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**GYRODYNE COMPANY OF AMERICA, INC. ANNOUNCES
SUCCESSFUL COMPLETION OF RIGHTS OFFERING**

ST. JAMES, N.Y., Sept. 26, 2011 – Gyrodyne Company of America, Inc. (“NASDAQ:GYRO”) announced today that it raised \$10.2 million, the maximum gross proceeds possible, through its just concluded rights offering. The rights offering concluded on September 22, 2011 and was extremely well received and oversubscribed to by approximately 50% beyond the \$10.2 million maximum. In the rights offering, Gyrodyne distributed non-transferable rights to purchase 173,305 shares of its common stock at a purchase price of \$53.00 per share to shareholders of record as of August 15, 2011. In addition, Gyrodyne had the option to issue an additional 19,336 shares to honor over-subscription requests.

The Company received subscriptions for approximately 294,685 shares, greatly exceeding the maximum shares offered of 173,305, and the Company elected to exercise its overallotment option to issue an additional 19,336 shares to satisfy over-subscription requests. Shareholders were allocated 100% of their basic subscriptions and, as a result of the pro rata allocation of available shares to satisfy over-subscription requests, over-subscribing shareholders were also allocated additional shares equal to 47% of the oversubscription shares requested. Accordingly, the Company has issued an aggregate of 192,641 shares in the rights offering.

“Management and the Board of Directors are very appreciative of the continued support of our shareholders,” said Stephen V. Maroney, Gyrodyne’s President and CEO. “Given the current economic situation and, in light of all the recent negative developments in the market, it is especially gratifying to have the rights offering oversubscribed by approximately \$5 million.”

The net proceeds of the offering will be used for potential additional expenses associated with the condemnation litigation, pursuing development rights for the Flowerfield property, necessary capital improvements in Gyrodyne’s real estate portfolio and general working capital.

Coady Diemar Partners served as Gyrodyne's financial advisor in connection with the rights offering.