CORSAIR CAPITAL

April 23, 2015

Dear Limited Partner:

For the first quarter ended March 31, 2015, Corsair Capital was up an estimated 3.1%* net, after all fees and expenses. Corsair Select was up an estimated 6.1%* net, after all fees and expenses. Since inception in January 1991, Corsair Capital's compounded net annual return is 13.8%. Since inception in January 2004, Corsair Select's compounded net annual return is 13.6%.

	Corsair Capital (net)	HFRI - EHI**	S&P 500	Russell 2000
1Q15 return	3.1%	2.3%	1.0%	4.3%
Annualized since inception (1991)	13.8%	12.1%	10.1%	11.2%
Total return since inception (1991)	2208%	1507%	935%	1225%

	Corsair Select (net)	HFRI - EHI**	S&P 500	Russell 2000
1Q15 return	6.1%	2.3%	1.0%	4.3%
Annualized since inception (2004)	13.6%	5.0%	7.9%	8.9%
Total return since inception (2004)	320.8%	73.8%	134.5%	160.7%

As we started the year, deflation seemed to be on everyone's mind. While sports fans debated deflated footballs used by the New England Patriots, global investors were worried about deflation caused by sputtering economies and the continued austerity measures required by many governments to bring their national budget deficits under control. Greece remained the poster child for these countries/governments and when the upstart Syriza Party won control of its parliament, investors remained gloomy about the ramifications of a Greek exit from the European Union.

In the U.S., investors' eyes once again turned to Janet Yellen and when the Fed might lift interest rates. In February, the Fed cited that "the employment situation in the United States has been improving on many dimensions." Furthermore, parsing her words in a manner which would make her predecessors proud, Ms. Yellen said, "conditions have improved to the point where it will soon be the case that a change in the target range could be

**Unless otherwise noted, performance figures included herein (which include the reinvestment of dividends, capital gains and other earnings) are for Corsair Capital Partners, L.P. ("Corsair Capital") or Corsair Select, L.P. ("Corsair Select"), as indicated. The figures for each such fund are based on an investment made as of the inception of such fund, are calculated net of such fund's fees and expenses, are based on unaudited data, and may be subject to adjustment. Additionally, the figures for each fund are calculated using the highest management fee per annum rate generally offered by such fund at the time – for Corsair Capital, a 1.00% rate through May 2002, a 1.25% rate from May 2002 through 2009, and a 1.50% rate commencing January 2010; and for Corsair Select, a 2.00% rate since inception. Although the portfolios of the other funds within the Corsair Capital "family" and the Corsair Select "family" have been substantially similar to either Corsair Capital or Corsair Select, as applicable, the actual returns of such other funds have varied. Also, results for individual investors within a particular fund managed by Corsair Capital Management, LLC ("Corsair") or its affiliates have varied based on, among other things, the applicable fee rate and the timing of capital contributions and redemptions/withdrawals. For additional important disclosures regarding this letter, please see the last page of this letter.*
*** Hedge Fund Research, Inc. - Equity Hedge (Total) Index*

This letter is not a research report or recommendation to buy or sell the securities mentioned herein. The examples herein are illustrations of ways in which Corsair and its affiliates have examined or may examine opportunities. Additionally such examples do not represent Corsair Capital's entire portfolio and in the aggregate may represent only a small percentage of Corsair Capital's portfolio holdings. Corsair and its affiliates may, at any time, buy or sell any of the securities mentioned in this letter and may change its long or short position at any time without providing any notification of such changes. It should not be assumed that any trading activities pursued either now or in the future will be profitable. Such activities may in fact result in losses.

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warranted at any meeting." As such, most market participants thought the Fed would begin to raise rates at its June meeting.

European investors turned optimistic, however, as European Central Bank President, Mario Draghi, made official that the ECB would commence a massive quantitative easing program to buy 1 trillion euros worth of bonds by September 2016. This massive printing of euros, combined with the expectation of a near-term rise in U.S. interest rates, accelerated the decline in the value of the euro vs. the dollar. As what happened when Japan similarly moved to devalue the yen, investors bid stocks up as they assumed this would make European companies more competitive and stimulate their economy. Since last summer the euro has now fallen some 25% versus the dollar and European interest rates are at new lows. Short-term interest rates are negative in many European countries and, incredibly (to any classically-trained economist), are negative for bonds with maturities as long as 10 years in Switzerland!

For U.S. equity investors the European QE program seems to be a mixed blessing. On the one hand, U.S. companies' earnings from overseas are worth fewer dollars and they also now face competitors with newly lowered cost structures. On the other hand, since overseas bond investors in the search of yield are being practically forced to buy U.S. denominated bonds, interest rates are near historical lows here as well. This, in turn, means the earnings multiple put on each dollar of earnings should be worth much more than in the past (as we have discussed in recent quarterly investor letters).

In this environment investors are ideally hoping to find companies that are U.S-centric (so none of their earnings are repatriated at ever lower exchange rates) and which should be worth a higher earnings multiple due to the low interest rate environment. This is one explanation for the outperformance by the Russell 2000 Index versus the Standard & Poors 500 Index so far this year as these smaller companies naturally have less international exposure. In a similar vein, given Corsair's focus on small and mid-capitalization stocks, we should be helped by this tailwind. Of course, we also expect to be helped by the efforts of our activist CEOs who are trying to create shareholder value by undertaking strategic change.

Portfolio Update

The largest contributors/detractors to our performance during the first quarter were as follows:

Orbital Sciences ('ORB'), a new position for Corsair, rose 28% in the quarter as the company completed its merger with Alliant Techsystems ('ATK') and presented the market with its operational and financial goals as a new company. The firm has been renamed Orbital ATK ('OA'). Please refer to the appendix of this letter for a detailed summary of this new investment. OA closed the quarter at $76.61 per share.

Ryman Hospitality Properties ('RHP') climbed from $52.74 to $60.91 during the quarter. As we noted in some of our 2014 letters, RHP continues to reap the benefits of its transformation from a C-corp. to a REIT and the sale of its hotel management rights to Marriott. During the quarter, the company announced strong 2014 results and 2015 guidance. As well, the company raised its dividend by 18%, exceeding expectations, reflecting the strength of its business. As the valuation gap between RHP and its peers continues to narrow, we believe investors are starting to focus on what we see; a premium business, a solid balance sheet, and a management team focused on creating shareholder value. Therefore, RHP should merit a premium multiple as well.

Kindred Healthcare, Inc. ("KND") rose 31% in the first quarter. KND is a leading operator of long-term acute care, rehabilitation and nursing centers across the U.S. During the quarter, the company completed a transformational transaction–the acquisition of Gentiva Healthcare, making KND the largest post-acute provider in the country with over 100,000 healthcare employees. We believe the "new" KND is a stronger, more diverse company which, assuming synergies should generate normalized free cash flow of $3/share. The market had three primary reservations about the deal: 1) financing terms, 2) synergy estimates and 3) diversification, as Gentiva operates home healthcare vs. KND's history of operating in-facility. We saw something different: 1) the financing would be completed at reasonable terms, 2) KND had a long track record of materially exceeding initial synergy estimates and 3) diversification into home healthcare is a positive, not a negative. While sentiment has improved since the February closing, we still believe KND should trade at 10-12x normalized FCF or between $30-36/share. KND closed the quarter at $23.79.

CommScope ("COMM") rose 25% in the quarter. The outperformance was driven by the announcement in January that the company will merge with competitor TE Connectivity's ("TEL") Telecom, Enterprise and Wireless businesses by year-end 2015. This transformational combination will diversify COMM's revenue from both a geographical and a cyclical perspective, provide significant synergy opportunities, and should be more than 20% accretive to COMM's adjusted earnings per share in year 1 alone. We believe that pro forma free cash flow could ramp to $4.00 per share in 2017 and that the company could rapidly de-lever its balance sheet to 2.5x Net Debt/EBITDA by 2017 (from 4.5x today). Our view is that the stock will experience a re-rating of its multiple when the merger closes and as it executes its plan of capturing synergies and paying down debt. Valuing COMM at 12x 2016 EBITDA less CapEx (the peer average), we get a valuation of $50 per share. COMM stock ended the quarter at $28.54.

IAC Corp. ("IACI"), featured in the Appendix of our Q3 2014 investor letter, gained 11% in the quarter as the company reported a reacceleration of subscriber growth at Match.com in January, reaffirmed its goal of achieving Match Group EBITDA of $500 million in 2016 and revealed that monthly active users of Tinder, a free mobile dating application, had tripled in 2014. Additionally, the company rolled out its new TinderPlus mobile application, offering paid subscribers enhanced features on top of the free version. We expect Tinder to generate significant revenue and EBITDA by 2016 from layering advertising onto the free version of Tinder and through paid subscriptions to TinderPlus. We believe IACI is worth over $100 per share and continue to expect Chairman Barry Diller, as his history suggests, to spin-off the Match Group to unlock shareholder value. IACI closed the quarter trading at a price of $67.47 per share.

Republic Airways ("RJET") fell 6% in the quarter, driven down by disappointing earnings guidance for 2015 as a result of an acceleration in the maintenance schedules on a significant number of the company's engines. Despite the maintenance spend being significantly higher than expectations, management affirmed that the company's multi-year margin projections and earnings trajectory had not changed. Upon further investigation to reconcile the two data points, it seems clear that the profit margin on the 60 new jets being delivered to RJET over the next 2 years is also significantly higher than analysts expected. Management also revealed that serious negotiations with the pilots' union have resumed. While 2015 appears to be a transition year for the company, the multi-year earnings ramp we expect has become even more visible. We estimate that RJET cash earnings will have step-function growth in 2016 to $2.75 per share and that the company will earn more than $3.00 in Cash EPS as early as 2017. RJET stock ended the first quarter at a price of $13.75 per share.

As of April 1, 2015, the five largest positions in Corsair Select were KAR Auction Services, Orbital ATK, Republic Airways, Ryman Hospitality Properties and Voya Financial Inc.

As always, thank you for your continued support and confidence. As referenced above, see the attached Appendix for a write-up of Orbital ATK. Please feel free to call us with any questions you may have at 212-949-3000.

Sincerely,

Corsair Capital Management, L.P.

Appendix – Orbital ATK ("OA" – $75)

OA is a leading U.S. aerospace and defense firm with a 50-year history of supplying high quality systems and services to both government and commercial customers. OA is a new stock, the result of a transformational merger that we believe will reward shareholders with material revenue and cost synergies and increasing free cash flows. The combined business has tailwinds and management has promised shareholder friendly capital allocation. We expect cash earnings per share to grow by more than 50% by 2017, and believe OA could trade to $125 per share. Ultimately, OA has the potential to be a takeover candidate as the defense industry experiences a period of consolidation, leading to further upside.

Transformational Merger

In April 2014, Orbital Sciences ("ORB") and Alliant Techsystems ("ATK") announced an agreement to merge ORB with ATK's Aerospace and Defense businesses, while simultaneously executing the spinoff of ATK's Sporting Group division. Given the complex structure of the deal and a general affinity by investors for spinoffs, sell-side analysts focused on the Vista Outdoor ("VSTO") spin and ignored the new Orbital ATK.

The transaction, which closed in February, created a firm with more than $4.5 billion in annual revenue, selling rocket propulsion vehicles, missile defense systems, ammunition, space launch structures, and satellites to both government and commercial customers including the Department of Defense, NASA, the Missile Defense Agency, satellite owner/operators and other aerospace and defense companies. The combination has vertically integrated OA, creating the low cost player in the industry.

"There are compelling operational and financial synergies that can be realized from year one, allowing us to achieve faster growth and lower cost in ways that benefit both our customers and our investors."–CEO David Thompson

The company stated that it expects 4%-5% top line growth and several hundred basis points of improved margin over the next 3 years, largely driven by revenue and cost synergies, and we believe management's guidance could prove to be conservative. OA will share some of the cost savings with its customers, allowing for more competitive bids but at the same time higher margins for OA, driving more project awards and revenue increases in a virtuous circle. OA also believes the merger will be accretive to the firm technologically as collaboration between the two companies drives more innovation. These factors should add up to more contract awards over the next several years and at the same time drive margins higher.

It is also important to highlight that there are organic revenue tailwinds in OA's end markets. Despite ongoing budget concerns at the U.S. Department of Defense, both space exploration spend by NASA and advanced weapons and propulsion systems spend by the Missile Defense Agency are expected to increase in the coming years. Additionally, commercial satellite owner/operators such as Intelsat ("I"), Eutelsat ("ETL FP"), and SES ("SESG FP"), are all expecting to increase capex spend driven by growth in their businesses and a replacement cycle.

The general perception that defense budgets are shrinking has distracted investors from the reality that OA's specific end markets are actually expanding their budgets and that revenues should grow mid-single digits over the next few years. Additionally, the market was blinded by an OA failed space launch that turned out to be the fault of a supplier. Since the failure, OA has replaced the supplier and signed multiple new contracts with NASA, giving us confidence the incident is behind them. Therefore, despite the market's misperceptions of the company's prospects, our view is that OA's accelerating top line combined with cost cuts will drive significant free cash flow growth in the near and medium term.

Balance Sheet and Capital Allocation

"We expect robust cash flow generation over the next several years and have put a plan in place that will enable us to return significant value to shareholders while continuing to invest in our business to propel future growth."–CEO David Thompson

Aware of the ramping EBITDA and free cash flow at OA, CEO David Thompson has no plans of materially paying down the 2x net leverage the company has on its balance sheet. Therefore, OA announced a $75 million share repurchase program for the remainder of 2015 (1.7% of the market cap) and a $1.04 per share annual dividend (1.4% dividend yield). Our expectation is that the buyback and dividend programs will grow significantly in 2016 and 2017 as the company executes on integration and free cash flow ramps. We estimate that OA could repurchase $500 million worth of stock (11% of the market cap) in 2016 and 2017. Alternatively, the company has not ruled out another highly accretive M&A deal if the opportunity were to present itself.

Valuation

"This combination will benefit shareholders in both the short term and long term, by unlocking substantial immediate value and also by achieving sustainable, profitable growth for years to come."–CEO David Thompson

Our view is that OA will grow cash EPS from $4.50 in 2014 to $6.50 in 2016 and more than $7.00 in 2017, driven by organic revenue growth, synergies, and share repurchases. We believe that as the company executes over the next few quarters, reports higher synergies than originally expected, and continues to increase its buybacks and dividends, the multiple will expand to a level more in-line with its aerospace and defense peers. At a 15x multiple of our cash EPS estimate for 2016 (comparable companies are trading at multiples in the mid-to-high teens), we get a stock price of ~$100 per share. However, we expect that investors will see a path to more than $7.00 of cash EPS and could value OA stock at $125.