

## **THE DENALI FUND INC. DECLARES DIVIDEND**

Boulder, CO (Business Wire) – July 12, 2010 – The Denali Fund Inc. (NYSE: DNY) announced today that it has declared a common stock dividend of \$0.03 per share payable on July 30, 2010 to holders of record on July 23, 2010. The \$0.03 per share distribution is a spillover dividend due to a true-up of estimated income received in 2009; the dividend is expected to consist entirely of net investment income. Stockholders will receive a 1099-DIV from their broker or transfer agent at the end of the year showing the tax characteristics of the distribution. The Fund is expected to trade ex-dividend on July 21, 2010.

For more information on the Fund, please visit us on the web at [www.thedenalifund.com](http://www.thedenalifund.com).

The Denali Fund Inc. is a non-diversified, closed-end management investment company. As of Friday, July 9, 2010 the Fund's net asset value ("NAV") was \$17.42 per share and the closing market price was \$13.25, which was a 23.9% discount to NAV.

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