



**ATTENTION: IMPORTANT TAX INFORMATION!**  
**2012 DISTRIBUTION ALLOCATIONS**  
**Series B Cumulative Puttable and Callable Preferred Shares**

To All Shareholders:

Set forth below is the allocation of net investment income, short-term capital gains and long-term capital gains for the 2012 distributions of the Series B Cumulative Puttable and Callable Preferred Shares of **The GDL Fund**.

Please contact David Schachter at (914) 921-5070 with any inquiries.

**\$ PER SHARE**

	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL
Record Date	03/19/12	06/19/12	09/19/12	12/18/12	
Payment Date	03/26/12	06/26/12	09/26/12	12/26/12	
<b>SOURCE</b>					
Net Investment Income (a)	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Short-Term Capital Gains (a)	\$0.8750	\$0.3750	\$0.3750	\$0.3750	\$2.0000
Long-Term Capital Gains (b)	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
<b>TOTAL</b>	<b>\$0.8750</b>	<b>\$0.3750</b>	<b>\$0.3750</b>	<b>\$0.3750</b>	<b>\$2.0000</b>

**PERCENTAGES**

<b>SOURCE</b>	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL
Net Investment Income (a)	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Short-Term Capital Gains (a)	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%
Long-Term Capital Gains (b)	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
<b>TOTAL</b>	<b>100.0000%</b>	<b>100.0000%</b>	<b>100.0000%</b>	<b>100.0000%</b>	<b>100.0000%</b>

Ordinary Dividends and Capital Gains:

27.03% of the ordinary income (net investment income and short-term capital gains) paid by the Fund in 2012 was classified as "Qualified Dividends" subject to a maximum Federal tax rate of 15% for individual taxable accounts (or zero depending on an individual's tax bracket). Ordinary income is reported in box 1a and qualified income is reported in box 1b of Form 1099-DIV. Capital gain distributions are subject to a maximum Federal tax rate of 15% for individual taxable accounts (or zero depending on an individual's tax bracket). Capital gain distributions are reported in box 2a of Form 1099-DIV.

Corporate Dividends Received Deduction and U.S. Government Securities Income:

The percentage of the ordinary income paid by the Fund in 2012 that qualifies for the dividends received deduction available to corporations is 15.85%. The percentage of the ordinary income paid by the Fund in 2012 that was derived from U.S. Government Securities was 0.00%. The percentage of U.S. Government Securities held by the Fund as of December 31, 2012 was 55.68%. (c)

- (a) Distributions from net investment income and short-term capital gains are taxable as ordinary income and will appear on Form 1099-DIV under Total ordinary dividends in box 1a.
- (b) Taxable as long-term capital gains reportable in column (h), line 13 on Form 1040, Schedule D. Since there were no retained capital gains in 2012, Form 2439 will not be necessary.
- (c) Certain states require that 50% of the Fund's portfolio be invested in U.S. Government Securities at the end of each calendar quarter to allow "pass-through" treatment of income derived from U.S. Government Securities. The Fund did not meet this strict requirement in 2012.