



THE GDL FUND

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**DIVIDEND RATE ANNOUNCEMENT  
SERIES B PREFERRED SHARES**

FOR IMMEDIATE RELEASE

Rye, New York  
January 23, 2015

NYSE - GDL PrB  
CUSIP - 361570302

**THE GDL FUND**

**SERIES B CUMULATIVE PUTTABLE AND CALLABLE PREFERRED SHARES  
DIVIDEND RATE SET AT 3.00%**

**Rye, NY** -- The Board of Trustees of The GDL Fund (NYSE:GDL) (the "Fund") has reaffirmed the annual dividend rate of 3.00% for the Series B Preferred Shares, effective for the future distributions through the maturity date of this seven year preferred.

The annual dividend rate of 3.00% remains consistent with the current annual dividend rate and was determined based on current market conditions for debt securities of similar maturity issued by a U.S. corporation and rated A by at least one rating agency, subject to a minimum annual rate of 3.00%, in accordance with the terms of the Series B Preferred Shares. During the 30 day period prior to March 26, 2015 shareholders may put any or all of their Series B Preferred Shares to the Fund at the liquidation preference plus any accumulated and unpaid dividends.

The dividend payment on March 26, 2015 remains \$0.375 per share.

Accordingly, the Series B Preferred Shares, which trade on the New York Stock Exchange under the symbol "GDL Pr B", will have an annual dividend rate of \$1.50 per share (which equates to \$0.375 per share on a quarterly basis) for the twelve dividend periods ending on or prior to March 26, 2018. The Series B Preferred Shares were issued on April 15, 2011 at \$50.00 per share and pay distributions quarterly. The first dividend payment at the reset annual rate will be payable on June 26, 2015.

The Series B Preferred Shares may be redeemed at any time by the Fund with 30 to 60 days prior notice at the liquidation preference of \$50.00 per share plus any accumulated and unpaid dividends.

A portion of a distribution may be treated as qualified dividend income for individuals, subject to the maximum federal income tax rate, which is currently 20% in taxable accounts for individuals. Short-term capital gains, qualified dividend income, and ordinary income, if any, will be allocated on a pro-rata basis to all distributions to preferred shareholders for the year. The final determination of the sources of all distributions in 2015 will be made after year end and can vary from the quarterly estimates. A 3.8% Medicare surcharge is imposed on the "net investment income" of certain individuals whose income exceeds certain threshold amounts, and of certain trusts and estates under similar rules. Net investment income generally includes for this purpose dividends, including any capital gain dividends paid by the Fund, and net capital gains, if any, recognized on the sale or exchange of the Series B Preferred Shares. All shareholders with taxable accounts will receive written notification regarding the components and tax treatment for all 2015 distributions in early 2016 via Form 1099-DIV.

The GDL Fund is a non-diversified, closed-end management investment company with \$381 million in total net assets whose investment objective is to achieve absolute returns in various market conditions without excessive risk of capital. The Fund is managed by Gabelli Funds, LLC, a subsidiary of GAMCO Investors, Inc. (NYSE:GBL), which is a publicly traded NYSE listed company.