



GABELLI  
FUNDS

THE GDL FUND

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**DIVIDEND NOTICE  
SERIES B PREFERRED SHARES**

FOR IMMEDIATE RELEASE  
Rye, New York  
February 28, 2013

NYSE – GDL PrB  
CUSIP – 361570302

**THE GDL FUND  
DECLARES \$0.375 QUARTERLY DIVIDEND FOR ITS  
SERIES B CUMULATIVE PUTTABLE AND CALLABLE PREFERRED SHARES**

**Rye, NY** -- The Board of Trustees of The GDL Fund (NYSE:GDL) (the "Fund") declared a \$0.375 per share cash distribution payable on March 26, 2013 to Series B preferred shareholders of record on March 19, 2013.

The Board of Trustees of the Fund has determined that the Series B Preferred Shares will have an annual dividend rate of 3.00% effective for the eight dividend periods after March 26, 2013 and ending on or prior to March 26, 2015. The Series B Preferred Shares, which trade on the New York Stock Exchange under the symbol "GDL Pr B", were issued on April 15, 2011 at \$50.00 per share and pay distributions quarterly. The Series B Preferred Shares will have an annual dividend rate of \$1.50 per share (which equates to \$0.375 per share on a quarterly basis) for the eight dividend periods ending on or prior to March 26, 2015.

The annual dividend rate will be reset again and publicly announced at least 60 days prior to March 26, 2015 for all remaining dividend periods prior to the mandatory redemption date of March 26, 2018. 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 and not greater than the annualized yield observed at or about the time of the reset process by the Fund for any issuance of debt securities issued by a U.S. corporation and rated A by at least one rating agency according to the terms of the original offering.

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. 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.

All or part of the 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. In addition, for taxable years beginning on or after January 1, 2013, certain U.S.

shareholders who are individuals, estates or trusts and whose income exceeds certain thresholds will be required to pay a 3.8% Medicare tax on their "net investment income", which includes dividends received from the Fund and capital gains from the sale or other disposition of shares of the Fund.

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. Based on the accounting records of the Fund as of February 13, 2013, the current distribution to preferred shareholders would include approximately 69% from net investment income and 31% from net capital gains on a book basis. The estimated components of each distribution are updated and provided to shareholders of record in a notice accompanying the distribution and are available on our website ([www.gabelli.com](http://www.gabelli.com)). The final determination of the sources of all distributions in 2013 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 2013 distributions in early 2014 via Form 1099-DIV.

The GDL Fund is a non-diversified, closed-end management investment company with \$427 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.