Gain on Contracts for Differences and Swap Contracts (including upfront fees received of $6,368,331)	**9,217,907**	**0.66**
Foreign Currency Forwards – Purchase Contracts		
Euros	943,378	0.07
United Kingdom Pounds	(978,779)	(0.07)
Total Foreign Currency Forwards – Purchase Contracts	**(35,401)**	**0.00**
Net Unrealized Gain on Derivative Contracts (including upfront fees received of $6,368,331)	**9,182,506**	**0.66**

Statement of Income

Year ended December 31, 2009

(Stated in United States Dollars)	$
Realized and unrealized gain/(loss) on investment transactions	
Net realized loss from securities, derivative contracts and foreign currency translations	(266,941,284)
Net change in unrealized gain on securities positions and foreign currency translations	662,891,555
Net change in unrealized gain on derivative contracts and foreign currency translations	35,785,463
Net gain from currencies	3,921,139
Net realized and unrealized gain from investment transactions	**435,656,873**
Investment income	
Interest	68,195,254
Dividends, net of withholding taxes of $4,368,846	18,086,725
Stock loan fees	984,629
Other	142,675
Total investment income	**87,409,283**
Expenses	
Interest	1,251,036
Dividends on securities sold, not yet purchased	4,438,981
Stock borrow fees	50,527,770
Administrative and professional fees	7,392,123
Other	1,995,561
Total expenses	**65,605,471**
Net investment income	**21,803,812**
Net income	**457,460,685**

See accompanying notes.

Statement of Changes in Partners' Capital

Year Ended December 31, 2009

(Stated in United States Dollars)	Total $	General Partner $	Limited Partner $
Partners' capital at beginning of year	–	–	–
Capital contributions	1,631,158,776	9,000,000	1,622,158,776
Capital withdrawals	(700,035,638)	–	(700,035,638)
Allocation of net income:			
Pro-rata allocation	457,460,685	4,400,378	453,060,307
Incentive allocation	–	43,863,998	(43,863,998)
Net income	457,460,685	48,264,376	409,196,309
Partners' capital at end of period	**1,388,583,823**	**57,264,376**	**1,331,319,447**

See accompanying notes.

Statement of Cash Flows

Year ended December 31, 2009

(Stated in United States Dollars)	$
Cash flows from operating activities	
Net income	457,460,685
Adjustments to reconcile net income to net cash used in operating activities:	
Purchases of investment securities	(3,743,476,123)
Proceeds from disposition of investment securities	3,323,321,774
Purchases of investment securities to cover short sales	(1,451,725,534)
Proceeds from short sales of investment securities	1,174,285,291
Increase in securities sold under agreement to repurchase	13,347,497
Decrease in due from brokers	372,692,843
Net change in unrealized appreciation on derivative contracts and foreign currency translations	(35,785,463)
Increase in interest and dividends receivable	(1,226,055)
Increase in other assets	(243,587)
Increase in due to brokers	285,604,909
Increase in interest and dividends payable	(185,550)
Decrease in accrued expenses	(7,821,549)
Net change in unrealized appreciation on securities positions and foreign currency translations	(662,891,555)
Net realized loss from securities, derivative contracts and foreign currency translations	266,941,284
Amortization of premium and accretion of discount, net	(27,521,505)
Net cash used by operating activities	**(37,222,638)**
Cash flows from financing activities	
Capital contributions	177,895,861
Capital withdrawals	(568,761,187)
Net cash used by financing activities	**(390,865,326)**
Net decrease in cash and cash equivalents	**(428,087,964)**
Cash and cash equivalents at beginning of year	**432,211,375**
Cash at end of year	**4,123,411**
Supplemental disclosure of cash flow information	
Cash paid during the year for interest	**1,236,276**
Net assets contributed in-kind from Third Point Offshore Fund, Ltd. (See Note 1)	**1,453,262,915**

See accompanying notes.

Notes to Financial Statements

December 31, 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 investment objective of the Partnership is to achieve superior total returns by using a fundamentally based, bottom-up approach to investing globally both long and short securities throughout companies' capital structures. This approach differs from a top-down methodology which first evaluates macroeconomic, 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. 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 December 31, 2009, 95.88% of the Partnership's capital was 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.

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

2. Significant Accounting Policies

The Partnership's financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") and are expressed in United States dollars. The following is a summary of the significant accounting and reporting policies:

The Financial Accounting Standards Board ("FASB") established the FASB Accounting Standards Codification ("Codification") as the single source of authoritative accounting principles recognized by the FASB in the preparation of financial statements in conformity with U.S. GAAP. The Codification supersedes existing nongrandfathered, non-SEC accounting and reporting standards. The Codification did not change U.S. GAAP but rather organized it into a hierarchy where all guidance within the Codification carries an equal level of authority. The Codification became effective on July 1, 2009. The Codification did not have a material effect on the Partnership's financial statements.

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 ("OTC") 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 valued at approximately $922,600,000, representing approximately 49% of investments in securities, and approximately $1,000,000, representing approximately 0.4% of securities sold, not yet purchased, are valued based on

Notes to Financial Statements continued

December 31, 2009

2. Significant Accounting Policies (continued)

dealer quotes or other quoted market prices for similar securities. Private equity securities are not registered for public sale and are carried at an estimated fair value at the end of the year, as determined by the Investment Manager. Factors considered by the Investment Manager in determining fair value include cost, the 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. At December 31, 2009, the Partnership had approximately $66,700,000 of investments fair valued by the Investment Manager, representing approximately 4% of investments in securities. The resulting unrealized gains and losses are reflected in the statement of income.

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.

OTC derivatives, which include swap and forward currency contracts, are valued at independent values provided by third party 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 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. Income and expense are recorded on the accrual basis including interest and premiums amortized and discounts accreted.

Assets and liabilities denominated in foreign currencies are translated at the closing rates of exchange at December 31, 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 does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments, dividends and interest from the fluctuations arising from changes in market prices of securities and derivatives held. Such fluctuations are included within the realized and unrealized gain/(loss) on investment transactions 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 financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts and disclosures in the 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, approximates the carrying amounts presented in the statement of financial condition.

2. Significant Accounting Policies (continued)

The Partnership may lend securities for securities lending transactions or pledge securities and/or cash for securities borrowed transactions. At December 31, 2009, the Partnership loaned securities with a fair value of $3,023,303 and received collateral of $3,023,262 in cash and cash equivalents. The value of any securities loaned is reflected in investments in securities and any collateral received is reflected in due to brokers in the statement of financial condition.

The Partnership adopted the provisions of *Accounting for Uncertainty in Income Taxes* ("ASC 740- 10"), formerly known as FASB Interpretation No. 48. ASC 740-10 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. ASC 740-10 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 tax expense in the current year. Adoption of ASC 740-10 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. ASC 740-10 established financial accounting and disclosure requirements for recognition and measurement of tax positions taken or expected to be taken on a tax return. The General Partner has reviewed the Partnership's tax positions and has concluded that no material provision for income tax is required in the Partnership's financial statements. Such open tax years remain subject to examination by tax authorities.

The Partnership recognizes interest and penalties, if any, related to unrecognized tax positions as income tax expense in the statement of income. During the year ended December 31, 2009, the Partnership did not incur any interest or penalties.

The Partnership may enter into repurchase agreements with financial institutions in which the Partnership agrees to repurchase and the financial institutions agree to resell such securities at a mutually agreed price upon maturity. Securities sold subject to repurchase agreements are deposited with the financial institution's custodian and, pursuant to the terms of the repurchase agreement, must have an aggregate market value greater than or equal to the repurchase price plus accrued interest at all times. If the value of the underlying securities falls below the value of the repurchase price plus accrued interest, the financial institution will require the Partnership to deposit additional collateral. At December 31, 2009, the liabilities due to repurchase agreements were $13,347,497. Collateral pledged under repurchase agreements consisted of $22,280,079 of securities and $1,010,000 of cash. Generally, repurchase agreements that the Partnership enters into have 30 day maturity terms.

Fair value is defined as the price that the Partnership would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The disclosure requirements also establish a framework for measuring fair value, and a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. The three-tier hierarchy of inputs is summarized 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.
- 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 corporate and asset-backed debt securities, corporate bank loans, forward contracts and certain derivatives.

Notes to Financial Statements continued

December 31, 2009

2. Significant Accounting Policies (continued)

- 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 certain corporate debt, 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.

The following is a summary of the inputs utilized in valuing the Partnership's assets and liabilities carried at fair value as of December 31, 2009:

Fair Value Measurements at December 31, 2009

	Quoted prices in active markets (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Total $
Assets				
Equity Securities	701,974,262	103,585,814	11,953,061	817,513,137
Corporate Bonds	–	359,399,295	6,310,430	365,709,725
Bank Debt	–	305,488,177	7,250,551	312,738,728
Mortgage-Backed Securities	–	256,557,369	–	256,557,369
Investment Funds	23,449,049	36,662,224	6,139,016	66,250,289
Private Common Equity Securities	–	–	29,097,419	29,097,419
Private Preferred Equity Securities	–	–	26,201,901	26,201,901
Trade Claims	–	–	846,342	846,342
Rights and Warrants	–	115,892	–	115,892
Derivative Contracts*	–	22,121,243	–	22,121,243
Total Assets	**725,423,311**	**1,083,930,014**	**87,798,720**	**1,897,152,045**
Liabilities				
Equity Securities	233,003,588	–	–	233,003,588
Bank Debt	–	992,640	–	992,640
Derivative Contracts*	–	12,938,737	–	12,938,737
Total Liabilities	**233,003,588**	**13,931,377**	**–**	**246,934,965**

**Positions netted by counterparty within the respective fair value hierarchy levels.*

2. Significant Accounting Policies (continued)

The following table is a reconciliation of assets and liabilities the Partnership held during the year ended December 31, 2009 at fair value using significant unobservable inputs (Level 3):

Fair Value Measurements using Significant Unobservable Inputs (Level 3)

	Balance at January 1, 2009	Purchases, sales and settlements	Realized and unrealized gains/(losses)*	Net transfers in and/or (out) of Level 3	Balance at December 31, 2009
Assets					
Equity Securities	$ 4,531,448	$ (7,772,010)	$ 15,205,438	$ (11,815)	$ 11,953,061
Corporate Bonds	26,368,465	(26,184,149)	2,073,857	4,052,257	6,310,430
Bank Debt	38,748,331	(37,282,737)	5,784,957	–	7,250,551
Investment Funds	101,578,348	(38,230,394)	(31,985,909)	(25,223,029)	6,139,016
Private Common Equity Securities	9,068,071	11,983,997	8,045,351	–	29,097,419
Private Preferred Equity Securities	22,958,009	5,737,273	(2,493,381)	–	26,201,901
Trade Claims	–	595,574	250,768	–	846,342
Total Assets	**$203,252,672**	**$(91,152,446)**	**$ (3,118,919)**	**$(21,182,587)**	**$ 87,798,720**
Total change in unrealized appreciation of fair valued assets using significant unobservable inputs (Level 3) still held at December 31, 2009*					**$243,519,298**

**Total change in realized and unrealized gain/(loss) recorded on Level 3 financial instruments are included in net realized and unrealized gains on investment transactions 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 April 9, 2009, the FASB issued ASC 820-10-65-4, *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 ASC 820-10-65-4 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. ASC 820-10-65-4 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 ASC 820-10-65-4 effective December 31, 2009 and the adoption did not have a significant effect on the financial statements.

On June 8, 2009, the FASB issued proposed FASB Staff Position ASC 820-10-15-4, *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.

In May 2009, the FASB issued ASC 855, *Subsequent Events*. 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.

Notes to Financial Statements continued

December 31, 2009

2. Significant Accounting Policies (continued)

In January 2010, the FASB issued ASU No. 20 10-06, *Improving Disclosures about Fair Value Measurements*. ASU 2010-06 amends FASB ASC Topic 820, *Fair Value Measurements and Disclosures,* to require additional disclosures regarding fair value measurements. The amended guidance requires entities to disclose additional information regarding assets and liabilities that are transferred between levels of the fair value hierarchy. Entities are also required to disclose information in the Level 3 rollforward about purchases, sales, issuances and settlements on a gross basis. In addition to these new disclosure requirements, ASU 2010-06 also amends ASC 820 to further clarify existing guidance pertaining to the level of disaggregation at which fair value disclosures should be made and the requirements to disclose information about the valuation techniques and inputs used in estimating Level 2 and Level 3 fair value measurements. The General Partner is currently evaluating the impact that the adoption of ASU 20 10-06 will have on the Partnership's disclosures. ASU 2010-06 is effective for financial statements issued for reporting periods beginning after December 15, 2009 for certain disclosures and for reporting periods beginning after December 15, 2010 for other disclosures.

3. Administration Fee

The Partnership has entered into an administrative services agreement with the Administrator. 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 year ended December 31, 2009, the Administrator received a fee of $1,506,123.

4. 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 December 31, 2009. The cash at brokers is primarily related to excess uninvested balances, proceeds from securities sold, but not yet purchased, and collateral posted for OTC contracts. At December 31, 2009, the due from brokers balance included collateral posted of $19,574,155. Due to brokers consists primarily of cash and foreign currency balances owed, cash collateral from OTC counterparties received by the Partnership, collateral from securities lending transactions, and amounts payable for securities transactions that have not yet settled as of December 31, 2009, which totaled $307,942. Margin debt balance, if any, is collateralized by certain Partnership owned 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.

5. Special Investments

As part of its investment program, the Partnership may acquire assets or securities through direct investments or private placements that the General Partner believes either lack a readily ascertainable market value or should be held until the resolution of a special event or circumstance ("Special Investments").

The Feeder and the General Partner's interest in Special Investments is equal to their proportionate interest in the Partnership at the time such investment is deemed to be a Special Investment. Capital invested in Special Investments is generally not available for withdrawal or distribution, subject to the approval of the General Partner, until the respective Special Investment is deemed realized, as determined by the General Partner. New partners shall not participate in pre-existing Special Investments. At December 31, 2009, all Special Investments held were contributed to the Partnership from the Feeder due to the Conversion; therefore, the General Partner has no investment in these pre-existing Special Investments. At December 31, 2009, the fair value of Special Investments was $974,794 and is included in investments in securities in the statement of financial condition.

6. Allocation of Net Income or Net Loss

In accordance with the provisions of the Agreement, net income or net loss of the Partnership, other than gain and loss in Special Investments, is allocated to the general capital account of the Feeder and General Partner in proportion to their respective general capital accounts.

Net income or net loss is allocated each fiscal period, as defined in the Agreement or at other times during the fiscal period when capital contributions and withdrawals are made by the Feeder or General Partner. The Feeder's percentage ownership of the Partnership will increase when the General Partner withdrawals capital or decrease when the General Partner contributes additional capital. Therefore, the allocation of net income and net loss may vary, between the Feeder and the General Partner, upon the timing of capital transactions throughout the year.

The Partnership may invest, directly or indirectly, in equity securities in initial public offerings deemed "new issues" under Rule 5130 of the Financial Industry Regulatory Authority ("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. Gains and losses from "new issues," are allocated only to the Feeder as the General Partner is restricted.

The General Partner receives an incentive allocation equal to 20% of the net profit allocated to each shareholder invested in the Feeder, as defined in the Agreement (the "Full Incentive Allocation"). For purposes of determining net profits, gain or loss from realized (or deemed realized) Special Investments will be included. If a shareholder invested in the Feeder has a net loss during any fiscal year and, during subsequent years, there is a net profit attributable to such shareholder, the shareholder 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 shareholder invested in the Feeder will be subject to a reduced incentive allocation equal to half of the Full Incentive Allocation. For the year ended December 31, 2009, the General Partner received an incentive allocation of $43,863,998.

7. Related Party Transactions

The Investment Manager does not charge the Partnership a management fee. Management fees are charged to the Feeder.

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 December 31, 2009, the Partnership had net investments of $374,325,236 registered in the name of Loan LLC, and these investments are included in investments in securities in the statement of financial condition.

As of December 31, 2009, the Partnership held equity swap contracts with two investment funds with the same Investment Manager as the Partnership. At December 31, 2009, the aggregate unrealized gain on the swap contracts was $3,693,632. For the year ended December 31, 2009, the Partnership realized losses of $23,744,550 on swap contracts with affiliated funds.

During the year ended December 31, 2009, the Partnership was a limited partner in an affiliated partnership with three other investment funds managed by the Investment Manager in order to invest in certain securities. The affiliated partnership does not charge the Partnership management or incentive fees. The affiliated partnership liquidated as of September 30, 2009 and the Partnership received $29,688,701 in cash as part of the liquidation. During the year ended December 31, 2009, the Partnership realized a net loss of $29,786,014 in the affiliated partnership.

Notes to Financial Statements continued

December 31, 2009

7. Related Party Transactions (continued)

At December 31, 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. As part of ListCo's share buy-back program, the Partnership has the ability to purchase shares in the after-market and allocate all gains or losses and implied financing costs entirely to the ListCo's shares in the Feeder. At December 31, 2009, the Partnership owned 2,805,000 U.S. Dollar Shares in ListCo with a market value of $18,933,743 and an unrealized loss of $3,133,824 related to the share buy-back program.

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 December 31, 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 Partnership's credit derivatives include credit default swaps where the Partnership has purchased or sold/written credit protection on an underlying instrument. Credit default swaps provide protection against the risk of default on a set of debt obligations issued by a specified reference entity or entities. The Partnership enters into credit default swap contracts as part of its investment activities and to protect against adverse movements in credit performance relating to its investment activities.

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

The Partnership's maximum risk of loss from counterparty risk as the protection buyer is the fair value of the contract. As a protection seller, the Partnership may expose itself to risk of loss from credit risk related events specified in the contract. Typical credit events include failure to pay or restructuring of the obligations of the referenced entity, bankruptcy, dissolution or insolvency of the referenced entity. The Partnership may also recover amounts on the underlying reference obligation delivered to the Partnership under credit default swaps where credit protection was sold. At December 31, 2009, the Partnership sold protection with a total possible maximum payout amount of $47,423,000, a credit spread below 3% and maturity in 2051. The fair value of such protection sold totaled of $7,501,613, excluding the effects of netting under enforceable netting agreements, as of December 31, 2009.

Credit spreads on the underlying, together with the period of expiration, is indicative of the current status of the payment/performance risk by the Partnership. Higher credit spreads and shorter expiration dates are indicative of a higher likelihood of payment/performance by the Partnership while lower credit spreads and longer expiration dates, are indicative of a lower likelihood of payment/performance by the Partnership.

A credit default swap protects the buyer against the loss of principal on a bond or loan in case of a default by the issuer. The protection buyer pays a periodic premium (generally quarterly) over the life of the contract and is protected for the period. The Partnership in turn will have to perform under a credit default swap if a credit event as defined under the contract occurs.

Index and basket credit default swaps are credit default swaps that reference multiple names through underlying baskets or portfolios of single name credit default swaps. Generally, in the event of a default on one of the underlying names, the Partnership will have to pay a pro-rata portion of the total notional amount of the credit default index or basket contract.

The Partnership's exposure to credit risk associated with counterparty nonperformance on forward and swap contracts is limited to the net unrealized gains by counterparty inherent in such contracts which are recognized in the statement of financial condition. At December 31, 2009, this amount was $22,121,243, which includes unrealized gain on equity swap contracts with two investment funds with the same Investment Manager as the Partnership.

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 December 31, 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.

The Partnership reduces its credit risk with counterparties by entering into master netting agreements with its counterparties, therefore, assets represent the Partnership's unrealized gains, less unrealized loss for derivative contracts in which the Partnership has a master netting agreement. Similarly, liabilities represent the Partnership's unrealized losses less unrealized gains for derivative contracts in which the Partnership has a master netting agreement.

Notes to Financial Statements continued

December 31, 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 equity 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.

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 identifies the volume and fair value amounts of derivative instruments included in the statement of financial condition, categorized by primary underlying risk, as of December 31, 2009. Balances are presented on a gross basis, prior to the application of the impact of counterparty netting. Total derivative assets and liabilities are adjusted on an aggregate basis to take into consideration the effects of master netting arrangements, less collateral held, which is included in due to/from brokers in the statement of financial condition.

	Fair Value $	Notional Amounts $
Derivative Assets by Primary Underlying Risk*		
Equity Price		
Contracts for Differences – Long Contracts	24,833,221	22,726,306
Total Return Swap Contracts – Long Contracts	6,851,017	3,157,151
Credit		
Credit Default Swap Contracts – Protection Purchased	5,752,811	15,825,000
Foreign Currency Exchange Rates		
Foreign Currency Forward Contracts – Purchase Contracts	4,164,717	498,251,368
Total Derivative Assets	**41,601,766**	**539,959,825**
Derivative Liabilities by Primary Underlying Risk*		
Equity Price		
Contracts for Differences – Short Contracts	3,668,635	1,825,449
Contracts for Differences – Long Contracts	10,494,099	21,564,850
Total Return Swap Contracts – Long Contracts	6,554,795	5,019,900
Credit		
Credit Default Swap Contracts – Protection Sold	7,501,613	47,423,000
Foreign Currency Exchange Rates		
Foreign Currency Forward Contracts – Purchase Contracts	4,200,118	359,436,810
Total Derivative Liabilities	**32,419,260**	**435,270,009**

**Included in net unrealized gain/(loss) on derivative contracts in the statement of financial condition.*

9. Derivative Contracts (continued)

The following table sets forth by major risk type the Partnership realized and unrealized gains/(losses) related to trading activities for the year ended December 31, 2009 in accordance with ASC 815. These realized and unrealized gains/(losses) are included in the statement of income.

Realized and Unrealized Gain/(Loss) for the year ended December 31, 2009

	Realized Gain/(Loss) $	Unrealized Gain/(Loss) $
Primary Underlying Risk		
Equity Price		
Contracts for Differences – Long Contracts	18,623,810	16,593,412
Contracts for Differences – Short Contracts	6,597,355	(6,314,825)
Total Return Swap Contracts – Long Contracts	(80,542,856)	74,673,015
Credit		
Credit Default Swap Contracts – Protection Purchased	40,127,267	(47,123,447)
Credit Default Swap Contracts – Protection Sold	12,705,237	(7,501,613)
Foreign Currency Exchange Rates		
Foreign Currency Forward Contracts – Purchase Contracts	(12,994,375)	5,458,921
Commodity Price		
Futures – Long Contracts	(1,702,208)	–
	(17,185,770)	**35,785,463**

The Partnership's International Swaps and Derivatives Association ("ISDA") agreements with its counterparties provide for various termination events including decline in NAV of the Partnership over a certain period, key man provisions, document delivery schedules, and Employment Retirement Income Security Act and bankruptcy provisions. Upon the triggering of a termination event, a counterparty may avail itself of various remedies including, though not limited to, waiver of the termination event, request for additional collateral, renegotiation of the ISDA agreement, or immediate settlement of positions.

Exposure of all net liability derivatives that are subject to ISDA agreement termination events were $12,938,737 as of December 31, 2009. In relation to such positions, the Partnership posted $18,564,017 of net collateral as of December 31, 2009.

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 December 31, 2009, the Partnership had unfunded capital commitments of $34,614,230.

In the normal course of trading activities, the Partnership trades and holds certain fair-valued derivative contracts, which constitute guarantees under U.S. GAAP. 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.

Notes to Financial Statements continued
December 31, 2009

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.

12. Financial Highlights
The following represents the ratios to average Feeder capital and total return information for the year ended December 31, 2009:

Ratios to average limited partners' capital:	
Total expenses	5.31%
Incentive allocation	3.58%
Total expenses and incentive allocation	**8.89%**
Net investment income	**1.76%**

The ratios above are calculated for the Feeder. The computation of such ratios based on the amount of expenses, incentive allocation, and net investment income assessed to each shareholder's investment in the Feeder may vary from these ratios.

Total return before incentive allocation	46.10%
Incentive allocation	(4.46%)
Total return after incentive allocation	**41.64%**

Total return is calculated for the Feeder's investment in the Partnership. Each shareholder's return on their investment in the Feeder may vary from these returns.

13. Subsequent Events
Subsequent to December 31, 2009, the Partnership received $135 million in capital contributions and received capital withdrawal requests of approximately $35 million effective March 31, 2010. In addition, based on requests received from the Feeder, the Partnership estimates redemptions of approximately $13.5 million, $5 million and $600,000, effective June 30, 2010, September 30, 2010 and December 31, 2010, respectively. Subsequent events were evaluated by the Partnership's management until March 26, 2010, which is the date the financial statements were issued.

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