January 21, 2021

Dear Partner:

The Greenlight Capital funds (the "Partnerships") returned 5.2%[1] in 2020 compared to 18.4% for the S&P 500 index. Since its inception in May 1996, Greenlight Capital, L.P. has returned 1,683% cumulatively or 12.4% annualized, both net of fees and expenses. Greenlight's investors have earned $4.6 billion, net of fees and expenses, since inception.

In the fourth quarter, the Partnerships returned 25%. This was the best quarterly result in Greenlight's history. Longs contributed 42% while shorts detracted 15% and macro detracted 1%. After nine months in which growth stocks relentlessly outperformed value stocks, the fourth quarter had a moderate reversal. For the year, however, the Russell 1000 Pure Growth index returned 67% while the Russell 1000 Pure Value index was essentially flat.

In the quarter, nearly the entire long book performed exceptionally well. The leader was Green Brick Partners (GRBK), which surged from $16.10 to $22.96 per share as strong results caused a significant upward revision to the forecasted earnings trajectory of the company. Brighthouse Financial (BHF) recovered part of its earlier decline, advancing from $26.91 to $36.21 as the yield curve steepened and value stocks did better. AerCap Holdings (AER) bounced from $25.19 to $45.58 following enthusiasm that the COVID-19 vaccines will lead to a recovery in air travel.

New positions established earlier in the year, Resideo Technologies (REZI), NCR Corporation (NCR), Change Healthcare (CHNG) and inflation swaps, were also significant contributors.

REZI is a residential HVAC and security business that was spun out of Honeywell in 2018. REZI enjoys strong recurring revenues generated through replacement sales into a base of 150 million homes. However, execution errors and overspending following the spinout caused REZI's margins to plummet. By the time the pandemic struck, REZI was already in the process of implementing a turnaround plan, and we used the sell-off in April to establish a small position at an average entry price of $4.88.

We believe that the new management team is well-equipped to capitalize on the opportunity set in both the core business as well as REZI's low voltage distribution business (ADI). In the most recent quarter, progress made on existing turnaround projects combined with the tailwind of pandemic-driven spending on the home resulted in REZI nearly doubling expected profits and guiding well ahead of consensus for the fourth quarter. We see the potential for this to continue and for earnings to grow from around $2 per share in 2021 to

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

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$3 per share in the coming years. The shares ended the quarter at $21.26 and REZI is now a medium-sized position.

We occasionally invest in private companies. We don't often discuss them because the investments are small and infrequent; we generally consider them only when it's something very promising coming to us from an established relationship. This quarter two of our private investments went public and led to significant gains.

FuboTV (FUBO) is a streaming service that offers a sports-focused "skinny" bundle of TV channels that also includes a variety of news and entertainment content. Essentially, this is the type of package that Apple unsuccessfully tried to assemble for years. While FUBO does not currently achieve the gross margins that Apple reportedly sought, FUBO expects to primarily earn profits on advertising and online sports wagering. Our average effective price (we owned shares and warrants) was $5. The shares surged from the $10 October IPO price to end the year at $28. The huge move brought to light a number of bear cases that we believe misapprehend FUBO's lucrative opportunity in online sports wagering.

The bears contend that the sports wagering market is small and FUBO won't be able to compete with established books like William Hill or Caesars Entertainment. To the extent that sports wagering is a bet on who wins a game and by how much, we agree. However, we perceive the integrated opportunity to be qualitatively different. What if you could bet 1:2 on whether Giannis will make the next free throw, 1:3 on whether Jacob deGrom's next pitch will be a strike or 20:1 that Aaron Judge will homer on the next at bat? One could even bet on whether Tiger will make his next putt or whether Nadal's next serve will be an ace. Suddenly, watching sports goes from being a passive experience to a highly engaging, active one. Higher engagement leads to higher ad revenues and the ability to make other in-app sales to players. We expect the software to launch in 2021, initially for play money and later with the benefit of regulatory licenses for real money. We think the right comparison will be to video gaming companies such as Take-Two Interactive Software or Activision Blizzard rather than other over-the-top (OTT) video providers.

After being introduced to Danimer Scientific (DNMR) in 2014, we invested privately a year ago. DNMR makes Nodax, a biodegradable plastic. Plastics are a global environmental problem, and nobody likes using paper straws. Enter Nodax, which is made by feeding vegetable oil to bacteria and then transforming the fat bacteria into a type of plastic that will decompose even in salt water. The market opportunity is obviously enormous and companies including Pepsi, Walmart and Nestlé have already signed on as customers. At the end of the quarter, DNMR came public by merging with a SPAC, which then soared from $10 to $23.51 per share.

While we have a handful of other promising small private investments, having two successfully go public in a single quarter is a rare occurrence.

One already-public investment that we have never discussed is NeuBase Therapeutics (NBSE), which we invested in a couple years ago at an average price of $3.96. The combination of the frothy environment for companies with large addressable markets and

NBSE's own pre-clinical progress leaves us surprised that NBSE hasn't yet joined the "story stock" party. NBSE is a "platform" company with a technology called PATrOL, which develops highly targeted therapies that increase, decrease or change the protein function of genes. By addressing all of the causal mechanisms underlying rare and common diseases – including cancer – PATrOL consolidates the capabilities of highly-valued gene silencing, gene editing and gene replacement companies in a single unified platform. NBSE's emerging therapies also feature the best precision in engaging misbehaving genes of any technology, which is critical to eliminating "off-target" engagement with healthy genes elsewhere in the genome and to ensuring well-tolerated medicines. The company's laboratory successes over the last couple years suggest that PATrOL could be a breakthrough technology that addresses many types of diseases. Like DNMR, the addressable market is immense. While there is a long path from here to products on the market, NBSE's current market capitalization of less than $200 million prices in little chance of success. We think the risk-reward is asymmetrical. NBSE ended the year at $6.99.

The short portfolio had a difficult quarter and continued to generate losses in a rising market. Last quarter we postulated that the technology bubble had popped and that September 2, 2020 might have been the top of this cycle. We should clarify what we meant, as our language was imprecise. We don't believe that all technology stocks are in a bubble; we believe that a growing number of "story stocks" that have become disconnected from valuation are in a bubble. Nonetheless, the theory that it has popped has proven to be incorrect. The bubble is alive and well, and we covered the bubble basket we had put in place with a moderate loss.

We also managed to sidestep most of the significant second-half rally in Tesla (TSLA), as we adjusted our position ahead of its inclusion in the S&P 500 index. Even so, TSLA was our largest loser in 2020, with most of the losses coming in the first half of the year. TSLA cars are not a fad; if they were, TSLA would sell many more than it does. The fad is in owning TSLA stock. We have quipped before that twice a silly stock price is not twice as silly, it's still just silly. But what about 20 times a silly price? In the 2000 internet bubble, Cisco Systems peaked out at 29 times revenue, which would be a discount to where TSLA now trades.

This begs the question as to why a stock might trade at 20 times a silly price. Of course, there is the possibility that we are just wrong and bad at measuring silliness. But setting that aside, we think that the answer is that certain stocks are held exclusively by valuation-indifferent investors.

In our early training, one of the first concepts we learned is market capitalization, or the share price times the number of shares outstanding. This is what a company is worth in the market today. Valuation analysis means comparing the market capitalization to various indications of value. It might be a comparison to current and future revenues, earnings, cash flows, asset values, etc.

When we speak of valuation-indifferent investors, we mean investors for whom valuation is not part of the process. They either will not, cannot, or choose not to consider valuation as a factor.

Will not: Index funds are the most obvious valuation-indifferent investors. In fact, to the extent a stock is overvalued, index funds are required to buy even more of it. Passive investing has become so prevalent that passive index investors are no longer price-takers, buying at the prevailing price set by active investors engaging in a vigorous effort to determine the correct value, but rather price-makers. Their demand sets the price. From our perspective, price-making rather than price-taking calls into question the entire premise of passive investing.

Cannot: A second group of valuation-indifferent investors are the new masses of retail investors, who simply have no training or competency in valuation. Historically, their influence has been limited by stock-brokers or financial advisors who determine suitability and provide advice. Today, no advice or suitability is needed. Download an app and start trading, commission free. Log onto the app and it will give you a "free" share in a highly speculative stock to get you going. Many in this group think an "expensive" stock is one that trades at $100 a share and a "cheap" stock is one that trades at $5 a share.

Choose not to: A third group of valuation-indifferent investors are professional investors who have decided that valuation is not part of the process. As Howard Marks described in his recent memo "Something of Value," the attitude is to "hold on as long as the thesis is right and the trend is upward." This investor group thinks it's unproductive to consider if the market capitalization exceeds even the best case estimates of the present value of future earnings by an order of magnitude. This goes far beyond buying growth at a reasonable price or even growth at any price. It takes the traditional advice of letting your winners run to its logical extreme.

When the last holder of a stock that has valuation as part of the process exits and the shares are held more or less exclusively by members of those groups, the stock becomes disconnected from fair value.[2] Valuation becomes irrelevant and the stock price itself may as well be a random number. The only point in observing that various money-losing companies, without any proprietary advantage, are trading at valuations that imply they will someday become industry leaders, is to marvel at just how speculative the bubble in disconnected stocks has become.

Many of the favorable dynamics that helped our long portfolio in the fourth quarter led to losses in the short portfolio.

[2] Yes, Wall Street analysts will provide research that purports to support inflated valuations and give "price targets." The key is to understand that price targets follow stocks, rather than lead them. A higher stock price generates higher price targets and a lower stock price generates falling price targets. Wall Street analysts didn't blow the whistle on the internet bubble, and they won't do any different this time around.

We'd be remiss if we didn't give air time in this letter to a fraud – one we had spoken about publicly years ago and whose illegal practices we've enumerated to all who would listen to us, including the SEC.

At the Sohn Investment Conference in 2007, David revealed that we were short The St. Joe Company (JOE), a land development company based in Florida. At the Value Investing Congress in 2010, David presented "If you build it, they won't come," which detailed how a number of JOE's real estate investments were impaired, yet the company's financial statements did not reflect as much. We complained to the SEC. Five years later, the SEC ultimately agreed with our analysis and fined JOE for improper accounting of its real estate assets during the financial crisis. After initially denying our claim, the SEC agreed that David was, upon appeal, entitled to a whistleblower award. The award was remitted to the funds in November 2020.

As slow and inhospitable as the SEC was to our whistleblower claim a decade ago, the situation has become even worse. We are short Assured Guaranty (AGO), based on our original thesis that it has several billion dollars of likely embedded losses on its exposure to Puerto Rico, where it refuses to take accounting reserves. We presented our thesis at the 2018 Sohn Investment Conference.

After our presentation, we learned that Standard & Poor's (S&P) was making a substantial error evaluating AGO's international project financing portfolio. These bonds are not guaranteed by any taxing authority, yet S&P incorrectly assigns a capital charge that implies they have the safety of government guarantees. Were S&P to assign the correct capital charge, we believe it would reveal that AGO could not sustain its current credit rating. We contend that S&P is not following its own rating guidelines. We pointed this out to S&P, who essentially told us to pound sand.

Under Dodd-Frank, the SEC directly supervises rating agencies. So, we complained to the SEC in a detailed letter. The SEC reached out to us to let us know that the letter appeared very compelling and they would take the matter seriously. In fact, they had hired an outside advisor to help with the technical areas of our complaint.

A few months later, the SEC called back to tell us they had reached a "decision point." They had conducted an investigation by requesting information about the company's business in an area that was not at all related to what we were complaining about. Unsurprisingly, they did not find fraud in these unrelated areas, so they would likely close the investigation. We encouraged them to actually look at the subjects we complained about. The SEC has since been silent.

We did not initiate or close out any significant positions during the quarter.

While 2020 represented a historic underperformance of value, the fourth quarter demonstrated that when the headwinds abate, we can achieve attractive results. As we enter the new year, our net long exposure of 64% is higher than it has been in some time. We are positioned for higher inflation, a strong housing market and rising interest rates. If things generally go this way, value stocks should continue their recent outperformance. We are excited to turn the page into 2021.

In December, Will Moller joined us as a research analyst from Azvalor, an international value fund based in Madrid. Previously, Will was a fund of funds portfolio manager at Rock Maple and before that, a research analyst focused on fundamental managers at Northern Trust. Will began his career in 2006 as an analyst at the boutique investment bank Benedetto, Gartland & Company. He earned his M.B.A. from Columbia Business School, where he attended the Value Investing Program. Welcome, Will!

We capped off the quarter with the arrival of another Green(e)light baby. Harry Greene and his wife Debbie welcomed Genevieve Rose Greene in December. Baby Gigi already knows how to make an entrance, as her arrival coincided with the first winter nor'easter. Congratulations to the Greene family!

Next week our annual partner dinner will be a virtual partner meeting. While it's not the same as having it in person, and some may miss the food (you are welcome to defrost your own pigs in a blanket), we hope to see you all again next year.

At quarter-end, the largest disclosed long positions in the Partnerships were AerCap, Atlas Air Worldwide, Brighthouse Financial, Change Healthcare and Green Brick Partners. The Partnerships had an average exposure of 134% long and 70% short.

"And there's reason to believe maybe this year will be better than the last."

– Counting Crows

Best Regards,

Greenlight Capital

Greenlight Capital, Inc.

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All figures are unaudited. Greenlight does not undertake to update any information contained herein as a result of audit adjustments or other corrections. Past performance is not indicative of future results. An investor's actual returns may differ from the returns presented due to several factors, including the timing of each investor's capital activity and the applicable incentive allocation rate, which may be 10% or 20% depending on whether such investor is below such investor's modified high water mark. Each investor will receive individual statements showing returns from the 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 excludes "macro" positions, which may include, but are not limited to, government debt, currencies, commodities, credit default swaps, interest rate swaps, volatility indexes, credit indexes and derivatives on any of these instruments. However, equity indexes and derivatives on such instruments are included in long/short exposure. The largest disclosed long positions represent individual issuers to which the Partnerships have the highest exposure. Greenlight, in its discretion, may exclude from this list any position that has not been disclosed but would otherwise be included, and instead include the Partnerships' next largest position. Weightings, exposure, attribution and performance contribution information reflects 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 Investors, LP, and Greenlight Capital Offshore Investors, Ltd. (excluding any gold backing) and are the result of classifications and assumptions made in the sole judgment of Greenlight. All exposure calculations include the impact of month-end redemptions and subscriptions as of the first day of the following month.

The fund terms, performance returns, and portfolio characteristics reflected in this document are not indicative of future returns or portfolio characteristics and do not modify the terms of the funds as detailed in each fund's confidential offering memorandum.

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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