



INVESTOR PRESENTATION | 2014

Melvin Capital | 527 Madison Avenue | 25th Floor | New York, NY 10022

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Melvin Capital (“Melvin” or the “Firm”) is a process-driven fundamental long-short manager whose experienced team makes thematic and opportunistic investments in the consumer sector.

Focused Strategy

- Rigorous research-driven approach based on extensive proprietary modeling of companies in a defined, 300-name investment universe
- Emphasis on discounted cash flow (DCF), return on invested capital (ROIC), and detailed quarterly financial build and analysis to uncover key inflection points and support stock selection

Distinguished Management

- Team led by Gabriel Plotkin, who previously managed a \$1.8 billion consumer-focused portfolio at Sigma Capital Management LLC, a division of S.A.C. Capital, L.P. (“SAC”), generating positive annual returns over each of his 7+-year tenure
- Core investment team has previously worked together for four years at SAC where they developed and refined their disciplined, repeatable investment process

Track Record

- Generated consistently positive returns from Jan 2007 – Mar 2014, with a high Sharpe Ratio and low volatility
- Experience preserving capital and managing volatility across a range of market environments
- Significant alpha generation on the short side

Risk Management

- Stock, sector and portfolio risk considerations integrated into every step of the investment management process
- Diversify risk by investing across a broad portfolio of securities in distinct sub-industries to mute single-name exposure

Alignment of Interests

- Principals have a significant portion of their liquid net worth invested in Melvin, keeping interests aligned with investors
- Internal interests are aligned through a corporate culture that emphasizes integrity and compliance

Organization Chart

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Gabriel Plotkin leads a robust team of experienced investment professionals who have worked together previously and have proven acumen at identifying investment opportunities.

Gabriel Plotkin

Founder & CIO

14 years of industry experience

David Koch

 Sector Head
& Partner

15 years of industry experience

Greyson Clymer

 Sector Head
& Partner

8 years of industry experience

Marc Soloway

 Generalist Analyst
with Short Focus

16 years of industry experience

David Kurd

 Chief
Operating Officer

16 years of industry experience

Michael Cinque

 Chief
Financial Officer

14 years of industry experience

Evan Cohen

 Chief
Compliance Officer

22 years of industry experience

Mark Greenfield

Analyst

4 years of industry experience

Nikhil Talwar

Analyst

4 years of industry experience

John Brozick

Analyst

4 years of industry experience

David Alexandre

Analyst

3 years of industry experience

Lucas Andreika

Analyst

1 year of industry experience

Benjamin Sargent

Analyst

1 year of industry experience

Research investment themes and companies, develop detailed discounted cash flow analysis models for each company, and update models quarterly

Michael Pierce

Analyst

1 year of industry experience

Emily Josephson

Trader

13 years of industry experience

TBD (hired)

Trader

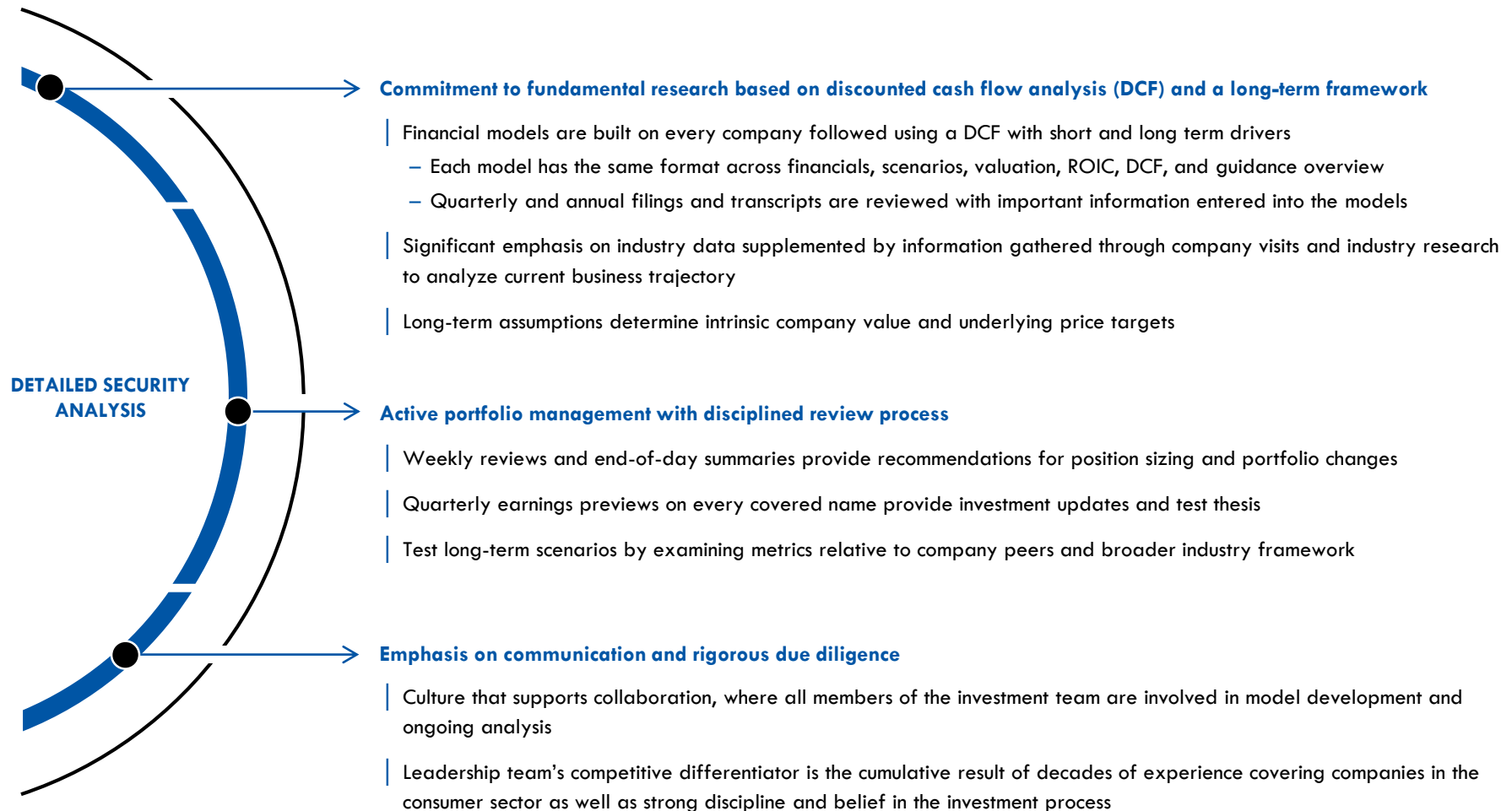
Amanda Siegel

Assistant

TBD

Assistant

Melvin Capital believes that detailed security analysis is the foundation of a successful investment process.

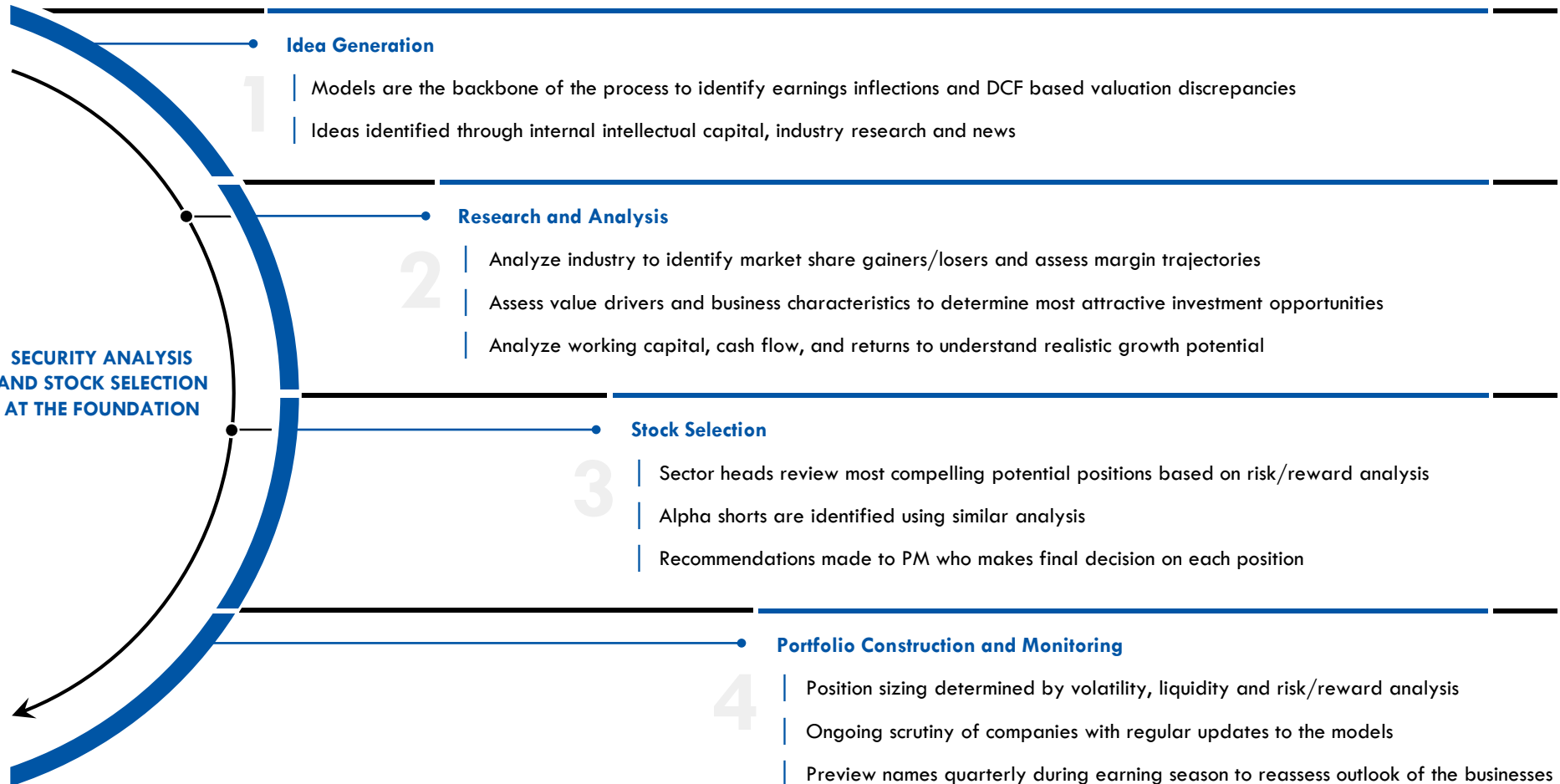


Investment Process Overview

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Melvin's investment process is based on discounted cash flow analysis developed for each of the companies in Melvin's universe.



Investment Process: Research-Driven Approach

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Melvin uses a refined methodology using discounted cash flow (DCF) analysis to support stock selection on the long and short sides.

Use Metrics to Analyze Company Financials and Determine Valuation

Sales, including revenue builds from industry level down	Margins relative to history and peers	EBITDA CAGR	Current and projected ROIC
Balance sheet analysis	Earnings projections	Historical spreads	Sequential, year-over-year changes in growth rate

Identify Exploitable Discrepancies Between Current Stock Price and Valuations Indicated by Proprietary Models

Create a risk/reward analysis of the investment opportunity	Consider quality and sustainability of growth by assessing the cash flow characteristics and competitive profile of the business	Evaluate impact of macro-economic influences
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Select Diverse Opportunities Presenting Repeatable Set of Drivers

Longs

- Cyclical company at industry trough with returns set to normalize
- Growth company with long trajectory and strong industry positioning
- Companies over-investing for growth earning sub-par ROIC near-term
- Comparing DCF value to company's long-term opportunity to identify price discrepancy

Shorts

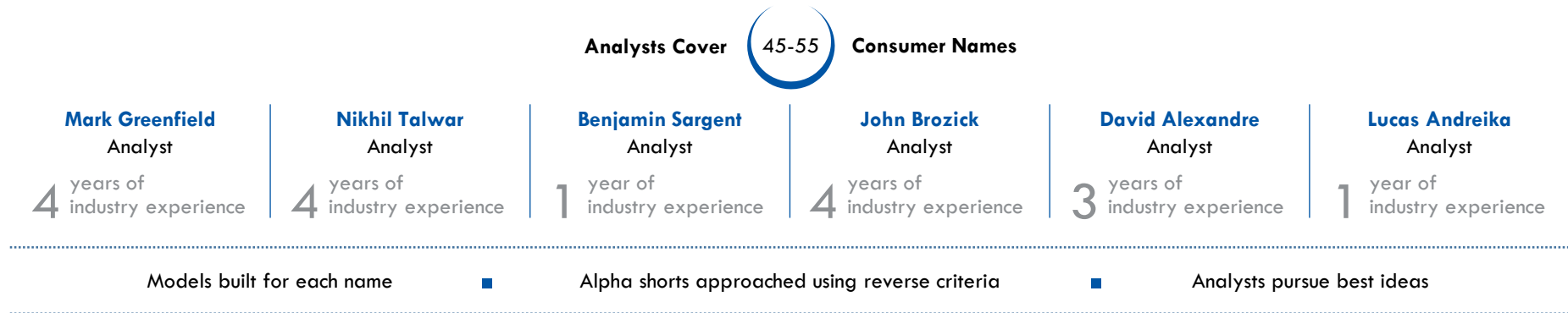
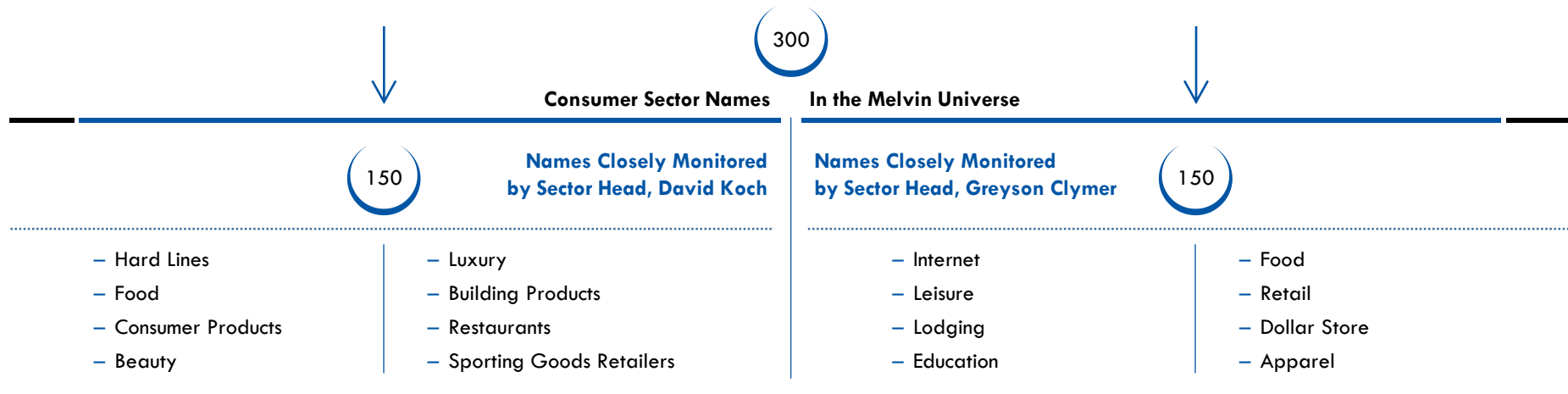
- Cyclical company at industry peaks with returns set to normalize
- Secular declining cash flow story with low ROIC
- Unsustainable margin structure susceptible to increasing competition
- Fad or mania driven stock prices not supported by aggressive long term DCF assumptions

Investment Process: Sector Coverage

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Melvin maintains ongoing analysis of 300 names in the consumer sector from which the investment team identifies opportunities on the long and short sides.



Risk management begins with a portfolio of fundamentally researched names and is maintained with structured ongoing risk/reward analysis and adherence to strict position sizing requirements.

Position Level

- | Every position in the portfolio has an established process around it, and the majority of the positions are in U.S.-listed, liquid equities
- | Risk/reward of every position is reviewed daily and portfolio dollar and beta exposures are analyzed by industry and by factor
- | Long-term assumptions are tested regularly to examine metrics relative to peers and industry framework

Portfolio Level

- | The portfolio is diversified enough to mute the impact of any single position on portfolio performance
- | Sizing is determined based on the risk/reward analysis, volatility and liquidity
- | Weekly risk meetings review portfolio exposures, sector out/underperformance and macro changes to identify risks and opportunities

Compliance Related

- | Employs comprehensive compliance policies to monitor internal information flow and discretion of information suppliers
- | Chief Operating Officer and Chief Compliance Officer will oversee internal compliance policies and monitor potential changes to the regulatory environment
- | Routine counterparty risk assessments

For more information, please contact:



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