



# Annual Update Presentation

January 28, 2016

**Pershing Square Capital Management, L.P.**

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## 2015 Performance Review

## Pershing Square Holdings, Ltd. Performance

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**2015 Net Returns**

*S&P 500*

**-20.5%**

*1.4%*

**2014 Net Returns**

*S&P 500*

**40.4%**

*13.7%*

**2013 Net Returns**

*S&P 500*

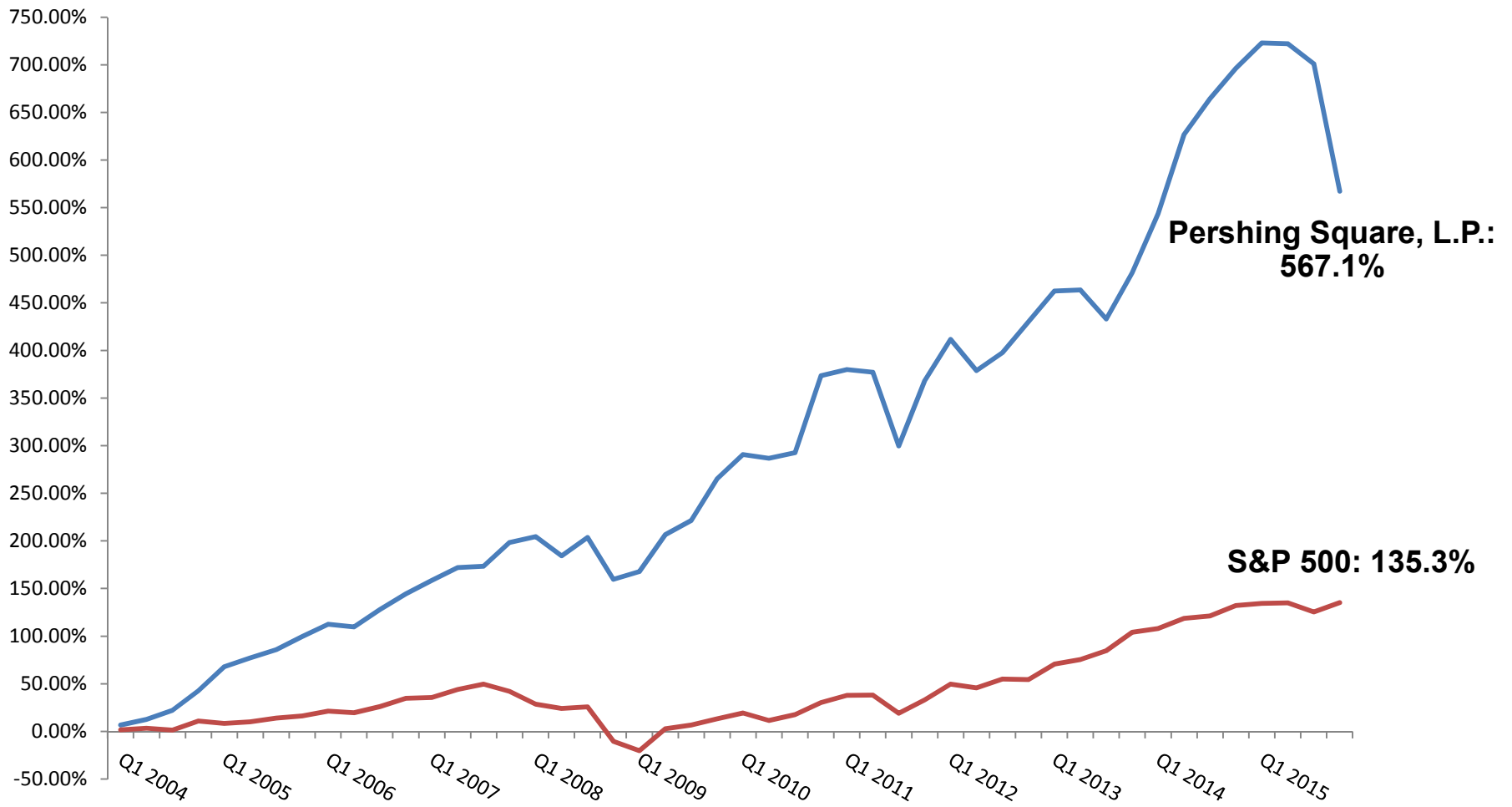
**9.6%**

*32.4%*

Past performance is not necessarily indicative of future results. All investments involve the possibility of profit and the risk of loss, including the loss of principal. Please see the additional disclaimers and notes to performance results at the end of this presentation.

## Cumulative Net Returns Since Inception of Strategy (January 1, 2004)

### Pershing Square, L.P. Net Returns vs. Indexes through December 31, 2015

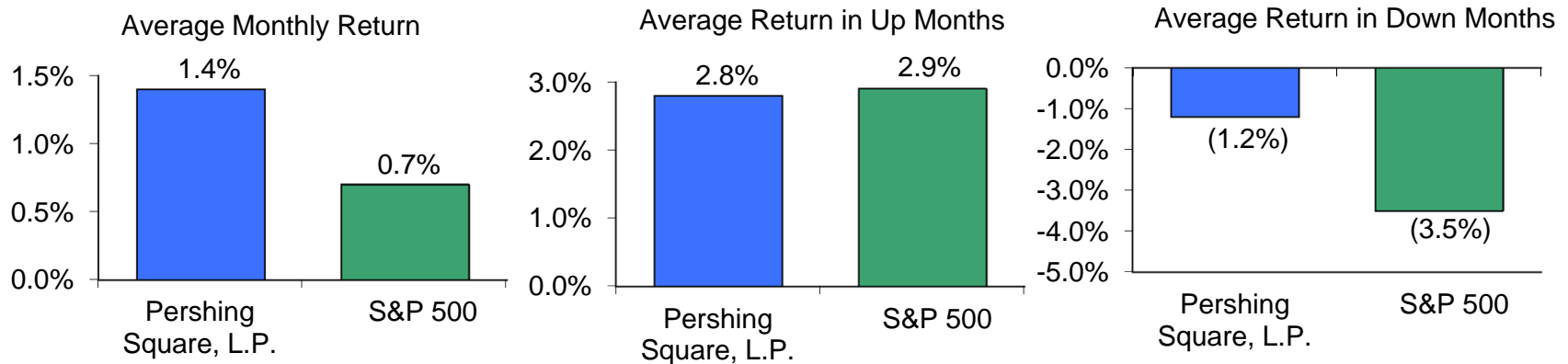


Performance is for Pershing Square, L.P., the Pershing Square fund with the longest track record. Past performance is not necessarily indicative of future results. All investments involve the possibility of profit and the risk of loss, including the loss of principal. Please see the additional disclaimers and notes to performance results at the end of this presentation.

# Performance in Up & Down Markets

## Pershing Square, L.P.

**Net Returns vs. S&P 500 (1/1/2004 through 12/31/2015)<sup>(1)</sup>**



Performance is for PSLP the fund managed by Pershing Square with the longest track record. Past performance is not necessarily indicative of future results. All investments involve the possibility of profit and the risk of loss, including the loss of principal. Please see the additional disclaimers and notes to performance results at the end of this presentation.

(1) "Up" months and "down" months are defined as months in which the closing price of the S&P 500 on the last business day of the relevant month was higher and lower, respectively, than the closing price of the S&P 500 on the last business day of the immediately preceding month.

## 2015 Winners and Losers (gross returns)

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### Winners

<b>Allergan Inc</b>	<b>3.9%</b>
<b>Mondelez International</b>	<b>3.3%</b>
<b>Zoetis Inc</b>	<b>1.2%</b>
<hr/>	
<b>All Other Positions</b>	<b>0.3%</b>
<hr/>	
<b>Total</b>	<b>8.7%</b>

### Losers

<b>Valeant Pharmaceuticals</b>	<b>(11.4%)</b>
<b>Herbalife</b>	<b>(3.9%)</b>
<b>Canadian Pacific Railway</b>	<b>(3.8%)</b>
<b>Platform Specialty Products</b>	<b>(2.8%)</b>
<b>Actavis (AGN Short/Hedge)</b>	<b>(1.9%)</b>
<b>Howard Hughes Corp</b>	<b>(1.3%)</b>
<b>Air Products &amp; Chemicals Inc</b>	<b>(1.2%)</b>
<hr/>	
<b>All Other Positions</b>	<b>(1.7%)</b>
<hr/>	
<b>Total</b>	<b>(28.0%)</b>

Past performance is not necessarily indicative of future results. All investments involve the possibility of profit and the risk of loss, including the loss of principal. Each position contributing or detracting 50 basis points or more from returns when rounded to the nearest tenth is shown separately. Positions contributing or detracting less than 50 basis points are aggregated. The returns (and attributions) set forth above do not reflect certain fund expenses (e.g., administrative expenses). Please see the additional disclaimers and notes to performance results at the end of this presentation.



## Long and Short Attribution (Gross Returns)

### Pershing Square, L.P.

	Long	Short/Hedge
<b>2004</b>	<b>61.6%</b>	<b>(5.9%)</b>
<b>2005</b>	<b>53.7%</b>	<b>(1.6%)</b>
<b>2006</b>	<b>36.9%</b>	<b>(6.9%)</b>
<b>2007</b>	<b>(5.6%)</b>	<b>34.9%</b>
<b>2008</b>	<b>(23.2%)</b>	<b>11.6%</b>
<b>2009</b>	<b>60.5%</b>	<b>(11.4%)</b>
<b>2010</b>	<b>43.8%</b>	<b>(4.7%)</b>
<b>2011</b>	<b>2.5%</b>	<b>(2.1%)</b>
<b>2012</b>	<b>16.9%</b>	<b>1.1%</b>
<b>2013</b>	<b>25.8%</b>	<b>(12.0%)</b>
<b>2014</b>	<b>42.4%</b>	<b>5.8%</b>
<b>2015</b>	<b>(9.3%)</b>	<b>(5.6%)</b>

HKD call options are included in short attributions from 2011 through 2014 and are included in long attribution for 2015.

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# Total Assets Under Management

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\$ in millions

**12/31/2015 AUM**

**Pershing Square, L.P. \$4,242**

**Pershing Square International, Ltd. \$4,705**

**Pershing Square Holdings, Ltd. \$5,217**

**Pershing Square II, L.P. \$106**

**Pershing Square V Funds (Air Products) \$487**

**Total Core Fund AUM \$14,270**

**Total Firm AUM \$14,757**

Assets under management are net of any capital redemptions (including crystallized performance fee/allocation, if any). No deductions are made for any capital redemptions if such redemption amounts are to be immediately re-subscribed into the same Pershing Square fund. Pershing Square L.P., Pershing Square International, Ltd. and Pershing Square Holdings, Ltd. have investments totaling \$258m, \$167m, and \$82m, respectively, in PS V, L.P. or PS V International, Ltd., co-investment vehicles formed to invest in the securities of (or otherwise seek to be exposed to the value of securities issued by) Air Products and Chemicals, Inc. (together "PSV" or "Pershing Square V Funds"), as of December 31, 2015. These investment amounts are represented in Total Core Fund AUM and only once in Total Firm AUM.

Bond Offering

## PSH Bond Offering Summary

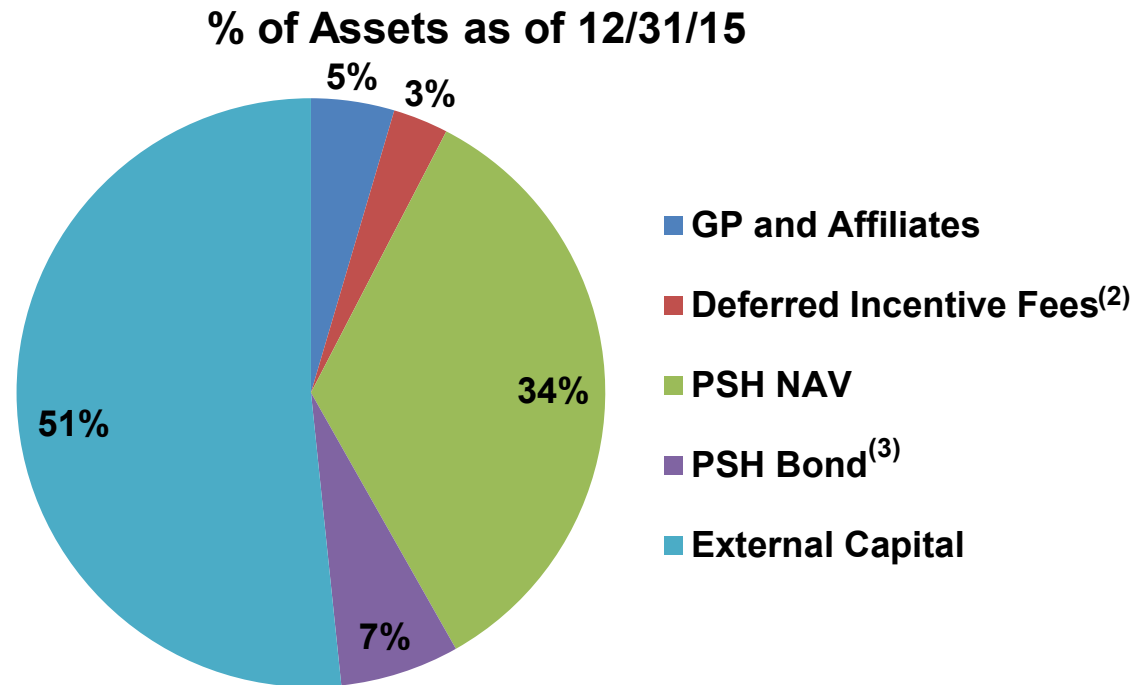
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**PSH issued \$1B 7-year senior unsecured notes on June 26, 2015**

- ▶ **Maturity: 07/15/2022**
- ▶ **Coupon: 5.500%**
  - Payable semi-annually on January 15 and July 15
- ▶ **Ratings: BBB (negative outlook) / BBB+ (S&P / Fitch)**
- ▶ **Over 90 investors participated in the offering**
- ▶ **No NAV maintenance covenants**

## “Permanent” Capital

**“Permanent” capital<sup>(1)</sup> represents nearly half of our assets**

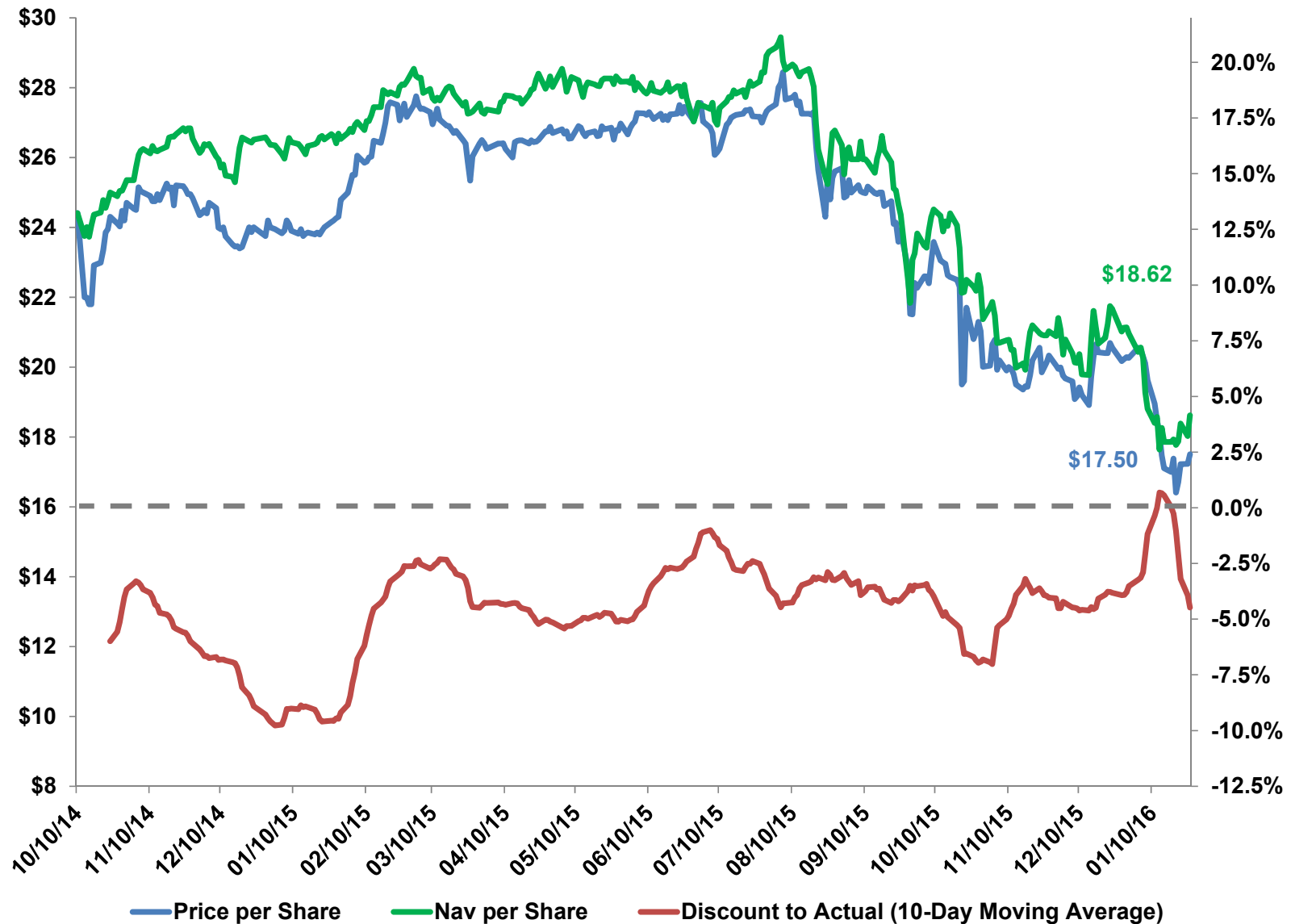


(1) “Permanent” capital represents GP and affiliates, deferred incentive fees, PSH NAV, and PSH bond.

(2) The deferred incentive fees are due to expire on January 1, 2017.

(3) The bonds are due July 15, 2022.

## Discount to NAV has Narrowed Since Inception



## Current Portfolio Update

## Principal Mistakes We Made in 2015

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- ❌ We relied too much on “platform value”



- ❌ We missed opportunities to trim or exit holdings



~\$250

**CP** ~ C\$240

- ❌ We did not sufficiently discount regulatory risk and political sensitivity



At average cost of \$196<sup>(1)</sup>

A year when many lessons were learned, 2015 was also an important reminder that stocks can trade at any price in the short term...



## Other Factors Also Contributed to Poor Results

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**Despite our missteps, we believe our portfolio holdings today trade at a substantial discount to intrinsic value partially because of certain unique market dislocations**

- ✓ **Concerns regarding oil prices and China's economy have significantly impacted the market prices of many of our investments, despite their limited exposure to these risks**
- ✓ **Pershing Square "followers" are liquidating funds creating intense selling pressure on our investments with strong "follower" ownership**
- ✓ **Huge capital inflows into index funds have created support for indexed constituent company valuations**
  - **Most of our long positions (representing 54% of our portfolio) are not components of major market indices**



## While We Wait for the Weighing Machine...

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**Over the long term, we believe that the market prices and intrinsic values of our investments will converge**

- ✓ **Permanency of our capital base will allow us to weather this volatility**
- ✓ **Our influence on our portfolio companies should allow us to continue to enhance the value of our investments**

**In the near term, new investment opportunities abound**

- ✓ **Recent market conditions have created new opportunities**
- ✓ **Many high quality businesses with catalysts to increase value are currently at or nearing attractive valuations**

***We are unlikely to make wholesale changes in the short term to the current portfolio as we find our current investments attractive. That said, we would be surprised if we did not add at least one major new investment in the next few months.***



# Mondelez International (MDLZ)

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- ▶ **One of the world's largest snack companies with 2014 revenues of \$30 billion<sup>(1)</sup>**
- ▶ **~\$66bn equity market capitalization**
- ▶ **Born out of the breakup of Kraft Foods in 2012**
- ▶ **High quality, simple, predictable, free-cash-flow-generative business**
- ▶ **Only large, publicly traded, uncontrolled “pure-play” snacks company**
- ▶ **We currently own shares and derivatives representing a ~6.6% ownership stake in the company**

(1) 2014 revenues are pro forma for the coffee JV transaction closed on July 2, 2015 (the “Coffee JV”).

# Mondelez: Fantastic Billion Dollar Brands

Mondelez has the most attractive stable of sweet snack brands of any packaged food company

## Mondelez Billion-Dollar Brands



Source: Public filings.

(1) Owned by the Coffee JV between Mondelez and D.E. Master Blenders.

# Snacks is One of the Best Food Categories

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## Strong global growth and scale

- ▶ \$1.2 trillion global market with historical growth of 6% per annum<sup>(1)</sup>
- ▶ Tremendous future growth opportunity in emerging markets
- ▶ Category responds well to advertising and in-store merchandising

## High category margins

- ▶ Low private-label penetration
- ▶ Strong sales in highly profitable immediate consumption channels

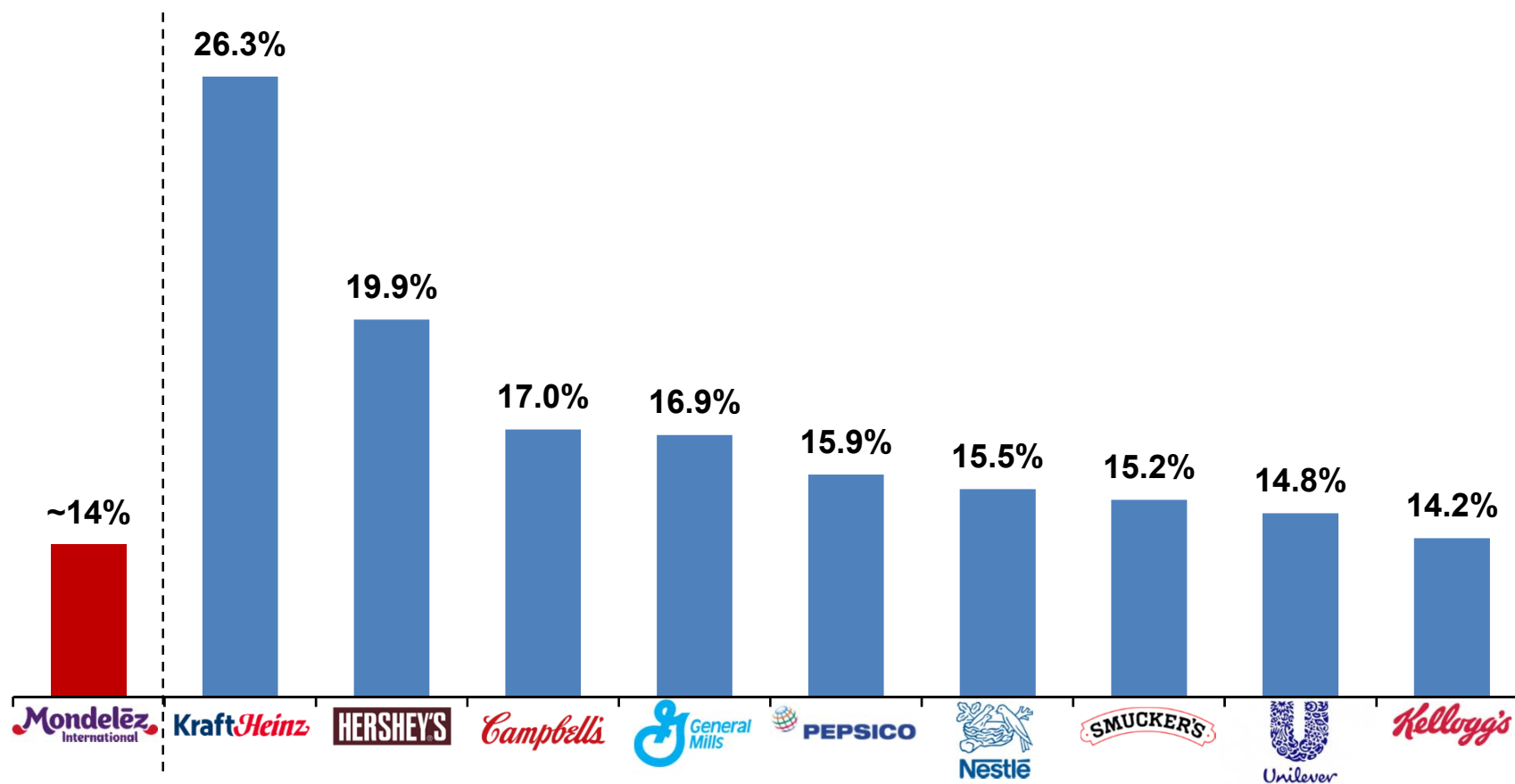
## Secular winner in global packaged foods

- ▶ Well-aligned with consumer trends of eating more frequent, smaller meals and convenience
- ▶ “Small treats” significantly better positioned than processed meals and other center store products

(1) Source: Mondelez February 2015 CAGNY conference transcript.

# Mondelez EBIT Margins vs. Peers

## CY 2015E EBIT Margin



Source: Capital IQ, public filings, Pershing Square estimates.

Note: Represents calendar year 2015 Capital IQ consensus estimates for all companies except Mondelez which is based on 2015 guidance excluding 20-30bps of stranded overhead costs from the divestiture of their coffee business and Unilever which has already reported full year 2015 results. Kraft Heinz margin is pro forma for \$1.5 billion of announced cost savings and merger synergies. Unilever margin is for the Food and Refreshment business only and excludes 50bps of assumed restructuring charges.

# Mondelez is Effectively a New Company

We believe MDLZ's enormous efficiency opportunity exists because it was created through a series of acquisitions made by legacy Kraft that were never properly optimized or integrated

## Acquisitions drove supply chain complexity



- Significant number of SKUs, formats and formulas
- Fragmented supplier base
- Sub-scale plants with low efficiency assets

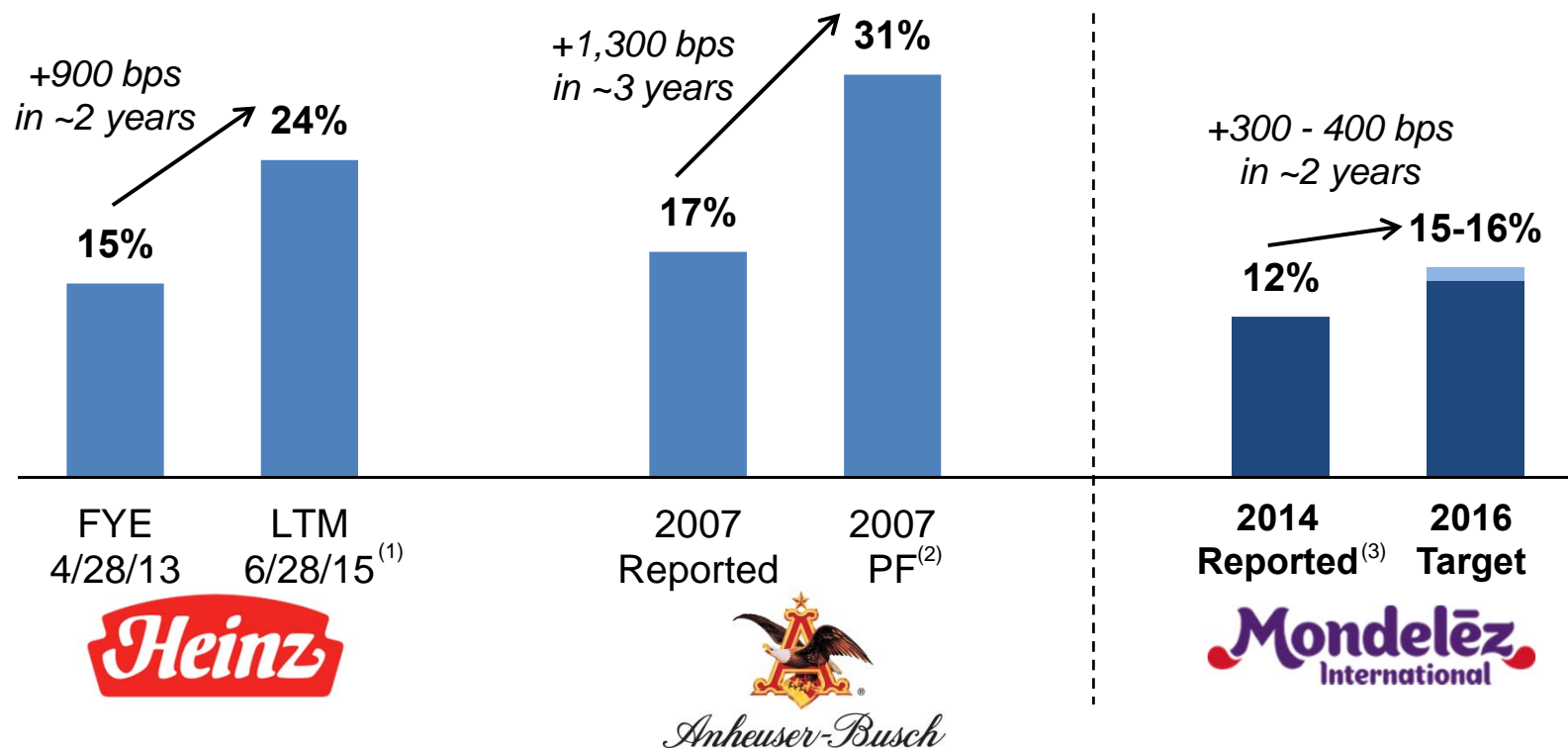
Source: Mondelez February 2015 CAGNY conference presentation.



# Mondelez Zero-Based Budgeting (ZBB)

While management has embraced ZBB to address their high G&A, Mondelez's version of ZBB is much less robust than the 3G approach

## EBIT Margin Comparison



Source: Public filings, Pershing Square estimates.

(1) Excludes accelerated depreciation for restructuring and deal-related amortization generated by 3G's acquisition of Heinz.

(2) Represents Anheuser-Busch 2007 EBIT plus 100% of announced cost synergies of \$2.25bn from its acquisition by InBev. The acquisition closed in November 2008 and all cost synergies were achieved by the end of 2011.

(3) 2014 EBIT margin is pro forma for the Coffee JV.

## Gross Margin Opportunity: Advantaged Assets

**Mondelez has invested ~\$1.5 billion to upgrade its manufacturing base, which should expand gross margins by ~250 bps by 2018**

- ▶ **We are looking forward to a significant gross margin increase as the new Salinas, Mexico facility ramps up**
- ▶ **We believe the potential for long-term gross margin expansion is strong**

Gross Margin Impact of Advantaged Assets	
% of Power Brands on Advantaged Assets - 2018	70%
% of Power Brands on Advantaged Assets - Current	20%
Power Brands as % of Total Sales in 2018	64%
<b>% of Sales Moved to Advantaged Assets</b>	<b>32%</b>
Advantaged Assets Margin Uplift <sup>(1)</sup>	8%
<b>Margin Increase from Move to Advantaged Assets</b>	<b>2.5%</b>

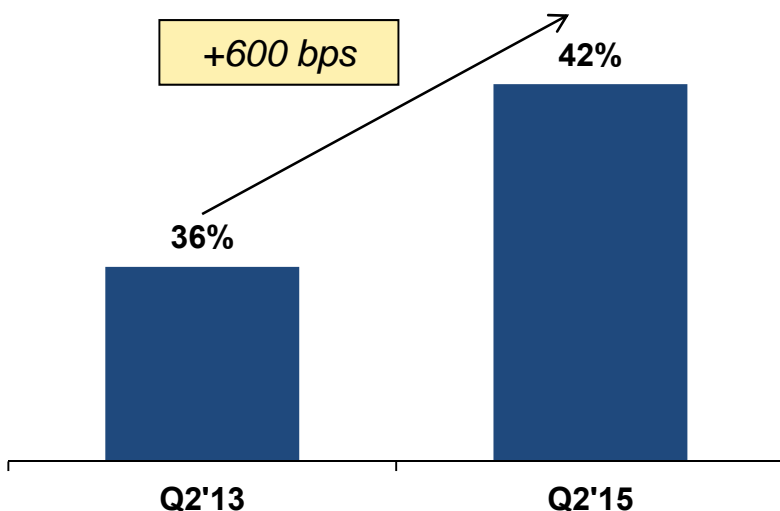
Source: Management commentary, Pershing Square estimates.

(1) Based on management commentary during 2015 Back to School breakout session that advantaged assets provide a gross margin uplift of between 400-1,000bps.

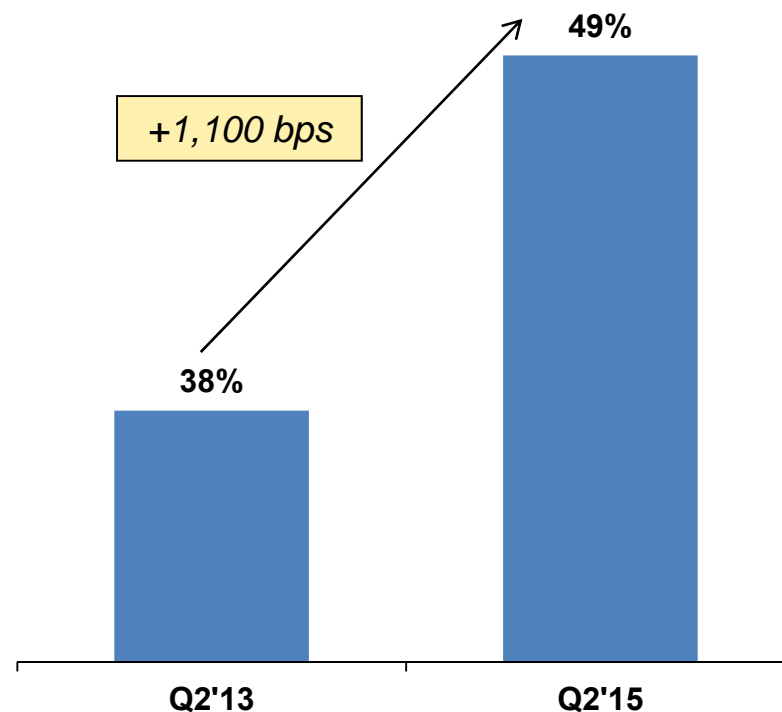
## Case Study: Heinz Gross Margins Under 3G

Under 3G management, Heinz expanded global gross margins by ~600 bps and Europe gross margins by ~1,100 bps in just two years without a material additional capital investment

**Heinz Gross Margins:  
Consolidated**



**Heinz Gross Margins:  
Europe**



Source: Heinz and Kraft Heinz public filings. Q2'13 used as starting point since 3G acquisition of Heinz closed on June 7, 2013. Q2'15 used as end point since it is the last quarter before Heinz merged with Kraft on July 2, 2015.

## Additional Levers for Margin Expansion

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**Mondelez can dramatically improve its profitability using the same tools used by 3G**

✓ **Net revenue management**

- Elimination of unproductive trade spend, particularly in Europe
- Reduction in global SKU count from ~74,000 in 2014

✓ **Procurement Productivity**

- Consolidation of suppliers from ~100,000 in 2013

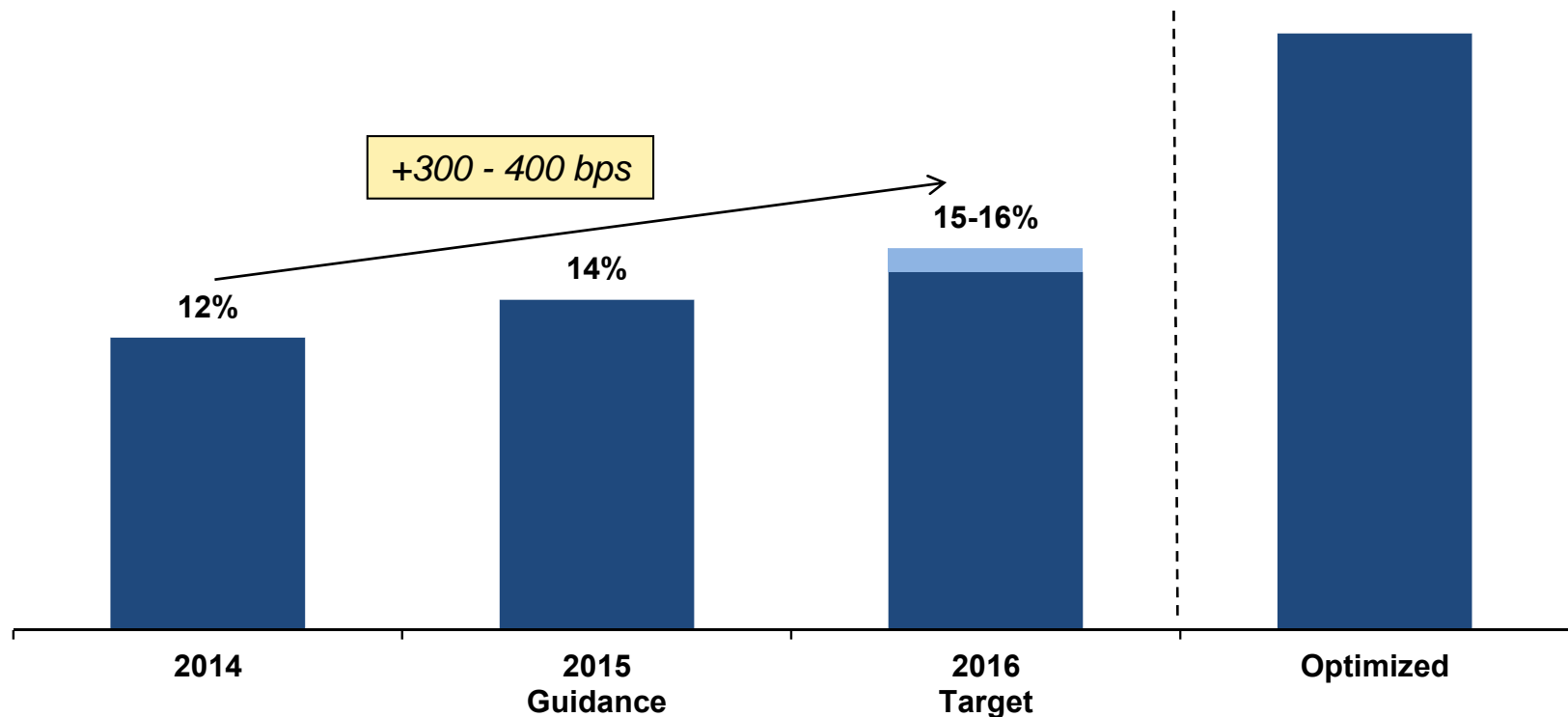
✓ **SG&A rationalization**

- Implementation of zero-based budgeting across the organization
- Creation of an “ownership culture” through appropriate incentives

# Opportunity Far Exceeds Established Targets

While management's plan to increase margins to 15-16% by 2016 is a step in the right direction, we believe optimized margins are far higher

## Mondelez EBIT Margin



Source: Mondelez public filings, Pershing Square estimates. 2014 is pro forma for the Coffee JV. 2015 excludes stranded overhead costs from the Coffee JV.

# Mondelez is an Excellent Merger Candidate

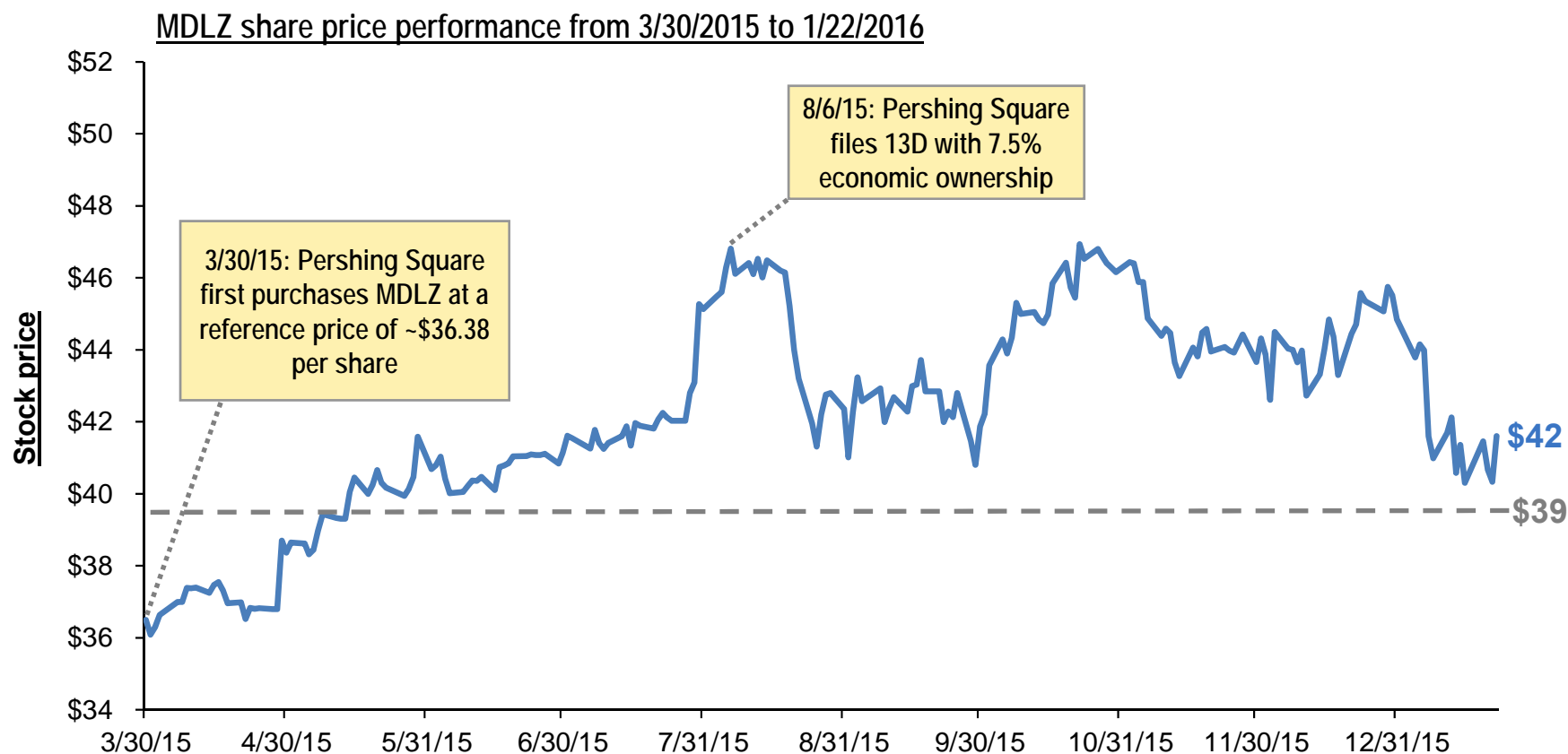
	Advantaged Categories	Growth Potential	Savings Opportunity	Change-of- Control Potential
	✓✓✓✓	✓✓✓✓	✓✓✓✓	✓✓✓✓
	✓✓	✓✓	✓✓	✓✓
	✓✓✓	✓✓	✓✓✓	✓✓
	✓✓	✓✓	✓✓✓	✓
	✓✓✓✓	✓✓✓	✓✓	✓
	✓✓	✓✓	✓✓	✓✓ <sup>(1)</sup>
	✓✓✓	✓✓✓✓	✓✓	✓ <sup>(2)</sup>

(1) 10:1 voting ratio applies for shares held for at least four years. Company is still managed by the founding family.

(2) Voting stock represents 9.3% of total shares outstanding and is held largely by an employee 401(k) plan and current and former employees.

# Mondelez: Share Price Performance

**MDLZ stock increased 15% from our average cost to YE 2015, and 7% to January 22, 2016\***



Note: The performance of Mondelez's share price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.

\*Returns includes dividends.

Source: Bloomberg.





# Valeant Pharmaceuticals International (VRX)

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- ▶ **Multinational pharmaceutical and medical device company**
  - >\$12bn 2016 estimated sales
  - ~21,000 employees
  - Market leadership in dermatology, gastroenterology, ophthalmology, and consumer health products
- ▶ **In 2008, new management implemented an unconventional business model that has historically created large amount of shareholder value**
  - Innovative marketing, management, and R&D strategies designed to avoid waste and maximize return on capital
  - Acquisitions of assets in attractive categories
  - Valeant is adapting its model in response to recent criticism
- ▶ **Pershing Square's history with Valeant**
  - Pershing Square partners with Valeant in 2014 to acquire Allergan
  - On February 9, 2015, Pershing Square purchases first shares of Valeant at a price of \$161

# Valeant's major franchises are underappreciated:

## Strong Growth Platforms

 % 2016 Est. revenue

### U.S. Gastrointestinal



~20%

### U.S. Dermatology <sup>(1)</sup>



~15%

### U.S. Ophthalmology and Eye Care (B+L)



~10%

### U.S. Consumer



~5%

### Emerging markets <sup>(2)</sup>



~20%

### Ex-U.S. developed markets <sup>(2)</sup>



~10%

### U.S. Oncology, Dentistry, Women's Health, Neuro/Other



~20%

(1) Including Solta and Obagi

(2) Including Ophthalmology, Dermatology, and GI sales

# Valeant's major franchises are underappreciated:

## **Bausch & Lomb: ~30% of sales<sup>1</sup>**

- Durable product portfolio
- 11% organic growth in 2014, ~6% growth through Q3 2015
- Growth drivers include favorable secular trends and strong product portfolio:
  - Increased prevalence of eye disease supports growth of surgical, drug, and consumer markets
  - Capacity expansion to accommodate strong demand for contact lens products
  - ~25% of sales are made in emerging markets
  - Late stage pipeline includes Vesneo, a potential \$1bn new glaucoma drug
- Traded at an average of 20x Forward EPS as a public company<sup>2</sup>

## **Gastrointestinal (Salix): ~20% of sales**

- Strong collection of products treating patients with diseases such as:
  - Hepatic Encephalopathy, Ulcerative Colitis, Opioid Induced Constipation
- Xifaxan has nearly \$1bn of annualized sales and recent volume growth of 25%+ Y/Y<sup>3</sup>
- October Y/Y volume growth of other significant products: Apriso +8%, Uceris +30%, Relistor +33%<sup>4</sup>
- Pipeline: Likely approval of Relistor Oral in 2016

<sup>1</sup>Q2 2015 B&L as a % of total sales (adj. for Salix channel inventory reduction). <sup>2</sup>1/1/2003 to 1/1/2006. Source = Capital IQ. <sup>3</sup>Estimated from Valeant presentation Page 42 Dec. 16<sup>th</sup>, 2015 presentation. <sup>4</sup>Page 45 Dec. 16<sup>th</sup>, 2015 presentation.

# Valeant's major franchises and Walgreen's partnership are underappreciated:

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## **US Dermatology: ~15% of sales**

- Largest portfolio of non-biologic medical dermatology products in the United States
- Prescribers often strongly prefer branded alternative to generics
- Retained ~80% of volume following Philidor disruption
- ~30% of Q3 2015 sales from four recently launched products
- Drug Pipeline: Seven Phase III or FDA Submitted, Eight Pre-Phase III Products

## **Emerging Markets Branded Generics: ~10% of sales<sup>1</sup>**

- Durable portfolio of branded generic products in growing markets
- Opportunity to grow existing drugs and launch new products

## **Walgreen's Partnership:**

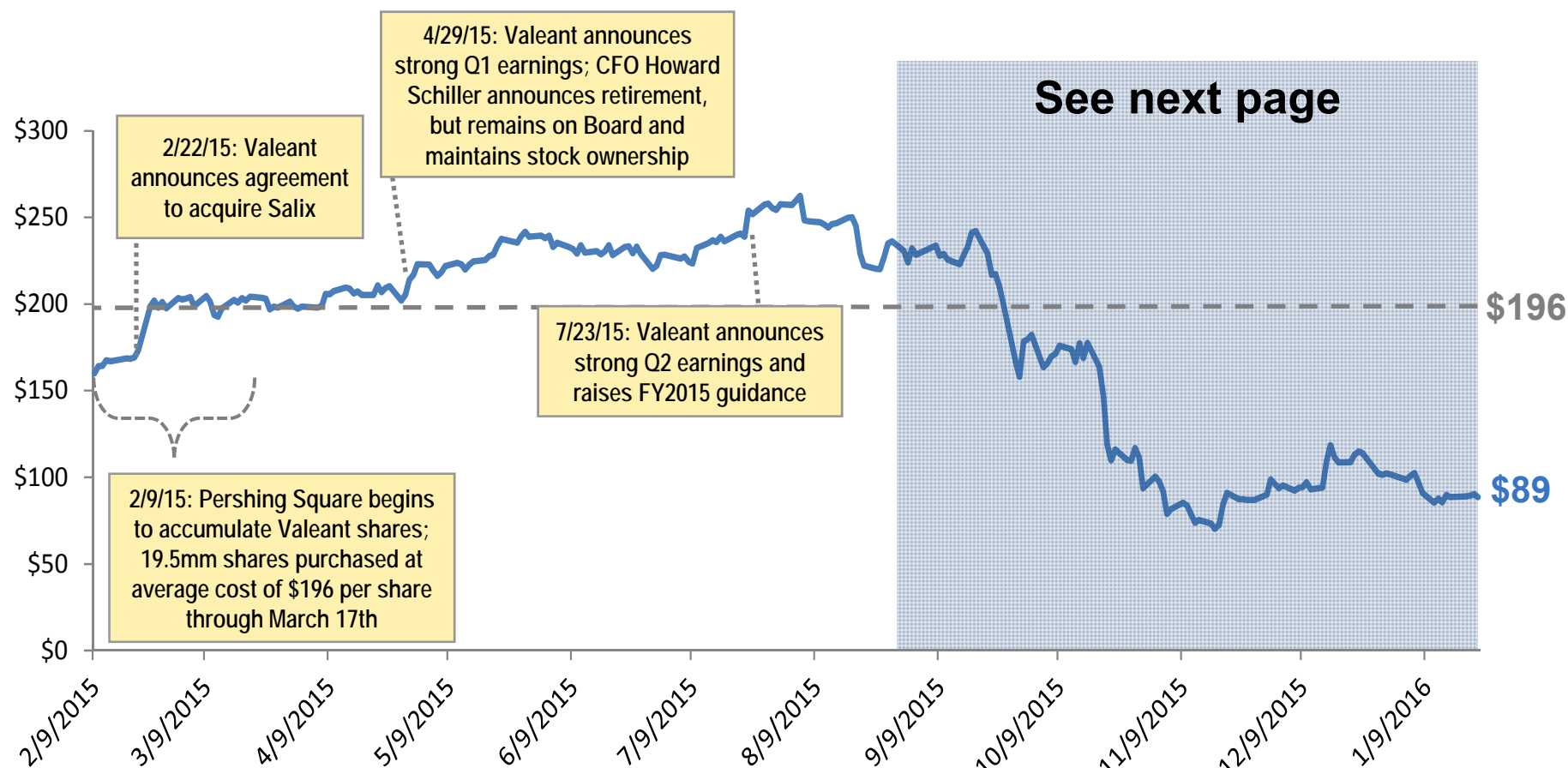
- Will support growth of Rx Dermatology, Ophthalmology, and Off-Patent portfolio
- Benefits to patients and physicians: Convenient access, financial and administrative support, cash pay option
- Benefits to payors: \$600mm of price cuts, transparency, no mail order

<sup>1</sup>Excludes estimated B&L Emerging Markets revenue.

# Valeant: Share Price Performance

**VRX stock has decreased 48% from our average cost to YE 2015, and 55% to January 22, 2016**

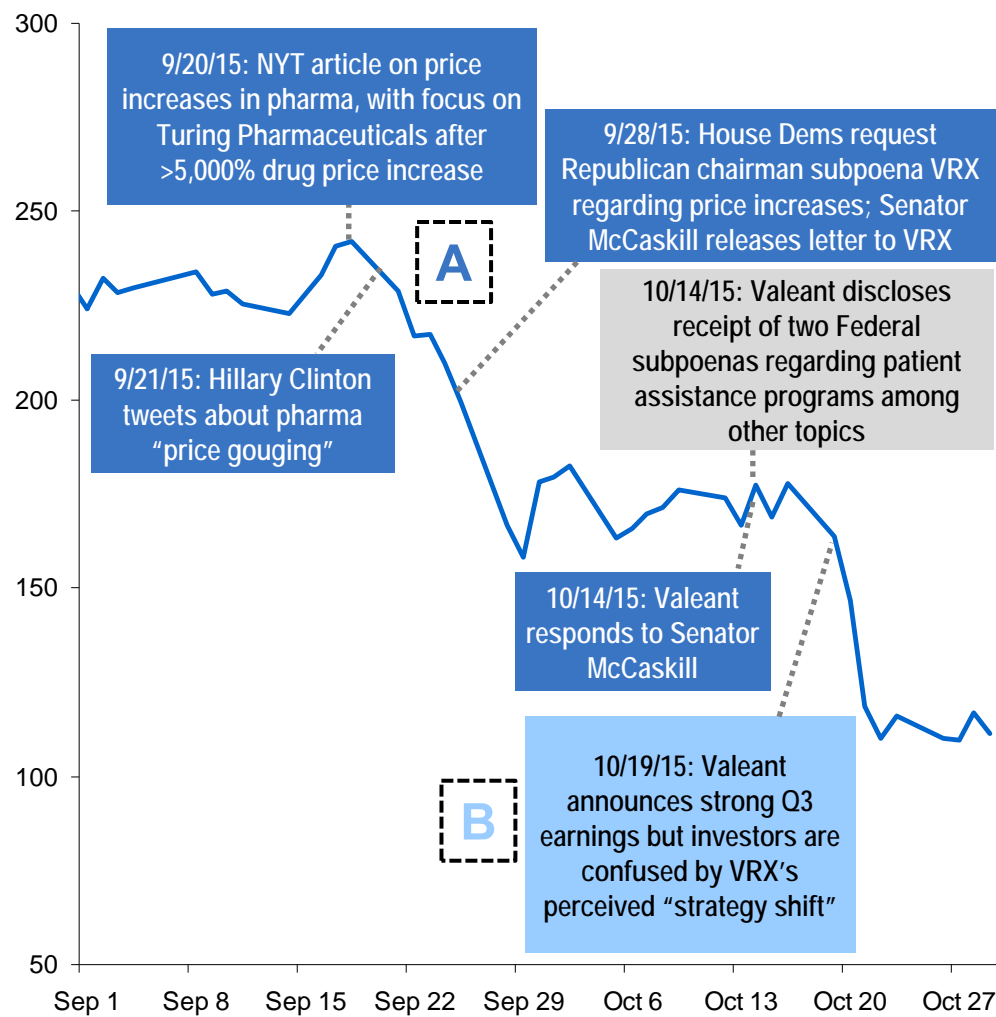
Valeant Share Price – 2/9/2015 to 1/22/2016



Note: The performance of Valeant's share price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.  
Source: Bloomberg.

# Valeant: Recent Events

Valeant Share Price – 9/1/2015 to 10/29/2015



Note: The performance of Valeant's share price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.  
Source: Bloomberg.

## Pershing Square's Perspectives on Key Topics

### A Price Increases

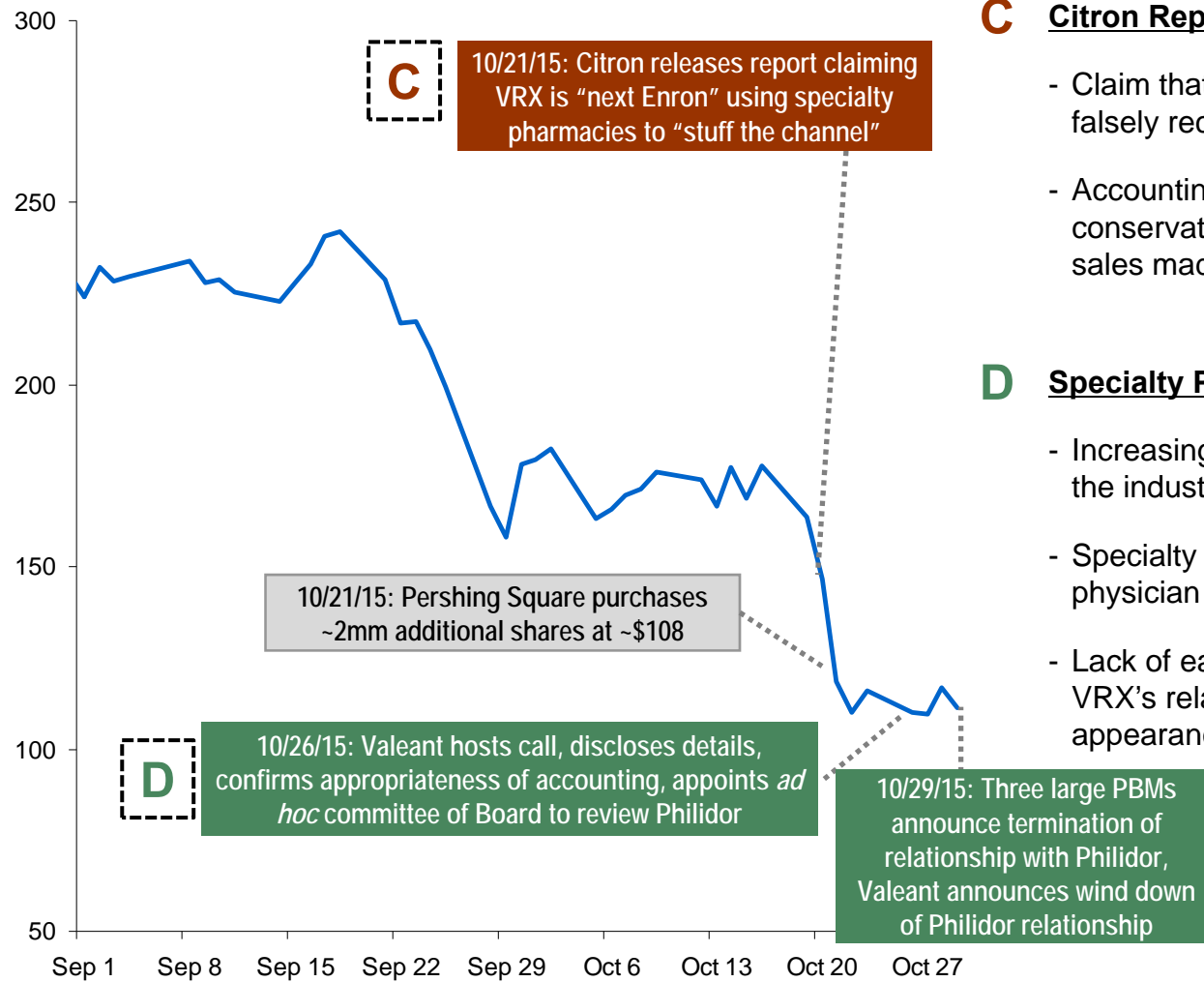
- Substantial majority of Valeant's business units have volume growth
- Media reports are focused on gross prices; net realized prices to manufacturer are much lower
- Drugs improve health outcomes and can reduce overall cost of healthcare; returns on investment critical to drug innovation

### B VRX's Perceived "Strategy Shift"

- VRX's strategy is multi-faceted, focused on creating shareholder value, adapts with opportunities:
  - M&A: No more "price increase" deals (only handful of ~150 historical acquisitions)
  - R&D: Increasing modestly to pursue attractive late-stage development opportunities

# Valeant: Recent Events (continued)

Valeant Share Price – 9/1/2015 to 10/29/2015



## Pershing Square's Perspectives on Key Topics

### **C** Citron Report

- Claim that VRX "stuffed the channel" and falsely recognized revenue is verifiably false
- Accounting for sales to Philidor is more conservative than accounting rules applied for sales made to "traditional" distributors

### **D** Specialty Pharmacies / Philidor

- Increasingly important distribution channel for the industry
- Specialty pharmacies improve patient and physician access to medications
- Lack of early disclosure and details regarding VRX's relationship with Philidor created appearance of malfeasance

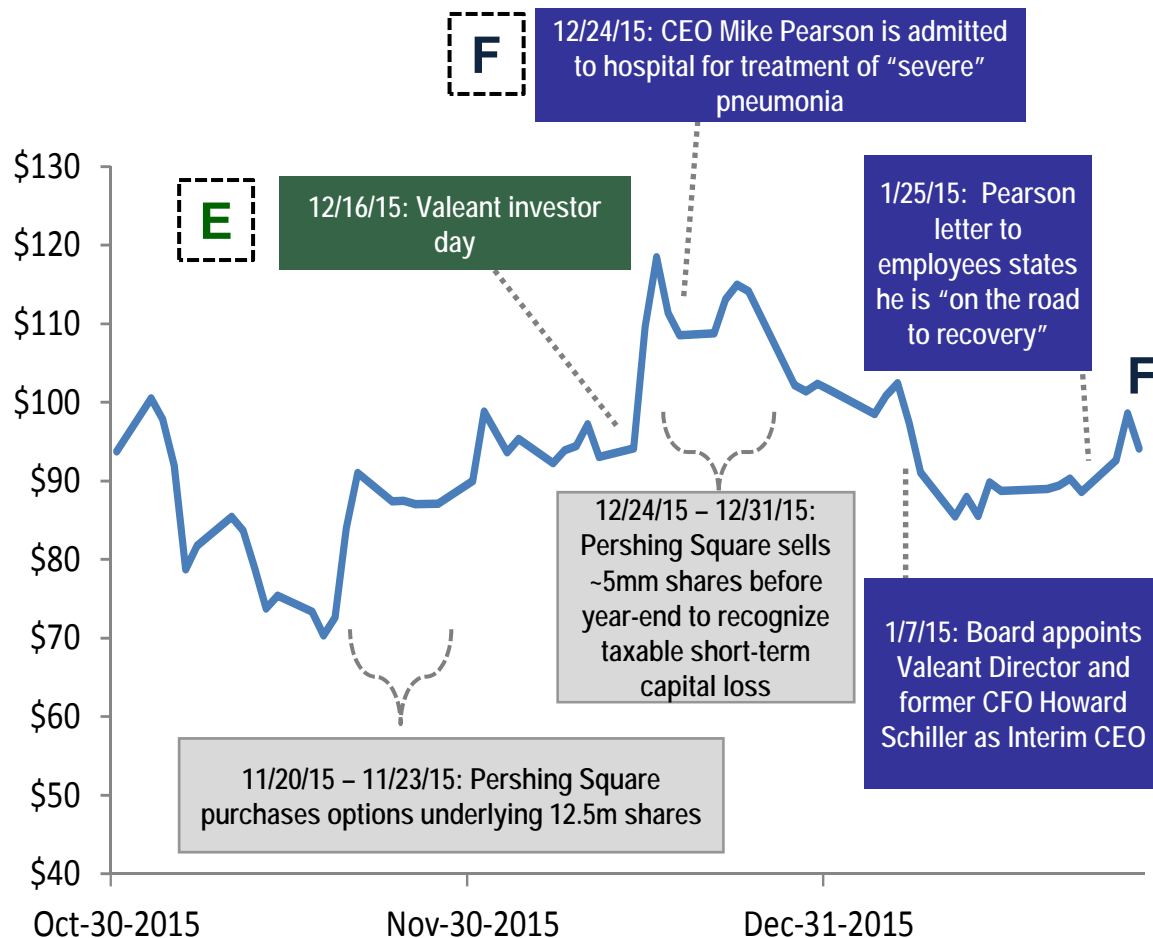
Note: The performance of Valeant's share price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.  
Source: Bloomberg.



# Valeant: Recent Events (continued)

## Pershing Square's Perspectives on Key Topics

### Valeant Share Price – 10/30/2015 to 1/27/2015



### **E** Valeant Investor Day

- 2016 EBITDA guidance in line with Pershing Square expectations
- Long-term partnership with Walgreens creates savings for healthcare system, convenience for patients, and profit opportunity for Valeant
- Management highlights quality of product portfolio, management team, and pipeline

### **F** Management

- If Pearson does not return as CEO, his strategic vision and operating talents will be missed
- We have a lot of confidence in Schiller, who worked closely with Pearson at Valeant following a 20+ career at Goldman Sachs
- Decentralized management structure has created a deep bench of talent at the company

Note: The performance of Valeant's share price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.  
Source: Bloomberg.



**Valeant shares trade at ~7x management's ~\$14 2016 EPS target (ex-one time items). We expect EPS to exceed \$20 by 2020, excluding acquisitions.**



# Air Products (APD): Overview

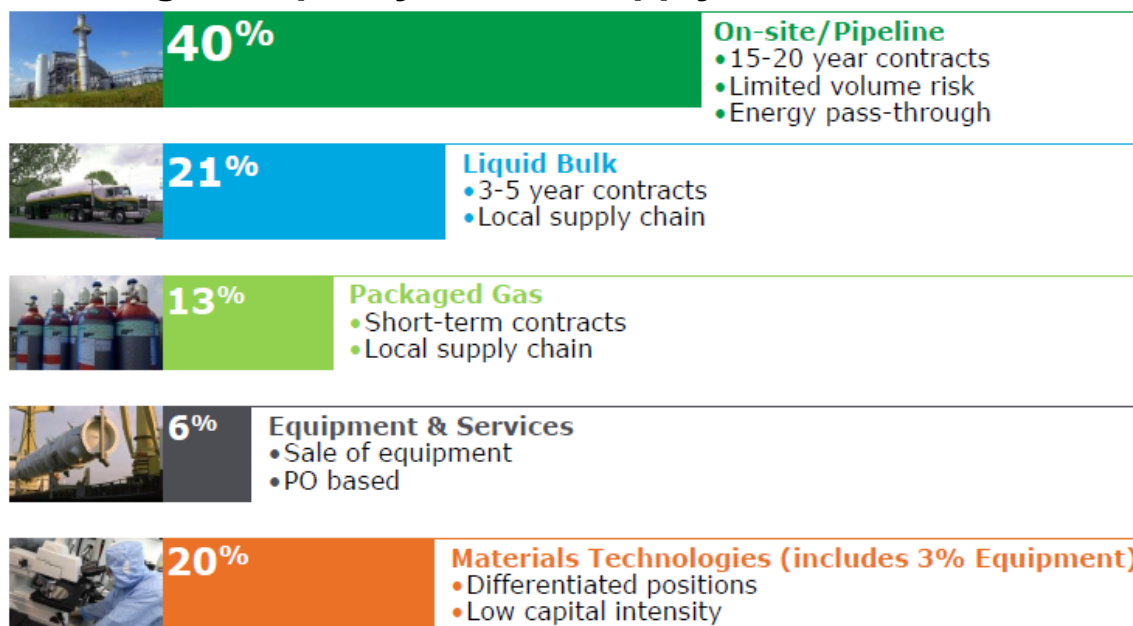


- ▶ One of four global industrial gas companies

- ▶ Air Products' business is diversified by geography, with modest exposure to emerging markets including China



- ▶ APD is diversified by supply mode, with significant exposure to the highest-quality on-site supply mode



# Air Products: Investment Thesis

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- ▶ **High-quality, simple, predictable, free-cash-flow generative business**
  - Global oligopoly which enjoys attractive returns due to local incumbency advantages driven by utility-like contracts with large customers and the high transportation costs of distributing additional product to surrounding customers
  - Buffered from macro: diversified; contracted; low-cost, critical and consumable input
  - GAAP earnings meaningfully understate cash flow as the useful life of APD's assets far exceeds GAAP depreciable life (which is set by initial contract length)
- ▶ **Substantial untapped potential, cheap “as-fixed”**
  - Decades of underperformance, but shortfalls were fixable
  - Historical 600 bps+ operating margin gap to comparable Praxair could be closed
  - Potential to substantially improve earnings in medium term; APD's shares did not reflect this latent opportunity at the time of our purchases

**New CEO Seifi Ghasemi has begun a transformation of Air Products, which we expect will continue to create meaningful value for shareholders**

# Air Products' Transformation Begins

**CEO Seifi Ghasemi's first year marked the beginning of a successful transformation of Air Products**

► **2015 was a year of substantial progress:**

- ✓ Successfully restructured Air Products, creating a decentralized organization with greater accountability
- ✓ Took action to reduce corporate overhead costs by \$300mm run-rate (\$170mm realized in FY 2015)
- ✓ Operating margins improved 310 bps to 19%
- ✓ Significant capex brought on-stream and producing
- ✓ FY 2015 EPS of \$6.57 up 14%, despite 7% foreign exchange headwind
  - Exceeded the high-end of initial guidance despite unforeseen macroeconomic and foreign exchange headwinds
- ✓ Announced significant high-quality project wins, which will fuel growth
- ✓ Announced spin-off of non-core materials technology business, Versum Materials, on or before September 2016

## Air Products' Upside Remains Significant

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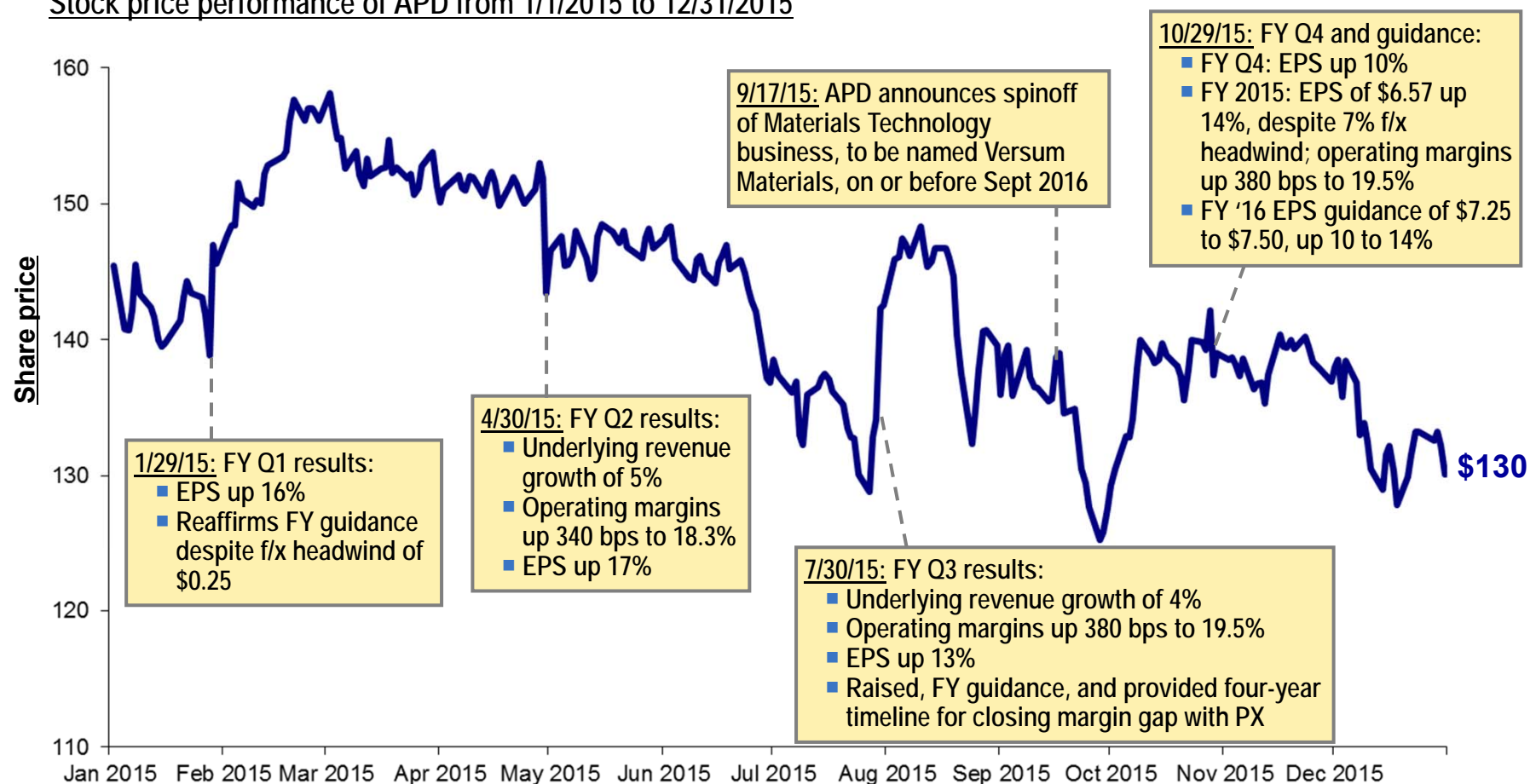
- ▶ **Despite APD's significant progress, recent macroeconomic concerns have caused APD's stock to trade at what we believe to be a material discount to its intrinsic value**
- ▶ **APD's business remains resilient: diversified; contracted; low-cost, critical and consumable input**
- ▶ **FY 2016 guidance calls for \$7.25 to \$7.50 of EPS (+10% to 14%)**
  - Assumes no global growth and continued economic weakness
- ▶ **Catalysts for value creation are not dependent on macroeconomic strength**
  - Cost savings and efficiency:
    - ✓ Industrial gas margins of 18% still ~500 bps behind Praxair
    - ✓ \$430mm, or 72%, of total cost savings will be achieved in 2016 and beyond
  - Significant capital expenditures brought on-stream
  - Spin-off of Versum Materials will create two leading, pure-play companies

**APD is well on its way to achieving its goal of being the safest and most profitable industrial gas company in the world, which we believe will create significant value for shareholders**

# APD: Share Price Performance in 2015

The total return for APD shares was -8% in 2015

Stock price performance of APD from 1/1/2015 to 12/31/2015

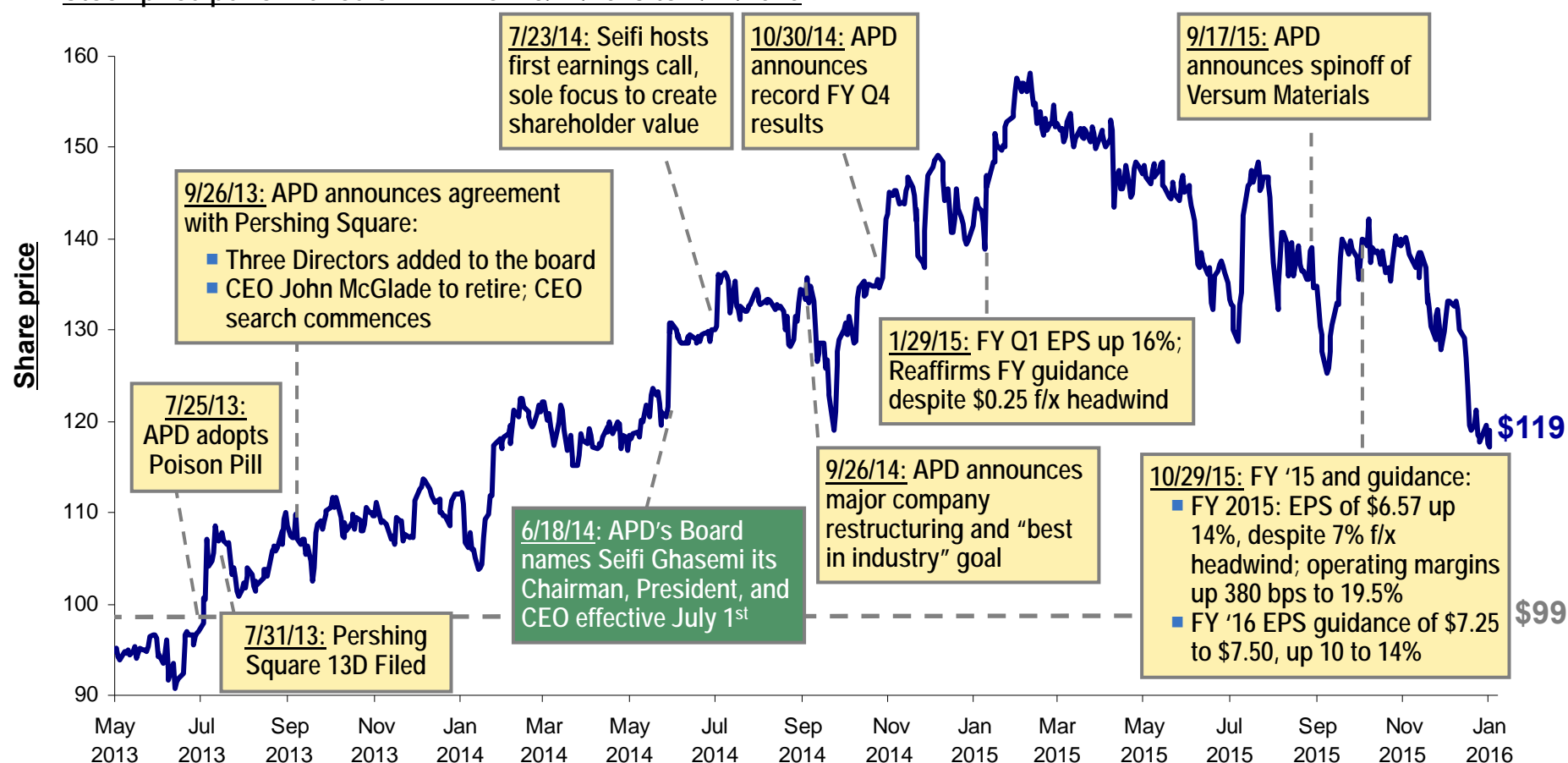


Note: The performance of APD's share price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.  
Source: Bloomberg.

# APD: Share Price Performance Since Inception

**APD stock increased 29% from our average cost to January 22, 2016\***

Stock price performance of APD from 5/22/2013 to 1/22/2016



Note: The performance of APD's share price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.

\*Return includes dividends.

Source: Bloomberg.



*zoetis*

## Zoetis Inc.

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- ▶ **Split-off from Pfizer June 2013**
- ▶ **~\$22bn equity market capitalization**
- ▶ **Largest manufacturer of medication for pets and livestock in the world**
- ▶ **Only large, publicly traded “pure-play” animal health business**
- ▶ **Pershing Square began buying Zoetis shares on July 22<sup>nd</sup> 2014 and currently owns a 8.6% economic stake in the company**

# Zoetis Engagement

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## February 4<sup>th</sup>, 2015 Agreement

### ► Board Composition

- On February 4<sup>th</sup>, 2015, Zoetis agreed to add Pershing Square investment team member Bill Doyle to the Zoetis board
- Additionally, on April 13<sup>th</sup>, Zoetis and Pershing Square agreed to name Allergan Executive Chairman Paul Bisaro to the Zoetis board

## Restructuring Programs

- **On November 18<sup>th</sup>, 2014, several days after our investment, management hosted an investor day to detail the company's organic revenue growth opportunity and its supply chain restructuring program**
  - Announced goal to increase gross margins 200bps by 2020
- **On May 5<sup>th</sup>, 2015 Zoetis announced an additional restructuring program**
  - Management expects this \$300mm cost reduction program and continued operating leverage to increase operating margins from ~25% in 2014 to ~34% by 2017

## Zoetis Engagement – Cost Structure Initiative

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- ▶ **Comprehensive initiative to simplify operations, improve cost structure, and better allocate resources to generate \$300 million annual cost savings by 2017**
  - Eliminate ~5,000 lower-revenue, lower-margin SKUs
  - Shift from direct sales representation to distribution in ~30 smaller markets
  - Consolidate from a four-region structure to a two-region structure
  - Significant reductions in corporate G&A
  - Smaller reductions in R&D to enhance focus
  - Program is incremental to previously announced Supply Network efficiency effort

# Productive R&D and Business Development

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- ▶ **Zoetis maintains productive R&D and business development**
  - Received USDA conditional license for IL-31 for atopic dermatitis (first-of-its-kind antibody therapy)
  - EU Approved Simparica, once monthly chewable treatment for canine fleas, ticks and sarcoptic mange
  - Completed acquisition of Abbott Animal Health
  - Completed Acquisition of PHARMAQ, the global leader in vaccines innovation for health products in aquaculture (fish farming)

## Strong Operational Performance

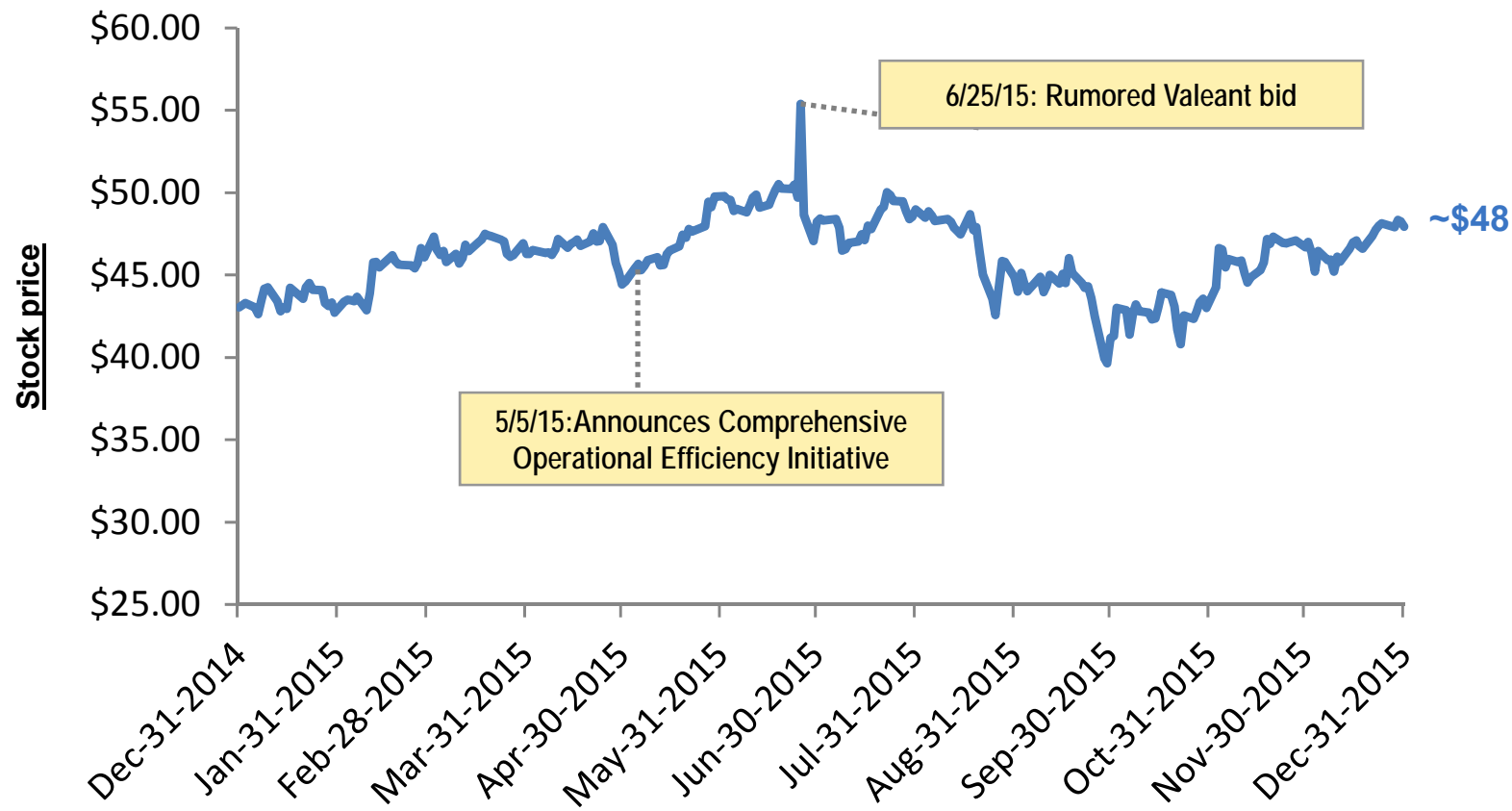
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- ▶ **2014 revenue: \$4.8 bn; Adjusted Diluted EPS \$1.57 per share**
- ▶ **2015 guidance:**
  - Revenue: \$4.7 – 4.75 billion
  - Adjusted Diluted EPS: \$1.70 – \$1.74 per share (compared to original EPS guidance of \$1.61 – \$1.68 provided in November 2014)
- ▶ **In 2015, held then increased adjusted net income per share guidance in the face of FX and Venezuela headwinds that decreased revenue expectations by ~550 bps**

# Zoetis: Share Price Performance in 2015

**The total return for Zoetis shares was 12% in 2015**

Stock price performance of Zoetis from 1/1/2015 to 12/31/2015

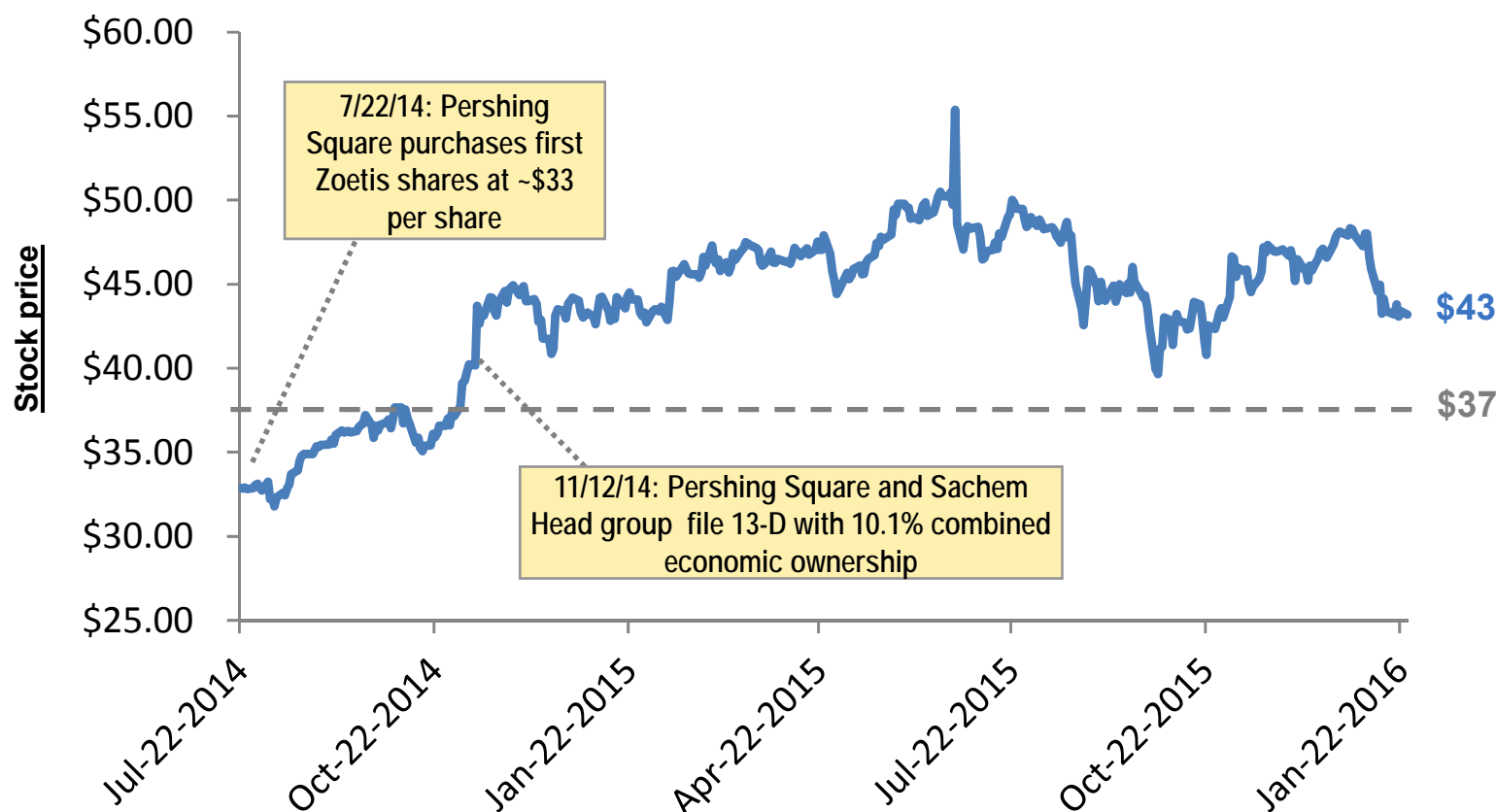


*Note: The performance of Zoetis's share price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.  
Source: Capital IQ.*

# Zoetis: Share Price Performance Since Inception

**ZTS stock increased 19% from our average cost to January 22, 2016\***

Stock price performance of Zoetis from 7/22/2014 to 1/22/2016



*Note: The performance of Zoetis's share price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.*

*\*Return includes dividends.*

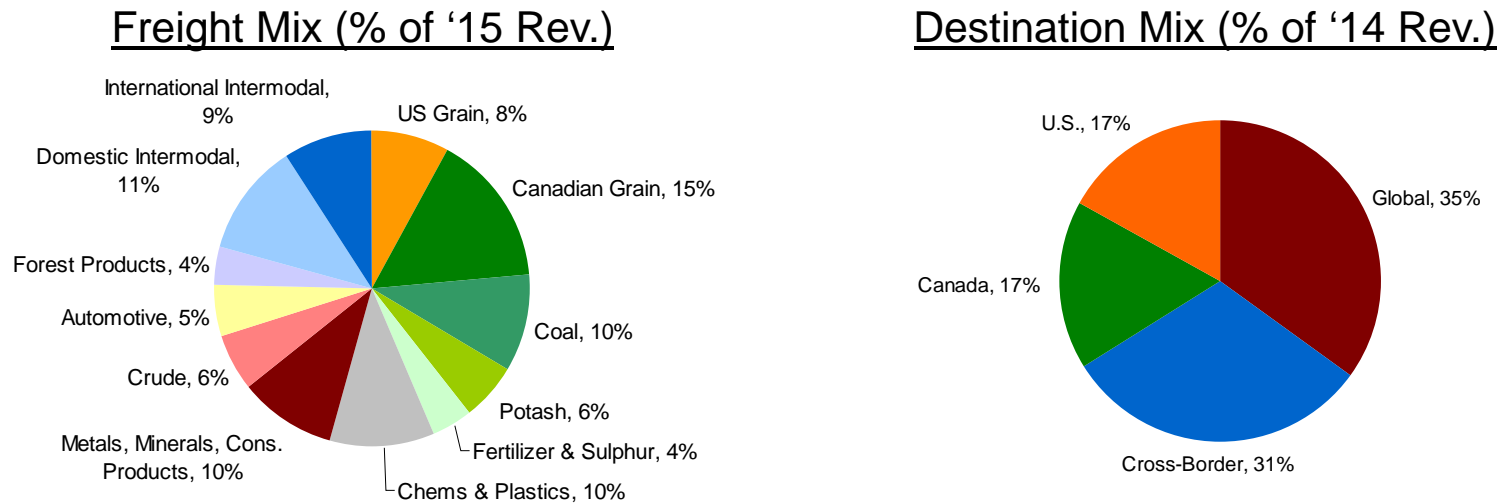
*Source: Capital IQ.*



**CP**

# CP: Overview of the Business & Recent Trends

## ▶ CP's business is diversified by freight and destination:



## ▶ Despite macro weakness, CP's volume declined just 2% in 2015

### ■ Most freight types were up or down modestly

- ✓ Canadian commodities performed well, aided by their low-cost position and a weakening Canadian Dollar
- ✓ Portions of CP's business are not overly sensitive to macro (i.e., intermodal)

### ■ Material declines were seen in just a few categories: US Grain (-9%), Crude (-17%), and Metals, Minerals, and Consumer Products (-14%)

## ▶ CP remains a high-quality, infrastructure asset with strong pricing power

## CP: Another Year of Great Progress

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- ▶ **CP's remarkable transformation continued at an accelerated pace in 2015**
  - Operating Ratio ("OR") of 61% improved 370bps
    - ✓ Approaching four-year OR target in first year
    - ✓ OR result is second-best in industry
  - CP repurchased ~8% of its shares at \$203 CAD per share, a discount to CP's intrinsic value
  - EPS growth of 19% despite muted top-line growth of 2%
- ▶ **In November, CP revealed its offer for Norfolk Southern**
  - Offer would create meaningful value for both CP and NS shareholders while improving the North American rail network and enhancing service to customers
  - Announced US\$1.8bn of operational efficiencies and synergies

**Despite CP's continued progress on its operational efficiency, its efforts were mostly overshadowed by its slowing top-line growth and a weakening macroeconomic environment**

# CP Remains an Attractive Investment

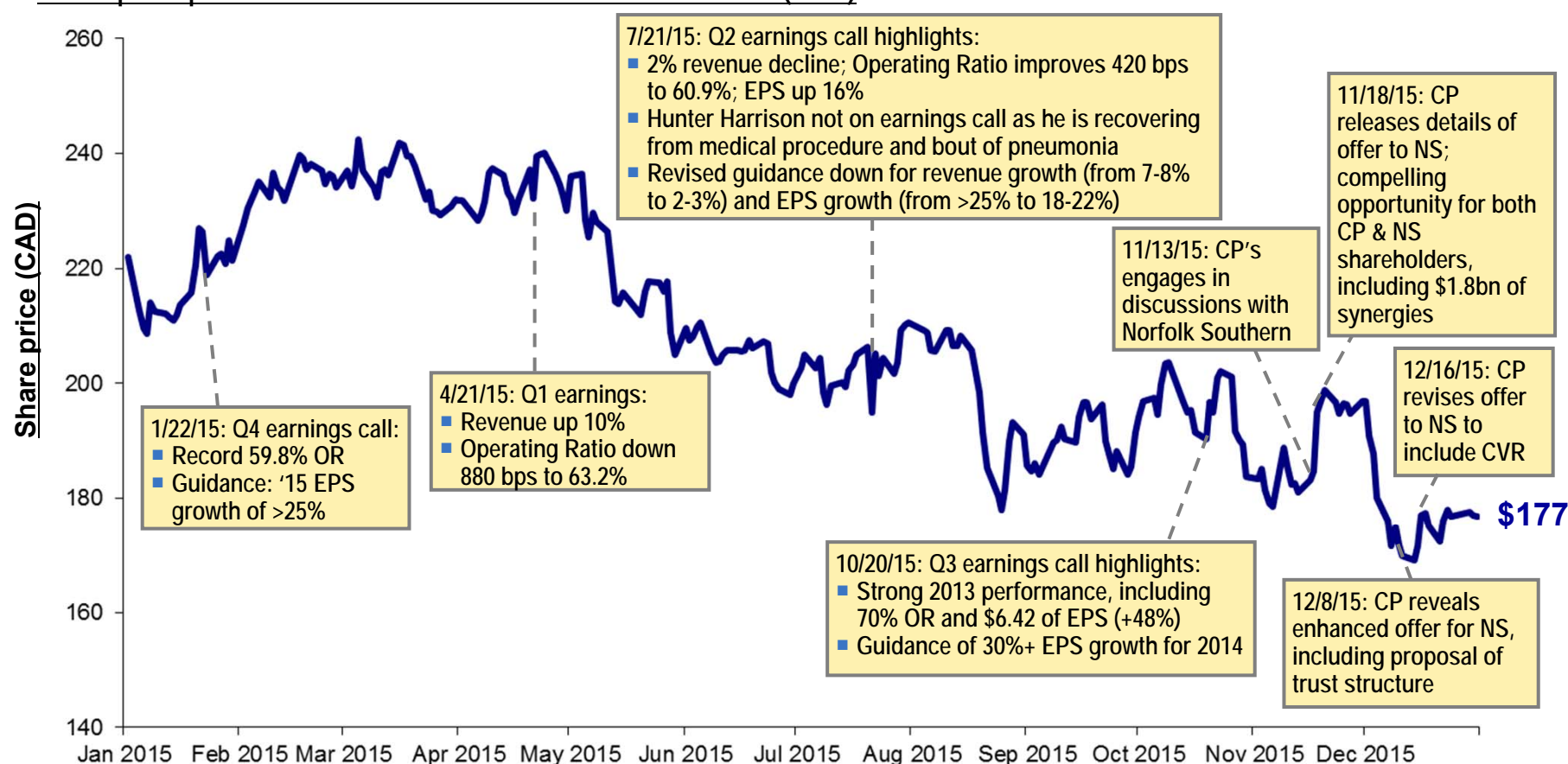
**Recent macroeconomic concerns have caused CP's shares to trade at a substantial discount to their intrinsic value**

- ▶ **2016 guidance calls for an operating ratio below 59% and double-digit EPS growth**
  - Tailwinds to EPS growth from a lower share count, pensions, and f/x
- ▶ **CP is right-sizing its network to the currently tepid demand environment, which management has stated will improve results meaningfully:**
  - Margins should be 200-300 bps higher at current volume levels
  - Annual capital expenditures will be \$400mm lower than CP's original plan
- ▶ **Long-term potential remains significant under a superlative management team; management has highlighted a potential operating ratio of 56-57%**
  - Note that declines in fuel prices, which are passed through to customers via a fuel surcharge, raise the operating ratio potential by ~350-400 bps
  - Pension expense is an incremental tailwind of ~180bps
- ▶ **Potential for a value-enhancing merger**

# CP: Share Price Performance in 2015

**The total return for CP shares was -20% in 2015**

Stock price performance of CP from 1/1/2015 to 12/31/2015 (CAD)

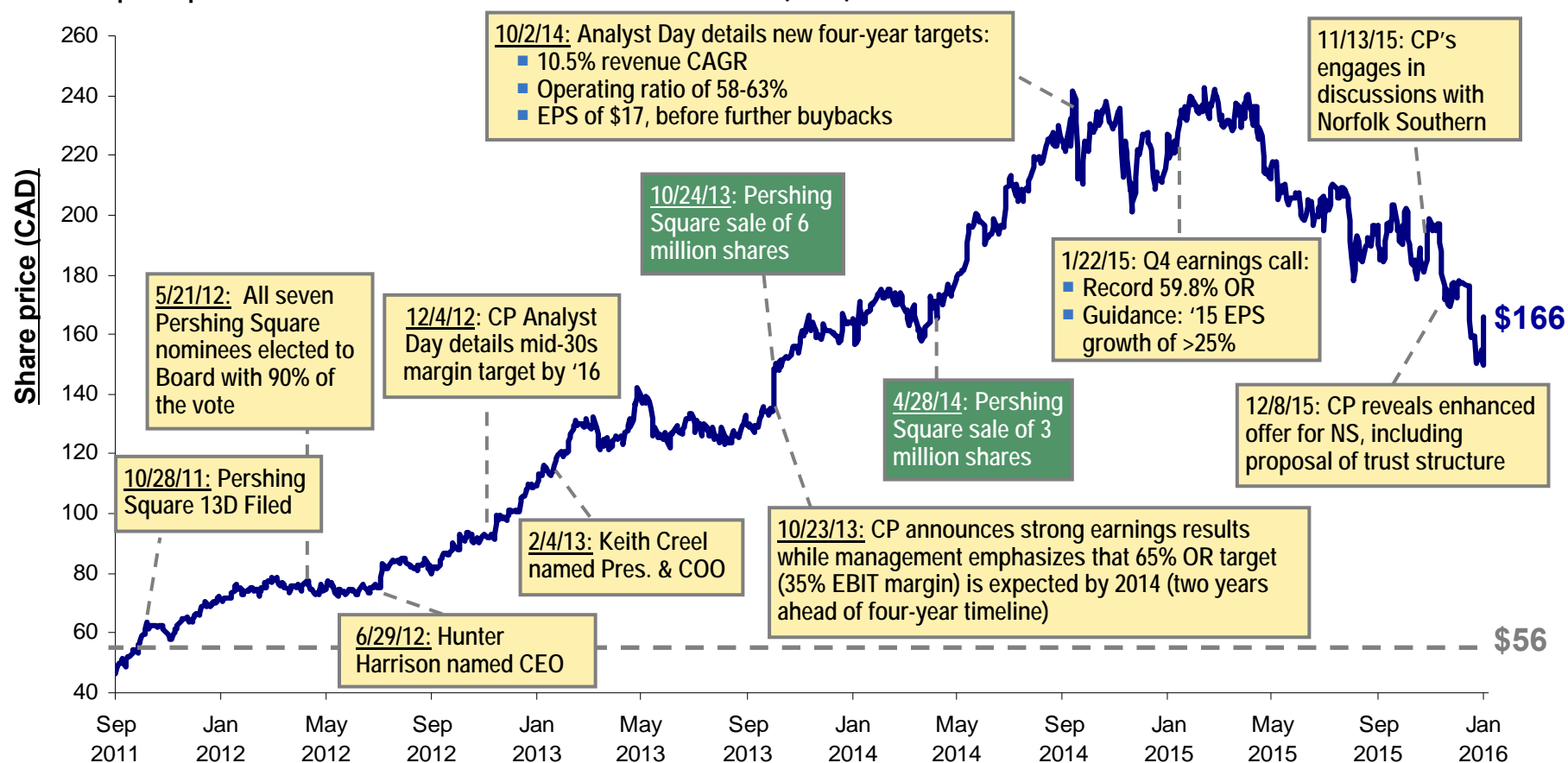


*Note: The performance of CP's share price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.  
Source: Bloomberg.*

# CP: Share Price Performance Since Inception

**CP stock increased 206% from our average cost to January 22, 2016\***

Stock price performance of CP from 9/22/2011 to 1/22/2016 (CAD)



Note: The performance of CP's share price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.

\*Return includes dividends.

Source: Bloomberg.

# Restaurant Brands International



# Restaurant Brands International

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## **Franchised business model is a capital-light, high-growth annuity**

- ▶ **Brand royalty franchise fees (4-5% of unit sales) generate high margins**
- ▶ **Significant unit growth opportunity requires little capital**
- ▶ **Same-store sales are relatively insulated from economic cycles**

## **Control shareholder 3G is ideal operating partner and sponsor**

- ▶ **Installed excellent management team**
- ▶ **Created unique and impactful culture, compensation system, and business processes**

## **Current economic environment is favorable to Restaurant Brands**

- ▶ **Customers have more disposable income and drive more when gas prices are low**



# Restaurant Brands International



**QSR's intrinsic value meaningfully increased in 2015, despite substantial headwinds from strengthening USD**

**Strong financial performance in 2015: ~20% EBITDA growth before FX**

- ✓ **Impressive SSS growth at both Burger King (~6%) and Tim Hortons (+5%)**
  - Continued progress on Burger King US turnaround (SSS +7%)
- ✓ **Significantly reduced Tim Hortons expenses and capex**
  - Overhead costs reduced by more than 40%
- ✓ **Maintained high level of net unit growth (5%) at both Burger King and Tim Hortons**
- ✗ **Strengthening of the USD has materially reduced reported financial results**
  - FX reduced reported EBITDA growth ~13%

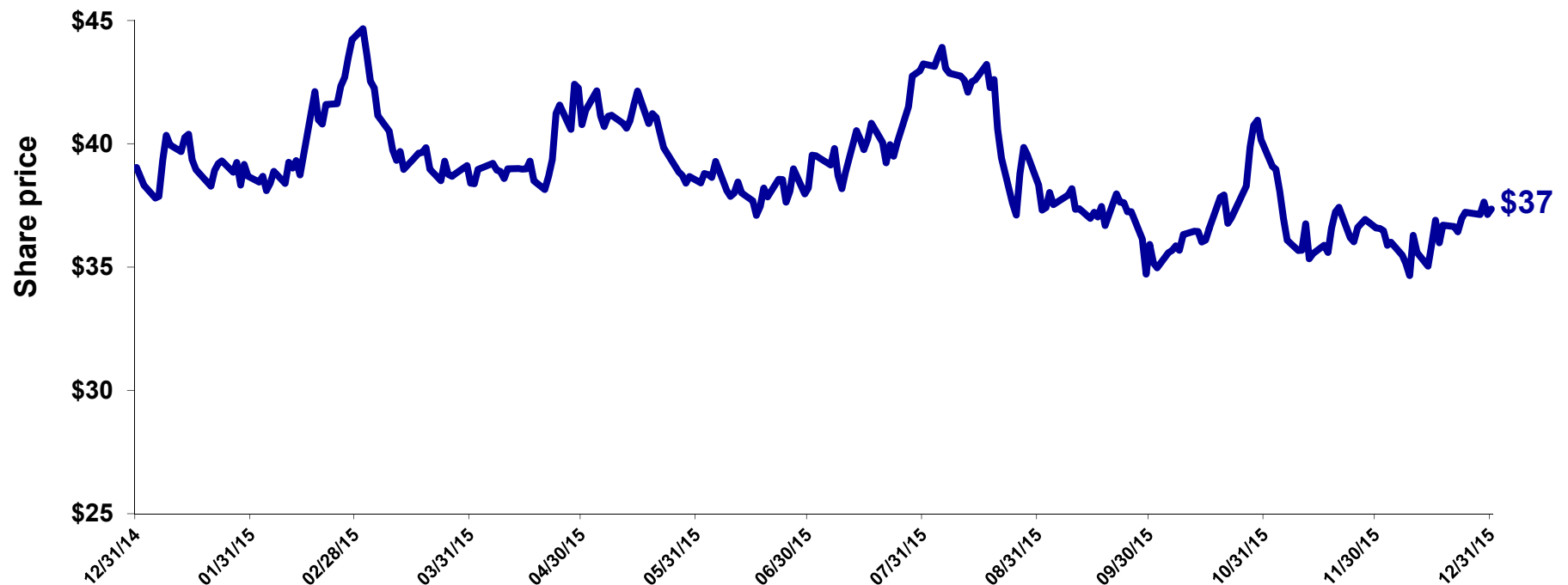
***We have taken advantage of recent price declines to add to our position and believe QSR remains a compelling long-term investment***

*Note: Financial results for 2015 represent YTD results for the nine months ended 9/30/15.*

## QSR: Share Price Performance in 2015

**The total return for Restaurant Brands International shares was -3% in 2015**

Stock price performance of QSR/BKW from 1/1/2015 to 12/31/2015

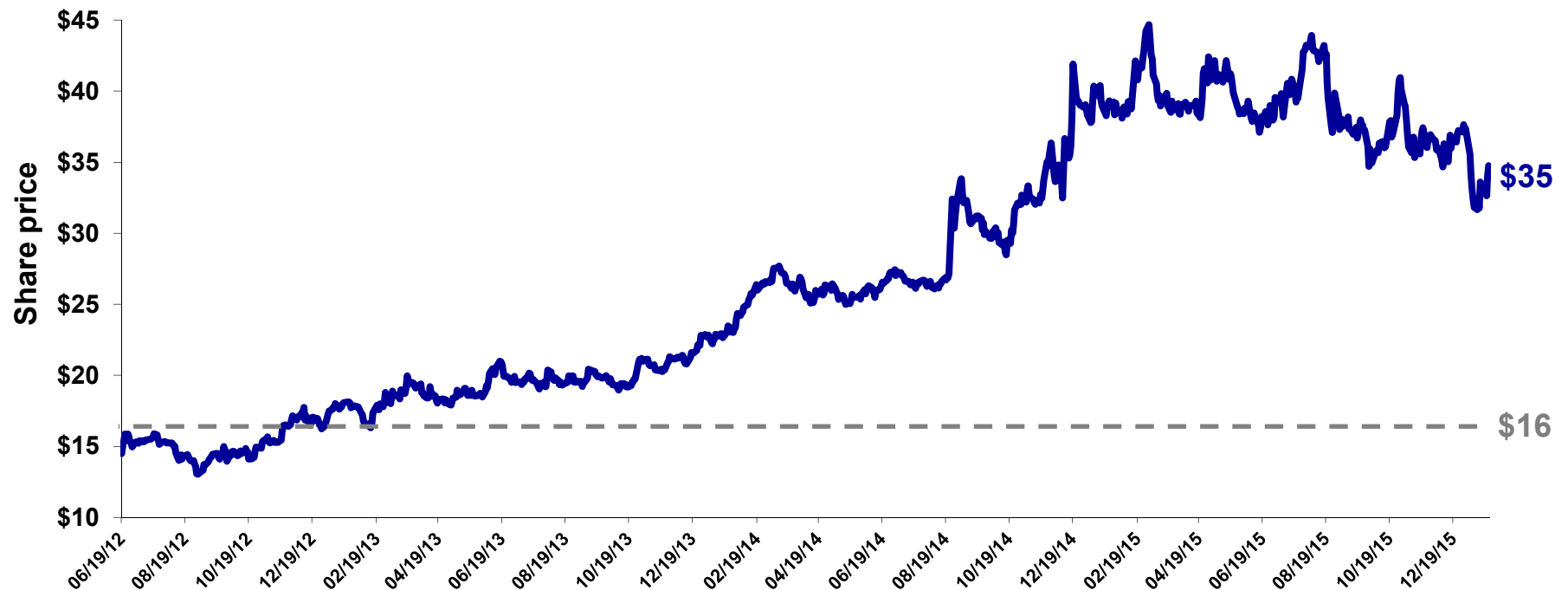


*Note: The performance of Restaurant Brands International's share price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.  
Source: CapIQ.*

# QSR: Share Price Performance Since Inception

**Restaurant Brands International stock has increased 123% from our average cost since it merged with Justice Holdings\***

Stock price performance of QSR/BKW from 6/19/2012 to 1/22/2016



*Note: The performance of Restaurant Brands International's share price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.*

*\*Share price performance based on close price of Burger King when-issued shares on 6/19/2012. Return includes dividends.*

*Source: CapIQ.*



# Howard Hughes Corporation

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- ▶ **HHC was created by Pershing Square**
  - Formed so that certain GGP assets, whose full value would not be realized in a REIT, could receive recognition in the public markets and appropriate management attention
- ▶ **Comprised of development assets, master planned communities, and income-producing properties with significant upside potential**
- ▶ **In a short period of time, management has designed and launched development and/or monetization plans for each asset**
- ▶ **Residential land holdings and commercial investments within these communities make HHC well positioned to benefit from a housing recovery**

***We believe that HHC trades at a substantial discount to the value of its assets***

# Howard Hughes Corporation (continued)



## HHC continued to enhance the value of its existing assets in 2015

- ▶ **Significant growth in NOI provides HHC with an increasing stream of recurring, high-multiple cash flows**
  - ▶ Run-rate NOI increased from ~\$47m to ~\$180m since 2010
- ▶ **Strong growth of condo sales revenue and pre-sales at condominium projects in Ward Village**
- ▶ **Declining residential acreage sales at the Woodlands (Houston) MPC**
- ▶ **Strong land sales at Summerlin (Las Vegas) MPC**

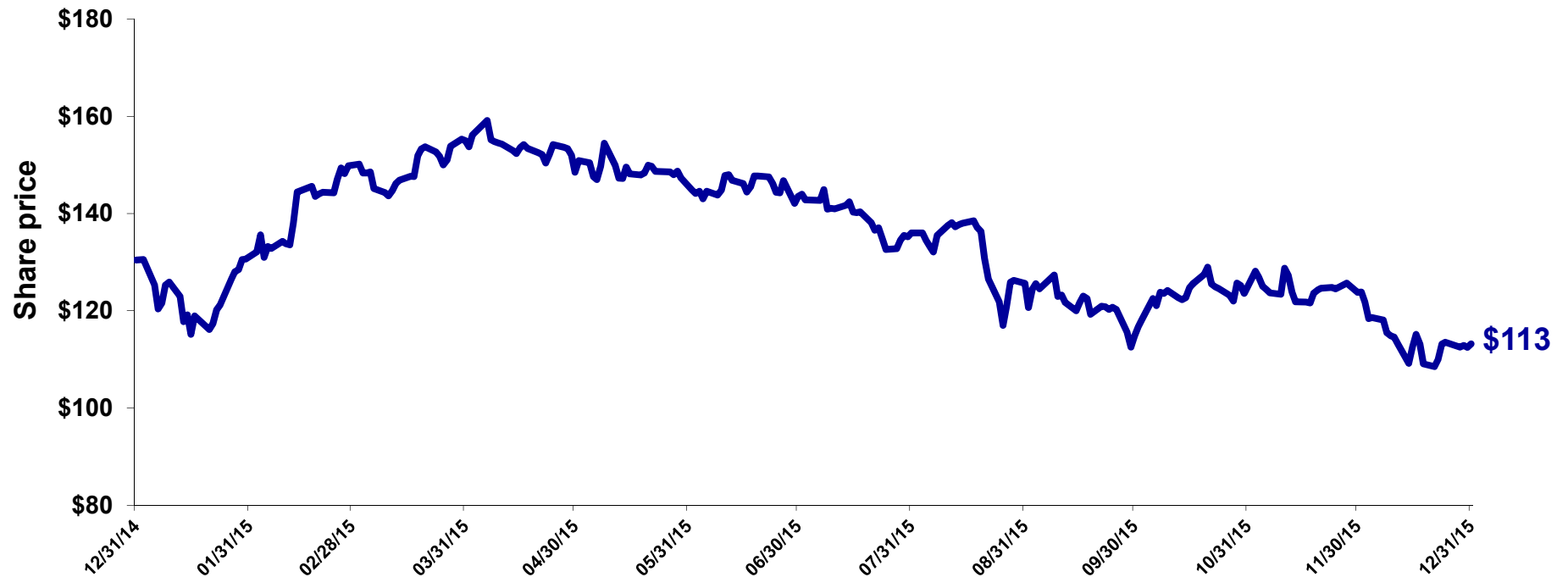
## Recent share price declines reflect concerns about the impact of low oil prices on HHC's asset value, particularly in Houston

- ▶ **Substantial majority of HHC's business and asset value is outside of Houston**
  - ▶ Nearly all NOI and development assets
  - ▶ More than 50% of remaining MPC acres
- ▶ **HHC expects to sell out remaining MPC land in Houston over many years, so a temporary decline in oil prices will not have a large negative impact on value even if it depresses near-term revenue**

# HHC: Share Price Performance in 2015

**The total return for Howard Hughes Corporation shares was -13% in 2015**

Stock price performance of HHC from 1/1/2015 to 12/31/2015

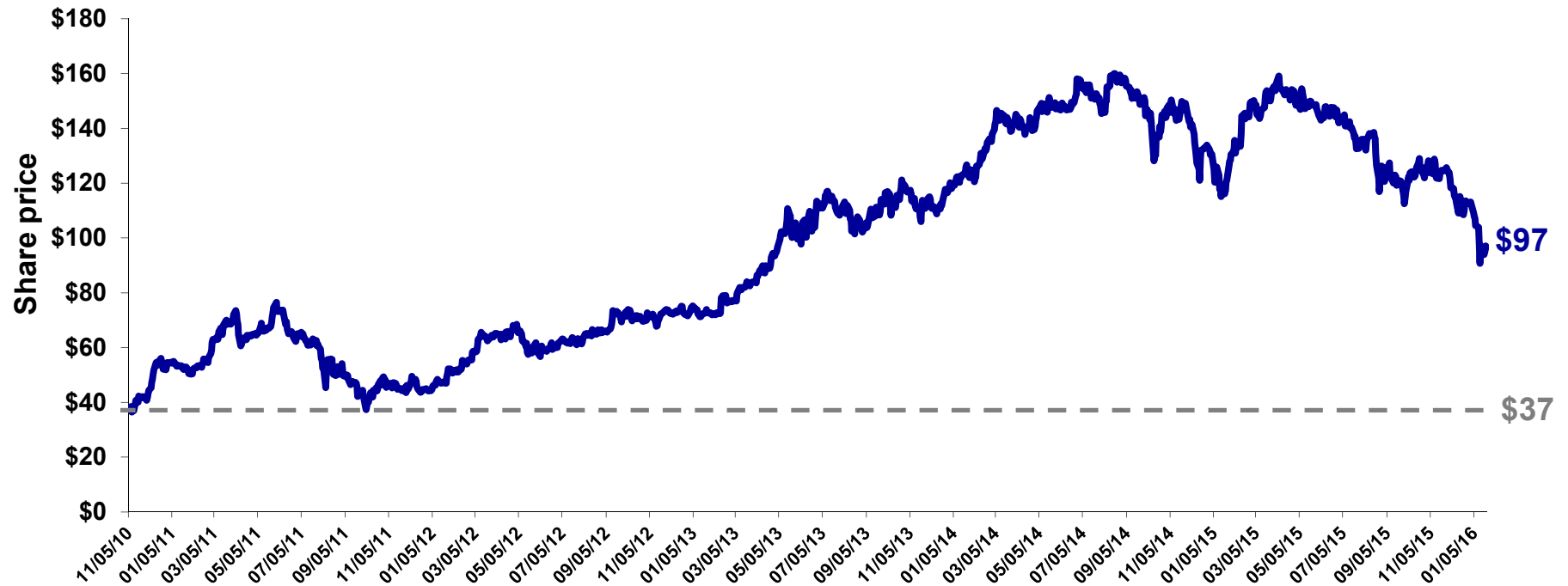


*Note: The performance of HHC's share price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.  
Source: Bloomberg.*

# HHC: Share Price Performance Since Inception

Since the spinoff from GGP in November 2010, the Howard Hughes Corporation stock has increased 165%

Stock price performance of HHC from 11/5/2010 to 1/22/2016



*Note: The performance of HHC's share price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.  
Source: CapIQ.*





# Platform Specialty Products Corporation



## 2015 was a challenging year for Platform

- ▶ **Mixed performance in underlying business results**
  - ▶ Double-digit underlying EBITDA growth at MacDermid
  - ▶ Slight underlying EBITDA growth in Ag before cost synergies
  - ▶ Solid execution of cost synergies in Ag
  - ▶ Reduction in distributor inventories will pressure Ag Q4 results
- ▶ **Strengthening USD significantly reduced reported results**
  - ▶ Adverse FX reduced reported EBITDA growth ~20%
- ▶ **Departure of CEO (Dan Leever) and President and Ag CEO (Wayne Hewett)**
- ▶ **Multiple reductions to initial 2015 EBITDA guidance**
  - ▶ 5% reduction in August due to FX
  - ▶ 12% additional reduction in October due to FX and decline in Ag distributor inventories
- ▶ **Financial leverage (~6x) currently elevated relative to long-term target (4.5x)**
  - ▶ Negative FX impact reduced EBITDA significantly more than debt
  - ▶ Alent acquisition financed with debt to avoid dilutive equity issuance

# Platform Specialty Products Corporation

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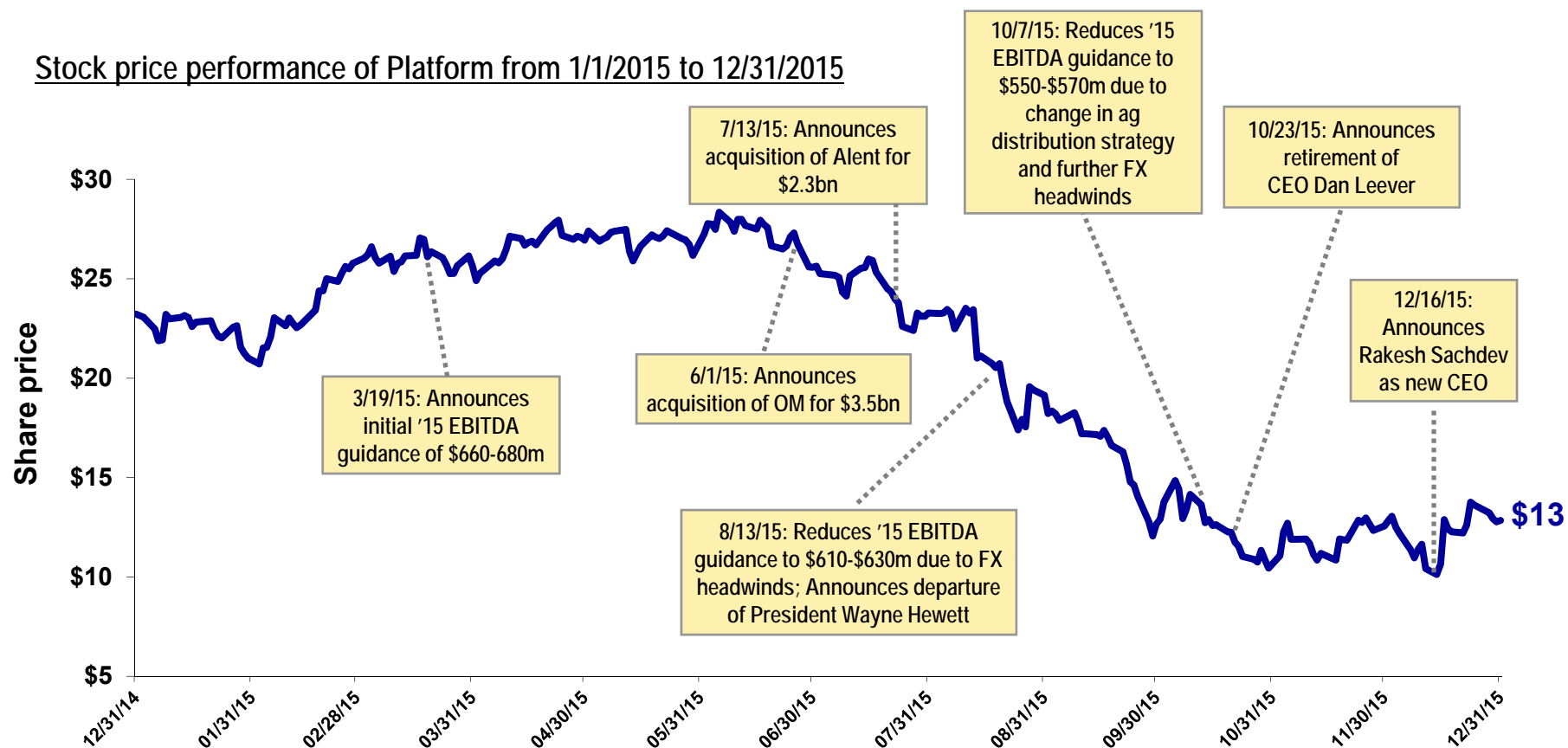
## Platform is working to address the challenges it faced in 2015

- ▶ **Platform's current collection of businesses benefit from long-term secular growth trends and have favorable competitive positions**
- ▶ **New CEO and new Ag President are seasoned executives with the appropriate skills to enhance business performance**
  - ▶ CEO Rakesh Sachdev, former CEO of Sigma Aldrich
  - ▶ Ag President Diego Casanello, former Ag executive at BASF
- ▶ **Recent acquisition of Alent provides opportunity for significant cost and revenue synergies**
- ▶ **We expect Chairman Martin Franklin will further increase his involvement at Platform after the Jarden sale closes**

# Platform: Share Price Performance in 2015

**The total return for Platform shares was -45% in 2015**

Stock price performance of Platform from 1/1/2015 to 12/31/2015

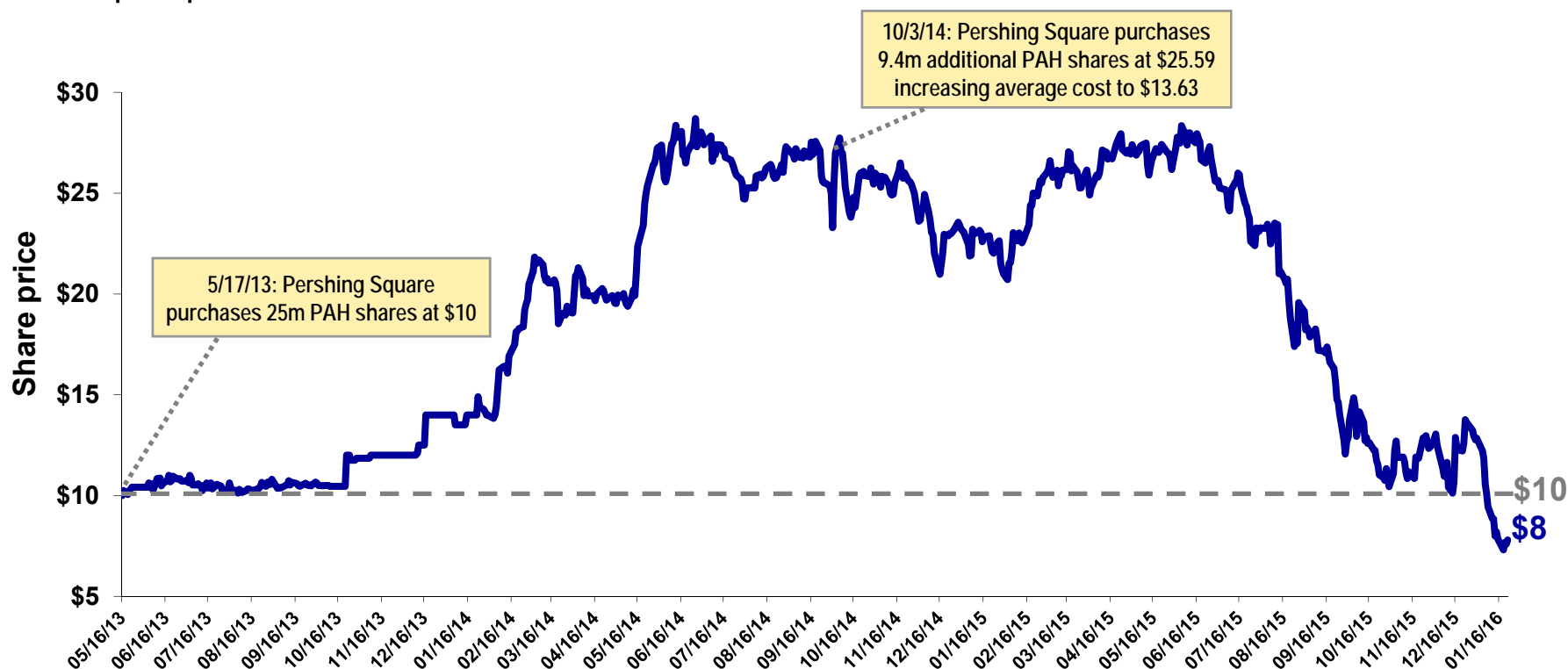


*Note: The performance of Platform's share price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.  
Source: CapIQ.*

# Platform: Share Price Performance Since Inception

Since the IPO on the London Stock Exchange in May 2013, Platform stock has decreased 22%

Stock price performance of Platform from 5/16/2013 to 1/22/2016



Note: The performance of Platform's share price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.  
Source: Bloomberg.

**Nomad Foods**

## Nomad Foods (NOMD)

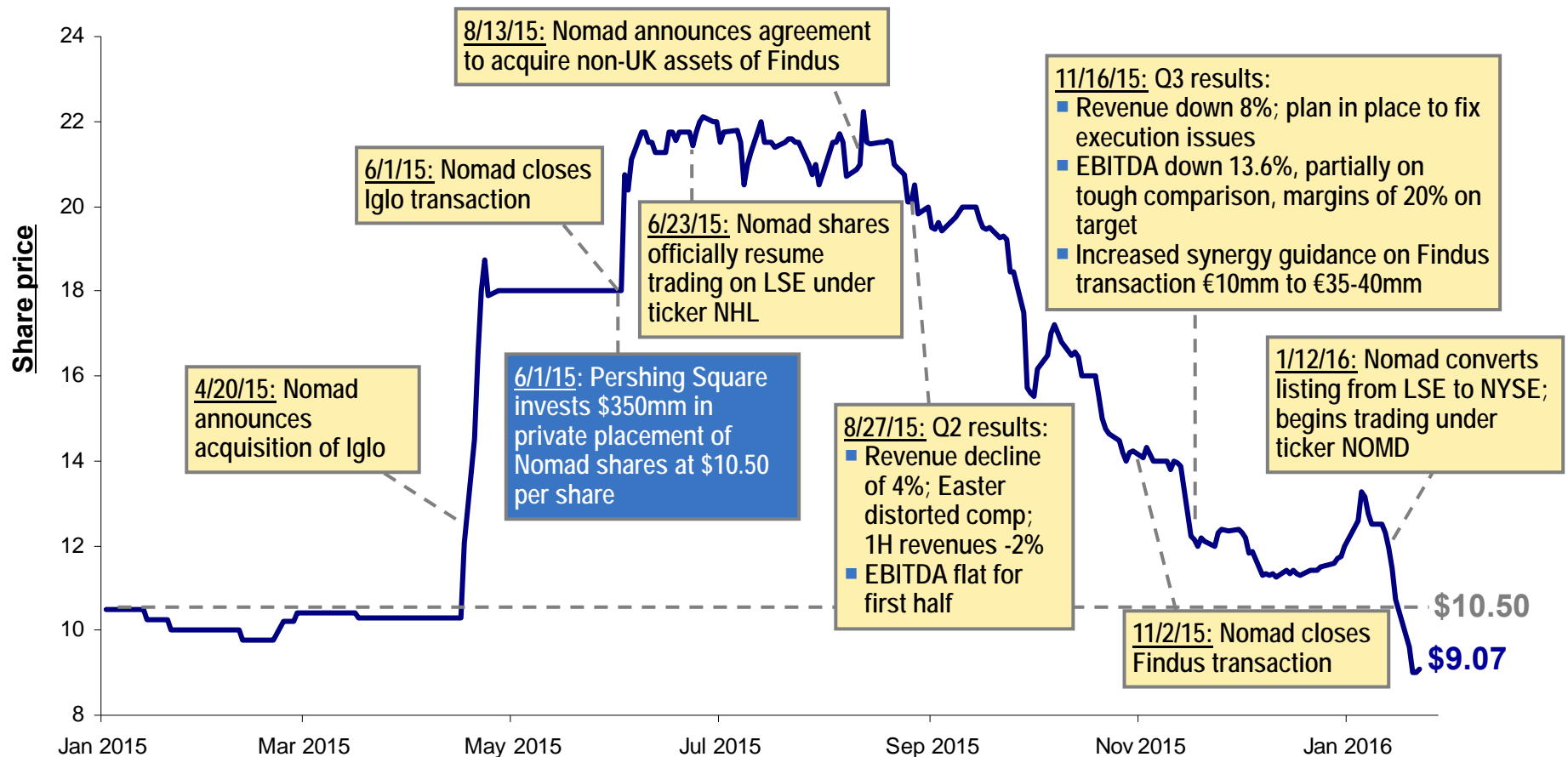
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- ▶ **On June 1, 2015, Pershing Square invested \$350mm in a private placement of Nomad shares at \$10.50 in conjunction with Nomad's acquisition of Iglo Group**
  - Pershing Square's Brian Welch joined the Board of Nomad
- ▶ **Nomad purchased Iglo, Europe's leading frozen food business, for €2.6bn or 8.5x LTM EBITDA**
- ▶ **In August, Nomad agreed to purchase the highly complimentary non-UK assets of Findus for ~£500mm or 6x EBITDA post-synergies**
- ▶ **Nomad's acquisitions of Iglo and Findus give it the leading branded frozen foods business in Europe, 2.5x the next largest competitor**
  - Leading positions in UK, Italy, Germany, France, Spain, and Nordic region
  - Stable, high-margin, strong cash-flow generation with low capex and cash taxes
  - LTM PF: revenue of €2.1bn, €400mm EBITDA, €1.23 EPS (\$1.35)
- ▶ **A consolidator in the global packaged food sector**
  - Large, fragmented packaged foods industry
  - Nomad's territorial tax domicile will be valuable if it acquires international assets

# NOMD: Share Price Performance

**NOMD stock has increased 12% from our average cost to YE 2015, and decreased 14% to January 22, 2016**

Stock price performance of NOMD from 1/1/2015 to 1/22/2016



*Note: The performance of Nomad Food's share price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.*

*Source: Bloomberg.*





# Fannie Mae & Freddie Mac (GSEs)

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## Fannie and Freddie continued to make positive progress in 2015

- ▶ **Underlying earnings in core guarantee business continue to improve**
  - Increase in g-fee rate and lower credit losses
  - Reported results volatile due to non-cash accounting charges on derivatives used to hedge liquidating investment portfolio
- ▶ **Consensus is emerging that the GSEs are irreplaceable**
  - Lack of success in attracting private capital to the mortgage market
  - Recent publications from industry trade groups, policy analysts and general news media increasingly recommend maintaining the GSEs
- ▶ **Favorable developments with shareholder litigation**
  - ▶ Perry appeal from D.C. District Court received strong amici briefs, including from the former Chairman of the FDIC and former Fannie Mae CFO
  - ▶ Fairholme discovery in the Federal Court of Claims has uncovered evidence that contradicts the government's stated rationale for the Net Worth Sweep
  - ▶ New lawsuit in Delaware Supreme Court from Chief Justice challenges legality of 3<sup>rd</sup> Amendment under Delaware law

## Fannie Mae & Freddie Mac (GSEs) (continued)



### Misinterpretation of the recently passed Jumpstart GSE amendment contributed to GSEs' share price decline

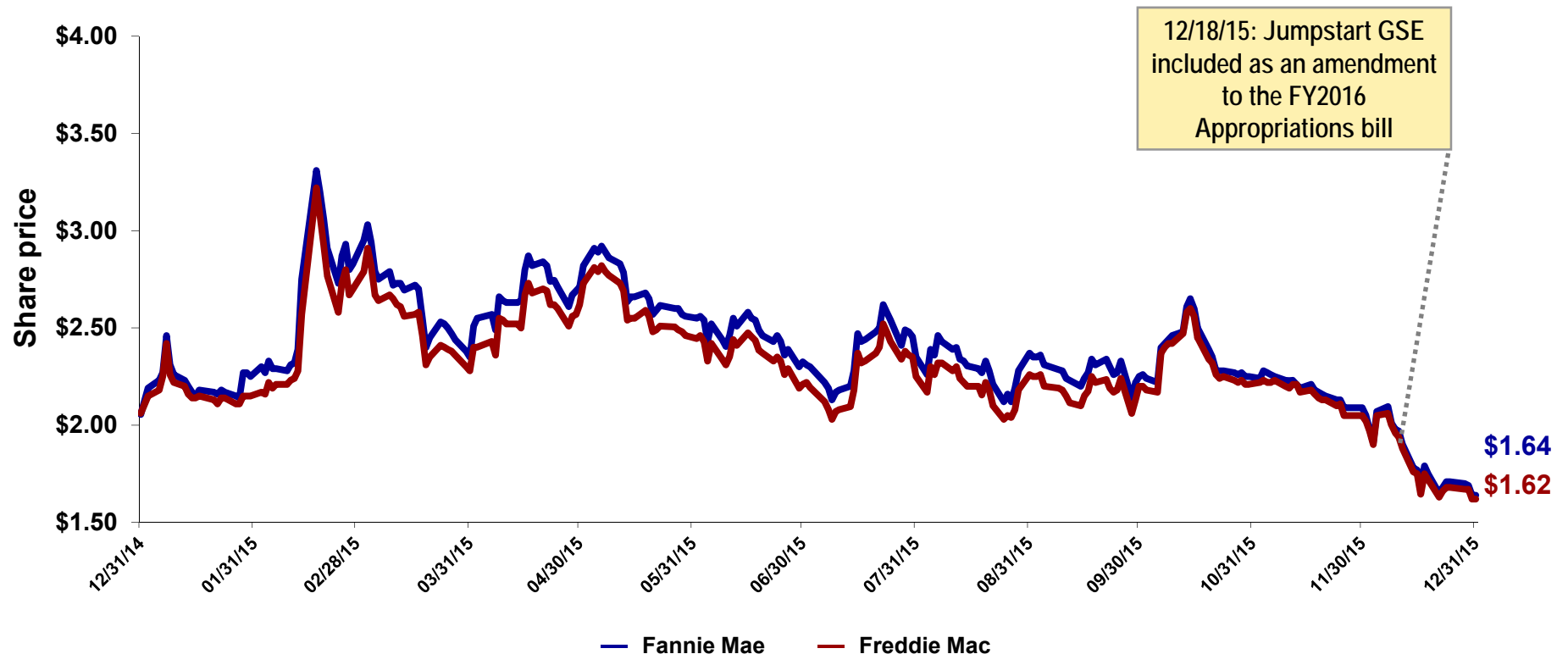
- ▶ Amendment prevents Treasury from selling or liquidating its \$189bn preferred stock for two years except with Congressional approval
- ▶ Market is likely misinterpreting the amendment as a precursor to a wind down of the GSEs
- ▶ Amendment doesn't present a meaningful obstacle to recapitalization and positive reform of the GSEs
  - Only temporary limitation (expires in two years)
  - Doesn't prevent the GSEs from exiting conservatorship or raising external capital
  - Doesn't prevent Treasury from converting its preferred into common equity

***Fannie and Freddie present a compelling risk-reward that offers the opportunity to make a large multiple of invested capital and is sized appropriately to limit downside risk to the portfolio***

# Fannie and Freddie: Share Price Performance in 2015

**The total return for Fannie Mae and Freddie Mac shares was -20% and -21%, respectively, in 2015**

Stock price performance of Fannie and Freddie from 1/1/2015 to 12/31/2015

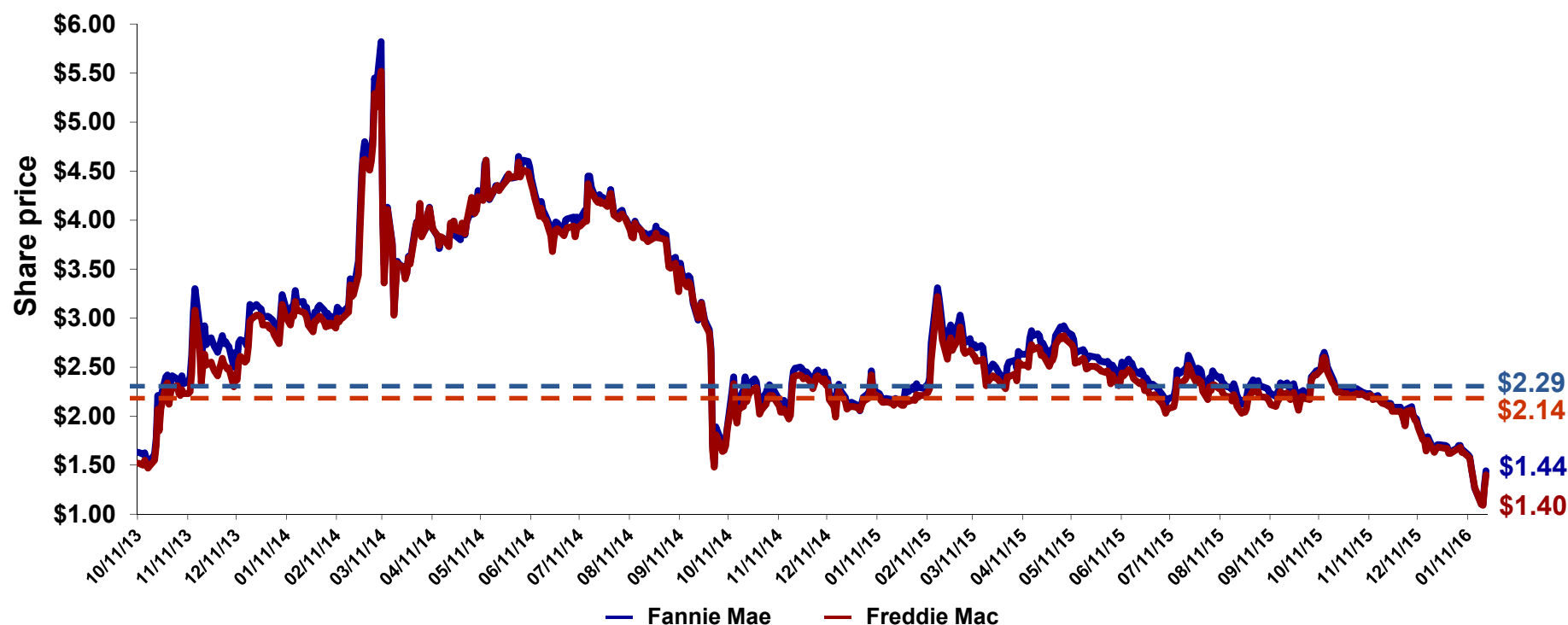


*Note: The performance of Fannie Mae and Freddie Mac's share prices is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.  
Source: Bloomberg.*

# Fannie and Freddie: Share Price Performance Since Inception

Since we began accumulating our positions in October 2013, Fannie Mae and Freddie Mac stock prices have decreased 37% and 35%, respectively, from our average cost

Stock price performance of Fannie and Freddie from 10/4/2013 to 1/22/2016



*Note: The performance of Fannie Mae and Freddie Mac's share price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.  
Source: CapIQ.*



# Herbalife: It's a Pyramid Scheme

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## All facts continue to confirm that Herbalife is a pyramid scheme

- ▶ **Recently disclosed HLF video emphasizes recruiting and undermines the existence of retail sales**
  - CEO Michael Johnson<sup>1</sup>: *"It's the recruiting, meaning bringing new distributors into our company, which is the most vital part of our bloodstream. We bring new distributors in – we grow. It's that simple. It's that simple. And the company has built its whole reputation, its whole life, on recruiting."*
- ▶ **Regulatory investigations ongoing**
  - Herbalife has not changed its disclosure about the Department of Justice seeking information from the Company, certain of its Members and others about its business practices
  - In its latest 10Q, HLF's total expenses for defending itself were \$11.2 million in the quarter. Expenses related to "responding to governmental inquiries" increased from \$5.8M in Q2 to ~\$7.6M in Q3.
- ▶ **Still No Proof of Retail Sales**
  - Through 9/30/15, HLF had spent ~\$101 million defending itself, but still refuses to collect retail sales information

Sources: Herbalife financial statements.

1: We believe this clip was taken from a longer video from Herbalife's 2005 global management retreat, previously reported on by the press.

# Herbalife: It's a Pyramid Scheme

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- ▶ **Vemma Complaint provides a potential road-map for Herbalife**

- Herbalife could not survive if the courts applied the same restrictions to Herbalife which they have imposed upon Vemma. Pershing Square has published a detailed side-by-side comparison on our website – [FactsAboutHerbalife.com](http://FactsAboutHerbalife.com) – showing that Vemma and Herbalife are substantially similar

- ▶ **State action by New York Senator Jeff Klein ramps up pressure on Herbalife**

- New York State Senator Jeff Klein, in conjunction with Public Advocate Letitia James and Make The Road New York, released a highly critical report on Herbalife<sup>1</sup> which concludes that Herbalife distributors are “running an illegal pyramid scheme” and proposes New York State legislation that would amend the New York State General Business Law

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*1: The report, titled “The American Scheme: Herbalife’s Pyramid ‘Shake’down” is available on Sen. Klein’s website.*



## Recent Financial Results Have Been Weak

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### Financial results inflected in 2015; 2016 doesn't look much better

- ▶ **Revenue declined low-double-digits 2015'YTD as weak organic growth was met with substantial FX headwinds. China was – and continues to be – the single bright spot in Herbalife's financial performance**
  - Local currency net sales<sup>1</sup> increased 1.2% while reported sales declined 11.9% for the nine-month period ended September 30, 2015. Excluding China, local currency net sales declined 3.2%
  - Management has guided to mid-single-digit 2016 revenue growth but negative adjusted EPS growth<sup>2</sup>; the U.S. Dollar has continued to strengthen since guidance was issued
- ▶ **HLF's 2016 EPS guidance of \$4.35 - \$4.75 compares to Wall Street projections in mid-2013 of \$7.00+ in 2016 earnings**
- ▶ **HLF continues to point to “changes to the business model”<sup>3</sup> as the reason for a “temporary reset”<sup>4</sup>**

*Source: Herbalife Form 10-Q.*

*1: Excluding the impact of Venezuela's Bolivar denominated net sales.*

*2: Based on the median of the range for Adjusted Diluted EPS of \$4.35-\$4.75.*

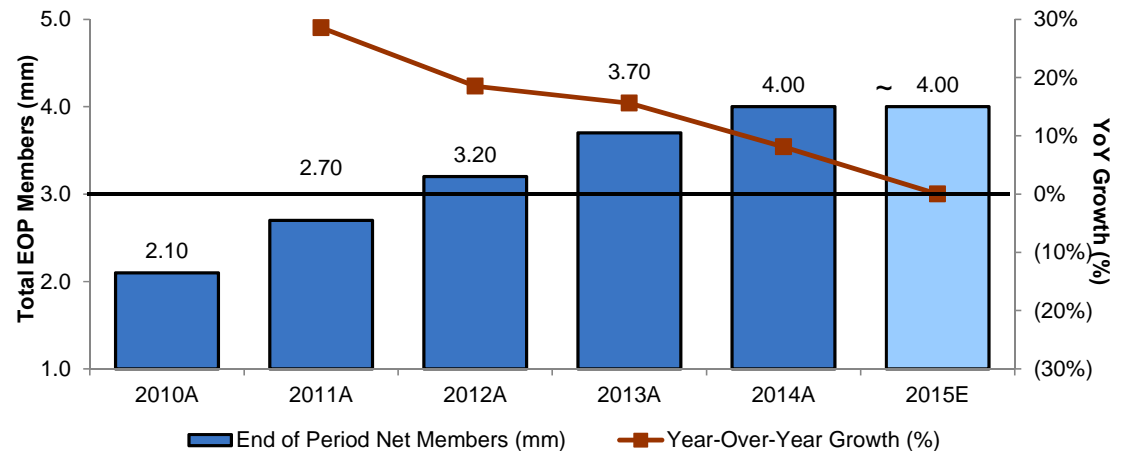
*3: Q3'2014 Earnings Call.*

*4: Id.*

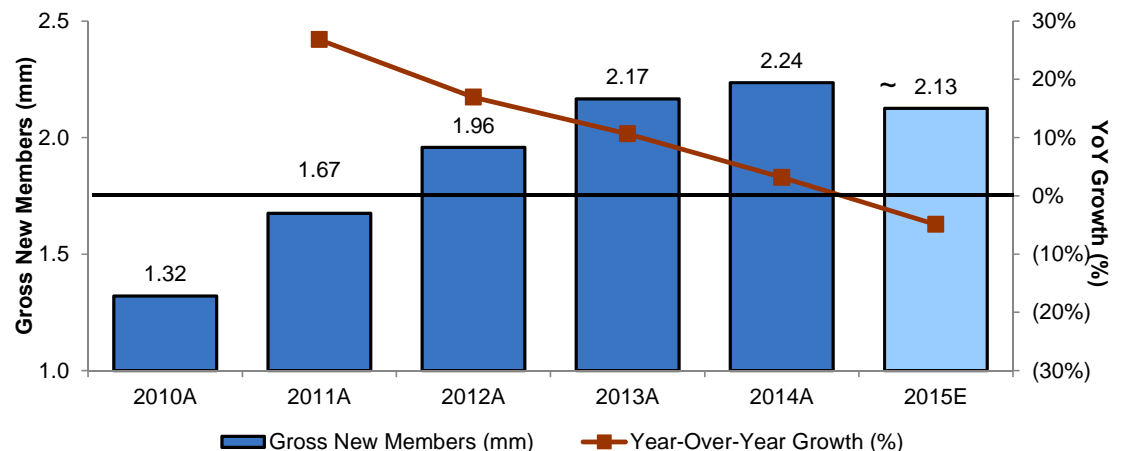
# The Pyramid is No Longer Growing...

**Slowing new gross member adds, coupled with constant churn, has caused the total member base to flatline**

- ▶ **The pyramid is no longer growing**



- ▶ **Gross Members additions are poised to decline in 2015**

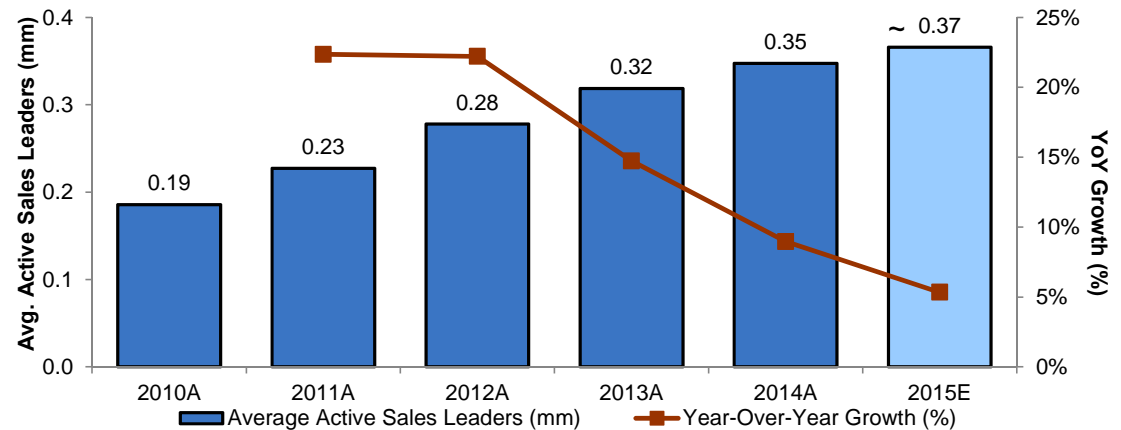


*Source: Herbalife financial statements. Note: Full year 2015 Average Active Sales Leaders based on a proprietary forecast for Q4 consistent with year-to-date trends. Full year 2015 Gross New Members based on YTD results annualized.*

## ...Driven by Underlying Operational Drivers

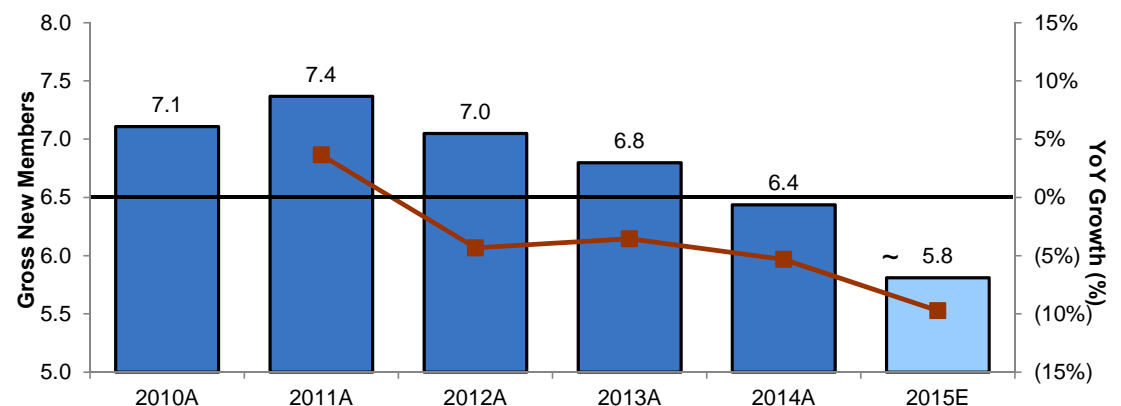
**Slowing growth in new Sales Leaders is weighing on Herbalife's ability to recruit new members**

- ▶ **Growth in Average Active Sales Leaders has slowed meaningfully in recent years**



Countries:	74	79	88	91	91	93

- ▶ **Additionally, Sales Leaders are less productive at recruiting new members**



■ Annual Gross New Member Additions / Average Active Sales Leaders ■ Year-Over-Year Growth (%)

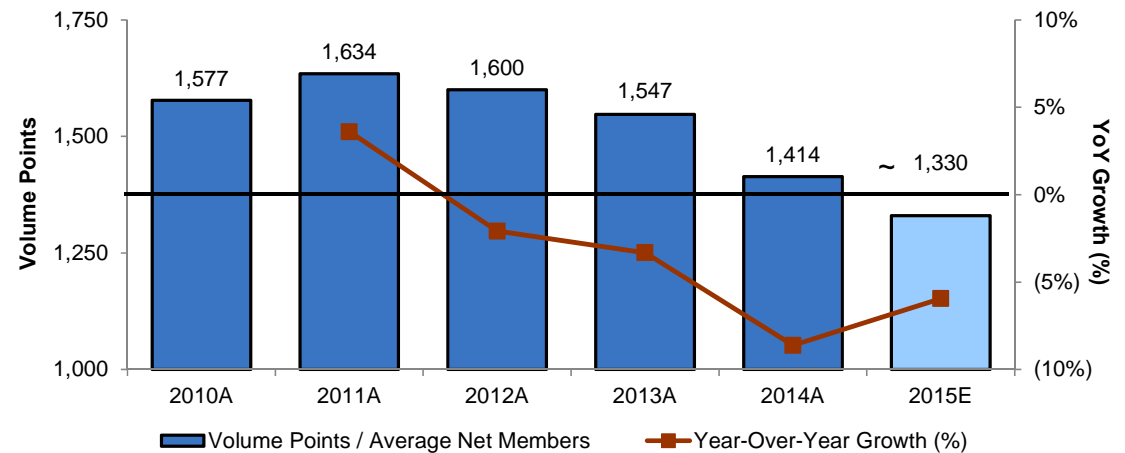
Source: Herbalife financial statements.

Note: Full year 2015 Average Active Sales Leaders based on a proprietary forecast for Q4 consistent with year to date trends. Full year 2015 Gross New Members based on YTD results annualized.

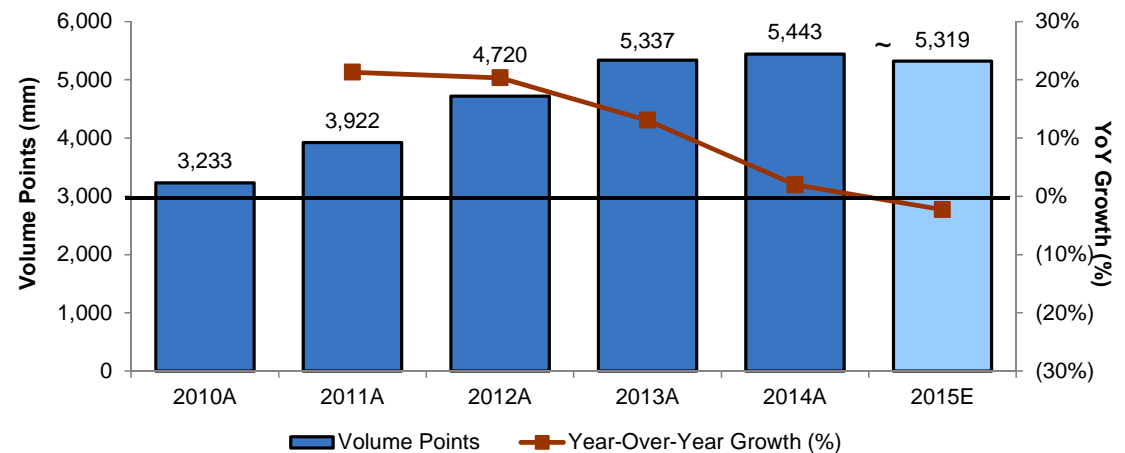
# Volume Growth is Negative

**An average Herbalife recruit today purchase fewer volume points per year, further weighing on consolidated volume growth**

- ▶ **New Members are Increasingly Less Valuable**



- ▶ **Volume Growth is Negative**



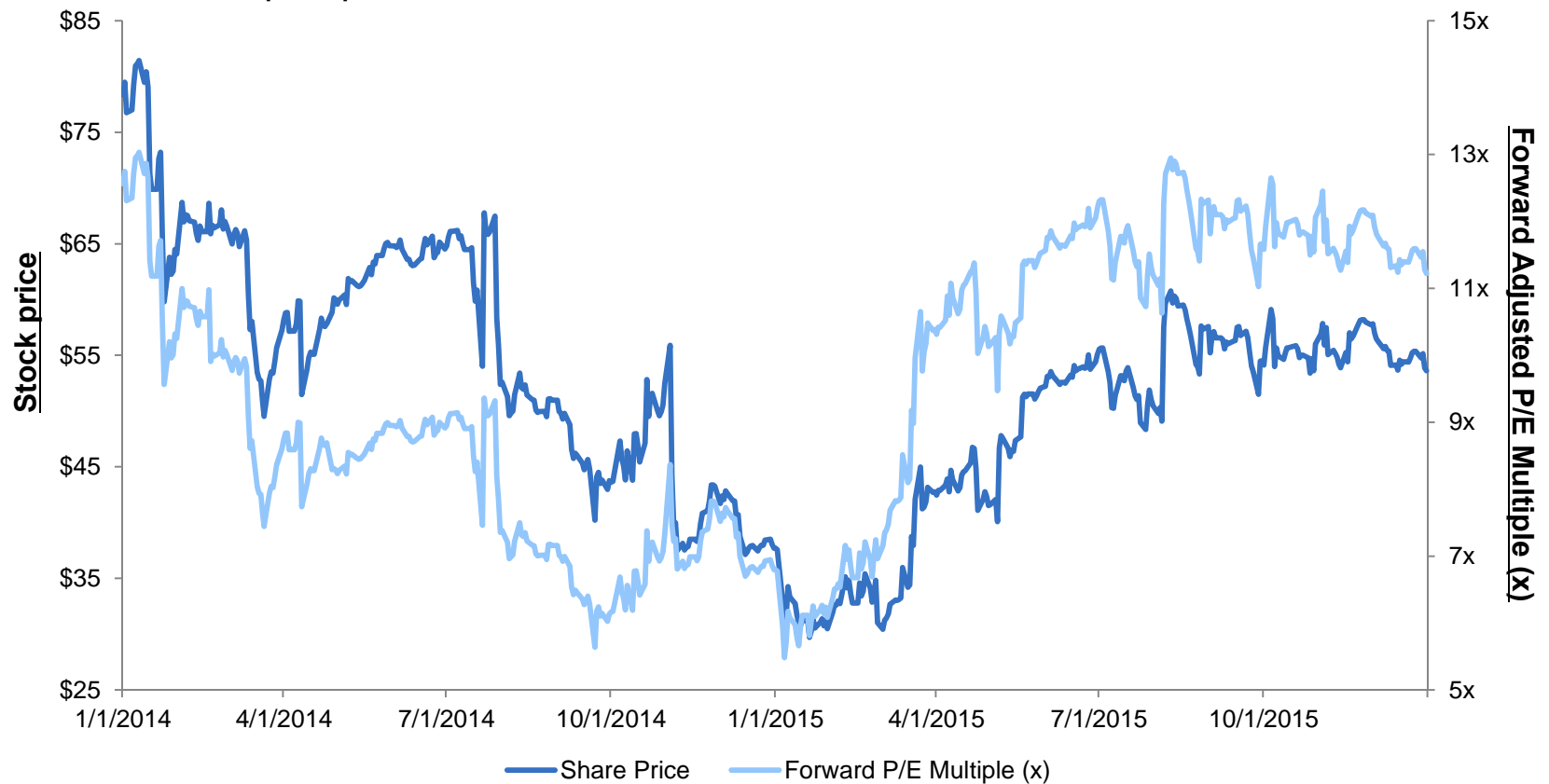
Source: Herbalife financial statements.

Note: Full year 2015 Volume Points based on YTD results annualized.

# Herbalife: Recent Events

**Despite weak operating performance, robust multiple expansion drove significant share price appreciation in 2015**

Stock price performance of HLF from 1/1/2014 to 12/31/2015

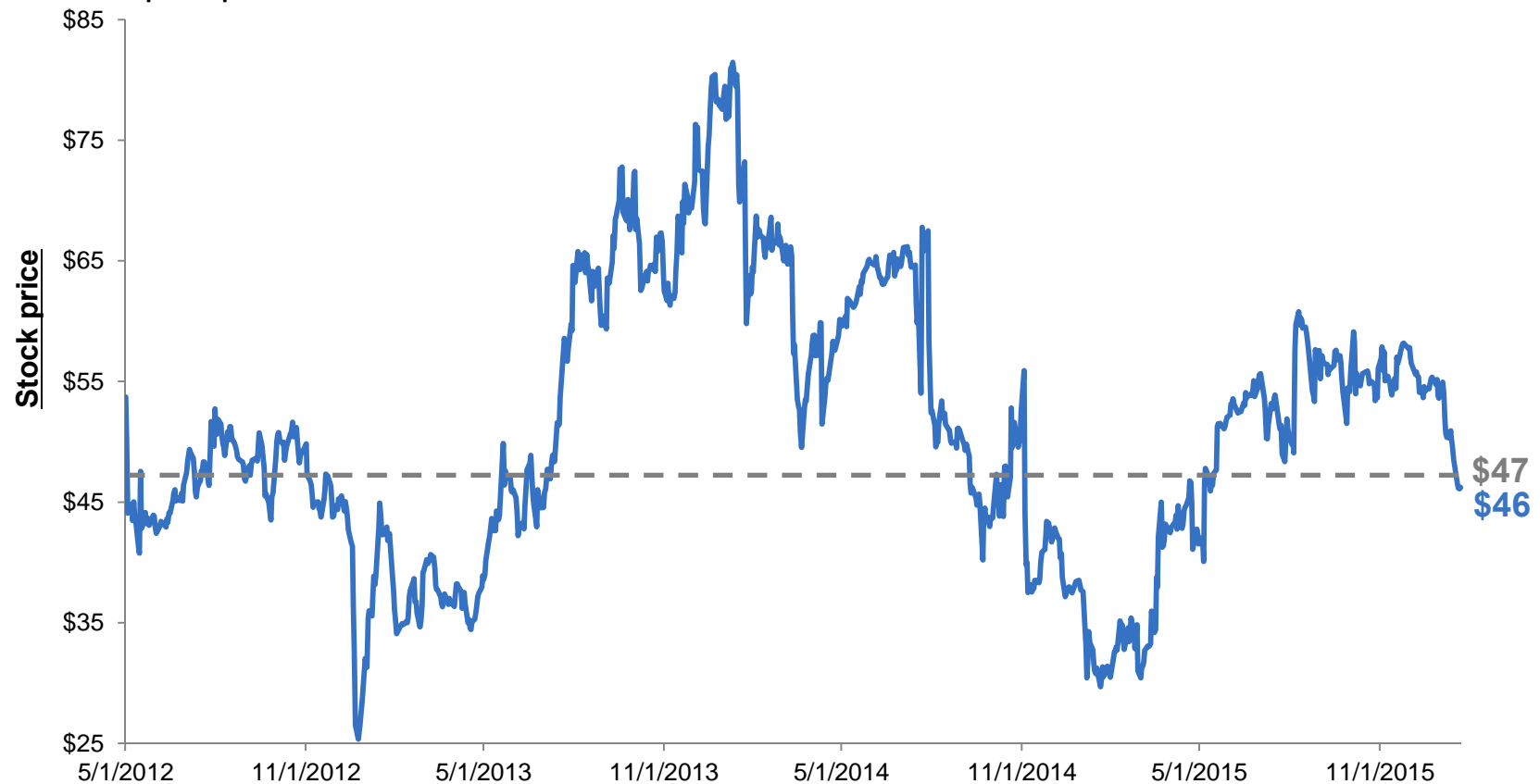


*Note: The performance of HLF's stock price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.  
Source: Bloomberg.*

# Herbalife: Performance Since Short Inception

**From the inception of our short position on May 1, 2012, HLF stock has increased 3% from our average cost\***

Stock price performance of HLF from 5/1/2012 to 1/22/2016



*Note: The performance of HLF's stock price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.*

*\*Return of 3% includes dividends amounting to \$2.40 since the inception of our position.*

*Source: Bloomberg.*

Exited Positions

## Position Exited in 2015

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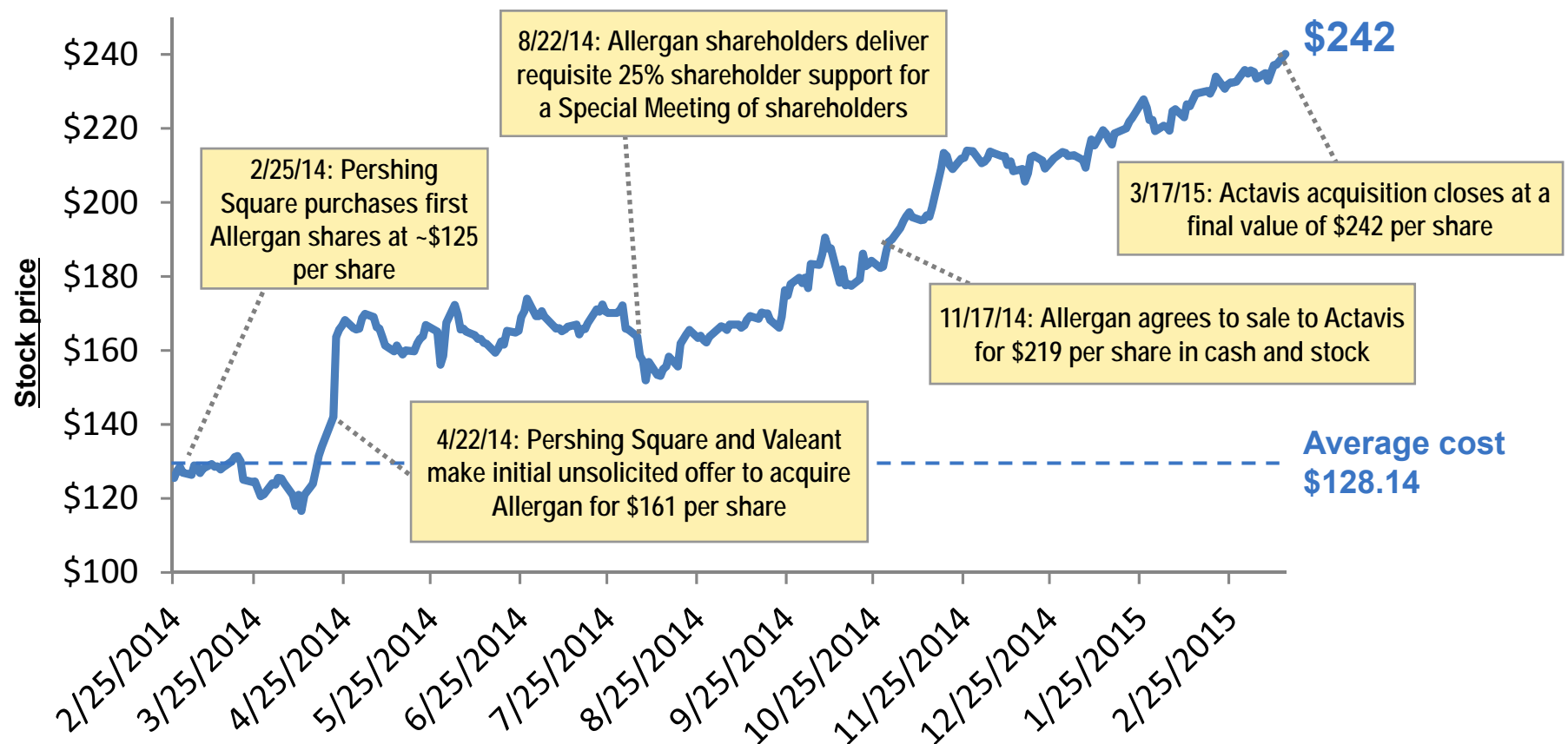




# Allergan: Share Price Performance

The total return for Allergan shares was 89%\* from our average cost basis prior to the position being made public, to the close of the transaction on March 17, 2015

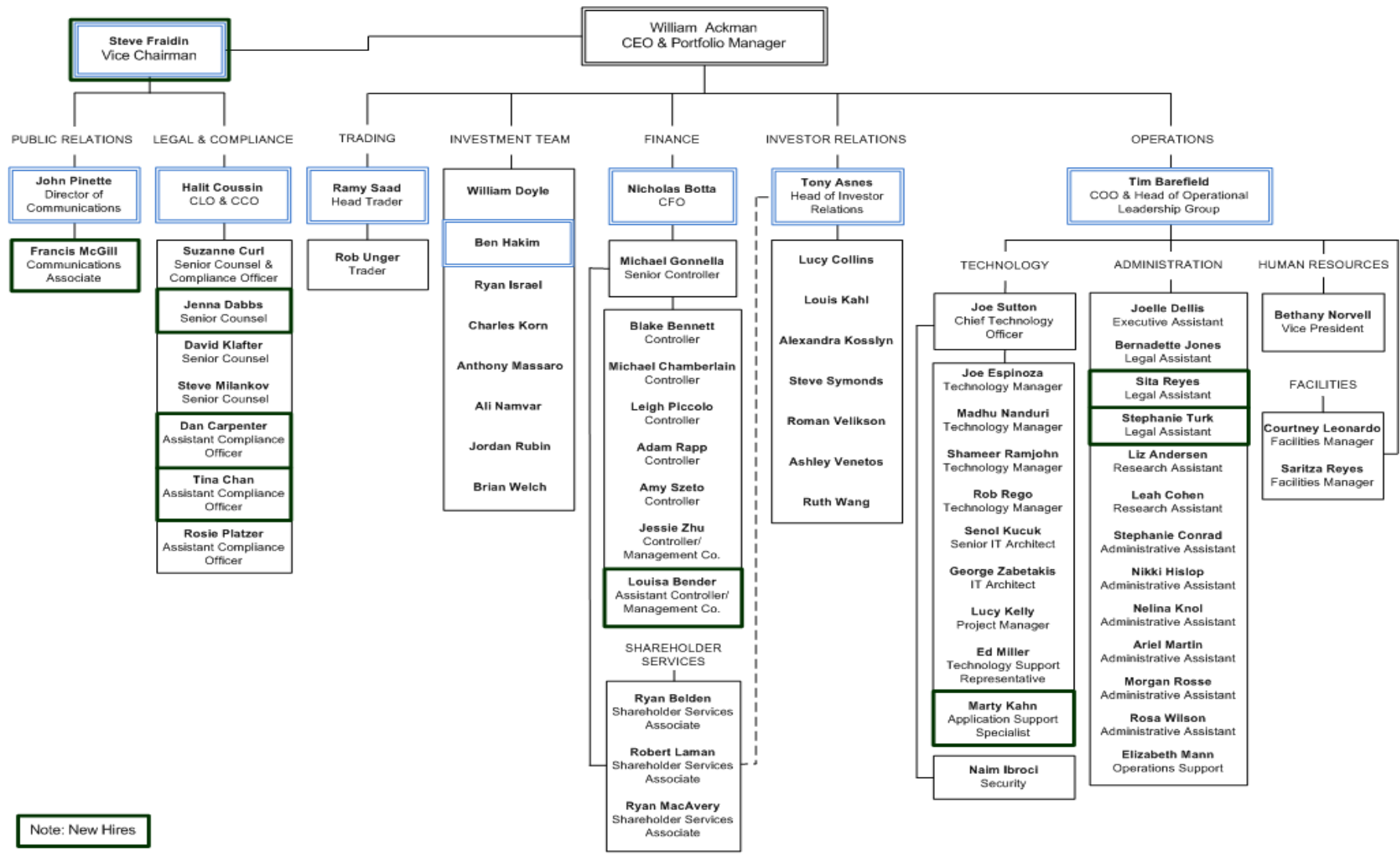
Stock price performance of Allergan from 2/25/2014 to 3/17/2015



Note: The performance of AGN's stock price is provided for illustrative purposes only and is not an indication of the Pershing Square funds' future returns.  
\*The performance of AGN's stock price does not reflect Pershing Square's hedges or Valeant's profit share which would give a lower effective closing price.  
Source: Bloomberg.

## Business & Organizational Update

# Organizational Update



# Personnel Updates in 2015

## Legal & Compliance Additions

Stephen Fraidin

Vice Chairman  
***Joined Pershing Square in February 2015***  
**Kirkland & Ellis LLP**  
**LL.B., Yale Law School**  
**A.B., Tufts University**

Jenna Dabbs

Senior Counsel  
***Joined Pershing Square in January 2015***  
**United States Attorney's Office, Southern District of New York**  
**J.D., Columbia University Law School**  
**B.A., Wesleyan University**

Dan Carpenter

Assistant Compliance Officer  
***Joined Pershing Square in February 2015***  
**Willkie Farr & Gallagher LLP**  
**J.D., Georgetown University Law Center**  
**M.B.A., Simon Graduate School of Business Administration**  
**B.S., Nyack College**

Tina Chan

Assistant Compliance Officer  
***Joined Pershing Square in September 2015***  
**Willkie Farr & Gallagher LLP**  
**J.D., Harvard Law School**  
**B.A., Cornell University**

## Legal & Compliance Departure

Roy Katzovicz

Chief Legal Officer  
***Pershing Square June 2006 – February 2015***

## Personnel Updates in 2015 (continued)

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### Communications Addition

Fran McGill

Communications Associate  
***Joined Pershing Square in April 2015***  
**Rubenstein Associates**  
**B.S., Syracuse University**

### Finance and Accounting Addition

Louisa Bender

Assistant Controller/Management Co.  
***Joined Pershing Square in May 2015***  
**PricewaterhouseCoopers**  
**M.S. and B.S., University at Albany, School of Business**

### Technology Addition

Marty Kahn

Application Support Specialist  
***Joined Pershing Square in June 2015***  
**Carlson Capital**  
**M.S., Pace University**  
**B.S., University at Albany, SUNY**

# Personnel Updates in 2016

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## Investment Team Departure

Paul Hilal

Investment Team Analyst

## Finance and Accounting Departure

Priti Jajoo

Controller

# Additional Disclaimers and Notes to Performance Results

## Presentation of Performance Results and Other Data

The performance results of PSH and Pershing Square, L.P., the Pershing Square fund with the longest performance track record, included in this presentation are presented on a gross and net-of-fees basis. Gross and net performance include the reinvestment of all dividends, interest, and capital gains, and reflect the deduction of, among other things, brokerage commissions and administrative expenses. Net performance reflects the deduction of management fees and accrued performance fee/allocation, if any. All performance provided herein assumes an investor has been invested in PSH or Pershing Square, L.P. since their respective inception dates and participated in any "new issues," as such term is defined under Rules 5130 and 5131 of FINRA. Depending on timing of a specific investment and participation in "new issues," net performance for an individual investor may vary from the net performance as stated herein. Performance data for 2015 is estimated and unaudited.

Pershing Square, L.P.'s net returns for 2004 were calculated net of a \$1.5 million (approximately 3.9%) annual management fee and performance allocation equal to 20% above a 6% hurdle, in accordance with the terms of the limited partnership agreement of PSLP then in effect. That limited partnership agreement was later amended to provide for a 1.5% annual management fee and 20% performance allocation effective January 1, 2005. The net returns for Pershing Square, L.P. set out in this document reflect the different fee arrangements in 2004, and subsequently. In addition, pursuant to a separate agreement, in 2004 the sole unaffiliated limited partner paid PSCM an additional \$840,000 for overhead expenses in connection with services provided unrelated to Pershing Square, L.P. which have not been taken into account in determining Pershing Square, L.P.'s net returns. To the extent such overhead expenses had been included in fund expenses, net returns would have been lower.

The market index shown in this presentation, the S&P 500, has been selected for purposes of comparing the performance of an investment in the Pershing Square funds with a well-known, broad-based equity benchmark. The statistical data regarding the index has been obtained from Bloomberg and the returns are calculated assuming all dividends are reinvested. The index is not subject to any of the fees or expenses to which the Pershing Square funds are subject. The funds are not restricted to investing in those securities which comprise this index, their performance may or may not correlate to the index and it should not be considered a proxy for the index. The volatility of an index may materially differ from the volatility of the Pershing Square funds' portfolio. The S&P 500 is comprised of a representative sample of 500 large-cap companies. The index is an unmanaged, float-weighted index with each stock's weight in the index in proportion to its float, as determined by Standard & Poors. The S&P 500 index is proprietary to and is calculated, distributed and marketed by S&P Opco, LLC (a subsidiary of S&P Dow Jones Indices LLC), its affiliates and/or its licensors and has been licensed for use. S&P® and S&P 500®, among other famous marks, are registered trademarks of Standard & Poor's Financial Services LLC. © 2015 S&P Dow Jones Indices LLC, its affiliates and/or its licensors. All rights reserved.

The performance attributions to the gross returns provided on pages 8 and 9 are for illustrative purposes only. On page 8, each position with contribution to returns of at least 50 basis points (when rounded to the nearest tenth) is shown separately. Positions with smaller contributions are aggregated. On page 9, each position detracting 50 basis points (when rounded to the nearest tenth) or more from returns is shown separately. Positions detracting less than 50 basis points are aggregated. Returns were calculated taking into account currency hedges, if any. At times, Pershing Square may engage in hedging transactions to seek to reduce risk in the portfolio, including investment specific hedges that do not relate to the underlying securities of the company in which the Pershing Square funds are invested. Unless otherwise noted herein, gross returns include (i) only returns on the investment in the underlying company and the hedge positions that directly relate to the securities that reference the underlying company (e.g., if Pershing Square, L.P. was long Company A stock and also purchased puts on Company A stock, the gross return reflects the profit/loss on the stock and the profit/loss on the put); (ii) do not reflect the cost/benefit of hedges that do not relate to the securities that reference the underlying company (e.g., if Pershing Square, L.P. was long Company A stock and short Company B stock, the profit/loss on the Company B stock is not included in the gross returns attributable to the investment in Company A); and (iii) do not reflect the cost/benefit of portfolio hedges. These gross returns do not reflect deduction of management fees and accrued performance fee/allocation. These returns (and attributions) do not reflect certain other fund expenses (e.g., administrative expenses). Inclusion of such fees/allocations and expenses would produce lower returns than presented here. Please refer to the net performance figures presented on page 5 of this presentation.

Share price performance data takes into account the issuer's dividends, if any. Share price performance data is provided for illustrative purposes only and is not an indication of actual returns to the Pershing Square funds over the periods presented or future returns of the funds. Additionally, it should not be assumed that any of the changes in shares prices of the investments listed herein indicate that the investment recommendations or decisions that Pershing Square makes in the future will be profitable or will generate values equal to those of the companies discussed herein. All share price performance data calculated "to date" is calculated through January 22, 2016.

Average cost basis is determined using a methodology that takes into account not only the cost of outright purchases of stock (typically over a period of time) but also a per share cost of the shares underlying certain derivative instruments acquired by Pershing Square to build a long position. "Average Cost" reflects the average cost of the position that has been built over time as of the "Announcement Date" which is the date the position was first made public.

The average cost basis for long positions has been calculated based on the following methodology:

- (a) the cost of outright purchase of shares of common stock is the price paid for the shares on the date of acquisition divided by the number of shares purchased;
- (b) the cost of an equity swap is the price of the underlying share on the date of acquisition divided by the number of underlying shares;
- (c) the cost of an equity forward is the reference price of the forward on the date of acquisition divided by the number of underlying shares;
- (d) the cost of call options that were in the money at the time of announcement is (except when otherwise noted) (i) the option price plus the strike price less any rebates the Pershing Square funds would receive upon exercise divided by (ii) the number of shares underlying the call options;
- (e) call options that are out of the money at the time of announcement are disregarded for purposes of the calculation (i.e., the cost of the options acquired are not included in the numerator of the calculation and the underlying shares are not included in the denominator of the calculation);
- (f) the cost of shares acquired pursuant to put options sold by the Pershing Square funds, where the underlying stock was put to the Pershing Square funds prior to the time of announcement, is (i) the strike price of the put options paid when the shares were put to the Pershing Square funds less the premium received by the Pershing Square funds when the put was sold divided by (ii) the number of shares received upon exercise of the put options; and
- (g) premium received from put options written by the Pershing Square funds where the underlying stock was not put to the Pershing Square funds, and the option was out-of-the money at the time of announcement are included in the numerator of the calculation

With respect to APD, "average cost" accounts for positions in both the Pershing Square funds and the PS V, L.P. and PS V International, Ltd., co-investment vehicles formed to invest in the securities of (or otherwise seek to be exposed to the value of securities issued by) APD.

With respect to MDLZ, "average cost" does not account for the unwinds of certain of the equity forwards and subsequent purchases of call options on July 29, 2015 and August 5, 2015 (see trading exhibit in our August 6, 2015 13D filing).

In relation to Herbalife, the average basis of the short position established by Pershing Square has been calculated based on (i) the proceeds received from the shares sold short divided by (ii) the number of such shares before announcement of the transaction.

Past performance is not necessarily indicative of future results. All investments involve the possibility of profit and the risk of loss, including the loss of principal. This presentation does not constitute a recommendation, an offer to sell or a solicitation of an offer to purchase any security or investment product. Nothing contained herein constitutes investment, legal, tax or other advice nor is it to be relied on in making an investment or other decision. All information is current as of the date hereof and is subject to change in the future.

## Forward-Looking Statements

This presentation also contains forward-looking statements, which reflect Pershing Square's views. These forward-looking statements can be identified by reference to words such as "believe", "expect", "potential", "continue", "may", "will", "should", "seek", "approximately", "predict", "intend", "plan", "estimate", "anticipate" or other comparable words. These forward-looking statements are subject to various risks, uncertainties and assumptions. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. Should any assumptions underlying the forward-looking statements contained herein prove to be incorrect, the actual outcome or results may differ materially from outcomes or results projected in these statements. None of the Pershing Square funds, Pershing Square or any of their respective affiliates undertakes any obligation to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by applicable law or regulation.

# Additional Disclaimers and Notes to Performance Results

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## Risk Factors

Investors in PSH may lose all, or substantially all, of their investment in PSH. Any person acquiring shares in PSH must be able to bear the risks involved. These include, among other things, the following:

- PSH is exposed to a concentration of investments, which could exacerbate volatility and investment risk;
- Activist investment strategies may not be successful and may result in significant costs and expenses;
- Pershing Square may fail to identify suitable investment opportunities. In addition, the due diligence performed by Pershing Square before investing may not reveal all relevant facts in connection with an investment;
- While Pershing Square may use litigation in pursuit of activist investment strategies, Pershing Square itself and PSH may be the subject of litigation or regulatory investigation;
- Pershing Square may participate substantially in the affairs of portfolio companies, which may result in PSH's inability to purchase or sell the securities of such companies;
- PSH may invest in derivative instruments or maintain positions that carry particular risks. Short selling exposes PSH to the risk of theoretically unlimited losses;
- PSH's non-U.S. currency investments may be affected by fluctuations in currency exchange rates;
- Adverse changes affecting the global financial markets and economy may have a material negative impact on the performance of PSH's investments;
- Changes in laws or regulations, or a failure to comply with any laws and regulations, may adversely affect PSH's business, investments and results of operations;
- Pershing Square is dependent on William A. Ackman;
- PS Holdings Independent Voting Company Limited controls a majority of the voting power of all of PSH's shares;
- PSH shares may trade at a discount to NAV and their price may fluctuate significantly and potential investors could lose all or part of their investment;
- The ability of potential investors to transfer their PSH shares may be limited by the impact on the liquidity of the PSH shares resulting from restrictions imposed by ERISA and similar regulations, as well as a 4.75 per cent. ownership limit;
- PSH is exposed to changes in tax laws or regulations, or their interpretation; and
- PSH may invest in United States real property holding corporations which could cause PSH to be subject to tax under the United States Foreign Investment in Real Property Tax Act.