

3Q12 - Earnings Release

Tarpon Investimentos S.A. (“Tarpon” or “the Company”), through its subsidiaries, conducts public and private equity investment activity through funds and managed 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.

3Q12 Conference Call

Call in English

Date: Wednesday, November 14th 2012

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

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3Q12 - Highlights

Service gross revenues related to asset management business amounted to R\$ 21.6 million in the third quarter of 2012.

✓ **Portfolio Funds performance:**

	<u>3Q12</u>	<u>3Q11</u>
Long-Only Equity in R\$	8.2%	-0.8%
Long-Only Equity in US\$	7.4%	-16.7%
Hybrid-Equity in US\$	7.7%	18.5%
Hybrid-Equity in R\$	7.5%	-
Ibovespa index in R\$	8.9%	-16.1%
IBX index in R\$	5.8%	-13.1%

✓ **New commitments:** On the quarter Tarpon Funds received net subscriptions in the amount of R\$ 363 million;

✓ **Assets under management:** R\$6.7 billion of Portfolio Funds strategies and R\$ 1.4 billion of Co-Investment strategy, amounting R\$ 8.1 billion of assets under management 15% increase over June 30, 2012 and an increase of 30% when compared to September 30, 2011;

✓ **Operating revenues:**

Revenues related to management fees: R\$21.0 million in 3Q12 and R\$61.4 million in 2012.

Revenues related to performance fees: R\$0.6 million in 3Q12 and R\$20.0 million in 2012.

✓ **Net income:** R\$8.1 million in 3Q12 and R\$32.2 million in the nine months of 2012.

STOCK MARKET

Information as of: 11/12/2012

Market cap:
R\$705.8 million
Stock quote TRPN3: R\$14.75
O/S: 47,849,129

About Tarpon Investimentos

We are 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.

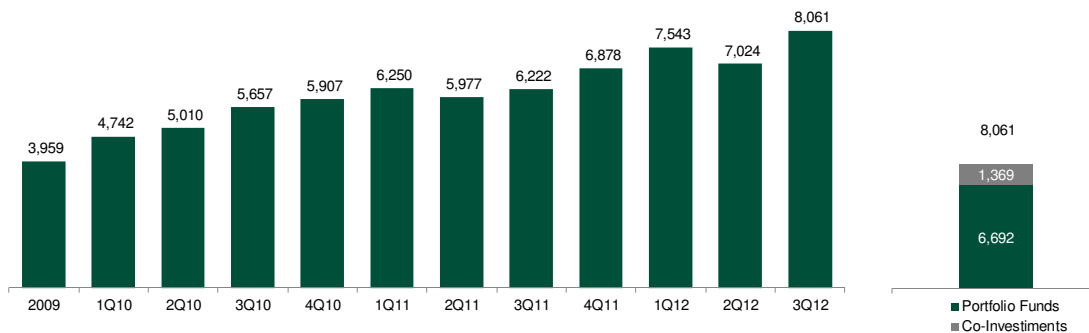
Value Creation

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

Assets under management

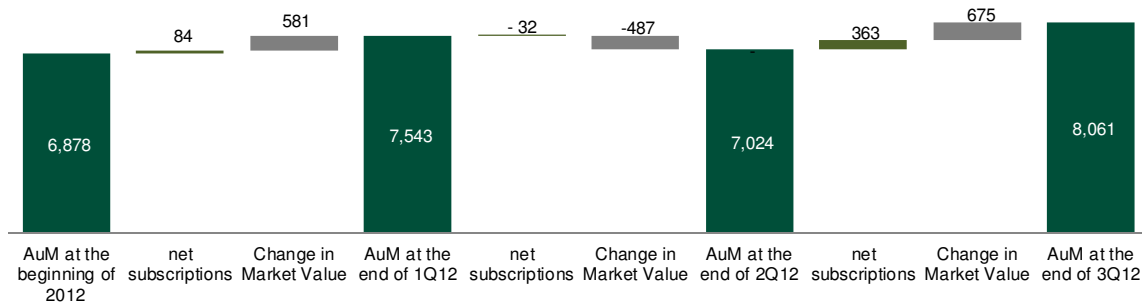
Our assets under management (“AuM”) amounted to R\$8.1 billion as of September 30th 2012, an increase of 15% when compared to R\$7.0 billion AuM as of June 30th 2012 and an increase of 30% when compared to the third quarter of 2011.

Total AuM historical growth - R\$ million

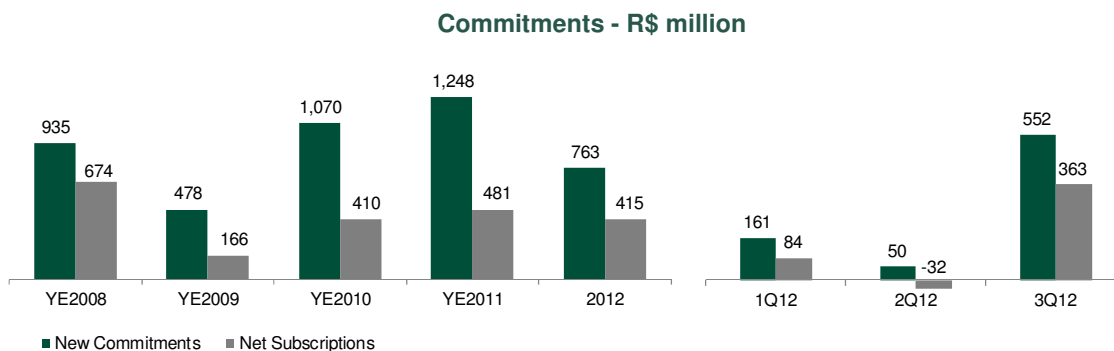


The AuM reflected the impact of R\$ 675 million of change in market value of Portfolio Fund’s (including changes in asset prices and exchange rates) and net subscriptions of R\$ 363 million in the quarter.

AuM growth - R\$ million



New commitments: the Tarpon Funds received net subscriptions (new commitments net of redemptions paid in the quarter) in the amount of R\$363 million during the quarter.



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 invest in either public equities or privately held companies in Brazil or other Latin American countries.

As of September 30th 2012, AuM allocated to the strategy amounted to R\$6.7 billion.

Co-Investment Strategy

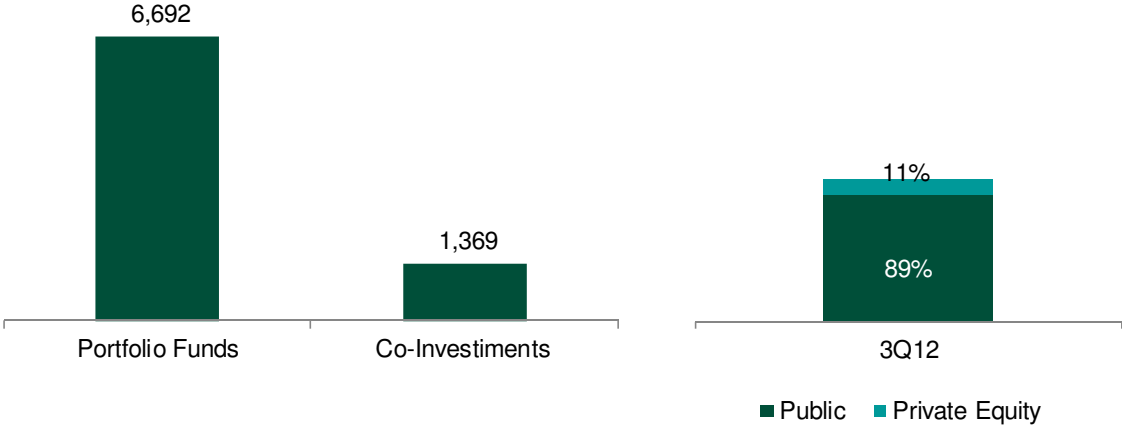
(Public and private equity investments)

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 September 30th 2012, AuM allocated to the co-investment strategy amounted to R\$1.4 billion.

As indicated in the chart below, public-equity allocation accounted for 89% of our AUM in terms of invested capital. Private-equity investments, at fair value, accounted for the remaining 11%.

AuM by investment strategy – R\$ million

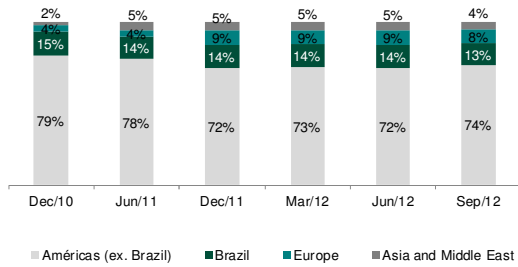


Investor base

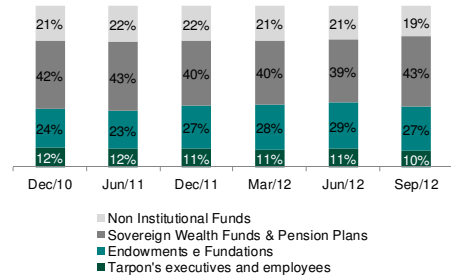
We aim to attract and retain a sophisticated investor base that is aligned with our investment philosophy and with a long-term investment profile.

As of September 30th, 2012, institutional investors, mainly endowments, foundations, pension funds and sovereign wealth funds accounted for 71% of total AuM. The capital invested by our executives and employees represented 10% of assets.

AuM by geographical region



AuM by investor type



Investment performance

During the quarter, the Portfolio Funds Long-Only Equity strategy posted net returns of 8.15% in R\$ and 7.39% in US\$. The accumulated annualized returns of this strategy is 31.04% in R\$ and 29.21% in US\$.

The Portfolio Funds Hybrid-Equity strategy posted net returns of 7.69% in US\$ and 7.47 in R\$ in the quarter. Net annualized performance is 22.50% in US\$ and 8.62% in R\$ 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 8.87% and 5.81%, respectively (both in R\$), returns in US\$ were 8.37% and 5.33% for Ibovespa and IBX, respectively.

Strategy	Inception	Performance ⁽¹⁾⁽²⁾					Since launch (annualized)
		3Q12	2012	LTM	2 years	5 years	
Portfolio Funds Long-Only Equity (R\$)	May 2002	8.15%	10.29%	18.97%	25.12%	110.10%	31.04%
Portfolio Funds Long-Only Equity (US\$)	May 2002	7.39%	1.58%	7.84%	-1.16%	79.48%	29.21%
Portfolio Funds Hybrid-Equity (R\$)	Oct 2011	7.47%	8.35%	-	-	-	8.62%*
Portfolio Funds Hybrid-Equity (US\$)	Oct 2006	7.69%	-0.08%	7.08%	5.47%	90.59%	22.50%
Stock market index		3Q12	2012	LTM	2 years	5 years	
Ibovespa (R\$)		8.87%	4.27%	13.09%	-14.77%	-2.13%	
IBX (R\$)		5.81%	6.39%	16.31%	-4.06%	5.46%	
Ibovespa (US\$)		8.37%	-3.68%	3.28%	-28.89%	-11.37%	
IBX (US\$)		5.33%	-1.72%	6.22%	-19.95%	-4.49%	

(1) Performance net of fees.

(2) Performance up to September 30th, 2012.

* Performance calculated since the beginning of the strategy, October, 26th 2011.

Financial highlights

Summary of results

<i>Financial highlights - R\$ million</i>				
	3Q12	3Q11	9M12	9M11
Gross revenues	21.6	16.4	81.4	234.9
Management fees	21.0	16.2	61.4	47.5
Performance fees	0.6	0.2	20.0	187.4
Net revenues	21.0	15.4	78.5	221.8
Operating expenses	(9.0)	(8.3)	(30.6)	(66.6)
Recurring: general administration, payroll & others	(7.5)	(6.5)	(21.4)	(17.4)
Non recurring: stock option, variable comp., profit sharing	(1.4)	(1.8)	(9.2)	(49.1)
Results from operating activities	12.0	7.1	47.9	155.3
<i>Operating margin</i>	57%	46%	61%	70%
Results from financial activities	1.2	3.9	3.7	7.9
Finance Expense / Income	1.2	3.9	3.7	7.9
Income tax and social contribution	(5.0)	(4.4)	(19.4)	(62.0)
Net Income	8.1	6.6	32.2	101.2
<i>Net margin</i>	39%	43%	41%	46%
Earnings per share (R\$/share) *	0.17	0.14	0.68	2.18
O/S	47,849	48,193	47,849	48,193
AuM (end of period)	8,061	6,222	8,061	6,222

(*) – Earnings per share are calculated using the weighted average shares.
Note: the margins indicated are calculated over net operating revenues.

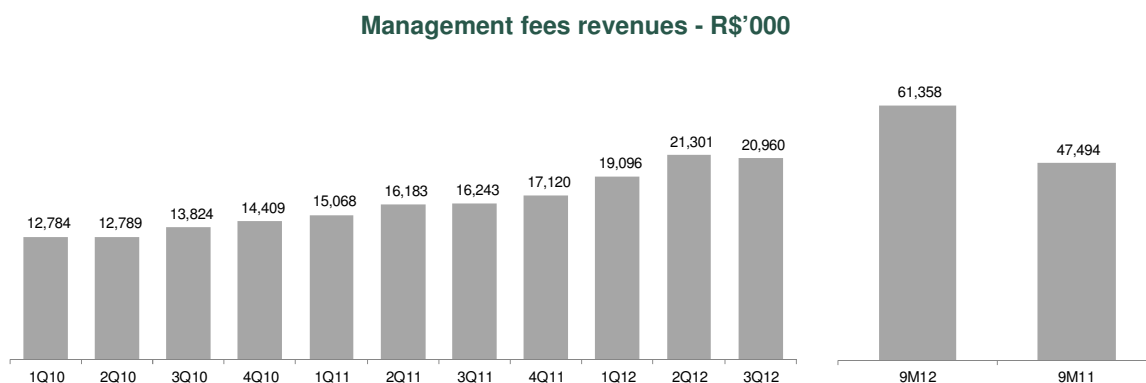
Operating revenues

Operating revenues are composed of revenues related to management fees – recurring 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 based on the amount of called capital.

During the quarter, gross revenues related to management fees amounted to R\$21.0 million, equivalent to 97% of the operating revenues on the quarter. These revenues decreased 2% when comparing 3Q12 with 2Q12 and presented a 29% increase when compared to 3Q11.



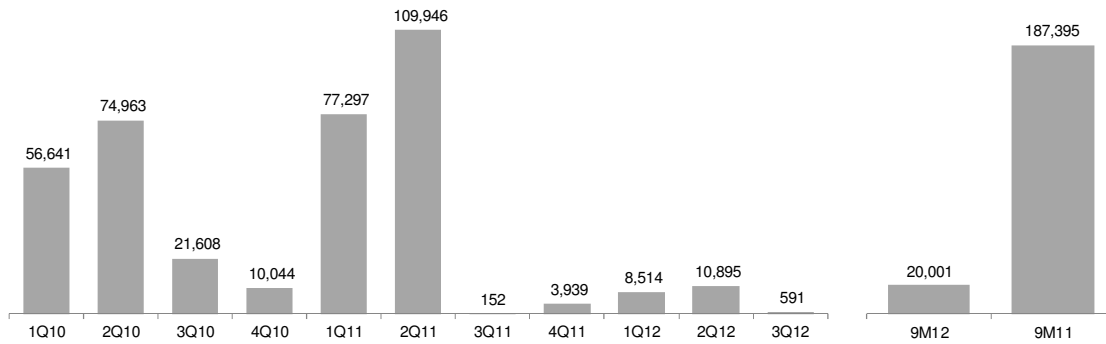
Revenues related to performance fees

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.

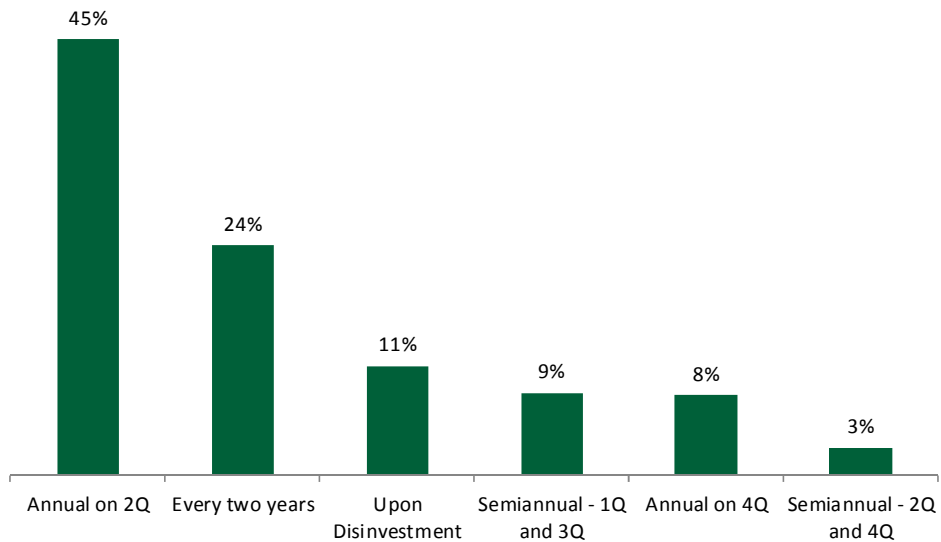
The Tarpon Funds include the concept of a high water mark. Performance fees are charged only if the net asset value (NAV) of the fund's shares exceeds the NAV of the previous date of performance fee collection, adjusted for the hurdle rate.

In the quarter, revenues related to performance fees amounted to R\$0.6 million, accounting for 3% of overall operating revenues. In the year, these revenues decreased 95% when comparing with 2Q12 and increased 289% when compared with 3Q11.

Performance fees revenues - R\$'000



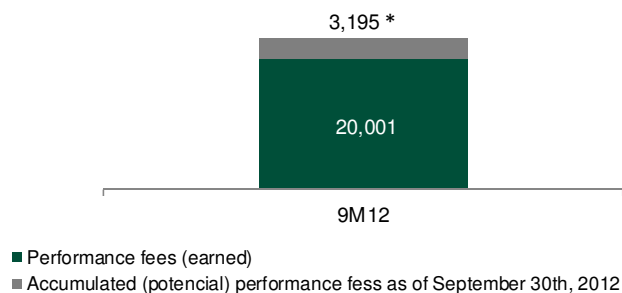
Below you will find our current performance collection schedule as a % of AuM:



As of September 30th, 2012, 16.26% 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 following chart, for illustrative purposes, if 100% of the Tarpon Fund's net asset value had been charged performance fees as of September 30th 2012, the additional amount in revenues related to performance fees would have been R\$3.2 million (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 September 30th, 2012 – R\$'000

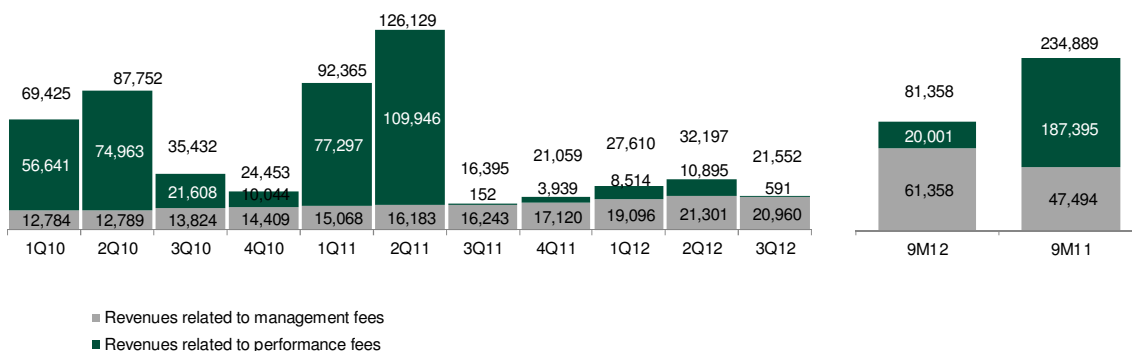


* As we cannot predict the Tarpon Funds' performance, we cannot guarantee that this potential amount will be owed to Tarpon at any future date. The amount shown below may differ substantially from the actual realized amount.

Total operating revenues

The amount of revenues related to management and performance fees totaled R\$21.6 million in the quarter a 33% decrease over the amount recorded in the 2Q12. When compared to the same period of 2011 we identify an increase of 31%.

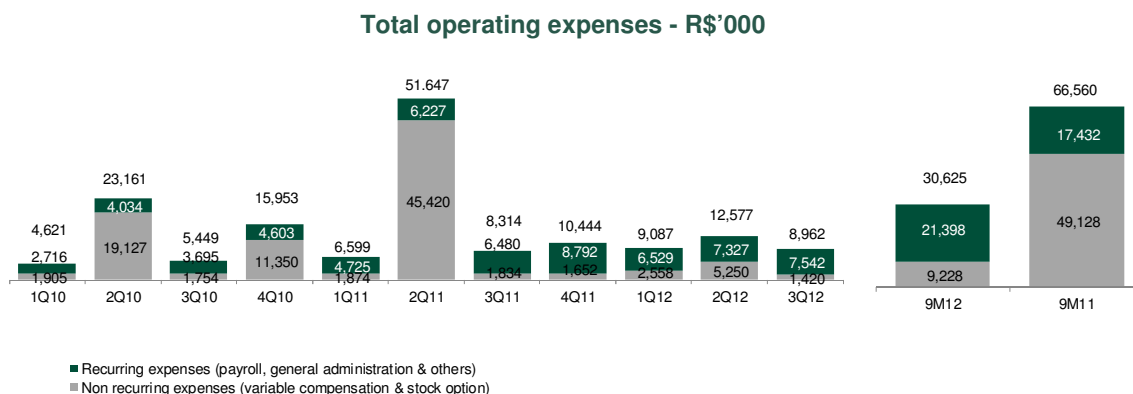
Total operating revenues - R\$'000



Operating expenses

Operating expenses, which are comprised of recurring and non-recurring expenses, amounted to R\$9.0 million during the quarter (57% 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 the third quarter of 2012, recurring expenses totaled R\$7.5 million, equivalent to 84% of total operating expenses. When compared with 2Q12 we verify an increase of 3% and an increase of 17% when compared with the same period of 2011.



On the third quarter of 2012, non-recurring operating expenses amounted to R\$1.4 million, that amount includes the provision of our stock option plan (with no cash impact).

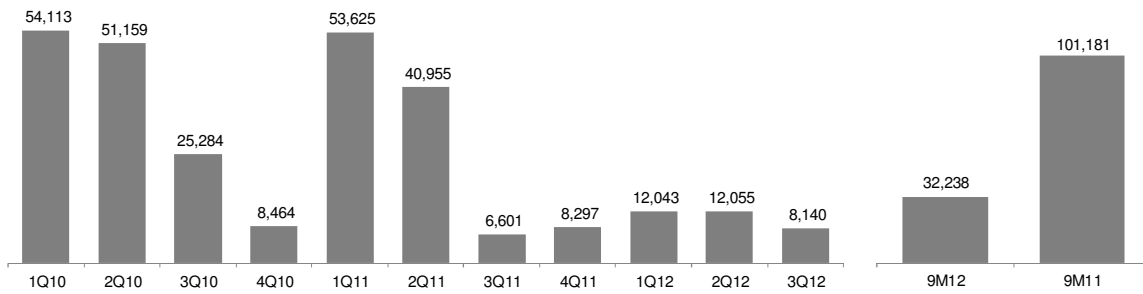
Taxes

For 2012, income taxes and social contribution amounted to BRL 19.4 million.

Net Income

Net income in 2012 amounted to R\$8.1 million in the 3Q12 and R\$32.2 in 2012, representing a net margin of 39%.

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: 47,849,129

Stockmarket: BM&F Bovespa / Novo Mercado

Ticker: TRPN3

Listing: 05/26/2009

Share Price 11/12/2012: 14.75

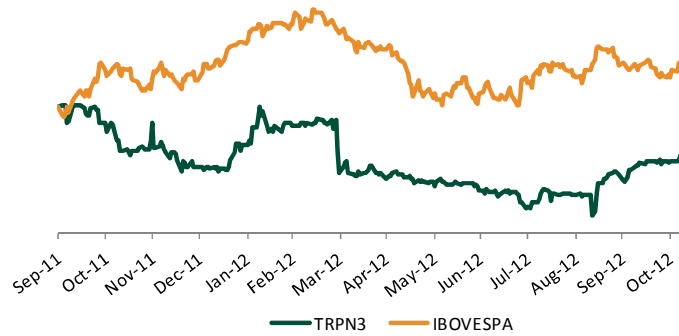
Market Cap: R\$705.8 million

Share Performance:

3Q12: 7.37%

YTD (November 12th): 4.20%

LTM: -21.20%



INCOME STATEMENT - CONSOLIDATED

<i>In R\$'000</i>	3Q12	3Q11	9M12	9M11
Net revenues	20,995	15,419	78,533	221,829
Personnel expenses	(3,408)	(3,581)	(10,101)	(8,691)
Stock option	(1,420)	(1,834)	(5,064)	(5,503)
Administrative expenses	(3,044)	(2,861)	(9,490)	(8,500)
Variable compensation	-	-	(3,975)	(43,625)
Other income/(expense)	(1,090)	(38)	(1,995)	(241)
Results from operating activities	12,034	7,105	47,908	155,269
Financial income / (expense)	1,151	3,935	3,709	7,890
Profit before income tax	13,185	11,040	51,617	163,159
Income tax and social contribution	(5,045)	(4,439)	(19,379)	(61,978)
Net income	8,140	6,601	32,238	101,181

BALANCE SHEET - CONSOLIDATED

<i>In R\$'000</i>	2012	2011
Assets		
Cash and cash equivalents	7,713	479
Financial assets measured at fair value through profit and loss	31,842	84,030
Financial assets derivatives	246	-
Trade receivables *	4,832	8,958
Deferred taxes	3,654	-
Other assets	15,698	30,955
Total current assets	63,985	124,422
Property, plants and equipments	2,073	2,253
Total non-current assets	2,073	2,253
Total assets	66,058	126,675
Current liabilities		
Accounts payable	558	592
Current tax liabilities	25,708	64,349
Payroll accruals	2,563	1,984
Dividends payable	-	8,451
Total current liabilities	28,829	75,376
Accounts payable	25	191
Total non-current liabilities	25	191
Equity		
Share capital	6,216	6,116
Capital reserve	7,961	26,507
Statutory reserve	3,316	6,116
Legal reserve	1,223	1,223
Treasury shares	(19,446)	-
Equity adjustments	47	-
Adjustment of Conversion	469	133
Stock option	13,137	11,013
Retained earnings	24,281	-
Total equity	37,205	51,108
Total equity and liabilities	66,058	126,675

* Until 12th November, 2012, 100% of the trade receivables were received.

CASH FLOW - CONSOLIDATED

<i>In R\$'000</i>	9M12	9M11
Net income	32,238	101,181
Depreciation	375	195
Stock Option plan	5,064	5,503
Change in translation reserve	(293)	-
Deferred taxes	(3,654)	-
Adjusted net income	33,730	106,879
Working capital	(23,005)	20,591
Trade receivables	4,126	15,593
Net cash provided by (used in) operating activities	14,851	143,063
Change in permanent assets	(234)	(703)
Change in financial assets	52,188	(33,434)
Adjustment of Conversion	469	133
Dividends paid	(16,408)	(128,293)
Exercise of stock option plan	5,121	19,356
Treasury shares	(48,753)	-
Net cash provided by (used in) financing activities	(7,617)	(142,941)
Net increase (decrease) in cash and cash equivalents	7,234	122
Cash and cash equivalents at the beginning of the quarter/year	479	294
Cash and cash equivalents at the end of Quarter	7,713	416

Contact

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Disclaimer

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The readers are advised not to make decisions exclusively on the basis of these projections and estimates. The projections and estimates do not represent and should not be interpreted as guarantees of future performance. The company does not commit to publish any revisions and does not commit to update the projections and estimates with regards to any future events or circumstances that may occur after the date of this document.

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