

The logo for Level Global, consisting of the word "LEVEL" in white, uppercase, sans-serif font, centered within a dark blue square.

February 11, 2011

Dear Investor:

I am writing to share with you my decision to begin an orderly process of winding down Level Global Investors, L.P. In the coming weeks, we will liquidate the Funds and return cash to investors. This was obviously a very difficult and painful personal decision for me, but one that I would not have made unless I was absolutely certain that it was in the best interests of our investors.

We launched Level Global in 2003 with the goal of creating an institutional-quality asset management business that consistently delivered high quality, uncorrelated, risk-adjusted returns with an emphasis on generating alpha rather than simply tracking the market. We wanted to create a true hedge fund, by picking stocks and expressing risk on both sides of the balance sheet without bias. Level Global achieved that vision. When others zigged, we zagged, generating an uncorrelated revenue stream that consistently differentiated us. In fact, this unique approach enabled us to do some of our best work under some of the most difficult and challenging market conditions. As of December 31, 2010, Level Global's net return since inception was 88.9% compared to 27% for the S&P 500 over the same period, while the Fund's annualized return was 9% compared to just 3.3% for the S&P. This was all accomplished while the Fund's net equity exposure from inception through December 31, 2010 was short 3% (-3%).

Since the founding of Level Global, meeting our fiduciary responsibility to investors has been our top priority. It has guided our approach to investing and to building our exceptional staff. One of the best examples of this commitment was our heavy investment in all facets of our business. We believe that our technology platform is a truly innovative portfolio management system that, among many things, demonstrates our emphasis on process transparency.

Adapting to the challenges presented following the unprecedented meltdown in the financial markets in 2008 was another example of our desire to structure a fundamentally different relationship with our investors. With these new market dynamics, we made the decision to change our terms by eliminating gates and improving liquidity terms.

Unfortunately, the ongoing Government investigation presents significant challenges to maintaining our collective focus. As we have communicated to you previously, Level Global is not a target of the Government's investigation, nor has the firm been alleged to have engaged in any misconduct. That status has not changed.

We have also communicated to you that we were working with outside legal advisors to perform an independent review of our electronic communications and technology-related trading records, and to conduct a series of interviews. To that end, we granted external legal counsel unfettered access to our records and placed no limitations on the scope or depth of their inquiry. After learning the results of their in-depth review, I remain highly confident that my conduct in leading the firm and its investment process was lawful and ethical at all times.

Nevertheless, the Government has commenced what may be a lengthy inquiry with no set timeline. This process, even when it leads to the positive outcome that counsel expects, nonetheless threatens to undermine our ability to meet our fiduciary responsibility to our investors. With the continuing cloud of uncertainty, we understand why investors might elect to redeem in the current environment. Our move to substantially more liquid terms for investors means that approximately 75% of our capital is eligible to leave on the next redemption date, March 31, and 100% will be eligible on June 30. We simply would not be able to run Level Global in a manner meeting our high standards if our capital base were to be significantly reduced. In addition, irrespective of whether there are high levels of redemptions, the persistent threat of capital leaving the Funds would prevent us from taking risk and investing with conviction the way we always have.

So, while we may be able to continue to operate Level Global, without the appropriate scale and ability to invest with the same strategy, it would not be the business we promised to our investors. With that in mind, and embracing our fiduciary responsibility, we have decided to wind down Level Global on our own terms and do it in a way that best protects our investors. To that end, since the start of the Government's investigation we have substantially reduced our gross exposure.

Assuming normal market conditions, we expect to fully liquidate the Funds' portfolios by March 31 and to distribute redemption proceeds in accordance with the redemption payment provisions of the offering documents. To be clear, my colleagues at Level and I will keep our personal money in the Funds until final liquidation has been completed and all redemptions have been properly handled. The Funds and Investment Manager will waive any early redemption fees and penalties. Additional details regarding the wind-down of the Funds will be provided in a subsequent communication.

I am proud of what we have built during the last eight years and the performance we have achieved, even as we adapted to challenging market conditions. We have never wavered from our commitment to transparency and our singular focus on investors. I wouldn't change the decisions we made along the way. Then, as now, we have put our investors' interests first and remained true to our core principals of taking risk, managing

risk, conducting ourselves with integrity, and above all, communicating openly and transparently.

I am also extremely proud of the 61 members of the Level Global team who are among the most dedicated and talented professionals in the business. To their credit, not one member of our investment team or our professional staff has left during this period of uncertainty. I am grateful for the loyalty and confidence they have placed in me and our organization.

Finally, I want to say that it has been a privilege to manage your money and to have earned your trust and confidence. I thank you for your patience and support over the years, and particularly during this very challenging period. I understand that you too have a fiduciary responsibility to your investors. For those of you who have decided to redeem some or all of your capital, I appreciate your patience while making a very complicated and difficult decision. And for those who have been sticking with us, I am grateful for your support under the most extraordinary of circumstances.

Sincerely,

David Ganek

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