HARRIS ASSOCIATES L.P.
Global Large Cap L.P.
March 2012

THE MARKET ENVIRONMENT

Strong performance in global markets in the first three months of 2012 represented a reversal of the negative market trends that dominated late last year. The positive returns for investors occurred even though the latest quarter shared many of the same macro worries that produced volatile markets through much of 2011— the ongoing sovereign debt crisis and rising fears of recession in Europe; sluggish economic recovery in the U.S., the world's largest market for exporters; and signs that years of extraordinary growth in key emerging nations like China and India may finally be slowing.

As bottom-up stock pickers, our focus is less on the macro than on company-specific factors. That said, the extreme pessimism seen in the macro trends has created opportunities for us as fundamental investors. The sovereign debt crisis has depressed the share prices and thus reduced the risk and increased the attractiveness of many high-quality companies in Europe. In our view, the business values of many companies haven't materially changed even as their shares in 2011 fell by half.

A key oversight regarding many European companies, particularly exporters – while their headquarters may be in Europe, many of these companies are conducting business around the world, including the important developing markets. Even if Europe tumbles into recession, the global reach of these businesses positions them to thrive and keep growing their business value.

Japan continues to lead the world in terms of discounted valuation. In the first quarter of 2012, the Japanese market traded at less than 1x book value and companies saw rising profitability even as the yen hit its highest value against the U.S. dollar since the end of World War II. The 2011 tsunami and flooding in Thailand (where many Japanese exporters have manufacturing operations) slowed corporate activity, but all of our Japanese holdings have restored 100% of their production capacity.

We believe the first quarter of 2012 may signal the start of a significant revaluation of equities. Over the last two or three years, and really accelerating in the second half of 2011, global equities have taken a pretty good hit as safety-minded investor capital flooded into fixed-income instruments despite yields that were in some cases negative. Dividend yields on equities are looking more appealing to income-minded investors, and when combined with expected global growth of 3% or so this year, we are persuaded that equities represent a good place to put money over the medium and long term.

THE PORTFOLIO

Top Performers: **Daimler**'s stock price advanced significantly during the quarter, reversing its declines over the past few quarters. In February, Daimler released its full-year 2011 results, which included strong revenue numbers in all segments except for Daimler buses. By division, the best performance came from Daimler trucks, where revenue advanced 20%, followed by Mercedes-Benz vans (revenue up just over 17%) and Mercedes-Benz cars (revenue up almost 8%). The company's finance business also performed well and realized a return-on-equity increase of nearly 26% for the year. Additionally, free cash flow remains strong. We remain excited about the future prospects for this high-quality company and believe these strong results may signal a resurgence in the auto manufacturing industry. **Intel** released its 2011 fiscal results during the quarter and stated that full-year revenue of $54 billion – an increase of 24% over last year – is a record. Also at all-time highs were its annual operating income, net income and earnings per share. Of the $21 billion in cash generated from operations in the year, Intel paid dividends of just over $4 billion and used $14 billion to repurchase 642 million shares of stock, transactions that add direct value for shareholders. Management stated that with the company's robust product and technology pipeline for 2012, future global growth opportunities presented by Ultrabook systems and the introduction of Intel-powered smartphones and tablets remain strong. Results for **Toyota Motor**'s third fiscal quarter were better than expected, and management increased its full-year operating profit projections 35% above original estimates. Management expects to gain market share in the U.S. and is benefiting from a rebound in its Japanese business, where unit sales increased 39% over the same period last year. Toyota's fundamentals remain very strong, and we expect that a gradually improving economy will add to the company's rapidly growing business.

Bottom Performers: **Ultra Petroleum**'s stock price was down for the quarter, due in large part to declining natural gas prices. The company issued its fourth-quarter results in mid-February that revealed strong operating performance and 2011 reserve growth. However, management lowered its 2012 capital budget to remain within cash-flow parameters, and also decreased projected production growth in response to lower gas prices. **Carnival**'s share price ended the quarter down only slightly despite having to face a few large challenges. These include rising fuel costs and the fallout surrounding the sinking of one of its subsidiary cruise-line ships, the *Costa Concordia*. The company's first-quarter results showed an earnings-per-share loss of $0.18 and management cut its full-year guidance from a midpoint estimate of $2.20 down to $1.55. Subsequent to the accident in January, we re-evaluated our expected value for the business, but the stock is still trading at a discount to our revised estimate. We believe the long-term outlook for Carnival is favorable, given the company's strong market position along with its robust balance sheet and cash flow. **Novartis**' 2011 results were robust and in line with our expectations. Revenue grew 16% and operating income increased 14% versus the prior year. However, some Street analysts reduced expected 2012 earnings, citing that the year may prove challenging to Novartis as several events are expected to weigh on results. Some of these include a revised label for Tekturna/Rasilez that states it cannot be used in combination with established ACE inhibitors; the generic forms of Diovan (valsartan), Glivec (imatinib) and Lovenox (enoxaparin) coming to market; and the temporary shutdown of a U.S.-based over-the-counter plant. We have considered these events in our valuation and continue to believe that Novartis is trading well under its potential value.

We initiated new positions in **Autoliv, Delphi Automotive** and **Tiffany** and eliminated our positions in **Baxter International, Caterpillar, Range Resources** and **Ultra Petroleum** during the quarter.

PERFORMANCE

	QTR	YTD	1-YR	3-YR	Since Inception (06/07)
Harris Associates Global Large Cap Value L.P. [Net]	16.7%	16.7%	2.0%	26.5%	0.7%
MSCI World Index	11.6%	11.6%	0.6%	20.2%	-2.0%

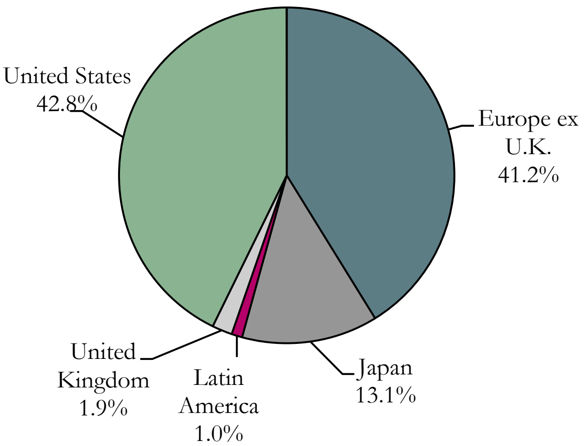
PORTFOLIO

Quarter-to-date

Top 5 Performers	Contribution to Return
Daimler	1.26%
Intel	1.10%
Toyota Motor	0.98%
Daiwa Securities Group	0.92%
Wells Fargo	0.83%

Bottom 5 Performers	Contribution to Return
Ultra Petroleum	-0.33%
Carnival	-0.07%
Novartis	-0.02%
Range Resources	-0.01%
Grupo Televisa ADR	0.00%

REGIONAL ALLOCATION



REPRESENTATIVE PORTFOLIO HOLDINGS

Top 10 Holdings	% of Equity
Intel	6.6%
Wells Fargo	3.7%
Toyota Motor	3.6%
Credit Suisse Group	3.6%
Daiwa Securities Group	3.6%
Applied Materials	3.3%
Adecco	3.3%
Daimler	3.2%
Allianz	3.0%
Canon	3.0%

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Holdings are representative of Harris Associates L.P.'s Global Large Cap Value L.P. portfolio as of 3/31/12. The investment return and principal value of this portfolio and any particular holding may fluctuate. Portfolio holdings are subject to change without notice and are not intended as recommendations of individual stocks.