

1Q10 - Earnings Release

Tarpon Investimentos S.A. (“Tarpon” or “Company”) is an independent asset manager dedicated to value-oriented investments in public and private equity. Having an unique approach in the Brazilian market, Tarpon deploys a very disciplined investment philosophy based on five tenets: concentration, contrarian, high conviction, long-term perspective and focus on intrinsic value. Tarpon’s goal is to provide, in the long run, absolute above-market returns.

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

1Q10 Conference Call

[Call in English](#)

Date: May 4th, 2010

Time:

11:00 am (Brasilia)
10:00 am (US East)

Telephone:

+55 (11) 4688-6361 (Brazil only)
+1 (786) 924-6977 (others)

Code: Tarpon

Webcast:

www.ccall.com.br/tarpon/

IR contact:

Eduardo Mufarej

IR Officer

Phone: +55 (11) 3074-5800

ir@tarponinvest.com.br

Visit our IR website:

www.tarponinvest.com/ir

STOCK MARKET

Information as of: 04/30/2010

Market cap

R\$348.2 million

Stock quote TRPN3: R\$8.45

O/S: 41,206,763 shares

Free float: 49%

First quarter 2010 - Highlights

The assets under management (“AUM”) amounted to R\$4.7 billion in the 1Q10, a 112% increase over the 1Q09:

- ✓ **Superior fund performance:** the Tarpon Funds reported strong performance during the quarter:

Fundo Tarpon (Long Only Equity): 8.1% (in R\$)

Tarpon Fund (Long Only Equity): 5.5% (in US\$)

Tarpon All Equities Fund (Hybrid Equity): 5.8% (in US\$)

Ibovespa index: 2.6% (in R\$) / 0.3% (in US\$)

IBX index 1.9% (in R\$) / -0.4 (in US\$)

- ✓ **New commitments:** R\$641.0 million during the quarter, of which R\$497.0 million were committed to the new fund under our management:

Tarpon Special Opportunities Fund: Our new co-investment fund will allow investments in selected opportunities alongside with the other Tarpon Funds, increasing AuM without compromising the current strategies’ performance

Strategic alignment: commitments for the new strategy resulted from the partnership entered by TIG Holding Ltd. and AIMCO, one of Canada’s largest institutional investment fund managers

- ✓ **Robust operating results:** gross revenues from our asset management activity amounted to R\$69.4 million, an increase of 62% over the revenues accounted in the FY2009

- ✓ Net income amounted to R\$54.1 million in the 1Q10 (net margin of 82%)



About Tarpon Investimentos

Tarpon is an independent asset manager dedicated to value-oriented investments in public and *private equity*. Tarpon's goal is to provide, in the long run, absolute and above- market returns.

We aim to deploy a very disciplined investment philosophy based on five tenets:

Contrarian approach

We seek opportunities that are not evident, generally overlooked by the market, aiming to develop our independent market perception.

Portfolio Concentration

We seek concentration as it allows each portfolio company to have a meaningful impact on the funds' results when the intrinsic value and market price converge.

Focus on intrinsic value

We search for companies whose market prices are substantially discounted to their intrinsic value and that in our view present strong perspective of value creation on the long term.

Long-term perspective

We expect to maximize the potential gain of each portfolio investment during a time horizon that generally goes from three to five years.

High Conviction

We believe in deep understanding of the management, operations and stakeholders of each portfolio company. Our goal is to be the most educated shareholder, securing a high level of confidence and conviction in our decisions.

Our hybrid investment approach allows us to have flexibility to choose from the best allocation between public or private equity, allowing us to be exposed to the best investment opportunities regardless of its liquidity.

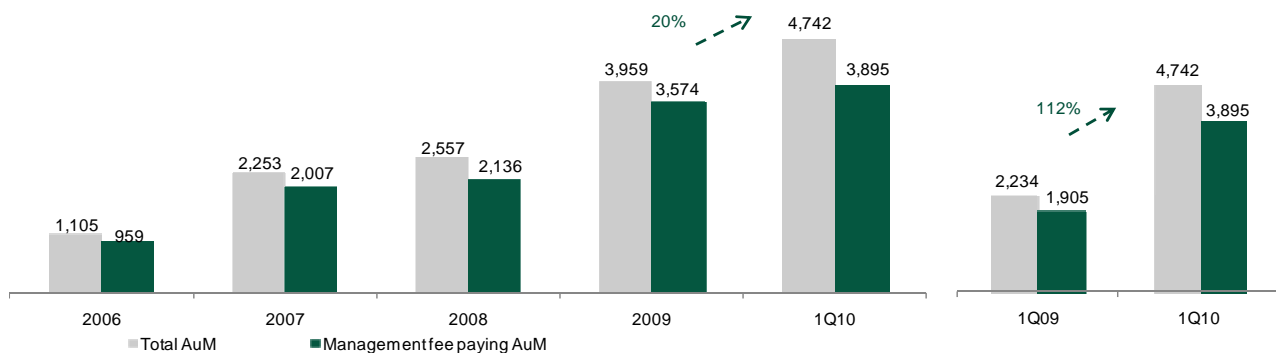
On each of our portfolio company, we are keen to deploy a value creation agenda and share our expertise in themes such as capital allocation, strategic management, and corporate governance, among others.

Assets under management (AuM)

The assets under management (“AuM”) amounted to R\$4.7 billion as of March 31st, 2010, representing a 20% increase over the R\$ 4.0 billion of AuM as of December 31st, 2009. When compared to the 1Q09, the increase in AuM amounted to 112%.

The management fee paying AuM in the 1Q10 (AuM subject to payment of management fees) amounted to R\$3.9 billion, or 82% of the total assets. This amount excludes the committed but uncalled capital and other co-investment structures that do not charge management fees. As of December 31st, 2009, the management fee paying AuM represented 90% of the total AuM.

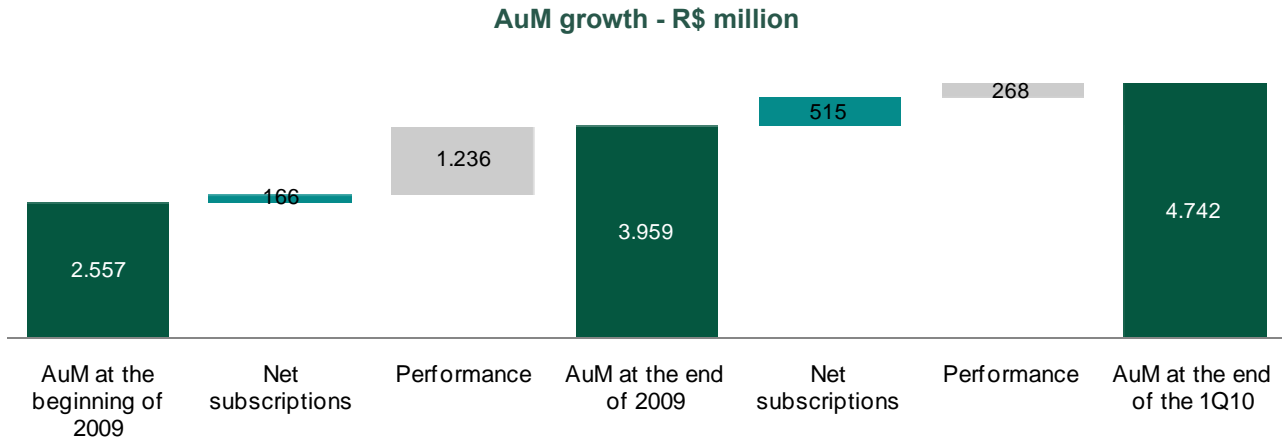
AuM historical growth - R\$ million



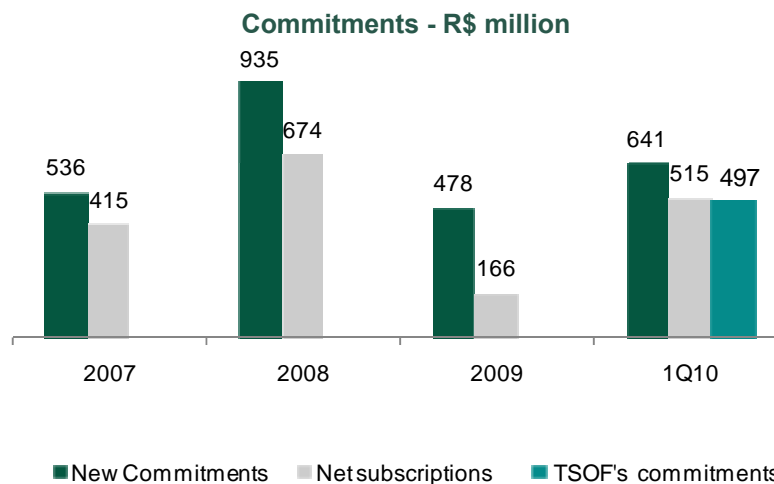
During the quarter, the AuM growth was mainly driven by the strong performance of the Tarpon Funds and by the net capital commitments of the period.

- ✓ Performance: the net positive performance posted by the Tarpon Funds contributed to a R\$268.0 million increase in the AuM in the 1Q10.
- ✓ New commitments: the Tarpon Funds received net commitments (balance between new commitments and redemptions) in the amount of R\$515.0 million during the 1Q10.

The chart below indicates the assets under management growth resulting from performance and net asset inflows during the 1Q10 and in 2009.



We have started the year raising R\$641.0 million in new commitments (from January to March 2010), compared with R\$478.0 million registered during the FY2009.



Out of the new commitments, the major portion (R\$497.0 million) was committed to our new co-investment fund, the "Tarpon Special Opportunities Fund" ("TSOF").

TSOF will act as a sidecar/co-investment fund, whose primary objective is to co-invest alongside Tarpon Funds in certain special public and private equity opportunities.

Our challenge going forward is to not let the growth of our asset base dilute the potential returns of the existing strategies. Through TSOF, we intend to have more flexibility to capture specific investment opportunities together with the main funds, benefiting both strategies.

Before creating TSOF, we conducted co-investments together with the principal funds in segregated structures. The new fund will allow the co-investments to be held under one single investment structure and subject to the same fees and divestment terms.

The subscriptions to TSOF were also marked by the sophistication and long term approach of its investors. As announced to the market in March 2010, the commitments came in the context of a partnership established by TIG Holding Ltd. and Alberta Investment Management Corporation (“AIMCO”), on behalf of certain pensions, endowments and government funds of the Province of Alberta, Canada.

Investment vehicles and strategy

We conduct the asset management activity through three main investment strategies:

Long Only Equity Strategy

(Public equity investments)

The Long Only Equity strategy comprises the funds and managed accounts that invest exclusively in Brazilian publicly traded companies listed at the BM&FBOVESPA. This strategy is pursued, among others, by the Fundo Tarpon, denominated in R\$ and dedicated to qualified Brazilian investors, and by the Tarpon Fund, denominated in US\$ and dedicated to foreign qualified investors.

As of March 31st, 2010, the AuM allocated to the Long Only Equity strategy amounted to R\$1.8 billion, of which R\$91.0 million were committed but uncalled.

Hybrid-Equity Strategy

(Public and private equity investments)

The Hybrid Equity strategy is adopted by the Tarpon All Equities Fund (“TAEF”) and is dedicated to foreign qualified investors. This strategy has the flexibility to invest in publicly traded companies and private equity in Brazil or other South American countries.

As of March 31st, 2010, the AuM allocated to the Hybrid Equity strategy amounted to R\$2.2 billion, of which R\$132.0 million were committed but uncalled.

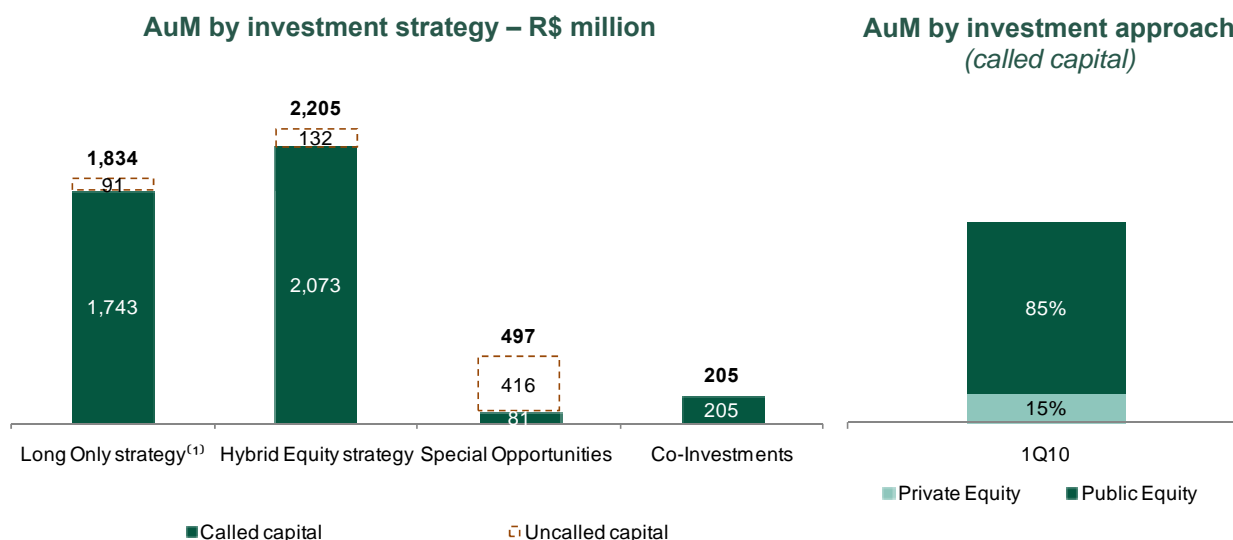
Co-Investment Strategy:

(Public and private equity investments)

The co-investment strategy is adopted by the Tarpon Special Opportunities Fund (“TSOF”) and is dedicated to foreign qualified investors. Launched in January/2010, the new product will serve as a sidecar/co-investment fund, which primary objective is to co-invest with the other Tarpon Funds in certain special public and private equities. The proceeds of each tranche committed to the TSOF will have two year to be called and three years to be divested from each opportunity (renewable for additional one-year periods).

As of March 31st, 2010, the AuM allocated to the TSOF amounted to R\$497.0 million, of which R\$416.0 million were committed but uncalled. The AuM allocated on the segregated co-investment structures prior to the TSOF amounted to R\$205.0 million.

As indicated in the charts below, the amount of called capital allocated in public equity investments coming from the Tarpon Fund, Fundo Tarpon, TAEF e TSOF and managed accounts corresponded to 85% of our total asset base. The private equity investments coming from the TAEF, TSOF and other segregated co-investment structures represented 15% of such total.

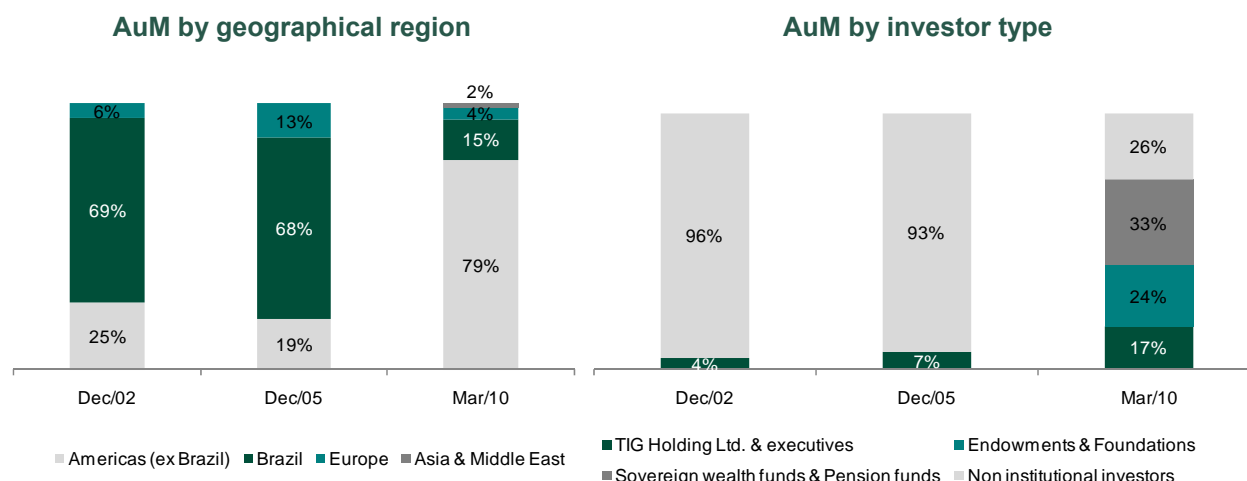


Investor base

We aim at attracting and retaining a sophisticated and aligned client base, with a long term investment profile.

As of March 31st, 2010, the institutional and highly sophisticated investors, mainly endowments, foundations, pension funds and sovereign wealth funds made up 57% of total AuM. “Permanent” capital invested by TIG Holding Ltd. corresponded to 17% of the assets.

The efforts towards consistently improving the profile of our capital base by bringing investors with higher degree of sophistication provides strategic stability to our AuM base. This strength allows us to focus on the best opportunities regardless the economic/financial health of the local or global markets.



Tarpon Funds investment performance

During the quarter, the Long Only Equity strategy pursued by Fundo Tarpon and Tarpon Fund posted net returns of 8.1% (in R\$) and 5.5% (in US\$), respectively. In the same period, the Hybrid Equity strategy pursued by the Tarpon All Equity Fund posted net returns of 5.8% (in US\$).

As our mandate is to deliver absolute and uncorrelated returns, we do not follow any stock market index as performance benchmark. However, just for illustrative purposes, during the same period, the Ibovespa and IBX Indexes posted returns of 2.6% (0.3% in US\$) and 1.9% (-0.4% in US\$), respectively.

Strategy	Vehicle	Inception date	Performance ⁽¹⁾				Since launch (annualized)
			1Q10	LTM	3 years	5 years	
Long Only Equity	Fundo Tarpon*	May 2002	8.1%	102.3%	57.0%	158,3%	35.8%
Long Only Equity	Tarpon Fund**	May 2002	5.5%	150.1%	77.5%	233,8%	36.7%
	Managed accounts*	Dec 2006	9.2%	111.3%	55.0%	85.1%	20.3%
Hybrid Equity	Tarpon All Equities Fund**	Oct 2006	5.8%	152.8%	73.4%	-	29.9%
Co-investment	Tarpon Special Opportunities Fund*	Jan 2010	-	-	-	-	-
Stock market index ⁽²⁾			1Q10	LTM	3 years	5 years	
Ibovespa (R\$)			2.6%	72.0%	53.6%	164.5%	-
IBX (R\$)			1.9%	60.0%	48.0%	172.1%	-
Ibovespa (US\$)			0.3%	123.5%	76,9%	295.9%	-
IBX (US\$)			-0.4%	108.0%	70.4%	307.4%	-

- (1) The performance indicated is net of fees.
(2) Closing price.

* The strategy's performance is indicated in R\$.

** The strategy's performance is indicated in US\$.

Financial Highlights

Summary of results

<i>Financial highlights - R\$ million</i>				Δ	
	1Q 2010	1Q 2009	2009	1Q10/1Q09	1Q10/2009
Gross revenues	69.4	2.5	42.8	2,684%	62%
Management fees	12.8	2.5	29.6	413%	(57%)
Performance fees	56.6	0.0	13.2	-	329%
Net revenues	65.9	2.4	40.6	2,693%	62%
Operating expenses	(4.6)	(2.3)	(24.6)	102%	(81%)
Recurring: general administration, payroll & others	(2.7)	(1.4)	(9.8)	93%	(72%)
Non recurring: bonus & stock option	(1.9)	(0.9)	(14.8)	115%	(87%)
Results from operating activities	61.2	0.1	15.9	92,398%	285%
<i>Operating margin</i>	93%	3%	39%	3,212%	137%
Net Income	54.1	(0.4)	16.0	(12,720%)	238%
<i>Net margin</i>	82%	-18%	39%	(552%)	108%
Adjusted net income⁽¹⁾	56.0	0.5	19.2	12,099%	191%
Earnings per share (R\$/share)	1.31	(0.01)	0.39	(12,710%)	238%
o/S	41,207	41,174	41,174	-	-
AuM (end of period)	4,742	2,234	3,959	112%	20%
Average fee paying AuM ⁽²⁾	3,715	2,036	2,623	82%	42%

(1) Net income adjusted by the reversion of the Company's stock option plan provision that has no cash impact.

(2) Assets under management subject to payment of management fees. Excludes committed but uncalled capital and other co-investment structures.

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

Revenues related to management fees

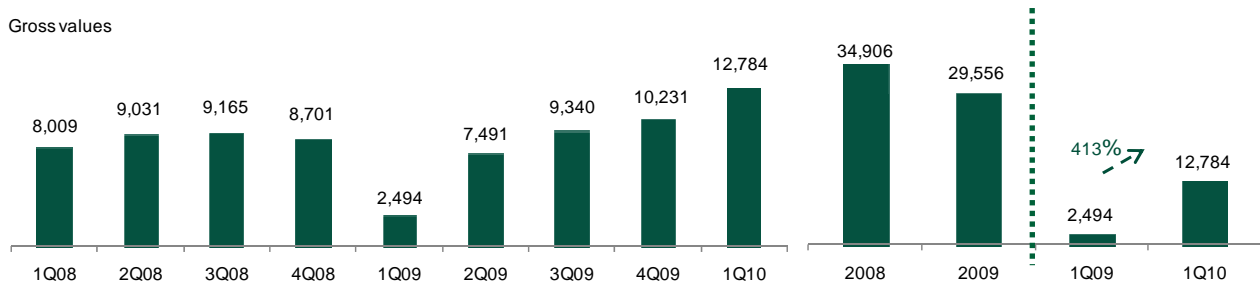
The management fees are charged on the funds and managed accounts on a monthly or quarterly basis over the amount of called capital. The Hybrid Equity and Long Only Equity strategies are charged, in average, management fees of 1.5% per year; the co-investment strategy of TSOE is charged 0.8% per year.

During the 1Q10, the gross revenues related to management fees amounted to R\$12.8 million, equivalent to 18% of the quarter's operating revenues.

When compared to the 1Q09, the amount earned in the 1Q10 represented an increase of 413%. The increase in revenues in comparison to the 1Q09 is explained by (i) the increase of Tarpon Funds' average AuM base, equivalent to a 112% increase during the twelve-month period, and (ii) the corporate restructuring involving the Company occurred in March 2009.

The amount of revenues related to management fees recorded in the 1Q10 was equivalent to 43% of the overall amount recorded in the FY2009.

Management fees revenues - R\$'000



Revenues related to performance fees

The funds and managed accounts also are entitled to collect performance fees when its performance exceeds a certain hurdle. The hurdle rates are not standardized for all the funds. The majority of the Tarpon Funds' hurdle varies from 6% to annual inflation index plus 6% per year.

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

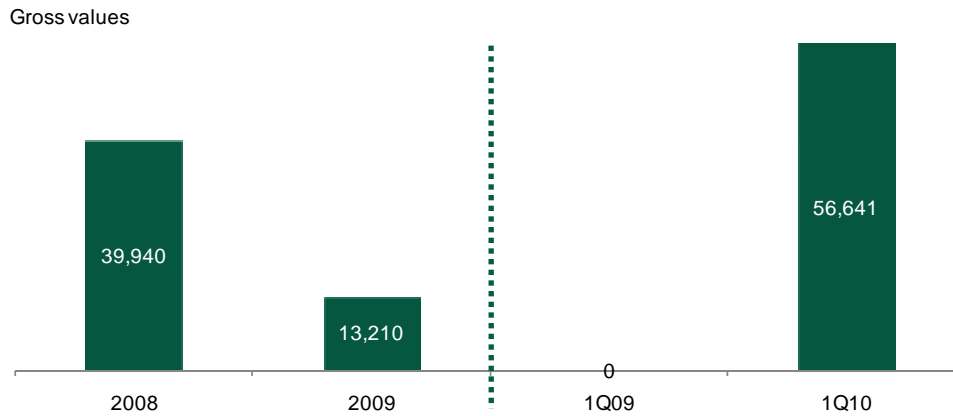
The Hybrid Equity and the Long Only equity strategies are charged, in average, a 20% performance fee due on an annual or semi-annual basis over the return that exceeds each fund's hurdle rates. The co-investment strategy pursued by TSOP is charged a 15% fee over the return that exceeds its hurdle, calculated upon capital divestment.

The revenues related to performance fees during the quarter amounted to R\$56.6 million and were exclusively originated from the Long Only and Hybrid Equity strategies. This amount was equivalent to 82% of the overall operating revenues in the period.

The revenues related to performance fees earned in the 1Q10 represented a 329% increase over the R\$13.2 million recorded during the FY2009, when the majority of the funds' net asset value were under the high water mark. As of March 2010, the totality of the Tarpon Funds' NAV was above the respective high water marks.

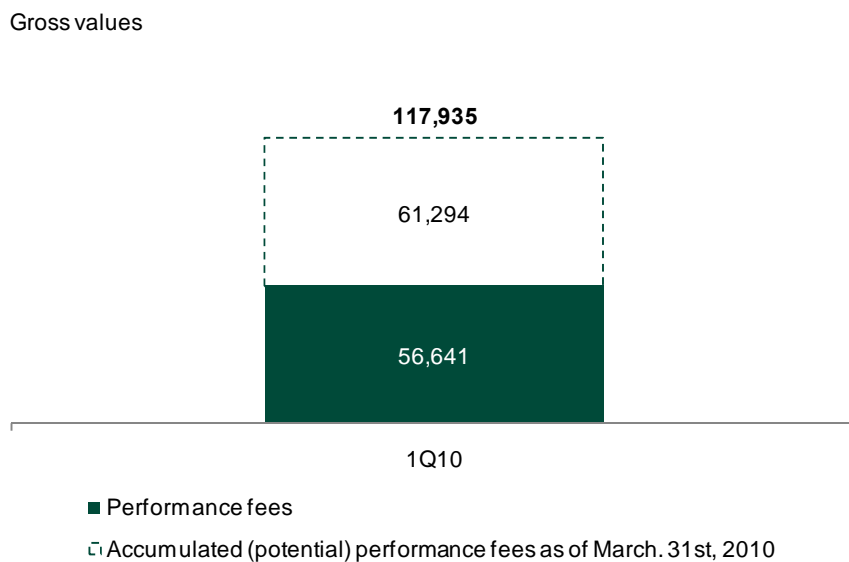
During the 1Q09, Tarpon did not record any revenues related to performance fees.

Performance fees revenues - R\$'000



The funds and managed accounts are entitled to collect performance fees in distinct dates. As presented in the chart below, for illustrative purposes, if 100% of the Tarpon fund's AuM would be charged performance fees as of March 31st, 2010, the amount in revenues related to performance fees would have been increased by R\$61.2 million (potential revenues based on the net asset value of funds as of such date). As we cannot predict the funds' performance, this potential amount may differ substantially from the effective amount.

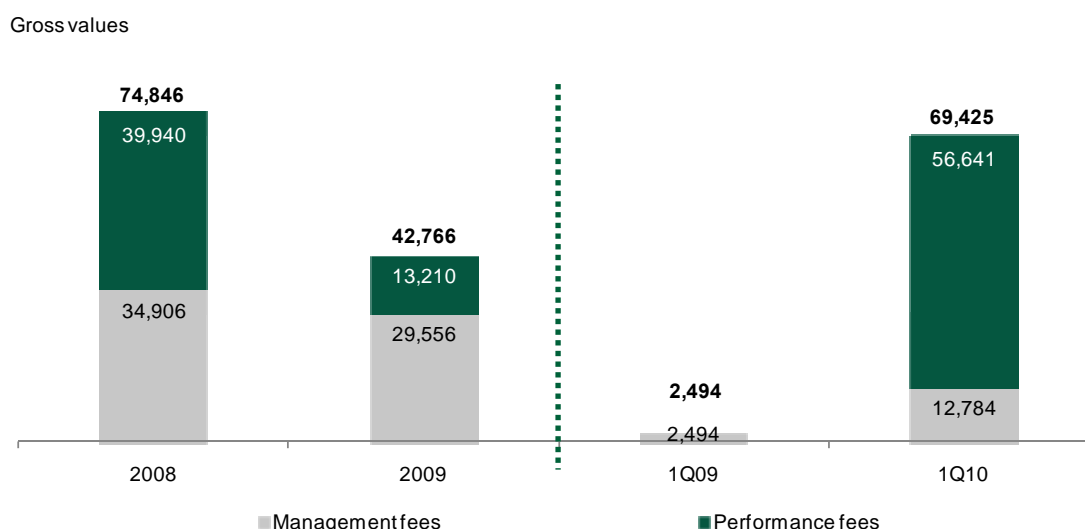
Collected and potential performance fees related revenues



Operating revenues

Based on the amount of revenues related to management and performance fees earned during the 1Q10, the total operating revenues amounted to R\$69.4 million, a 62% increase over the R\$49.2 million recorded in the FY2009.

Total operating revenues - R\$'000



Operating expenses

The operating expenses are comprised of recurring and non recurring expenses.

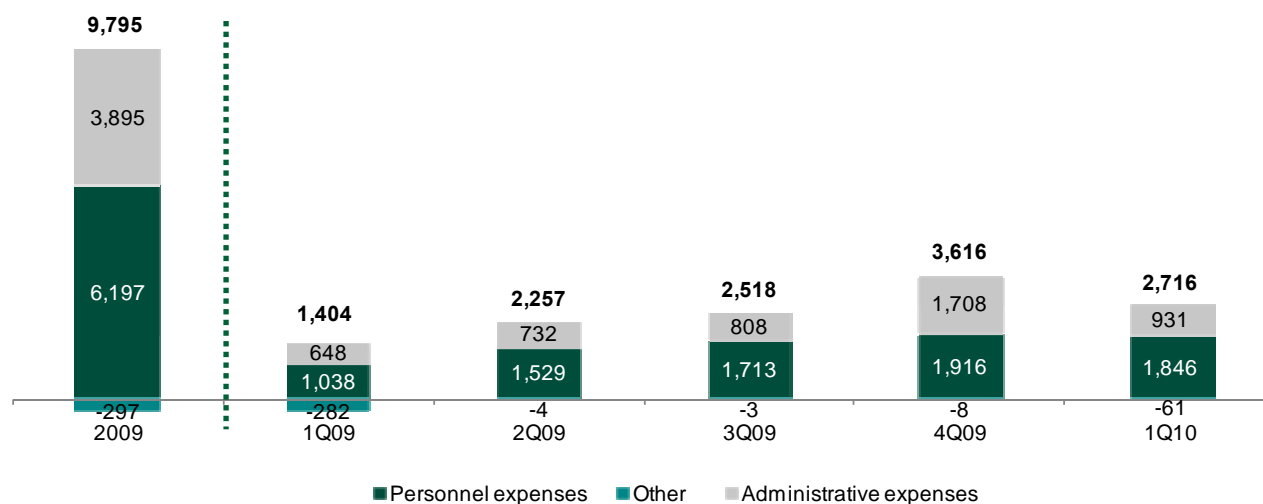
Recurring expenses

The recurring operating expenses, which were equivalent to 59% of the overall operating expenses in the 1Q10, were comprised of general administrative expenses, personnel expenses including payroll, benefits and social security contributions, as well as other income/expenses related to depreciation and trips reimbursement from the funds. In the quarter, recurring expenses amounted to R\$2.7 million, compared to R\$1.4 million in the 1Q09.

Personnel expenses amounted to R\$1.8 million in the 1Q10, compared to R\$1.9 million in the previous quarter. In the 1Q09 personnel expenses amounted to R\$1.4 million. The larger amount recorded on the year-over-year comparison is explained by the headcount increase. As of March, 31st, 2009, Tarpon had 27 employees, compared to 33 as of March, 31st, 2010.

General administrative expenses amounted to R\$0.9 million in the quarter. Those expenses were essentially comprised of daily office expenses, accounting and legal consulting services and business trips.

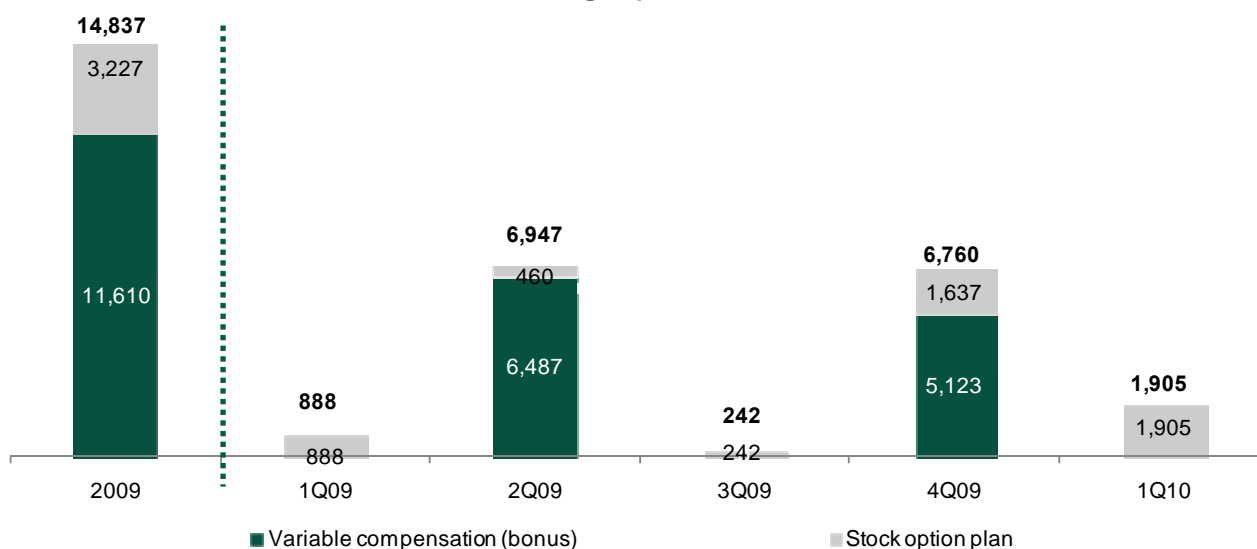
Recurring expenses – R\$'000



Non recurring expenses

The non recurring expenses, mainly related to stock option compensation provision and variable semi-annual compensation (bonus) to employees and executives, were equivalent to 41% of the overall operating expenses in the 1Q10. In the period, the non recurring expenses were related, exclusively, to the non-cash stock option provision that amounted to R\$1.9 million.

Non recurring expenses – R\$'000

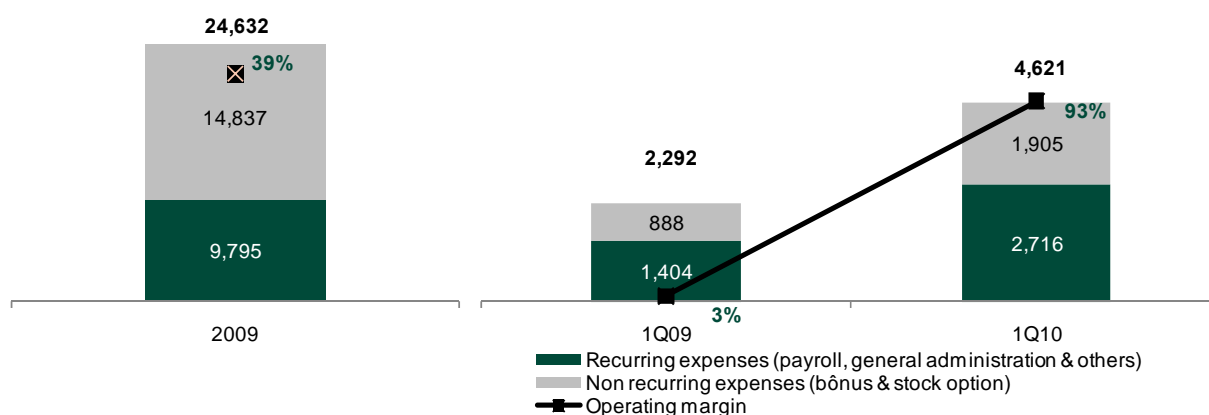


Total operating expenses

As a result, total operating expenses in the quarter amounted to R\$4.6 million, compared to R\$2.3 million in the 1Q09. During FY2009, total operating expenses amounted to R\$24.6 million.

The operating margin, calculated over net operating revenues, was equivalent to 93% in the 1Q10 versus 39% in FY2009. The operating margin of 3% recorded in the 1Q09 was connected to the corporate restructuring held on March 2009, which negatively affected the quarter's revenues and cost structure.

Total operating expenses (R\$'000) & operating margin (%)



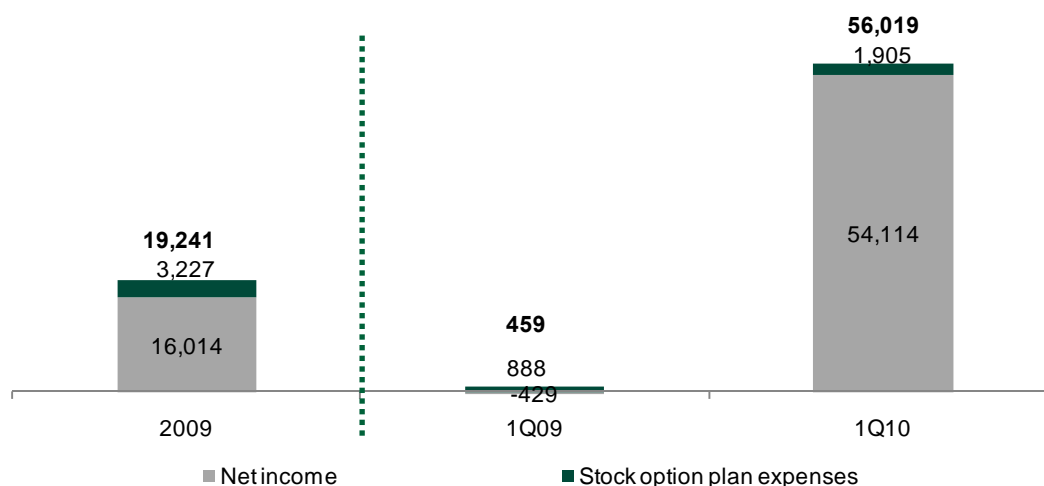
Adjusted net Income

The 1Q10's net income amounted to R\$ R\$54.1 million (R\$1.31 per share), compared with the net loss of R\$0.4 million in the same period of 2009. In the FY2009 net income amounted to R\$16.0 million.

The margin over net revenues reached 82% in the 1Q10, compared to negative margin of 18% in the 1Q09. In FY2009 the margin was 39%.

The adjusted net income, that considers the reversion of the Company's stock option plan provision that has no cash impact, amounted to R\$56.0 million in the quarter, equivalent to an increase of 191% over R\$19.2 million accounted during 2009.

Adjusted net income - R\$'000



Corporate Governance

We ceased to be a subsidiary of TIG Holding Ltd. as of March 10th, 2009. Since May 26th, 2009, our shares are traded on the Novo Mercado segment at the BM&FBOVESPA, under the ticker TRPN3. As part of our commitment to the best corporate governance practices, we adhered to the Novo Mercado segment.

Board of Directors

In March 2010, the Board of Directors unanimously decided to approve the election of Mr. Cláudio Galeazzii to hold the position of active member of our board.

We believe that Mr. Claudio Galeazzi, who has a vast professional background that includes CEO positions at Grupo Pão de Açúcar and Lojas Americanas, an Executive Officer position at FIESP (Federation of Industries in the State of São Paulo), and also a President position at SESI (Social Services Industry), could contribute considerably to our best corporate practices.

Mr. Mr. Claudio Galeazzi brief resume

Mr. Claudio is a Board member at Tarpon and one of the founder partners of Galeazzi & Associados. His professional background concentrate activities related to business management, participation in Boards and companies' restructuring. Before the foundation of Galeazzi & Associados, he served as Managing Director of the Argentinean and Brazilian subsidiaries of Dow Chemical Corp. and served as chairman of Cesbra, John Sommers (a joint venture between British Petroleum and Brascan) and as vice-chairman of British Petroleum Mineração do Brasil. He also served as Chairman of the Conselho Nacional do SESI (as appointed by the President of the Republic of Brazil), as Executive Officer of FIESP and IEL, and as Vice-Chairman of ANFAC. During restructuring processes, he served as CEO of the companies Grupo Pão de Açúcar, Artex, Mococa, Vila Romana, Cecrisa and Lojas Americanas, among others. Cláudio Galeazzi holds a degree in accounting and attended courses related to Business Economics at the University of Massachussetts - USA.

Subsequent events

Audit and Compliance Committees: Mr. Walter Iorio

The Board of Directors has recommended the admission of Mr. Walter Iorio to join our Audit and Compliance committee. We believe that Mr. Iorio's solid professional background in accounting practices could significantly contribute our compliance best practices.

Mr. Walter Iorio brief resume

Mr. Walter Iorio is a former partner at KPMG Brasil (1966-2005), where he was responsible for auditing financial institutions and also for overseeing Human Resources. Today, he is a member of the group of specialists in financial institutions at the Institute of Independent Auditors of Brazil (IBRACON), and member appointed for (term of 2006-09 and 2010-13) the State of Sao Paulo Regional Council of Accounting (CRC-SP). Mr. Iorio also acts as President of the Auditing Committee at Tokio Marine Brasil Seguradora (since 2006) as well as member of the Auditing Committee and Fiscal Council within the SulAmerica Group (since 2006). He majored in Accounting at Faculdade de Ciências Econômicas in São Paulo (FAAP - 1969).

INCOME STATEMENT - CONSOLIDATED

<i>In R\$'000</i>	1Q10	1Q09	4Q09	YoY	QoQ
Net Revenues	65,850	2,358	11,174	2,693%	489%
Personnel expenses	(1,846)	(1,038)	(1,916)	78%	(4%)
Stock option	(1,905)	(888)	(1,637)	115%	16%
Administrative expenses	(931)	(648)	(1,708)	44%	(46%)
Variable compensation (bonus)	-	-	(5,123)	-	(100%)
Other income/(expense)	61	282	8	(78%)	663%
Results from operating activities	61,230	66	798	92,398%	7,573%
Financial income / (expense)	669	(346)	231	(293%)	190%
Share of profit of equity accounted investees	(57)	603	(69)	(109%)	(17%)
Profit before income tax	61,841	323	960	19,034%	6,342%
Income tax and social contribution	(7,756)	(270)	(1,370)	2,773%	466%
Minorities	29	(482)	217	(106%)	(87%)
Net income	54,114	(429)	(193)	(12,720%)	(28,143%)

BALANCE SHEET - CONSOLIDATED

<i>In R\$'000</i>	3/31/2010	3/31/2009	12/31/2009
Assets			
Cash and cash equivalents	24	28	42
Financial assets measured at fair value through profit and loss	12,316	5,966	14,958
Available for sale financial assets	4,720	59	106
Trade receivables	65,482	1,836	9,984
Advanced dividends	-	438	-
Other assets	713	426	539
Total current assets	83,255	8,753	25,629
Investments in equity accounted investees	197	57	255
Property, plants and equipments	255	245	256
Total non-current assets	452	302	511
Total assets	83,707	9,055	26,140
Current Liabilities			
Accounts payable	634	601	808
Current tax liabilities	11,356	379	2,469
Payroll accruals	718	541	5,812
Dividends payable	5	-	6,838
Dividends in advance	-	882	-
Total current liabilities	12,713	2,403	15,927
Equity			
Share capital	4,180	4,004	4,004
Capital reserve	2,102	2,542	2,019
Statutory reserve	30	212	30
Legal reserve	801	-	801
Adjustment available for sale financial assets	4,619	(41)	5
Stock option	5,049	888	3,227
Treasury Shares	-	(524)	-
Retained earnings	54,114	(98)	-
Total equity	70,895	6,983	10,086
Minority interest in equity	99	(331)	127
Total Equity and current liabilities	83,707	9,055	26,140

CASH FLOW - CONSOLIDATED

<i>In R\$'000</i>	1Q10	1Q09
Net revenues	54,114	(429)
Depreciation	12	12
Profit from equity accounted investees	28	(121)
Stock Option plan	1,905	-
Adjusted net revenues	56,059	(538)
Working capital	3,445	830
Trade receivables	(55,498)	(1,208)
Net cash provided by (used in) operating activities	4,006	(916)
Change in permanent assets	(9)	(27)
Change in financial assets	2,643	21
Dividends received	-	393
Dividends paid	(6,833)	-
Treasury shares	-	524
Exercise of stock option plan	176	
Net cash provided by (used in) financing activities	(4,023)	911
Net increase (decrease) in cash and cash equivalents	(18)	(5)
Cash and cash equivalents at the beginning of the quarter	42	33
Cash and cash equivalents at the end of the quarter	24	28

Contact

Tarpon Investimentos S.A.

www.tarponinvest.com

Email: ir@tarponinvest.com.br

Phone: +55 (11) 3074 5800

Eduardo Mufarej
IR Officer

Marina Barretto
IR Analyst

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