

GABRIEL CAPITAL GROUP

450 Park Avenue
New York, NY 10022
TELEPHONE 212 838-7200
FACSIMILE 212 838-9603

December 18, 2008

Dear Shareholder,

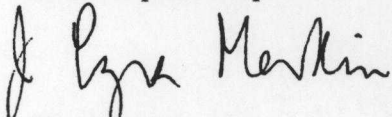
We have spoken with many of you, and will try to speak with as many more of you as we possibly can over the coming days and weeks. It is difficult to express the anguish we share with you over the losses we have suffered as a result of the fraud committed by Bernard Madoff. To quantify it, our estimated year-to-date performance as of November 30th is now (39%), restated to accrue the loss related to the Madoff managed account and assuming there will be no recovery on the Madoff assets.

In light of the fraud's devastating impact on our portfolio and, in particular, on our liquidity, we believe our only realistic option is to wind down Ariel Fund Limited and engage in an orderly disposition of its portfolio positions. This process will likely take several years to complete since many of the remaining assets are illiquid investments. We will distribute proceeds as the assets are realized, and in order to treat all shareholders fairly and equally, the Board of Directors has determined to suspend the determination of the net asset value of the shares and all redemption rights (including pending redemption requests). A copy of the letter from the Board of Directors is attached hereto as Exhibit A.

During the wind-down period, the Investment Manager will receive no management fee or incentive fee. The fund will continue to pay its expenses, and certain direct expenses and overhead of the Investment Manager. We will regularly report to you regarding the liquidation of the fund's portfolio, and provide you as much transparency as is practicable. On a periodic basis, we will determine if cash is available for distribution and will notify you of the amount and timing of such distribution. The fund will not take on new risk, but may hedge existing positions if we believe that it will be beneficial in preserving the value of a position.

We all, in common with so many people we know, have lost unimaginable amounts as a result of this massive fraud. We are all suffering deep wounds, emotional as well as financial, and they are exceedingly painful. We are truly sorry that we have all been victimized. We cannot turn back the clock to avoid this debacle, but please be assured that we will actively pursue all available avenues of legal redress to seek to recover the losses resulting from the Madoff fraud.

Very truly yours,
Gabriel Capital Corp.


J. Ezra Merkin
President

Ariel Fund Limited
c/o Fortis Prime Fund Solutions (Cayman) Limited
P.O. Box 2003
Grand Pavilion Commercial Centre
802 West Bay Road
Grand Cayman, Cayman Islands KY1-1104

December 18, 2008

Dear Shareholder,

Pursuant to the powers vested in them under article 38(2) of the articles of association of Ariel Fund Limited (the "Fund") and based upon the circumstances set forth in the letter to shareholders from Gabriel Capital Corporation, the investment advisor of the Fund ("Gabriel Capital"), the board of directors of the Fund has determined to suspend the determination of the net asset value of the Fund's participating shares with immediate effect. As a consequence, the right of all shareholders to redeem their participating shares is similarly suspended. This means that pending redemption requests for the redemption date falling on 31 December 2008 will not be processed by the Fund.

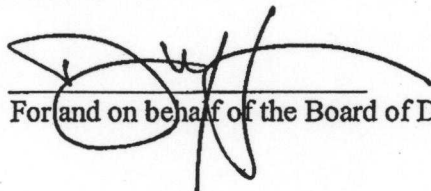
In addition, Gabriel Capital has advised the board of directors that it does not consider it feasible to continue with the Fund's investment program and that it recommends that the Fund be wound down. The board of directors is consulting with its legal advisers and Gabriel Capital on the best way to achieve this objective in a way which treats all shareholders fairly and maximizes the return, if any, they will receive. The board of directors will notify you promptly of any developments in this regard.

Please refer any questions on this correspondence to Mike Autera at (212) 838-7200.

Sincerely,

Ariel Fund Limited

By:



For (and on behalf) of the Board of Directors