



THIRD POINT OFFSHORE FUND, LTD.

FINANCIAL STATEMENTS

Year Ended December 31, 2009

With Report of Independent Auditors

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Report of Independent Auditors

To the Board of Directors
Third Point Offshore Fund, Ltd.

We have audited the accompanying statement of assets and liabilities of Third Point Offshore Fund, Ltd. (the "Fund"), including the condensed schedule of investments, as of December 31, 2009, and the related statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Fund'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 Fund, Ltd. at December 31, 2009, and the results of its operations, changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads 'Ernst & Young Ltd.' in a cursive, script font.

March 26, 2010

Statement of Assets and Liabilities

December 31, 2009

(Stated in United States Dollars)

\$

Assets

Cash	25,671,768
Investment in Third Point Offshore Master Fund L.P., at fair value	1,331,319,447
Investments in affiliated portfolio funds, at fair value (cost \$102,728,913)	84,275,874
Other investments, at fair value (cost \$3,998,406)	5,131,038
Redemptions receivable from Third Point Offshore Master Fund L.P.	131,274,451
Total assets	1,577,672,578

Liabilities

Deferred compensation payable	136,137,196
Shareholder redemptions payable	131,274,451
Shareholder subscriptions received in advance	25,674,000
Management fee payable	6,649,514
Accrued expenses	16,093
Total liabilities	299,751,254

Commitments (See Note 6)

Net assets	1,277,921,324
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Net asset value per share (See Note 5)

See accompanying notes and attached financial statements of Third Point Offshore Master Fund L.P.

Condensed Schedule of Investments

December 31, 2009

(Stated in United States Dollars)	Fair Value \$	Percentage of Net Assets %
Investment in Third Point Offshore Master Fund L.P.	1,331,319,447	104.18
Investments in Affiliated Portfolio Funds		
<i>Cayman Islands:</i>		
Limited Liability Company (cost \$63,258,596)	53,332,072	4.17
<i>Guernsey:</i>		
Limited Liability Company (cost \$39,470,317)	30,943,802	2.42
Total Investments in Affiliated Portfolio Funds (cost \$102,728,913)	84,275,874	6.59
Other Investments		
<i>Cayman Islands:</i>		
Insurance	2,359,000	0.18
Limited Partnership	2,772,038	0.22
Total Cayman Islands (cost \$3,998,406)	5,131,038	0.40
Total Other Investments (cost \$3,998,406)	5,131,038	0.40

See accompanying notes and attached financial statements of Third Point Offshore Master Fund L.P.

Statement of Operations

Year ended December 31, 2009

(Stated in United States Dollars)

\$

Realized and unrealized gain/(loss) on investment transactions allocated from Third Point Offshore Master Fund L.P.

Net realized loss from securities, derivative contracts and foreign currency translations	(265,279,871)
Net change in unrealized gain on securities positions and foreign currency translations	657,327,851
Net change in unrealized gain on derivative contracts and foreign currency translations	35,561,264
Net gain from currencies	3,897,897
Net realized and unrealized gain from investment transactions allocated from Third Point Offshore Master Fund L.P.	431,507,141

Fund realized and unrealized gain/(loss) on investments

Net realized loss on affiliated portfolio funds and other investments	(1,779,860)
Net change in unrealized gain on affiliated portfolio funds, other investments and foreign currency translations	20,532,247
Net realized and unrealized gain from investments	18,752,387

Investment income allocated from Third Point Offshore Master Fund L.P.

Interest	67,532,750
Dividends, net of withholding taxes of \$4,327,381	17,941,577
Stock loan fees	974,624
Other	141,161
Total investment income allocated from Third Point Offshore Master Fund L.P.	86,590,112

Investment expenses allocated from Third Point Offshore Master Fund L.P.

Incentive allocation	43,863,998
Interest	1,239,754
Dividends on securities sold, not yet purchased	4,404,143
Stock borrow fees	50,087,415
Administrative and professional fees	7,326,947
Other	1,978,687
Total investment expense allocated from Third Point Offshore Master Fund L.P.	108,900,944
Net investment expense allocated from Third Point Offshore Master Fund L.P.	(22,310,832)

(Stated in United States Dollars)

\$

Fund income

Interest	3,935
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Fund expenses

Management fee	24,255,063
Appreciation of deferred compensation	34,995,498
Administrative and professional fees	12,830
Other	108,672
Total fund expenses	59,372,063
Net fund expenses	(59,368,128)
Net investment loss	(81,678,960)
Net increase in net assets resulting from operations	368,580,568

See accompanying notes and attached financial statements of Third Point Offshore Master Fund L.P.

Statement of Changes in Net Assets

Year ended December 31, 2009

(Stated in United States Dollars)

\$

Increase in net assets resulting from operations

Allocated from investment in Third Point Offshore Master Fund L.P.	
Net realized loss from securities, derivative contracts and foreign currency translations	(265,279,871)
Net change in unrealized gain on securities positions and foreign currency translations	657,327,851
Net change in unrealized gain on derivative contracts and foreign currency translations	35,561,264
Net gain from currencies	3,897,897
Net investment expense	(22,310,832)
Net realized loss on affiliated portfolio funds and other investments	(1,779,860)
Net change in unrealized gain on affiliated portfolio funds, other investments and foreign currency translations	20,532,247
Net fund expenses	(59,368,128)
Net increase in net assets resulting from operations	368,580,568

Decrease in net assets resulting from capital transactions

Class C Shares issued	150,000
Class D Shares issued	250,000
Class E Shares issued	102,473,871
Class F Shares issued	63,422,000
Class K Shares issued	2,600,000
Class A Shares redeemed	(45,474,799)
Class B Shares redeemed	(696,098)
Class C Shares redeemed	(10,936,316)
Class D Shares redeemed	(12,636,004)
Class E Shares redeemed	(235,792,140)
Class F Shares redeemed	(251,449,634)
Class J Shares redeemed	(1,179,623)
Class K Shares redeemed	(1,270,000)
Class L Shares redeemed	(28,750,590)
Class M Shares redeemed	(55,807,132)
Class S Shares redeemed	(683,815)
Redemption fee income	923,492
Net decrease in net assets resulting from capital transactions	(474,856,788)

Net decrease in net assets	(106,276,220)
Net assets at beginning of year	1,384,197,544
Net assets at end of year	1,277,921,324

See accompanying notes and attached financial statements of Third Point Offshore Master Fund L.P.

Statement of Cash Flows

Year ended December 31, 2009

(Stated in United States Dollars)

\$

Cash flows from operating activities

Net increase in net assets resulting from operations	368,580,568
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:	
Decrease in investment in Third Point Offshore Master Fund L.P.	121,943,468
Increase in redemption receivable from Third Point Offshore Master Fund L.P.	(131,274,451)
Purchases of investments in other investments	(1,348,406)
Purchases of affiliated portfolio funds	(7,675,896)
Proceeds from disposition of affiliated portfolio funds	7,446,104
Decrease in deferred compensation payable	(2,004,502)
Increase in management fee payable	1,374,552
Increase in accrued expenses	16,093
Net realized loss on affiliated portfolio funds and other investments	1,779,860
Net change in unrealized gain on affiliated portfolio funds, other investments and foreign currency translations	(20,532,247)
Net cash provided by operating activities	338,305,143

Cash flows from financing activities

Proceeds from issuance of shares	194,569,871
Payments for redemption of shares	(1,273,183,943)
Net cash used in financing activities	(1,078,614,072)
Net decrease in cash	(740,308,929)
Cash at beginning of year	765,980,697
Cash at end of year	25,671,768

Schedule of non-cash operating activities

Contributed net assets in-kind to Third Point Offshore Master Fund L.P. (See Note 1)	1,453,262,915
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See accompanying notes and attached financial statements of Third Point Offshore Master Fund L.P.

Notes to Financial Statements

Year ended December 31, 2009

1. Organization

Third Point Offshore Fund, Ltd. (the “Fund”) was incorporated under the laws of the Cayman Islands on October 21, 1996, commenced operations on December 1, 1996 and is registered under the Cayman Islands Mutual Funds Law. The Fund’s objective is to seek to generate consistent long-term capital appreciation.

On January 1, 2009, the Fund converted into a master-feeder structure (the “Conversion”). In order to carry out the Conversion of net assets from the Fund to the Third Point Offshore Master Fund L.P. (the “Master Partnership”), the Fund contributed substantially all of its net assets to the Master Partnership, in exchange for a limited partnership interest in the Master Partnership in accordance with the Initial Exempted Limited Partnership Agreement of Third Point Offshore Master Fund L.P. Following the Conversion, the Fund invests substantially all of its assets through the Master Partnership, an exempted limited partnership organized under the laws of the Cayman Islands. Third Point Advisors II L.L.C. (the “General Partner”), a limited liability company formed under the laws of the State of Delaware and an affiliate of Third Point L.L.C., serves as the general partner of the Master Partnership.

Third Point L.L.C. (the “Investment Manager”) is the Investment Manager of the Fund and the Master Partnership. 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 is responsible for the operation and management of the Fund.

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

2. Significant Accounting Policies

The Fund’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 Fund’s financial statements.

In accordance with its agreements, the Fund’s investment in the Master Partnership is valued at fair value, which is represented by the Fund’s proportionate interest in the partners’ capital of the Master Partnership, which was \$1,331,319,447 at December 31, 2009. The fair value represents the amount the Fund would expect to receive at December 31, 2009 if it were to liquidate its investment in the Master Partnership. The percent of the Master Partnership owned by the Fund at December 31, 2009 was approximately 95.88%. The Fund’s allocated share of each item of the Master Partnership’s income and expense is reflected in the accompanying statement of operations. The performance of the Fund is directly affected by the performance of the Master Partnership and is subject to the same risks to which the Master Partnership is subject. Attached are the audited financial statements of the Master Partnership.

Valuation of investments held by the Master Partnership is discussed in the notes to the Master Partnership’s audited financial statements. The Fund records monthly its proportionate share of the Master Partnership’s income, expenses, and realized and unrealized gains and losses. In addition, the Fund accrues its own income and expenses. The Fund records subscriptions and redemptions related to its investment in the Master Partnership on the transaction date.

2. Significant Accounting Policies (continued)

The Fund's investments in affiliated portfolio funds and other investments are valued at their last sales price as of the last business day of the year. The Fund's investments in affiliated portfolio funds and other investments that are investment funds are valued 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 operations and are in connection with the deferred incentive fee agreement with the Investment Manager (the "Deferred Fee Agreement"). Through the Deferred Fee Agreement, the Investment Manager may elect to make deemed investments not directly in the Master Partnership.

The Fund 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 expenses, including interest income and expenses, are recorded on the accrual basis.

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 operations. The Fund 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 investments transactions in the statement of operations.

The Fund 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 Fund. Capital gains derived by the Fund 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 Fund's assets and liabilities, which qualify as financial instruments, approximates the carrying amounts presented in the statement of assets and liabilities.

The Fund 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 Fund'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 Investment Manager has reviewed the Fund's tax positions and has concluded that no material provision for income tax is required in the Fund's financial statements. Such open tax years remain subject to examination by tax authorities.

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

Notes to Financial Statements continued

Year ended December 31, 2009

2. Significant Accounting Policies (continued)

Fair value is defined as the price that the Fund 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, forward contracts, and certain 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 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.

2. Significant Accounting Policies (continued)

The following is a summary of the inputs utilized in valuing the Fund'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				
Investments in affiliated portfolio funds	30,943,802	—	53,332,072	84,275,874
Other investments	2,359,000	—	2,772,038	5,131,038
Total assets	33,302,802	—	56,104,110	89,406,912

The following table is a reconciliation of assets and liabilities the Fund 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)* \$	in and/or (out) of Level 3 \$	Net transfers Balance at December 31, 2009 \$
Assets					
Investments in affiliated portfolio funds	54,546,824	(4,700,000)	3,485,248	—	53,332,072
Other investments	1,357,791	1,348,406	65,841	—	2,772,038
Total assets	55,904,615	(3,351,594)	3,551,089	—	56,104,110
Total change in unrealized gain of fair valued assets using significant unobservable inputs (Level 3) still held at December 31, 2009*					\$5,357,775

*Total realized and unrealized gain/(loss) recorded on Level 3 financial instruments are included in net realized and unrealized gain from investment transactions in the statement of income.

Assets and liabilities of the Fund 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 Fund adopted ASC 820-10-65-4 effective December 31, 2009 and the adoption did not have a significant effect on the audited 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

Notes to Financial Statements continued

Year ended December 31, 2009

2. Significant Accounting Policies (continued)

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 January 2010, the FASB issued ASU No. 20 10-06, *Improving Disclosures about Fair Value Measurements*. ASU 20 10-06 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 Investment Manager is currently evaluating the impact that the adoption of ASU 20 10-06 will have on the Fund's disclosures. ASU 20 10-06 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.

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 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. Administration Fee

The Fund 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 \$89,351. The administrative fee attributed to investments in the Master Partnership is allocated from the Master Partnership and is included in administrative and other fees in the statement of operations.

4. Related Party Transactions

Pursuant to the investment management agreement, the Fund pays the Investment Manager a management fee equal to 2% per annum of the net asset value of the Class A, B, C, D, E, F, and H shares, and 2.5% per annum of the net asset value of the J and K Class Shares as of the beginning of each month before the accrual of any incentive fee. Any portion of the management fee attributable to a shareholder's Class S shares will be debited against the net asset value of the corresponding class of shares from which such Class S shares had been issued. If a shareholder holds Class S shares, but no longer owns Class A, B, C, D, E, F, H, J, and K shares, the management fee will accrue and not be paid until there is a realization or deemed realization event of the Special Investment held by the Master Partnership (as defined in Note 5 in the audited financial statements of the Master Partnership) attributable to such Class S shares. For purposes of calculating the management fee of Class S shares, Special Investments held by the Master Partnership attributable to such shares are valued at lower of cost or fair value or, if a Special Investment held by the Master Partnership is designated as such after its acquisition, at fair value as of the date of determination. For the year ended December 31, 2009, the management fee was \$24,255,063, of which \$6,649,514 was payable at December 31, 2009.

The Fund pays an incentive fee to the Investment Manager, allocated to the General Partner of the Master Partnership, equal to 20% of the annual increase in the aggregate net asset value of each series of Class A, B, C, D, E, F, H, and I shares and 25% of the annual increase in the aggregate net asset value of each series for class J, and K shares (each the "Full Incentive Fee"). For purposes of determining the increase

4. Related Party Transactions (continued)

in the aggregate net asset value, Special Investments held by the Master Partnership with attributable appreciation or depreciation from realized (or deemed realized) Special Investments will be included. The incentive fee is accrued monthly and allocated to the General Partner of the Master Partnership at the end of each fiscal year. The incentive fee is calculated in a manner which ensures that appropriate adjustments are made in order to accommodate the inflows and outflows of capital during the course of each fiscal year resulting from shareholder subscriptions and redemptions. If a particular series depreciates during any fiscal year and during subsequent years there is a profit attributable to such series, the series must recover an amount equal to 2.5 times the amount of depreciation in the prior years before the General Partner of the Master Partnership is entitled to the Full Incentive Fee allocation. Until this occurs, the series will be subject to a reduced incentive fee equal to half of the Full Incentive Fee.

Prior to January 1, 2009 pursuant to the provisions of the Deferred Fee Agreement, the Investment Manager was able to elect to defer the receipt of all or a portion of the incentive fee, if any, earned with respect to a particular fiscal year, and was able to elect to have a portion or all of the deferred fee invested in either the same manner as the Fund's assets, or in another manner approved by the Fund. Any incentive fee deferral election made for any fiscal year will remain in effect for subsequent years unless and until the Investment Manager elects to change such deferral election. The value of such deferred amounts constitutes a liability of the Fund to the Investment Manager. Any amounts invested under the provisions of the Deferred Fee Agreement continue for all purposes to be part of the general assets of the Fund, and the Investment Manager has no property interest in any of such assets. For the year through December 31, 2009, the Investment Manager redeemed \$37,000,000 attributable to deferred compensation earned in prior years. As of December 31, 2009, deferred compensation payable was \$136,137,196 and is scheduled for distribution from the year 2011 through 2017. For the year ended December 31, 2009, the deferred compensation payable appreciated \$34,995,498.

In relation to the Deferred Fee Agreement, the Fund invested in two affiliated portfolio funds during the year ended December 31, 2009. The total value of the two funds at December 31, 2009 was \$84,275,874.

Effective January 1, 2009, the General Partner of the Master Partnership receives an incentive allocation from the profits of the Master Partnership. The economic terms of the incentive allocation are the same as the terms of the incentive fee prior to January 1, 2009. However, the incentive fee is no longer being paid by the Fund.

5. Share Capital

The Fund has an authorized share capital consisting of \$2,000,000 divided into 200,000,000 participating shares of \$0.01 each. The Fund issues a separate series of shares to those investors who purchase shares as of the first business day of each month. A different series of shares is issued in order to equitably reflect the differing incentive fees attributable to each series because of the differing issue dates throughout the fiscal year. Shares are offered in series at a purchase price of \$100 per share. At December 31, 2009, there were 10 outstanding classes (each, a "Class") of shares: Class A, B, C, D, E, F, H, J, K and S, and within each class there is one or more separate series. Each share is equal to every other share of the same series with respect to earnings, assets, dividends and voting privileges. Class A, B, C, D, L and M shares are no longer being offered. Class B, D, F and K shares will generally not participate in profits and losses from "new issues". Class A and B shares have monthly redemption rights; Class C, D, J and K shares have quarterly redemption rights; Class E, F and H shares have annual redemption rights without any redemption fee and quarterly redemption rights subject to a 3% redemption fee payable to the Fund. Effective September 30, 2009, the Fund's Board of Directors has resolved that the restriction on redeeming Shares Class E, F, G, H and I during an initial one year lock-up period will be waived and redemptions will be permitted during that period, conditional upon a redemption fee being paid to the Fund equal to 5% of the redemption proceeds, and that any redemptions thereafter will no longer be

Notes to Financial Statements continued

Year ended December 31, 2009

5. Share Capital (continued)

subject to any redemption fees. The redemption fee is for the benefit of the Fund and proceeds are allocated on a pro-rata basis to the remaining shareholders. Redemptions during the lock-up period will be otherwise subject to the standard redemption terms of the relevant class of shares, including notice requirements and permitted redemption dates.

Additional subscriptions made during the year ended December 31, 2009 by shareholders of the Fund who held shares (the “Outstanding Shares”) of a series with loss carry forward will be entitled to participate in the benefit of loss carry forward of those Outstanding Shares.

All redemption rights are subject to an overall limit, at the discretion of the Fund’s Board of Directors, of aggregate redemptions in any calendar quarter of 20% of the Fund’s NAV (excluding assets attributable to Class S shares) as of the first day of such calendar quarter.

The Board of Directors has the right to create additional classes, series and sub-series for an investor as it determines appropriate in its sole discretion. Each series of a Class will have equal rights and privileges with each other series of that Class.

Each Special Investment held by the Master Partnership will be attributed to a series of Class S shares. Class A, B, C, D, E, F, H, J, K, L and M shares will be automatically exchanged by way of redemption and issuance of a series of Class S shares at the time a Special Investment is made in the Master Partnership. Capital invested in Class S shares is generally not available for redemption or distribution until the respective special investment held by the Master Partnership attributed to the shares is realized or deemed realized. Upon the realization or deemed realization of a particular Special Investment held by the Master Partnership, the Class S shares attributable to such Special Investment will be redeemed and exchanged back through the issuance of new shares of the original series from which the Class S shares had been exchanged. If a shareholder redeems less than all of its Class A, B, C, D, E, F, H, J, K, L and M shares in a series associated with a Special Investment held by the Master Partnership, the shareholder would be issued a separate series of shares of that class.

If at the end of a fiscal year, a series of a class of shares is charged a Full Incentive Fee, the shares of such series may be redesignated and converted on the first business day following the end of the fiscal year into the first series of such class at the prevailing net asset value of such series. No redesignation or conversion shall occur with respect to a series of a class if at the end of a fiscal year such series has not been charged a Full Incentive Fee or any shares of such series have been exchanged for Class S Shares that are still outstanding.

The Fund may invest, directly or indirectly, in equity securities in initial public offerings deemed “new issues” under Rule 5130 of the 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.

	Shares Outstanding at January 1, 2009	Shares Transferred	Shares Issued	Shares Redeemed	Shares Outstanding at December 31, 2009	Net Asset Value Per Share at December 31, 2009 \$
Class A, Series 1	88,202	138	–	(88,340)	–	–
Class B, Series 1	2,378	2	–	(1,640)	740	282.34
Class C, Series 1	150,524	(5,774)	–	(31,983)	112,767	290.57
Class D, Series 1	2,390	–	–	–	2,390	282.34
Class E, Series 1	1,073,579	–	–	(623,429)	450,150	157.57
Class F, Series 1	1,580,597	(13,698)	–	(1,340,963)	225,936	155.05

5. Share Capital (continued)

	Shares Outstanding at January 1, 2009	Shares Transferred	Shares Issued	Shares Redeemed	Shares Outstanding at December 31, 2009	Net Asset Value Per Share at December 31, 2009 \$
Class H, Series 1	500,000	—	—	—	500,000	96.73
Class J, Series 1	26,692	—	—	(14,692)	12,000	112.38
Class L, Series 1	16,575	—	—	(16,575)	—	—
Class M, Series 1	272,786	—	—	(272,786)	—	—
Class S, Series 1	19,059	(4,088)	—	(2,737)	12,234	34.93
Class E, Series 2	181,000	—	—	(180,000)	1,000	102.30
Class F, Series 2	95,749	—	—	(36,055)	59,694	101.95
Class K, Series 2	642	—	—	—	642	118.57
Class L, Series 2	379,574	—	—	(379,574)	—	—
Class S, Series 2	2,758	(378)	—	(638)	1,742	33.97
Class E, Series 3	159,500	—	—	(45,000)	114,500	100.87
Class F, Series 3	90,750	(20,000)	—	(67,359)	3,391	100.52
Class K, Series 3	—	—	11,000	(6,193)	4,807	133.08
Class M, Series 3	34,556	—	—	(34,556)	—	—
Class E, Series 4	111,621	—	—	(111,621)	—	—
Class F, Series 4	3,070	—	—	(3,070)	—	—
Class K, Series 4	—	—	15,000	—	15,000	125.59
Class E, Series 5	6,968	—	—	—	6,968	98.22
Class F, Series 5	15,363	12	—	(15,375)	—	—
Class S, Series 5	4	(2)	—	—	2	34.86
Class E, Series 6	2,140	4	—	—	2,144	106.87
Class F, Series 6	22,000	—	—	—	22,000	106.77
Class S, Series 6	16	(6)	—	—	10	34.94
Class E, Series 7	260,000	—	—	—	260,000	107.16
Class F, Series 7	9,800	—	—	(673)	9,127	120.65
Class E, Series 8	60	—	—	—	60	120.15
Class F, Series 8	—	—	6,000	—	6,000	140.99
Class E, Series 9	3,483,517	468,358	—	(9,808)	3,942,067	94.47
Class F, Series 9	—	—	2,500	—	2,500	136.44
Class E, Series 10	558,820	(210,288)	—	(3,013)	345,519	71.45
Class F, Series 10	—	—	10,000	(2,855)	7,145	131.05
Class E, Series 11	752,565	(327,369)	—	(2,416)	422,780	96.46
Class F, Series 11	—	—	30,000	—	30,000	125.71
Class E, Series 12	—	—	86	—	86	132.42
Class F, Series 12	—	20,000	—	(20,000)	—	—

Notes to Financial Statements continued

Year ended December 31, 2009

5. Share Capital (continued)

	Shares Outstanding at January 1, 2009	Shares Transferred	Shares Issued	Shares Redeemed	Shares Outstanding at December 31, 2009	Net Asset Value Per Share at December 31, 2009 \$
Class E, Series 13	–	–	4	–	4	127.67
Class F, Series 13	–	13,698	–	–	13,698	155.05
Class F, Series 14	–	–	24,500	–	24,500	112.43
Class E, Series 15	–	–	373,000	–	373,000	112.46
Class F, Series 15	–	–	115,000	–	115,000	107.15
Class E, Series 16	–	–	329,299	–	329,299	107.17
Class F, Series 16	–	–	307,500	–	307,500	108.17
Class E, Series 17	–	–	256,500	–	256,500	108.17
Class F, Series 17	–	–	107,500	–	107,500	104.13
Class E, Series 18	–	–	4,000	–	4,000	108.06
Class F, Series 18	–	6,988	–	–	6,988	155.06
Class E, Series 19	–	–	61,850	–	61,850	104.12
Class F, Series 19	–	–	21,000	–	21,000	109.19
Class F, Series 21	–	–	8,220	–	8,220	104.64
Class F, Series 22	–	–	2,000	–	2,000	104.64
Class A, Series 1–2	194,713	380	–	(54,364)	140,729	290.53
Class B, Series 1–2	1,720	3	–	–	1,723	282.36
Class C, Series 1–2	1,917	3	–	–	1,920	290.57
Class D, Series 1–2	294	2	–	(2)	294	282.34
Class E, Series 1–2	248,489	–	–	(30,301)	218,188	157.57
Class F, Series 1–2	4,888	5	–	(183)	4,710	155.06
Class M, Series 1–2	46,782	–	–	(46,782)	–	–
Class A, Series 1–3	2,674	8	–	(12)	2,670	290.53
Class C, Series 1–3	2,360	39	–	(324)	2,075	290.56
Class D, Series 1–3	16,505	13	–	(1,476)	15,042	282.35
Class E, Series 1–1–3	12,487	–	–	(11,919)	568	157.60
Class F, Series 1–3	1,357	–	–	–	1,357	155.05
Class K, Series 1–3	7,722	–	–	(5,790)	1,932	120.78
Class M, Series 1–3	900	–	–	(900)	–	–
Class A, Series 1–4	63,706	81	–	(63,787)	–	–
Class B, Series 1–4	3,092	5	–	–	3,097	282.36
Class D, Series 1–4	45,253	35	–	(10,582)	34,706	282.34
Class E, Series 1–4	20,769	–	–	–	20,769	157.57
Class F, Series 1–4	3,003	15	–	(920)	2,098	155.05
Class M, Series 1–4	146	–	–	(146)	–	–

5. Share Capital (continued)

	Shares Outstanding at January 1, 2009	Shares Transferred	Shares Issued	Shares Redeemed	Shares Outstanding at December 31, 2009	Net Asset Value Per Share at December 31, 2009 \$
Class A, Series 1-5	550	—	—	(550)	—	—
Class B, Series 1-5	305	—	—	(305)	—	—
Class C, Series 1-5	5,478	4	—	(5,482)	—	—
Class D, Series 1-5	2,829	12	—	(2,823)	18	282.35
Class E, Series 1-5	8,767	—	—	—	8,767	157.57
Class B, Series 1-6	34	—	—	(34)	—	—
Class D, Series 1-6	15,294	15	—	(9,763)	5,546	282.35
Class E, Series 1-6	7,541	—	—	—	7,541	157.57
Class F, Series 1-6	1,691	(695)	—	(996)	—	—
Class F, Series 1-1-6	—	696	—	(696)	—	—
Class M, Series 1-6	5,312	—	—	(5,312)	—	—
Class B, Series 1-7	1,427	2	—	(1,429)	—	—
Class E, Series 1-7	145,294	—	—	(19,039)	126,255	157.57
Class F, Series 1-1-7	1,279	123,874	—	(113,940)	11,213	155.05
Class F, Series 1-1-1-7	—	1,279	—	(1,279)	—	—
Class M, Series 1-7	215,429	261	—	(215,690)	—	—
Class C, Series 1-8	1,307	3	—	—	1,310	290.57
Class E, Series 1-8	79,913	3	—	(53,304)	26,612	157.57
Class F, Series 1-8	32,117	25	—	—	32,142	155.05
Class M, Series 1-8	120,071	110	—	(120,181)	—	—
Class C, Series 1-9	2,287	6	—	—	2,293	290.59
Class D, Series 1-9	531	10	—	(541)	—	—
Class C, Series 1-10	7,126	5	—	—	7,131	290.57
Class E, Series 1-10	23,504	—	—	(23,504)	—	—
Class F, Series 1-10	16,122	255	—	(10,604)	5,773	155.05
Class C, Series 1-11	4,242	3	—	—	4,245	290.55
Class D, Series 1-11	1,922	73	—	(140)	1,855	282.52
Class E, Series 1-11	78,665	41	—	—	78,706	157.57
Class C, Series 1-12	990	2	—	—	992	290.57
Class D, Series 1-12	21,145	25	—	(3,833)	17,337	282.36
Class E, Series 1-1-12	63,410	—	—	(54,264)	9,146	157.57
Class F, Series 1-12	103,467	183	—	(103,650)	—	—
Class C, Series 1-13	11,730	60	—	(11,790)	—	—
Class E, Series 1-13	93,227	1	—	(67,016)	26,212	157.57
Class F, Series 1-13	28,072	48	—	—	28,120	155.05
Class C, Series 1-14	4	—	—	(4)	—	—
Class D, Series 1-14	4,105	9	—	(4,114)	—	—

Notes to Financial Statements continued

Year ended December 31, 2009

5. Share Capital (continued)

	Shares Outstanding at January 1, 2009	Shares Transferred	Shares Issued	Shares Redeemed	Shares Outstanding at December 31, 2009	Net Asset Value Per Share at December 31, 2009 \$
Class E, Series 1–15	15,342	7	–	(15,349)	–	–
Class F, Series 1–15	9,932	8	–	–	9,940	155.05
Class C, Series 1–16	6,714	10	–	–	6,724	290.57
Class E, Series 1–16	76,828	84	–	(76,912)	–	–
Class F, Series 1–16	63,006	9	–	(42,975)	20,040	155.05
Class C, Series 1–17	6,019	–	–	–	6,019	290.57
Class D, Series 1–17	3,489	3	–	–	3,492	282.35
Class E, Series 1–17	7,675	10	–	(7,685)	–	–
Class F, Series 1–17	48,040	114	–	(48,154)	–	–
Class C, Series 1–18	8,751	–	–	–	8,751	290.57
Class D, Series 1–18	39,607	58	–	(10,190)	29,475	282.34
Class F, Series 1–18	83,470	(6,988)	–	(48,644)	27,838	155.05
Class C, Series 1–19	80,503	–	–	–	80,503	290.55
Class E, Series 1–19	31,672	–	–	–	31,672	157.57
Class C, Series 1–20	6,299	9	–	–	6,308	290.55
Class D, Series 1–20	46,056	42	–	(7,667)	38,431	282.34
Class F, Series 1–20	113,710	–	–	(113,710)	–	–
Class C, Series 1–21	–	5,904	–	(7)	5,897	290.57
Class E, Series 1–21	131,348	–	–	(28,716)	102,632	157.57
Class F, Series 1–21	41,770	–	–	(41,770)	–	–
Class C, Series 1–22	–	–	1,500	–	1,500	137.63
Class D, Series 1–22	3,923	4	–	–	3,927	282.34
Class D, Series 1–23	432	–	–	(432)	–	–
Class E, Series 1–23	420,276	–	–	(93,934)	326,342	157.57
Class F, Series 1–23	62,119	–	–	(62,119)	–	–
Class E, Series 1–25	84,708	–	–	(41,630)	43,078	157.57
Class F, Series 1–25	13,636	–	–	(13,636)	–	–
Class D, Series 1–26	4,809	7	–	(4,816)	–	–
Class E, Series 1–26	96,263	–	–	(62,696)	33,567	157.58
Class F, Series 1–26	2,442	–	–	(2,442)	–	–
Class E, Series 1–27	35,905	–	–	(635)	35,270	157.57
Class F, Series 1–27	7,353	–	–	(3,332)	4,021	155.05
Class D, Series 1–28	3,703	–	–	–	3,703	130.69
Class E, Series 1–28	13,119	–	–	(13,119)	–	–
Class F, Series 1–28	21,588	–	–	(7,301)	14,287	155.05

5. Share Capital (continued)

	Shares Outstanding at January 1, 2009	Shares Transferred	Shares Issued	Shares Redeemed	Shares Outstanding at December 31, 2009	Net Asset Value Per Share at December 31, 2009 \$
Class D, Series 1–29	–	–	2,500	–	2,500	133.35
Class E, Series 1–29	328,004	–	–	(89,783)	238,221	157.57
Class F, Series 1–29	1,442	–	–	–	1,442	155.06
Class E, Series 1–30	5,777	–	–	(5,777)	–	–
Class E, Series 1–31	127,913	–	–	–	127,913	157.57
Class F, Series 1–31	866	–	–	(866)	–	–
Class E, Series 1–32	68,506	–	–	(68,506)	–	–
Class E, Series 1–33	65,469	–	–	(53,289)	12,180	157.57
Class E, Series 1–34	258,867	–	–	(81,989)	176,878	157.57
Class E, Series 1–35	13,119	–	–	(6,149)	6,970	157.57
Class E, Series 1–36	1,735	–	–	(1,735)	–	–
Class E, Series 1–37	3,113	–	–	–	3,113	157.57
Class E, Series 1–39	3,867	–	–	–	3,867	157.57
Class E, Series 1–40	5,904	–	–	(5,904)	–	–
Class E, Series 1–41	88,161	–	–	(88,161)	–	–
Class S, Illiquid Series 1	11,197	–	–	(4,456)	6,741	33.94
Class S, Illiquid Series 2	1,762	–	–	(649)	1,113	32.71
Class S, Illiquid Series 4	47	–	–	(17)	30	33.17

6. Commitments

Participation interest purchased by the Fund in connection with the deferred incentive fee agreement with the Investment Manager includes financing commitments obligating the Fund to advance additional amounts on demand. At December 31, 2009, the Fund had unfunded capital commitments of \$7,001,594.

7. Indemnifications

In the normal course of business, the Fund enters into contracts that contain a variety of indemnifications and warranties. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, the Fund 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 Financial Statements continued

Year ended December 31, 2009

8. Financial Highlights

The following table represents the per share operating performance, ratios to average net assets and total return information for the year ended December 31, 2009.

	Class A, Series 1–2	Class B, Series 1	Class C, Series 1	Class D, Series 1	Class E, Series 1
Per share operating performance					
Net asset value at beginning of year	\$211.09	\$205.32	\$211.12	\$205.32	\$114.48
Income from investment operations:					
Net realized and unrealized gain from investments	90.09	88.64	88.82	86.12	48.17
Net investment loss	(10.65)	(11.62)	(9.37)	(9.10)	(5.09)
Total from investment operations	79.44	77.02	79.45	77.02	43.08
Net asset value at the end of the year	\$290.53	\$282.34	\$290.57	\$282.34	\$157.56
 Total return before incentive fee	 41.81%	 41.68%	 41.81%	 41.68%	 41.81%
Incentive fee	(4.18)	(4.17)	(4.18)	(4.17)	(4.18)
Total return after performance fee	37.63%	37.51%	37.63%	37.51%	37.63%

Ratios to average net assets

Total expenses before incentive fee and appreciation of deferred compensation	7.05%	6.54%	7.29%	7.29%	7.29%
Incentive fee	3.53	2.11	3.71	3.70	3.71
Total expenses before appreciation of deferred compensation	10.58%	8.65%	11.00%	10.99%	11.00%
Appreciation of deferred compensation	2.92	1.84	3.00	3.00	3.00
Total expenses	13.50%	10.49%	14.00%	13.99%	14.00%
Net investment loss	(6.58%)	(4.23%)	(6.94%)	(6.93%)	(6.94%)

	Class F, Series 1	Class H, Series 1	Class J, Series 1	Class K, Series 1–3
Per share operating performance				
Net asset value at beginning of year	\$112.75	\$71.46	\$82.64	\$88.89
Income from investment operations:				
Net realized and unrealized gain from investments	47.29	28.28	35.57	38.49
Net investment loss	(4.99)	(3.01)	(5.83)	(6.61)
Total from investment operations	42.30	25.27	29.74	31.88
Net asset value at the end of the year	\$155.05	\$96.73	\$112.38	\$120.77
 Total return before incentive fee	 41.68%	 39.30%	 41.13%	 41.00%
Incentive fee	(4.17)	(3.93)	(5.14)	(5.12)
Total return after performance fee	37.51%	35.37%	35.99%	35.88%

Ratios to average net assets

Total expenses before incentive fee and appreciation of deferred compensation	7.29%	7.30%	6.95%	6.27%
Incentive fee	3.70	3.52	3.44	2.52
Total expenses before appreciation of deferred compensation	10.99%	10.82%	10.39%	8.79%
Appreciation of deferred compensation	3.00	3.00	2.42	1.94
Total expenses	13.99%	13.82%	12.81%	10.73%
Net investment loss	(6.93%)	(6.76%)	(6.41%)	(4.87%)

8. Financial Highlights (continued)

The operating performance and ratios have not been annualized. The total return and ratios to average net assets of other series in the same share class may vary based on participation in “new issues” and the timing of capital subscriptions and redemptions.

9. Subsequent Events

Subsequent to December 31, 2009, the Fund received \$114 million in subscriptions from shareholders, of which approximately \$25.7 million was received in advance, and received redemption requests of approximately \$33 million effective March 31, 2010. In addition, based on redemption requests received from shareholders, the Fund 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 Fund’s management until March 26, 2010, which is the date the financial statements were issued.

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