

THE DENALI FUND INC. ANNOUNCES RESULTS OF SPECIAL MEETING OF STOCKHOLDERS AND  
ADJOURNMENT WITH RESPECT TO CERTAIN PROPOSALS

Boulder, Colo. – (BUSINESS WIRE) – February 22, 2008 – The Denali Fund Inc. (NYSE:DNY) announced results of its Special Meeting of Stockholders held today in Boulder, Colorado.

Stockholders approved the investment advisory agreements with Boulder Investment Advisers, LLC (BIA) and Stewart Investment Advisers (SIA). BIA and SIA have been acting as interim investment advisers since October 26, 2007. Stockholders further approved an amendment to the Fund's charter to permit a majority of the Fund's stockholders to effect certain actions by written consent. Stockholders also approved the level-rate dividend policy for the Fund. 99.5% of those voting, or 79.7% of the shares outstanding, voted in favor of the level-rate policy, including 95.5% of non-affiliated stockholders who voted. As approved, the Fund will begin distributing approximately 12% of its net asset value on an annualized basis, subject to the Board's right to suspend, modify or terminate the policy at any time. The 18.4% average total return for the Fund for the last 5 years exceeds the 12% distribution rate.

With respect to changing the Fund's investment objective and reclassifying the investment objective as non-fundamental (Proposal 3) and elimination of the Fund's fundamental policy of investing greater than 25% of its total assets in the real estate industry (Proposal 4), the meeting was adjourned until March 14, 2008 to permit further solicitation of the holders of the Fund's Auction Preferred Stock. Approval of these proposals requires the separate vote of the preferred stockholders. The meeting will be reconvened on March 14, 2008, at 9:00 a.m. local time at the Fund's corporate offices in Boulder, Colorado located at 2344 Spruce Street, Suite A.

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