

2011 - Earnings Release

Tarpon Investimentos S.A. (“Tarpon” or “the Company”) is an independent asset manager dedicated to investments in public and private-equity. Tarpon conducts its investment activity through the funds and management accounts under its management (“Tarpon Funds”). Tarpon’s goal is to provide, in the long run, above-market returns.

Tarpon's shares are traded on the Novo Mercado segment of the BM&FBOVESPA under the ticker TRPN3.

4Q11 Conference Call

[Call in English](#)

Date: Wednesday, February 8th
2012

Time:
1:00 pm (Brasilia)
10:00 am (US East)

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Password: Tarpon

Webcast:
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2011 - Highlights

Service gross revenues related to asset management business amounted to R\$ 21.0 million in the last quarter and R\$ 255.9 million in 2011.

✓ Portfolio Funds performance:

	<u>2011</u>	<u>2010</u>
Long-Only Equity in R\$	5.25%	38.81%
Long-Only Equity in US\$	(9.80)%	40.29%
Hybrid-Equity in US\$	(3.19)%	44.22%
Ibovespa index in R\$	(18.11)%	1.04%
IBX index in R\$	(11.39)%	2.62%

✓ **New commitments:** On the quarter Tarpon Funds received net commitments in the amount of R\$ 152 million;

✓ **Assets under management:** R\$5.6 billion of Portfolio Funds strategies and R\$ 1.3 billion of Co-Investment strategy, amounting R\$ 6.9 billion of assets under management 16% increase over 2010;

✓ Operating revenues:

Revenues related to management fees: R\$17.1 million in 4Q11, and R\$ 64.6 million in 2011.
Revenues related to performance fees: R\$3.9 million in 4Q11, and R\$ 191.3 million in 2011.

✓ **Net income:** R\$109.5 million as of December, 31 2011.

STOCK MARKET

Information as of: 02/06/2012

Market cap:
R\$806.8 million

Stock quote TRPN3: R\$16.74
O/S: 48,193,455



About Tarpon Investimentos

Tarpon Investimentos S.A. is an independent asset manager dedicated to value-oriented investments in public and private equity. Our goal is to provide, in the long-run, above-market returns.

Our investment philosophy is supported by six tenets:

Focus on intrinsic value

We search for investments that, in the long-run, provide above-market returns and where market prices reflect a substantial discount to intrinsic value.

Portfolio concentration

We believe in concentration: each invested company has a meaningful impact on the portfolio and allows us to obtain deep understanding of these companies.

Contrarian approach

We look for investment opportunities that are not evident and that are generally overlooked by the public market. We aim to develop an independent view from market consensus.

High Conviction

We have a disciplined investment process that allows us to have a high degree of conviction related to each investment decision.

Long-term perspective

We are looking at long-term time frames to capture the potential value of each investment.

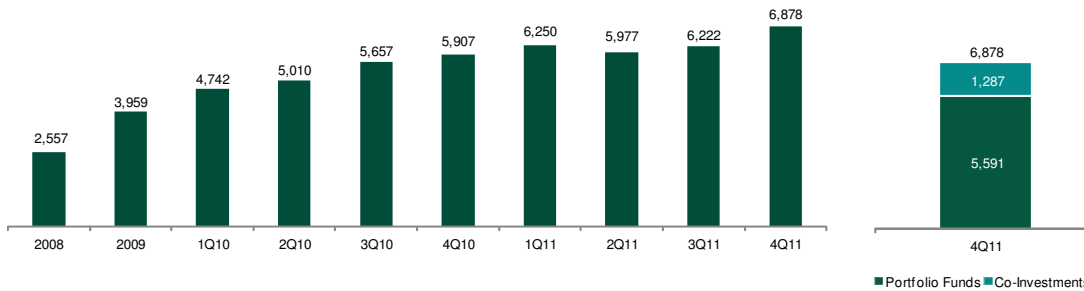
Value Creation

We often work to develop a value creation agenda together with our invested companies.

Assets under management

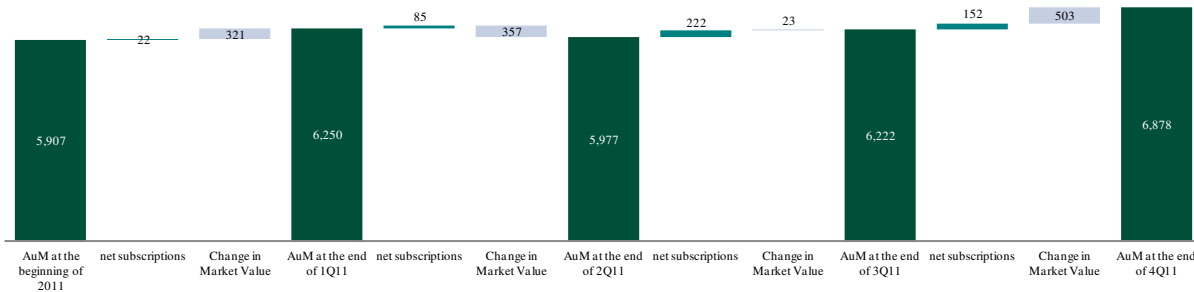
Our assets under management (“AuM”) amounted to R\$6.9 billion as of December 31st 2011, an increase of 16% when compared to R\$5.9 billion AuM as of December 31st 2010 and an increase of 11% when compared to the third quarter of 2011.

Total AuM historical growth - R\$ million



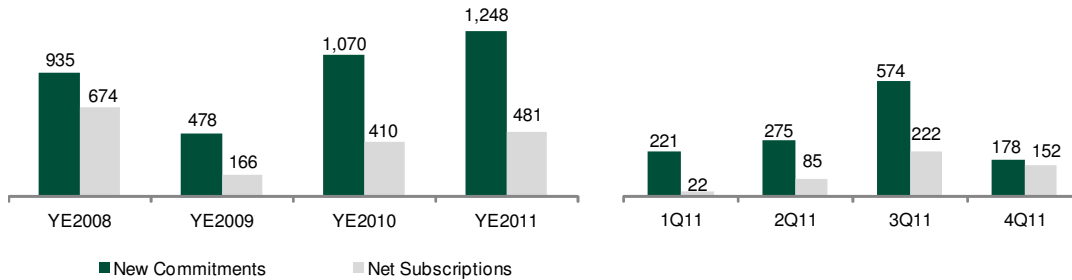
The AuM reflected net subscription of R\$ 152 million in the quarter as well as the impact of R\$ 503 million of change in market value of Portfolio Fund's (including changes in asset prices and exchange rates).

AuM growth - R\$ million



New commitments: the Tarpon Funds received net commitments (new commitments net of redemptions paid in the quarter) in the amount of R\$152 million during the quarter. The strategy of Tarpon's Portfolio Fund's fundraising effort is based on capital recycling; replacing potential redemptions with new subscriptions of similar sizes. For the Co-investment strategy, we continue to attract investors for specific Co-Investment opportunities in assets where the Portfolio Funds have already reached their optimal exposure.

Commitments - R\$ million



Investment Strategy

We conduct our asset management activity through two main investment strategies:

Portfolio Funds

(Public and private equity investments)

The Portfolio Funds strategy comprises the Tarpon Funds that have flexibility to invest in either public equities or privately held companies in Brazil or other Latin American countries.

As of December 31st 2011, AuM allocated to the strategy amounted to R\$5.6 billion.

Co-Investment Strategy

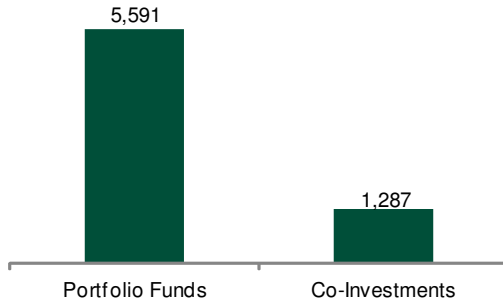
(Public and private equity investments)

The co-investment strategy serves as a sidecar/co-investment structure whose primary objective is to increase Tarpon's exposure to selected invested companies.

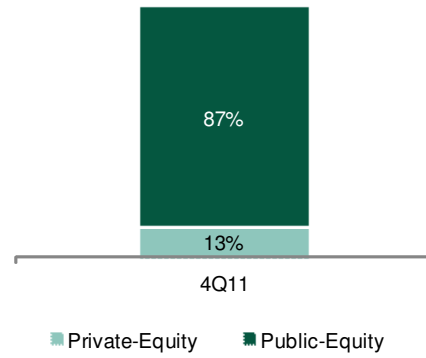
As of December 31st 2011, AuM allocated to the co-investment strategy amounted to R\$1.3 billion.

As indicated in the chart below, public-equity allocation accounted for 87% of our AUM in terms of invested capital. Private-equity investments, at fair value, accounted for the remaining 13%.

AuM by investment strategy – R\$ million



AuM by investment approach (invested capital)

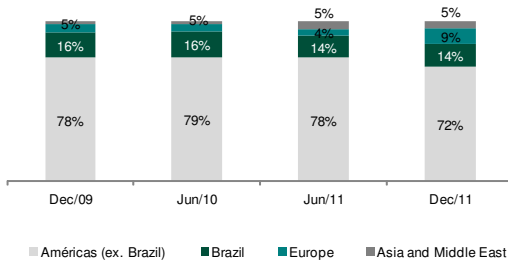


Investor base

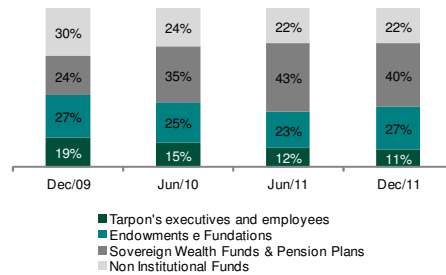
We aim to attract and retain a sophisticated investor base that is aligned with our investment philosophy and with a long-term investment profile.

As of December 31st, 2011, institutional investors, mainly endowments, foundations, pension funds and sovereign wealth funds accounted for 67% of total AuM. The capital invested by our executives and employees represented 11% of assets.

AuM by geographical region



AuM by investor type



Investment performance

During the quarter, the Portfolio Funds Long-Only Equity strategy posted positive net returns of 7.86% in R\$ and 6.17% in US\$. The accumulated annualized returns of this strategy is 32.49% in R\$ and 31.61% in US\$.

The Portfolio Funds Hybrid-Equity strategy posted net returns of 7.16% (in US\$) in the quarter. Net annualized performance is 26.12% since launch.

We do not follow any stock market index as a performance benchmark. For illustrative purposes, during the quarter, Ibovespa and IBX Indexes posted returns of 8.47% and 9.33%, respectively (both in R\$).

Strategy	Inception	Performance ⁽¹⁾⁽²⁾					
		4Q11	2011	LTM	2 years	5 years	Since launch (annualized)
Portfolio Funds Long-Only Equity (R\$)	May 2002	7.86%	5.25%	5.25%	46.09%	145.67%	32.49%
Portfolio Funds Long-Only Equity (US\$)	May 2002	6.17%	-9.80%	-9.80%	26.54%	151.56%	31.61%
Portfolio Funds Hybrid-Equity (US\$)	Oct 2006	7.16%	-3.19%	-3.19%	39.63%	175.97%	26.12%
Stock market index		4Q11	2011	LTM	2 years	5 years	
Ibovespa (R\$)		8.47%	-18.11%	-18.11%	-17.25%	27.61%	
IBX (R\$)		9.33%	-11.39%	-11.39%	-9.07%	35.28%	
Ibovespa (US\$)		7.23%	-27.26%	-27.26%	-23.19%	45.45%	
IBX (US\$)		8.08%	-21.29%	-21.29%	-15.60%	54.19%	

(1) Performance net of fees.

(2) Performance up to December 31st, 2011.

Financial highlights

Summary of results

Financial highlights - R\$ million

	2011	2010
Gross revenues	255.9	217.1
Management fees	64.6	53.8
Performance fees	191.3	163.3
Net revenues	241.5	205.8
Operating expenses	(77.0)	(49.2)
Recurring: general administration, payroll & others	(26.2)	(15.1)
Non recurring: stock option, variable comp., profit sharing	(50.8)	(34.1)
Results from operating activities	164.5	156.6
<i>Operating margin</i>	64%	72%
Results from financial activities	10.2	9.4
Finance Expense / Income	10.2	9.4
Income tax and social contribution	(65.2)	(27.0)
Net Income	109.5	139.0
<i>Net margin</i>	45%	68%
Earnings per share (R\$/share) *	2.34	3.37
O/S	48,193	41,207
AuM (end of period)	6,878	5,907

(*) – Earnings per share are calculated using the weighted average shares.

Note: the margin indicated is calculated over net operating revenues.

Operating revenues

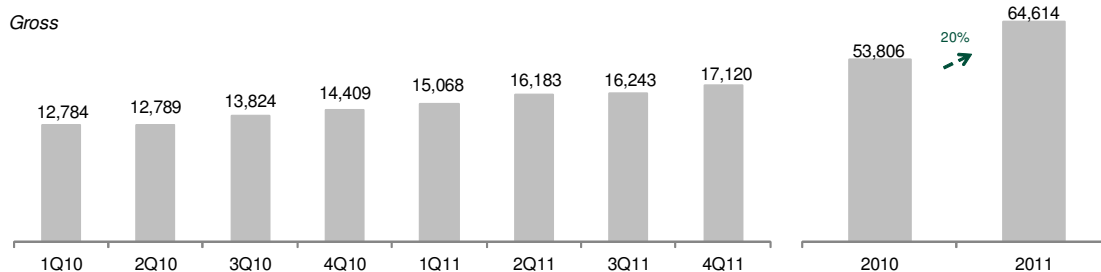
Operating revenues are composed of revenues related to management fees – recurring and more predictable income flow based on the Tarpon Funds' net asset value – and revenues related to performance fees income flow with higher volatility based on the performance rendered by the Tarpon Funds.

Revenues related to management fees

Management fees are charged on the Tarpon Funds on a monthly or quarterly basis, calculated over the amount of called capital.

During the quarter, gross revenues related to management fees amounted to R\$17.1 million, equivalent to 81% of the operating revenues on the quarter. In the year, revenues related to management fees were R\$64.6 million or 25% of operating revenues on the year. These revenues increased 20% when comparing 2011 with 2010.

Management fees revenues - R\$'000



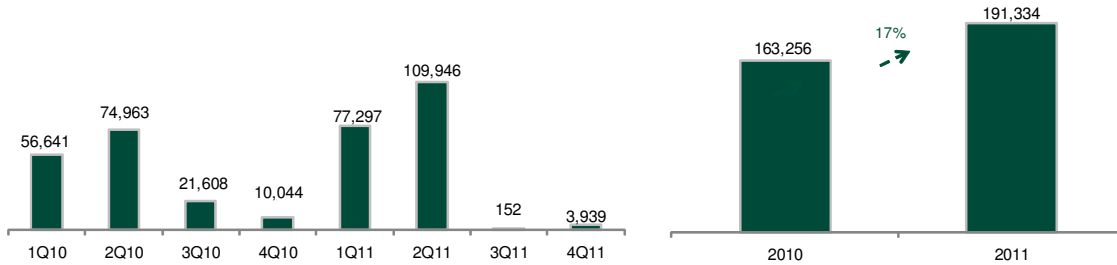
Revenues related to performance fees

The Tarpon Funds are entitled to collect performance fees when their performance exceeds certain hurdle rates. The majority of the Tarpon Funds' hurdles vary from 6% per year to an inflation index plus 6% per year.

The Tarpon Funds include the concept of a high water mark. Performance fees are charged only if the net asset value (NAV) of the fund's shares exceeds the NAV of the previous date of performance fee collection, adjusted for the hurdle rate.

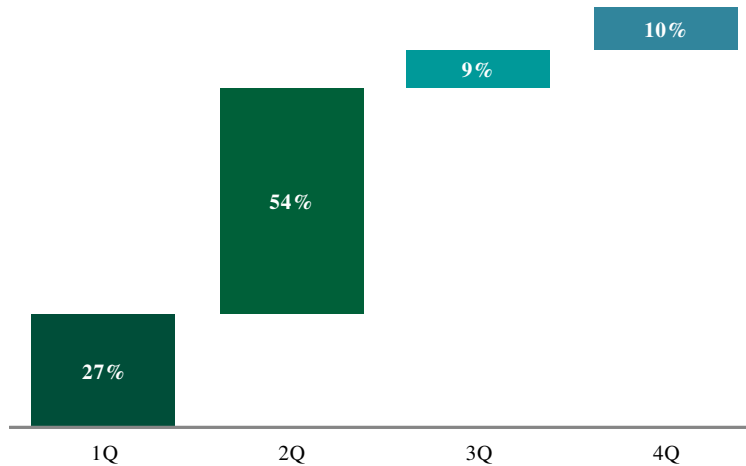
In the quarter, revenues related to performance fees amounted to R\$3.9 million, accounting for 19% of overall operating revenues in the quarter. In the year, revenues related to performance fees accounted for R\$ 191.3 million or 75% of Tarpon's total revenues.

Performance fees revenues - R\$'000



Up to December 31st, 2011, performance fees revenues totaled R\$ 191.3 million as a result of superior performance delivered by the Tarpon Funds.

Below you will find our current performance collection schedule as a % of AuM, divided by quarter:

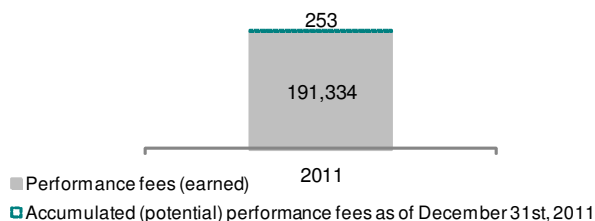


As of December 31st 2011, 6.42% of the Tarpon Funds' NAV was above their respective high water marks.

The Tarpon Funds are entitled to collect performance fees on distinct dates. As presented in the chart below, for illustrative purposes, if 100% of the Tarpon Fund's net asset value had been charged performance fees as of December 31st 2011, the additional amount in revenues related to performance fees would have been R\$253 thousand (potential revenues based on the net asset value of funds as of such date). As we cannot predict the Tarpon Funds' performance, we cannot guarantee that this potential amount will be owed to

Tarpon at any future date. The amount shown below may differ substantially from the actual realized amount.

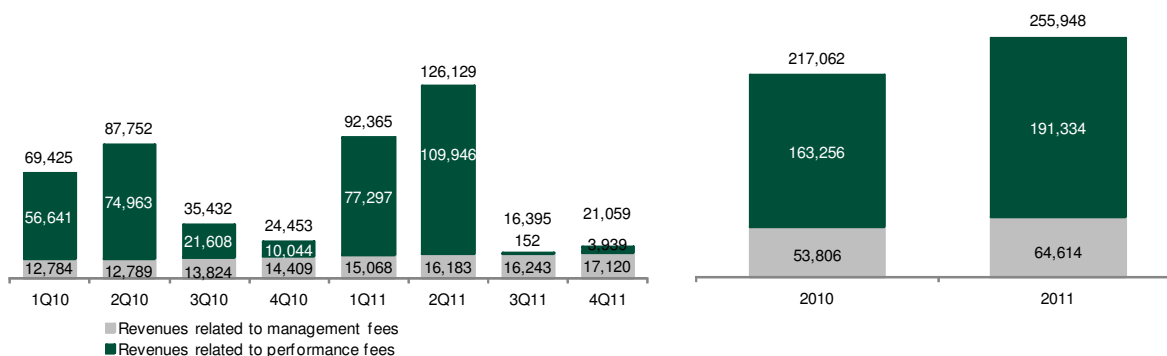
Performance fees revenues: earned and potential amount as of December 31th, 2011 – R\$'000



Total operating revenues

The amount of revenues related to management and performance fees totaled R\$21.0 million in the quarter a 14% decrease over the amount recorded in the same period of 2010. In year of 2011, the operating revenue amounted R\$ 255.9 representing an increase of 18% when compared to the same period of 2010.

Total operating revenues - R\$'000

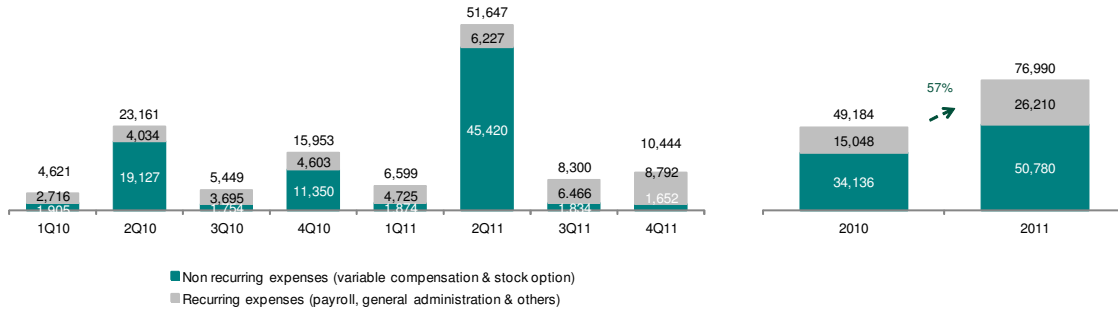


Operating expenses

Operating expenses, which are comprised of recurring and non-recurring expenses, amounted to R\$76.9 million during 2011 (64% of operating margin).

The recurring portion of operating expenses is comprised of general and administrative expenses, payroll expenses, and other expenses related to depreciation and travel expenses. In 2011, recurring expenses totaled R\$26.2 million, equivalent to 34% of total operating expenses. The difference between 2011 and 2010 is primarily due to an increase in headcount and overall office structure.

Total operating expenses - R\$'000



In 2011, non-recurring operating expenses amounted to R\$50.8 million, that amount includes variable compensation, profit sharing program and provision of our stock option plan (with no cash impact).

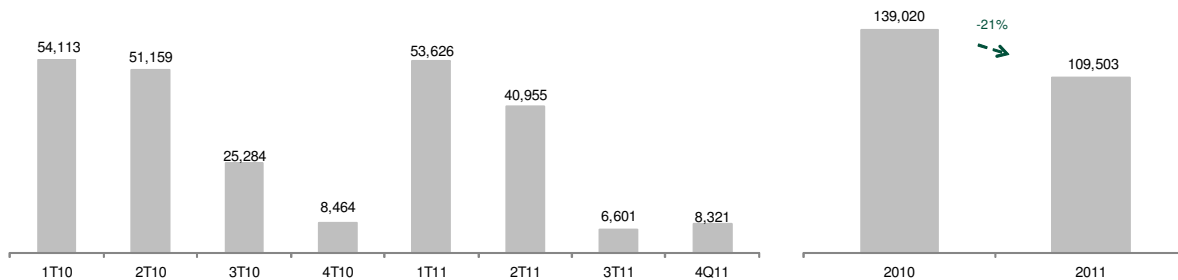
Taxes

For 2011, income taxes and social contribution amounted to BRL 65.2 million.

Net Income

Net income in 2011 amounted to R\$109.5 million, representing a net margin of 45%.

Net income - R\$'000



Corporate Governance

Our shares are traded on the Novo Mercado segment of BM&FBOVESPA under the ticker TRPN3.

LTM Performance

Tarpon Investimentos S.A.

O/S: 48,193,455

Stockmarket: BM&F Bovespa / Novo Mercado

Ticker: TRPN3

Listing: 05/26/2009

Share Price **02/06/2012**: 16.74

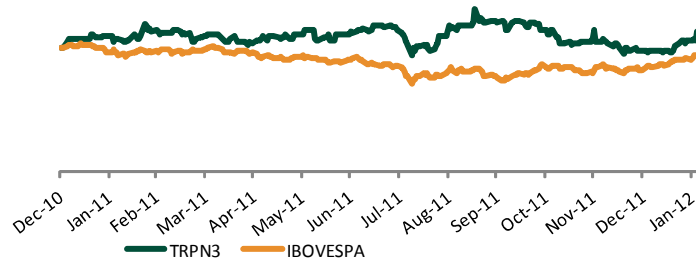
Market Cap: R\$806.8 million

Share Performance:

4Q11: -18.99%

2011: -2.64%

LTM: 6.03%



INCOME STATEMENT - CONSOLIDATED

<i>In R\$'000</i>	2011	2010
Net revenues	241,457	205,820
Personnel expenses	(12,015)	(7,637)
Stock option	(7,155)	(7,699)
Administrative expenses	(14,492)	(6,104)
Variable compensation	(43,625)	(26,437)
Other income/(expense)	135	(1,308)
Share of profit of equity accounted investees	172	(125)
Results from operating activities	164,477	156,510
Financial income / (expense)	10,222	9,451
Profit before income tax	174,699	165,961
Income tax and social contribution	(65,196)	(26,941)
Minorities	-	-
Net income	109,503	139,020

BALANCE SHEET - CONSOLIDATED

<i>In R\$'000</i>	2011	2010
Assets		
Cash and cash equivalents	373	294
Financial assets measured at fair value through profit and loss	84,030	45,217
Available for sale financial assets	-	-
Trade receivables *	8,490	21,282
Other assets	30,918	1,523
Total current assets	123,811	68,316
Investments in equity accounted investees	1,091	-
Property, plants and equipments	1,682	1,435
Total non-current assets	2,773	1,435
Total assets	126,584	69,751
Current liabilities		
Accounts payable	501	9,952
Current tax liabilities	64,349	6,396
Payroll accruals	1,984	1,319
Dividends payable	8,451	33,713
Total current liabilities	75,285	51,380
Accounts payable	191	381
Total non-current liabilities	191	381
Equity		
Share capital	6,116	4,180
Capital reserve	26,507	2,102
Statutory reserve	6,116	30
Legal reserve	1,223	836
Adjustment of Conversion	133	-
Stock option	11,013	10,842
Retained earnings	-	-
Total equity	51,108	17,990
Total equity and liabilities	126,584	69,751

* Until 6th February, 2012, 100% of the trade receivables were received.

CASH FLOW - CONSOLIDATED

<i>In R\$'000</i>	2011	2010
Net income	109,503	139,020
Depreciation	277	122
Profit from equity accounted investees	(172)	125
Stock Option plan	7,155	7,699
Change in financial assets available for sale	-	132
Adjusted net income	116,763	147,098
Working capital	19,582	7,975
Trade receivables	12,792	(11,298)
Net cash provided by (used in) operating activities	149,137	143,775
Change in permanent assets	(655)	(1,328)
Change in financial assets	(38,813)	(30,259)
Adjustment of Conversion	133	-
Dividends received	-	-
Change in investment in equity accounted investees	(786)	-
Dividends paid	(128,293)	(112,110)
Treasury shares	-	-
Exercise of stock option plan	19,356	176
Net cash provided by (used in) financing activities	(149,058)	(143,521)
Net increase (decrease) in cash and cash equivalents	79	254
Cash and cash equivalents at the beginning of the quarter/year	294	40
Cash and cash equivalents as of September 30th	373	294

Contact

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IR Officer

Disclaimer

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