PASSPORT CAPITAL

May 4, 2010

Dear Passport Global Investor:

For the first quarter, the Global Fund was up 5.7% net versus 3.2% for the MSCI AC World and 5.4% for the S&P 500. Since inception nearly ten years ago, the Fund has compounded at 24.2% net on an annualized basis. Over the same period, the S&P 500 compounded at -0.2%and the MSCI AC World at +1.7%.

	1Q10	1 Yr	3 Yrs CAGR	5 Yrs CAGR	Inception (Aug 00) CAGR
Passport Global (net)	**5.7%**	**18.7%**	**18.6%**	**20.8%**	**24.2%**
S&P 500	5.4%	49.8%	-4.2%	1.9%	-0.2%
MSCI AC World	3.2%	56.2%	-3.9%	4.5%	1.7%

At quarter end, Passport Global and the firm's AUM were approximately $1.4 billion and $2.8 billion, respectively.

As in prior quarters, basic materials continued to be our largest exposure, as we seek to own those resources that China is structurally short. Our basic materials portfolio contributed the majority of the quarter's profits, driven primarily by rising prices for steel, iron ore and coking coal.

We ended the quarter with a higher net-long exposure than in recent months. This was more a result of the appreciation of our basic materials portfolio than a shift in our outlook. Today our net exposure is in the mid-40% range.

Sector	Exposure				Gross P&L Q1 2010		
	Long	Short	Net	Gross	Long	Short	Total
Basic Materials	42%	-9%	33%	51%	7.0%	0.2%	7.2%
Financial	16%	-2%	14%	18%	1.7%	-1.1%	0.6%
Healthcare	14%	0%	14%	14%	1.1%	0.0%	1.1%
Consumer	18%	-5%	13%	23%	1.3%	-0.6%	0.7%
India	13%	0%	13%	13%	1.0%	0.0%	1.0%
Energy	7%	0%	7%	7%	0.0%	-0.2%	-0.3%
Internet / Technology	7%	-4%	3%	11%	0.6%	-0.1%	0.5%
Industrial	1%	-3%	-2%	4%	0.1%	-0.3%	-0.2%
Other	0%	-12%	-12%	12%	-0.1%	-2.0%	-2.1%
F/X Forwards					-1.4%	-0.2%	-1.6%
Interest Rate					0.0%		0.0%
JPY Interest Rate					-0.4%		-0.4%
Total	**118%**	**36%**	**82%**	**154%**	**10.7%**	**-4.3%**	**6.4%**

Notably for the quarter, the SPV as a percentage of Fund NAV declined to 7%*. This change is primarily attributable to rising public portfolio values.

Exposure (% NAV)	
Type	Delta Adj.
Long	118%
Short	-36%
Gross	154%
Net	82%
SPV	7%

No. of Company Positions	
Type	Number
Long Public	109
Short Public	59
SPV	12

There were no liquidity events in the SPV portfolio, and we marked down five companies during the quarter. The most significant markdown – **OptiSolar** – impacted Fund P&L by more than 10 basis points. Recall that First Solar bought OptiSolar in 2009 using First Solar shares as its currency. A portion of those shares were distributed in February. However, the remaining shares are being sold by First Solar, and we do not have control over the timing of those sales. As a result, we mark the remaining value of OptiSolar up and down with changes in First Solar's stock price. Ultimately, we estimate we are likely to recover 65% of our investment in OptiSolar.

The largest private company held by the Fund is **Ferrous Resources**. J.P. Morgan, Deutsche Bank, and Morgan Stanley have been engaged by the company to underwrite its IPO which we expect in the next several months. As a significant development-stage iron-ore producer, the best direct comp for Ferrous is a company called Namisa. In December, China Steel bought a 1% stake in Namisa for approximately $94 million, valuing the total company at $9.4 billion. Given this, we believe Ferrous could be worth substantially more than its current valuation.

Review of Top Holdings

At March 31, the top ten positions in the Fund accounted for 49% of exposure.

Rank	Company	Ticker	% NAV
1	Riversdale Mining Ltd	RIV AU	10%
2	United States Steel Corp	X US	9%
3	Vale	VALE US	6%
4	Coca-Cola Co	KO US	5%
5	Financial Technologies Ltd	FTECH IS	5%
6	Teva Pharmaceutical	TEVA US	3%
7	McKesson Corp	MCK US	3%
8	Labrador Iron Mines	LIM CN	3%
9	Jordan Phosphate Mines	JOPH JR	3%
10	China LotSynergy	8161 HK	2%

We have held **Riversdale**, our largest position, for three years. The share price at the end of the quarter was $9.05 AUD, compared to $7.20 AUD at the start of the quarter. Merger activity is rising in the sector to the benefit of Riversdale's stock price. The industry's transition from annual benchmark contracts to quarterly and semiannual contracts, with a new April benchmark price of $200 per tonne, is also constructive. The spot price of $230 to $250 per tonne level for premium coking coal is almost double the April '09 price of $129.

Some highlights from Riversdale's quarter:

- The company is proceeding with construction on its Benga project and an Environmental Impact Assessment on river barging.
- A trial mining operation started in March. Coal was intersected a few meters below surface. This is a massive amount of coal that appears to be very easy to mine.

- The first train in twenty-five years arrived in Moatize in Feb 2010 on the newly refurbished Sena Rail link, which connects the Tete region to the coastal town of Beira. Riversdale plans to transport their first coal exports on this rail line. Rehabilitation of the Beira port is to commence in the next quarter and is on track for operations in mid-2011.
- Rail and Port tariffs, recently finalized with third parties, are the last of the major agreements needed for production.

The risk profile for the company diminishes, in our view, each month as milestones are met. As a result, we are beginning to see sell-side analysts increase target prices.

As Riversdale nears production, we believe rising interest from financial investors is likely. Today, Passport owns around 14% of the company. The two other significant owners are steel companies: Tata Steel in India owns approximately 21%, and CSN in Brazil owns roughly 16%. These companies own Riversdale, in our view, because both India and Brazil have a lot of iron ore but very little coking coal. We believe these companies are investing for long-term strategic reasons, as are we.

Brazil's **Vale** is the world's largest producer and exporter of iron ore, with a market cap of around $170 billion. In the first quarter, spot iron-ore prices rose from $119 per tonne to $155 per tonne delivered to China. That freight rates were roughly flat quarter-over-quarter, with the Brazil-to-China route priced at $29 per tonne, is a key competitive tailwind to Vale relative to Australian exporters, who in the past enjoyed lower freight costs to China.

In the first quarter, the three largest producers—BHP, Vale, and Rio Tinto—all agreed to move their pricing structure from the annual benchmark to a quarterly price. China does not seem pleased about this, but its iron-ore shortfall and the industry's supply concentration in a handful of firms have driven the negotiation. This change in pricing structure is significant, as are lower freight rates, which we believe are here to stay.

We expect Vale to produce 310 million tonnes of iron ore over the next twelve months versus 250 million in 2009 and 290 million in 2008. At current spot prices, Vale's iron-ore operations will earn about $39 billion of its $51 billion of EBITDA. We believe prices should continue to climb higher.

Historically, Vale has traded between four and six times EBITDA. Applying these same multiples delivers a $204 to $306 billion market cap—20% to 80% above the quarter-end share price. We find this range of potential outcomes remarkable for a $170 billion market capitalization, low-cost producer of a structurally scarce resource.

We closed our position in **Dr. Pepper Snapple Group** profitably after the company successfully resolved its Pepsi negotiation, delivered another strong competitive result, and got another "bite at the apple" in the form of Coca-Cola's bid for its largest North American bottler (CCE). Coke's CCE bid positions DPS to renegotiate (or auction) CCE's below-market distribution right. As we have argued, DPS's large, independent franchise in North America was undervalued, and bottling consolidations enabled DPS to realize this value. While we sold the stock when it reached our range of fair values, we expect DPS to continue to invest in the growth of its long undernourished, yet resilient, franchise while returning the business's excess cash flows.

Our understanding of structural change in the beverage industry led us to a new position in **Coca-Cola**. One of Passport's themes is that many leading Western franchises—well capitalized and with powerful market positions—are profitably increasing their emerging-markets exposures and that the value of these franchises is not properly discounted by the stock market. Of course, Coke has been truly global for a long time, and we believe we found an advantageous entry point, thanks to Coke's

North American business which accounts for around 25% of operating income, but arguably 75% of Wall Street's focus.

Since Coke's "high period" of financial engineering began in 1986 with the IPO of Coca-Cola Enterprises (CCE), carbonated soft drinks have lost market share to teas, juices, energy drinks, and waters in North America. Over the same period, the retail sector has consolidated. Both trends have highlighted the cost of Coke's lack of control over its North American route-to-market, reminding us of the cost to any entity of deferred investment (selling essential but capital-intensive bottling & distribution assets) for the sake of nearer-term gains (using the proceeds to repurchase stock). Despite these problems, Coke has maintained its share of the larger and still modestly growing packaged beverage category in North America through acquisitions and product development. We believe Coke's intention to acquire CCE's North American assets, trailing a similar move by Pepsi, points to a new mindset.

Coke's North American restructuring should deliver lower costs through elimination of (shocking) redundancies and faster growth through more nimble, customer-centric marketing. The deal surprised many investors and acknowledges Pepsi's head start.

Coke's extraordinarily durable and global franchise is essential to our investment thesis. The value of Coke's position is, in our view, hard to overstate. For example, the United Nations estimates that the global middle class will expand by 1 billion consumers by 2020, and Coke claims that its ex-U.S. market share is 3.5x its "nearest global competitor" (Pepsi). Coke was recently the #7 brand in China, enjoys a 14% share, and has experienced 19% annual growth there since 2002. Coke calls China "the commercial opportunity of the twenty-first century": last year, Chinese per capita consumption of Coke products was approximately 50 servings versus 180 in Brazil, and 620 in Mexico and over 400 in the U.S. Globally, Coke's reinvestment pace has risen steadily since its leadership change in 2004, and Coke recently announced that its system (including bottlers) will invest $15 billion in China, Russia, Brazil, Vietnam, Thailand, and Mexico over the next three to five years.

The stock market is unimpressed: Coke trades for approximately 15 times forward EPS, matching the S&P 500's valuation, while paying a 3.3% dividend yield. If the company, with a market capitalization of $120 billion, executes against its plans, it expects cumulative free cash flow of $110 billion by 2020. We believe the market will embrace Coke's North American strategy while placing increasing value on Coke's international growth opportunities and durability. We expect high risk- adjusted returns from this position.

Financial Technologies should be familiar to many Passport investors. The company expects to re-file for the IPO of its MCX subsidiary later this year. MCX is by far the largest commodity exchange in India and one of the largest in the world. We believe the Indian market does not fully understand MCX, largely because it is private, and we expect the IPO to change that. The company also expects to bring its Singapore Commodity Exchange, of which it owns 100%, to life later this year.

Labrador Iron Mines Holdings is a development-stage iron-ore miner in Canada. The company's total resource is quite significant at 150 million tonnes. Labrador's market cap is CAD 290 million, and the company has around CAD 60 million in cash. Passport owns just under 20% of the company. Having troughed at CAD 0.40 in early 2009, this quarter the stock rose 112%.

In the first quarter, the company received final environmental approval and project release from the governments of Newfoundland and Labrador. It should begin production in the second quarter. We estimate the company's EV to EBITDA ratio to be around two.

The health care sector, with a very low market beta and general uncertainty over the nature of reform, has lagged the overall market, creating what we believe are many attractive opportunities. The new legislation, as we understand it, trades margin for volume. There will be approximately 32 million additional lives covered in the U.S. Changes will phase in through 2014 and could result in significant opportunities and risks.

The winners, we believe, will be leading players in the pharmaceuticals, health care consumables, and diagnostics sectors. With over 30 million additional customers for their products and market-based pricing they should enjoy strong growth. We are focused primarily on generic pharmaceuticals, as we believe that patent expirations will continue to hamper many branded vendors. **Teva Pharmaceuticals** is our largest such position. We see opportunities for pharmaceutical benefits managers and pharmaceutical distributors, who should benefit from higher volumes; **McKesson Corp.** represents such an opportunity in our portfolio. Perhaps more controversially, we are intrigued by the consensus losers: the managed-care providers. There is a pervasive belief that MCO profitability will be impaired by draconian regulation. This is possible, but given single-digit earnings multiples, dependable capital allocation, and the systemic importance of these firms, we feel well compensated for this risk.

Risk Management

Daily standard deviation for the Fund during the first quarter was approximately 0.69% which annualizes to just under 11.01%. That figure compares with daily standard deviation of 0.84% for the MSCI All Country World Index and 0.91% for the S&P 500 Index. This result is below our risk budget and we expect it to climb as the year progresses.

One reason for this low level is the continued compression of equity volatility in the first quarter; the S&P 500, 200-day realized volatility was 22.74% at the end of last year. At the end of the first quarter, it had fallen to 16.64%. This is not to say that volatility must immediately rise from recent levels, but the only time in the past decade that it was lower was 2005–06. Looking back, many perceive volatility over this period as declining to unsustainably low levels for several reasons:

- Lower correlations (higher dispersion) among securities and sectors
- A well-functioning securitization market
- A robust equity-recapitalization market (LBOs and buybacks)
- A willingness of investors (particularly quants) to assume increasing leverage to meet expected returns, as risk models suggested that lower volatility meant lower risk

Today's conditions are different, yet volatility is near those trough levels. In our view, public policy is principally responsible, and it should not persist indefinitely. With the end of the Fed's $1.7 trillion MBS purchase program (March 31st), the current, low level of volatility calls for vigilance.

Later in this letter we will discuss our 7-year swap widener trade, but suffice it to say that the highly unusual inversion of the 10-year Treasury and its reference swap is an indication that, despite declining fixed income and equity volatility, risk is lurking under the surface.

The Fund's average daily CVaR over the quarter (which is our expected loss 5% of the time) was 1.30%. We had two downside CVaR days in Q1 involving declines of less than 2%.
Average beta to the MSCI All Country World Index over the quarter was 0.42 (we measure this as a 1% price sensitivity change in RiskMetrics), with our peak directional beta occurring in early March. By the end of March, beta was 0.54.

<u>It is important to not confuse the Fund's directional dollar exposure with beta</u>. While the Fund is

often long in a dollar context, it can at times be net short beta, which we believe is much more important because the Fund's stock-specific investments tend to be very idiosyncratic.

Lastly, given the decline in equity volatility, it is clear that the Fund's CVaR (as measured with a one-year, 0.94 decay-risk setting) is now understating risk. The most recent ten days of price action represent 50% of the weight of the correlations and volatilities of the risk factors using that decay factor. We additionally run the model with a two-year weekly, no decay-risk setting which incorporates a much longer time frame for correlations and volatilities of the risk factors. It is clear that any change in volatility will show a significant increase in our CVaR estimate. We are expecting a repricing of risk and believe we are prepared for it.

Price: Liar Liar, Pants on Fire

As we explained at our November 2009 Investor Conference, we have tried not to be dogmatic in the face of extreme uncertainty. We are focused intently on both Washington and Beijing, believing that they are the planet's most important direct and indirect capital allocators at the moment. We are also trying to be imaginative about the future's opportunities and risks. Right now, people are feeling much better than they were at the end of 2008. Bullishness and liquidity are rising.

The single most important macro-economic event since our last letter was the end of the Fed's MBS purchase program. This program added $1.25 trillion to the Central Bank's balance sheet while compressing net issuance in the U.S. credit market to zero. Without this massive buyer of mortgages in the market, and given persistent credit risk and rising duration-extension risk, the mortgage market is vulnerable.

The implications of even a slight rise in mortgage rates are alarming. Over the next eighteen months, more subprime, prime, Alt-A, and Option ARMs will reset than in 2007 and 2008 combined, and will likely lead to a rise in foreclosures. Additional foreclosures mean additional housing supply, falling home prices, and lower property-tax revenues for cities, counties and state governments.

Adding fuel to this potential fire is the little-discussed risk of mortgage duration extension. CEO of Absalon, Alan Boyce, who spoke at our Investor Conference in November, described how over the last ten years, as the MBS market went from $3 trillion to $11 trillion in size, duration fell to as low as 2.5 years as homeowners capitalized upon steadily lower refinancing opportunities. This means mortgage investors could "chase yield" with little risk of capital losses. With recent vintage mortgages priced at artificially low levels and the risks of inflation and extension rising, there are strong arguments for rising rates. Higher mortgage rates would convince many people to stay in their houses for longer periods of time. Lower housing turnover means a less liquid market for all things housing related, implying more volatility and wider spreads still. The arcane nature of this issue, coupled with lack of recent precedent for meaningful duration extension, makes it more threatening.

While current economic trends are hopeful, great risks remain in the U.S. Once we get past the cyclical benefits of stimulus and reversal of the general preference for liquidity, fiscal policy will have to confront the stated and notional budget deficits. $1.6 trillion in stated deficits are not sustainable, and taxes, if not inflation, must rise to narrow the deficit. We can imagine a deflationary return to very high marginal tax rates. High unemployment may persist for some time. The country has generally failed to address its infrastructure deficit, and the financial bailout did not reform and de-risk the banking and mortgage systems. Tremendously high, ongoing costs are a likely result.

It is interesting to note that in November 2008 when we highlighted our yield curve steepener trade, deflation expectations were peaking. Today, after all the stimulus and spending, markets appear to be more focused on inflation. While our commodity company investments and some of our emerging market investments position us for asset inflation, we are increasingly concerned about deflation.

Alan Greenspan kept the cost of capital far too low while turning his attention away from the massive leverage building up in the non-bank financial system. As a result, the market built excess capacity which we are now beginning to eliminate. According to estimates, there are a billion new people who will come into the world over the next twelve years, and certain commodity assets will have strong pricing and volumes. But for many assets, especially those TARPed, TALFed, and otherwise propped up, excess capacity is likely to hamper pricing for an extended period.

On a related topic, swap spreads are an area in which we have recently invested a modest amount of capital. For the first time ever, the ten-year swap spread, which is the spread of bank credit less the U.S. Treasury's cost to borrow for ten years, went negative. While the cause of this dislocation is unclear, its reversal seems quite predictable. Given the Treasury's claim on the U.S. economy, the nation's banks cannot be better credit risks than the U.S. Treasury.

The characteristics of the trade are appealing. If nothing changes in the swap markets, we could earn approximately $2 million over the next twelve months through positive carry and a roll up the swap curve. In addition, every positive basis-point change in the swap spread pays us. We initiated our position at a spread of -3 basis points and believe the spread should return to historical norms between 30 and 40 basis points.

China: Marching Ahead

China's first quarter GDP growth annualized at 11.9% versus 6.2% in the first quarter of 2009. Final consumption contributed a little over half of this growth, while investment contributed nearly 60% and net exports detracted by -10%. While China is encouraging private consumption, it has compensated for a weak Western consumer with infrastructure spending. This has led to higher industrial production, up 19%, and higher fixed-asset investment, up 27%. Retail sales, with what we believe is an appealing long-term outlook, grew 18%.

China does have a structural inflation problem because food and energy comprise a high portion of consumer spending. With its CPI recently accelerating, inflation is a major concern of the PRC and explains policy tightening. Speaking of Chinese economic statistics (much maligned), pardon our digression to point out that the U.S. does not count energy or food in its CPI.

While China wants to maintain an 8% growth rate, the risk of excessive tightening is real given the speculative upward moves in asset prices, particularly housing. We note the cautionary signals from recent hikes in the down-payment ratio and mortgage rate for second home and luxury home purchases.

During our Q4 investor call on January 11th, we said that China would likely tighten by increasing the housing supply, curbing speculative housing demand, and posting rate hikes. China did all three things shortly after. And while we are cautious about near-term consolidation of Chinese asset prices, we continue to be compelled by the data pointing to the continuation of Chinese urbanization and industrialization. A disaster for China appears to be economic growth of +5%, not -5%.

Thoughtful observers associate China with bubbles like Dubai, subprime mortgages, internet stocks, and Asia prior to the currency crisis of 1998. We disagree. While the Chinese stimulus will inevitably have enabled some fraud and wasteful investment, China is proactively raising bank- reserve requirements and selling large amounts of notes to absorb excess liquidity. Over time, China has proactively raised rates and implemented administrative tightening when necessary. Despite this cyclical contraction and consolidation, we believe China's path is well established and built on sound economics. In our view, China will grow at high rates because it has the capacity and desire to do so. Our investments in iron ore, metallurgical coal, and steel should be direct beneficiaries of China's commitment to expansion and political stability.

On the topic of renminbi revaluation, we expect that China will not yield to external pressure. While China comprehends the need to change from an export-led economy to a domestic-driven one, we believe they will be judicious and act in their own interest.

Be Long What China Is Short

As China furiously builds its future, the developed economies are recovering modestly. Rising risk appetites, manifested in re-stocking and consumption growth, should buoy the steel industry. China's continued growth and developed countries' recovery collectively place a huge strain on the iron ore and coking coal markets, as well as the steel market.

As we have described, iron ore and coking coal prices have increased sharply during the quarter. As a result, the global cost curve for steel has moved up by $150 per tonne. Global steel makers with captive iron ore and coking coal should expect margin expansion. One of these is **U.S. Steel** which owns the second largest iron-ore resource in the United States. For some reason, U.S. Steel's management does not promote this fact, and many investors and analysts appear not to emphasize it. When we became bullish about steel prices last year, valuations were incredibly attractive and well below mid-cycle levels. Given U.S. Steel's exposure to preferred assets, we made it a top ten position last fall.

The steel market features highly cyclical pricing and volumes, and the "bull case's" dependence on growth in China is opaque to some investors. As a result, U.S. Steel has been incredibly volatile. In 2008, the company peaked at $190. It fell to $16 in March 2009. We built our position in November 2009 near $33 (book value). When the stock price rose to $65 by mid-January 2010, we exited the stock position while holding onto call options in order to acknowledge the new risk/reward and to position ourselves to capitalize on future volatility. Soon after, the stock plunged to $44 as fears around China rose. We rebuilt our position, and the stock recovered to $70. We recently exited our position. We will look for another opportunity to profit from the divergence between U.S. Steel's relatively knowable intrinsic value and its highly volatile stock price.

Business Update

Capital Flows: The Fund had net inflows of $21 million last quarter. As a firm, we had about $400 million in net inflows during the first quarter. In addition, we have meaningful commitments for the current quarter. We are pleased with this development as we feel that our hard work in 2008–09 is beginning to pay off.

Departures: We had two departures during the quarter. Florence Eid left to pursue other projects; she will continue to serve as a consultant for the near term to Passport on the MENA region. Ed Bozaan, Portfolio Manager in the Consumer sector, is headed back to New York and plans to launch a fund in the fall.

As always, thank you for your continued confidence and support.

Sincerely,

John H. Burbank III
Chief Investment Officer

Bill Nolan
Head of Sales & Marketing

IMPORTANT DISCLOSURES AND RISK CONSIDERATIONS

* THE SPV EXPOSURE SHOWN REFLECTS TOTAL EXPOSURE FOR PASSPORT GLOBAL MASTER FUND SPC LTD FOR AND ON BEHALF OF PORTFOLIO A – GLOBAL STRATEGY. INVESTORS IN SHARE CLASS G WILL NOT HAVE EXPOSURE TO SPV INVESTMENTS WHILE INVESTORS IN SHARE CLASS A WILL LIKELY HAVE A DIFFERENT EXPOSURE THAN THAT LISTED HERE. AS OF 3/31/10, CLASS A REPRESENTED 81% OF NAV WHILE SHARE CLASS G REPRESENTED 19% OF NAV.

- THE FOREGOING REFLECTS PASSPORT CAPITAL, LLC'S ("PASSPORT"), PARTICULAR VIEWS, BELIEFS AND ASSESSMENTS BASED ON PASSPORT'S RESEARCH, OBSERVATIONS, AND ANALYSES, SUBJECT TO THE ATTACHED DISCLOSURES AND RISK CONSIDERATIONS AND THOSE SET FORTH IN THE FUND DOCUMENTS.
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- THE INVESTMENT OPPORTUNITIES DESCRIBED HEREIN HAVE GENERALLY NOT BEEN REGISTERED FOR SALE TO THE PUBLIC IN ANY JURISDICTION AND WILL NOT BE MADE AVAILABLE FOR INVESTMENT EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. THE INVESTMENT OPPORTUNITIES DESCRIBED HEREIN ARE NOT GUARANTEED BY PASSPORT OR ITS AFFILIATES.
- THE FUND MAY NOT ACHIEVE THE DESIRED RESULTS DUE TO IMPLEMENTATION LAG, OTHER TIMING FACTORS, PORTFOLIO MANAGEMENT DECISION-MAKING, ECONOMIC OR MARKET CONDITIONS OR OTHER UNANTICIPATED FACTORS. THE VIEWS AND OPINIONS EXPRESSED IN THESE PRESENTATION MATERIALS ARE AS OF MARCH 31, 2010, ARE SUBJECT TO CHANGE WITHOUT NOTICE, MAY NOT COME TO PASS AND DO NOT REPRESENT A RECOMMENDATION OR OFFER OF ANY PARTICULAR SECURITY, STRATEGY, OR INVESTMENT.
- THE PERFORMANCE FIGURES DISCLOSED ON PAGE 1 CONSIST OF THE ACTUAL HISTORICAL NET PERFORMANCE OF A SERIES OF SELECTED SINGLE LIMITED PARTNERS IN PASSPORT I, LP (SHARE CLASS A), WHICH FIGURES LINK SUCH LIMITED PARTNERS' RESPECTIVE ACTUAL NET PERFORMANCE INFORMATION DURING A NUMBER OF SUB-PERIODS COMPRISING THE OVERALL PERFORMANCE PERIOD PRESENTED (WITH EACH SUB-PERIOD COMMENCING ON THE EXPIRATION OF THE PRIOR SUB-PERIOD AND ENDING ON A REDEMPTION OR OTHER CAPITAL ACTIVITY IN THE LIMITED PARTNER'S ACCOUNT) AND ARE ELIGIBLE FOR NEW ISSUE PARTICIPATION. THE PRINCIPAL CRITERIA FOR SELECTING THE LIMITED PARTNERS' INFORMATION INCLUDED IN THE PRESENTATION ARE THAT THEY EACH REPRESENT A STANDARD INVESTOR (AS DEFINED IN THE PPM) DURING THE APPLICABLE SUB-PERIOD AND ARE ELIGIBLE FOR NEW ISSUE PARTICIPATION. THE NET PERFORMANCE FIGURES ARE AFTER THE DEDUCTION OF ALL COSTS, FEES AND ALLOCATIONS, INCLUDING, FOR PERIODS BEFORE JANUARY 1, 2003, PRO RATA MANAGEMENT FEES OF 1.0% ANNUALLY AND INCENTIVE ALLOCATIONS OF 15%, FOR THE PERIODS FROM JANUARY 1, 2003 THRU MARCH 31, 2010, PRO RATA MANAGEMENT FEES OF 1.5% ANNUALLY AND INCENTIVE ALLOCATIONS OF 20% (REPRESENTING SUCH FEES AND ALLOCATIONS IN EFFECT DURING SUCH PERIODS), AND, FOR THE PERIODS ON OR AFTER JANUARY 1, 2008, PRO RATA MANAGEMENT FEES OF 2.0% ANNUALLY AND INCENTIVE ALLOCATIONS OF 20%, IN EACH CASE, IN AMOUNTS AS SUCH FEES OR ALLOCATIONS, IF ANY, WOULD HAVE BEEN PAID OR MADE TO THE GENERAL PARTNER IF THE END OF THE APPLICABLE SUB-PERIOD WAS TREATED AS THE END OF THE CALENDAR YEAR AND ASSUMING THE APPLICABLE PERFORMANCE PERIOD COMMENCED AT THE BEGINNING OF THE APPLICABLE SUB-PERIOD. NET PERFORMANCE FIGURES FOR GLOBAL AFTER DEC 2008 REFLECT A LOSS CARRY FORWARD RESULTING FROM LOSSES THAT WERE ALLOCATED TO LIMITED PARTNERS IN 2008. INVESTORS WHO BECOME LIMITED PARTNERS IN 2009 WILL NOT GENERALLY HAVE A LOSS CARRY FORWARD, AND THEREFORE WILL BE SUBJECT TO INCENTIVE ALLOCATIONS ON ALL PROFITS ALLOCATED TO THEM. ACCORDINGLY, LIMITED PARTNERS SUBJECT TO SUCH INCENTIVE ALLOCATIONS WOULD HAVE NET PERFORMANCE RESULTS INFERIOR TO THOSE PRESENTED IN THESE PERFORMANCE FIGURES. THE PERFORMANCE OF INDIVIDUAL INVESTORS IN THE FUND MAY VARY DEPENDING UPON A NUMBER OF FACTORS, INCLUDING THE TIMING OF CAPITAL CONTRIBUTIONS OR WITHDRAWALS, NEW ISSUE ELIGIBILITY, OFFSHORE OR ONSHORE FEEDER FUND CHOICE AND OTHER FACTORS AND COULD RESULT IN LOWER INVESTMENT PERFORMANCE THAN THAT OF ANY OF THE ACCOUNTS PRESENTED HEREIN. PERFORMANCE DATA HAVE NOT BEEN AUDITED AND MAY INCLUDE ESTIMATES. PAST PERFORMANCE IS NO ASSURANCE OF FUTURE RESULTS. THE GENERAL PARTNER MAY CHOOSE TO VARY THE PARTNERSHIP'S ACTIVITIES AND MAY NOT NECESSARILY CONTINUE INVESTING IN THE MANNER THAT GENERATED THE RESULTS PRESENTED HEREIN.
- THE S&P INDEX IS AN UNMANAGED CAPITALIZATION-WEIGHTED INDEX OF 500 STOCKS. THIS INDEX IS DESIGNED TO MEASURE PERFORMANCE OF THE BROAD DOMESTIC (US) ECONOMY THROUGH CHANGES IN THE AGGREGATE MARKET VALUE OF 500 STOCKS REPRESENTING ALL MAJOR INDUSTRIES. THE S&P INDEX WAS DEVELOPED WITH A BASE LEVEL OF 10 FOR THE 1941-43 BASE PERIOD. ALL PERFORMANCE DATA REGARDING THE INDEX ARE HISTORICAL AND ARE NOT INDICATIVE OF FUTURE RESULTS, AND THERE CAN BE NO ASSURANCE THAT THESE OR COMPARABLE RESULTS WILL ACTUALLY BE ACHIEVED BY THE FUND OR THAT THE FUND'S INVESTMENT OBJECTIVE WILL BE ACHIEVED.
- THE MSCI ACWI (ALL COUNTRY WORLD INDEX) INDEX IS A FREE FLOAT-ADJUSTED MARKET CAPITALIZATION WEIGHTED INDEX THAT IS DESIGNED TO MEASURE THE EQUITY MARKET PERFORMANCE OF DEVELOPED AND EMERGING MARKETS. AS OF JANUARY 2009 THE MSCI ACWI CONSISTED OF 46 COUNTRY INDICES COMPRISING 23 DEVELOPED AND 23 EMERGING MARKET COUNTRY INDICES. THE DEVELOPED MARKET COUNTRY INDICES INCLUDED ARE: AUSTRALIA, AUSTRIA, BELGIUM, CANADA, DENMARK, FINLAND, FRANCE, GERMANY, GREECE, HONG KONG, IRELAND, ITALY, JAPAN, NETHERLANDS, NEW ZEALAND, NORWAY, PORTUGAL, SINGAPORE, SPAIN, SWEDEN, SWITZERLAND, THE UNITED KINGDOM AND THE UNITED STATES. THE EMERGING MARKET COUNTRY

INDICES INCLUDED ARE: ARGENTINA, BRAZIL, CHILE, CHINA, COLOMBIA, CZECH REPUBLIC, EGYPT, HUNGARY, INDIA, INDONESIA, ISRAEL, KOREA, MALAYSIA, MEXICO, MOROCCO, PERU, PHILIPPINES, POLAND, RUSSIA, SOUTH AFRICA, TAIWAN, THAILAND, AND TURKEY.

- THE COMPARISON OF THE FUND'S PERFORMANCE TO A SINGLE MARKET INDEX, INCLUDING THE COMPARISON ON PAGES 1, IS IMPERFECT BECAUSE THE FUND'S PORTFOLIO MAY CONTAIN OPTIONS AND OTHER DERIVATIVE SECURITIES, MAY INCLUDE MARGIN TRADING AND OTHER LEVERAGE, MAY EXPERIENCE GREATER VOLATILITY AND IS NOT AS DIVERSIFIED AS THE S&P INDEX OR OTHER INDICES. DUE TO THE DIFFERENCES BETWEEN THE FUND'S PORTFOLIO AND ITS INVESTMENT STRATEGY, POTENTIAL INVESTORS SHOULD UNDERSTAND THAT NO SUCH INDICES ARE DIRECTLY COMPARABLE TO THE RESULTS OF THE FUND.
- THE INVESTMENT ENVIRONMENT AND MARKET CONDITIONS MAY BE MARKEDLY DIFFERENT IN THE FUTURE AND INVESTMENT RESULTS WILL FLUCTUATE. THE RETURNS OF THE FUNDS COULD BE MATERIALLY DIFFERENT FROM THE RETURNS OF THE ABOVE COMPOSITE.
- ANY SPECIFIC PORTFOLIO SECURITIES IDENTIFIED AND DESCRIBED IN THESE MATERIALS DO NOT REPRESENT ALL OF THE SECURITIES PURCHASED OR SOLD BY THE FUND, AND THERE SHOULD BE NO ASSUMPTION THAT INVESTMENTS IN SUCH SECURITIES IDENTIFIED AND DISCUSSED IN THESE MATERIALS WERE OR WILL BE PROFITABLE.

RISK CONSIDERATIONS

- NO ASSURANCE CAN BE GIVEN THAT THE FUND'S INVESTMENT OBJECTIVE WILL BE ACHIEVED. AN INVESTMENT IN THE FUND IS SUBJECT TO SIGNIFICANT RISKS AND IS SUITABLE ONLY FOR INVESTORS OF SUBSTANTIAL FINANCIAL MEANS WHO HAVE NO NEED FOR IMMEDIATE LIQUIDITY IN THIS INVESTMENT.
- THE FUND USES SOPHISTICATED INVESTMENT TECHNIQUES, AND MAY NOT BE SUITABLE FOR ALL INVESTORS. THE DOCUMENTS WILL DESCRIBE IN MORE DETAIL RISKS OF INVESTING IN THE FUND, AND PROSPECTIVE ADVISORY CLIENTS MUST READ THE DOCUMENTS CAREFULLY BEFORE INVESTING WITH PASSPORT THROUGH THE FUND.
- ANY PERSON CONSIDERING MAKING AN INVESTMENT MUST BE ABLE TO BEAR THE RISKS INVOLVED AND MUST BE ABLE TO MEET CERTAIN SUITABILITY REQUIREMENTS. SOME OR ALL ALTERNATIVE INVESTMENT PROGRAMS MAY NOT BE SUITABLE FOR CERTAIN INVESTORS. AMONG SUCH RISKS ARE THE FOLLOWING:
    - AN INVESTMENT IS SPECULATIVE AND INVOLVES A SUBSTANTIAL DEGREE OF RISK.
    - AN INVESTMENT MAY BE LEVERAGED.
    - PAST PERFORMANCE RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE, AND PERFORMANCE MAY BE VOLATILE.
    - AN INVESTOR COULD LOSE ALL OR A SUBSTANTIAL AMOUNT OF HIS OR HER INVESTMENT.
    - THERE IS NO SECONDARY MARKET FOR THE INVESTORS' INTERESTS IN THE FUND AND NONE IS EXPECTED TO DEVELOP.
    - THERE ARE RESTRICTIONS ON TRANSFERRING INTERESTS IN THE FUND.
    - FEES AND EXPENSES MAY OFFSET TRADING PROFITS. A PORTION OF THE TRADING MAY TAKE PLACE ON FOREIGN MARKETS.
    - AN INVESTMENT IS SUBJECT TO CONFLICTS OF INTEREST.