April 25, 2017

Dear Partner:

The Greenlight Capital funds (the "Partnerships") returned 1.3%,[1] net of fees and expenses, in the first quarter of 2017. During the quarter, the S&P 500 index returned 6.1%.

From a portfolio perspective, this quarter was a quiet one. Our longs were profitable, though they went up a bit less than the market. Our shorts generated losses but added alpha, and gold gave us a small profit in macro. Apple (AAPL), Chemours (CC) and gold were the biggest winners; the bubble basket, Rite Aid (RAD), and a short position in Tesla (TSLA) were the biggest losers.

AAPL advanced from $115.82 to $143.66 as it reported a good quarter and the market is now realizing it is not the next Nokia or BlackBerry. AAPL's market position is durable and its ecosystem is expanding with high-margin recurring services revenue streams. We continue to like AAPL because we think it is a superior company that still trades for less than a market multiple.

CC settled its major litigation relating to the impact of PFOA, a discontinued toxic chemical used to make Teflon. The bear case arguing that the damages would bankrupt the company proved wrong, and the final figure was within our range of expectations. Meanwhile, the core titanium dioxide business continues to benefit from a tight market and rising prices. During the quarter, CC advanced from $22.09 to $38.50.

Gold rose over 8% to start the year. Nothing significant happened here (the White House columns are not gold yet); gold simply reversed a portion of the post-election decline it suffered last quarter. Gold remains a long-term position with a thesis that global fiscal and monetary policies remain very risky.

RAD fell from $8.24 to $4.25. We had expected that Walgreens and RAD would satisfy regulatory concerns and close the merger at $9 per share. Instead, the deal was re-cut to between $6.50 and $7.00, and even at this date, the regulatory concerns are not resolved. We are watching the situation carefully and we have trimmed the position, as our original thinking was incorrect.

It was a difficult quarter to be short the bubble basket, and TSLA in particular. Perhaps as the prospects for tax reform have dimmed, the market has regained enthusiasm for profitless companies that aren't at risk of paying taxes. A number of these stocks are back in full-blown momentum mode. Analysts continue to raise "target prices" which the

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

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market treats as news. The bulls explain that traditional valuation metrics no longer apply to certain stocks. The longs are confident that everyone else who holds these stocks understands the dynamic and won't sell either. With holders reluctant to sell, the stocks can only go up – seemingly to infinity and beyond. We have seen this before. It's painful for the shorts, as the TSLA CEO has been happy to remind everyone via Twitter. There was no catalyst that we know of that burst the dot-com bubble in March 2000, and we don't have a particular catalyst in mind here. That said, the top will be the top, and it's hard to predict when it will happen. Notably, a number of bubble stocks advanced despite missed expectations and/or falling estimates. The basket is sized appropriately with the understanding that twice a silly price isn't twice as silly. In due time, we expect these bubbles to pop.

We added three small long positions:

Xerox spun out its business process outsourcing segment as Conduent (CNDT) at the end of 2016. CNDT provides transaction and back-office processing for a variety of government and commercial clients. We believe CNDT is burdened with underearning contracts it can renegotiate or exit. Some business units that have been run as loss leaders can evolve to be profit centers, and management is in the process of running off other unprofitable business units. Management has also initiated a $700 million cost savings plan to further improve margins. Despite the current revenue headwinds as the business is restructured, management has committed to growing revenue by the end of 2018 and beyond, and they are incentivized to improve earnings. We purchased CNDT at an average entry price of $14.76 per share, which represents 11x our conservative case estimate for 2019 earnings. The stock ended the quarter at $16.78.

Perrigo (PRGO) is the largest manufacturer of private label over-the-counter (OTC) pharmaceutical products for U.S. retailers and pharmacy chains. Over the past decade the company acquired other business lines, including a portfolio of European OTC brands (Omega), a generics pharmaceutical business, and a royalty stream on a large multiple sclerosis drug that has since been divested. In November 2015, shareholders rejected a hostile takeover offer from Mylan worth $175 per share after the then-CEO laid out ambitious standalone earnings targets. Unfortunately for shareholders, these targets proved far too optimistic and the CEO ultimately departed. After several large guidance cuts, we believe the new management team has now set achievable earnings forecasts. Omega's business suffered from large restructuring expenses last year that should not recur and has additional margin upside as it streamlines its product portfolio. The company also has a dominant market position in its core U.S. OTC business and should continue to grow profits in this segment. We believe the U.S. OTC business and Omega have profit and growth characteristics similar to consumer products businesses, which trade at healthy multiples due to the stability of their cash flows. We purchased PRGO at an average price of $68.81 per share or 11x our estimate of 2019 earnings. PRGO shares ended the quarter at $66.39.

The third new long position is a European financial institution that we cannot discuss at this time, as per our policy regarding the new European market regulations.

While it was quiet on the portfolio front, we made more noise than usual (and more than we'd like) by making public our idea for General Motors Company (GM) to unlock tens of billions of dollars of shareholder value. As a general matter, we prefer to avoid public activism. The last time we did this was with AAPL in 2013 after owning the stock for three years. This is a similar situation; we had owned GM shares for years before advancing our idea to management.

When we offer companies private advice, they either take it, or they explain why they are not going to take it. Usually if they reject the idea, we understand the reasoning and prefer not to press the issue. Sometimes, we agree to disagree, and then decide whether to hold the stock or exit the position.

In the case of GM, we felt the need to press the issue as we believe there is a lot of value to unlock and the company did not fairly evaluate our idea. Management made a decision and then spent a great deal of effort coming up with reasons to justify that decision. To poison our idea, management went so far as to misrepresent our proposal to the credit rating agencies, allowing them to claim that the company's credit standing would be in jeopardy if it implemented our idea. Ironically, our idea was designed to be credit positive and the least invasive way to unlock billions of dollars of shareholder value. This sort of behavior by management leaves us no room to agree to disagree.

We know this is a tough fight. Fortunately, the math is on our side (if GM does what we suggest, we believe the stock will go up a lot) and the ultimate decision will be made by our fellow shareholders. We believe others recognize that the stock is deeply undervalued and when shareholders grasp the math and the extent of GM's behavior, they will vote with their wallets and for needed change at the Board level.

We exited several material positions during the quarter:

We closed three Canadian bank shorts at a loss as the oil and gas credit loss thesis didn't sufficiently materialize.

We closed our LyondellBasell Industries short at a loss. Our thesis was that large capacity additions, along with a potentially limited supply of raw materials, would squeeze margins. However, new industry capacity has taken longer than expected to come on line.

We closed our RPC, Inc. short at a small loss, as favorable industry pricing tailwinds have offset our company-specific concerns.

We closed our short in Signet Jewelers at a gain when negative comparable store sales and class-action litigation caused the stock to fall.

It's been a couple years since we've had an investment team departure. In February, Andrew Rechtschaffen left to start his own firm, and Jaime Lester left to join a new hedge fund. We thank them both for their contributions and wish them well in their future endeavors. Operations is now a 2-to-1 favorite for the annual Ops vs. Investment team basketball game, and we are recruiting analysts with above-average three-point shooting skills. Also, we are pleased to report that Emily Proctor was promoted to Operations Analyst. Congratulations Emily!

At quarter-end, the largest disclosed long positions in the Partnerships were AerCap, Bayer, CONSOL Energy, General Motors Company and gold. The Partnerships had an average exposure of 108% long and 80% short.

"A great deal of intelligence can be invested in ignorance when the need for illusion is deep."

– Saul Bellow

Best Regards,

Greenlight Capital

Greenlight Capital, Inc.

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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. (excluding the gold backing held by the gold interests) 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.

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