

Special Opportunities Fund, Inc. Announces Dividend Declaration, Redemption of Convertible Preferred Stock, Increased Dividend, and Rights Offering

June 3, 2021

Special Opportunities Fund, Inc. (NYSE: SPE) (the “Fund”) today announced that the Fund’s Board of Directors (the “Board”) has declared a quarterly cash dividend of \$0.21875 per share on the Fund’s 3.50% Convertible Preferred Stock, Series B (the “Convertible Preferred”). The dividend is payable on June 30, 2021 to holders of record as of June 21, 2021.

The Fund also announced that the Board has determined, in accordance with the “Optional Redemption” provision of the prospectus for the Convertible Preferred, to redeem all shares of the Convertible Preferred that are still outstanding at 5 pm EST on July 9, 2021 at \$25 per share.

Holders of the Convertible Preferred may, until 5 pm EST on July 9, 2021, convert their preferred shares into shares of Common Stock at a ratio of (1) 1.9416 shares of common stock for each share of the Convertible Preferred until June 21, 2021 and (2) 1.9558 from June 22, 2021 until July 9, 2021 (in both instances, Holders will receive cash in lieu of any fractional shares of common stock). Holders of shares of the Convertible Preferred that do not elect to convert their shares into common stock by 5 pm EST on July 9, 2021 will receive the redemption price of \$25 in cash per share and no dividends on the Convertible Preferred shall accumulate after July 9, 2021. The redemption will be automatic and requires no action on the part of the stockholder. As of the date of this release, the market price of the Convertible Preferred is approximately \$30 per share which is significantly higher than \$25 per share. Therefore, holders of the Convertible Preferred are advised to check the market price of both the common stock and the Convertible Preferred before determining whether and when to convert their shares into common stock.

No shares of the Convertible Preferred will remain outstanding after July 9, 2021; therefore, the directors previously elected by holders of the Convertible Preferred will remain on the Board until the next Annual Meeting of Stockholders and until their successors have been duly elected.

The Fund also announced that the Board has approved an increase in the monthly distributions to common stockholders provided under the Fund’s managed distribution plan (the “Plan”). Beginning in July 2021, the Fund intends to make monthly distributions at an annual rate of at least 8% (or 0.6667% per month), based on the net asset value (NAV) of the Fund’s common shares as of the last business day of 2020, an increase of 1% from the previous rate of 7% per annum. Under the Plan, to the extent that sufficient investment income is not available on a monthly basis, the Fund will distribute long-term capital gains and/or return of capital. To the extent that the Fund’s net investment income and net realized capital gains exceed the aggregate

amount distributed pursuant to the managed distribution plan, the Fund may make an additional year-end distribution. No conclusions should be drawn about the Fund's investment performance from the amount of the distributions. The Board may amend the terms of the Plan or terminate the Plan at any time without prior notice to stockholders which could have an adverse effect on the market price of the Fund's common shares. The Plan will be subject to periodic review by the Board, including a yearly review of the annual fixed rate to determine if an adjustment should be made. The Fund will issue a notice to common stockholders that will provide an estimate of the composition of each distribution. For tax reporting purposes the actual composition of the total amount of distributions for each year will continue to be provided on a Form 1099-DIV issued after the end of the year.

Lastly, the Fund announced that the Board has approved filing with the SEC a registration statement for a rights offering to common stockholders entitling the holders of such rights to purchase shares of a newly issued class of convertible preferred stock. Although the terms of the rights offering have not yet been established by the Board, a portion of the funds raised may be used to conduct a self-tender offer for common stock.

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