

FIRST OPPORTUNITY FUND INC  
Form DEF 14A  
April 04, 2011  
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by Registrant [ X ]  
Filed by a Party other than the Registrant [ ]

Check the appropriate box:

- [ ] Preliminary Proxy Statement  
[ ] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))  
[X] Definitive Proxy Statement  
[ ] Definitive Additional Materials  
[ ] Soliciting Material Pursuant to Sec. 240.14a-11(c) or Sec. 240.14a-12

FIRST OPPORTUNITY FUND, INC.  
(Name of Registrant as Specified In Its Charter)

Stephen C. Miller  
2344 Spruce Street, Suite A  
Boulder, Colorado 80302  
(303) 442-2156  
(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

- [X] No fee required.  
[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transactions applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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Reference]  
First Opportunity Fund,  
Inc.

2344 Spruce Street  
Suite A  
Boulder, Colorado 80302  
[www.firstopportunityfund.com](http://www.firstopportunityfund.com)

April 4, 2011

Dear Fellow Stockholder,

Notice is hereby given that the Annual Meeting of Stockholders of First Opportunity Fund, Inc., a Maryland corporation (the "Fund"), will be held on May 2, 2011 at 9:00 a.m. Mountain Daylight Time (local time), at the St. Julien Hotel, 900 Walnut Street, Boulder, Colorado 80302.

At the meeting, the stockholders of the Fund will consider proposals to classify the Fund's Board of Directors and to elect the Fund's Directors as set forth in the Notice of Annual Meeting of Stockholders and as explained in the Proxy Statement. There will also be an opportunity to discuss matters of interest to you as a stockholder. The Fund's Directors recommend that you vote for the proposal to amend the Fund's charter classifying the board of directors and in favor of the nominees for Director, as further outlined in the accompanying Proxy Statement.

We hope you plan to attend the Annual Meeting. Your vote is important. Whether or not you are able to attend, it is important that your shares be represented at the Annual Meeting. Accordingly, we ask that you please sign, date, and return the enclosed Proxy Card or vote via telephone or the Internet at your earliest convenience.

On behalf of the Board and the management of First Opportunity Fund, Inc., I extend our appreciation for your continued support.

Sincerely,

/s/ Joel W. Looney

Joel W. Looney, Chairman of the Board

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Reference]  
First Opportunity Fund,  
Inc.

2344 Spruce Street  
Suite A  
Boulder, Colorado 80302  
www.firstopportunityfund.com

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held on May 2, 2011

To the Stockholders:

Notice is hereby given that the Annual Meeting of Stockholders (the "Meeting") of First Opportunity Fund, Inc., a Maryland corporation (the "Fund"), will be held on May 2, 2011 at 9:00 a.m. Mountain Daylight Time (local time), at the St. Julien Hotel, 900 Walnut Street, Boulder, Colorado, 80302 to consider and vote on the following proposals, all of which are more fully described in the accompanying Proxy Statement:

1. To approve or disapprove an amendment to the Fund's charter classifying the board of directors of the Fund (the "Board") into three separate classes and making related changes to the charter (Proposal 1);
2. To elect directors of the Fund (Proposal 2); and
3. To transact such other business as may properly come before the Meeting or any adjournments and postponements thereof.

The Board of Directors of the Fund has fixed the close of business on March 18, 2011 as the record date for the determination of stockholders of the Fund entitled to notice of and to vote at the Meeting and any postponements or adjournments thereof. The Proxy Statement, Notice of Annual Meeting, and proxy card are first being mailed to stockholders on or about April 7, 2011.

By Order of the Board of Directors,

/s/ Stephanie Kelley

STEPHANIE KELLEY

Secretary

April 4, 2011



STOCKHOLDERS ARE REQUESTED TO COMPLETE, SIGN AND DATE THE ENCLOSED PROXY CARD OR AUTHORIZE PROXIES VIA TELEPHONE OR THE INTERNET. THE PROXY CARD SHOULD BE RETURNED IN THE ENCLOSED ENVELOPE, WHICH NEEDS NO POSTAGE IF MAILED IN THE UNITED STATES. INSTRUCTIONS FOR THE PROPER EXECUTION OF PROXIES ARE SET FORTH ON THE INSIDE COVER.

### INSTRUCTIONS FOR SIGNING PROXY CARDS

The following general rules for signing proxy cards may be of assistance to you and may avoid the time and expense to the Fund involved in validating your vote if you fail to sign your proxy card properly.

1. Individual Accounts: Sign your name exactly as it appears in the registration on the proxy card.
2. Joint Accounts: Either party may sign, but the name of the party signing should conform exactly to a name shown in the registration.
3. All Other Accounts: The capacity of the individual signing the proxy card should be indicated unless it is reflected in the form of registration. For example:

Registration	Valid Signature
Corporate Accounts	
(1) ABC Corp.	ABC Corp., by [title of authorized officer]
(2) ABC Corp.	John Doe, Treasurer
(3) ABC Corp., c/o John Doe John Doe Treasurer	
(4) ABC Corp. Profit Sharing Plan	John Doe, Trustee
Trust Accounts	
(1) ABC Trust	Jane B. Doe, Trustee
(2) Jane B. Doe Trustee, u/t/d 12/28/78	Jane B. Doe
Custodian or Estate Accounts	
	John B. Smith

(1) John B. Smith,  
Cust.,

f/b/o John B.

Smith, Jr. UGMA

(2) John B. Smith    John B. Smith, Jr.,  
                                  Executor

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[Missing Graphic  
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First Opportunity Fund,  
Inc.

2344 Spruce Street  
Suite A  
Boulder, Colorado 80302  
www.firstopportunityfund.com

## ANNUAL MEETING OF STOCKHOLDERS

May 2, 2011

### PROXY STATEMENT

This proxy statement (“Proxy Statement”) for First Opportunity Fund, Inc., a Maryland corporation (the “Fund”), is furnished in connection with the solicitation of proxies by the Fund's board of directors (collectively, the “Board” and individually, the “Directors”) for exercise at the Annual Meeting of Stockholders of the Fund to be held on May 2, 2011 at 9:00 a.m. Mountain Daylight Time (local time), at the St. Julien Hotel, 900 Walnut Street, Boulder, Colorado 80302 and at any adjournments and postponements thereof (the “Meeting”). A Notice of Annual Meeting of Stockholders (“Notice of Meeting”) and proxy card for the Fund accompany this Proxy Statement. The Proxy Statement, Notice of Meeting, and proxy card are first being mailed to stockholders on or about April 7, 2011.

Proxy solicitations may be made, beginning on or about April 7, 2011, primarily by mail, but proxy solicitations may also be made by telephone, by Internet on the Fund's website, or through email communications with stockholders who have enrolled in the Fund's electronic duplicate communications service~~±~~, email, facsimile, or personal interviews conducted by officers of the Fund and proxy solicitors engaged in the discretion of the Fund. If the Fund elects to engage a proxy solicitor, the costs of proxy solicitation are not expected to exceed \$25,000. Proxy solicitation expenses as well as expenses incurred in connection with the preparation of this Proxy Statement and its enclosures will be paid by the Fund. The Fund also will reimburse brokerage firms and others for their expenses in forwarding solicitation material to the beneficial owners of its shares. The Board has fixed the close of business on March 18, 2011 as the record date (the “Record Date”) for the determination of stockholders entitled to notice of and to vote at the Meeting and any postponements or adjournments thereof.

The Annual Report of the Fund, including audited financial statements for the fiscal year ended March 31, 2010, and the Semi-Annual Report of the Fund, including unaudited financial statements for the period ended September 30, 2010, have been mailed to stockholders. Additional copies are available upon request, without charge, by writing to First Opportunity Fund, Inc., 2344 Spruce Street, Suite A, Boulder, Colorado 80302 or by calling (877) 561-7914. The reports are also viewable online at the Fund's website at [www.firstopportunityfund.com](http://www.firstopportunityfund.com). The Annual Report and Semi-Annual Report are not to be regarded as proxy solicitation material.

One Proxy Statement is being delivered to multiple stockholders sharing an address, unless the Fund has received contrary instructions from one or more of the stockholders. The Fund will undertake to deliver promptly, upon written or oral request, a separate copy of the proxy statement to any stockholder who contacts the Fund in writing, or by phone, as stated above. Similarly, stockholders sharing an address can request single copies of a future proxy statement or annual report by contacting the Fund in writing or by contacting the Fund's transfer agent.

± Stockholders can receive timely information about the Fund quickly and conveniently! The Fund offers the option for electronic delivery of DUPLICATE copies of all stockholder communications. You can choose the timeliness and convenience of receiving and reviewing stockholder communications, such as annual reports and proxy statements, online in addition to, but more quickly than, the hard copies you currently receive in the mail. If you sign up for the option, you will receive an e-mail notification when stockholder communications are available, containing a link to those communications on the Internet. However, presently you will not be able to vote your shares using these links and will have to wait to vote using the hard copies you receive in the mail or electronically from your broker, the transfer agent or proxyvote.com. For more information, please visit the Fund's website at [www.firstopportunityfund.com](http://www.firstopportunityfund.com).

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An electronic copy of the Notice of Meeting, the Proxy Statement, and a proxy card for the Fund for your vote at the Meeting is available online at [www.firstopportunityfund.com](http://www.firstopportunityfund.com).

Rocky Mountain Advisers, L.L.C. (“RMA”), 2344 Spruce Street, Suite A, Boulder, Colorado 80302 and Stewart Investment Advisers (also known as Stewart West Indies Trading Company, Ltd.) (“SIA”), Bellerive, Queen Street, St. Peter, Barbados, currently serve as co-investment advisers to the Fund. RMA and SIA are collectively referred to herein as the “Advisers”. Wellington Management Company, LLP (“Wellington Management”) at 280 Congress Street, Boston, Massachusetts 02210, currently serves as the investment sub-adviser to the Fund. Fund Administrative Services, L.L.C. (“FAS”), 2344 Spruce Street, Suite A, Boulder, Colorado 80302, and ALPS Fund Services, Inc., 1290 Broadway, Suite 1100, Denver, Colorado 80203, serve as co-administrators to the Fund. Computershare Trust Company, N.A. acts as the transfer agent to the Fund and is located at 250 Royall Street, Canton, Massachusetts 02021.

If the enclosed proxy is properly executed and returned by May 2, 2011, in time to be voted at the Meeting, the Shares (as defined below) represented thereby will be voted in accordance with the instructions marked thereon. Unless instructions to the contrary are marked thereon, a proxy will be voted FOR each of the Proposals and, in the discretion of the proxy holders, on any other matters that may properly come before the Meeting. Any stockholder who has given a proxy has the right to revoke it at any time prior to its exercise either by attending the Meeting and casting his or her votes in person or by delivering a written revocation or a later-dated proxy to the Fund’s Secretary at the above address prior to the date of the Meeting.

A quorum of the Fund’s stockholders is required for the conduct of business at the Meeting. Under the bylaws of the Fund (the “Bylaws”), a quorum is constituted by the presence in person or by proxy of the holders of a majority of the votes entitled to be cast (without regard to class) as of the Record Date. Each of the outstanding Shares is entitled to cast one vote. In the event that a quorum is not present at the Meeting, the chairman of the meeting may adjourn the meeting to a date not more than 120 days after the Record Date without notice other than an announcement at the meeting. In the event that a quorum is present but sufficient votes to approve one or more proposals are not received, the persons named as proxies may propose and vote for one or more adjournments of the Meeting to permit further solicitation of proxies with respect to any proposal that did not receive the votes necessary for its passage. Any such adjournment will require the affirmative vote of a majority of votes cast on the matter at the Meeting. With respect to those proposals for which there is represented a sufficient number of votes in favor, actions taken at the Meeting will be approved and implemented irrespective of any adjournments with respect to any other Proposals.

The Fund has one class of stock: common stock, par value \$0.001 per share (the “Common Stock” or the “Shares”). On the Record Date, there were 28,739,389 Shares issued and outstanding. Each Share is entitled to one vote at the Meeting and fractional Shares are entitled to proportionate shares of one vote.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS.** The following table sets forth certain information regarding the beneficial ownership of the Shares as of the Record Date by each person who is known by the Fund to beneficially own 5% or more of the Fund’s outstanding Common Stock.

Name of Owner	Number of Shares Directly Owned (1)	Number of Shares Beneficially Owned	Percentage Beneficially Owned
Stewart R. Horejsi Trust No. 2 (1)*	2,169,602	2,169,602	7.55%

Lola Brown Trust No. 1B (1)*	4,272,118	4,272,118	14.87%
Mildred B. Horejsi Trust (1)*	2,289,263	2,289,263	7.97%
Susan L. Ciciora Trust (1)*	1,737,573	1,737,573	6.05%
Aggregate Shares Owned by Horejsi Affiliates (defined below)	10,468,556	10,468,556	36.43%
T. Rowe Price Associates, Inc.**	1,520,546	1,520,546	5.2%

\*The address of each listed owner is c/o The Alaska Trust Company, LLC, 1029 West Third Avenue, Suite 400, Anchorage, AK 99501.

\*\*These securities are owned by various individual and institutional investors for which T. Rowe Price Associates, Inc. (“Price Associates”) serves as investment adviser with power to direct investments and/or sole power to vote the securities. For purposes of the reporting requirements of the Securities and Exchange Act of 1934, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities. Shares stated are as reported in a Schedule 13G Amendment No. 2 filed with the Securities and Exchange Commission on February 10, 2011. The address for Price Associates is 100 E. Pratt Street, Baltimore, Maryland 21202.

(1) Direct Ownership. The Susan L. Ciciora Trust (the “Susan Trust”), Mildred B. Horejsi Trust (the “Mildred Trust”), Lola Brown Trust No. 1B (the “Brown Trust”), and Stewart R. Horejsi Trust No. 2 (“SRH Trust”) directly own the shares indicated for such entity in the table above, totaling 10,468,556 (36.43%). These trusts (the “Trusts”) along with Alaska Trust Company (“ATC”) and Stewart R. Horejsi are, as a group, considered to be a “control person” of the Fund (as that term is defined in Section 2(a)(9) of the Investment Company Act of 1940, as amended). These entities and other trusts or companies with interlocking trusteeship, management and/or common ownership may be deemed to indirectly own additional Fund shares, which are included in the table above. ATC is (i) the sole trustee of the Susan Trust; (ii) together with Brian Sippy and Susan Ciciora (Mr. Horejsi’s daughter), one of three trustees of the Mildred Trust; and (iii) together with Larry Dunlap and Ms. Ciciora, one of three trustees of the Brown Trust. ATC is a commercial trust company organized under the laws of Alaska, of which 98% of the outstanding and voting securities are owned by the Stewart West Indies Trust (“West Indies Trust”). Douglas J. Blattmachr, President of ATC, owns 2% of the outstanding shares of ATC. The Directors and officers of ATC are Larry L. Dunlap (Director), Stephen C. Miller (Vice President and Director), Mr. Blattmachr (President and Director), Brandon Cintula (Vice President and Director), and Richard Thwaites (Secretary/Treasurer and Director). ATC, its officers and its directors disclaim beneficial ownership of shares owned directly by the Trusts. Ms. Ciciora is Stewart Horejsi’s daughter and a discretionary beneficiary under the SRH Trust, Brown Trust, Mildred Trust and West Indies Trust. John Horejsi is Stewart Horejsi’s son and a discretionary beneficiary under the SRH Trust, Brown Trust, Mildred Trust, Susan Trust, and West Indies Trust. Ms. Ciciora and Mr. John Horejsi are

Directors of the Fund. ATC, Mr. Miller, and Mr. Dunlap are trustees to the Evergreen Trust. Stewart Horejsi is a discretionary beneficiary under the SRH2 Trust, Brown Trust and Mildred Trust, and is the portfolio manager for RMA, SIA and Boulder Investment Advisers, LLC (“BIA”), another Horejsi Affiliate. The SLC Trust is the 100% owner of RMA. Accordingly, as a result of these relationships, each of Stewart Horejsi, Susan Ciciora and John Horejsi may directly or indirectly benefit from the relationship between the Fund and the Advisers.

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Solely for ease of reference, the Susan Trust, Mildred Trust, Brown Trust, ATC, SRH Trust, West Indies Trust, as well as other trusts and entities associated with the Horejsi family are collectively referred to herein as the “Horejsi Affiliates”. Information as to beneficial ownership above has been obtained from a representative of the beneficial owners; all other information as to beneficial ownership is based on reports filed with the Securities and Exchange Commission (the “SEC”) by such beneficial owners.

As of the Record Date, Cede & Co., a nominee partnership of the Depository Trust Company, held of record, but not beneficially, 27,940,172 shares or 97.22% of Common Stock outstanding of the Fund.

As of the Record Date, the Trusts, executive officers and directors of the Fund, as a group, owned 10,527,390 shares of Common Stock (this amount includes the aggregate shares of Common Stock owned by the Horejsi Affiliates set forth above), representing 36.63% of Common Stock.

In order that your Shares may be represented at the Meeting, you are requested to execute and return the enclosed proxy authorizing the proxy holders to vote on the following matters:

#### PROPOSAL 1

##### AMENDMENT TO THE CHARTER CLASSIFYING THE BOARD OF DIRECTORS OF THE FUND INTO THREE SEPARATE CLASSES AND MAKING RELATED CHANGES TO THE CHARTER

The Board has considered and recommends to the Fund’s stockholders amending the Fund’s charter (the “Charter”) in order to classify the Boards into three separate classes (“Proposal 1”).

Presently the Charter provides that each Director serve a one-year term. The Charter reads as follows:

The directors shall be elected at each annual meeting of the stockholders commencing in 2004, except as necessary to fill any vacancies, and each director elected shall hold office until his or her successor is duly elected and qualifies, or until his or her earlier resignation, death, or removal.

In addition, under Maryland General Corporation Law (“MGCL”), Directors may be removed with or without cause by the affirmative vote of a majority of all the votes entitled to be cast generally for election of directors. Thus, presently under the Charter and the MGCL, only a single meeting of stockholders would be required to effect a complete change in the Board.

In 2004, stockholders of the Fund approved “de-classification” of the Board from three separate classes, each serving a three-year term, to a single class elected on an annual basis. However, the Board now believes that a classified or staggered board structure will best serve the Fund’s longer-term interests. Thus, if stockholders approve Proposal 1 and approve a new board structure with three classes of directors, with each class serving a staggered three-year term (instead of the current one-year term), the Charter will be amended accordingly and such change will take effect immediately and with respect to the election of Directors at the Meeting under Proposal 2. Class I Directors will hold office initially for a term expiring at the 2013 annual meeting of stockholders, Class II Directors will hold office initially for a term expiring at the 2014 annual meeting of stockholders and Class III Directors will hold office initially for a term expiring at the 2012 annual meeting of stockholders, with the members of each class to hold office until their successors are duly elected and qualified. At each annual meeting of the stockholders, the successors to the class of Directors whose term expires at such meeting shall be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election and until their successors are duly elected and qualified. In the event of a vacancy on the Board of Directors due to the removal or resignation of a Director during such Director's term of office, the remaining Directors shall by their vote or written consent fill the vacancy for the remainder of such Director's term.

Background on Proposal 1. In 2004, the Fund’s stockholders approved a comprehensive set of corporate governance proposals, one of which was to “de-classify” the Boards such that Directors would serve an annual term (the “2004 Proposal”). Prior to the 2004 Proposal, the Fund had a “classified” or “staggered” board. Various industry trade groups, activist investor groups, the New York Stock Exchange, and other industry professionals generally advocated de-classification as well as the other corporate governance proposals advanced by the Fund in 2004. It was thought at that time that having all Directors stand for election every year would lead to better stockholder governance, a more responsive Board and more access to fund management.

Since that time, the Board has had the opportunity to experience and review the effect of the adoption of these corporate governance proposals, and in particular the effect of the 2004 Proposal. In assessing the 2004 Proposal, management paid close attention to the Fund’s investment objectives, the makeup of the Fund’s stockholders and other developments within the past seven years.

Board Considerations. At a special meeting held on February 17, 2011, the Board considered Proposal 1. At that meeting, the Board considered a number of factors before concluding that a classified board would better serve the long-term investment interests of the Fund and its stockholders.

The Board recognized that the overall effect of Proposal 1 would be to make any hostile attempt to take control of the Fund through a proxy contest more difficult. In order to change the membership of a majority of the Directors, at least two years would be required. The Board believes that this would encourage persons seeking to acquire control of the Fund to engage in good-faith, arm’s-length negotiations with the Board. The Board also believes that ensuring continuity of service among the Board members and three-year commitments for Board service is desirable and that the Proposal will facilitate the Fund’s attracting and retaining qualified members of the Board and hiring and retaining competent management personnel by increasing the likelihood of a stable employment environment.

The Board understands the Fund’s stockholder base to be generally comprised of many stockholders holding smaller positions who have a long-term investment horizon similar to that expressed by the Fund’s largest stockholders (i.e., the Horejsi Affiliates). A primary reason that these stockholders invest with the Fund is the potential for long-term capital appreciation coupled with responsible and deliberative asset management and an eye toward capital preservation. Neither the Board nor the Fund’s stockholders contemplate sudden, drastic changes in the makeup of the Fund’s investment portfolio.

The Board noted that, in general, closed-end funds such as the Fund seem to be more subject than operating companies to pressures from “hostile” stockholders, arbitrageurs and other groups of investors seeking to take advantage of short-term market cycles for their own benefit. These activities are often detrimental to stockholders seeking a particular investment style and a long-term investment horizon.

Moreover, after having experienced the effects of classified Boards on other funds’ boards on which the Directors sit, the Board believes that Directors elected to a classified board are no less accountable or responsive to stockholders than they would be if elected annually. A Director has the same duties to the Fund, regardless of how often he or she stands for election. For these reasons, the Board believes that Directors elected to three-year terms are not insulated from their responsibilities and are as accountable and accessible to stockholders as are Directors who are elected annually.

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The Board ultimately weighed these considerations against the intent of the 2004 Proposal and concluded that Proposal 1 achieves a fair balance between the corporate governance intent of the 2004 Proposal and protecting the stockholders' long-term interests and recommends that stockholders vote "FOR" this proposal.

The Board noted that, because Directors will be directly affected by Proposal 1, they may be deemed to have an interest in its outcome.

If approved by the stockholders, the Proposal would impose the classified board structure effective immediately and for this Meeting. The table below illustrates the effect stockholder approval of the Proposal would have on the terms of Directors:

	Class I 2011-13	Class II 2011-14	Class III 2011-12
Independent Director Nominees*			
Richard Barr			X
Dean Jacobson	X		
Joe Looney		X	
Interested Director Nominees*			
Susan Ciciora			X
John Horejsi	X		

\* Director nominees who are not "interested persons" of the Fund as that term is defined in the Investment Company Act of 1940 (the "1940 Act") are referred to as "Independent Directors." Director nominees who are "interested persons" of the Fund under the 1940 Act are referred to as "Interested Directors."

Accordingly, Mr. Barr and Ms. Ciciora will hold office initially for a term expiring at the 2012 annual meeting of stockholders, Mr. Horejsi and Dr. Jacobson will hold office initially for a term expiring at the 2013 annual meeting of stockholders and Mr. Looney will hold office initially for a term expiring at the 2014 annual meeting of stockholders.

Attached at Exhibit A are Articles of Amendment containing the amendment to the Charter (the "Amendment") which, if approved, will be filed with the State Department of Assessments and Taxation of Maryland. If stockholders approve Proposal 1, the Meeting will be temporarily adjourned so that the Amendment may be filed immediately and effective immediately. Thereafter, the Meeting will resume and Proposal 2 will be considered. If stockholders do not approve this Proposal 1, but do approve Proposal 2, each of the Directors will be elected to serve until the annual meeting of stockholders in 2012 and until their successors are duly elected and qualified.

Vote required. Approval of Proposal 1 requires the affirmative vote of a majority of all the votes entitled to be cast by the stockholders of the Fund on the matter. Holders of record of Shares of the Fund at the close of business on the Record Date will be entitled to one vote per share on each matter as to which they are entitled to vote at the Meeting and any postponements or adjournments thereof.

THE BOARD OF DIRECTORS, INCLUDING ALL OF THE INDEPENDENT DIRECTORS, UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE "FOR" PROPOSAL 1.



## PROPOSAL 2

## ELECTION OF DIRECTORS OF THE FUND

The Charter currently provides that all of the Directors stand for election each year. If stockholders approve Proposal 1, then the Charter will be amended, effective immediately and for purposes of this Meeting, so that the terms of each Director, if elected, would be classified in accordance with Proposal 1. Thus, if Proposal 1 is approved, and the Directors as nominated in this Proposal 2 are elected, Mr. Barr and Ms. Ciciora will hold office initially for a term expiring at the 2012 annual meeting of stockholders, Mr. Horejsi and Dr. Jacobson will hold office initially for a term expiring at the 2013 annual meeting of stockholders and Mr. Looney will hold office initially for a term expiring at the 2014 annual meeting of stockholders, with the members of each class to hold office until their successors are duly elected and qualified. At each annual meeting of the stockholders, the successors to the class of Directors whose term expires at such meeting shall be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election and until their successors are duly elected and qualified.

The Boards have nominated the following five Director nominees to stand for election and serve terms as follows:

	Class I 2011-13	Class II 2011-14	Class III 2011-12
Independent Director Nominees*			
Richard Barr			X
Dean Jacobson	X		
Joe Looney		X	
Interested Director Nominees*			
Susan Ciciora			X
John Horejsi	X		

\* Director nominees who are not “interested persons” of the Fund (as that term is defined in the 1940 Act) are referred to as “Independent Directors.” Nominees who are “interested persons” of the Fund under the 1940 Act are referred to as “Interested Directors.”

The above nominees have consented to serve as Directors if elected at the Meeting for the term as indicated above. If the designated nominees decline or otherwise become unavailable for election, however, the proxy confers discretionary power on the persons named therein to vote in favor of a substitute nominee or nominees for the Board.

INFORMATION ABOUT DIRECTORS AND OFFICERS. Set forth in the following table is information about the Board of Directors:

## INDEPENDENT DIRECTORS

Name, Age and Address*	Position(s) Held with Funds	Term of Office and Length of Time Served	Principal Occupation(s) During past 5 years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships Held by Director During Past 5 Years
Joe L. Looney Age: 49	Chairman, Director	Term expires 2011; served since 2003.  Nominee for Class II Director; if elected, term expires 2014	Partner (since 1999), Financial Management Group, LLC (investment adviser).	4	Director (since 2002) and Chairman (since 2003), Boulder Growth & Income Fund, Inc.; Director (since 2001), Boulder Total Return Fund, Inc.; Director and Chairman (since 2007), The Denali Fund Inc.
Dr. Dean L. Jacobson Age: 72	Director	Term expires 2011; served since 2003  Nominee for Class I Director; if elected, term expires 2013	Founder and President (since 1989), Forensic Engineering, Inc. (engineering investigations); Professor Emeritus (since 1997), Arizona State University.	4	Director (since 2006), Boulder Growth & Income Fund, Inc.; Director (since 2004) Boulder Total Return Fund, Inc.; Director (since 2007), The Denali Fund Inc.
Richard I. Barr Age: 73	Director	Term expires 2011; served since 2001.  Nominee for Class III Director; if elected, term expires 2012	Retired (since 2001); manager (1963-2001), Advantage Sales and Marketing, Inc. (food brokerage).	4	Director (since 2002), Boulder Growth & Income Fund, Inc.; Director (since 1999) and Chairman (since 2003), Boulder Total Return Fund, Inc.; Director (since 2007), The Denali Fund

Inc.

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