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# The GDL Fund

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## **DIVIDEND RATE ANNOUNCEMENT SERIES B PREFERRED SHARES**

FOR IMMEDIATE RELEASE  
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NYSE – GDL PrB  
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### **THE GDL FUND RESETS DIVIDEND RATE FOR ITS SERIES B CUMULATIVE PUTTABLE AND CALLABLE PREFERRED SHARES**

**Rye, NY** -- The Board of Trustees of The GDL Fund (NYSE:GDL) (the “Fund”) has determined to reset the annual dividend rate to 3.00% for the Series B Preferred Shares, effective for the four dividend periods after March 26, 2012.

The annual dividend rate of 3.00% was determined based on current market conditions for debt securities issued by a U.S. corporation and rated A by at least one rating agency, subject to a minimum annual rate of 3.00% according to the terms of the original offering. The rate will be reset again and publicly announced at least 60 days prior to March 26, 2013 for the eight dividend periods ending March 26, 2015, and at least 60 days prior to March 26, 2015 for all remaining dividend periods prior to the mandatory redemption date of March 26, 2018. During the 30 day periods prior to March 26, 2013 and 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.

Each reset dividend rate will be determined by the Board of Trustees of the Fund or a committee thereof in its sole discretion at a rate not less than 3.00% per year (\$0.375 per share per dividend period) and not greater than the annualized yield observed at or about the time of the reset process by the Fund for any issuance of a bond of a U.S. corporation rated A by at least one rating agency.

The dividend payment on March 26, 2012 remains \$0.875 per share. The first dividend payment at the 3.00% annual rate (\$0.375 per share) will be payable on June 26, 2012.

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 four dividend periods ending on or prior to March 26, 2013. The Series B Preferred Shares were issued on April 15, 2011 at \$50.00 per share and pay distributions quarterly. The Series B Preferred Shares may be

redeemed 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 at any time on or after March 26, 2014.

A portion of the distribution may be treated as qualified dividend income for individuals, subject to the maximum federal income tax rate, which is currently 15% 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 2012 will be made after year end and can vary from the quarterly estimates. All shareholders with taxable accounts will receive written notification regarding the components and tax treatment for all 2012 distributions in early 2013 via Form 1099-DIV.

The GDL Fund is a non-diversified, closed-end management investment company with \$442 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.