January 22, 2013

Dear Partner:

The Greenlight Capital funds (the "Partnerships") returned (4.9)%[1], net of fees and expenses, in the fourth quarter of 2012, reducing the year to date net return to 7.9%. Since inception in May 1996, Greenlight Capital, L.P. has returned 1,829% cumulatively or 19.4% annualized, both net of fees and expenses.

The disappointing fourth quarter result reduced our year from good to pedestrian. While it is hard to view our performance last year as a catastrophe, it nonetheless falls short of our goals. The S&P 500 advanced in the teens and the market differentiated winners from losers. We think that we should have had much better performance in this kind of investing climate, and we headed into the fourth quarter on track to do so. So what happened?

Our coffee was too hot, our apple was bruised, and our iron supplements didn't go down smoothly. We got to marvel at a jury's decision to endow a university with a billion dollar verdict, and tried not to get too moody when several of our shorts melted up. The losses in the short portfolio were broad based; while the S&P 500 was down modestly in the quarter, our average short rose about 10%. Green Mountain Coffee Roasters was the worst offender, with a 74% advance that wiped out our 2012 profits on the position. On the long side, Apple (AAPL) shares fell from $667.10 to $532.17, giving back all its third quarter gains and then some. We used the lower prices as an opportunity to repurchase the shares we sold in the third quarter.

The long portfolio was marginally profitable, led by General Motors (GM) which advanced from $22.75 to $28.83 in the quarter. GM repurchased more than 11% of its shares from the government, which has committed to sell the balance of its stake over the next year. GM's reduced share count is quite accretive to its earnings, and we hope that the recent action is a first step by management toward shareholder-friendly capital allocation. Even after the repurchase, GM holds substantial excess capital and has a good opportunity to further reward shareholders through additional share repurchases either from the government or in the open market.

Our macro book eked out a small profit as well. We took some lumps as gold declined, the euro strengthened, credit spreads tightened, and European sovereign debt rallied. However, gains from the precipitously falling Yen more than offset all the other losses. Our bearish view on the Japanese situation had been a money loser in 2010, 2011 and through most of 2012. It turned into our second biggest winner in the fourth quarter. With a change in leadership in the government, which will soon be followed by a change in leadership at the

[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

Bank of Japan, the Yen has finally begun to weaken. We suspect that there is more to come – possibly, a lot more to come. We continue to be bearish.

Our full year performance was driven by strong performance on our longs, which returned over 21%. Our short portfolio lost money, though the average short advanced only about half as much as the S&P 500. The macro portfolio lost about 4%, as losses for many tail risk hedges combined with losses on European sovereign debt. Apple, GM, Seagate and Sprint were the biggest contributors for the year.

Marvell Technology (MRVL) was our biggest loser in 2012. MRVL shares fell from $13.85 to $7.26 during the year. Earnings disappointments earlier in the year were followed by an end-of-year jury verdict of over $1 billion for infringement on certain patents held by Carnegie Mellon University. Having reviewed the proceedings, our view is that this is a case of a novel interpretation of the law by a local judge, combined with a hometown runaway jury. Although the legal system is inherently a crapshoot, we think that there are many reasons to expect the award to be substantially reduced or eliminated, either by the trial judge or on appeal. There are many grounds, but one of the simplest is that most of the damages were awarded based on foreign sales that are generally not protected by U.S. patents. The jury found that since the product was "designed and tested" in the U.S., damages were payable even though the manufacturing and sales happened abroad.

Though we'd love to just admit we are wrong, sell the stock, and move on, we continue to like the opportunity here. MRVL is on the cusp of a large product transition which, to put it mildly, is not in the valuation. A year ago we were feeling pretty discouraged about our Sprint position, but we re-evaluated and determined that while the stock was down for good reason, our overall thesis was intact. It turned out to be a good decision. We have similarly re-evaluated and decided to buy even more MRVL. We expect its shares to sprint higher in 2013.

We have also increased our Vodafone (UK: VOD) holdings, as the stock fell sharply on news that just doesn't seem that bad. After achieving an August peak of £1.92, the shares ended the year at £1.54. At this valuation, it appears that the market is placing no value on VOD's 45% stake in Verizon Wireless. And the Verizon Wireless stake is clearly quite valuable.

Look at it from Verizon's perspective: Historically, Verizon had a very profitable landline business, and Verizon Wireless owed it billions of dollars. Verizon received Verizon Wireless's free cash flow as it repaid the debt. For years, Verizon used its control to try to starve VOD by refusing to allow Verizon Wireless to pay dividends. Today, Verizon's landline business generates no cash and the debt from Verizon Wireless has been repaid. Verizon's 55% control stake in Verizon Wireless is probably worth more than all of Verizon's market capitalization, and Verizon has become wholly dependent on dividends from Verizon Wireless to fund its parent company obligations and shareholder dividends.

Excluding any contribution from Verizon Wireless, VOD stock pays a 7% dividend and trades at less than 12x cash earnings – roughly in line with other large European telecom companies. Meanwhile, VOD has never become dependent on Verizon Wireless distributions.

Given the huge valuation disparity between what the market thinks Verizon Wireless is worth to Verizon (at least a couple hundred billion dollars) and what it ascribes to VOD (about zero), combined with Verizon's increasing dependence on Verizon Wireless, it wouldn't surprise us if Verizon decided to buy all of VOD to gain full ownership of Verizon Wireless. It could decide to become a global telecom leader or it could spin out parts of VOD that it's not interested in owning. Maybe there is an investment banker with time on their hands reading this letter.

Our bearish thesis on iron ore is new, and we have shorted a number of stocks in the sector. Our view is that after a decade-long bull market, supply is now exceeding demand. On the supply side, the miners have spent billions preparing to expand supply, which is poised to grow about 15% in each of the next couple of years. At the same time, iron ore is used to make steel, and global demand for steel is currently growing at just a couple percent per year. The marginal cost of the new iron ore supply coming on line is very low. We expect that some of the large investments the miners have made will yield disappointing results as the price of iron ore falls. In the fourth quarter, the price of iron ore and the related stocks rallied sharply. Given the considerable downside in the stocks, we are willing to be patient here.

Computer Sciences Corp. (CSC) is an IT consulting and outsourcing business. In 2011, the stock declined more than 50% due to deteriorating profitability, missed estimates, and controversy relating to the company's large contract with the U.K. National Health Service. We began purchasing shares in February 2012, after the company announced a change in management. We continued purchasing shares throughout the year and established a position at an average price of $27.78 per share. We view CSC as a fundamentally sound business that has had margins well below that of its peers as a result of organizational inefficiencies, historical mismanagement, and various non-recurring charges that obscured underlying earnings. In addition, the company owned several valuable assets, including its high-margin Equifax credit services affiliate that we believed could be monetized at an attractive multiple.

We believe that CSC has earnings power in excess of $4.00 per share and that the new management team is capable of turning the company around to achieve those earnings, and possibly more. The early results have been promising, as CSC has reported two quarters of above-consensus earnings, monetized its Equifax affiliate and initiated a share repurchase program. CSC shares closed the year at $40.05 each. While the stock has appreciated in response to management's progress to date, we continue to believe that the company has significant opportunities for margin improvement, free cash flow conversion and capital deployment under the leadership of its well incentivized and shareholder-friendly management team.

We closed several positions during the quarter including long positions in Humana (HUM) and Wellpoint (WLP) at a small loss, which we reallocated to other Managed Care Organizations (MCOs) that we are more excited about.

We exited our positions in two Spanish retailers at a small loss. Our long position in Dia (Spain: DIA) saw earnings increase meaningfully and the multiple increase modestly. This

gain was offset by our short in Inditex (Spain: ITX), where earnings increased modestly and the multiple increased meaningfully.

Our three year old thesis that Pitney Bowes (PBI) was a "melting ice cube" due to secular declining U.S. mail volumes played out. The company has been in a perpetual restructuring mode and reported a series of disappointing quarters. In addition, the viability of the dividend came into question. We covered the short position with a nice gain.

Huntington Ingalls Industries (HII) executed relatively well in difficult circumstances over our holding period and the investment compounded at a high single-digit rate of return despite the challenging macro and federal spending environment. We exited the long position with a small gain.

One tough quarter to end a year isn't reason to change what we are doing. In fact, it's surprising that we haven't had more quarters like this over time. As always, we continue to reexamine our positions. Some we have kept, some we have added to, and some we have reduced or eliminated. The net effect has been a modest reduction in our short exposure at the end of the year.

We have a couple of organizational updates. Anand Kinkhabwala, a Research Analyst with us since 2010, has decided to move on. We will miss him and wish him good luck!

We have extended our lease at 2 Grand Central Tower and will be expanding to include the 23rd floor later in the year. This will provide us with ample space for growth over the next decade. More importantly, it was our only way to retain Dan, who said that he would "never move Greenlight again."

At quarter end, the largest disclosed long positions in the Partnerships were Apple, Cigna, General Motors, gold and Vodafone Group. The Partnerships had an average exposure of 114% long and 70% short.

"There's nothing I like less than bad arguments for a view that I hold dear."

-- Daniel Dennett

Best Regards,

Greenlight Capital

Greenlight Capital, Inc.

The information contained herein reflects the opinions and projections of Greenlight Capital, Inc. and its affiliates (collectively "Greenlight") as of the date of publication, which are subject to change without notice at any time subsequent to the date of issue. Greenlight does not represent that any opinion or projection will be realized. All information provided is for informational purposes only and should not be deemed as investment advice or a recommendation to purchase or sell any specific security. While the information presented herein is believed to be reliable, no representation or warranty is made concerning the accuracy of any data presented. All trade names, trademarks, and service marks herein are the property of their respective owners who retain all proprietary rights over their use. This communication is confidential and may not be reproduced without prior written permission from Greenlight.

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 series returns of Greenlight Capital (Gold), L.P. and Greenlight Capital Offshore (Gold), Ltd. (collectively, the "Partnerships"). Each Partnership's performance returns are calculated using the returns for partners who were invested on or prior to January 1, 2008, except for the returns of Greenlight Capital (Gold), L.P. and Greenlight Capital Offshore (Gold), Ltd, which reflect the dollar series returns for partners who transferred into these funds at inception in May 2010 and who were invested in a another Greenlight fund on or prior to January 1, 2008. Each Partnership's returns are net of the standard 20% incentive allocation (except the annual returns for Greenlight Capital, L.P., Greenlight Capital Qualified, L.P., and Greenlight Capital (Gold), L.P., a portion of which reflects the modified high-water mark incentive allocation of 10%).

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 returns from the Partnerships' administrator. Reference to an index does not imply that the Partnerships 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 does not include gold, credit default swaps, sovereign debt, cash, foreign currency positions, interest rate derivatives and other macro positions. Weightings, exposure, attribution and performance contribution information reflects estimates of the weighted average of 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.

THIS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY INTERESTS IN ANY FUND MANAGED BY GREENLIGHT OR ANY OF ITS AFFILIATES. SUCH AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY INTERESTS MAY ONLY BE MADE PURSUANT TO DEFINITIVE SUBSCRIPTION DOCUMENTS BETWEEN A FUND AND AN INVESTOR.

.