January 19, 2016

Dear Partner:

The Greenlight Capital funds (the "Partnerships") returned (3.8)%[1], net of fees and expenses, in the fourth quarter of 2015, bringing the full year net return to (20.2)%. Since inception in May 1996, Greenlight Capital, L.P. has returned 1,902% cumulatively or 16.5% annualized, both net of fees and expenses.

2015 began with David's favorite football team, the Green Bay Packers, blowing the conference championship game and a chance at the Super Bowl despite looking like the better team on the field, and holding the ball with a 12-point lead with less than 5 minutes to go. The Packers ended 2015 by getting blown out by the Arizona Cardinals 38-8 in a game where they looked like they didn't even belong in the league.

Our year felt a lot like that. Let's get some of the gory facts out of the way:

- We lost money every quarter.
- We had six positions that each cost us more than 1%, but only one position that made more than 1%.
- We were short the top two performing stocks in the S&P 500 (Netflix (NFLX) and Amazon (AMZN)).
- We were long two of the ten worst performing stocks in the S&P 500 (CONSOL Energy (CNX) and Micron Technology (MU)).
- We didn't own any of the 50 best performing stocks in the S&P 500.
- We had four shorts taken over.
- We surrendered a lot on a few other shorts either by covering right before they fell, or declaring victory right before they fell much further.
- We failed to monetize nice gains in MU and SunEdison (SUNE) at what now look to be great prices.

There are lots of simple theories about what went wrong and what we can or should do about it. Everyone wants to help. Even one of David's children suggested, "Dad, why don't you just short your longs and long your shorts?" If only it were that easy...

For the year our longs lost 17.2%, shorts made 0.4%, and macro lost 1.6%. The S&P 500 returned 1.4%. As we see it, the problem boils down to two things:

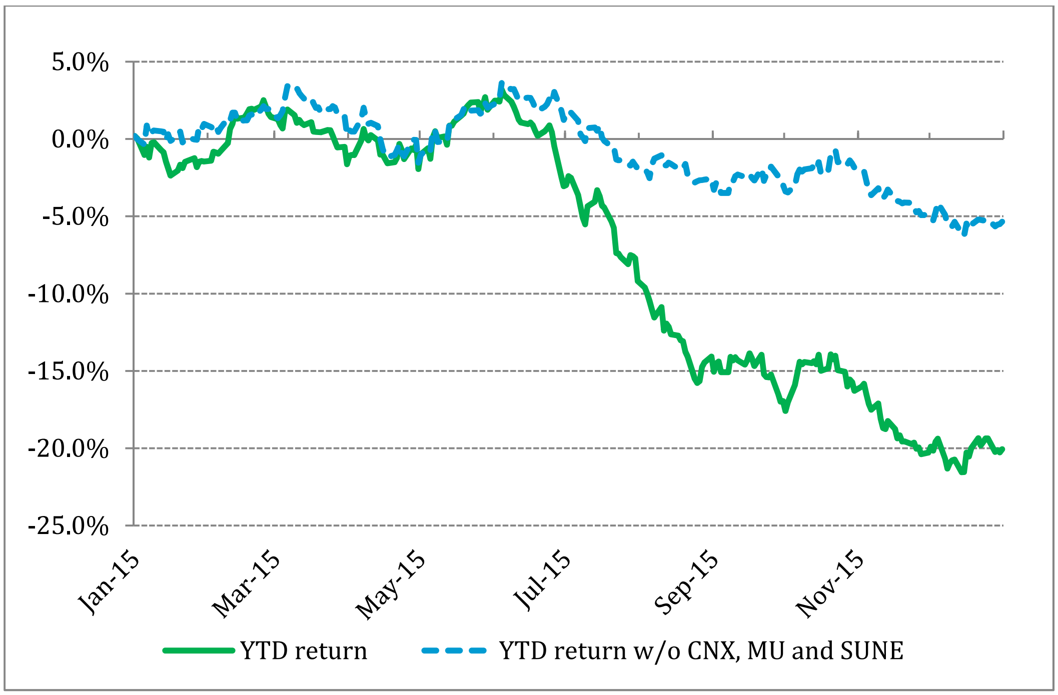
[1] Source: Greenlight Capital. Please refer to information contained in the disclosures at the end of the letter.

2 Grand Central Tower • 140 East 45th Street, 24th Floor • New York, NY 10017
Phone: 212-973-1900 • Fax 212-973-9219 • www.greenlightcapital.com

First, our worst performing investments were among our biggest positions. These aren't our first big losses nor are they likely to be our last, and while our goal is to minimize them, they come with the territory of running a concentrated portfolio. In 20 years we've had 21 instances of a position costing us more than 3% of capital in a calendar year. Other than the awful bear market of 2008, when we had five losers of this magnitude, we'd have to go back to 2002 to find a year when we had as many as two. Most years we've had none or one.

This year we had three (CNX, MU and SUNE). Nothing distinguishes these from our other large losers in prior years. What's unusual is that they all happened at around the same time. Having three in a single year is both unfortunate and too many for us to be able to succeed.

Second, we had very few winners. Here is what the year looked like, including and excluding the three big losers:



The point of this chart is not to show what would have happened without those losers (we believe that all the results count), but to illustrate that nothing else performed. We have never had a year where so little went right. While we had a few shorts that did well, we couldn't seem to find winning longs. ISS A/S was up 43% and was the only long position that sustained a material gain for the full year. We also preserved gains in Altice and Marvell by selling them at prices far above where they ended the year.

When we add up all of the losing positions in the portfolio, the percentage detraction to our total return for 2015 was only moderately worse than a normal year. In contrast, all of our profitable positions in 2015 added up to only 19%. Our 20-year average contribution from winners is 51%, and the previous worst year was 31%.

It has been a difficult environment for value stocks. This is the fourth time in our history where we've had a period of outsized losses, and in each of the prior periods, the macro environment was unfavorable to value investing:

- In 1998, the market was led by large capitalization growth stocks like Coca-Cola and Gillette, and value suffered. After losing 11.7% over the prior six months, we entered November down 3.2% while the S&P 500 was up 14.6%.
- From February 1 through March 10, 2000, the Nasdaq rose 28%, the S&P 500 was flat, and we were down over 10% as investors sold value stocks in order to pour every dollar they could find into the top of the tech bubble.
- In July through October 2008, we lost 26.5% despite very conservative long-short positioning. During that environment, where nearly everything fell, our problems were amplified by short squeezes in the most overvalued industrial company in the market (Volkswagen) and in overvalued financials after the regulators temporarily banned short selling.

The last seven months of 2015 resembled these periods. In this instance, a few overvalued story stocks did well while most stocks – especially value stocks – declined. Our view is that over time, value investing is more successful than investment strategies that ignore value. On balance, we benefit from tailwinds more often than not. However, there have been and will be periods where that isn't the case. We know that in each prior period when the environment was challenging for our style, things eventually turned and we did well. We don't know when the winds will change, but we know that they will.

We recently watched *The Big Short*. One theme from the movie was the complete isolation Dr. Michael Burry felt as his fund declined 20%. His investors abandoned him and his internal team lost faith.

While we have no illusions that we are about to quickly make multiples on our portfolio as Dr. Burry did, we are grateful that we don't share his feelings of isolation. Internally, our team is dedicated to doing the day-to-day analysis and running out all the ground balls. We are continually working on improving the portfolio. Externally, we are thankful to have you as our partners. While many of you have understandably had questions, we have had only modest redemptions and many of you have asked about adding capital. For now, we prefer to keep the fund closed and concentrate on trying to make better returns.

We want to thank you for participating in our investor survey this summer. Collectively, you gave us very high marks in all aspects of our business with the exception of investment performance. As the survey was conducted over several months, overall satisfaction fell from 87% of those surveyed in June to… well, let's just say a lot less than that for those surveyed in October. Frankly, we don't understand why anyone was still satisfied by October. We certainly weren't.

We established several new longs during the quarter:

E.ON (Germany: EOAN) is one of Europe's largest utilities, owning power and gas grids, and power generation from renewable, fossil and nuclear sources. In 2011, the German government outlawed nuclear generation, creating political and market uncertainty about funding for the retirement of nuclear facilities and the storage of nuclear waste. Concerns on both fronts intensified in 2015 leaving EOAN down 35% for the year. We believe that much of the confusion around the company's earnings power and nuclear disposals should be cleared up this year, most likely through the creation of a national foundation. EOAN, alongside the other nuclear operators, would contribute their disposal liabilities and financial assets into a foundation to be administered by the state, at arm's-length, with no future recourse to the utilities. This will eliminate uncertainty and increase reported earnings, allowing the market to once again appreciate the strong underlying businesses of EOAN.

In the meantime, the company has split into two – future E.ON retaining high quality grid and renewables assets as well as the German nuclear liability; the other company (Uniper) with generation and trading assets. EOAN will spin off a majority stake in Uniper to shareholders in the summer, highlighting attractive earnings on the remaining assets. We purchased EOAN at an average price of €8.92, or about 9x earnings, which appears to be cheap for a high quality utility sporting a 6% dividend yield. The shares ended the quarter at €8.93.

We established a position in Macy's (M), the operator of about 900 Macy's, Bloomingdale's and Bluemercury stores, at an average price of $45.69. Earlier in 2015, with the stock at $70, an activist argued that the store real estate could be separated to unleash a valuation in excess of $125 per share. Management determined a whole-company REIT wouldn't provide the required operational flexibility.

Now, with the stock closing the year at $34.98, the math might make more sense. While it's unlikely that management will reverse course on its own, it wouldn't surprise us if a private equity firm teamed up with a REIT to buy the company and unlock the value privately.

Even if this doesn't happen, the shares are cheap at 5x EBITDA, 7x equity free cash flow, and less than 9x 2015 EPS, with a healthy balance sheet and strong history of share repurchases. We think a portion of the recent sales weakness was driven by unseasonably warm weather and a strong dollar impacting tourist business, which should set up for favorable comparisons in 2016.

We initiated a position in Mylan (MYL), a global generic pharmaceuticals company. MYL shares fell 29% in the first three quarters of 2015 and over 45% from their mid-year highs after generics rival Teva abandoned a hostile takeover bid for the company. During the fall, the market became overly focused on a series of overhangs including potential earnings dilution from a proposed and ultimately failed buyout of Perrigo (a private-label OTC business); corporate governance concerns including an unusual takeover-defense mechanism; and widespread unease about the pharmaceutical sector amidst scrutiny of specialty pharmaceutical manufacturers like Valeant.

We acknowledge eventual headwinds for the company's branded EpiPen product, which could encounter competition from generics in late 2016. However, we see medium-term upside from a competitor recall, an announced share repurchase, and board review of corporate governance complaints. Ultimately, we expect MYL to earn close to $7 per share in 2018, driven by a robust pipeline of respiratory, injectable and biologic drugs and by further capital deployment including share repurchases. We initiated our position at an average price of $45.32, about 9x 2016 consensus EPS estimates. MYL shares ended the quarter at $54.07.

We also bought small positions in a handful of merger arbitrage deals. We generally don't like merger arbitrage because the spreads are usually too small, and when a deal breaks the downside can be considerable. However, we have found a few large deals that offer generous spreads where we think the downside in a failed deal is moderate.

We closed several notable positions during the quarter:

We entered Applied Materials at $20.31 after the Tokyo Electron deal fell apart, with a view that margin improvement through cost cutting and aggressive buybacks could lead to earnings outperformance. Despite reasonable execution and lots of share repurchases, concerns about overall spending levels in the semiconductor capital equipment space mattered more. The risk of a pending cyclical downturn caused us to exit at $18.21 with a small loss.

We decided to sell our position in Bank of New York Mellon with a small profit. We became moderately less comfortable with the market exposure in both the Investment Services and Investment Management segments and felt that the market was giving the company too much credit for potential earnings leverage to multiple Fed rate hikes.

We exited our position in Cairn Energy. The downturn in oil prices was negative but tolerable; however, the ongoing retroactive extraterritorial taxation claims by India made profitable ownership of Cairn impossible. We initiated a small position in early 2012 at £2.72 and gave up at £1.54.

MU was our biggest winner in 2014 and our biggest loser in 2015. We have written a lot about it and have exited the position. When all the dust settled, our average purchase was at $19.93 and our average sale was at $22.14, generating an IRR of 14%. The coulda-woulda-shoulda perspective that this was a disaster is belied by the overall decent return we made on the investment.

Our thesis for our short position in ARM Holdings (ARM) was that falling chip prices, slowing smartphone growth and more competition from Intel would limit ARM's potential royalty pool. Two of the three have occurred, but Intel's progress has been disappointing. Also, ARM was more successful than we expected in offsetting its problems by increasing the royalty rate it charges its customers. We covered the position at a small loss and moved on.

Turning to operations, after eight years at Greenlight, Alexandra Desbrow has resigned to spend more time with her family. We will miss her endless supply of positive energy and enthusiasm, and we know that you will miss her too.

Chris and Fiona Mickelson had their third son with a four-letter name in four years. Rory, along with his brothers, Noah and Owen, rounds out the future Mickelson family golf foursome. Chris, who pronounces his last name Michael-son, thought it would confuse people to name his son Phil.

We opened a new prime brokerage relationship with Morgan Stanley. This is our first new relationship in over four years. As the effects of Dodd-Frank continue to reshape the financial industry, we might see a few more changes to our relationships in the future.

At quarter-end, the largest disclosed long positions in the Partnerships were Apple, CONSOL Energy, General Motors, gold, and Time Warner. The Partnerships had an average exposure of 90% long and 76% short.

"I don't know where I'm going from here, but I promise it won't be boring."

– David Bowie

Best Regards,

Greenlight Capital

Greenlight Capital, Inc.

Unless otherwise noted, performance returns reflect the dollar-weighted average total returns, net of fees and expenses, for an IPO eligible partner for Greenlight Capital, L.P., Greenlight Capital Qualified, L.P., Greenlight Capital Offshore, Ltd., Greenlight Capital Offshore Qualified, Ltd., and the dollar interest returns of Greenlight Capital (Gold), L.P. and Greenlight Capital Offshore (Gold), Ltd. (collectively, the "Partnerships"). Each Partnership's returns for 2015 are net of the standard 20% incentive allocation.

Performance returns for Greenlight Capital L.P. since inception reflect the total returns, net of fees and expenses, for an IPO eligible partner and are net of either the modified high-water mark incentive allocation of 10% or the standard 20% incentive allocation applied on a monthly basis pursuant to the confidential offering memorandum for a partner who invested at inception.

Performance returns are estimated pending the year-end audit. Past performance is not indicative of future results. Actual returns may differ from the returns presented. Each partner will receive individual statements showing returns from the Partnerships' administrator. Reference to an index does not imply that the funds will achieve returns, volatility or other results similar to the index. The total returns for the index do not reflect the deduction of any fees or expenses which would reduce returns.

All exposure information is calculated on a delta adjusted basis and excludes credit default swaps, interest rate swaps, sovereign debt, currencies, commodities, volatility indexes and baskets, and derivatives on any of these instruments. Weightings, exposure, attribution and performance contribution information reflects estimates of the weighted average of such figures for investments by Greenlight Capital, L.P., Greenlight Capital Qualified, L.P., Greenlight Capital Offshore, Ltd., Greenlight Capital Offshore Qualified, Ltd., Greenlight Capital (Gold), L.P., and Greenlight Capital Offshore (Gold), Ltd. and are the result of classifications and assumptions made in the sole judgment of Greenlight.

Positions reflected in this letter do not represent all the positions held, purchased, or sold, and in the aggregate, the information may represent a small percentage of activity. The information presented is intended to provide insight into the noteworthy events, in the sole opinion of Greenlight, affecting the Partnerships.