DOW CHEMICAL CO /DE/
Form 424B5
May 11, 2009
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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-140859

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
7.60% Notes due 2014	$1,750,000,000	$ 97,650
8.55% Notes due 2019	$3,250,000,000	$181,350
9.40% Notes due 2039	$1,000,000,000	$ 55,800

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933. The total registration fee due for this offering is $334,800.

PROSPECTUS SUPPLEMENT

(To Prospectus dated February 23, 2007)

$6,000,000,000

The Dow Chemical Company

$1,750,000,000 7.60% Notes due 2014

$3,250,000,000 8.55% Notes due 2019

$1,000,000,000 9.40% Notes due 2039

The notes due 2014 will bear interest at the rate of 7.60% per year, the notes due 2019 will bear interest at the rate of 8.55% per year and the notes due 2039 will bear interest at the rate of 9.40% per year. The interest rate on the notes may be adjusted under the circumstances described in this prospectus supplement under Description of the Notes Interest Rate Adjustment. Interest on the notes will be payable on May 15 and November 15 of each year, beginning November 15, 2009. The notes due 2014 will mature on May 15, 2014, the notes due 2019 will mature on May 15, 2019 and the notes due 2039 will mature on May 15, 2039. We may redeem the notes at our option, at any time in whole, or from time to time in part, at the applicable redemption prices set forth under Description of the Notes Optional Redemption. If we experience a change of

control repurchase event, we may be required to offer to purchase the notes from holders as described under Description of the Notes Repurchase at the Option of Holders Upon Change of Control Repurchase Event.

The notes will be our senior unsecured obligations and will rank equally in right of payment with all of our other senior unsecured indebtedness from time to time outstanding. The notes will be issued only in registered form in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

We are offering all of the notes due 2014, $1,903,032,000 aggregate principal amount of the notes due 2019 and all of the notes due 2039. The selling noteholders named in this prospectus supplement are offering $1,346,968,000 aggregate principal amount of the notes due 2019. We will not receive any proceeds from the sale of notes by the selling noteholders.

Investing in the notes involves risks that are described under Risk Factors beginning on page S-14.

	Per Note due 2014	**Total**	**Per Note due 2019**	**Total**	**Per Note due 2039**	**Total**
Public offering price (1)	99.688%	$ 1,744,540,000	99.794%	$ 3,243,305,000	99.562%	$ 995,620,000
Underwriting discount	0.600%	$ 10,500,000	0.650%	$ 21,125,000	0.875%	$ 8,750,000
Proceeds, before expenses, to us	99.088%	$ 1,734,040,000	99.144%	$ 1,886,742,046	98.687%	$ 986,870,000
Proceeds, before expenses, to the selling noteholders			99.144%	$ 1,335,437,954		

(1) Plus accrued interest from May 13, 2009 if settlement occurs after such date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the notes to purchasers in book-entry form only through The Depository Trust Company for the accounts of its participants, including Clearstream Banking, société anonyme and Euroclear Bank, S.A./N.V. as operator of the Euroclear System, on or about May 13, 2009.

Joint Book-Running Managers

Banc of America Securities LLC **Citi** **HSBC** **Morgan Stanley**

Mizuho Securities USA Inc. **RBS**

(Notes due 2014) **(Notes due 2019)**

Senior Co-Managers

Barclays Capital **Deutsche Bank Securities** **Mitsubishi UFJ Securities**

Co-Managers

Blaylock Robert Van, LLC

Loop Capital Markets, LLC

Utendahl Capital Group, LLC

The Williams Capital Group, L.P.

May 7, 2009.

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You should rely only on the information contained in or incorporated by reference into this prospectus supplement or the accompanying prospectus. Neither we, the selling noteholders, nor the underwriters have authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it.

Neither we, the selling noteholders, nor the underwriters are making an offer of these securities in any jurisdiction where the offer is not permitted.

You should not assume that the information contained or incorporated by reference into this prospectus supplement or the accompanying prospectus is accurate as of any date other than the dates on the front of this prospectus supplement or the accompanying prospectus, or the date on the report incorporated by reference or the information contained therein, as the case may be.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is comprised of two parts. The first part is this prospectus supplement, which contains the terms of this offering of notes by us and the selling noteholders and other information. The second part is the accompanying prospectus dated February 23, 2007, which is part of our Registration Statement on Form S-3 (No. 333-140859) and contains more general information, some of which does not apply to this offering.

This prospectus supplement may add to, update or change the information in the accompanying prospectus. If information in this prospectus supplement is inconsistent with information in the accompanying prospectus, this prospectus supplement will apply and will supersede that information in the accompanying prospectus.

It is important for you to read and consider all information contained or incorporated by reference into this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information in the documents to which we have referred you in Where You Can Find More Information in this prospectus supplement.

No person is authorized to give any information or to make any representation that is different from, or in addition to, those contained or incorporated by reference into this prospectus supplement or the accompanying prospectus and, if given or made, such information or representations must not be relied upon as having been authorized. Neither the delivery of this prospectus supplement and the accompanying prospectus, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in our affairs since the date of this prospectus supplement, or that the information contained or incorporated by reference into this prospectus supplement or the accompanying prospectus is correct as of any time subsequent to the date of such information.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of the notes in certain jurisdictions may be restricted by law. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell, or an invitation on our behalf or the underwriters or any of them, to subscribe to or purchase any of the notes, and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. See Underwriting.

In this prospectus supplement, unless otherwise stated or the context otherwise requires, references to Dow, we, us, our, and Company refer The Dow Chemical Company and its consolidated subsidiaries, which, prior to April 1, 2009, did not include Rohm and Haas Company and its subsidiaries and, since April 1, 2009, has included Rohm and Haas Company and its subsidiaries. References to TDCC refer to The Dow Chemical Company excluding its subsidiaries. References to Rohm and Haas refer to Rohm and Haas Company and its consolidated subsidiaries. The term selling noteholders refers, collectively, to the selling noteholders named in this prospectus supplement under the caption Selling Noteholders. If we use a capitalized term in this prospectus supplement and do not define the term in this document, it is defined in the accompanying prospectus.

CAUTIONARY STATEMENTS RELATING TO FORWARD-LOOKING INFORMATION

This prospectus supplement and the accompanying prospectus, and the documents incorporated herein by reference, may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act) and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Those statements relate to developments, results, conditions or other events we expect or anticipate will occur in the future. We intend words such as believes, anticipates, may, should, could, plans, expects similar expressions to identify forward-looking statements. The forward-looking statements involve risks and uncertainties that may affect our operations, markets, products, services, prices and other factors as more fully discussed elsewhere in this prospectus supplement and in the documents incorporated herein by reference. These risks and uncertainties include, but are not limited to, economic, competitive, legal, governmental and technological factors. Accordingly, there is no assurance that our expectations will be realized. We assume no obligation to provide revisions to any forward-looking statements should circumstances change, except as otherwise required by securities and other applicable laws.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information about us and this offering discussed elsewhere in this prospectus supplement, the accompanying prospectus or the documents that we have filed with the Securities and Exchange Commission (the SEC) that are incorporated herein by reference. It does not contain all of the information that is important to you in deciding whether to purchase the notes. We encourage you to read the entire prospectus supplement, the accompanying prospectus and the documents that we have filed with the SEC that are incorporated herein by reference, including the financial statements and notes thereto, prior to deciding whether to purchase the notes.

Dow s Business

Dow is a diversified chemical company that combines the power of science and technology with the Human Element to constantly improve what is essential to human progress. Dow offers a broad range of products and services, connecting chemistry and innovation with the principles of sustainability to help provide everything from fresh water, food, and pharmaceuticals to paints, packaging and personal care products. Dow is the largest U.S. producer of chemicals and plastics, in terms of sales, with total sales of $57.5 billion in 2008. Dow conducts its worldwide operations through global businesses, which, prior to April 1, 2009, were reported in six operating segments:

Performance Plastics, consisting of the Dow Automotive, Dow Building Solutions, Dow Epoxy, Polyurethanes and Polyurethane Systems, Specialty Plastics and Elastomers, and Technology Licensing and Catalyst businesses,

Performance Chemicals, consisting of the Designed Polymers, Dow Latex, and Specialty Chemicals businesses, along with the results of Dow Corning Corporation, and a portion of the results of the OPTIMAL Group of Companies and the SCG-Dow Group, all joint ventures of Dow,

Agricultural Sciences, consisting of the Dow AgroSciences business,

Basic Plastics, consisting of the Polyethylene, Polypropylene, and Polystyrene businesses, along with the results of Equipolymers and Americas Styrenics LLC, as well as a portion of the results of EQUATE Petrochemical Company K.S.C. and the SCG-Dow Group, all joint ventures of Dow,

Basic Chemicals, consisting of the Core Chemicals and Ethylene Oxide/Ethylene Glycol businesses, along with the results of MEGlobal, and a portion of the results of EQUATE Petrochemical Company K.S.C. and the OPTIMAL Group of Companies, all joint ventures of Dow, and

Hydrocarbons and Energy, consisting of the Hydrocarbons and Energy business, along with the results of Compañía Mega, S.A., and a portion of the results of the SCG-Dow Group, both joint ventures of Dow.

Following Dow s acquisition of Rohm and Haas, Dow announced a new management organization. As such, in the second quarter of 2009, Dow will reevaluate its reportable operating segments.

In 2008, Dow sold approximately 3,300 products and its services to customers in approximately 160 countries throughout the world. Thirty-six percent of its sales were to customers in North America; 38 percent were in Europe; while the remaining 26 percent were to customers in Asia Pacific, Latin America, India, the Middle East and Africa. In 2008, Dow employed approximately 46,000 people, with approximately 6,000 engaged in various research and development activities, and has a broad, global reach, with 150 manufacturing sites in 35 countries.

In 2008, Dow s net sales increased 7 percent over 2007 to $57.5 billion, setting a new sales record for Dow, as a 12 percent increase in prices outweighed a 5 percent decline in volume. The increase in prices was

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principally in response to higher feedstock and energy purchased costs, which were up $5.9 billion compared with 2007. Reported earnings in 2008 of $579 million declined from $2,887 million in 2007. The earnings decline in 2008 was largely due to a deterioration in global demand, higher feedstock and energy and other raw material costs, lower equity in earnings from nonconsolidated affiliates reflecting demand destruction, goodwill impairment losses, and the impact of a restructuring plan announced toward the end of 2008 as part of a series of actions to advance Dow s strategy and respond to the recent, severe economic downturn. The restructuring plan included the elimination of approximately 5,000 jobs (including planned divestitures) and the closure of facilities in high-cost locations. In addition, Dow announced the temporary idling of nearly 200 plants. Overall, Dow s focus on price and volume management and control of discretionary spending helped to partially offset deteriorating results in a challenging economic environment. In 2008, Dow reported strong cash flow from operating activities of $4.7 billion and ended the year with $2.8 billion of cash and cash equivalents.

Dow had net sales of $9,087 million for the three months ended March 31, 2009, a decrease of 39 percent compared with net sales of $14,824 million for the three months ended March 31, 2008. Compared with the same quarter of 2008, prices declined 20 percent, driven principally by decreases in feedstock and energy costs (which were down $3.1 billion or 49 percent), while volume declined 19 percent due to an overall decrease in global demand. Net income attributable to The Dow Chemical Company for the three months ended March 31, 2009 was $24 million, down from $941 million for the three months ended March 31, 2008. Despite significantly lower feedstock and energy costs and our cost control efforts, earnings declined due to lower selling prices and lower volume, as well as a decline in our equity in the earnings of nonconsolidated affiliates, as our joint ventures were also impacted by poor economic conditions. In addition, earnings in the first quarter of 2009 were impacted by additional severance related to our restructuring activities, additional Rohm and Haas acquisition-related expenses, and our share of a restructuring charge recorded in the first quarter by Dow Corning Corporation.

Dow continues to implement a strategy designed to reduce earnings cyclicality and improve earnings growth by increasing investments in the Performance businesses and growing the Basics businesses through cost-advantaged joint ventures. In furtherance of this strategy, on April 1, 2009, Dow acquired Rohm and Haas Company. For a summary description of Rohm and Haas business, see Rohm and Haas Business below. For a summary description of Dow s acquisition of Rohm and Haas and the related financing, see Rohm and Haas Acquisition and Related Financing below.

For more information concerning Dow s business, see The Business of The Dow Chemical Company.

Rohm and Haas Business

Rohm and Haas, which became our wholly owned subsidiary on April 1, 2009, is a global specialty materials company with sales of $9.6 billion in 2008 on a portfolio of global businesses including electronic materials, specialty materials and salt. Its products enable the creation of leading-edge consumer goods and other products found in a broad segment of dynamic markets, the largest of which include: building and construction, electronics, packaging and paper, industrial and other, transportation, household and personal care, water and food. To serve these markets, in 2008, Rohm and Haas had significant operations with approximately 98 manufacturing and 34 research facilities in 30 countries and approximately 15,490 employees. Prior to our acquisition of Rohm and Haas, Rohm and Haas financial results were reported in seven reportable segments organized within the following business groups:

Electronic Materials Group, consisting of the Electronic Technologies segment (which includes its Circuit Board Technologies, Packaging and Finishing Technologies and Semiconductor Technologies businesses) and Display Technologies segment,

Specialty Materials Business Group, consisting of Paint and Coatings Materials, Packaging and Building Materials, and Primary Materials segments,

Performance Materials Group, including its Process Chemicals and Biocides, Powder Coatings and other smaller business units, and

Salt, with rights to some of the most recognized consumer brand names and product symbols in the United States and Canada.

In 2008, Rohm and Haas sales increased 8 percent to $9.6 billion over 2007, with reported earnings from continuing operations in 2008 of $484 million compared with reported 2007 earnings from continuing operations of $674 million. The increase in sales was due to aggressive pricing actions, favorable performance of the Salt segment s effective product line management, favorable currencies, as well as demand growth in Rapidly Developing Economies for most of 2008 and the impact of acquisitions. The earnings decline largely resulted from decreased overall demand coupled with higher raw material costs which more than offset pricing actions and favorable currencies, as well as the impact of restructuring actions taken by Rohm and Haas primarily in response to the economic downturn. In 2008, Rohm and Haas reported cash flow from operating activities of $1,046 million and ended the year with $335 million in cash and cash equivalents.

Rohm and Haas had net sales of $1,772 million for the three months ended March 31, 2009, a decrease of 29 percent compared with net sales of $2,507 million for the three months ended March 31, 2008. Compared with the same quarter of 2008, prices declined 3 percent and volumes declined 26 percent due to an overall decrease in global demand. Net (loss) earnings attributable to Rohm and Haas for the three months ended March 31, 2009 was a loss of $31 million, down from earnings of $172 million for the three months ended March 31, 2008. Despite lower operating and raw material costs, earnings declined due to lower volumes. In addition, earnings in the first quarter of 2009 were impacted by transaction costs associated with Dow s acquisition of Rohm and Haas.

For more information concerning Rohm and Haas business, see The Business of Rohm and Haas Company.

Rohm and Haas Acquisition and Related Financing

On April 1, 2009, we acquired Rohm and Haas pursuant to the terms of an Agreement and Plan of Merger, dated as of July 10, 2008 (the Merger Agreement), under which Ramses Acquisition Corp., our direct, wholly owned subsidiary, merged with and into Rohm and Haas, with Rohm and Haas as the surviving corporation of the merger (the Merger). The aggregate consideration paid to Rohm and Haas stockholders in connection with the Merger was approximately $15.7 billion.

The Merger is intended to make us a leading specialty chemicals and advanced materials company, combining the two organizations superior technologies, broad geographic reach and strong industry channels to create a business portfolio with significant growth opportunities. The acquisition is part of our strategy to reduce earnings cyclicality and is a defining step to shape us into a high value, diversified chemicals and materials company with leading global positions in performance products and advanced materials. Rohm and Haas provides us with an excellent position in a number of industry segments and brings access to new and exciting technologies, all of which are highly complementary to our existing platforms and value growth priorities.

Following the Merger, we expect that a greater share of our revenues will come from performance and specialty chemicals products that are more resistant to typical chemical industry cyclicality. The Merger is anticipated to create pretax annual cost synergies and savings of $1.3 billion through, among other things, increased purchasing power for raw materials, manufacturing and supply chain work process improvements, and

the elimination of redundant corporate overhead for shared services and governance. Achieving these cost synergies and savings is subject to risks and uncertainties, and we cannot assure you that or when all of these cost synergies or savings will be realized. See Risk Factors Failure to effectively integrate Rohm and Haas could adversely affect our financial condition and results of operations. We also anticipate that the Merger will produce growth synergies, through the application of each company s innovative technologies and as a consequence of the combined businesses broader product portfolio in key industry segments with strong global growth rates. For more information concerning these matters, see Unaudited Pro Forma Combined Condensed Financial Information.

The Merger was financed initially with the borrowing of approximately $9.2 billion under a term loan from a syndicate of lenders, and the proceeds of the issuance of $4 billion of cumulative convertible perpetual preferred stock, $2.5 billion of cumulative perpetual preferred stock and $500 million of a separate series of cumulative convertible perpetual preferred stock. These financing transactions, which are more fully described in Description of the Financing Transactions, are referred to as the Financing Transactions, and together with the Merger, are referred to as the Transactions.

On April 1, 2009, Rohm and Haas, as our wholly owned subsidiary, entered into a stock purchase agreement (the Stock Purchase Agreement) with K+S Aktiengesellschaft (K+S), whereby K+S will acquire the salt business of Morton International, Inc. (MII), a wholly owned subsidiary of Rohm and Haas. The purchase price for the transaction is $1.675 billion in cash, subject to adjustment at closing for working capital and certain indebtedness, pension and post-retirement benefit obligations. The transaction is subject to customary closing conditions, including receipt of regulatory approvals in the United States and Canada. The Stock Purchase Agreement contains certain termination rights for both Rohm and Haas and K+S, including the right of either party to terminate if the closing has not occurred by January 4, 2010. Additional disclosure regarding this transaction, including a copy of the Stock Purchase Agreement, is filed with the SEC. See Where You Can Find More Information.

Recent Developments of Dow

On February 12, 2009, our board of directors declared a reduced quarterly dividend of $0.15 per share, which was paid on April 30, 2009 to stockholders of record on March 31, 2009. The dividend was reduced due to uncertainty in the credit markets, unprecedented lower demand for chemical products and the ongoing global recession.

Our capital spending was $234 million in the first quarter of 2009, down 35% from $359 million in the first quarter of last year, and on track with the full-year pre-Merger target of $1.1 billion (excluding Rohm and Haas).

We continue to reduce personnel headcount, which stood at 43,567 at March 31, 2009, down from 46,102 at December 31, 2008. Included in these reductions were approximately 1,600 employees who were part of our previously announced 2008 restructuring plan, approximately 650 employees due to asset and business divestitures, and approximately 170 employees who transferred to a joint venture.

In addition to the agreement to sell the salt business of MII, we have publicly stated our intention to sell our share in a petroleum refining partnership in the Netherlands and our equity stake in an olefins and derivatives business in South East Asia. On April 30, 2009, in furtherance of our de-leveraging plan, we also announced that we are reviewing a number of additional possible divestment options, including: continuing outreach and dialogue with state-owned resource owners, as well as a regional asset-light approach to our olefins envelope and related derivatives; global and regional options for our SB Rubber and SB Latex units within our aromatics envelope; the potential divestment of the heritage Rohm and Haas powder coatings business from our Dow Advanced Materials unit; and a variety of strategic options for our Dow AgroSciences business.

On May 6, 2009, we priced an offering of approximately 130 million shares of our common stock, at a price to the public of $15.00 per share. Total expected gross proceeds to us and the selling stockholders from the offering is approximately $2.25 billion, including an over-allotment option of 15 percent. Of the shares being offered, approximately $1 billion in gross proceeds of the shares are offered by us and $1.25 billion (including the over-allotment shares) in gross proceeds of the shares are offered by the selling stockholders. We intend to use all of the net proceeds received by us in the common stock offering to repay a portion of our borrowings under our Term Loan Agreement (as defined below). All of the shares offered by the selling stockholders were received in the transaction described in the third succeeding paragraph. We will not receive any of the proceeds from the sale of shares of the common stock by the selling stockholders.

Additionally, we intend to offer shares of our common stock to an employees savings plan. See Other Offerings Common Stock Offering to Employees Savings Plan.

The consummation of this debt offering by us is not conditioned upon the consummation of any other offering and vice versa, but the consummation of this debt offering by the selling noteholders is conditioned upon the consummation of the common stock offering by us. In the event we do not consummate the common stock offering, we will issue and sell the notes that would otherwise have been sold by the selling noteholders.

On May 5, 2009, we entered into a purchase agreement (the Purchase Agreement) with the selling noteholders pursuant to which the selling noteholders agreed to sell to us Perpetual Preferred Stock, Series B (as defined below) for shares of our common stock and/or our notes as may be determined by us at our sole discretion. The Perpetual Preferred Stock, Series B were originally issued in a transaction exempt from the registration requirements of the Securities Act. See Description of the Financing Transactions. The principal amount of notes to be issued in consideration for our purchase of each share of the Perpetual Preferred Stock, Series B was determined by dividing (i) $1,000 per share of the Perpetual Preferred Stock, Series B plus the accrued and unpaid dividends to the date of closing by (ii) the public offering price less the underwriting discount of the notes due 2019 in this offering (in each case expressed as a percentage per note due 2019). The purchase will occur simultaneously with the closing of this offering, and all such notes to be issued in consideration thereof are being offered by the selling noteholders hereunder.

Our principal executive offices are located at 2030 Dow Center, Midland, Michigan 48674, and our telephone number is (989) 636-1000. Our Internet website address is *www.dow.com*. The information on or connected to our website is not incorporated by reference into this prospectus supplement or the accompanying prospectus, and you should not consider them to be a part of this prospectus supplement or the accompanying prospectus.

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Summary Historical Financial and Other Data of Dow

The following summary historical financial and other data of Dow should be read in conjunction with our consolidated financial statements, and the notes relating thereto, incorporated by reference into this prospectus supplement and the accompanying prospectus, as well as the information included herein under the caption Selected Historical Financial and Other Data of Dow.

	Three Months Ended March 31,		Year Ended December 31,		
(dollars in millions, except per share amounts)	2009	2008	2008	2007	2006
	(unaudited)				
Statements of Income Data:					
Net sales	$ 9,087	$ 14,824	$ 57,514	$ 53,513	$ 49,124
Cost of sales	8,165	12,908	52,019	46,400	41,526
Income before income taxes (1)	17	1,264	1,321	4,229	4,972
Net income attributable to The Dow Chemical Company (2)	24	941	579	2,887	3,724
Earnings per common share basic	0.03	1.00	0.62	3.03	3.87
Earnings per common share diluted	0.03	0.99	0.62	2.99	3.82
Balance Sheets Data (end of period):					
Total assets	$ 44,159	$ 50,657	$ 45,474	$ 48,801	$ 45,581
Total current assets	15,606	20,136	16,060	18,654	17,209
Total current liabilities	9,752	13,404	13,108	12,445	10,601
Working capital (3)	5,854	6,732	2,952	6,209	6,608
Property	47,370	49,044	48,391	47,708	44,381
Net property	13,823	14,545	14,294	14,388	13,722
Notes payable	844	2,114	2,360	1,548	219
Long-term debt due within one year	1,223	827	1,454	586	1,291
Long-term debt	10,897	7,392	8,042	7,581	8,036
Total debt (4)	12,964	10,333	11,856	9,715	9,546
Total equity (5)	13,179	20,609	13,580	19,803	17,430
Preferred securities of subsidiaries	500	1,000	500	1,000	1,000
Financial Ratios:					
Income before income taxes as percent of net sales	0.2%	8.5%	2.3%	7.9%	10.1%
Return on stockholders equity (6)	0.7	18.7	4.3	14.9	21.8
Debt as a percent of total capitalization (7)	48.7	32.3	45.7	31.8	34.1
Ratio of earnings to fixed charges (8)	3.3x	6.9x	2.4x	5.3x	6.1x

(1) Changed from Income before income taxes and minority interests due to retrospective application of Statement of Financial Accounting Standards (SFAS) No. 160, *Noncontrolling Interests in Consolidated Financial Statements*.

(2) Changed from Net income available for common stockholders due to retrospective application of SFAS No. 160.

(3) Working capital equals Total current assets minus Total current liabilities.

(4) Total debt equals Notes payable plus Long-term debt due within one year and Long-term debt.

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(5) Impact of retrospective application of SFAS No. 160 to equity section of balance sheets:

	Three Months Ended March 31,		Year Ended December 31,		
(dollars in millions)	2009	2008	2008	2007	2006
Net stockholders equity (as reported prior to January 1, 2009)	$ 13,116(1)	$ 20,179	$ 13,511(1)	$ 19,389	$ 17,065
Noncontrolling interests (2)	63	430	69	414	365
Total equity	$ 13,179	$ 20,609	$ 13,580	$ 19,803	$ 17,430

(1) Now shown as The Dow Chemical Company s stockholders equity.

(2) Changed from Minority interest in subsidiaries.

(6) Return on stockholders equity equals Net income attributable to The Dow Chemical Company divided by Net stockholders equity. Net income attributable to The Dow Chemical Company is annualized for purposes of a quarterly calculation.

(7) Debt as a percent of total capitalization equals Total debt divided by Total debt plus Preferred securities of subsidiaries and Total equity

(8) On an adjusted basis giving effect to the Transactions, earnings for the three months ended March 31, 2009 and the year ended December 31, 2008 were insufficient to cover fixed charges by $359 million and $778 million, respectively. Unlike the Unaudited Pro Forma Combined Condensed Financial Information, the numbers on an as adjusted basis do not give effect to (i) the sale of the MII salt business and the application of assumed proceeds to reduce our borrowings under the Term Loan Agreement or (ii) the divestitures of the businesses required by the FTC as a condition of its approval of the Merger. On an as further adjusted basis also giving effect to (i) the issuance of shares of our common stock in the public offering that we priced on May 6, 2009 and the application of the proceeds as described under Other Offerings, (ii) the issuance of shares of our common stock and notes in consideration for our purchase of the Cumulative Perpetual Preferred Stock, Series B as described under Recent Developments of Dow, (iii) the issuance of the notes offered hereby and (iv) the application of the net proceeds as described under Use of Proceeds, earnings for the three months ended March 31, 2009 and the year ended December 31, 2008 were insufficient to cover fixed charges by $141 million and $157 million, respectively.

For the purposes of these ratios, earnings consist of income before income taxes, noncontrolling interests and equity in earnings of nonconsolidated affiliates; plus fixed charges, amortization of capitalized interest and distributed income of nonconsolidated affiliates; minus capitalized interest and preferred security dividends. Fixed charges consist of interest expense and amortization of debt discount, capitalized interest, preferred security dividends, and a portion of rentals deemed to represent an interest factor.

Summary Historical Financial and Other Data of Rohm and Haas

The following summary historical financial and other data of Rohm and Haas should be read in conjunction with Rohm and Haas consolidated financial statements, and the notes relating thereto, that are included in Dow s Current Report on Form 8-K/A filed with the SEC on May 5, 2009 (the May 5th 8-K/A), and incorporated by reference into this prospectus supplement and the accompanying prospectus, as well as the information included herein under the caption Selected Historical Financial and Other Data of Rohm and Haas.

(dollars in millions)	Three Months Ended March 31, 2009	2008	Year Ended December 31, 2008	2007	2006 (1)
	(unaudited)				
Statements of Operations Data:					
Net sales	$ 1,772	$ 2,507	$ 9,575	$ 8,897	$ 8,230
Gross profit	390	660	2,410	2,467	2,483
Earnings (loss) from continuing operations before income taxes (1)	(58)	233	561	880	1,042
Net earnings (loss)	(33)	177	486	675	748
Balance Sheets Data (end of period):					
Land, buildings and equipment, net of accumulated depreciation	$ 2,737	$ 2,917	$ 2,853	$ 2,871	$ 2,669
Total assets	9,278	10,549	9,909	10,107	9,553
Short-term obligations	142	272	177	158	393
Long-term debt	3,145	3,230	3,210	3,139	1,688
Total debt (2)	3,287	3,502	3,387	3,297	2,081
Total stockholders equity (3)(4)	2,992	3,498	3,189	3,361	4,153

(1) Changed from Earnings from continuing operations before income taxes, and minority interests due to retrospective application of SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements*.

(2) Total debt equals Short-term obligations plus Long-term debt.

(3) As a result of the implementation of SFAS No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans*, Rohm and Haas recorded a $245 million charge to stockholders equity in 2006.

(4) The primary reason for the reduction in stockholders equity in 2007 is a $1 billion accelerated share repurchase in 2007.

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Summary Unaudited Pro Forma Combined Condensed Financial Information

The following summary unaudited pro forma combined condensed financial information of Dow has been prepared to assist you in your analysis of the financial effects of the Transactions using the historical consolidated financial statements of Dow and Rohm and Haas.

The following tables set forth summary unaudited pro forma combined condensed financial information of Dow giving effect to the Transactions, using the acquisition method of accounting, as if the Transactions had occurred on the dates indicated and after giving effect to the pro forma adjustments. The unaudited pro forma combined condensed balance sheet data as of March 31, 2009 give effect to the Transactions as if the Transactions had occurred on March 31, 2009. The unaudited pro forma combined condensed statements of operations data for the year ended December 31, 2008 and the three months ended March 31, 2009 give effect to the Transactions as if the Transactions had occurred on January 1, 2008.

In addition to presenting the effects of the Transactions, the pro forma adjustments reflect (i) the sale of the MII salt business and the application of assumed proceeds to reduce our borrowings under the Term Loan Agreement, dated September 8, 2008, as amended by a First Amendment to Term Loan Agreement, which we entered into on March 5, 2009 (as so amended, the Term Loan Agreement); (ii) the divestitures of the businesses required by the United States Federal Trade Commission (FTC) as a condition of its approval of the Merger; and (iii) the conversion of the Cumulative Convertible Perpetual Preferred Stock, Series C to common stock.

You should read this information in conjunction with Rohm and Haas Acquisition and Related Financing, Unaudited Pro Forma Combined Condensed Financial Information, Selected Historical Financial and Other Data of Dow, Selected Historical Financial and Other Data of Rohm and Haas, and the consolidated financial statements and related notes of Dow and Rohm and Haas incorporated by reference into this prospectus supplement.

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The Dow Chemical Company and Subsidiaries

Summary of Unaudited Pro Forma Combined Condensed Statements of Operations

For the Year Ended December 31, 2008

In millions, except per share amounts	Dow Historical	Rohm and Haas Historical	Pro Forma Adjustments	Pro Forma Combined
Net sales	$ 57,514	$ 9,575	$ (2,283)	$ 64,806
Cost of sales	52,019	7,165	(1,940)	57,244
Income before income taxes	1,321	561	(1,425)	457
Net income attributable to The Dow Chemical Company	579	480	(925)	134
Net income (loss) available to The Dow Chemical Company common stockholders	579	480	(1,653)	(594)
Share data				
Earnings (loss) per common share - basic	$ 0.62			$ (0.61)
Earnings (loss) per common share - diluted	$ 0.62			$ (0.61)

See Notes to the Unaudited Pro Forma Combined Condensed Financial Statements.

For the Quarter Ended March 31, 2009

In millions, except per share amounts	Dow Historical	Rohm and Haas Historical	Pro Forma Adjustments	Pro Forma Combined
Net sales	$ 9,087	$ 1,772	$ (528)	$ 10,331
Cost of sales	8,165	1,382	(387)	9,160
Income (loss) before income taxes	17	(58)	(578)	(619)
Net income (loss) attributable to The Dow Chemical Company	24	(31)	(377)	(384)
Net income (loss) available to The Dow Chemical Company common stockholders	24	(31)	(556)	(563)
Share data				
Earnings (loss) per common share - basic	$ 0.03			$ (0.58)
Earnings (loss) per common share - diluted	$ 0.03			$ (0.58)

See Notes to the Unaudited Pro Forma Combined Condensed Financial Statements.

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The Dow Chemical Company and Subsidiaries

Summary of Unaudited Pro Forma Combined Condensed Balance Sheet

At March 31, 2009

In millions	Dow Historical	Rohm and Haas Historical	Pro Forma Adjustments	Pro Forma Combined
Current assets	$ 15,606	$ 2,942	$ 680	$ 19,228
Total assets	44,159	9,278	12,759	66,196
Current liabilities	9,752	1,342	(152)	10,942
Long-term debt	10,897	3,145	7,135	21,177
Total other noncurrent liabilities	9,831	1,799	1,443	13,073
Preferred securities of subsidiaries	500			500
Preferred stock Series B			2,500	2,500
Total equity	13,179	2,992	1,833	18,004
Total liabilities and equity	$ 44,159	$ 9,278	$ 12,759	$ 66,196

See Notes to the Unaudited Pro Forma Combined Condensed Financial Statements.

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The Offering

Issuer	The Dow Chemical Company
Securities Offered by Us	$1,750,000,000 of 7.60% notes due 2014 $1,903,032,000 of 8.55% notes due 2019 $1,000,000,000 of 9.40% notes due 2039
Securities Offered by the Selling Noteholders	$1,346,968,000 of 8.55% notes due 2019
Maturity	The notes due 2014 will mature on May 15, 2014. The notes due 2019 will mature on May 15, 2019. The notes due 2039 will mature on May 15, 2039.
Interest	Interest on the notes will accrue from May 13, 2009 at the rate of 7.60% per year, in the case of the notes due 2014, 8.55% per year, in the case of the notes due 2019 and 9.40% per year, in the case of the notes due 2039. Interest on the notes will be payable semi-annually in arrears on May 15 and November 15 of each year, beginning November 15, 2009.
Interest Rate Adjustment	The interest rate payable on the notes of each series will be subject to adjustment from time to time if Moody s Investors Service, Inc. (Moody s) or Standard & Poor s Ratings Services, a division of The McGraw-Hill Companies, Inc. (S&P), downgrades (or downgrades and subsequently upgrades) the credit rating assigned to such series of notes as described under Description of the Notes Interest Rate Adjustment.
Optional Redemption	We may redeem the notes at our option, at any time in whole, or from time to time in part, at a redemption price equal to the greater of: 100% of the principal amount of the notes being redeemed; and the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued as of the date of redemption), discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined in this prospectus supplement), plus 50 basis points.

We will also pay the accrued and unpaid interest on the notes to the redemption date.

Repurchase at the Option of Holders Upon a Change of Control Repurchase Event	If we experience a Change of Control Repurchase Event (as defined in this prospectus supplement), we will be required, unless we have exercised our right to redeem the notes,

to offer to purchase the notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest.

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Ranking	The notes will be our senior unsecured obligations and will rank equally in right of payment to our other senior unsecured debt from time to time outstanding. On a pro forma basis, after giving effect to the Transactions, at March 31, 2009, we had approximately $22.8 billion in principal amount of long-term indebtedness outstanding on a consolidated basis, of which $5.3 billion of subsidiary indebtedness would be structurally senior to the notes.
Use of Proceeds	The proceeds from this offering to be received by us will be used by us (a) to repay a portion of our borrowings under the Term Loan Agreement and (b) for refinancings, renewals, replacements and refundings of outstanding indebtedness. See Use of Proceeds.

We will not receive any of the proceeds from the sale of the notes by the selling noteholders.

Purchase Agreement with the Selling Noteholders	See Recent Developments of Dow.
Further Issues	We may from time to time, without notice to or the consent of the holders of the notes of any series, create and issue additional debt securities having the same terms (except for the issue date, the public offering price and the first interest payment date) and ranking equally and ratably with the notes of a series offered hereby in all respects, as described under Description of the Notes General. Any additional debt securities having such similar terms, together with the notes offered hereby, will constitute a single series of securities under the indenture.
Denomination and Form	We will issue the notes in the form of one or more fully registered global notes registered in the name of a nominee of The Depository Trust Company (DTC). Beneficial interests in the notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Clearstream Banking, société anonyme and Euroclear Bank, S.A./ N.V., as operator of the Euroclear System, will hold interests on behalf of their participants through their respective U.S. depositaries, which in turn will hold such interests in accounts as participants of DTC. Except in the limited circumstances described in this prospectus supplement, owners of beneficial interests in the notes will not be entitled to have notes registered in their names, will not receive or be entitled to receive notes in definitive form and will not be considered holders of notes under the indenture. The notes will be issued only in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.
Certain United States Federal Tax Considerations	For a summary of certain United States federal tax considerations relating to the purchase, ownership and disposition of the notes, see United States Federal Tax Considerations.
Risk Factors	Investing in the notes involves risks. See Risk Factors for a description of certain risks you should consider before investing in the notes.
Trustee	The Bank of New York Mellon Trust Company, N.A.

Governing Law	New York

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RISK FACTORS

You should carefully consider the following risk factors, as well as the other information included or incorporated by reference into this prospectus supplement and the accompanying prospectus, before making an investment decision. The factors described below represent our principal risk factors.

Risks Relating to Our Business

We operate in a global, competitive environment in each of our operating segments and geographic areas.

We sell a broad range of products and services in a competitive, global environment. In addition to other large multinational chemical companies, the chemical divisions of major international oil companies provide substantial competition. We compete worldwide on the basis of quality, price and customer service. Increased levels of competition could result in lower prices or lower sales volume, which would have a negative impact on our results of operations.

The earnings generated by our basic chemical and basic plastic products vary from period to period based in part on the balance of supply relative to demand within the industry.

The balance of supply relative to demand within the industry may be significantly impacted by the addition of new capacity. For basic commodities, capacity is generally added in large increments as world-scale facilities are built. This may disrupt industry balances and result in downward pressure on prices due to the increase in supply, which could negatively impact our results of operations.

Our global business operations give rise to market risk exposure.

Our global business operations give rise to market risk exposure related to changes in foreign exchange rates, interest rates, commodity prices and other market factors such as equity prices. To manage such risks, we enter into hedging transactions, pursuant to established guidelines and policies. If we fail to effectively manage such risks, it could have a negative impact on our results of operations.

Volatility in purchased feedstock and energy costs impacts our operating costs and adds variability to earnings.

Since 2005, purchased feedstock and energy costs have accounted for almost half of our total production costs and operating expenses. We use our feedstock flexibility and financial and physical hedging programs to lower overall feedstock costs. However, when these costs increase, we are not always able to immediately raise selling prices and, ultimately, our ability to pass on underlying cost increases is greatly dependent on market conditions. Conversely, when these costs decline, selling prices decline as well, usually at a faster rate. As a result, volatility in these costs could negatively impact our results of operations.

We are party to a number of claims and lawsuits arising out of the normal course of business with respect to commercial matters, including product liability, governmental regulation and other actions.

Certain of the claims and lawsuits facing us purport to be class actions and seek damages in very large amounts. All such claims are being contested. With the exception of the possible effect of the asbestos-related liability of Union Carbide Corporation (Union Carbide), our wholly owned subsidiary, described below, it is the opinion of management that the possibility is remote that the aggregate of all such claims and lawsuits will have a material adverse impact on our consolidated financial statements.

Union Carbide is and has been involved in a large number of asbestos-related suits filed primarily in state courts during the past three decades. At March 31, 2009, Union Carbide s asbestos-related liability for pending and future claims was $910 million ($934 million at December 31, 2008) and its receivable for insurance

recoveries related to the asbestos liability was $403 million (unchanged from December 31, 2008). At March 31, 2009, Union Carbide also had receivables of $271 million ($272 million at December 31, 2008) for insurance recoveries for defense and resolution costs. It is the opinion of management that it is reasonably possible that the cost of Union Carbide disposing of its asbestos-related claims, including future defense costs, could have a material adverse impact on our results of operations and cash flows for a particular period and on our consolidated financial position.

If key suppliers are unable to provide the raw materials required for production, we may not be able to obtain the raw materials from other sources and on as favorable terms.

We purchase hydrocarbon raw materials, including liquefied petroleum gases, crude oil, naphtha, natural gas and condensate. We also purchase electric power, benzene, ethylene, propylene and styrene, to supplement internal production, as well as other raw materials. If our key suppliers are unable to provide the raw materials required for production, it could have a negative impact on our results of operations. For example, during 2005 and again in the third quarter of 2008, we experienced temporary supply disruptions related to major hurricanes on the U.S. Gulf Coast. In addition, volatility and disruption of financial markets could limit suppliers ability to obtain adequate financing to maintain operations, which could have a negative impact on our results of operations.

Adverse conditions in the global economy and disruption of financial markets could negatively impact our customers and therefore our results of operations.

A continuation of the economic downturn in the businesses or geographic areas in which we sell our products could reduce demand for these products and result in a decrease in sales volume that could have a negative impact on our results of operations. In addition, volatility and disruption of financial markets could limit customers ability to obtain adequate financing to maintain operations, which could result in a decrease in sales volume and have a negative impact on our results of operations.

Weather-related matters could impact our results of operations.

In 2005 and again in the third quarter of 2008, major hurricanes caused significant disruption in our operations on the U.S. Gulf Coast, logistics across the region and the supply of certain raw materials, which had an adverse impact on volume and cost for some of our products. If similar weather-related matters occur in the future, it could negatively affect our results of operations, due to our substantial presence on the U.S. Gulf Coast.

Actual or alleged violations of environmental laws or permit requirements could result in restrictions or prohibitions on plant operations, substantial civil or criminal sanctions, as well as the assessment of strict liability and/or joint and several liability.

We are subject to extensive federal, state, local and foreign laws, regulations, rules and ordinances relating to pollution, protection of the environment, and the generation, storage, handling, transportation, treatment, disposal and remediation of hazardous substances and waste materials. At March 31, 2009, we had accrued obligations of $308 million ($312 million at December 31, 2008) for environmental remediation and restoration costs, including $21 million ($22 million at December 31, 2008) for the remediation of Superfund sites. This is management s best estimate of the costs for remediation and restoration with respect to environmental matters for which we have accrued liabilities, although the ultimate cost with respect to these particular matters could range up to approximately twice that amount. Costs and capital expenditures relating to environmental, health or safety matters are subject to evolving regulatory requirements and depend on the timing of the promulgation and enforcement of specific standards which impose the requirements. Moreover, changes in environmental regulations could inhibit or interrupt our operations, or require modifications to our facilities. Accordingly, environmental, health or safety regulatory matters could result in significant unanticipated costs or liabilities.

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Local, state and federal governments have begun a regulatory process that could lead to new regulations impacting the security of chemical plant locations and the transportation of hazardous chemicals.

Growing public and political attention has been placed on protecting critical infrastructure, including the chemical industry, from security threats. International terrorism, natural disasters and political unrest in some areas of the world have increased concern regarding the security of chemical production and distribution. In addition, local, state and federal governments have begun a regulatory process that could lead to new regulations impacting the security of chemical plant locations and the transportation of hazardous chemicals, which could result in higher operating costs and interruptions in normal business operations.

Increased concerns regarding the safety of chemicals in commerce and their potential impact on the environment could lead to new regulations.

Concerns regarding the safety of chemicals in commerce and their potential impact on the environment reflect a growing trend in societal demands for increasing levels of product safety and environmental protection. These concerns could manifest themselves in stockholder proposals, preferred purchasing and continued pressure for more stringent regulatory intervention. In addition, these concerns could influence public perceptions, the viability of our products, our reputation, the cost to comply with regulations, and our ability to attract and retain employees, which could have a negative impact on our results of operations.

The value of investments is influenced by economic and market conditions, which could have a negative impact on our financial condition and results of operations.

The current economic environment is negatively impacting the fair value of pension and insurance assets, which could trigger increased future funding requirements of the pension trusts and could result in additional other-than-temporary impairment losses for certain insurance assets.

Volatility and disruption of financial markets could affect access to credit.

The current economic environment is causing contraction in the availability of credit in the marketplace. This could reduce sources of liquidity for us.

A downgrade of our credit rating could have a negative impact on our ability to access credit markets.

Our credit rating is currently investment grade. Our long-term credit rating was downgraded by Standard & Poor s on April 1, 2009 from BBB to BBB- with credit watch negative and by Moody s on April 22, 2009 from Baa1 to Baa3 with outlook negative. On May 6, 2009, Standard & Poor s credit watch was removed; the long-term credit rating was unchanged with outlook negative. Our short-term credit ratings were reduced to A-3/P-3 negative/negative by S&P/Moody s. If our credit ratings are further downgraded, it could have a negative impact on our ability to access credit markets and could increase borrowing costs.

Increased costs related to the financing of the Merger could reduce our flexibility to respond to changing business and economic conditions or fund capital expenditures or working capital needs.

We borrowed $9.2 billion pursuant to a Term Loan Agreement and issued preferred equity securities in the amount of $7 billion to finance the Merger. This financing requires additional interest and dividend payments and thus may reduce our flexibility to respond to changing business and economic conditions or fund capital expenditure or working capital needs. This may also increase our vulnerability to adverse economic conditions. For more information regarding increased costs related to the financing of the Merger, see Unaudited Pro Forma Combined Condensed Financial Information.

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Failure to effectively integrate Rohm and Haas could adversely affect our financial condition and results of operations.

The Merger is a significant acquisition and a significant step in the implementation of our strategy. While we have acquired businesses in the past, the magnitude of the integration of this acquisition could present significant challenges and costs, especially given the effects of the current global economic environment. If the integration of Rohm and Haas is not completed as planned, we may not realize the benefits, such as cost synergies and savings and growth synergies, anticipated from the acquisition, and the costs of achieving those benefits may be higher than, and the timing different from, our current expectations. Realizing the benefits of the acquisition requires the successful integration of some or all of our sales and marketing, distribution, manufacturing, engineering, finance, information technology systems and administrative operations of Rohm and Haas with those of Dow. This will require substantial attention from the management of the combined company, which may decrease the time management devotes to normal and customary operations. In addition, the integration and implementation activities could result in higher expenses and/or the use of more cash or other financial resources than expected. If the integration of Rohm and Haas is not successfully executed, it could adversely affect our financial condition and results of operations.

An impairment of goodwill would negatively impact our financial results.

Based on preliminary valuations, the Merger will increase our goodwill by an estimated $9.2 billion. At least annually, we perform an impairment test for goodwill. Under current accounting guidance, if the carrying value of goodwill exceeds the estimated fair value, impairment is deemed to have occurred and the carrying value of goodwill is written down to fair value with a charge against earnings. Accordingly, any determination requiring the write-off of a significant portion of goodwill recorded in connection with the Merger could negatively impact our results of operations.

Failure to execute certain asset divestitures could adversely affect our financial condition and results of operations.

We are focused on reducing our indebtedness and intend to pursue a strategy of divesting certain assets to achieve that goal. If we are unable to successfully sell such assets, we could have difficulty reducing our indebtedness, which could result in further downgrades of our credit ratings and adversely affect our financial condition and results of operations.

Risks Relating to the Merger and Related Financing Transactions

We substantially increased our leverage in order to finance the Merger.

To finance a portion of the Merger, we entered into the Term Loan Agreement with a syndicate of banks. As of March 31, 2009, we had approximately $13.0 billion of indebtedness and Rohm and Haas had approximately $3.3 billion of indebtedness. On April 1, 2009, we borrowed approximately $9.2 billion under the Term Loan Agreement in connection with the Merger. For additional information, see Capitalization and Description of the Financing Transactions. Increased indebtedness may increase our vulnerability to adverse economic conditions and reduce our flexibility to respond to changing business and economic conditions or fund capital expenditure or working capital needs because we will require additional funds to service our indebtedness. After giving effect to the Transactions, our ratio of total indebtedness to capitalization, as of March 31, 2009, increased from 48.7% to 54.3%. After giving effect to the Transactions, for the year ended December 31, 2008, we would have had pro forma interest expense of $1,735 million compared to our historical interest expense of $648 million for the same period, and our net income available for common stockholders would have been reduced by $728 million of dividends payable on preferred equity as compared to the same period on a historical basis.

Additionally, the Term Loan Agreement expires on April 1, 2010. Although the Term Loan Agreement may be extended at our option, subject to certain conditions, for a maximum of $8 billion, such extension would increase our costs of indebtedness as it would require the payment of an extension fee and would increase the interest rate of the term loan on the date of extension, on the 90th day following such date and on each successive 90th day thereafter. We are also subject to higher rates under the Term Loan Agreement if we do not consummate one or more offerings of equity interests or equity-linked securities within the applicable periods of time specified therein.

Rohm and Haas may have liabilities that are not known, probable or estimable at this time.

As a result of the Merger, Rohm and Haas has become our subsidiary and we have effectively assumed all of Rohm and Haas liabilities, whether or not asserted. There could be unasserted claims or assessments that we failed or were unable to discover or identify in the course of performing due diligence investigations on Rohm and Haas. In addition, there may be liabilities that are neither probable nor estimable at this time which may become probable and estimable in the future. Any such liabilities, individually or in the aggregate, could have a material adverse effect on our business. We may learn additional information about Rohm and Haas that adversely affects us, such as unknown, unasserted or contingent liabilities and issues relating to compliance with applicable laws. Additional information regarding Rohm and Haas contingent liabilities, including potential remedial and natural resource liabilities at Berry s Creek and Wood-Ridge, New Jersey arising out of releases of contaminants from a former mercury manufacturing facility acquired by MII, can be found in Note 25: Contingent Liabilities, Guarantees and Commitments to Rohm and Haas audited financial statements and notes thereto for the year ended December 31, 2008 and Note 13: Contingent Liabilities, Guarantees and Commitments to Rohm and Haas interim financial statements and notes thereto for the three months ended March 31, 2009, included as Exhibits 99.1 and 99.2, respectively, to our May 5th 8-K/A, which is incorporated herein by reference.

We will incur significant transaction, integration and restructuring costs in connection with the Merger.

We will incur significant transaction costs related to the Merger. In addition, the combined company will incur integration and restructuring costs following the completion of the Merger as we integrate Rohm and Haas businesses with our businesses. Although we expect that the realization of benefits and efficiencies related to the integration of the businesses may offset these transaction, integration and restructuring costs over time, no assurances can be made that this net benefit will be achieved in the near term, or at all, which could adversely affect our financial condition and results of operations.

If we are unable to retain key Rohm and Haas personnel after the Merger is completed, the combined business may suffer.

The success of the Merger will depend in part on our ability to retain key Rohm and Haas employees who will continue to be employed by us after the Merger. If these key employees terminate their employment, our sales, marketing or development activities might be adversely affected, management s attention might be diverted from successfully integrating Rohm and Haas operations to hiring suitable replacements, we may not be able to locate suitable replacements for any such key employees that leave us, and our business may suffer.

The historical and unaudited pro forma financial information included elsewhere in this prospectus supplement may not be representative of our results as a combined company after the Merger, and accordingly, you have limited financial information on which to evaluate the combined company and your investment decision.

We and Rohm and Haas operated as separate companies prior to the Merger. We have had no prior history as a combined entity and our operations have not previously been managed on a combined basis. The pro forma financial information, which was prepared in accordance with Article 11 of the SEC s Regulation S−X, is presented for informational purposes only and is not necessarily indicative of the financial position or results of

operations that would have actually occurred had the Merger been completed at or as of the dates indicated, nor is it indicative of the future operating results or financial position of the combined company. The pro forma financial information does not reflect future nonrecurring charges resulting from the Merger. The Unaudited Pro Forma Combined Condensed Statements of Operations do not reflect future events that may occur after the Merger, including the potential realization of operating cost savings (synergies) or restructuring activities or other costs related to the planned integration of Rohm and Haas, and do not consider potential impacts of current market conditions on revenues, expense efficiencies or asset dispositions (with the exception of MII). The pro forma financial information presented in this prospectus supplement is based in part on certain assumptions regarding the Merger that we believe are reasonable under the circumstances. We cannot assure you that our assumptions will prove to be accurate over time.

Risks Relating to the Notes

The notes are effectively subordinated to the existing and future liabilities of our subsidiaries.

The notes are the senior unsecured obligations of TDCC and will rank equally in right of payment to TDCC s other senior unsecured debt from time to time outstanding. The notes are not secured by any of TDCC s assets. Any future claims of secured lenders with respect to assets securing their loans will be prior to any claim of the holders of the notes with respect to those assets.

TDCC s subsidiaries are separate and distinct legal entities from TDCC. TDCC s subsidiaries have no obligation to pay any amounts due on the notes or to provide TDCC with funds to meet its payment obligations on the notes, whether in the form of dividends, distributions, loans or other payments. In addition, any payment of dividends, loans or advances by TDCC s subsidiaries could be subject to statutory or contractual restrictions. Payments to TDCC by its subsidiaries will also be contingent upon the subsidiaries earnings and business considerations. TDCC s right to receive any assets of any of its subsidiaries upon their bankruptcy, liquidation or reorganization, and therefore the right of the holders of the notes to participate in those assets, will be effectively subordinated to the claims of that subsidiary s creditors, including trade creditors. In addition, even if TDCC is a creditor of any of its subsidiaries, its right as a creditor would be subordinate to any security interest in the assets of its subsidiaries and any indebtedness of its subsidiaries senior to that held by TDCC. At March 31, 2009, on a pro forma basis after giving effect to the Transactions, we would have approximately $22.8 billion in principal amount of long-term indebtedness outstanding on a consolidated basis, of which $5.3 billion of subsidiary indebtedness would be structurally senior to the notes.

We may not be able to repurchase the notes upon a change of control.

Upon the occurrence of specific kinds of change of control events, unless we have exercised our right to redeem the notes, each holder of notes will have the right to require us to repurchase all or any part of such holder s notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase. If we experience a Change of Control Repurchase Event, there can be no assurance that we would have sufficient financial resources available to satisfy our obligations to repurchase the notes. Our failure to purchase the notes as required under the indenture governing the notes would result in a default under the indenture, which could have material adverse consequences for us and the holders of the notes. See Description of the Notes Repurchase at the Option of Holders Upon Change of Control Repurchase Event.

The indenture does not restrict the amount of additional debt that we may incur.

The notes and indenture under which the notes will be issued do not place any limitation on the amount of unsecured debt that may be incurred by us. Our incurrence of additional debt may have important consequences for you as a holder of the notes, including making it more difficult for us to satisfy our obligations with respect to the notes, a loss in the trading value of your notes, if any, and a risk that the credit rating of the notes is lowered or withdrawn.

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Our credit ratings may not reflect all risks of your investments in the notes.

Our credit ratings are an assessment by rating agencies of our ability to pay our debts when due. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of the notes. As discussed above, our short- and long-term credit ratings were recently downgraded. These credit ratings may not reflect the potential impact of risks relating to structure or marketing of the notes. Agency ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization. Each agency s rating should be evaluated independently of any other agency s rating. See A downgrade of our credit rating could have a negative impact on our ability to access credit markets above.

If an active trading market does not develop for the notes, you may be unable to sell your notes or to sell your notes at a price that you deem sufficient.

The notes are new issues of securities for which there currently is no established trading market. We do not intend to list the notes on a national securities exchange. While the underwriters of the notes have advised us that they intend to make a market in the notes, the underwriters will not be obligated to do so and may stop their market-making at any time. No assurance can be given:

- that a market for the notes will develop or continue;
- as to the liquidity of any market that does develop; or
- as to your ability to sell any notes you may own or the price at which you may be able to sell your notes.

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USE OF PROCEEDS

We expect the net proceeds to us from this offering will be approximately $4,604 million (after deducting underwriting discounts and our estimated offering expenses). We intend to use all of such net proceeds (i) to repay a portion of our borrowings under the Term Loan Agreement, which we entered into to finance a portion of the Merger, and (ii) for refinancings, renewals, replacements and refundings of outstanding indebtedness. The borrowings under the Term Loan Agreement accrue interest at a rate per annum equal to either a base rate or LIBOR plus, in each case, an applicable margin (which interest rate currently is approximately 3.92%), and have a maturity date of April 1, 2010, which may be extended for one year for a maximum of $8 billion.

We will not receive any of the proceeds from the sale of the notes by the selling noteholders.

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CAPITALIZATION

The following table sets forth, as of March 31, 2009, our consolidated cash and cash equivalents, short-term debt, long-term debt and common and preferred equity, on an actual basis, an as adjusted basis to give effect to the Transactions, and an as further adjusted basis to give effect to (i) the issuance of shares of our common stock in the public offering that we priced on May 6, 2009 (including the exercise of the underwriters over-allotment option which was exercised on May 7, 2009) and the application of the proceeds as described under Other Offerings, (ii) the issuance of shares of our common stock and notes in consideration for our purchase of the Cumulative Perpetual Preferred Stock, Series B as described under Prospectus Supplement Summary Recent Developments of Dow, (iii) the issuance of the notes offered hereby and (iv) the application of the net proceeds as described under Use of Proceeds.

You should read this table in conjunction with Selected Historical Financial and Other Data of Dow, Selected Historical Financial and Other Data of Rohm and Haas, Unaudited Pro Forma Combined Condensed Financial Information, Other Offerings, Prospectus Supplement Summary Recent Developments of Dow and the consolidated financial statements and related notes thereto of Dow and Rohm and Haas which are incorporated by reference herein.

	At March 31, 2009 (dollars in millions)		
	Actual	As Adjusted (1)	As Further Adjusted
Cash and cash equivalents	$ 2,956	$ 3,813	$ 3,813
Short-term debt (includes notes payable and current maturities of long-term debt)	$ 2,067	$ 3,430	$ 3,430
Long-term debt:			
Revolving credit agreement of Dow	$ 3,000	$ 3,000	$ 3,000
Promissory notes and debentures of Dow	5,199	5,199	5,199
Promissory notes and debentures of Rohm and Haas		2,637	2,637
Other long-term debt of Dow	3,921	3,921	3,921
Other long-term debt of Rohm and Haas		22	22
Term Loan		9,226	8,261
Notes due 2014 offered hereby			1,744
Notes due 2019 offered hereby			3,243
Notes due 2039 offered hereby			996
Payment of debt allocation to be determined (2)			(4,604)
Less: current maturities of long-term debt	(1,223)	(2,484)	(2,484)
Total long-term debt	10,897	21,521	21,935
Preferred securities of subsidiaries	500	500	500
Cumulative Perpetual Preferred Stock, Series B		2,500	
Equity:			
Cumulative Convertible Perpetual Preferred Stock, Series A		4,000	4,000
Common stock (3)	2,453	2,562	2,937
Additional paid-in capital	825	1,116	2,914
Retained earnings	16,896	16,896	16,853
Accumulated other comprehensive loss	(4,674)	(4,674)	(4,674)
Treasury stock at cost	(2,384)	(2,384)	(2,384)
The Dow Chemical Company s stockholders equity	13,116	17,516	19,646
Noncontrolling interests	63	488	488

Total equity	13,179	18,004	20,134
Total long-term debt, Preferred securities of subsidiaries, Cumulative Perpetual Preferred Stock, Series B and equity	$ 24,576	$ 42,525	$ 42,569

(1) Unlike the Unaudited Pro Forma Combined Condensed Balance Sheet, the numbers in this column do not give effect to (i) the sale of the MII salt business and the application of assumed proceeds to reduce our borrowings under the Term Loan Agreement or (ii) the divestitures of the businesses required by the FTC as a condition of its approval of the Merger.

(2) Net proceeds will be used to reduce long-term debt as described under Use of Proceeds.

(3) This number does not give effect to the issuance of common stock upon conversion of any shares of our Cumulative Convertible Perpetual Preferred Stock, Series A or the possible sale of common stock by us to The Dow Chemical Company Employees Savings Plan (the Plan) for allocation by the Plan to its participants. See Other Offerings Common Stock Offering to Employees Savings Plan for more information. Additionally, in accordance with the terms of the Cumulative Convertible Perpetual Preferred Stock, Series C, if we file an effective shelf registration statement relating to these shares prior to a certain specified date, these shares will be automatically convertible into a number of shares of common stock based on a volume weighted average price formula. Since we intend to file an effective shelf registration statement relating to the Cumulative Convertible Perpetual Preferred Stock, Series C prior to such date, we assume that these shares will automatically convert into shares of common stock. As a result, an increase in common stock is reflected in the as adjusted column and no shares of Cumulative Convertible Perpetual Preferred Stock, Series C are shown as being outstanding in this table. See Unaudited Pro Forma Combined Condensed Financial Information.

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SELECTED HISTORICAL FINANCIAL AND OTHER DATA OF DOW

The following table sets forth selected historical financial and other data of Dow and, except as otherwise indicated below, is derived from our audited consolidated financial statements and unaudited consolidated financial statements. You should read the following information in conjunction with our consolidated financial statements incorporated by reference into this prospectus supplement and the accompanying prospectus.

	Three Months Ended March 31,		Year Ended December 31,				
(dollars in millions, except per share amounts)	**2009**	**2008**	**2008**	**2007**	**2006**	**2005**	**2004**
	(unaudited)						
Statements of Income Data:							
Net sales	$ 9,087	$ 14,824	$ 57,514	$ 53,513	$ 49,124	$ 46,307	$ 40,161
Cost of sales	8,165	12,908	52,019	46,400	41,526	38,276	34,244
Research and development expenses	292	331	1,310	1,305	1,164	1,073	1,022
Selling, general and administrative expenses	444	498	1,969	1,864	1,663	1,545	1,436
Amortization of intangibles	22	22	92	72	50	55	81
Goodwill impairment losses			239				
Restructuring charges	19		839	578	591	114	543
Purchased in-process research and development charges			44	57			
Acquisition-related expenses	48		49				
Gain on asset divestitures related to formation of nonconsolidated affiliates							563
Asbestos-related credit			54		177		
Equity in earnings of nonconsolidated affiliates	65	274	787	1,122	959	964	923
Sundry income (expense) net	(3)	46	89	324	137	755	136
Interest income	12	24	86	130	185	138	86
Interest expense and amortization of debt discount	154	145	648	584	616	702	747
Income before income taxes (1)	17	1,264	1,321	4,229	4,972	6,399	3,796
Provision (credit) for income taxes	(18)	299	667	1,244	1,155	1,782	877
Income before cumulative effect of change in accounting principle	35	965	654	2,985	3,817	4,617	2,919
Cumulative effect of change in accounting principle						(20)	
Net income (2)	35	965	654	2,985	3,817	4,597	2,919
Net income attributable to noncontrolling interests (3)	11	24	75	98	93	82	122
Net income attributable to The Dow Chemical Company (4)	$ 24	$ 941	$ 579	$ 2,887	$ 3,724	$ 4,515	$ 2,797
Earnings per common share basic	$ 0.03	$ 1.00	$ 0.62	$ 3.03	$ 3.87	$ 4.69	$ 2.98
Earnings per common share diluted	$ 0.03	$ 0.99	$ 0.62	$ 2.99	$ 3.82	$ 4.62	$ 2.93
Balance Sheets Data (end of period):							
Total assets	$ 44,159	$ 50,657	$ 45,474	$ 48,801	$ 45,581	$ 45,934	$ 45,885
Total current assets	15,606	20,136	16,060	18,654	17,209	17,404	15,890
Total current liabilities	9,752	13,404	13,108	12,445	10,601	10,663	10,506
Working capital (5)	5,854	6,732	2,952	6,209	6,608	6,741	5,384
Property	47,370	49,044	48,391	47,708	44,381	41,934	41,898
Net property	13,823	14,545	14,294	14,388	13,722	13,537	13,828
Notes payable	844	2,114	2,360	1,548	219	241	104
Long-term debt due within one year	1,223	827	1,454	586	1,291	1,279	861
Long-term debt	10,897	7,392	8,042	7,581	8,036	9,186	11,629
Total debt (6)	12,964	10,333	11,856	9,715	9,546	10,706	12,594
Total equity (7)	13,179	20,609	13,580	19,803	17,430	15,660	12,719
Preferred securities of subsidiaries	500	1,000	500	1,000	1,000	1,000	1,000
Financial Ratios:							

Research and development expenses as percent of net sales	3.2%	2.2%	2.3%	2.4%	2.4%	2.3%	2.5%
Income before income taxes as percent of net sales (1)	0.2	8.5	2.3	7.9	10.1	13.8	9.5
Return on stockholders equity (8)	0.7	18.7	4.3	14.9	21.8	29.5	22.8
Debt as a percent of total capitalization (9)	48.7	32.3	45.7	31.8	34.1	39.1	47.9
Ratio of earnings to fixed charges (10)	3.3x	6.9x	2.4x	5.3x	6.1x	7.2x	4.3x
General:							
Capital expenditures	$ 234	$ 359	$ 2,276	$ 2,075	$ 1,775	$ 1,597	$ 1,333
Depreciation	455	495	2,016	1,959	1,904	1,904	1,904

(1) Changed from Income before Income Taxes and Minority Interests due to retrospective application of SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements*.

(2) Caption added due to retrospective application of SFAS No. 160.

(3) Changed from Minority interests share in income, due to retrospective application of SFAS No. 160.

(4) Changed from Net Income Available for Common Stockholders due to retrospective application of SFAS No. 160.

(5) Working capital equals Total current assets minus Total current liabilities.

(6) Total debt equals Notes payable plus Long-term debt due within one year and Long-term debt.

(7) Impact of retrospective application of SFAS No. 160 to equity section of balance sheets:

(dollars in millions)	Three Months Ended March 31, 2009	2008	Year Ended December 31, 2008	2007	2006	2005	2004
	(unaudited)						
Net stockholders equity (as reported prior to January 1, 2009)	$ 13,116(1)	$ 20,179	$ 13,511(1)	$ 19,389	$ 17,065	$ 15,324	$ 12,270
Noncontrolling interests (2)	63	430	69	414	365	336	449
Total equity	$ 13,179	$ 20,609	$ 13,580	$ 19,803	$ 17,430	$ 15,660	$ 12,719

(1) Now shown as The Dow Chemical Company s stockholders equity.

(2) Changed from Minority Interest in Subsidiaries.

(8) Return on stockholders equity equals Net income attributable to The Dow Chemical Company divided by Net stockholders equity. Net income attributable to The Dow Chemical Company is annualized for purposes of a quarterly calculation.

(9) Debt as a percent of total capitalization equals Total debt divided by Total debt plus Preferred securities of subsidiaries and Total equity.

(10) On an adjusted basis giving effect to the Transactions, earnings for the three months ended March 31, 2009 and the year ended December 31, 2008 were insufficient to cover fixed charges by $359 million and $778 million, respectively. Unlike the Unaudited Pro Forma Combined Condensed Financial Information, the numbers on an as adjusted basis do not give effect to (i) the sale of the MII salt business and the application of assumed proceeds to reduce our borrowings under the Term Loan Agreement or (ii) the divestitures of the businesses required by the FTC as a condition of its approval of the Merger. On an as further adjusted basis also giving effect to (i) the

issuance of shares of our common stock in the public offering that we priced on May 6, 2009 and the application of the proceeds as described under Other Offerings, (ii) the issuance of shares of our common stock and notes in consideration for our purchase of the Cumulative Perpetual Preferred Stock, Series B as described under Prospectus Supplement Summary Recent Developments of Dow, (iii) the issuance of the notes offered hereby and (iv) the application of the net proceeds as described under Use of Proceeds, earnings for the three months ended March 31, 2009 and the year ended December 31, 2008 were insufficient to cover fixed charges by $141 million and $157 million, respectively.

For the purposes of these ratios, earnings consist of income before income taxes, noncontrolling interests and equity in earnings of nonconsolidated affiliates; plus fixed charges, amortization of capitalized interest and distributed income of nonconsolidated affiliates; minus capitalized interest and preferred security dividends. Fixed charges consist of interest expense and amortization of debt discount, capitalized interest, preferred security dividends, and a portion of rentals deemed to represent an interest factor.

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SELECTED HISTORICAL FINANCIAL AND OTHER DATA OF ROHM AND HAAS

The following table sets forth selected historical financial and other data of Rohm and Haas. The financial data has been derived from Rohm and Haas audited consolidated financial statements and unaudited consolidated financial statements. You should read the following information in conjunction with Rohm and Haas consolidated financial statements included in our May 5th 8-K/A, and incorporated by reference into this prospectus supplement and the accompanying prospectus.

(dollars in millions)	Three Months Ended March 31, 2009	2008	Year Ended December 31, 2008	2007 (1)	2006
	(unaudited)				
Statements of Operations Data:					
Net sales	$ 1,772	$ 2,507	$ 9,575	$ 8,897	$ 8,230
Gross profit	390	660	2,410	2,467	2,483
Earnings (loss) from continuing operations before income taxes (1)	(58)	233	561	880	1,042
Earnings (loss) from continuing operations	(33)	177	484	674	768
Income (loss) from discontinued line of business, net of income tax			2	1	(4)
Loss on disposal of discontinued line of business, net of income tax					(16)
Net earnings (loss)	(33)	177	486	675	748
Net earnings (loss) attributable to Rohm and Haas (2)	$ (31)	$ 172	$ 482	$ 661	$ 735
Balance Sheets Data (end of period):					
Land, buildings and equipment, net of accumulated depreciation	$ 2,737	$ 2,917	$ 2,853	$ 2,871	$ 2,669
Total assets	9,278	10,549	9,909	10,107	9,553
Short-term obligations	142	272	177	158	393
Long-term debt	3,145	3,230	3,210	3,139	1,688
Total debt (3)	3,287	3,502	3,387	3,297	2,081
Total stockholders equity (4)(5)	2,992	3,498	3,189	3,361	4,153

(1) Changed from Earnings from continuing operations before income taxes, and minority interests due to retrospective application of SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements*.

(2) Changed from Net earnings due to retrospective application of SFAS No. 160.

(3) Total debt equals Short-term obligations plus Long-term debt.

(4) As a result of the implementation of SFAS No. 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans, Rohm and Haas recorded a $245 million charge to stockholders equity in 2006.

(5) The primary reason for the reduction in Stockholders equity in 2007 is a $1 billion accelerated share repurchase.

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UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL INFORMATION

The following unaudited pro forma combined condensed financial information reflects the presentation shown in our May 5th 8-K/A.

Introduction

The following unaudited pro forma combined condensed financial information (pro forma financial information) is based on the historical consolidated financial statements and the accompanying notes of The Dow Chemical Company (the Company or Dow) and Rohm and Haas Company (Rohm and Haas) and has been prepared to illustrate the effects of the Company s acquisition of Rohm and Haas. The Unaudited Pro Forma Combined Condensed Balance Sheet has been prepared assuming the acquisition of Rohm and Haas had been consummated on March 31, 2009. The Unaudited Pro Forma Combined Condensed Statements of Operations have been prepared assuming the acquisition of Rohm and Haas had been consummated on January 1, 2008.

The accompanying pro forma financial information should be read in conjunction with the historical financial statements and the accompanying notes of the Company included in the Annual Report on Form 10-K for the year ended December 31, 2008, filed with the U.S. Securities and Exchange Commission (SEC) on February 20, 2009, and the Quarterly Report on Form 10-Q for the quarter ended March 31, 2009 filed with the SEC on May 4, 2009, as well as the historical financial statements and the accompanying notes of Rohm and Haas, which are filed in the Current Report on Form 8-K/A.

The pro forma financial information, which was prepared in accordance with Article 11 of Regulation S-X, is not necessarily indicative of the financial position or results of operations that would have actually occurred had the acquisition been completed at or as of the dates indicated, nor is it indicative of the future operating results or financial position of the combined company. The pro forma financial information does not reflect future nonrecurring charges resulting from the acquisition. The Unaudited Pro Forma Combined Condensed Statements of Operations do not reflect future events that may occur after the acquisition of Rohm and Haas, including the potential realization of operating cost savings (synergies) or restructuring activities or other costs related to the planned integration of Rohm and Haas, and do not consider potential impacts of current market conditions on revenues, expense efficiencies or asset dispositions (with the exception of the Rohm and Haas salt business).

Transaction Background

On April 1, 2009, the Company completed the acquisition of Rohm and Haas. Pursuant to the July 10, 2008 Agreement and Plan of Merger (the Merger Agreement), Ramses Acquisition Corp., a direct, wholly owned subsidiary of the Company, merged with and into Rohm and Haas (the Merger), with Rohm and Haas continuing as the surviving corporation and a direct, wholly owned subsidiary of the Company.

The Company pursued the acquisition of Rohm and Haas to make the Company a leading specialty chemicals and advanced materials company, combining the two organizations best-in-class technologies, broad geographic reach and strong industry channels to create a business portfolio with significant growth opportunities.

Pursuant to the terms and conditions of the Merger Agreement, each outstanding share of Rohm and Haas common stock was converted into the right to receive cash of $78 per share, plus additional cash consideration of $0.97 per share. The additional cash consideration represented 8 percent per annum on the $78 per share consideration from January 10, 2009 to the closing of the Merger, less dividends declared by Rohm and Haas with a dividend record date between January 10, 2009 and the closing of the Merger. All options to purchase shares of common stock of Rohm and Haas granted under the Rohm and Haas stock option plans and all other equity-based compensation awards, whether vested or unvested as of April 1, 2009, became fully vested and converted into the right to receive cash of $78.97 per share, less any applicable exercise price. Total cash consideration paid to Rohm and Haas shareholders was $15.7 billion.

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Financing for the transaction included debt of $9.2 billion obtained through a Term Loan Agreement, as well as equity investments by Berkshire Hathaway Inc. (BHI) and by the Kuwait Investment Authority (KIA) in the form of Cumulative Convertible Perpetual Preferred Stock, Series A of 3 million shares for $3 billion (BHI) and 1 million shares for $1 billion (KIA).

In connection with the closing of the Merger, the Company entered into an Investment Agreement with the Haas Trusts and Paulson & Co. Inc. (Paulson), each of whom was a significant shareholder of Rohm and Haas common stock at the time of the Merger. Under the Investment Agreement, the Haas Trusts and Paulson purchased from the Company 2.5 million shares (Haas Trusts 1.5 million shares; Paulson 1.0 million shares) of Cumulative Perpetual Preferred Stock, Series B for an aggregate price of $2.5 billion, with $1.5 billion from the Haas Trusts and $1.0 billion from Paulson. The Haas Trusts made an additional investment in 0.5 million shares of Cumulative Convertible Perpetual Preferred Stock, Series C for an aggregate price of $500 million.

The Dow Chemical Company and Subsidiaries

Unaudited Pro Forma Combined Condensed Statements of Operations

For the Year Ended December 31, 2008

In millions, except per share amounts	Dow	Rohm and Haas	Pro Forma Adjustments	Ref.	Pro Forma Combined
Net Sales	$ 57,514	$ 9,575	$ (1,898)	(H)	$ 64,806
			(385)	(I)	
Cost of sales	52,019	7,165	84	(D)	57,244
			(1,639)	(H)	
			(385)	(I)	
Research and development expenses	1,310	327	4	(D)	1,639
			(2)	(H)	
Selling, general and administrative expenses	1,969	1,138	13	(D)	3,014
			(106)	(H)	
Amortization of intangibles	92	63	257	(E)	404
			(8)	(H)	
Restructuring charges	839	198	(3)	(H)	1,034
Special charges	332	1			333
Asbestos-related credit	54				54
Equity in earnings of nonconsolidated affiliates	787	97			884
Sundry income (expense) net	89	(71)	(3)	(H)	15
Interest income	86	16	(1)	(H)	101
Interest expense and amortization of debt discount	648	164	865	(J)	1,735
			58	(F)	
Income before Income Taxes	1,321	561	(1,425)		457
Provision for income taxes	667	77	(500)	(G)	244
Net Income	654	484	(925)		213
Net income attributable to noncontrolling interests	75	4			79
Net Income Attributable to The Dow Chemical Company	579	480	(925)		134
Preferred stock dividends			728	(K)	728
Net Income (Loss) Available to The Dow Chemical Company Common Stockholders	$ 579	$ 480	$ (1,653)		$ (594)
Share Data					
Earnings (Loss) per common share basic	$ 0.62				$ (0.61)
Earnings (Loss) per common share diluted	$ 0.62			(L)	$ (0.61)

Common stock dividends declared per share of common stock	$ 1.68			$ 1.68
Weighted-average common shares outstanding basic	930.4	43.4	(K)	973.8
Weighted-average common shares outstanding diluted	939.0	43.4	(K)	982.4

See Notes to the Unaudited Pro Forma Combined Condensed Financial Statements.

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For the Quarter Ended March 31, 2009

In millions, except per share amounts	Dow	Rohm and Haas	Pro Forma Adjustments	Ref.	Pro Forma Combined
Net Sales					
ASSETS (Market Value):					
Common Stocks:					
Automotive: Parts and Accessories	$ 2,127,245		$ 151,000		$ 2,278,245
Business Services	1,685,221		0		1,685,221
Computer Software and Services	17,930,441	$ 43,098			17,973,539
Consumer Products and Services	69,906	101,734			171,640
Electronics	4,028,540	2,054,875			6,083,415
Entertainment	3,298,980		0		3,298,980
Health Care	38,647,515	626,912			39,274,427
Publishing	125,710	62,998			188,708
Wireless Communications	1,524,240		30,476		1,554,716
Other Industries (a)	120,727,673				120,727,673
Total Common Stocks	190,165,471	2,889,617	181,476		193,236,564
Closed-End Funds	2,933,700				2,933,700
Preferred Stocks (a)	62,536				62,536
Rights (a)		220,000	560,181		780,181
Warrants (a)	264				264
Corporate Bonds (a)			7,310		7,310
U.S. Government Obligations		140,947,828			140,947,828
TOTAL INVESTMENTS IN SECURITIES ASSETS	$ 193,161,971	$ 144,057,445	$ 748,967		$337,968,383
LIABILITIES (Market Value):					
Common Stocks Sold Short (a)	$ (3,413,419)				$ (3,413,419)
TOTAL INVESTMENTS IN SECURITIES - LIABILITIES	$ (3,413,419)				$ (3,413,419)
OTHER FINANCIAL INSTRUMENTS:*					
ASSETS (Unrealized Appreciation):					
EQUITY CONTRACTS					
Contract for Difference Swap Agreements		$ 70,305			$ 70,305
LIABILITIES (Unrealized Depreciation):					
FORWARD CURRENCY EXCHANGE CONTRACTS					
Forward Foreign Exchange Contracts		(402,468)			(402,468)
TOTAL OTHER FINANCIAL INSTRUMENTS:		$ (332,163)			$ (332,163)

(a) Please refer to the Schedule of Investments (SOI) for the industry classifications of these portfolio holdings.
*

Other financial instruments are derivatives reflected in the SOI, such as options, futures, forwards, and swaps, which may be valued at the unrealized appreciation/depreciation of the instrument.

The Fund did not have material transfers among Level 1, Level 2, and Level 3 during the year ended December 31, 2017. The Fund s policy is to recognize transfers among Levels as of the beginning of the reporting period.

The GDL Fund

Notes to Financial Statements (Continued)

The following table reconciles Level 3 investments for which significant unobservable inputs were used to determine fair value:

	Balance as of 12/31/16	Accrued discounts/ (premiums)	Realized gain/ (loss)	Change in unrealized appreciation/ depreciation	Purchases	Sales	Transfers into Level 3	Transfers out of Level 3	Balance as of 12/31/17	Net chan in unrea apprecia depreci during period Leve investm still h at 12/31
ESTMENTS IN SECURITIES:										
ETS (Market Value):										
mon Stocks (a)	$ 654,019		$ 42,124	$ 52,122	$ 28,852	$ (751,322)	$ 155,681		$ 181,476	$ (3,
s (a)	1,783,743		494,992	(157,062)	186,210	(1,747,702)			560,181	(50,
orate Bonds (a)					7,310				7,310	
AL INVESTMENTS ECURITIES	$ 2,437,762		$ 537,116	$ (104,940)	$222,372	$ (2,499,024)	$ 155,681		$ 748,967	$ (53,

(a) Please refer to the Schedule of Investments for the industry classifications of these portfolio holdings.
The Fund s policy is to recognize transfers into and out of Level 3 as of the beginning of the reporting period.
Net change in unrealized appreciation/depreciation on investments is included in the related amounts in the Statement of Operations.

The following tables summarize the valuation techniques used and unobservable inputs utilized to determine the value of certain of the Fund s Level 3 investments as of December 31, 2017:

Description	Balance at 12/31/17	Valuation Technique	Unobservable Input	Range
INVESTMENTS IN SECURITIES:				
ASSETS (Market Value):				
Common Stocks (a)	$181,476	Last available closing price	Discount Range	0%
Rights (a)	560,181	Last available closing price	Discount Range	0%
Corporate Bonds (a)	7,310	Last available closing price	Discount Range	0%
	$748,967			

(a) Please refer to the Schedule of Investments for the industry classifications of these portfolio holdings.

Unobservable Input	Impact to Value if Input Increases	Impact to Value if Input Decreases
Discount Range	Decrease	Increase

Additional Information to Evaluate Qualitative Information.

General. The Fund uses recognized industry pricing services approved by the Board and unaffiliated with the Adviser to value most of its securities, and uses broker quotes provided by market makers of securities not valued by these and other recognized pricing sources. Several different pricing feeds are received to value domestic equity securities, international equity securities, preferred equity securities, and fixed income securities. The data within these feeds are ultimately sourced from major stock exchanges and trading systems where these securities trade. The prices supplied by external sources are checked by obtaining quotations or actual transaction prices from market participants. If a price obtained from the pricing source is deemed unreliable, prices will be sought from another pricing service or from a broker/dealer that trades that security or similar securities.

The GDL Fund

Notes to Financial Statements (Continued)

Fair Valuation. Fair valued securities may be common or preferred equities, warrants, options, rights, or fixed income obligations. Where appropriate, Level 3 securities are those for which market quotations are not available, such as securities not traded for several days, or for which current bids are not available, or which are restricted as to transfer. When fair valuing a security, factors to consider include recent prices of comparable securities that are publicly traded, reliable prices of securities not publicly traded, the use of valuation models, current analyst reports, valuing the income or cash flow of the issuer, or cost if the preceding factors do not apply. A significant change in the unobservable inputs could result in a lower or higher value in Level 3 securities. The circumstances of Level 3 securities are frequently monitored to determine if fair valuation measures continue to apply.

The Adviser reports quarterly to the Board the results of the application of fair valuation policies and procedures. These may include backtesting the prices realized in subsequent trades of these fair valued securities to fair values previously recognized.

Derivative Financial Instruments. The Fund may engage in various portfolio investment strategies by investing in derivative financial instruments for the purposes of increasing the income of the Fund, hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase, or hedging against a specific transaction with respect to either the currency in which the transaction is denominated or another currency. Investing in certain derivative financial instruments, including participation in the options, futures, or swap markets, entails certain execution, liquidity, hedging, tax, and securities, interest, credit, or currency market risks. Losses may arise if the Adviser s prediction of movements in the direction of the securities, foreign currency, and interest rate markets is inaccurate. Losses may also arise if the counterparty does not perform its duties under a contract, or, in the event of default, the Fund may be delayed in or prevented from obtaining payments or other contractual remedies owed to it under derivative contracts. The creditworthiness of the counterparties is closely monitored in order to minimize these risks. Participation in derivative transactions involves investment risks, transaction costs, and potential losses to which the Fund would not be subject absent the use of these strategies. The consequences of these risks, transaction costs, and losses may have a negative impact on the Fund s ability to pay distributions.

Collateral requirements differ by type of derivative. Collateral requirements are set by the broker or exchange clearing house for exchange traded derivatives, while collateral terms are contract specific for derivatives traded over-the-counter. Securities pledged to cover obligations of the Fund under derivative contracts are noted in the Schedule of Investments. Cash collateral, if any, pledged for the same purpose will be reported separately in the Statement of Assets and Liabilities.

The Fund s policy with respect to offsetting is that, absent an event of default by the counterparty or a termination of the agreement, the master agreement does not result in an offset of reported amounts of financial assets and financial liabilities in the Statement of Assets and Liabilities across transactions between the Fund and the applicable counterparty. The enforceability of the right to offset may vary by jurisdiction.

The Fund s derivative contracts held at December 31, 2017, if any, are not accounted for as hedging instruments under GAAP and are disclosed in the Schedule of Investments together with the related counterparty.

Swap Agreements. The Fund may enter into equity contract for difference swap transactions for the purpose of increasing the income of the Fund. The use of swaps is a highly specialized activity that involves investment

The GDL Fund

Notes to Financial Statements (Continued)

techniques and risks different from those associated with ordinary portfolio security transactions. In an equity contract for difference swap, a set of future cash flows is exchanged between two counterparties. One of these cash flow streams will typically be based on a reference interest rate combined with the performance of a notional value of shares of a stock. The other will be based on the performance of the shares of a stock. Depending on the general state of short-term interest rates and the returns on the Fund s portfolio securities at the time an equity contract for difference swap transaction reaches its scheduled termination date, there is a risk that the Fund will not be able to obtain a replacement transaction or that the terms of the replacement will not be as favorable as on the expiring transaction.

Unrealized gains related to swaps are reported as an asset and unrealized losses are reported as a liability in the Statement of Assets and Liabilities. The change in value of swaps, including the accrual of periodic amounts of interest to be paid or received on swaps, is reported as unrealized gain or loss in the Statement of Operations. A realized gain or loss is recorded upon payment or receipt of a periodic payment or termination of swap agreements. Equity contract for difference swap agreements held at December 31, 2017 are reflected within the schedule of Investments.

The Fund s volume of activity in equity contract for difference swap agreements during the year ended December 31, 2017 had an average monthly notional amount of approximately $873,689.

At December 31, 2017, the value of equity contract for difference swap agreements can be found in the Statement of Assets and Liabilities under Assets, Unrealized appreciation on swap contracts. For the year ended December 31, 2017, the effect of equity contract for difference swap agreements can be found in the Statement of Operations under Net Realized and Unrealized Gain/(Loss) on Investments, Securities Sold Short, Swap Contracts, Forward Foreign Currency Contracts, and Foreign Currency, Net realized loss on swap contracts and Net change in unrealized appreciation/depreciation on swap contracts.

Forward Foreign Exchange Contracts. The Fund may engage in forward foreign exchange contracts for the purpose of hedging a specific transaction with respect to either the currency in which the transaction is denominated or another currency as deemed appropriate by the Adviser. Forward foreign exchange contracts are valued at the forward rate and are marked-to-market daily. The change in market value is included in unrealized appreciation/depreciation on foreign currency translations. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

The use of forward foreign exchange contracts does not eliminate fluctuations in the underlying prices of the Fund s portfolio securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. Forward foreign exchange contracts at December 31, 2017 are reflected within the Schedule of Investments. The Fund s volume of activity in forward foreign exchange contracts during the year ended December 31, 2017 had an average monthly notional amount of approximately $79,778,055.

At December 31, 2017, the value of forward foreign exchange contracts can be found in the Statement of Assets and Liabilities under Liabilities, Unrealized depreciation on forward foreign exchange contracts. For the year ended December 31, 2017, the effect of forward foreign exchange contracts can be found in the Statement

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Notes to Financial Statements (Continued)

of Operations under Net Realized and Unrealized Gain/(Loss) on Investments, Securities Sold Short, Swap Contracts, Forward Foreign Currency Contracts, and Foreign Currency, within Net realized loss on forward foreign currency contracts and Net change in unrealized appreciation/depreciation on forward foreign currency contracts.

Options. The Fund may purchase or write call or put options on securities or indices for the purpose of increasing the income of the Fund. As a writer of put options, the Fund receives a premium at the outset and then bears the risk of unfavorable changes in the price of the financial instrument underlying the option. The Fund would incur a loss if the price of the underlying financial instrument decreases between the date the option is written and the date on which the option is terminated. The Fund would realize a gain, to the extent of the premium, if the price of the financial instrument increases between those dates.

As a purchaser of put options, the Fund pays a premium for the right to sell to the seller of the put option the underlying security at a specified price. The seller of the put has the obligation to purchase the underlying security upon exercise at the exercise price. If the price of the underlying security declines, the Fund would realize a gain upon sale or exercise. If the price of the underlying security increases or stays the same, the Fund would realize a loss upon sale or at the expiration date, but only to the extent of the premium paid.

If a written call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether there has been a realized gain or loss. If a written put option is exercised, the premium reduces the cost basis of the security. In the case of call options, the exercise prices are referred to as in-the-money, at-the-money, and out-of-the-money, respectively. The Fund may write (a) in-the-money call options when the Adviser expects that the price of the underlying security will remain stable or decline during the option period, (b) at-the-money call options when the Adviser expects that the price of the underlying security will remain stable, decline, or advance moderately during the option period, and (c) out-of-the-money call options when the Adviser expects that the premiums received from writing the call option will be greater than the appreciation in the price of the underlying security above the exercise price. By writing a call option, the Fund limits its opportunity to profit from any increase in the market value of the underlying security above the exercise price of the option. Out-of-the-money, at-the-money, and in-the-money put options (the reverse of call options as to the relation of exercise price to market price) may be utilized in the same market environments that such call options are used in equivalent transactions. At December 31, 2017, the Fund did not hold any written options contracts.

The GDL Fund

Notes to Financial Statements (Continued)

At December 31, 2017, the Fund s derivative assets and liabilities (by type) are as follows:

	Gross Amounts of Recognized Assets Presented in the Statement of Assets and Liabilities	Gross Amounts Available for Offset in the Statement of Assets and Liabilities	Net Amounts of Assets Presented in the Statement of Assets and Liabilities
Assets			
Equity Contract for Difference Swap Agreements	$70,305		$70,305

	Gross Amounts of Recognized Liabilities Presented in the Statement of Assets and Liabilities	Gross Amounts Available for Offset in the Statement of Assets and Liabilities	Net Amounts of Liabilities Presented in the Statement of Assets and Liabilities
Liabilities			
Forward Foreign Exchange Contracts	$402,468		$402,468

The following tables present the Fund s derivative assets and liabilities by counterparty net of the related collateral segregated by the Fund for the benefit of the counterparty as of December 31, 2017:

		Net Amounts Not Offset in the Statement of Assets and Liabilities		
	Net Amounts of Assets Presented in the Statement of Assets and Liabilities	Financial Instruments	Cash Collateral Received	Net Amount
Counterparty				

The Goldman Sachs Group Inc.	$70,305			$70,305

		Net Amounts Not Offset in the Statement of Assets and Liabilities		
Counterparty	Net Amounts of Liabilities Presented in the Statement of Assets and Liabilities	Financial Instruments	Cash Collateral Pledged	Net Amount
State Street Bank and Trust Co.	$402,468	$(402,468)		

Limitations on the Purchase and Sale of Futures Contracts, Certain Options, and Swaps. Subject to the guidelines of the Board, the Fund may engage in commodity interest transactions (generally, transactions in futures, certain options, certain currency transactions, and certain types of swaps) only for bona fide hedging or other permissible transactions in accordance with the rules and regulations of the Commodity Futures Trading Commission (CFTC). Pursuant to amendments by the CFTC to Rule 4.5 under the Commodity Exchange Act (CEA), the Adviser has filed a notice of exemption from registration as a commodity pool operator with respect to the Fund. The Fund and the Adviser are therefore not subject to registration or regulation as a commodity pool operator under the CEA. In addition, certain trading restrictions are now applicable to the Fund which permit the Fund to engage in commodity interest transactions that include (i) bona fide hedging transactions, as that term is defined and interpreted by the CFTC and its staff, without regard to the percentage of the Fund s

The GDL Fund

Notes to Financial Statements (Continued)

assets committed to margin and options premiums and (ii) non-bona fide hedging transactions, provided that the Fund does not enter into such non-bona fide hedging transactions if, immediately thereafter, either (a) the sum of the amount of initial margin deposits on the Fund s existing futures positions or swaps positions and option or swaption premiums would exceed 5% of the market value of the Fund s liquidating value, after taking into account unrealized profits and unrealized losses on any such transactions, or (b) the aggregate net notional value of the Fund s commodity interest transactions would not exceed 100% of the market value of the Fund s liquidating value, after taking into account unrealized profits and unrealized losses on any such transactions. Therefore, in order to claim the Rule 4.5 exemption, the Fund is limited in its ability to invest in commodity futures, options, and certain types of swaps (including securities futures, broad based stock index futures, and financial futures contracts). As a result, in the future the Fund will be more limited in its ability to use these instruments than in the past, and these limitations may have a negative impact on the ability of the Adviser to manage the Fund, and on the Fund s performance.

Securities Sold Short. The Fund may enter into short sale transactions. Short selling involves selling securities that may or may not be owned and, at times, borrowing the same securities for delivery to the purchaser, with an obligation to replace such borrowed securities at a later date. The proceeds received from short sales are recorded as liabilities and the Fund records an unrealized gain or loss to the extent of the difference between the proceeds received and the value of an open short position on the day of determination. The Fund records a realized gain or loss when the short position is closed out. By entering into a short sale, the Fund bears the market risk of an unfavorable change in the price of the security sold short. Dividends on short sales are recorded as an expense by the Fund on the ex-dividend date and interest expense is recorded on the accrual basis. The broker retains collateral for the value of the open positions, which is adjusted periodically as the value of the position fluctuates. Securities sold short and details of collateral at December 31, 2017 are reflected within the Schedule of Investments. During the year ended December 31, 2017, the Fund incurred $7,317 in service fees related to its investment positions sold short and held by the broker. These amounts are included in the Statement of Operations under Expenses, Service fees for securities sold short.

Series B Cumulative Preferred Shares. For financial reporting purposes only, the liquidation value of preferred shares that have a mandatory call date is classified as a liability within the Statement of Assets and Liabilities and the dividends paid on these preferred shares are included as a component of Interest expense on preferred shares within the Statement of Operations. Offering costs are amortized over the life of the preferred shares.

Investments in Other Investment Companies. The Fund may invest, from time to time, in shares of other investment companies (or entities that would be considered investment companies but are excluded from the definition pursuant to certain exceptions under the 1940 Act) (the Acquired Funds) in accordance with the 1940 Act and related rules. Shareholders in the Fund would bear the pro rata portion of the periodic expenses of the Acquired Funds in addition to the Fund s expenses. For the year ended December 31, 2017, the Fund s pro rata portion of the periodic expenses charged by the Acquired Funds was approximately 1 basis point.

Foreign Currency Translations. The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments, and other assets and liabilities are translated into U.S. dollars at current exchange rates. Purchases and sales of investment securities, income, and expenses are translated at the exchange rate prevailing on the respective dates of such transactions. Unrealized gains and losses that result from changes in foreign exchange

rates and/or changes in market prices of securities have been included in unrealized

The GDL Fund

Notes to Financial Statements (Continued)

appreciation/depreciation on investments and foreign currency translations. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date on investment securities transactions, foreign currency transactions, and the difference between the amounts of interest and dividends recorded on the books of the Fund and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial purchase trade date and subsequent sale trade date is included in realized gain/(loss) on investments.

Foreign Securities. The Fund may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible revaluation of currencies, the inability to repatriate funds, less complete financial information about companies, and possible future adverse political and economic developments. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than securities of comparable U.S. issuers.

Foreign Taxes. The Fund may be subject to foreign taxes on income, gains on investments, or currency repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries as applicable, based upon its current interpretation of tax rules and regulations that exist in the markets in which it invests.

Restricted Securities. The Fund may invest up to 15% of its net assets in securities for which the markets are restricted. Restricted securities include securities whose disposition is subject to substantial legal or contractual restrictions. The sale of restricted securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Securities freely saleable among qualified institutional investors under special rules adopted by the SEC may be treated as liquid if they satisfy liquidity standards established by the Board. The continued liquidity of such securities is not as well assured as that of publicly traded securities, and, accordingly, the Board will monitor their liquidity. At December 31, 2017, the Fund did not hold restricted securities.

Securities Transactions and Investment Income. Securities transactions are accounted for on the trade date with realized gain or loss on investments determined by using the identified cost method. Interest income (including amortization of premium and accretion of discount) is recorded on an accrual basis. Premiums and discounts on debt securities are amortized using the effective yield to maturity method. Dividend income is recorded on the ex-dividend date, except for certain dividends from foreign securities that are recorded as soon after the ex-dividend date as the Fund becomes aware of such dividends.

Custodian Fee Credits and Interest Expense. When cash balances are maintained in the custody account, the Fund receives credits which are used to offset custodian fees. The gross expenses paid under the custody arrangement are included in custodian fees in the Statement of Operations with the corresponding expense offset, if any, shown as Custodian fee credits. When cash balances are overdrawn, the Fund is charged an overdraft fee equal to 110% of the 90 day U.S. Treasury Bill rate on outstanding balances. This amount, if any, would be included in the Statement of Operations, Interest expense.

Distributions to Shareholders. Distributions to common shareholders are recorded on the ex-dividend date. Distributions to shareholders are based on income and capital gains as determined in accordance with federal

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The GDL Fund

Notes to Financial Statements (Continued)

income tax regulations, which may differ from income and capital gains as determined under GAAP. See Series B Cumulative Preferred Shares above for discussion of GAAP treatment. The distributions on these Preferred Shares are treated as dividends for tax purposes. These differences are also due to differing treatments of income and gains on various investment securities and foreign currency transactions held by the Fund, timing differences, and differing characterizations of distributions made by the Fund. Distributions from net investment income for federal income tax purposes include net realized gains on foreign currency transactions. These book/tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. Permanent differences were primarily due to the tax treatment of currency gains and losses and reclass of net operating loss. These reclassifications have no impact on the NAV of the Fund. For the year ended December 31, 2017, reclassifications were made to increase accumulated net investment loss by $698,790 and decrease distributions in excess of net realized gain on investments, securities sold short, swap contracts, forward foreign exchange contracts, and foreign currency transactions by $935,756, with an offsetting adjustment to paid-in capital.

The Fund declared and paid quarterly distributions from net investment income, capital gains, and paid-in capital. The actual sources of the distribution are determined after the end of the year. To the extent such distributions were made from current earnings and profits, they are considered ordinary income or long term capital gains. Distributions during the year may be made in excess of required distributions. This may restrict the Fund s ability to pass through to shareholders all of its net realized long term capital gains as a Capital Gain Distribution, subject to the maximum federal income tax rate, and may cause such gains to be treated as ordinary income subject to a maximum federal income tax rate. That portion of a distribution that is paid-in capital (and is not sourced from net investment income or realized gains) should not be considered as the yield or total return on an investment in the Fund.

Distributions to shareholders of the Fund s Series B Cumulative Preferred Shares are recorded on a daily basis and are determined as described in Note 5.

The tax character of distributions paid during the years ended December 31, 2017 and 2016 was as follows:

	Year Ended December 31, 2017 Common	**Year Ended December 31, 2016 Common**
Distributions paid from:		
Ordinary income (inclusive of short term capital gains)		$3,921,266
Long term capital gain		7,077,225
Return of capital	$10,385,866	1,016,101
Total distributions paid.	$10,385,866	$12,014,592

Provision for Income Taxes. The Fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the Code). It is the policy of the Fund to comply with the requirements of the Code applicable to regulated investment companies and to distribute substantially all of its net investment company taxable income and net capital gains. Therefore, no provision for federal income taxes is required.

The GDL Fund

Notes to Financial Statements (Continued)

As of December 31, 2017, the components of accumulated earnings/losses on a tax basis were as follows:

Net unrealized depreciation on investments, swap contracts, forward foreign exchange contracts, and foreign currency translations	$ 1,431,410
Qualified late year loss deferral*	(334,152)
Other temporary differences**	(54,667)
Total	$ 1,042,591

* Under the current law, qualified late year losses realized after October 31 and prior to the Fund s year end may be elected as occurring on the first day of the following year. For the year ended December 31, 2017, the Fund elected to defer $334,152 of late year ordinary losses.

** Other temporary differences are primarily due to adjustments on preferred share class distribution payables.

At December 31, 2017, the temporary differences between book basis and tax basis unrealized appreciation/depreciation were primarily due to deferral of losses from wash sales for tax purposes and mark-to-market adjustments on investments in passive foreign investment companies.

The following summarizes the tax cost of investments and the related net unrealized appreciation/depreciation at December 31, 2017:

	Cost/ (Proceeds)	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Net Unrealized Appreciation
Investments and derivative instruments	$333,125,216	$17,379,708	$(15,949,960)	$1,429,748

The Fund is required to evaluate tax positions taken or expected to be taken in the course of preparing the Fund s tax returns to determine whether the tax positions are more-likely-than-not of being sustained by the applicable tax authority. Income tax and related interest and penalties would be recognized by the Fund as tax expense in the Statement of Operations if the tax positions were deemed not to meet the more-likely-than-not threshold. During the year ended December 31, 2017, the Fund did not incur any income tax, interest, or penalties. As of December 31, 2017, the Adviser has reviewed all open tax years and concluded that there was no impact to the Fund s net assets or results of operations. The Fund s federal and state tax returns for the prior three fiscal years remain open, subject to examination. On an ongoing basis, the Adviser will monitor the Fund s tax positions to determine if adjustments to this

conclusion are necessary.

3. Investment Advisory Agreement and Other Transactions. The Fund has entered into an investment advisory agreement (the Advisory Agreement) with the Adviser which provides that the Fund will pay the Adviser a base fee, computed weekly and paid monthly, equal on an annual basis to 0.50% of the value of the Fund s average weekly managed assets. Managed assets consist of all of the assets of the Fund without deduction for borrowings, repurchase transactions, and other leveraging techniques, the liquidation value of any outstanding preferred shares, or other liabilities except for certain ordinary course expenses. In addition, the Fund may pay the Adviser an annual performance fee at a calendar year end if the Fund s total return on its managed assets during the year exceeds the total return of the 3 Month U.S. Treasury Bill Index (the T-Bill Index) during the same period. For every four basis points that the Fund s total return exceeds the T-Bill Index, the Fund will accrue weekly and pay annually a one basis point performance fee up to a maximum performance fee of 150 basis points. Under the performance fee arrangement, the annual rate of the total fees paid to the Adviser can range from 0.50% to 2.00% of the average weekly managed assets. During the year ended December 31, 2017, the Fund accrued a performance fee of $1,403,649 to the Adviser. In accordance with

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The GDL Fund

Notes to Financial Statements (Continued)

the Advisory Agreement, the Adviser provides a continuous investment program for the Fund s portfolio and oversees the administration of all aspects of the Fund s business and affairs.

During the year ended December 31, 2017, the Fund paid brokerage commissions on security trades of $209,372 to G.research, LLC, an affiliate of the Adviser.

During the year ended December 31, 2017, the Fund received credits from a designated broker who agreed to pay certain Fund operating expenses. The amount of such expenses paid through this directed brokerage arrangement during this period was $3,235.

The cost of calculating the Fund s NAV per share is a Fund expense pursuant to the Advisory Agreement. During the year ended December 31, 2017, the Fund paid or accrued $45,000 to the Adviser in connection with the cost of computing the Fund s NAV.

As per the approval of the Board, the Fund compensates officers of the Fund, who are employed by the Fund and are not employed by the Adviser (although the officers may receive incentive based variable compensation from affiliates of the Adviser). For the year ended December 31, 2017, the Fund paid or accrued $134,305 in payroll expenses in the Statement of Operations.

There was a reduction in the advisory fee paid to the Adviser relating to certain portfolio holdings, i.e., unsupervised assets, of the Fund with respect to which the Adviser transferred dispositive and voting control to the Fund s Proxy Voting Committee. During the year ended December 31, 2017, the Fund s Proxy Voting Committee exercised control and discretion over all rights to vote or consent with respect to such securities, and the Adviser reduced its fee with respect to such securities by $8,706.

The Fund pays each Trustee who is not considered an affiliated person an annual retainer of $9,000 plus $2,000 for each Board meeting attended. Each Trustee is reimbursed by the Fund for any out of pocket expenses incurred in attending meetings. All Board committee members receive $1,000 per meeting attended, the Audit Committee Chairman receives an annual fee of $3,000, the Nominating Committee Chairman and the Lead Trustee each receives an annual fee of $2,000. A Trustee may receive a single meeting fee, allocated among the participating funds, for participation in certain meetings held on behalf of multiple funds. Trustees who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Fund.

4. Portfolio Securities. Purchases and sales of securities during the year ended December 31, 2017, other than short term securities and U.S. Government Obligations, aggregated $477,347,925 and $539,306,988, respectively. Purchases and sales of U.S. Government Obligations for the year ended December 31, 2017, aggregated $580,348,055 and $591,252,577, respectively.

5. Capital. The Fund is authorized to issue an unlimited number of common shares of beneficial interest (par value $0.001). The Board has authorized the repurchase of the Fund s common shares on the open market when its shares are trading at a discount of 7.5% or more (or such other percentage as the Board may determine from time to time) from the NAV per share. During the year ended December 31, 2017, the Fund repurchased and retired 640,334 shares in the

open market at an investment of $6,396,687 and an average discount of approximately 15.08% from its NAV. During the year ended December 31, 2016, the Fund repurchased and

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The GDL Fund

Notes to Financial Statements (Continued)

retired 1,273,240 shares in the open market at an investment of $12,562,913 and an average discount of approximately 16.56% from its NAV.

Transactions in common shares of beneficial interest for the years ended December 31, 2017 and 2016 were as follows:

	Year Ended December 31, 2017		Year Ended December 31, 2016	
	Shares	Amount	Shares	Amount
Shares repurchased	640,334	$6,396,687	1,273,240	$12,562,913

The Fund s Declaration of Trust, as amended, authorizes the issuance of an unlimited number of shares of $0.001 par value Preferred Shares. The Preferred Shares are senior to the common shares and result in the financial leveraging of the common shares. Such leveraging tends to magnify both the risks and opportunities to common shareholders.

The $50 Series B Preferred pays quarterly distributions in March, June, September, and December of each year. On January 23, 2015, the Board reset the annual dividend rate to 3.00% on the Series B Preferred for dividend periods through March 26, 2018, the mandatory call date that the Series B Preferred holders extended to March 26, 2020 at the same terms. The Fund will redeem all or any part of the Series B Preferred that holders have properly submitted for redemption during the 30 day period prior to June 26, 2018 at the liquidation value plus any accumulated and unpaid dividends. At December 31, 2017, there were 2,624,025 Series B Preferred outstanding and accrued dividends amounted to $54,667.

Dividends on the Preferred Shares are cumulative. The Fund is required by the 1940 Act and by the Fund s Statement of Preferences to meet certain asset coverage tests with respect to the Preferred Shares. If the Fund fails to meet these requirements and does not correct such failure, the Fund may be required to redeem, in part or in full, the Series B Preferred at the redemption price of $50 per share plus an amount equal to the accumulated and unpaid dividends whether or not declared on such shares in order to meet these requirements. Additionally, failure to meet the foregoing asset coverage requirements could restrict the Fund s ability to pay dividends to common shareholders and could lead to sales of portfolio securities at inopportune times. The income received on the Fund s assets may vary in a manner unrelated to the fixed and variable rates, which could have either a beneficial or detrimental impact on net investment income and gains available to common shareholders.

The holders of Preferred Shares generally are entitled to one vote per share held on each matter submitted to a vote of shareholders of the Fund and will vote together with holders of common stock as a single class. The holders of Preferred Shares voting together as a single class also have the right currently to elect two Trustees and under certain circumstances are entitled to elect a majority of the Board of Trustees. In addition, the affirmative vote of a majority of the votes entitled to be cast by holders of all outstanding shares of the preferred shares, voting as a single class, will

be required to approve any plan of reorganization adversely affecting the preferred shares, and the approval of two-thirds of each class, voting separately, of the Fund s outstanding voting stock must approve the conversion of the Fund from a closed-end to an open-end investment company. The approval of a majority (as defined in the 1940 Act) of the outstanding preferred shares and a majority (as defined in the 1940 Act) of the Fund s outstanding voting securities are required to approve certain other actions, including changes in the Fund s investment objectives or fundamental investment policies.

The GDL Fund

Notes to Financial Statements (Continued)

6. Indemnifications. The Fund enters into contracts that contain a variety of indemnifications. The Fund s maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these contracts. Management has reviewed the Fund s existing contracts and expects the risk of loss to be remote.

7. Subsequent Events. On February 5, 2018, the Fund announced an offering (the Offering) to be made to the Fund s existing preferred shareholders, of non-transferable rights to subscribe for and purchase newly designated Series C Cumulative Puttable and Callable Preferred Shares (the New Preferred). Each existing preferred shareholder received one non-transferable subscription right (the Right) for each Series B Cumulative Puttable and Callable Preferred Share (the Existing Preferred) of the Fund held on the record date (February 14, 2018).

The New Preferred will pay distributions quarterly at an annualized dividend rate of 4.00% of the $50.00 per share liquidation preference of the New Preferred for the quarterly dividend periods ending on or prior to March 26, 2019 (Year 1). At least 30 days prior to the end of Year 1, the Fund s Board of Trustees will determine and publicly announce a reset fixed dividend rate that will apply for the next eight quarterly dividend periods (Year 2 and Year 3). At least 30 days prior to the end of Year 3, the Fund s Board of Trustees will determine and publicly announce a reset fixed dividend rate that will apply for all remaining quarterly dividend periods prior to the mandatory redemption date for the New Preferred of March 26, 2025. Each reset dividend rate will be determined by the Fund s Board of Trustees or a committee thereof in its sole discretion, and such rate will be not less than an annualized rate of 4.00% and not greater than an annualized rate of 6.00%.

Shares of New Preferred may be purchased with any combination of cash or surrender of Existing Preferred at liquidation preference. Therefore, one Right plus $50.00, or one Right plus one share of the Existing Preferred with a liquidation value of $50.00 per share, will be required to purchase each share of New Preferred pursuant to the Offering, which expires at 5:00 PM Eastern Time on Tuesday, March 20, 2018, unless extended.

Management has evaluated the impact on the Fund of all other subsequent events occurring through the date the financial statements were issued and has determined that there were no other subsequent events requiring recognition or disclosure in the financial statements.

The GDL Fund

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Trustees of

The GDL Fund

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of The GDL Fund (the Fund), including the schedule of investments, as of December 31, 2017, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets attributable to common shareholders for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund at December 31, 2017, the results of its operations and its cash flows for the year then ended, the changes in its net assets attributable to common shareholders for each of the two years in the period then ended and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Fund s management. Our responsibility is to express an opinion on the Fund s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of the Fund s internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Fund s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2017, by correspondence with the custodians and brokers or by other appropriate auditing procedures where replies from brokers were not received. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the auditor of one or more Gabelli/GAMCO Funds investment companies since 1992.

Philadelphia, Pennsylvania

February 28, 2018

The GDL Fund

Additional Fund Information (Unaudited)

The business and affairs of the Fund are managed under the direction of the Fund s Board of Trustees. Information pertaining to the Trustees and officers of the Fund is set forth below. The Fund s Statement of Additional Information includes additional information about the Fund s Trustees and is available without charge, upon request, by calling 800-GABELLI (800-422-3554) or by writing to The GDL Fund at One Corporate Center, Rye, NY 10580-1422.

Name, Position(s) Address[1] and Age	Term of Office and Length of Time Served[2]	Number of Funds in Fund Complex Overseen by Trustee	Principal Occupation(s) During Past Five Years	Other Directorships Held by Trustee[4]
INTERESTED TRUSTEES[3] :				
Mario J. Gabelli, CFA Trustee and Chief Investment Officer Age: 75	Since 2006*	32	Chairman, Chief Executive Officer, and Chief Investment Officer Value Portfolios of GAMCO Investors, Inc. and Chief Investment Officer Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc.; Director/Trustee or Chief Investment Officer of other registered investment companies within the Gabelli/GAMCO Fund Complex; Chief Executive Officer of GGCP, Inc.; Executive Chairman of Associated Capital Group, Inc.	Director of Morgan Group Holdings, Inc. (holding company); Chairman of the Board and Chief Executive Officer of LICT Corp. (multimedia and communication services company); Director of CIBL, Inc. (broadcasting and wireless communications); Director of ICTC Group Inc. (communications)
Edward T. Tokar		2		

Trustee Age: 70	Since 2006**		Private investor; Senior Managing Director of Beacon Trust Company (trust services) (2004- 2016); Chief Executive Officer of Allied Capital Management LLC (1977-2004); Vice President of Honeywell International Inc. (1977-2004)	Director of CH Energy Group (energy services) (2009-2013); Director, Teton Advisors, Inc. (financial services) (2008-2010)
INDEPENDENT TRUSTEES[5] :				
Anthony J. Colavita [6] Trustee Age: 82	Since 2006**	28	President of the law firm of Anthony J. Colavita, P.C.	
James P. Conn [6] Trustee Age: 79	Since 2006***	27	Former Managing Director and Chief Investment Officer of Financial Security Assurance Holdings Ltd. (1992-1998)	
Clarence A. Davis Trustee Age: 76	Since 2006***	3	Former Chief Executive Officer of Nestor, Inc. (2007-2009); Former Chief Operating Officer (2000-2005) and Chief Financial Officer (1999-2000) of the American Institute of Certified Public Accountants	Director of Telephone & Data Systems, Inc. (telephone services); Director of Pennichuck Corp. (water supply) (2009-2012)
Arthur V. Ferrara Trustee Age: 87	Since 2006***	8	Former Chairman of the Board and Chief Executive Officer of The Guardian Life Insurance Company of America (1993-1995)	
Leslie F. Foley Trustee	Since 2017***	9	Attorney; Serves on the Boards of the Addison Gallery of American Art at Phillips Academy Andover,	

Age: 49			National Humanities Center, and Greenwich Country Day School; Vice President, Global Ethics & Compliance and Associate General Counsel for News Corporation (2008-2010).	
Michael J. Melarkey Trustee Age: 68	Since 2006*	23	Of Counsel in the law firm of McDonald Carano Wilson LLP; Partner in the law firm of Avansino, Melarkey, Knobel, Mulligan & McKenzie (1980- 2015)	Director of Southwest Gas Corporation (natural gas utility)
Salvatore J. Zizza Trustee Age: 72	Since 2006**	30	President of Zizza & Associates Corp. (private holding company); Chairman of Harbor Diversified, Inc. (pharmaceuticals); Chairman of BAM (semiconductor and aerospace manufacturing); Chairman of Bergen Cove Realty Inc.; Chairman of Metropolitan Paper Recycling Inc. (recycling) (2005-2014)	Director and Vice Chairman of Trans-Lux Corporation (business services); Director and Chairman of Harbor Diversified Inc. (pharmaceuticals)

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The GDL Fund

Additional Fund Information (Continued) (Unaudited)

Name, Position(s) Address[1] and Age	Term of Office and Length of Time Served[2]	Principal Occupation(s) During Past Five Years
OFFICERS:		
Bruce N. Alpert President Age: 66	Since 2006	Executive Vice President and Chief Operating Officer of Gabelli Funds, LLC since 1988; Officer of registered investment companies within the Gabelli/GAMCO Fund Complex; Senior Vice President of GAMCO Investors, Inc. since 2008
John C. Ball Treasurer Age: 41	Since 2017	Treasurer of all the registered investment companies within the Gabelli/GAMCO Fund Complex since 2017; Vice President and Assistant Treasurer of AMG Funds, 2014-2017; Vice President of State Street Corporation, 2007-2014
Agnes Mullady Vice President Age: 59	Since 2006	Officer of all of the registered investment companies within the Gabelli/GAMCO Fund Complex since 2006; President and Chief Operating Officer of the Fund Division of Gabelli Funds, LLC since 2015; Chief Executive Officer of G.distributors, LLC since 2010; Senior Vice President of GAMCO Investors, Inc. since 2009; Vice President of Gabelli Funds, LLC since 2007; Executive Vice President of Associated Capital Group, Inc. since 2016
Andrea R. Mango Secretary and Vice President Age: 45	Since 2013	Vice President of GAMCO Investors, Inc. since 2016; Counsel of Gabelli Funds, LLC since 2013; Secretary of all registered investment companies within the Gabelli/GAMCO Fund Complex since 2013; Vice President of all closed-end funds within the Gabelli/GAMCO Fund Complex since 2014; Corporate Vice President within the Corporate Compliance Department of New York Life Insurance Company, 2011-2013
Richard J. Walz	Since 2013	

Chief Compliance Officer Age: 58		Chief Compliance Officer of all of the registered investment companies within the Gabelli/ GAMCO Fund Complex since 2013; Chief Compliance Officer of AEGON USA Investment Management, 2011-2013
Peter M. Baldino Assistant Vice President and Ombudsman Age: 26	Since 2017	Assistant Vice President and Ombudsman of the Fund since February 2017; Trader at G. Research, LLC through 2016; Graduate of Fordham University May 2013
Carter W. Austin Vice President Age: 51	Since 2006	Vice President and/or Ombudsman of closed-end funds within the Gabelli/GAMCO Fund Complex; Senior Vice President (since 2015) and Vice President (1996-2015) of Gabelli Funds, LLC
David I. Schachter Vice President Age: 64	Since 2006	Vice President and/or Ombudsman of closed-end funds within the Gabelli/GAMCO Fund Complex; Vice President (since 2015) of GAMCO Investors, Inc. and Vice President (1999- 2015) of G.research, LLC

[1] Address: One Corporate Center, Rye, NY 10580-1422, unless otherwise noted.
[2] The Fund s Board of Trustees is divided into three classes, each class having a term of three years. Each year the term of office of one class expires and the successor or successors elected to such class serve for a three year term. The three year term for each class expires as follows:
* Term expires at the Fund s 2018 Annual Meeting of Shareholders or until their successors are duly elected and qualified.
** Term expires at the Fund s 2019 Annual Meeting of Shareholders or until their successors are duly elected and qualified.
*** Term expires at the Fund s 2020 Annual Meeting of Shareholders or until their successors are duly elected and qualified.

For officers, includes time served in prior officer positions with the Fund. Each officer will hold office for an indefinite term until the date he or she resigns or retires or until his or her successor is elected and qualified.

[3] Interested person of the Fund as defined in the 1940 Act. Mr. Gabelli is considered an interested person because of his affiliation with the Gabelli Funds, LLC, which acts as the Fund s investment adviser. Mr. Tokar is considered an interested person because of his son s employment by an affiliate of the investment adviser.
[4] This column includes only directorships of companies required to report to the SEC under the Securities Exchange Act of 1934, as amended, i.e., public companies, or other investment companies registered under the 1940 Act.
[5] Trustees who are not interested persons are considered Independent Trustees.

[6] This Trustee is elected solely by and represents the shareholders of the preferred shares issued by this Fund.

THE GDL FUND

INCOME TAX INFORMATION (Unaudited)

December 31, 2017

Cash Dividends and Distributions

	Payable Date	Record Date	Ordinary Investment Income	Long Term Capital Gains	Return of Capital (a)	Total Amount Paid Per Share	Dividend Reinvestment Price
Common Shares							
	03/24/17	03/17/17			$0.16000	$0.16000	$ 9.85530
	06/23/17	06/16/17			0.16000	0.16000	10.30500
	09/22/17	09/15/17			0.16000	0.16000	10.22260
	12/15/17	12/08/17			0.10000	0.10000	9.84570
					$0.58000	$0.58000	
Series B Cumulative Preferred Shares							
	03/27/17	03/20/17	$0.31920		$0.05580	$0.37500	
	06/26/17	06/19/17	0.30980	$0.00940	0.05580	0.37500	
	09/26/17	09/19/17		0.31920	0.05580	0.37500	
	12/26/17	12/18/17		0.31920	0.05580	0.37500	
			$0.62900	$0.64780	0.22320	$1.50000	

A Form 1099-DIV has been mailed to all shareholders of record for the distributions mentioned above, setting forth specific amounts to be included in the 2017 tax returns. Ordinary distributions include net investment income and realize net short term capital gains. Ordinary income is reported in box 1a of Form 1099-DIV.

Corporate Dividends Received Deduction, Qualified Dividend Income, and U.S. Government Securities Income

The Fund paid to Series B Cumulative Preferred shareholders ordinary income dividends of $0.6290 per share in 2017. For the year ended December 31, 2017, 59.45% of the ordinary dividend qualified for the dividend received deduction available to corporations, 100% of the ordinary income distribution was qualified dividend income, and 100% of ordinary income distribution was qualified short term capital gain. The percentage of U.S. Government securities held as of December 31, 2017 was 41.84%.

THE GDL FUND

INCOME TAX INFORMATION (Unaudited) (Continued)

December 31, 2017

Historical Distribution Summary

	Investment Income (b)	Short Term Capital Gains (b)	Long Term Capital Gains	Return of Capital (a)	Total Distributions (c)	Adjustment to Cost Basis (d)
Common Shares						
2017				$0.58000	$0.58000	$0.58000
2016	$0.01280	$0.29120	$0.28200	0.05400	0.64000	0.05400
2015	0.09700	0.18040	0.28120	0.08140	0.64000	0.08140
2014	0.16930	0.22920	0.17540	0.22610	0.80000	0.22160
2013		0.17300	0.11540	0.99160	1.28000	0.99160
2012		0.08840		1.19160	1.28000	1.19160
2011	0.00667	0.39930	0.00102	0.87302	1.28000	0.87302
2010		0.02364		1.25636	1.28000	1.25636
2009				1.28000	1.28000	1.28000
2008	0.25080	0.42760		0.92160	1.60000	0.92160
2007	0.29820	0.90180			1.20000	
Series B Cumulative Preferred Shares						
2017		$0.62900	$0.64780	$0.22320	$1.50000	$0.22320
2016	$0.03340	0.75580	0.71080		1.50000	
2015	0.26220	0.48780	0.75000		1.50000	
2014	0.49980	0.67680	0.32340		1.50000	
2013		1.36280	0.13720		1.50000	
2012		2.00000			2.00000	
2011	0.03992	2.39135	0.00900		2.44028	

(a) Non-taxable.

(b) Taxable as ordinary income for Federal tax purposes.

(c) Total amounts may differ due to rounding.

(d) Decrease in cost basis.

All designations are based on financial information available as of the date of this annual report and, accordingly, are subject to change. For each item, it is the intention of the Fund to designate the maximum amount permitted under the Internal Revenue Code and the regulations thereunder.

The GDL Fund

Annual Approval of Continuance of Investment Advisory Agreement (Unaudited)

During the six months ended December 31, 2017, the Board of Trustees of the Trust approved the continuation of the investment advisory agreement with the Adviser for the Trust on the basis of the recommendation by the trustees (the Independent Board Members) who are not interested persons of the Trust. The following paragraphs summarize the material information and factors considered by the Independent Board Members as well as their conclusions relative to such factors.

1. Nature, Extent, and Quality of Services. The Independent Board Members considered information regarding the portfolio manager, the depth of the analyst pool available to the Adviser, the scope of services provided by the Adviser, and the absence of significant service problems reported to the Board. The Independent Board Members noted the experience, length of service, and reputation of the portfolio manager in the merger arbitrage area.

2. Investment Performance. The Independent Board Members noted that the performance fulcrum point for the Adviser to either earn incentive compensation or give up a portion of its compensation was the three month Treasury Index plus 300 basis points (the Fulcrum Point). The Independent Board Members recognized that the Fund had outperformed the Fulcrum Point for the three and five year periods ended September 30, 2017, but had performed slightly under the Fulcrum Point for the most recent one year period ended September 30, 2017. The Independent Board Members also reviewed information regarding the investment performance of the Fund over one, three, and five year periods (as of September 30, 2017) in comparison to a group of event driven funds selected by the Adviser, which were primarily open-end funds, and noted that there were no closely comparable closed-end funds. The Fund s performance over the three and five year periods in comparison to this group was above average, but was below average for the one year period.

3. Profitability. The Independent Board Members reviewed summary data regarding the profitability of the Fund to the Adviser and also noted that the fulcrum fee was designed so that the Adviser would likely experience higher than average profitability if the Fund substantially outperformed the T-Bill Index and that the performance to date has resulted in fee rates that have varied from the lowest fee under the formula to the highest.

4. Economies of Scale. The Independent Board Members discussed the major elements of the Adviser s cost structure, the relationship of those elements to potential economies of scale and reviewed data provided by the Adviser, noting that meaningful economies of scale could not occur in the absence of secondary offerings.

5. Sharing of Economies of Scale. The Independent Board Members noted that the investment management fee for the Fund did not take into account any potential economies of scale.

6. Service and Cost Comparisons. The Independent Board Members reviewed the Fund s expense ratios and found them to be above average within the group. The Independent Board Members were presented with, but did not consider to be material to their decision, various information comparing the advisory fee with the fee for other types of accounts managed by the Adviser.

Conclusions. The Independent Board Members concluded that the Fund enjoyed highly experienced portfolio management services, good ancillary services, and acceptable performance. The Independent Board Members determined that the reference index chosen for the fulcrum fee structure was appropriate inasmuch as arbitrage performance is often measured against risk free returns, that the rate of profit sharing built into the formula was fair, that the maximum fee was not unreasonable (particularly in light of the requirement that the higher returns necessary for higher fee levels must be earned net of the higher fees) and that the one year measuring

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The GDL Fund

Annual Approval of Continuance of Investment Advisory Agreement (Unaudited) (Continued)

period was sufficient and consistent with the short term nature of the Fund s investment program. The Independent Board Members concluded that the profitability of the Fund to the Adviser was reasonable in view of the performance necessary to achieve any particular level of profitability and that potential economies of scale and potential additional profit to the Adviser and its affiliates from portfolio execution services were not a significant factor in their thinking. On the basis of the foregoing and without assigning particular weight to any single conclusion, the Independent Board Members determined to recommend approval of the Advisory Agreement to the full Board of Trustees.

Based on a consideration of all these factors in their totality, the Board Members, including all of the Independent Board Members, determined that the Fund s advisory fee was fair and reasonable with respect to the quality of services provided and in light of the other factors described above that the Board deemed relevant. Accordingly, the Board Members determined to approve the continuation of the Fund s Advisory Agreement. The Board Members based its decision on evaluations of all these factors as a whole and did not consider any one factor as all-important or controlling.

THE GDL FUND

One Corporate Center

Rye, NY 10580-1422

Portfolio Management Team Biographies

Mario J. Gabelli, CFA, is Chairman, Chief Executive Officer, and Chief Investment Officer Value Portfolios of GAMCO Investors, Inc. that he founded in 1977, and Chief Investment Officer Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc. He is also Executive Chairman of Associated Capital Group, Inc. Mr. Gabelli is a summa cum laude graduate of Fordham University and holds an MBA degree from Columbia Business School and Honorary Doctorates from Fordham University and Roger Williams University.

Ryan N. Kahn, CFA, is an analyst dedicated to the Gabelli merger arbitrage portfolios, specifically to our U.S. open and closed-end funds. He joined the team in 2013 after working as a generalist in the research department. Mr. Kahn earned a Bachelor of Science in Business Management from Babson College.

Gian Maria Magrini, CFA, is an analyst dedicated to the Gabelli merger arbitrage portfolios, specifically to our U.S. open and closed-end funds. He joined the team in 2013 after serving various roles in the operations and research departments. Mr. Magrini earned a Bachelor of Science in Finance from Fordham University.

Geoffrey P. Astle is involved in the analytics and foreign and domestic trading for the Gabelli merger arbitrage portfolios, specifically to our U.S. open and closed end funds. He has been associated in this capacity since 2007. Mr. Astle earned a Bachelor of Science in both Finance and Marketing from Fairfield University.

We have separated the portfolio manager s commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio manager s commentary is unrestricted. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at www.gabelli.com.

The Net Asset Value per share appears in the Publicly Traded Funds column, under the heading Specialized Equity Funds, in Monday s The Wall Street Journal. It is also listed in Barron s Mutual Funds/Closed End Funds section under the heading Specialized Equity Funds.

The Net Asset Value per share may be obtained each day by calling (914) 921-5070 or visiting www.gabelli.com.

The NASDAQ symbol for the Net Asset Value is XGDLX.

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that the Fund may from time to time purchase its common shares in the open market when the Fund s shares are trading at a discount of 7.5% or more from the net asset value of the shares. The Fund may also from time to time purchase its preferred shares in the open market when the preferred shares are trading at a discount to the liquidation value.

THE GDL FUND

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TRUSTEES

Mario J. Gabelli, CFA

Chairman &

Chief Executive Officer,

GAMCO Investors, Inc.

Executive Chairman,

Associated Capital Group Inc.

Anthony J. Colavita

President,

Anthony J. Colavita, P.C.

James P. Conn

OFFICERS

Bruce N. Alpert

President

John C. Ball

Treasurer

Agnes Mullady

Vice President

Andrea R. Mango

Secretary & Vice President

Former Managing Director &
Chief Investment Officer,
Financial Security Assurance
Holdings Ltd.

Clarence A. Davis
Former Chief Executive Officer,
Nestor, Inc.

Arthur V. Ferrara
Former Chairman &
Chief Executive Officer,
Guardian Life Insurance
Company of America

Leslie F. Foley
Attorney

Michael J. Melarkey
Of Counsel,
McDonald Carano Wilson LLP

Edward T. Tokar
Former Chief Executive Officer of Allied
Capital Management, LLC, and
Vice President of Honeywell International, Inc.

Richard J. Walz
Chief Compliance Officer

Peter M. Baldino
Assistant Vice President & Ombudsman

Carter W. Austin
Vice President

David I. Schachter
Vice President

INVESTMENT ADVISER

Gabelli Funds, LLC
One Corporate Center
Rye, New York 10580-1422

CUSTODIAN

The Bank of New York Mellon

COUNSEL

Skadden, Arps, Slate, Meagher &
Flom LLP

Salvatore J. Zizza

Chairman,

Zizza & Associates Corp.

TRANSFER AGENT AND

REGISTRAR

American Stock Transfer and

Trust Company

GDL Q4/2017

Item 2. Code of Ethics.

(a) The registrant, as of the end of the period covered by this report, has adopted a code of ethics that applies to the registrant s principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party.

(c) There have been no amendments, during the period covered by this report, to a provision of the code of ethics that applies to the registrant s principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party, and that relates to any element of the code of ethics description.

(d) The registrant has not granted any waivers, including an implicit waiver, from a provision of the code of ethics that applies to the registrant s principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party, that relates to one or more of the items set forth in paragraph (b) of this item s instructions.

Item 3. Audit Committee Financial Expert.

As of the end of the period covered by the report, the registrant s Board of Directors has determined that Michael J. Melarkey is qualified to serve as an audit committee financial expert serving on its audit committee and that he is independent, as defined by Item 3 of Form N-CSR.

Item 4. Principal Accountant Fees and Services.

Audit Fees

(a) The aggregate fees billed for each of the last two fiscal years for professional services rendered by the principal accountant for the audit of the registrant s annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years are $24,100 for 2016 and $24,100 for 2017.

Audit-Related Fees

(b) The aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountant that are reasonably related to the performance of the audit of the registrant s financial statements and are not reported under paragraph (a) of this Item are $0 for 2016 and $7,000 for 2017. This amount relates to review of the registration statement.

Tax Fees

(c) The aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning are $3,700 for 2016 and $3,700 for 2017. Tax fees represent tax compliance services provided in connection with the review of the Registrant s tax returns.

All Other Fees

(d) The aggregate fees billed in each of the last two fiscal years for products and services provided by the principal accountant, other than the services reported in paragraphs (a) through (c) of this Item are $3,086 for 2016 and $1,072 for 2017. The fees relate to Passive Foreign Investment Company identification database subscription fees billed on an annual basis.

(e)(1) Disclose the audit committee s pre-approval policies and procedures described in paragraph (c)(7) of Rule 2-01 of Regulation S-X.

Pre-Approval Policies and Procedures. The Audit Committee (Committee) of the registrant is responsible for pre-approving (i) all audit and permissible non-audit services to be provided by the independent auditors to the registrant and (ii) all permissible non-audit services to be provided by the independent auditors to the Adviser, Gabelli Funds, LLC, and any affiliate of Gabelli Funds, LLC (Gabelli) that provides services to the registrant (a Covered Services Provider) if the independent auditors engagement related directly to the operations and financial reporting of the registrant. The Committee may delegate its responsibility to pre-approve any such audit and permissible non-audit services to the Chairperson of the Committee, and the Chairperson must report to the Committee, at its next regularly scheduled meeting after the Chairperson s pre-approval of such services, his or her decision(s). The Committee may also establish detailed pre-approval policies and procedures for pre-approval of such services in accordance with applicable laws, including the delegation of some or all of the Committee s pre-approval responsibilities to the other persons (other than Gabelli or the registrant s officers). Pre-approval by the Committee of any permissible non-audit services is not required so long as: (i) the permissible non-audit services were not recognized by the registrant at the time of the engagement to be non-audit services; and (ii) such services are promptly brought to the attention of the Committee and approved by the Committee or Chairperson prior to the completion of the audit.

(e)(2) The percentage of services described in each of paragraphs (b) through (d) of this Item that were approved by the audit committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X are as follows:

(b) 100%

(c) 100%

(d) 100%

(f) The percentage of hours expended on the principal accountant s engagement to audit the registrant s financial statements for the most recent fiscal year that were attributed to work performed by persons other than the principal accountant s full-time, permanent employees was zero percent.

(g) The aggregate non-audit fees billed by the registrant s accountant for services rendered to the registrant, and rendered to the registrant s investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant for each of the last two fiscal years of the registrant was $35,321 for 2016 and $43,986 for 2017.

(h) The registrant s audit committee of the board of directors has considered whether the provision of non-audit services that were rendered to the registrant s investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant s independence.

Item 5. Audit Committee of Listed Registrants.

The registrant has a separately designated audit committee consisting of the following members: Anthony J. Colavita, Clarence A. Davis, Michael J. Melarkey, and Salvatore J. Zizza.

Item 6. Investments.

(a) Schedule of Investments in securities of unaffiliated issuers as of the close of the reporting period is included as part of the report to shareholders filed under Item 1 of this form.

(b) Not applicable.

Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.

The Proxy Voting Policies are attached herewith.

POLICY REGARDING VOTING OF PROXIES ON BEHALF OF CLIENTS

Purpose and Scope

The purpose of this policy and its related procedures regarding voting proxies for securities held in Client accounts and for which an Adviser has been delegated proxy voting authority (Client Proxies) is to establish guidelines regarding Client Proxies that are reasonably designed to conform with the requirements of applicable law (this Policy).

General Policy

Rule 206(4)-6 of the Advisers Act requires a registered investment adviser that exercises proxy voting authority over client securities to: (i) adopt and implement written policies and procedures that are reasonably designed to ensure that the investment adviser votes proxies related to client securities in the best interest of its Clients; (ii) ensure that the written policies and procedures address material conflicts that may arise between the interests of the investment adviser and those of its Clients; (iii) describe its proxy voting procedures to Clients, and provide copies of such procedures upon request by such Clients; and (iv) disclose to Clients how they may obtain information from the Adviser about how the Adviser voted with respect to their Securities. Each Adviser is committed to implementing policies and procedures that conform with the requirements of the Advisers Act. To that end, it has implemented this Policy to facilitate the Adviser s compliance with Rule 206(4)-6 and to ensure that proxies related to Client Securities are voted (or not voted) in a manner consistent with the best interest of its Clients.

The Voting of Proxies on Behalf of Clients

These following procedures will be used by each of the Advisers to determine how to vote proxies relating to portfolio Securities held by their Clients, including the procedures that the Advisers use when a vote presents a conflict between the interests of the investors in a Private Fund Client, RIC or Managed Account Client, on the one hand, and those of the Adviser; the principal underwriter; or any affiliated person of such Client, the Advisers, or the principal underwriter. These procedures will not apply where the Advisers do not have voting discretion or where the Advisers have agreed with a Client to vote the Client s proxies in accordance with specific guidelines or procedures supplied by the Client (to the extent permitted by ERISA)[1].

Proxy Voting Committee

The Advisers Proxy Voting Committee (the Proxy Committee) was originally formed in April 1989 for the purpose of formulating guidelines and reviewing proxy statements within the parameters of the Proxy Voting Guidelines, which are appended as **EXHIBIT A** to this Policy. The Proxy Committee includes representatives from Research, Administration, Legal, and the Advisers. Additional or

[1] With respect to any Private Fund Client or RIC Client, such deviation from these guidelines will be disclosed in the offering materials for such Client.

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replacement members of the Proxy Committee will be nominated by the Chairman and voted upon by the entire Proxy Committee.

Meetings are held on an as needed basis to form views on the manner in which the Advisers should vote proxies on behalf of their Clients.

In general, the Director of Proxy Voting Services, using the Proxy Voting Guidelines, recommendations of Institutional Shareholder Services Inc. (ISS), Glass Lewis & Co., LLC (Glass Lewis), other third-party services and the analysts of G.research, will determine how to vote on each issue. For non-controversial matters, the Director of Proxy Voting Services may vote the proxy if the vote is: (1) consistent with the recommendations of the issuer s Board of Directors and not contrary to the Proxy Voting Guidelines; (2) consistent with the recommendations of the issuer s Board of Directors and is a non-controversial issue not covered by the Proxy Voting Guidelines; or (3) the vote is contrary to the recommendations of the Board of Directors but is consistent with the Proxy Voting Guidelines. In those instances, the Director of Proxy Voting Services or the Chairman of the Proxy Committee may sign and date the proxy statement indicating how each issue will be voted.

All matters identified by the Chairman of the Proxy Committee, the Director of Proxy Voting Services or the General Counsel as controversial, taking into account the recommendations of ISS, Glass Lewis, other third party services and the analysts of G.research, will be presented to the Proxy Voting Committee. If the Chairman of the Proxy Committee, the Director of Proxy Voting Services or the General Counsel has identified the matter as one that (1) is controversial; (2) would benefit from deliberation by the Proxy Committee; or (3) may give rise to a conflict of interest between the Advisers and investors in the Clients or the Clients, the Chairman of the Proxy Committee will initially determine what vote to recommend that the relevant Adviser should cast and that determination will go before the Proxy Committee for review.

Conflicts of Interest

The Advisers have implemented this Policy in order to prevent conflicts of interest from influencing their proxy voting decisions. By following the Proxy Voting Guidelines, as well as the recommendations of ISS, Glass Lewis, other third-party services and the analysts of G.research, the Advisers seek to avoid, wherever possible, the influence of potential conflicts of interest. Nevertheless, circumstances may arise in which one or more of the Advisers are faced with a conflict of interest or the appearance of a conflict of interest in connection with a proxy vote. In general, a conflict of interest may arise when an Adviser knowingly does business with an issuer, and may appear to have a material conflict between its own interests and the interests of the investors in a Client regarding how the proxy is to be voted. A conflict also may exist when an Adviser has actual knowledge of a material business arrangement between an issuer and an affiliate of the Adviser.

In practical terms, a conflict of interest may arise, for example, when a proxy is voted for a company that is a Client of one of the Adviser. A conflict also may arise when a Client of one of the Advisers has made a shareholder proposal in a proxy to be voted upon by one or more of the Advisers. The Director of Proxy Voting Services, together with the General Counsel, will scrutinize all proxies for these or other situations that may give rise to a conflict of interest with respect to the voting of proxies.

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Operation of the Proxy Committee

For matters submitted to the Proxy Committee, each member of the Proxy Committee will receive, prior to the meeting, a copy of the proxy statement, any relevant third party research, a summary of any views provided by the portfolio manager of the applicable Client and any recommendations by G.research analysts. The portfolio manager, any member of Senior Management or the G.research analysts may be invited to present their viewpoints to the Proxy Committee. If the Director of Proxy Voting Services or the General Counsel believes that the matter before the Proxy Committee is one with respect to which a conflict of interest may exist between the Advisers and their Clients or investors, the General Counsel may provide an opinion to the Proxy Committee concerning the conflict. If the matter is one in which the interests of the Clients or investors, on the one hand, or the applicable Adviser, on the other, may diverge, The General Counsel may so advise and the Proxy Committee may make different recommendations as to different Clients. For any matters where the recommendation may trigger appraisal rights, The General Counsel may provide an opinion concerning the likely risks and merits of such an appraisal action.

Each matter submitted to the Proxy Committee will be determined by the vote of a majority of the members present at the meeting. Should the vote concerning one or more recommendations be tied in a vote of the Proxy Committee, the Chairman of the Proxy Committee will cast the deciding vote. The Proxy Committee will notify the proxy department of its decisions and the proxies will be voted accordingly.

Although the Proxy Voting Guidelines express the normal preferences for the voting of any interests not covered by a contrary investment guideline provided by the Client, the Proxy Committee is not bound by the preferences set forth in the Proxy Voting Guidelines and will review each matter on its own merits. The Advisers subscribe to ISS and Glass Lewis, which supplies current information on companies, matters being voted on, regulations, trends in proxy voting and information on corporate governance issues.

If the vote cast either by the analyst or as a result of the deliberations of the Proxy Committee runs contrary to the recommendation of the Board of Directors of the issuer, the matter may be referred to the General Counsel to determine whether an amendment to the most recently filed Schedule 13D is appropriate.

Social Issues and Other Client Guidelines

If a Client has provided and the Advisers have accepted special instructions relating to the voting of proxies, they should be noted in the Client s account file and forwarded to the Proxy Voting Department. This is the responsibility of the investment professional or sales assistant for the Client. In accordance with Department of Labor guidelines, each Adviser shall vote on behalf of ERISA accounts in the best interest of the plan participants with regard to social issues that carry an economic impact. Where an account is not governed by ERISA, the Advisers will vote shares held on behalf of the Client in a manner consistent with any individual investment/voting guidelines provided by the Client. Otherwise the Advisers may abstain with respect to those shares.

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Specific to the Gabelli ESG Fund, the Proxy Voting Committee will rely on the advice of the portfolio managers of the Gabelli ESG Fund to provide voting recommendations on the securities held in the portfolio.

Client Retention of Voting Rights

If a Client chooses to retain the right to vote proxies or if there is any change in voting authority, the following should be notified by the investment professional or sales assistant for the Client.

- Operations

- Proxy Department

- Investment professional assigned to the account

- Chief Compliance Officer

In the event that the Board of Directors (or a Committee thereof) of one or more of the Clients managed by one of the Advisers has retained direct voting control over any security, the Proxy Voting Department will provide each Board Member (or Committee member) of the Client with a copy of the proxy statement together with any other relevant information including recommendations of ISS or other third-party services.

Proxies of Certain Non-U.S. Issuers

Proxy voting in certain countries requires share-blocking. Shareholders wishing to vote their proxies must deposit their shares shortly before the date of the meeting with a designated depository. During the period in which the shares are held with a depository, shares that will be voted at the meeting cannot be sold until the meeting has taken place and the shares are returned to the Clients custodian. Absent a compelling reason to the contrary, the Advisers believe that the benefit to the Client of exercising the vote is outweighed by the cost of voting and therefore, the Advisers will not typically vote the securities of non-U.S. issuers that require share-blocking.

In addition, voting proxies of issuers in non-US markets may also give rise to a number of administrative issues to prevent the Advisers from voting such proxies. For example, the Advisers may receive the notices for shareholder meetings without adequate time to consider the proposals in the proxy or after the cut-off date for voting. In these cases, the Advisers will look to Glass Lewis or other third party service for recommendations on how to vote. Other markets require the Advisers to provide local agents with power of attorney prior to implementing their respective voting instructions on the proxy. Although it is the Advisers policies to vote the proxies for its clients for which they have proxy voting authority, in the case of issuers in non-US markets, we vote client proxies on a best efforts basis.

Voting Records and Client Disclosure

The Proxy Voting Department will retain a record of matters voted upon by the Advisers for their Clients. The Advisers will supply information on how they voted a Client s proxy upon request from the Client or an investor in a Client.

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Registered Investment Companies and Form N-PX

The complete voting records for each RIC that is managed by an Adviser will be filed on Form N-PX for the twelve months ended June 30th, no later than August 31st of each year. A description of the RIC proxy voting policies, procedures, and how the Fund voted proxies relating to portfolio securities is available without charge, upon request, by (i) calling 800-GABELLI (800-422-3554); (ii) writing to Gabelli Funds, LLC at One Corporate Center, Rye, NY 10580-1422; or (iii) visiting the SEC s website at www.sec.gov.

Form ADV Disclosure

Each Adviser to a RIC or Private Fund Client will disclose in Part 2A of its Form ADV that such Clients may contact the Chief Compliance Officer during regular business hours, via email or telephone, to obtain information on how each Adviser voted such Client s proxies for the past 5 years. The summary of this Policy included in each Adviser s Part 2A of its Form ADV will be updated whenever this Policy is revised. Clients may also receive a copy of this Policy upon their request.

Note that updating the Form ADV with a change to this Policy outside of the annual update is voluntary. However, each Adviser will need to communicate to the Client any changes to this Policy affecting its fiduciary duty.

The Advisers proxy voting records will be retained in accordance with the **Policy Regarding Recordkeeping**.

Voting Procedures

1. Custodian banks, outside brokerage firms and clearing firms are responsible for forwarding proxies directly to the Advisers.

Proxies are received in one of two forms:

* Shareholder Vote Instruction Forms (VIFs) - Issued by Broadridge Financial Solutions, Inc. (Broadridge). Broadridge is an outside service contracted by the various institutions to issue proxy materials.

* Proxy cards which may be voted directly.

2. Upon receipt of the proxy, the number of shares each form represents is logged into the proxy system, electronically or manually, according to security.

3. Upon receipt of instructions from the proxy committee, the votes are cast and recorded for each account.

Records have been maintained on the ProxyEdge system.

ProxyEdge records include:

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Security Name and CUSIP Number

Date and Type of Meeting (Annual, Special, Contest)

Client Name

Adviser or Fund Account Number

Directors Recommendation

How the Adviser voted for the client on item

4. VIFs are kept alphabetically by security. Records for the current proxy season are located in the Proxy Voting Department office. In preparation for the upcoming season, files are transferred to an offsite storage facility during January/February.

5. If a proxy card or VIF is received too late to be voted in the conventional matter, every attempt is made to vote including:

When a solicitor has been retained, the solicitor is called. At the solicitor s direction, the proxy is faxed or sent electronically.

In some circumstances VIFs can be faxed or sent electronically to Broadridge up until the time of the meeting.

6. In the case of a proxy contest, records are maintained for each opposing entity.

7. Voting in Person

a) At times it may be necessary to vote the shares in person. In this case, a legal proxy is obtained in the following manner:

* Banks and brokerage firms using the services at Broadridge:

Broadridge is notified that we wish to vote in person. Broadridge issues individual legal proxies and sends them back via email or overnight (or the Adviser can pay messenger charges). A lead-time of at least two weeks prior to the meeting is needed to do this. Alternatively, the procedures detailed below for banks not using Broadridge may be implemented.

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* Banks and brokerage firms issuing proxies directly:

The bank is called and/or faxed and a legal proxy is requested.

All legal proxies should appoint:

Representative of [Adviser name] with full power of substitution.

b) The legal proxies are given to the person attending the meeting along with the limited power of attorney.

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EXHIBIT A

PROXY VOTING GUIDELINES

General Policy Statement

It is the policy of the Advisers to vote in the best economic interests of our Clients. As we state in our Magna Carta of Shareholders Rights, established in May 1988, we are neither *for* nor *against* management. We are for shareholders.

At our first Proxy Committee meeting in 1989, it was decided that each proxy statement should be evaluated on its own merits within the framework first established by our Magna Carta of Shareholders Rights. The attached guidelines serve to enhance that broad framework.

We do not consider any issue routine. We take into consideration all of our research on the company, its directors, and their short and long-term goals for the company. In cases where issues that we generally do not approve of are combined with other issues, the negative aspects of the issues will be factored into the evaluation of the overall proposals but will not necessitate a vote in opposition to the overall proposals.

Board of Directors

We do not consider the election of the Board of Directors a routine issue. Each slate of directors is evaluated on a case-by-case basis.

Factors taken into consideration include:

* Historical responsiveness to shareholders

This may include such areas as:

-Paying greenmail

-Failure to adopt shareholder resolutions receiving a majority of votes

* Qualifications

* Nominating committee in place

* Number of outside directors on the board

* Attendance at meetings

* Overall performance

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Selection of Auditors

In general, we support the Board of Directors recommendation for auditors.

Blank Check Preferred Stock

We oppose the issuance of blank check preferred stock.

Blank check preferred stock allows the company to issue stock and establish dividends, voting rights, etc. without further shareholder approval.

Classified Board

A classified board is one where the directors are divided into classes with overlapping terms. A different class is elected at each annual meeting.

While a classified board promotes continuity of directors facilitating long range planning, we feel directors should be accountable to shareholders on an annual basis. We will look at this proposal on a case-by-case basis taking into consideration the board s historical responsiveness to the rights of shareholders.

Where a classified board is in place we will generally not support attempts to change to an annually elected board.

When an annually elected board is in place, we generally will not support attempts to classify the board.

Increase Authorized Common Stock

The request to increase the amount of outstanding shares is considered on a case-by-case basis.

Factors taken into consideration include:

* Future use of additional shares

-Stock split

-Stock option or other executive compensation plan

-Finance growth of company/strengthen balance sheet

-Aid in restructuring

-Improve credit rating

-Implement a poison pill or other takeover defense

* Amount of stock currently authorized but not yet issued or reserved for stock option plans

* Amount of additional stock to be authorized and its dilutive effect

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We will support this proposal if a detailed and verifiable plan for the use of the additional shares is contained in the proxy statement.

Confidential Ballot

We support the idea that a shareholder s identity and vote should be treated with confidentiality.

However, we look at this issue on a case-by-case basis. In order to promote confidentiality in the voting process, we endorse the use of independent Inspectors of Election.

Cumulative Voting

In general, we support cumulative voting.

Cumulative voting is a process by which a shareholder may multiply the number of directors being elected by the number of shares held on the record date and cast the total number for one candidate or allocate the voting among two or more candidates.

Where cumulative voting is in place, we will vote against any proposal to rescind this shareholder right.

Cumulative voting may result in a minority block of stock gaining representation on the board. When a proposal is made to institute cumulative voting, the proposal will be reviewed on a case-by-case basis. While we feel that each board member should represent all shareholders, cumulative voting provides minority shareholders an opportunity to have their views represented.

Director Liability and Indemnification

We support efforts to attract the best possible directors by limiting the liability and increasing the indemnification of directors, except in the case of insider dealing.

Equal Access to the Proxy

The SEC s rules provide for shareholder resolutions. However, the resolutions are limited in scope and there is a 500 word limit on proponents written arguments. Management has no such limitations. While we support equal access to the proxy, we would look at such variables as length of time required to respond, percentage of ownership, etc.

Fair Price Provisions

Charter provisions requiring a bidder to pay all shareholders a fair price are intended to prevent two-tier tender offers that may be abusive. Typically, these provisions do not apply to board-approved transactions.

We support fair price provisions because we feel all shareholders should be entitled to receive the same benefits.

Reviewed on a case-by-case basis.

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Golden Parachutes

Golden parachutes are severance payments to top executives who are terminated or demoted after a takeover.

We support any proposal that would assure management of its own welfare so that they may continue to make decisions in the best interest of the company and shareholders even if the decision results in them losing their job. We do not, however, support excessive golden parachutes. Therefore, each proposal will be decided on a case-by- case basis.

Anti-Greenmail Proposals

We do not support greenmail. An offer extended to one shareholder should be extended to all shareholders equally across the board. *Limit Shareholders Rights to Call Special Meetings*

We support the right of shareholders to call a special meeting.

Reviewed on a case-by-case basis.

Consideration of Nonfinancial Effects of a Merger

This proposal releases the directors from only looking at the financial effects of a merger and allows them the opportunity to consider the merger s effects on employees, the community, and consumers. As a fiduciary, we are obligated to vote in the best economic interests of our Clients. In general, this proposal does not allow us to do that. Therefore, we generally cannot support this proposal.

Reviewed on a case-by-case basis.

Mergers, Buyouts, Spin-Offs, Restructurings

Each of the above is considered on a case-by-case basis. According to the Department of Labor, we are not required to vote for a proposal simply because the offering price is at a premium to the current market price for ERISA Clients. We must take into consideration the long term interests of the shareholders.

Military Issues

Shareholder proposals regarding military production must be evaluated on a purely economic set of criteria for our ERISA Clients. As such, decisions will be made on a case-by-case basis.

In voting on this proposal for our non-ERISA clients, we will vote according to the Client s direction when applicable. Where no direction has been given, we will vote in the best economic interests of our Clients. It is not our duty to impose our social judgment on others.

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Northern Ireland

Shareholder proposals requesting the signing of the MacBride principles for the purpose of countering the discrimination of Catholics in hiring practices must be evaluated on a purely economic set of criteria for our ERISA Clients. As such, decisions will be made on a case-by-case basis.

In voting on this proposal for our non-ERISA Clients, we will vote according to Client direction when applicable. Where no direction has been given, we will vote in the best economic interests of our clients. It is not our duty to impose our social judgment on others.

Opt Out of State Anti-Takeover Law

This shareholder proposal requests that a company opt out of the coverage of the state s takeover statutes. Example: Delaware law requires that a buyer must acquire at least 85% of the company s stock before the buyer can exercise control, unless the board approves.

We consider this on a case-by-case basis. Our decision will be based on the following:

* State of Incorporation

* Management history of responsiveness to shareholders

* Other mitigating factors

Poison Pills

In general, we do not endorse poison pills.

In certain cases where management has a history of being responsive to the needs of shareholders and the stock is very liquid, we will reconsider this position.

Reincorporation

Generally, we support reincorporation for well-defined business reasons. We oppose reincorporation if proposed solely for the purpose of reincorporating in a state with more stringent anti-takeover statutes that may negatively impact the value of the stock.

Stock Incentive Plans

Director and Employee Stock incentive plans are an excellent way to attract, hold and motivate directors and employees. However, each incentive plan must be evaluated on its own merits, taking into consideration the following:

* Dilution of voting power or earnings per share by more than 10%.

* Kind of stock to be awarded, to whom, when and how much.

* Method of payment.

* Amount of stock already authorized but not yet issued under existing stock plans.

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* The successful steps taken by management to maximize shareholder value.

Supermajority Vote Requirements

Supermajority voting requirements in a company s charter or bylaws require a level of voting approval in excess of a simple majority of the outstanding shares. In general, we oppose supermajority-voting requirements. Supermajority requirements often exceed the average level of shareholder participation. We support proposals approval by a simple majority of the shares voting.

Reviewed on a case-by-case basis.

Limit Shareholders Right to Act by Written Consent

Written consent allows shareholders to initiate and carry on a shareholder action without having to wait until the next annual meeting or to call a special meeting. It permits action to be taken by the written consent of the same percentage of the shares that would be required to effect proposed action at a shareholder meeting.

Reviewed on a case-by-case basis.

Say-on-Pay / Say-When-on-Pay / Say-on-Golden-Parachutes

Required under the Dodd-Frank Act; these proposals are non-binding advisory votes on executive compensation. We will generally vote with the Board of Directors recommendation(s) on advisory votes on executive compensation (Say-on-Pay), advisory votes on the frequency of voting on executive compensation (Say-When-on-Pay) and advisory votes relating to extraordinary transaction executive compensation (Say-on-Golden-Parachutes). In those instances when we believe that it is in our clients best interest, we may abstain or vote against executive compensation and/or the frequency of votes on executive compensation and/or extraordinary transaction executive compensation advisory votes.

Proxy Access

Proxy access is a tool used to attempt to promote board accountability by requiring that a company s proxy materials contain not only the names of management nominees, but also any candidates nominated by long-term shareholders holding at least a certain stake in the company. We will review proposals regarding proxy access on a case-by-case basis taking into account the provisions of the proposal, the company s current governance structure, the successful steps taken by management to maximize shareholder value, as well as other applicable factors.

Proxy access is a tool to attempt to promote board accountability by requiring that a company s proxy materials contain not only the names of management nominees, but also any candidates nominated by long-term shareholders holding at least a certain stake in the company. We will review proposals regarding proxy access on a case by case basis taking into account the provisions of the proposal, the company s current governance structure, the successful steps taken by management to maximize shareholder value, as well as other applicable factors.

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Item 8. Portfolio Managers of Closed-End Management Investment Companies.

PORTFOLIO MANAGER

Mario J. Gabelli, CFA, is Chairman, Chief Executive Officer, and Chief Investment Officer Value Portfolios of GAMCO Investors, Inc. that he founded in 1977, and Chief Investment Officer Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc. He is also Executive Chairman of the Board of Directors of Associated Capital Group, Inc. Mr. Gabelli is a summa cum laude graduate of Fordham University and holds an MBA degree from Columbia Business School, and Honorary Doctorates from Fordham University and Roger Williams University.

MANAGEMENT OF OTHER ACCOUNTS

The table below shows the number of other accounts managed by Mario J. Gabelli and the total assets in each of the following categories: registered investment companies, other paid investment vehicles and other accounts as of December 31, 2017. For each category, the table also shows the number of accounts and the total assets in the accounts with respect to which the advisory fee is based on account performance.

Name of Portfolio Manager	Type of Accounts	Total No. of Accounts Managed	Total Assets	No. of Accounts where Advisory Fee is Based on Performance	Total Assets in Accounts where Advisory Fee is Based_on Performance
1. Mario J. Gabelli	Registered Investment Companies:	23	$19.9 billion	5	$5.4 billion
	Other Pooled Investment Vehicles:	9	$311.3 million	9	$311.3 million
	Other Accounts:	1,450	$14.6 billion	8	$1.4 billion

POTENTIAL CONFLICTS OF INTEREST

As reflected above, Mr. Gabelli manages accounts in addition to the Fund. Actual or apparent conflicts of interest may arise when a Portfolio Manager also has day-to-day management responsibilities with respect to one or more other accounts. These potential conflicts include:

ALLOCATION OF LIMITED TIME AND ATTENTION. As indicated above, Mr. Gabelli manages multiple accounts. As a result, he will not be able to devote all of his time to management of the Fund. Mr. Gabelli, therefore, may not be able to formulate as complete a strategy or identify equally attractive investment opportunities for each of those accounts as might be the case if he were to devote all of his attention to the management of only the Fund.

ALLOCATION OF LIMITED INVESTMENT OPPORTUNITIES. As indicated above, Mr. Gabelli manages managed accounts with investment strategies and/or policies that are similar to the Fund. In these cases, if the he identifies an investment opportunity that may be suitable for multiple accounts, a Fund may not be able to take full advantage of that opportunity because the opportunity may be allocated among all or many of these accounts or other accounts managed primarily by other Portfolio Managers of the Adviser, and their affiliates. In addition, in the event Mr. Gabelli determines to purchase a security for more than one account in an aggregate amount that may influence

the market price of the security, accounts that purchased or sold the security first may receive a more favorable price than accounts that made subsequent transactions.

SELECTION OF BROKER/DEALERS. Because of Mr. Gabelli s indirect majority ownership interest in G.research, LLC, he may have an incentive to use G.research to execute portfolio transactions for a Fund.

PURSUIT OF DIFFERING STRATEGIES. At times, Mr. Gabelli may determine that an investment opportunity may be appropriate for only some of the accounts for which he exercises investment responsibility, or may decide that certain of the funds or accounts should take differing positions with respect to a particular security. In these cases, he may execute differing or opposite transactions for one or more accounts which may affect the market price of the security or the execution of the transaction, or both, to the detriment of one or more other accounts.

VARIATION IN COMPENSATION. A conflict of interest may arise where the financial or other benefits available to Mr. Gabelli differ among the accounts that he manages. If the structure of the Adviser s management

fee or the Portfolio Manager s compensation differs among accounts (such as where certain accounts pay higher management fees or performance-based management fees), the Portfolio Manager may be motivated to favor certain accounts over others. The Portfolio Manager also may be motivated to favor accounts in which he has an investment interest, or in which the Adviser, or their affiliates have investment interests. Similarly, the desire to maintain assets under management or to enhance a Portfolio Manager s performance record or to derive other rewards, financial or otherwise, could influence the Portfolio Manager in affording preferential treatment to those accounts that could most significantly benefit the Portfolio Manager. For example, as reflected above, if Mr. Gabelli manages accounts which have performance fee arrangements, certain portions of his compensation will depend on the achievement of performance milestones on those accounts. Mr. Gabelli could be incented to afford preferential treatment to those accounts and thereby by subject to a potential conflict of interest.

The Adviser, and the Funds have adopted compliance policies and procedures that are designed to address the various conflicts of interest that may arise for the Adviser and their staff members. However, there is no guarantee that such policies and procedures will be able to detect and prevent every situation in which an actual or potential conflict may arise.

COMPENSATION STRUCTURE FOR MARIO J. GABELLI

Mr. Gabelli receives incentive-based variable compensation based on a percentage of net revenues received by the Adviser for managing the Fund. Net revenues are determined by deducting from gross investment management fees the firm s expenses (other than Mr. Gabelli s compensation) allocable to this Fund. Five closed-end registered investment companies managed by Mr. Gabelli have arrangements whereby the Adviser will only receive its investment advisory fee attributable to the liquidation value of outstanding preferred stock (and Mr. Gabelli would only receive his percentage of such advisory fee) if certain performance levels are met. Additionally, he receives similar incentive based variable compensation for managing other accounts within the firm and its affiliates. This method of compensation is based on the premise that superior long-term performance in managing a portfolio should be rewarded with higher compensation as a result of growth of assets through appreciation and net investment activity. The level of compensation is not determined with specific reference to the performance of any account against any specific benchmark. This Fund managed by Mr. Gabelli has a performance (fulcrum) fee arrangement for which his compensation is adjusted up or down based on the performance of the investment company relative to an index. Mr. Gabelli manages other accounts with performance fees. Compensation for managing these accounts has two components. One component is based on a percentage of net revenues to the investment adviser for managing the account. The second component is based on absolute performance of the account, with respect to which a percentage of such performance fee is paid to Mr. Gabelli. As an executive officer of the Adviser s parent company, GBL, Mr. Gabelli also receives ten percent of the net operating profits of the parent company. He receives no base salary, no annual bonus, and no stock options.

OWNERSHIP OF SHARES IN THE FUND

Mario J. Gabelli owned over $1,000,000 of shares of the Fund as of December 31, 2017.

(b) Not applicable.

Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.

REGISTRANT PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased		(b) Average Price Paid per Share (or Unit)		(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs		(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs	
Month #1 07/01/2017 through 07/31/2017	Common	27,000	Common	$10.28	Common	27,000	Common	17,932,412 - 27,000 = 17,905,412
	Preferred Series B	N/A	Preferred Series B	N/A	Preferred Series B	N/A	Preferred Series B	2,624,025
Month #2 08/01/2017 through 08/31/2017	Common	66,482	Common	$10.24	Common	66,482	Common	17,905,412 - 66,482 = 17,838,930
	Preferred Series B	N/A	Preferred Series B	N/A	Preferred Series B	N/A	Preferred Series B	2,624,025
Month #3 09/01/2017 through 09/30/2017	Common	12,136	Common	$10.24	Common	12,136	Common	17,838,930 - 12,136 = 17,826,794
	Preferred Series B	N/A	Preferred Series B	N/A	Preferred Series B	N/A	Preferred Series B	2,624,025
Month #4 10/01/2017 through 10/31/2017	Common	21,483	Common	$10.16	Common	21,483	Common	17,826,794 - 21,483 = 17,805,311
	Preferred Series B	N/A	Preferred Series B	N/A	Preferred Series B	N/A	Preferred Series B	2,624,025
Month #5 11/01/2017 through 11/30/2017	Common	80,559	Common	$9.95	Common	80,559	Common	17,805,311 - 80,559 = 17,724,752
	Preferred Series B	N/A	Preferred Series B	N/A	Preferred Series B	N/A		

							Preferred Series B	2,624,025
Month #6 12/01/2017 through 12/31/2017	Common	116,334	Common	$9.83	Common	116,334	Common	17,724,752 - 116,334 = 17,608,418
	Preferred Series B	N/A	Preferred Series B	N/A	Preferred Series B	N/A	Preferred Series B	2,624,025
Total	Common	323,994	Common	$10.02	Common	323,994	N/A	
	Preferred Series B	N/A	Preferred Series B	N/A	Preferred Series B	N/A		

Footnote columns (c) and (d) of the table, by disclosing the following information in the aggregate for all plans or programs publicly announced:

a. The date each plan or program was announced The notice of the potential repurchase of common and preferred shares occurs quarterly in the Fund s quarterly report in accordance with Section 23(c) of the Investment Company Act of 1940, as amended.

b. The dollar amount (or share or unit amount) approved Any or all common shares outstanding may be repurchased when the Fund s common shares are trading at a discount of 7.5% or more from the net asset value of the shares.

Any or all preferred shares outstanding may be repurchased when the Fund s preferred shares are trading at a discount to the liquidation value of $50.00.

c. The expiration date (if any) of each plan or program The Fund s repurchase plans are ongoing.

d. Each plan or program that has expired during the period covered by the table The Fund s repurchase plans are ongoing.

e. Each plan or program the registrant has determined to terminate prior to expiration, or under which the registrant does not intend to make further purchases. The Fund s repurchase plans are ongoing.

Item 10. Submission of Matters to a Vote of Security Holders.

There have been no material changes to the procedures by which the shareholders may recommend nominees to the registrant s Board of Directors, where those changes were implemented after the registrant last provided disclosure in response to the requirements of Item 407(c)(2)(iv) of Regulation S-K (17 CFR 229.407) (as required by Item 22(b)(15) of Schedule 14A (17 CFR 240.14a-101)), or this Item.

Item 11. Controls and Procedures.

(a) The registrant s principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant s disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the 1940 Act) (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(b)).

(b) There were no changes in the registrant s internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the registrant s last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant s internal control over financial reporting.

Item 12. Disclosure of Securities Lending Activities for Closed-End Management Investment Companies.

(a) If the registrant is a closed-end management investment company, provide the following dollar amounts of income and fees/compensation related to the securities lending activities of the registrant during its most recent fiscal year:

(1) Gross income from securities lending activities; $0

(2) All fees and/or compensation for each of the following securities lending activities and related services: any share of revenue generated by the securities lending program paid to the securities lending

agent(s) (revenue split); fees paid for cash collateral management services (including fees deducted from a pooled cash collateral reinvestment vehicle) that are not included in the revenue split; administrative fees that are not included in the revenue split; fees for indemnification that are not included in the revenue split; rebates paid to borrowers; and any other fees relating to the securities lending program that are not included in the revenue split, including a description of those other fees; $0

(3) The aggregate fees/compensation disclosed pursuant to paragraph (2); $0 and

(4) Net income from securities lending activities (i.e., the dollar amount in paragraph (1) minus the dollar amount in paragraph (3)). $0

(b) If the registrant is a closed-end management investment company, describe the services provided to the registrant by the securities lending agent in the registrant s most recent fiscal year. N/A

Item 13. Exhibits.

(a)(1) Code of ethics, or any amendment thereto, that is the subject of disclosure required by Item 2 is attached hereto.

(a)(2) Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto.

(a)(3) Not applicable.

(a)(4) Not applicable.

(b) Certifications pursuant to Rule 30a-2(b) under the 1940 Act and Section 906 of the Sarbanes- Oxley Act of 2002 are attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) The GDL Fund

By (Signature and Title)* /s/ Bruce N. Alpert

Bruce N. Alpert, Principal Executive Officer

Date 3/09/2018

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title)* /s/ Bruce N. Alpert

Bruce N. Alpert, Principal Executive Officer

Date 3/09/2018

By (Signature and Title)* /s/ John C. Ball

John C. Ball, Principal Financial Officer and Treasurer

Date 3/09/2018

* Print the name and title of each signing officer under his or her signature.