



THE GABELLI
DIVIDEND &
INCOME TRUST

Shareholder Commentary
June 30, 2009



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Our cover icon represents the underpinnings of Gabelli. The Teton mountains in Wyoming represent what we believe in in America – that creativity, ingenuity, hard work, and a global uniqueness provide enduring values. They also stand out in an increasingly complex, interconnected, and interdependent economic world.

Investment Objective:

The Gabelli Dividend & Income Trust is a non-diversified, closed-end management investment company. The Fund's investment objective is to seek a high level of total return with an emphasis on dividends and income. In making stock selections, the Fund's investment adviser looks for securities that have a superior yield, as well as capital gains potential.

We have separated the portfolio managers' commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio managers' commentary is unrestricted. The financial statements and investment portfolio are mailed separately from the commentary. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at www.gabelli.com.

This report is printed on recycled paper.

To Our Shareholders,

Stock and bond markets worldwide rallied broadly in the second quarter in relief that economic disaster was averted. The strong rebounds that started from the market lows posted in March continued through mid June. The Standard & Poor's ("S&P") 500 and the Dow Jones Industrial Average rose 15.9% and 12.0%, respectively, tremendously strong gains and their best quarter since 1998.



As we start the second half of this year, we hope that it will be less volatile than the first. It is a good time to remind ourselves why we invest – to participate in the cash flow and earnings of corporations. This has been unrewarding of late, and in fact returns over the past five and ten years have been flat or negative. The long-term return on the stock market, as calculated by S&P from 1926 through March 2009, has been an average annual rate of 9.5%, but as we have seen lately, the market delivers those “average” returns in an extremely uneven way. Almost half of that long-term return has been from dividends, and we believe that the return of earnings to shareholders in the form of cash dividends is essential to achieving good long-term returns.

On a positive note, we expect that the next decade will bring annual returns that are much closer to the longer-term annual return. We believe that, after we get through this difficult market, we could be in for a longer period of expansion and returns that are more like the historical returns from the stock market. We greatly appreciate your trust and confidence in Gabelli Funds and The Gabelli Dividend & Income Trust (the “Fund”), particularly during these extraordinary times. We will continue to work diligently on your behalf.

Comparative Results

Average Annual Returns through June 30, 2009 (a)

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	Since Inception (11/28/03)
Gabelli Dividend & Income Trust					
NAV Total Return (b)	25.75%	(34.41)%	(10.80)%	(1.57)%	(0.94)%
Investment Total Return (c)	24.45	(35.42)	(10.42)	(2.64)	(4.21)
S&P 500 Index	15.92	(26.20)	(8.22)	(2.24)	(0.51)
Dow Jones Industrial Average	11.96	(22.96)	(6.34)	(1.65)	(0.11)
Nasdaq Composite Index	20.05	(19.97)	(5.47)	(2.17)	(1.17)

(a) **Returns represent past performance and do not guarantee future results.** Investment returns and the principal value of an investment will fluctuate. When shares are sold, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. Performance returns for periods of less than one year are not annualized. **Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing.** The Dow Jones Industrial Average is an unmanaged index of 30 large capitalization stocks. The S&P 500 and the Nasdaq Composite Indices are unmanaged indicators of stock market performance. Dividends are considered reinvested except for the Nasdaq Composite Index. You cannot invest directly in an index.

(b) Total returns and average annual returns reflect changes in the net asset value (“NAV”) per share and reinvestment of distributions at NAV on the ex-dividend date and are net of expenses. Since inception return is based on an initial NAV of \$19.06.

(c) Total returns and average annual returns reflect changes in closing market values on the New York Stock Exchange and reinvestment of distributions. Since inception return is based on an initial offering price of \$20.00.

Performance

The Fund's net asset value ("NAV") total return was 25.8% during the second quarter of 2009, compared with gains of 15.9% and 12.0% for the Standard & Poor's ("S&P") 500 Index and the Dow Jones Industrial Average, respectively. The total return for the Fund's publicly traded shares was 24.5% during the second quarter. On June 30, 2009, the Fund's NAV per share was \$12.26, while the price of the publicly traded shares closed at \$10.08 on the New York Stock Exchange ("NYSE").

All ten industry sectors in the S&P 500 rose during the quarter, led by the financial shares, which increased 36%. Stocks of banks, brokers, credit card issuers, and insurance companies continued their rebound from the March 9th market closing lows of the year. The next top two performing sectors in the quarter were the technology sector, up 20%, followed by the industrials, up 19%.

By far and away, the big winner of the year so far has been the technology sector, with a 25% gain through June 30, 2009. By contrast, the other two top performing sectors of the second quarter, the financials and the industrials, are still working through dismal returns in the first quarter and through June 30, 2009 are still down -4% and -6%, respectively. Other sector performances for the quarter were the consumer discretionary stocks, gaining 18%, the materials stocks, gaining 16%, energy stocks, gaining 11%, and utilities, gaining 10%.

The three industry groups with the lowest quarterly returns were the consumer staples stocks with a gain of 10%, the health care stocks with a gain of 9%, and telecommunications stocks with a gain of 4%.

Stocks in our Fund with the strongest performance in the quarter were a very diverse group including Cablevision, PepsiAmericas, International Paper, Legg Mason, Bank of America, American Express, Discover Financial Services, Wells Fargo, and Weatherford International. Just a few of the stocks that we held since the start of the quarter in the Fund declined, and these included Consolidated Edison, Archer-Daniels-Midland, and Chevron.

The Current State of the Economy and Markets

Along with the improvement in the stock and bond markets over the past few months, the economy thawed from the frozen state of paralysis that had gripped businesses and consumers until March. Consumer confidence stabilized after falling to the lowest level since record keeping began in 1967, but remained low. Personal income improved, due to boosts from government transfers in the form of tax refunds and onetime Social Security bonuses. The Conference Board Leading Economic Index rose for three months in a row through June.

In the second quarter, the government released the results of its "stress tests," designed to reveal how much more capital would be needed if the economy continued to deteriorate, which confirmed that most financial institutions would muddle through. By quarter end, nearly all major financial institutions, with the most notable exceptions of Citigroup and Bank of America, had announced they would repay their loans from the government under the Troubled Asset Relief Program (or TARP), passed last fall. Without question, the various government loans and loan guarantees enacted last year helped to restore confidence and played an important role in stabilizing the financial system.

Despite these improvements, consumer spending remains weak. Manufacturing also remains weak, and the operating rate is below 70%. Capital spending plans remain low, as do business plans to hire. State and local governments' layoffs are lagging business layoffs, so this has a while to continue. What we have seen in the second quarter is a return from the anticipation of a depression-like fall in the first quarter to a more normal recessionary economy.

The government has been doing its best to fight this recession by lowering interest rates and injecting spending. The intention is to have the lower interest rates help banks to repair their balance sheets and resume lending, and to encourage consumers to purchase cars and homes, and businesses to borrow and hire. Housing sales and the decline in home prices

have stabilized. However, unlike a more traditional cycle, this one was accompanied by tremendous excess homebuilding and buying in the past few years. So it will be a long time before the housing industry plays any role in creating jobs or activity to assist in a recovery. (Certainly low interest rates have been around for a long time.) Both businesses and consumers will continue to reduce borrowing for a while longer.

Likewise, auto sales had fallen so low in the first quarter that they appeared to be at bottom levels, but in the “recovery” quarters ahead, with General Motors and Chrysler emerging from bankruptcy with major elements being dismantled and sold, these companies and their dealerships will continue to be a source of layoffs. In addition, banks are still weighed down by large, and in some cases, increasing losses from home mortgages, commercial mortgages, and credit cards, and, despite record low interest rates, are unlikely to expand their low level of lending activity within the next few quarters.

We had hoped in the second quarter that “less bad” or “less worse” economic numbers would indicate that the transition to better and even good times was emerging. However, at midyear it is clear that these numbers, while no longer the worst that could happen, are bad and will continue to be bad. Unemployment, which formerly was a lagging indicator but which is now more of a coincident indicator, is still rising. De-leveraging has a long way to go: U.S. household debt at the end of 2008 was 97% of GDP, a third higher than in the 1990s. Over the past several years, consumers have borrowed to monetize assets such as their homes, and it will take a while to rebuild savings and wealth. Therefore, spending levels will remain low during that time.

How should we interpret the strong advance in the stock market? The stock market is a forward looking barometer. With the second quarter rise, it is tempting to think that the recession is just about over and we might start in on a recovery that will boost profits for years. We think it is more likely that the rise in the market has been due to the relief from taking the worst case depression scenario off the table, and that we are back to the levels in the market and the economy where we would have been if the first quarter’s contraction had not occurred. We think there is a good possibility, or even likelihood, that we are still in for a longer period of economic weakness and rising unemployment, perhaps lasting another year.

Let’s Talk Stocks

The following are stock specifics on selected holdings of our Fund. Favorable earnings prospects do not necessarily translate into higher stock prices, but they do express a positive trend that we believe will develop over time. Individual securities mentioned are not necessarily representative of the entire portfolio. The share prices of the following holdings are stated in U.S. dollars or U.S. dollar equivalent terms as of June 30, 2009.

American Water Works Co. Inc. (AWK - \$19.11 - NYSE) is a water utility with unique growth opportunities. The shares offer investors a 4.6% dividend yield and the likelihood of consistent annual dividend increases. We expect solid growth in earnings over the near term (2009-2011) due to increases in rates as American Water Works is allowed to realize a return on its past investments. During the 2003-2006 period, few rate increases were requested. Now, subsidiaries currently have \$300 million in revenue requests pending decisions, creating a greater certainty of rate base growth than typically achieved in the regulated electric and gas utility sector. We also believe the company has a greater opportunity for customer growth through consolidation and privatization opportunities.

DIRECTV Group Inc. (The) (DTV - \$24.71 - Nasdaq) is the largest Direct Broadcast Satellite television provider in the U.S. with approximately 18 million subscribers. News Corp. purchased a 34% interest in the company from General Motors in December 2003. In March 2008, News Corp. exchanged its stake in DIRECTV for Liberty Capital’s 18% stake in News Corp. Through its tracking stock, Liberty Capital, Liberty now controls 54% of the company. Liberty and DIRECTV have reached an agreement by which the two entities will combine, simplifying DIRECTV’s ownership

structure. We think this could eventually pave the way for a combination with one of the wireless carriers or a merger with rival DISH Network. In the meantime, we expect DIRECTV to continue to grow its U.S. business, possibly separating its valuable Latin American operations, and repurchase large amounts of stock.

Exxon Mobil Corp. (XOM - \$69.91 - NYSE) is a leading international energy company with operations in most of the world's countries. In the United States, Exxon Mobil has significant exploration, production, refining, marketing, and chemicals operations. Exxon Mobil is one of the largest oil and gas producers and owners of oil and gas reserves, with a portfolio that includes Alaska, onshore Gulf Coast, and deepwater Gulf of Mexico reserves. There are approximately 13,000 Exxon and Mobil branded service stations in the U.S. and seven refineries, four of which are integrated petrochemical facilities. Exxon Mobil's full year 2008 earnings, excluding special items, were a record \$44 billion, up 8% from 2007. The company distributed an average of 20% of its earnings to shareholders in the form of dividends over the past five years. Exxon Mobil's financial strength continued to support its long-term focus and disciplined capital investment approach in the midst of a growing global economic slowdown.

General Mills Inc. (GIS - \$56.02 - NYSE) is a leading producer of packaged foods; its brands include Cheerios, Wheaties, and Total cereals, Yoplait yogurt, Green Giant vegetables, and Progresso soup. The company has been working to make its products healthier by actions such as incorporating whole grains into its cereals and launching probiotic and light versions of Yoplait. It also continues to develop its organic brands, including Muir Glen for organic tomato products and Cascadian Farm for organic cereals, granola bars, and vegetables. General Mills reported strong results which exceeded expectations for the fiscal year ended May 31, 2009. Fiscal 2010 earnings are expected to grow, driven by sales momentum, cost savings, and lower input costs, despite the headwind from foreign currencies.

Genuine Parts Co. (GPC - \$33.56 - NYSE) distributes automotive and industrial replacement parts, office products, and electrical/electronic materials in the United States, Canada, and Mexico. The Atlanta, GA based company owns and operates automotive parts distribution centers and automotive parts stores under the NAPA brand. GPC has benefited from the current struggles of the original equipment automotive industry, as consumers have chosen to service and maintain vehicles for a longer period of time instead of buying new vehicles. With a leading position in the Do-It-For-Me (DIFM) market, GPC's NAPA stores provide garages and service centers with industry leading parts availability and inventory management. The company has a strong commitment to shareholder value via share repurchases and a steadily increasing dividend. In 2008, GPC earned \$2.92 per share on \$11 billion in revenue.

Hershey Co. (HSY - \$36.00 - NYSE) is a leading U.S. confectioner, with brands such as Hershey's, Reese's, KitKat, Twizzlers, Jolly Rancher, and Ice Breakers as well as premium chocolate brands in Scharffen Berger, Dagoba, and Joseph Schmidt Confections. Hershey was hurt in 2007 and 2008 by rapidly rising input costs, especially dairy, which it was slow to pass onto consumers, as well as from inventory obsolescence costs due to the use of "limited edition" brands to drive growth that only had short-term appeal with consumers. Management is now more focused on growing its core brands and better execution in the convenience store channel, and is benefiting from consumers shifting back to mainstream confectionery products.

Intel Corp. (INTC - \$16.55 - Nasdaq) recently introduced consumer ultra low voltage mobile processors that are creating a new personal computer segment of ultra thin, full function notebooks. Ultra thin notebooks are now shipping in the market, and we believe that they will further invigorate the notebook category and become a significant contributor to Intel's future profits. The company has taken significant steps to improve its efficiency and reduce costs resulting in cost savings of \$800 million in 2008, and expected further spending reductions in 2009 of \$700 million over the 2008 level.

Johnson & Johnson (JNJ - \$56.80 - NYSE) is the largest and most diversified health care company in the world. The company's leading positions across pharmaceuticals, medical devices, and consumer health care make it a steady performer and defensive name in these challenging times. Johnson & Johnson's strong cash flow and credit rating will

allow the company to make accretive acquisitions at attractive prices during the downturn, while continuing to repurchase stock. With a reasonable valuation of 11x earnings, and a 3.3% dividend yield, JNJ should be able to weather a very difficult 2009 before returning to approximately 10% earnings growth in 2010.

Kraft Foods Inc. (KFT - \$25.34 - NYSE) continues to reinvest in its products to reinvigorate sales growth. However, it also continues to struggle to expand margins in key categories as it absorbs higher input costs and spends heavily to support its brands through marketing and new product development. The company is dealing with weaker consumer spending, commodity and currency volatility, and the integration of the Danone biscuit business. New product innovation and execution improvements should gradually improve operating results over the next year.

NSTAR (NST - \$32.11 - NYSE) is a consolidation play in the New England region. NST is primarily an electric transmission and distribution utility serving the Boston and Cape Cod regions of Massachusetts. NST also owns a small gas utility. The northeast region of the U.S. has been the most active area for consolidation activity among utilities, including the acquisition of KeySpan by National Grid in August 2007, and the takeover of Energy East by Iberdrola in September 2008. There are several potential suitors for NST, including Consolidated Edison, a company that could use its strong balance sheet to make another acquisition.

PepsiAmericas Inc. (PAS - \$26.81 - NYSE) is the world's second largest distributor of PepsiCo (PEP) beverages with operations in the U.S., Central Europe, and the Caribbean. PepsiAmericas is well positioned to capture share in the large and growing global liquid refreshment beverage category. The company's large U.S. business generates consistent cash flows, but its Central and Eastern European business is the company's growth engine. We believe that the long-term opportunity in Central and Eastern Europe (population now served by PAS is 3x the size of the 50 million U.S. population served) exceeds the short-term currency and consumer demand risks. PepsiCo submitted a proposal earlier this year to acquire all of the outstanding shares not already owned by PepsiCo of its two anchor North American bottlers: Pepsi Bottling Group (PBG) and PepsiAmericas. PepsiCo expects the deal to be accretive to earnings by at least 15 cents per share, once the \$200 million in synergies is fully realized.

Wyeth (WYE - \$45.39 - NYSE) develops, manufactures, and markets vaccines, biotechnology products, nutritionals, and non-prescription medicines. Under the terms of a merger agreement, Pfizer, the number one drug maker, will acquire all of the outstanding shares of Wyeth for \$33.00 in cash and 0.985 shares of Pfizer's stock per share of Wyeth. This deal is subject to regulatory and shareholder approvals and is expected to close in the third quarter of 2009.

Looking Ahead

The government has done its best to launch an interest rate and government spending led recovery, and this should continue to work in the short term, as it already has. The question of sustainability remains, however, when we get past the third quarter, into the fourth quarter, and even into the beginning of next year, and to this question there are yet no positive answers. To achieve a sustainable recovery, we need business confidence to improve, jobs to be created, and consumers to have income and the desire to spend. As of yet, we are still looking for signs that we are on our way to a sustainable recovery out of this recession. We may be through the worst of the layoffs, but the unemployment outlook is still pretty awful and there is a growing realization that unemployment will continue to climb for another year.

We do have some positives coming from the thaw of the atmosphere that froze consumer and business spending on even normal replacement goods and helped lead to the bankruptcies of Chrysler and General Motors together with a shutdown of auto production for a couple of months. It is estimated that this boost from the replacement of inventories, along with the resumption of auto production, could lead to a swing in Gross Domestic Product ("GDP") of as much as 6% to 7%, implying the GDP looping from a negative 1% in the second quarter to a positive GDP in the third quarter. However, it is possible that growth will return to the almost recessionary lows after that.

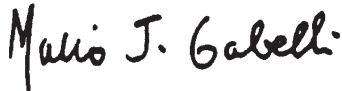
Due to the many economic stimulus programs, we now have a tremendous amount of debt, which will carry an annual cost to service and will have to be repaid some day. Other large political, environmental, and economic initiatives, such as the energy “cap and trade” and the universal health care plan, potentially loom on the near horizon. Both of these programs address good long-term goals. However, efforts to sell them are being accompanied by unrealistic long-term projections of what they will cost. In the latest example of this, the Congressional Budget Office, Congress’ own chief budget scorekeeper, put a damper on the current health care proposal with its analysis, concluding that it will not reduce the trajectory of health care spending, and in fact could actually escalate costs.

There is concern that the government is operating as if it does not matter where the money that it is shoveling out goes. The government announces a new program each week with very little work done to foster incentives to facilitate or build longer-term non-inflationary growth, savings, investing, or creating businesses or jobs. The private sector has to be the primary creator of new jobs and growth, and so far the new programs do not address this. The stabilization is being achieved with a very high cost of trillions of dollars of government debt, and lessened confidence in America’s economy, future growth, and the dollar as a store of value.

We are combining an unprecedented amount of government spending with a lack of any real or thoughtful analysis of the longer-term impact, and this has the potential to be graded with an “F” by a lower dollar and higher interest rates, which would compound our problems in financing our debt longer term. Of course, right now and for the foreseeable future – perhaps the next year or so, the excess capacity in the U.S. and worldwide makes any pickup in inflation unlikely.

The market appears to be reasonably priced, with some earnings recovery showing up in the initial reports of second quarter corporate earnings. We do not expect investors to be willing to pay a much higher multiple of earnings as we encounter higher taxes and increased regulation, and potentially higher inflation and interest rates in the next few years. We continue to look for companies selling at good long-term value, which can generate cash flow and earnings, and we particularly like those that have a history of paying out earnings in dividends.

Sincerely,



Mario J. Gabelli, CFA
Portfolio Manager and
Chief Investment Officer



Barbara G. Marcin, CFA
Portfolio Manager

July 31, 2009

Note: The views expressed in this Shareholder Commentary reflect those of the Portfolio Managers only through the end of the period stated in this Shareholder Commentary. The Portfolio Managers’ views are subject to change at any time based on market and other conditions. The information in this Portfolio Managers’ Shareholder Commentary represents the opinions of the individual Portfolio Managers and is not intended to be a forecast of future events, a guarantee of future results, or investment advice. Views expressed are those of the Portfolio Managers and may differ from those of other portfolio managers or of the Firm as a whole. This Shareholder Commentary does not constitute an offer of any transaction in any securities. Any recommendation contained herein may not be suitable for all investors. Information contained in this Shareholder Commentary has been obtained from sources we believe to be reliable, but cannot be guaranteed.

Portfolio Manager Compensation

Mr. Gabelli's incentive-based, variable compensation structure and dollar amount have been fully disclosed each year since April of 2000 in the annual proxy statement for GAMCO Investors, Inc. (NYSE:GBL). Mr. Gabelli receives no base salary, no annual bonus, and no stock options.

As founder and portfolio manager of The Gabelli Dividend & Income Trust, Mr. Gabelli received \$4,269,661 in calendar year 2008. For the Fund's first twelve months of operation starting in November 2003, Mr. Gabelli received less than \$605,000. Mario J. Gabelli and various entities he controls owned 2,185,065 common shares of the Fund for a total amount invested of \$22,025,458, as of June 30, 2009. Mr. Gabelli may not have pecuniary interest equal to a one hundred percent economic ownership in some of the entities he controls.

Common Share Repurchase Plan – Share Repurchases Exceed 1.5 Million Shares

On May 12, 2004, the Board of Trustees of the Fund (the "Board") voted to authorize the repurchase of the Fund's common shares in the open market from time to time, when such shares are trading at a discount of 7.5% or more from NAV. Pursuant to this share repurchase plan, the Fund repurchased 20,00 common shares in the second quarter of 2009. In total through June 30, 2009, the Fund has repurchased and retired 1,579,568 shares in the open market under this share repurchase plan at an average investment of \$16.97 per share and an average discount to NAV of 14.2%.

Monthly Distribution Policy for Common Shareholders

The Board has reaffirmed the continuation of the Fund's monthly distribution policy for the third quarter of 2009. Pursuant to its distribution policy, the Fund paid \$0.10 per share cash distributions on April 23, 2009, May 21, 2009, and June 23, 2009 to common shareholders of record on April 16, 2009, May 14, 2009, and June 16, 2009, respectively, for a total distribution of \$0.30 per share during the second quarter of 2009.

The Fund's current monthly distribution level is a fixed rate of \$0.06 per share (\$0.72 per share on an annual basis) that approximates 6% of the net asset value per share of \$12.01 as of May 20, 2009.

Each quarter, the Board reviews the amount of any potential distribution and the income, capital gain, or capital available. The Fund's portfolio managers believe that attractive investment opportunities are available in the current environment and will seek to allocate the Fund's capital accordingly. The Board will continue to monitor the Fund's distribution level, taking into consideration the Fund's net asset value and the financial market environment. If necessary, the Fund will pay an adjusting distribution in December which includes any additional income and net realized capital gains in excess of the monthly distributions for that year to satisfy the minimum distribution requirements of the Internal Revenue Code. The Fund's distribution policy is subject to modification by the Board at any time.

Monthly distributions were implemented to improve shareholder value with the objective of narrowing the discount to NAV of the publicly traded shares on the NYSE. We firmly believe that our shareholders prefer a monthly distribution to a quarterly payment, and that this will help to close the gap between NAV and market price over time. Of course, we are most directly responsible for the NAV because it reflects the performance of the investments that are in the Fund. However, we also know that we have a responsibility to improve shareholder value, and that means using shareholder initiatives such as the distribution policy to improve the market price when trading at a discount to NAV.

If the Fund does not generate earnings from dividends and interest received and net realized capital gains equal to or in excess of the aggregate distributions paid by the Fund in a given year, then the amount distributed in excess of the Fund's investment income and net realized capital gains would be deemed a non-taxable return of capital. Since this would be considered a return of a portion of a shareholder's original investment, it is not taxable and is treated as a reduction in

the shareholder's cost basis. However, despite the challenges of the extra record keeping, a distribution that is occasionally supplemented with a return of capital serves as a smoothing mechanism resulting in a more stable and consistent cash flow available to shareholders. For a closed-end fund with a distribution policy, a return of capital becomes progressively less likely with the passage of time because in later years it is more likely that long-term capital gains can be realized and therefore become available for distribution. A portion of the distribution may be treated as long-term capital gain and qualified dividend income for individuals, each subject to the maximum federal income tax rate, which is currently 15% in taxable accounts for individuals. Long-term capital gains, qualified dividend income, ordinary income, and paid-in capital, if any, will be allocated on a pro-rata basis to all distributions to common shareholders for the year. Based on the accounting records of the Fund as of June 16, 2009, each of the distributions paid in 2009 would include approximately 25% from net investment income and 75% from paid-in capital. The estimated components of each distribution are provided to shareholders of record in a notice accompanying the distribution and are available on our website (www.gabelli.com). The final determination of the sources of all distributions in 2009 will be made after year end and can vary from the monthly estimates. All shareholders with taxable accounts will receive written notification regarding the components and tax treatment for all 2009 distributions in early 2010 via Form 1099-DIV.

5.875% Series A Cumulative Preferred Shares

The Fund's 5.875% Series A Cumulative Preferred Shares paid a \$0.3671875 per share cash distribution on June 26, 2009 to preferred shareholders of record on June 19, 2009. The Series A Preferred Shares, which trade on the NYSE under the symbol "GDV Pr A," are rated "Aaa" by Moody's Investors Service and have an annual dividend rate of \$1.46875 per share. The Series A Preferred Shares were issued on October 12, 2004 at \$25.00 per share and pay distributions quarterly. The Series A Preferred Shares will be callable at any time at the liquidation value of \$25.00 per share plus accrued dividends following the expiration of the five year call protection on October 12, 2009. The next distribution is scheduled for September 2009. The Fund is authorized to purchase its Series A Preferred Shares in the open market from time to time when such shares are trading at a discount to the liquidation value of \$25.00. During the second quarter of 2009, the Fund repurchased and retired 20,794 Series A Preferred Shares.

Series B Auction Market Preferred Shares

The dividend rates for the Series B Auction Market Preferred Shares ranged from 1.528% to 1.633% during the second quarter of 2009. Dividend rates for the Series B Preferred Shares are cumulative at a rate that may be reset every seven days based on the results of an auction. Since February 2008, the number of Series B Preferred Shares subject to bid orders by potential holders has been less than the number of Series B Preferred Shares subject to sell orders. Therefore, the weekly auctions have failed, and the dividend rate since then has been the maximum rate. In that event, holders that have submitted sell orders may not be able to sell any or all of the Series B Preferred Shares for which they have submitted sell orders. The current maximum rate is 125 basis points greater than the seven day Telerate/British Bankers Association LIBOR on the day of such auction. The Series B Preferred Shares do not trade on an exchange. The Series B Preferred Shares are rated "Aaa" by Moody's Investors Service and "AAA" by Standard & Poor's Ratings Services. The Fund issued 4,000 Series B Preferred Shares on October 12, 2004 at \$25,000 per share. As of June 30, 2009, 3,600 Series B Preferred Shares were outstanding.

Series C Auction Market Preferred Shares

The dividend rates for the Series C Auction Market Preferred Shares ranged from 1.534% to 1.650% during the second quarter of 2009. Dividend rates for the Series C Preferred Shares are cumulative at a rate that may be reset every seven days based on the results of an auction. Since February 2008, the number of Series C Preferred Shares subject to bid orders by potential holders has been less than the number of Series C Preferred Shares subject to sell orders. Therefore,

the weekly auctions have failed, and the dividend rate since then has been the maximum rate. In that event, holders that have submitted sell orders may not be able to sell any or all of the Series C Preferred Shares for which they have submitted sell orders. The current maximum rate is 125 basis points greater than the seven day Telerate/British Bankers Association LIBOR on the day of such auction. The Series C Preferred Shares do not trade on an exchange. The Series C Preferred Shares are rated “Aaa” by Moody’s Investors Service and “AAA” by Standard & Poor’s Ratings Services. The Fund issued 4,800 Series C Preferred Shares on October 12, 2004 at \$25,000 per share. As of June 30, 2009, 4,320 Series C Preferred Shares were outstanding.

6.00% Series D Cumulative Preferred Shares

The Fund’s 6.00% Series D Cumulative Preferred Shares paid a \$0.375 per share cash distribution on June 26, 2009 to preferred shareholders of record on June 19, 2009. The Series D Preferred Shares, which trade on the NYSE under the symbol “GDV Pr D,” are rated “Aaa” by Moody’s Investors Service and have an annual dividend rate of \$1.50 per share. The Series D Preferred Shares were issued on November 3, 2005 at \$25.00 per share and pay distributions quarterly. The Series D Preferred Shares will be callable at any time at the liquidation value of \$25.00 per share plus accrued dividends following the expiration of the five year call protection on November 3, 2010. The next distribution is scheduled for September 2009. The Fund is authorized to purchase its Series D Preferred Shares in the open market from time to time when such shares are trading at a discount to the liquidation value of \$25.00. During the second quarter of 2009, the Fund repurchased and retired 1,106 Series D Preferred Shares.

Series E Auction Rate Preferred Shares

The dividend rates for the Series E Auction Rate Preferred Shares ranged from 1.781% to 1.909% during the second quarter of 2009. Dividend rates for the Series E Preferred Shares are cumulative at a rate that may be reset every seven days based on the results of an auction. Since February 2008, the number of Series E Preferred Shares subject to bid orders by potential holders has been less than the number of Series E Preferred Shares subject to sell orders. Therefore, the weekly auctions have failed, and the dividend rate since then has been the maximum rate. In that event, holders that have submitted sell orders may not be able to sell any or all of the Series E Preferred Shares for which they have submitted sell orders. The current maximum rate is 150 basis points greater than the seven day Telerate/British Bankers Association LIBOR on the day of such auction. The Series E Preferred Shares do not trade on an exchange. The Series E Preferred Shares are rated “Aaa” by Moody’s Investors Service and “AAA” by Standard & Poor’s Ratings Services. The Fund issued 5,400 Series E Preferred Shares on November 3, 2005 at \$25,000 per share. As of June 30, 2009, 4,860 Series E Preferred Shares were outstanding.

It should be noted that the Investment Adviser does not receive a management fee on the incremental assets attributable to the Preferred Shares unless the total return of the net asset value of the common shares during the year, including distributions and management fee subject to reduction, exceeds the stated dividend rate or corresponding swap rate of each particular series of Preferred Shares for the fiscal year. The Investment Adviser believes this fee arrangement is in the best interest of all shareholders.

The Board shares the Investment Adviser’s view that the issuance of the Preferred Shares is designed to benefit the common shareholders. To the extent that the Fund earns in excess of the dividend rate on the Preferred Shares, additional value will thereby be created for its common shareholders.

A portion of the distributions may be treated as long-term capital gain and qualified dividend income for individuals, each subject to the maximum federal income tax rate, which is currently 15% in taxable accounts for individuals. Long-term capital gains, qualified dividend income, and ordinary income, if any, will be allocated on a pro-rata basis to all distributions to preferred shareholders for the year. Based on the accounting records of the Fund as of June 16, 2009, each

of the distributions paid in 2009 would include approximately 100% from net investment income. The estimated components of each distribution are provided to shareholders of record in a notice accompanying the distribution and are available on our website (www.gabelli.com). The final determination of the sources of all distributions in 2009 will be made after year end and can vary from the quarterly estimates. All shareholders with taxable accounts will receive written notification regarding the components and tax treatment for all 2009 distributions in early 2010 via Form 1099-DIV.

www.gabelli.com

Please visit us on the Internet. Our homepage at www.gabelli.com contains information about GAMCO Investors, Inc., the Gabelli/GAMCO Mutual Funds, IRAs, 401(k)s, current and historical quarterly reports, closing prices, and other current news. We welcome your comments and questions via e-mail at closedend@gabelli.com.

You may sign up for our e-mail alerts at www.gabelli.com and receive early notice of quarterly report availability, news events, media sightings, and mutual fund prices and performance.

e-delivery

We are pleased to offer electronic delivery of Gabelli fund documents. Shareholders of our closed-end funds can now elect to receive e-mail announcements regarding available materials, including shareholder commentaries and fund reports. For more information or to register for e-delivery, please visit our website at www.gabelli.com.

Top Ten Holdings
June 30, 2009

Verizon Communications Inc.
Wyeth
Occidental Petroleum Corp.
NSTAR
JPMorgan Chase & Co.

General Mills Inc.
StatoilHydro ASA
Swedish Match AB
Intel Corp.
Danone

AUTOMATIC DIVIDEND REINVESTMENT AND VOLUNTARY CASH PURCHASE PLANS

Enrollment in the Plan

It is the policy of The Gabelli Dividend & Income Trust (the “Fund”) to automatically reinvest dividends payable to common shareholders. As a “registered” shareholder you automatically become a participant in the Fund’s Automatic Dividend Reinvestment Plan (the “Plan”). The Plan authorizes the Fund to credit common shares to participants upon an income dividend or a capital gains distribution regardless of whether the shares are trading at a discount or a premium to net asset value. All distributions to shareholders whose shares are registered in their own names will be automatically reinvested pursuant to the Plan in additional shares of the Fund. Plan participants may send their common shares certificates to Computershare Trust Company, N.A. (“Computershare”) to be held in their dividend reinvestment account. Registered shareholders wishing to receive their distributions in cash must submit this request in writing to:

The Gabelli Dividend & Income Trust
c/o Computershare
P.O. Box 43010
Providence, RI 02940-3010

Shareholders requesting this cash election must include the shareholder’s name and address as they appear on the share certificate. Shareholders with additional questions regarding the Plan or requesting a copy of the terms of the Plan, may contact Computershare at (800) 336-6983.

If your shares are held in the name of a broker, bank, or nominee, you should contact such institution. If such institution is not participating in the Plan, your account will be credited with a cash dividend. In order to participate in the Plan through such institution, it may be necessary for you to have your shares taken out of “street name” and re-registered in your own name. Once registered in your own name your distributions will be automatically reinvested. Certain brokers participate in the Plan. Shareholders holding shares in “street name” at participating institutions will have dividends automatically reinvested. Shareholders wishing a cash dividend at such institution must contact their broker to make this change.

The number of shares of common shares distributed to participants in the Plan in lieu of cash dividends is determined in the following manner. Under the Plan, whenever the market price of the Fund’s common shares is equal to or exceeds net asset value at the time shares are valued for purposes of determining the number of shares equivalent to the cash dividends or capital gains distribution, participants are issued shares of common shares valued at the greater of (i) the net asset value as most recently determined or (ii) 95% of the then current market price of the Fund’s common shares. The valuation date is the dividend or distribution payment date or, if that date is not a New York Stock Exchange (“NYSE”) trading day, the next trading day. If the net asset value of the common shares at the time of valuation exceeds the market price of the common shares, participants will receive shares from the Fund valued at market price. If the Fund should declare a dividend or capital gains distribution payable only in cash, Computershare will buy shares of common shares in the open market, or on the NYSE or elsewhere, for the participants’ accounts, except that Computershare will endeavor to terminate purchases in the open market and cause the Fund to issue shares at net asset value if, following the commencement of such purchases, the market value of the common shares exceeds the then current net asset value.

The automatic reinvestment of dividends and capital gains distributions will not relieve participants of any income tax which may be payable on such distributions. A participant in the Plan will be treated for federal income tax purposes as having received, on a dividend payment date, a dividend or distribution in an amount equal to the cash the participant could have received instead of shares.

Voluntary Cash Purchase Plan

The Voluntary Cash Purchase Plan is yet another vehicle for our shareholders to increase their investment in the Fund. In order to participate in the Voluntary Cash Purchase Plan, shareholders must have their shares registered in their own name.

Participants in the Voluntary Cash Purchase Plan have the option of making additional cash payments to Computershare for investments in the Fund's common shares at the then current market price. Shareholders may send an amount from \$250 to \$10,000. Computershare will use these funds to purchase shares in the open market on or about the 1st and 15th of each month. Computershare will charge each shareholder who participates \$0.75, plus a pro rata share of the brokerage commissions. Brokerage charges for such purchases are expected to be less than the usual brokerage charge for such transactions. It is suggested that any voluntary cash payments be sent to Computershare, P.O. Box 43010, Providence, RI 02940-3010 such that Computershare receives such payments approximately 10 days before the 1st and 15th of the month. Funds not received at least five days before the investment date shall be held for investment until the next purchase date. A payment may be withdrawn without charge if notice is received by Computershare at least 48 hours before such payment is to be invested.

Shareholders wishing to liquidate shares held at Computershare must do so in writing or by telephone. Please submit your request to the above mentioned address or telephone number. Include in your request your name, address, and account number. The cost to liquidate shares is \$2.50 per transaction as well as the brokerage commission incurred. Brokerage charges are expected to be less than the usual brokerage charge for such transactions.

For more information regarding the Automatic Dividend Reinvestment Plan and Voluntary Cash Purchase Plan, brochures are available by calling (914) 921-5070 or by writing directly to the Fund.

The Fund reserves the right to amend or terminate the Plan as applied to any voluntary cash payments made and any dividend or distribution paid subsequent to written notice of the change sent to the members of the Plan at least 90 days before the record date for such dividend or distribution. The Plan also may be amended or terminated by Computershare on at least 90 days written notice to participants in the Plan.

TRUSTEES AND OFFICERS
THE GABELLI DIVIDEND & INCOME TRUST
One Corporate Center, Rye, NY 10580-1422

Trustees

Mario J. Gabelli, CFA
Chairman & Chief Executive Officer,
GAMCO Investors, Inc.

Anthony J. Colavita
President,
Anthony J. Colavita, P.C.

James P. Conn
Former Managing Director &
Chief Investment Officer,
Financial Security Assurance Holdings Ltd.

Mario d'Urso
Former Italian Senator

Frank J. Fahrenkopf, Jr.
President & Chief Executive Officer,
American Gaming Association

Michael J. Melarkey
Attorney-at-Law,
Avansino, Melarkey, Knobel & Mulligan

Salvatore M. Salibello
Certified Public Accountant,
Salibello & Broder, LLP

Edward T. Tokar
Senior Managing Director,
Beacon Trust Company

Anthonie C. van Ekris
Chairman, BALMAC International, Inc.

Salvatore J. Zizza
Chairman, Zizza & Co., Ltd.

Officers

Bruce N. Alpert
President

Carter W. Austin
Vice President

Peter D. Goldstein
Chief Compliance Officer

Agnes Mullady
Treasurer & Secretary

Investment Adviser

Gabelli Funds, LLC
 One Corporate Center
 Rye, New York 10580-1422

Custodian

State Street Bank and Trust Company

Counsel

Skadden, Arps, Slate, Meagher & Flom LLP

Transfer Agent and Registrar

Computershare Trust Company, N.A.

Stock Exchange Listing

	5.875%	6.00%
	<u>Common</u>	<u>Preferred</u>
NYSE-Symbol:	GDV	GDV PrA
Shares Outstanding:	83,483,637	3,048,019
		2,542,296

The Net Asset Value per share appears in the Publicly Traded Funds column, under the heading "General Equity Funds," in Monday's The Wall Street Journal. It is also listed in Barron's Mutual Funds/Closed End Funds section under the heading "General Equity Funds."

The Net Asset Value per share may be obtained each day by calling (914) 921-5070 or visiting www.gabelli.com.

For general information about the Gabelli Funds, call **800-GABELLI** (800-422-3554), fax us at 914-921-5118, visit Gabelli Funds' Internet homepage at: www.gabelli.com, or e-mail us at: closedend@gabelli.com

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that the Fund may, from time to time, purchase its common shares in the open market when the Fund's shares are trading at a discount of 7.5% or more from the net asset value of the shares. The Fund may also, from time to time, purchase its preferred shares in the open market when the preferred shares are trading at a discount to the liquidation value.

THE GABELLI DIVIDEND & INCOME TRUST
One Corporate Center
Rye, NY 10580-1422
(914) 921-5070
www.gabelli.com

Shareholder Commentary
June 30, 2009



The Gabelli Dividend & Income Trust

Semi-Annual Report June 30, 2009

To Our Shareholders,

The Gabelli Dividend & Income Trust's (the "Fund") net asset value ("NAV") total return was 2.3% during the first half of 2009, compared with an increase of 3.2% for the Standard & Poor's ("S&P") 500 Index and a decline of 1.9% for the Dow Jones Industrial Average. The total return for the Fund's publicly traded shares was 4.8% during the first half of the year. On June 30, 2009, the Fund's NAV was \$12.26, while the price of the publicly traded shares closed at \$10.08 on the New York Stock Exchange.

Enclosed are the financial statements and the investment portfolio as of June 30, 2009.

Comparative Results

Average Annual Returns through June 30, 2009 (a)

	Quarter	Year to Date	1 Year	3 Year	5 Year	Since Inception (11/28/03)
Gabelli Dividend & Income Trust						
NAV Total Return (b)	25.75%	2.31%	(34.41)%	(10.80)%	(1.57)%	(0.94)%
Investment Total Return (c)	24.45	4.79	(35.42)	(10.42)	(2.64)	(4.21)
S&P 500 Index	15.92	3.19	(26.20)	(8.22)	(2.24)	(0.51)
Dow Jones Industrial Average	11.96	(1.93)	(22.96)	(6.34)	(1.65)	(0.11)
Nasdaq Composite Index	20.05	16.36	(19.97)	(5.47)	(2.17)	(1.17)

- (a) **Returns represent past performance and do not guarantee future results.** Investment returns and the principal value of an investment will fluctuate. When shares are sold, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. Performance returns for periods of less than one year are not annualized. **Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing.** The Dow Jones Industrial Average is an unmanaged index of 30 large capitalization stocks. The S&P 500 and the Nasdaq Composite Indices are unmanaged indicators of stock market performance. Dividends are considered reinvested except for the Nasdaq Composite Index. You cannot invest directly in an index.
- (b) Total returns and average annual returns reflect changes in the NAV per share and reinvestment of distributions at NAV on the ex-dividend date and are net of expenses. Since inception return is based on an initial NAV of \$19.06.
- (c) Total returns and average annual returns reflect changes in closing market values on the New York Stock Exchange and reinvestment of distributions. Since inception return is based on an initial offering price of \$20.00.

We have separated the portfolio managers' commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio managers' commentary is unrestricted. The financial statements and investment portfolio are mailed separately from the commentary. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at www.gabelli.com/funds.

THE GABELLI DIVIDEND & INCOME TRUST

Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of total investments as of June 30, 2009:

Financial Services	13.4%	Specialty Chemicals	0.9%
Energy and Utilities: Oil	11.6%	Entertainment	0.9%
Energy and Utilities: Integrated	10.7%	Business Services	0.8%
Food and Beverage	10.5%	Environmental Services	0.7%
Telecommunications	6.9%	Computer Software and Services	0.7%
Energy and Utilities: Electric	5.5%	Transportation	0.5%
U.S. Government Obligations	4.3%	Paper and Forest Products	0.4%
Energy and Utilities: Natural Gas	4.0%	Machinery	0.4%
Health Care	3.7%	Publishing	0.3%
Energy and Utilities: Services	3.6%	Wireless Communications	0.3%
Consumer Products	3.3%	Energy and Utilities	0.3%
Diversified Industrial	3.2%	Broadcasting	0.3%
Retail	2.7%	Hotels and Gaming	0.3%
Cable and Satellite	2.6%	Agriculture	0.2%
Aerospace	1.5%	Automotive	0.1%
Electronics	1.4%	Communications Equipment	0.1%
Equipment and Supplies	1.2%	Real Estate	0.0%
Energy and Utilities: Water	0.9%	Computer Hardware	0.0%
Automotive: Parts and Accessories	0.9%	Manufactured Housing and Recreational Vehicles	0.0%
Metals and Mining	0.9%	Building and Construction	0.0%
		<u>100.0%</u>	

The Fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (the “SEC”) for the first and third quarters of each fiscal year on Form N-Q, the last of which was filed for the quarter ended March 31, 2009. Shareholders may obtain this information at www.gabelli.com or by calling the Fund at 800-GABELLI (800-422-3554). The Fund’s Form N-Q is available on the SEC’s website at www.sec.gov and may also be reviewed and copied at the SEC’s Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

Proxy Voting

The Fund files Form N-PX with its complete proxy voting record for the twelve months ended June 30th, no later than August 31st of each year. A description of the Fund’s proxy voting policies, procedures, and how the Fund voted proxies relating to portfolio securities is available without charge, upon request, by (i) calling 800-GABELLI (800-422-3554); (ii) writing to The Gabelli Funds at One Corporate Center, Rye, NY 10580-1422; or (iii) visiting the SEC’s website at www.sec.gov.

Shareholder Meeting – May 18, 2009 – Final Results

The Fund’s Annual Meeting of Shareholders was held on May 18, 2009 at the Greenwich Library in Greenwich, Connecticut. At that meeting, common and preferred shareholders, voting together as a single class, elected Salvatore M. Salibello and Edward T. Tokar as Trustees of the Fund. A total of 76,064,209 votes and 76,098,114 votes were cast in favor of each Trustee and a total of 5,903,192 votes and 5,869,286 votes were withheld for each Trustee, respectively. In addition, preferred shareholders, voting as a separate class, elected James P. Conn as a Trustee of the Fund. A total of 5,047,891 votes were cast in favor of this Trustee and 120,767 votes were withheld for this Trustee.

Mario J. Gabelli, Anthony J. Colavita, Mario d’Urso, Frank J. Fahrenkopf, Jr., Michael J. Melarkey, Anthonie C. van Ekris, and Salvatore J. Zizza continue to serve in their capacities as Trustees of the Fund.

We thank you for your participation and appreciate your continued support.

THE GABELLI DIVIDEND & INCOME TRUST
SCHEDULE OF INVESTMENTS
June 30, 2009 (Unaudited)

<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>
COMMON STOCKS — 94.2%					
Aerospace — 1.5%					
10,000	Goodrich Corp. \$ 281,823	\$ 499,700	30,000	Zon Multimedia Servicos de Telecommunicacoes e Multimedia SGPS SA . . \$ 294,900	\$ 159,631
55,000	Kaman Corp. 1,006,361	918,500	7,042	Zon Multimedia Servicos de Telecommunicacoes e Multimedia SGPS SA, ADR 101,053	36,830
165,000	Rockwell Automation Inc. 8,244,940	5,299,800		<u>44,515,317</u>	<u>38,167,456</u>
2,000,000	Rolls-Royce Group plc† . . 14,847,048	11,894,774	Communications Equipment — 0.1%		
171,600,000	Rolls-Royce Group plc, Cl. C† 249,455	282,316	30,000	Thomas & Betts Corp.† . . 790,717	865,800
63,000	The Boeing Co. 3,998,779	2,677,500	Computer Hardware — 0.0%		
	<u>28,628,406</u>	<u>21,572,590</u>	6,000	Data Domain Inc.† 186,287	200,100
	Agriculture — 0.2%		30,000	SanDisk Corp.† 287,056	440,700
130,000	Archer-Daniels-Midland Co. 3,723,763	3,480,100		<u>473,343</u>	<u>640,800</u>
	Automotive — 0.1%		Computer Software and Services — 0.7%		
4,000	Copart Inc.† 113,367	138,680	2,000	i2 Technologies Inc.† 23,260	25,100
20,000	Navistar International Corp.† . . . 458,857	872,000	155,000	Metavante Technologies Inc.† 3,646,621	4,008,300
	<u>572,224</u>	<u>1,010,680</u>	30,000	Microsoft Corp. 690,217	713,100
	Automotive: Parts and Accessories — 0.9%		400,000	Sun Microsystems Inc.† . . . 3,682,656	3,688,000
386,000	Genuine Parts Co. 13,063,243	12,954,160	100,000	Yahoo! Inc.† 2,796,559	1,566,000
	Building and Construction — 0.0%			<u>10,839,313</u>	<u>10,000,500</u>
16,000	Layne Christensen Co.† . . 467,049	327,200	Consumer Products — 3.3%		
	Business Services — 0.8%		191,000	Alberto-Culver Co. 6,375,101	4,857,130
195,000	Diebold Inc. 6,966,664	5,140,200	25,000	Altria Group Inc. 433,289	409,750
125,000	Intermec Inc.† 2,469,514	1,612,500	70,000	Avon Products Inc. 1,852,512	1,804,600
40,000	Lender Processing Services Inc. 1,342,861	1,110,800	460,000	Eastman Kodak Co. 4,494,687	1,361,600
20,000	MasterCard Inc., Cl. A . . . 3,089,996	3,346,200	88,000	Fortune Brands Inc. 3,824,035	3,057,120
27,000	PHH Corp.† 561,138	490,860	45,000	Hanesbrands Inc.† 1,001,900	675,450
250,000	Trans-Lux Corp.† (a) 1,783,219	212,500	90,000	Harman International Industries Inc. 4,313,101	1,692,000
	<u>16,213,392</u>	<u>11,913,060</u>	3,000	Heelys Inc. 12,557	5,970
	Cable and Satellite — 2.6%		170,000	Kimberly-Clark Corp. . . . 11,362,350	8,913,100
650,000	Cablevision Systems Corp., Cl. A 18,450,643	12,616,500	40,000	Mattel Inc. 673,228	642,000
16,000	Cogeco Inc. 316,415	293,135	25,000	Philip Morris International Inc. 1,011,008	1,090,500
250,000	DISH Network Corp., Cl. A† 5,680,252	4,052,500	1,020,000	Swedish Match AB 12,706,962	16,560,051
46,000	EchoStar Corp., Cl. A† . . . 1,228,777	733,240	160,000	The Procter & Gamble Co. 8,942,017	8,176,000
81,734	Liberty Global Inc., Cl. A† 1,686,985	1,298,753		<u>57,002,747</u>	<u>49,245,271</u>
34,318	Liberty Global Inc., Cl. C† 760,276	542,567	Diversified Industrial — 3.2%		
180,000	Rogers Communications Inc., Cl. B 2,310,816	4,635,000	135,000	Bouygues SA 4,707,015	5,075,544
520,000	The DIRECTV Group Inc.† 12,359,144	12,849,200	208,000	Cooper Industries Ltd., Cl. A 6,808,802	6,458,400
30,000	Time Warner Cable Inc. . . 1,326,056	950,100	600,000	General Electric Co. 17,687,754	7,032,000
			280,000	Honeywell International Inc. 9,789,754	8,792,000

See accompanying notes to financial statements.

THE GABELLI DIVIDEND & INCOME TRUST
SCHEDULE OF INVESTMENTS (Continued)
June 30, 2009 (Unaudited)

<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>	
COMMON STOCKS (Continued)			200,000	Duke Energy Corp. \$	2,816,130 \$	2,918,000
Diversified Industrial (Continued)			430,000	Edison SpA	1,002,090	617,707
95,000	ITT Corp. \$	4,299,475 \$	650,000	El Paso Corp.	8,134,739	5,999,500
130,000	Owens-Illinois Inc.†	4,551,363	110,000	Endesa SA	4,645,712	2,632,605
3,000	Pentair Inc.	84,817	456,000	Enel SpA	2,859,548	2,219,772
300,000	Textron Inc.	2,689,261	22,000	Exelon Corp.	1,717,261	1,126,620
950,000	Tomkins plc	4,601,533	162,000	FirstEnergy Corp.	5,730,248	6,277,500
230,000	Tyco International Ltd.	10,307,915	138,000	Hawaiian Electric		
220,000	WHX Corp.†	3,892,882		Industries Inc.	3,295,192	2,630,280
		69,420,571	250,000	Hera SpA	552,073	607,789
		47,062,151	121,500	Hokkaido Electric		
				Power Co. Inc.	2,282,208	2,279,032
Electronics — 1.4%			121,500	Hokuriku Electric		
1,000,000	Intel Corp.	20,787,583		Power Co.	2,131,359	2,780,999
190,000	Tyco Electronics Ltd.	6,925,279	10,000	Iberdrola SA	156,751	81,085
		27,712,862	102,000	Iberdrola SA, ADR	5,060,553	3,215,040
		20,082,100	85,000	Korea Electric Power Corp.,		
				ADR†	1,253,867	977,500
Energy and Utilities: Electric — 5.5%			121,500	Kyushu Electric Power		
30,000	Allegheny Energy Inc.	438,040		Co. Inc.	2,374,466	2,617,039
85,000	ALLETE Inc.	2,788,153	22,000	Maine & Maritimes Corp.	626,971	764,500
250,000	American Electric		80,000	MGE Energy Inc.	2,605,047	2,684,000
	Power Co. Inc.	7,904,906	35,102	National Grid plc, ADR	1,588,562	1,587,663
720	Brookfield Infrastructure		255,000	NiSource Inc.	5,329,542	2,973,300
	Partners LP	15,120	570,000	NSTAR	13,564,615	18,302,700
15,000	CMS Energy Corp.	202,200	440,000	OGE Energy Corp.	10,589,559	12,460,800
410,000	DPL Inc.	8,260,319	30,000	Ormat Technologies Inc.	484,088	1,209,300
20,000	Edison International	977,494	320,000	Progress Energy Inc.	14,361,775	12,105,600
270,000	Electric Power		300,000	Public Service Enterprise		
	Development Co. Ltd.	6,584,683		Group Inc.	9,183,315	9,789,000
220,000	FPL Group Inc.	7,596,481	121,500	Shikoku Electric		
780,000	Great Plains Energy Inc.	22,374,056		Power Co. Inc.	2,264,565	3,632,325
370,000	Integrus Energy Group Inc.	17,973,625	15,000	TECO Energy Inc.	255,758	178,950
120,000	Pepco Holdings Inc.	2,291,425	121,500	The Chugoku Electric		
230,000	Pinnacle West			Power Co. Inc.	2,194,052	2,541,366
	Capital Corp.	8,967,575	48,000	The Empire District		
100,000	The Southern Co.	2,893,572		Electric Co.	1,044,790	792,960
225,000	Unisource Energy Corp.	5,702,134	121,500	The Kansai Electric		
		94,969,783		Power Co. Inc.	2,333,021	2,686,407
		81,803,480	108,000	The Tokyo Electric		
				Power Co. Inc.	2,545,172	2,780,298
Energy and Utilities: Integrated — 10.7%			121,500	Tohoku Electric		
12,000	Alliant Energy Corp.	305,115		Power Co. Inc.	2,112,763	2,541,366
140,000	Ameren Corp.	6,365,276	205,000	Vectren Corp.	5,572,873	4,803,150
50,000	Avista Corp.	926,534	470,000	Westar Energy Inc.	9,309,271	8,821,900
24,000	Black Hills Corp.	701,725	85,000	Wisconsin Energy Corp.	2,690,561	3,460,350
40,000	CH Energy Group Inc.	1,728,883	180,000	Xcel Energy Inc.	3,032,799	3,313,800
108,000	Chubu Electric				165,566,396	158,835,789
	Power Co. Inc.	2,458,019			5,094,000	7,484,000
150,000	CONSOL Energy Inc.	6,316,307			2,883,019	2,239,140
200,000	Consolidated Edison Inc.	8,180,222				
67,000	Dominion Resources Inc.	2,883,019				

See accompanying notes to financial statements.

THE GABELLI DIVIDEND & INCOME TRUST
SCHEDULE OF INVESTMENTS (Continued)
June 30, 2009 (Unaudited)

<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>		
COMMON STOCKS (Continued)			Metals and Mining — 0.9%				
Food and Beverage (Continued)							
19,000	Remy Cointreau SA \$	919,900 \$	687,681	17,000	Agnico-Eagle Mines Ltd. \$	824,000 \$	892,160
1,360,000	Sara Lee Corp.	21,416,369	13,273,600	330,000	Alcoa Inc.	8,346,962	3,408,900
300,000	The Coca-Cola Co.	13,301,591	14,397,000	10,000	Alliance Holdings GP LP	230,523	191,900
399,000	The Hershey Co.	17,708,452	14,364,000	14,000	Arch Coal Inc.	219,114	215,180
450,000	YAKULT HONSHA			8,000	BHP Billiton Ltd., ADR . .	217,549	437,840
	Co. Ltd.	12,093,514	8,604,349	130,000	Freeport-McMoRan		
		<u>184,037,077</u>	<u>156,480,246</u>		Copper & Gold Inc. . . .	4,088,250	6,514,300
Health Care — 3.7%							
10,000	Abbott Laboratories	430,395	470,400	10,000	Massey Energy Co.	235,475	195,400
249,000	Boston Scientific Corp.† . .	3,122,887	2,524,860	25,000	Peabody Energy Corp. . . .	404,351	754,000
115,000	Bristol-Myers Squibb Co.	2,789,992	2,335,650	4,800	Rio Tinto plc, ADR	803,121	786,576
7,100	Cougar			3,000	Westmoreland Coal Co.† . .	52,605	24,300
	Biotechnology Inc.†	304,237	305,016			<u>15,421,950</u>	<u>13,420,556</u>
45,000	Covidien plc	1,938,969	1,684,800	Paper and Forest Products — 0.4%			
140,000	Eli Lilly & Co.	7,685,765	4,849,600	415,000	International Paper Co. . .	12,809,318	6,278,950
6,000	Fresenius Kabi			Publishing — 0.3%			
	Pharmaceuticals			50,000	Idearc Inc.†	140,018	1,855
	Holding Inc., CVR†	0	1,620	1,657,944	Il Sole 24 Ore	13,852,102	5,047,120
100,000	IMS Health Inc.	2,416,169	1,270,000			<u>13,992,120</u>	<u>5,048,975</u>
50,000	Johnson & Johnson	3,244,276	2,840,000	Real Estate — 0.0%			
10,000	Mead Johnson Nutrition Co.,			18,000	Brookfield Asset		
	Cl. A†	240,000	317,700		Management Inc., Cl. A	186,196	307,260
170,000	Merck & Co. Inc.	6,064,188	4,753,200	Retail — 2.4%			
90,000	Owens & Minor Inc.	2,809,970	3,943,800	215,000	CVS Caremark Corp.	8,024,626	6,852,050
350,000	Pfizer Inc.	8,682,674	5,250,000	142,000	Ingles Markets Inc., Cl. A	1,615,209	2,164,080
26,000	Schiff Nutrition			50,000	Macy's Inc.	533,778	588,000
	International Inc.†	145,435	132,340	410,000	Safeway Inc.	8,674,488	8,351,700
30,000	St. Jude Medical Inc.†	1,195,056	1,233,000	10,000	Saks Inc.†	95,307	44,300
440,000	Wyeth	19,078,567	19,971,600	300,000	Sally Beauty Holdings Inc.†	3,712,676	1,908,000
80,000	Zimmer Holdings Inc.†	5,101,084	3,408,000	85,000	SUPERVALU Inc.	2,526,712	1,100,750
		<u>65,249,664</u>	<u>55,291,586</u>	170,000	The Great Atlantic &		
Hotels and Gaming — 0.3%							
100,000	Boyd Gaming Corp.†	1,230,174	850,000		Pacific Tea Co. Inc.† . . .	3,338,788	722,500
650,000	Ladbrokes plc	8,579,483	1,967,656	35,000	Wal-Mart Stores Inc.	1,729,286	1,695,400
60,000	Las Vegas Sands Corp.† . . .	350,218	471,600	385,000	Walgreen Co.	14,838,915	11,319,000
70,000	Pinnacle			75,000	Whole Foods Market Inc.	2,367,352	1,423,500
	Entertainment Inc.†	439,450	650,300			<u>47,457,137</u>	<u>36,169,280</u>
		<u>10,599,325</u>	<u>3,939,556</u>	Specialty Chemicals — 0.9%			
Machinery — 0.4%							
210,000	CNH Global NV†	5,096,379	2,948,400	5,000	Arkema, ADR	269,656	117,121
70,000	Deere & Co.	3,746,042	2,796,500	108,000	Ashland Inc.	4,170,520	3,029,400
		<u>8,842,421</u>	<u>5,744,900</u>	170,000	E. I. du Pont de Nemours		
Manufactured Housing and Recreational Vehicles — 0.0%							
17,000	Skyline Corp.	481,446	369,750		and Co.	7,402,747	4,355,400
				434,900	Ferro Corp.	5,077,459	1,195,975
				15,000	NOVA Chemicals Corp. . . .	84,425	88,950
				100,000	Olin Corp.	1,826,861	1,189,000
				210,000	The Dow Chemical Co. . . .	8,366,586	3,389,400
						<u>27,198,254</u>	<u>13,365,246</u>

See accompanying notes to financial statements.

THE GABELLI DIVIDEND & INCOME TRUST
SCHEDULE OF INVESTMENTS (Continued)
June 30, 2009 (Unaudited)

<u>Shares/ Units</u>	<u>Cost</u>	<u>Market Value</u>	<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>			
COMMON STOCKS (Continued)			3,000	Ship Finance International Ltd. \$	66,356 \$	33,090		
585,000	AT&T Inc. \$	16,008,654	14,531,400	22,000	Teekay Corp.	794,715	462,660	
270,000	BCE Inc.	6,582,497	5,578,200			8,913,583	7,457,277	
30,000	Belgacom SA	920,936	956,820	Wireless Communications — 0.3%				
45,000	Bell Aliant Regional Communications Income Fund (b)(d)	1,219,425	1,019,430	5,000	Crown Castle International Corp.†	80,650	120,100	
71,000	BT Group plc, ADR	2,221,635	1,192,800	111,030	United States Cellular Corp.†	5,129,256	4,269,103	
30,000	CenturyTel Inc.	1,018,424	921,000	40,000	Vimpel-Communications, ADR†	230,241	470,800	
680,000	Deutsche Telekom AG, ADR	12,467,872	8,024,000			5,440,147	4,860,003	
400	FiberNet Telecom Group Inc.†	4,476	4,968	TOTAL COMMON STOCKS			1,664,264,303	1,399,139,478
55,000	France Telecom SA, ADR	1,338,443	1,254,550	CONVERTIBLE PREFERRED STOCKS — 0.9%				
31,700	Hellenic Telecommunications Organization SA	699,575	484,730	Agriculture — 0.0%				
219,800	Hellenic Telecommunications Organization SA, ADR	1,748,090	1,681,470	9,000	Archer-Daniels-Midland Co., 6.250% Cv. Pfd.	339,542	328,410	
215,000	Portugal Telecom SGPS SA	2,574,406	2,102,556	Broadcasting — 0.0%				
200,000	Qwest Communications International Inc.	1,179,351	830,000	18,000	Emmis Communications Corp., 6.250% Cv. Pfd., Ser. A	697,002	25,020	
1,535,000	Sprint Nextel Corp.†	16,650,018	7,383,350	Building and Construction — 0.0%				
20,000	Telecom Corp. of New Zealand Ltd., ADR	312,271	174,200	200	Fleetwood Capital Trust, 6.000% Cv. Pfd.	6,210	78	
120,000	Telecom Italia SpA, ADR	3,383,880	1,651,200	Diversified Industrial — 0.0%				
15,000	Telefonica SA, ADR	640,361	1,018,350	14,000	Smurfit-Stone Container Corp., 7.000% Cv. Pfd., Ser. A	329,100	7,000	
190,000	Telefonos de Mexico SAB de CV, Cl. L, ADR	1,842,822	3,079,900	Energy and Utilities — 0.3%				
30,000	Telekom Austria AG	464,736	468,835	5,000	Chesapeake Energy Corp., 5.000% Cv. Pfd. (b)	512,500	331,875	
38,000	Telephone & Data Systems Inc.	1,230,970	1,075,400	129,000	El Paso Energy Capital Trust I, 4.750% Cv. Pfd.	4,649,004	4,050,600	
100,000	Telephone & Data Systems Inc., Special	3,548,843	2,596,000			5,161,504	4,382,475	
196,000	Telmex Internacional SAB de CV, ADR	1,322,945	2,479,400	Financial Services — 0.2%				
130,000	Telstra Corp. Ltd., ADR	2,392,135	1,768,000	1,500	Doral Financial Corp., 4.750% Cv. Pfd.	207,335	105,000	
76,100	TELUS Corp., Non-Voting	1,574,712	1,963,380	95,000	Newell Financial Trust I, 5.250% Cv. Pfd.	4,472,813	2,535,312	
1,000,000	Verizon Communications Inc.	36,248,381	30,730,000			4,680,148	2,640,312	
165,000	Vodafone Group plc, ADR	4,647,777	3,215,850	Health Care — 0.0%				
		<u>122,243,635</u>	<u>96,185,789</u>	4,000	Omnicare Capital Trust II, 4.000% Cv. Pfd., Ser. B	196,528	141,840	
				3,000	Frontline Ltd.	105,687	73,080	
				250,000	GATX Corp.	7,479,104	6,430,000	
				24,000	Golden Ocean Group Ltd.	14,400	23,477	
				27,000	Kansas City Southern†	453,321	434,970	

See accompanying notes to financial statements.

THE GABELLI DIVIDEND & INCOME TRUST

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2009 (Unaudited)

Assets:	
Investments, at value (cost \$1,760,011,978)	\$1,485,487,720
Investments in affiliates, at value (cost \$1,783,219) . .	212,500
Foreign currency, at value (cost \$284,203)	290,546
Cash	307
Receivable for investments sold	3,658,694
Dividends and interest receivable	3,270,534
Deferred offering expense	73,650
Prepaid expense	28,416
Total Assets	<u>1,493,022,367</u>
Liabilities:	
Payable for investments purchased	3,917,657
Payable for Fund shares redeemed	203,355
Distributions payable	201,451
Payable for investment advisory fees	853,398
Payable for payroll expenses	47,688
Payable for accounting fees	3,750
Unrealized depreciation on swap contracts	3,272,231
Payable for auction agent fees	1,156,054
Other accrued expenses	302,106
Total Liabilities	<u>9,957,690</u>
Preferred Shares, all at \$0.001 par value:	
Series A Cumulative Preferred Shares (5.875%, \$25 liquidation value, 3,200,000 shares authorized with 3,048,019 shares issued and outstanding)	76,200,475
Series B Cumulative Preferred Shares (Auction Market, \$25,000 liquidation value, 4,000 shares authorized with 3,600 shares issued and outstanding)	90,000,000
Series C Cumulative Preferred Stock (Auction Market, \$25,000 liquidation value, 4,800 shares authorized with 4,320 shares issued and outstanding)	108,000,000
Series D Cumulative Preferred Shares (6.000%, \$25 liquidation value, 2,600,000 shares authorized with 2,542,296 shares issued and outstanding)	63,557,400
Series E Cumulative Preferred Stock (Auction Rate, \$25,000 liquidation value, 5,400 shares authorized with 4,860 shares issued and outstanding)	121,500,000
Total Preferred Shares	<u>459,257,875</u>
Net Assets Attributable to Common Shareholders . .	<u>\$1,023,806,802</u>
Net Assets Attributable to Common Shareholders Consist of:	
Paid-in capital, at \$0.001 par value	\$1,415,339,148
Accumulated net investment income	3,752,125
Accumulated net realized loss on investments, swap contracts, and foreign currency transactions	(115,925,229)
Net unrealized depreciation on investments	(276,094,977)
Net unrealized depreciation on swap contracts	(3,272,231)
Net unrealized appreciation on foreign currency translations	7,966
Net Assets	<u>\$1,023,806,802</u>
Net Asset Value per Common Share	
(\$1,023,806,802 ÷ 83,483,637 shares outstanding; unlimited number of shares authorized)	<u>\$12.26</u>

STATEMENT OF OPERATIONS

For the Period Ended June 30, 2009 (Unaudited)

Investment Income:	
Dividends (net of foreign taxes of \$1,153,386)	\$ 27,297,793
Interest	958,068
Total Investment Income	<u>28,255,861</u>
Expenses:	
Investment advisory fees	6,931,050
Auction agent expenses	393,264
Shareholder communications expenses	267,996
Custodian fees	112,413
Payroll expenses	109,936
Trustees' fees	88,740
Legal and audit fees	50,520
Accounting fees	22,500
Shareholder services fees	21,680
Interest expense	66
Miscellaneous expenses	156,349
Total Expenses	<u>8,154,514</u>
Less:	
Advisory fee reduction	(2,283,157)
Custodian fee credits	(12)
Total Reductions and Credits	<u>(2,283,169)</u>
Net Expenses	<u>5,871,345</u>
Net Investment Income	<u>22,384,516</u>
Net Realized and Unrealized Gain/(Loss) on Investments, Swap Contracts, and Foreign Currency:	
Net realized loss on investments – unaffiliated	(69,046,868)
Net realized loss on investment – affiliated	(144,920)
Net realized loss on swap contracts	(1,569,448)
Net realized gain on foreign currency transactions	27,912
Net realized loss on investments, swap contracts, and foreign currency transactions	<u>(70,733,324)</u>
Net change in unrealized appreciation/depreciation:	
on investments	72,507,324
on swap contracts	(50,367)
on foreign currency translations	4,847
Net change in unrealized appreciation/depreciation on investments, swap contracts, and foreign currency translations	<u>72,461,804</u>
Net Realized and Unrealized Gain/(Loss) on Investments, Swap Contracts, and Foreign Currency	
	<u>1,728,480</u>
Net Increase in Net Assets Resulting from Operations	<u>24,112,996</u>
Total Distributions to Preferred Shareholders	(6,837,584)
Net Increase in Net Assets Attributable to Common Shareholders Resulting from Operations	<u>\$ 17,275,412</u>

See accompanying notes to financial statements.

THE GABELLI DIVIDEND & INCOME TRUST

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS

	Six Months Ended June 30, 2009 (Unaudited)	Year Ended December 31, 2008
Operations:		
Net investment income	\$ 22,384,516	\$ 46,358,715
Net realized loss on investments, swap contracts, and foreign currency transactions	(70,733,324)	(43,160,884)
Net change in unrealized appreciation/depreciation on investments, swap contracts, and foreign currency translations	<u>72,461,804</u>	<u>(786,969,865)</u>
Net Increase/(Decrease) in Net Assets Resulting from Operations	<u>24,112,996</u>	<u>(783,772,034)</u>
Distributions to Preferred Shareholders:		
Net investment income	(6,837,584)*	(22,608,188)
Net realized long-term gain	<u>—</u>	<u>(45,049)</u>
Total Distributions to Preferred Shareholders	<u>(6,837,584)</u>	<u>(22,653,237)</u>
Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders Resulting from Operations	<u>17,275,412</u>	<u>(806,425,271)</u>
Distributions to Common Shareholders:		
Net investment income	(13,151,660)*	(23,970,465)
Net realized long-term gain	<u>—</u>	<u>(214,542)</u>
Return of capital	<u>(39,454,981)*</u>	<u>(83,014,490)</u>
Total Distributions to Common Shareholders	<u>(52,606,641)</u>	<u>(107,199,497)</u>
Fund Share Transactions:		
Net decrease from repurchase of common shares	(453,659)	(3,449,357)
Net increase in net assets from repurchase of preferred shares	<u>315,833</u>	<u>519,154</u>
Net Decrease in Net Assets from Fund Share Transactions	<u>(137,826)</u>	<u>(2,930,203)</u>
Net Decrease in Net Assets Attributable to Common Shareholders	<u>(35,469,055)</u>	<u>(916,554,971)</u>
Net Assets Attributable to Common Shareholders:		
Beginning of period	<u>1,059,275,857</u>	<u>1,975,830,828</u>
End of period (including undistributed net investment income of \$3,752,125 and \$1,356,853, respectively)	<u>\$1,023,806,802</u>	<u>\$1,059,275,857</u>

*Based on year to date book income. Amounts are subject to change and recharacterization at year end.

See accompanying notes to financial statements.

THE GABELLI DIVIDEND & INCOME TRUST

FINANCIAL HIGHLIGHTS

Selected data for a share of beneficial interest outstanding throughout each period:	Six Months Ended	Year Ended December 31,				
	June 30, 2009 (Unaudited)	2008	2007	2006	2005	2004
Operating Performance:						
Net asset value, beginning of period	\$ 12.68	\$ 23.57	\$ 23.65	\$ 20.62	\$ 20.12	\$ 19.26
Net investment income	0.27	0.55	0.53	0.87	0.55	0.40
Net realized and unrealized gain/(loss) on investments, swap contracts, and foreign currency transactions	0.02	(9.92)	1.37	4.00	1.33	1.80
Total from investment operations	0.29	(9.37)	1.90	4.87	1.88	2.20
Distributions to Preferred Shareholders: (a)						
Net investment income	(0.08)*	(0.27)	(0.10)	(0.12)	(0.06)	(0.01)
Net realized gain	—	(0.00)(e)	(0.23)	(0.19)	(0.10)	(0.01)
Total distributions to preferred shareholders	(0.08)	(0.27)	(0.33)	(0.31)	(0.16)	(0.02)
Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders						
Resulting from Operations	0.21	(9.64)	1.57	4.56	1.72	2.18
Distributions to Common Shareholders:						
Net investment income	(0.16)*	(0.29)	(0.51)	(0.61)	(0.48)	(0.39)
Net realized gain on investments	—	(0.00)(e)	(1.15)	(0.93)	(0.72)	(0.24)
Return of capital	(0.47)*	(0.99)	—	—	—	(0.57)
Total distributions to common shareholders	(0.63)	(1.28)	(1.66)	(1.54)	(1.20)	(1.20)
Fund Share Transactions:						
Decrease in net asset value from common share transactions	—	—	—	—	—	(0.05)
Increase in net asset value from repurchase of common shares	0.00(e)	0.01	0.01	0.01	0.02	—
Increase in net asset value from repurchase of preferred shares	0.00(e)	0.02	—	—	—	—
Offering costs for common shares charged to paid-in capital	—	—	—	—	—	(0.01)
Offering costs for preferred shares charged to paid-in capital	—	—	—	(0.00)(e)	(0.04)	(0.06)
Total from fund share transactions	0.00(e)	0.03	0.01	0.01	(0.02)	(0.12)
Net Asset Value Attributable to Common Shareholders, End of Period						
	\$ 12.26	\$ 12.68	\$ 23.57	\$ 23.65	\$ 20.62	\$ 20.12
NAV total return †	3.53%	(41.27)%	7.75%	24.09%	9.47%	11.56%
Market value, end of period	\$ 10.08	\$ 10.30	\$ 20.68	\$ 21.47	\$ 17.62	\$ 17.95
Investment total return ††	4.79%	(45.63)%	4.14%	31.82%	4.85%	(4.15)%

See accompanying notes to financial statements.

THE GABELLI DIVIDEND & INCOME TRUST

FINANCIAL HIGHLIGHTS (Continued)

Selected data for a share of beneficial interest outstanding throughout each period:	Six Months Ended		Year Ended December 31,			
	June 30, 2009 (Unaudited)	2008	2007	2006	2005	2004
Ratios and Supplemental Data:						
Net assets including liquidation value of preferred shares, end of period (in 000's)	\$ 1,483,065	\$ 1,521,400	\$ 2,475,831	\$ 2,486,081	\$ 2,238,155	\$ 2,006,703
Net assets attributable to common shares, end of period (in 000's)	\$ 1,023,807	\$ 1,059,276	\$ 1,975,831	\$ 1,986,081	\$ 1,738,155	\$ 1,706,703
Ratio of net investment income to average net assets attributable to common shares before preferred share distributions	4.83%(f)	2.94%	2.17%	3.91%	2.75%	2.17%
Ratio of operating expenses to average net assets attributable to common shares before fees waived	1.76%(f)	1.48%	—	—	—	—
Ratio of operating expenses to average net assets attributable to common shares net of advisory fee reduction, if any (b)	1.27%(f)	1.17%	1.38%	1.41%	1.33%	1.12%
Ratio of operating expenses to average net assets including liquidation value of preferred shares before fees waived	1.18%(f)	1.13%	—	—	—	—
Ratio of operating expenses to average net assets including liquidation value of preferred shares net of advisory fee reduction, if any (b)	0.85%(f)	0.89%	1.11%	1.11%	1.12%	1.07%
Portfolio turnover rate †††	6.2%	32.0%	33.8%	28.8%	25.6%	33.3%
5.875% Series A Cumulative Preferred Shares						
Liquidation value, end of period (in 000's)	\$ 76,201	\$ 78,211	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000
Total shares outstanding (in 000's)	3,048	3,128	3,200	3,200	3,200	3,200
Liquidation preference per share	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
Average market value (c)	\$ 22.58	\$ 22.25	\$ 23.52	\$ 23.86	\$ 24.82	\$ 24.68
Asset coverage per share	\$ 80.73	\$ 82.30	\$ 123.79	\$ 124.30	\$ 111.91	\$ 167.23
Series B Auction Market Cumulative Preferred Shares						
Liquidation value, end of period (in 000's)	\$ 90,000	\$ 90,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Total shares outstanding (in 000's)	4	4	4	4	4	4
Liquidation preference per share	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Average market value (c)	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Asset coverage per share	\$ 80,732	\$ 82,305	\$ 123,792	\$ 124,304	\$ 111,908	\$ 167,225
Series C Auction Market Cumulative Preferred Shares						
Liquidation value, end of period (in 000's)	\$ 108,000	\$ 108,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000
Total shares outstanding (in 000's)	4	4	5	5	5	5
Liquidation preference per share	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Average market value (c)	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Asset coverage per share	\$ 80,732	\$ 82,305	\$ 123,792	\$ 124,304	\$ 111,908	\$ 167,225
6.000% Series D Cumulative Preferred Shares						
Liquidation value, end of period (in 000's)	\$ 63,557	\$ 64,413	\$ 65,000	\$ 65,000	\$ 65,000	—
Total shares outstanding (in 000's)	2,542	2,577	2,600	2,600	2,600	—
Liquidation preference per share	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	—
Average market value (c)	\$ 23.77	\$ 23.99	\$ 24.41	\$ 24.37	\$ 24.72	—
Asset coverage per share	\$ 80.73	\$ 82.30	\$ 123.79	\$ 124.30	\$ 111.91	—
Series E Auction Rate Cumulative Preferred Shares						
Liquidation value, end of period (in 000's)	\$ 121,500	\$ 121,500	\$ 135,000	\$ 135,000	\$ 135,000	—
Total shares outstanding (in 000's)	5	5	5	5	5	—
Liquidation preference per share	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	—
Average market value (c)	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	—
Asset coverage per share	\$ 80,732	\$ 82,305	\$ 123,792	\$ 124,304	\$ 111,908	—
Asset Coverage (d)	323%	329%	495%	497%	448%	669%

- † Based on net asset value per share, adjusted for reinvestment of distributions at prices obtained under the Fund's dividend reinvestment plan. Total return for a period of less than one year is not annualized.
- †† Based on market value per share, adjusted for reinvestment of distributions at prices obtained under the Fund's dividend reinvestment plan. Total return for a period of less than one year is not annualized.
- ††† Effective in 2008, a change in accounting policy was adopted with regard to the calculation of the portfolio turnover rate to include cash proceeds due to mergers. Had this policy been adopted retroactively, the portfolio turnover rate for the years ended December 31, 2007, 2006, 2005, and 2004 would have been 58.0%, 30.8%, 39.5%, and 48.7%, respectively.
- * Based on year to date book income. Amounts are subject to change and recharacterization at year end.
- (a) Calculated based upon average common shares outstanding on the record dates throughout the period.
- (b) The ratios do not include a reduction of expenses for custodian fee credits on cash balances maintained with the custodian. Including such custodian fee credits for the year ended December 31, 2007, the ratios of operating expenses to average net assets attributable to common shares net of fee reduction would have been 1.37% and the ratios of operating expenses to average net assets including liquidation value of preferred shares net of fee reduction would have been 1.10%. For the six months ended June 30, 2009 and the years ended December 31, 2008, 2006, and 2005, the effect of the custodian fee credits was minimal.
- (c) Based on weekly prices.
- (d) Asset coverage is calculated by combining all series of preferred shares.
- (e) Amount represents less than \$0.005 per share. See accompanying notes to financial statements.
- (f) Annualized.

THE GABELLI DIVIDEND & INCOME TRUST

NOTES TO FINANCIAL STATEMENTS (Unaudited)

1. Organization. The Gabelli Dividend & Income Trust (the “Fund”) is a non-diversified closed-end management investment company organized as a Delaware statutory trust on November 18, 2003 and registered under the Investment Company Act of 1940, as amended (the “1940 Act”). Investment operations commenced on November 28, 2003.

The Fund’s investment objective is to provide a high level of total return on its assets with an emphasis on dividends and income. The Fund will attempt to achieve its investment objective by investing, under normal market conditions, at least 80% of its assets in dividend paying securities (such as common and preferred stock) or other income producing securities (such as fixed income debt securities and securities that are convertible into equity securities).

2. Significant Accounting Policies. The preparation of financial statements in accordance with United States (“U.S.”) generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

Security Valuation. Portfolio securities listed or traded on a nationally recognized securities exchange or traded in the U.S. over-the-counter market for which market quotations are readily available are valued at the last quoted sale price or a market’s official closing price as of the close of business on the day the securities are being valued. If there were no sales that day, the security is valued at the average of the closing bid and asked prices or, if there were no asked prices quoted on that day, then the security is valued at the closing bid price on that day. If no bid or asked prices are quoted on such day, the security is valued at the most recently available price or, if the Board of Trustees (the “Board”) so determines, by such other method as the Board shall determine in good faith to reflect its fair market value. Portfolio securities traded on more than one national securities exchange or market are valued according to the broadest and most representative market, as determined by Gabelli Funds, LLC (the “Adviser”).

Portfolio securities primarily traded on a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market but prior to the close of business on the day the securities are being valued. Debt instruments with remaining maturities of sixty days or less that are not credit impaired are valued at amortized cost, unless the Board determines such amount does not reflect the securities’ fair value, in which case these securities will be fair valued as determined by the Board. Debt instruments having a maturity greater than sixty days for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded.

Securities and assets for which market quotations are not readily available are fair valued as determined by the Board. Fair valuation methodologies and procedures may include, but are not limited to: analysis and review of available financial and non-financial information about the company; comparisons with the valuation and changes in valuation of similar securities, including a comparison of foreign securities with the equivalent U.S. dollar value ADR securities at the close of the U.S. exchange; and evaluation of any other information that could be indicative of the value of the security.

Statement of Financial Accounting Standard No. 157, “Fair Value Measurements” (“SFAS 157”) clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosures about the use of fair value measurements. The three levels of the fair value hierarchy under SFAS 157 are described below:

- Level 1 – quoted prices in active markets for identical securities;

THE GABELLI DIVIDEND & INCOME TRUST
NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

- Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.); and
- Level 3 – significant unobservable inputs (including the Fund’s determinations as to the fair value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund’s investments and other financial instruments by inputs used to value the Fund’s investments as of June 30, 2009 is as follows:

	Valuation Inputs		
	Level 1 - Quoted Prices	Level 2 - Other Significant Observable Inputs	Total Market Value at 6/30/09
INVESTMENTS IN SECURITIES:			
ASSETS (Market Value):			
Common Stocks			
Aerospace	\$ 21,290,274	\$ 282,316	\$ 21,572,590
Telecommunications	95,166,359	1,019,430	96,185,789
Other Industries (a)	1,281,381,099	—	1,281,381,099
Total Common Stocks	1,397,837,732	1,301,746	1,399,139,478
Convertible Preferred Stocks	14,385,308	—	14,385,308
Warrants	—	414	414
Convertible Corporate Bonds	495,000	8,480,500	8,975,500
U.S. Government Obligations	—	63,199,520	63,199,520
TOTAL INVESTMENTS IN SECURITIES	\$1,412,718,040	\$72,982,180	\$1,485,700,220
OTHER FINANCIAL INSTRUMENTS:			
LIABILITIES (Unrealized Depreciation): *			
Contract for Difference Swap Agreement	\$ —	\$ (41,852)	\$ (41,852)
Interest Rate Swap Agreement	—	(3,230,379)	(3,230,379)
TOTAL OTHER FINANCIAL INSTRUMENTS	\$ —	\$ (3,272,231)	\$ (3,272,231)

(a) Industry classifications for these categories are detailed in the Schedule of Investments.

* Other financial instruments are derivative instruments not reflected in the Schedule of Investments, such as futures, forwards, and swaps which are valued at the unrealized appreciation/depreciation of the investment.

There were no Level 3 investments held at December 31, 2008 or June 30, 2009.

Derivative Financial Instruments.

The Fund may invest in various derivative financial instruments and engage in various portfolio investment strategies for the purpose of hedging the value of the Fund’s portfolio, increasing the income of the Fund, hedging or protecting its exposure to interest rate movements and movements in the securities markets, managing risks, and protecting the value of its portfolio against uncertainty in the level of future currency exchange rates. Losses may arise if the value of the contract decreases due to an unfavorable change in the price of the underlying security or if the counterparty does not perform its duties under the contract. Investing in certain derivative financial instruments entails certain execution, market, liquidity, hedging, and tax risks. Participation in the options or futures markets and in currency exchange transactions involves investment risks and transaction costs to which the Fund would not be subject absent the use of these strategies. If the Adviser’s prediction of movements in the direction of the securities, foreign currency, and interest rate markets is inaccurate, the consequences to the Fund may leave the Fund in a worse position than if it had not used such strategies.

THE GABELLI DIVIDEND & INCOME TRUST

NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

The Fund is subject to equity price risk, interest rate risk, and foreign currency exchange rate risk in the normal course of pursuing its investment objectives by investing in various derivative financial instruments, as described below and in the tables to follow.

Options. The Fund may purchase or write call or put options on securities or indices for the purpose of achieving additional return or of hedging the value of the Fund's portfolio. As a writer of put options, the Fund receives a premium at the outset and then bears the risk of unfavorable changes in the price of the financial instrument underlying the option. The Fund would incur a loss if the price of the underlying financial instrument decreases between the date the option is written and the date on which the option is terminated. The Fund would realize a gain, to the extent of the premium, if the price of the financial instrument increases between those dates. If a written call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether there has been a realized gain or loss. If a written put option is exercised, the premium reduces the cost basis of the security.

As a purchaser of put options, the Fund pays a premium for the right to sell to the seller of the put option the underlying security at a specified price. The seller of the put has the obligation to purchase the underlying security upon exercise at the exercise price. If the price of the underlying security declines, the Fund would realize a gain upon sale or exercise. If the price of the underlying security increases or stays the same, the Fund would realize a loss upon sale or at the expiration date, but only to the extent of the premium paid.

In the case of call options, these exercise prices are referred to as "in-the-money," "at-the-money," and "out-of-the-money," respectively. The Fund may write (a) in-the-money call options when the Adviser expects that the price of the underlying security will remain stable or decline during the option period, (b) covered at-the-money call options when the Adviser expects that the price of the underlying security will remain stable, decline or advance moderately during the option period, and (c) out-of-the-money call options when the Adviser expects that the premiums received from writing the call option will be greater than the appreciation in the price of the underlying security above the exercise price. By writing a call option, the Fund limits its opportunity to profit from any increase in the market value of the underlying security above the exercise price of the option. Out-of-the-money, at-the-money, and in-the-money put options (the reverse of call options as to the relation of exercise price to market price) may be utilized in the same market environments that such call options are used in equivalent transactions. At June 30, 2009, the Fund had no investments in options.

Swap Agreements. The Fund may enter into equity, contract for difference, and interest rate swap or cap transactions for the purpose of increasing the income of the Fund or to hedge or protect its exposure to interest rate movements and movements in the securities markets. The use of swaps and caps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio transactions. Swap agreements may involve, to varying degrees, elements of market and counterparty risk, and exposure to loss in excess of the related amounts reflected in the Statement of Assets and Liabilities. In an interest rate swap, the Fund would agree to pay to the other party to the interest rate swap (which is known as the "counterparty") periodically a fixed rate payment in exchange for the counterparty agreeing to pay to the Fund periodically a variable rate payment that is intended to approximate the Fund's variable rate payment obligation on Series B Preferred Shares. In an interest rate cap, the Fund would pay a premium to the counterparty and, to the extent that a specified variable rate index exceeds a predetermined fixed rate, would receive from that counterparty payments of the difference based on the notional amount of such cap. In a swap, a set of future cash flows are exchanged between two counterparties. One of these cash flow streams will typically be based on a reference interest rate combined with the performance of a notional value of shares of a stock. The other will be based on

THE GABELLI DIVIDEND & INCOME TRUST
NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

the performance of the shares of a stock. Swap and cap transactions introduce additional risk because the Fund would remain obligated to pay preferred share dividends when due in accordance with the Statement of Preferences even if the counterparty defaulted. If there is a default by the counterparty to a swap contract, the Fund will be limited to contractual remedies pursuant to the agreements related to the transaction. There is no assurance that the swap contract counterparties will be able to meet their obligations pursuant to a swap contract or that, in the event of default, the Fund will succeed in pursuing contractual remedies. The Fund thus assumes the risk that it may be delayed in or prevented from obtaining payments owed to it pursuant to a swap contract. The creditworthiness of the swap contract counterparties is closely monitored in order to minimize this risk. Depending on the general state of short-term interest rates and the returns on the Fund's portfolio securities at that point in time, such a default could negatively affect the Fund's ability to make dividend payments. In addition, at the time a swap or a cap transaction reaches its scheduled termination date, there is a risk that the Fund will not be able to obtain a replacement transaction or that the terms of the replacement will not be as favorable as on the expiring transaction. If this occurs, it could have a negative impact on the Fund's ability to make dividend payments.

The use of derivative instruments involves, to varying degrees, elements of market and counterparty risk in excess of the amount recognized below.

Unrealized gains related to swaps are reported as an asset and unrealized losses are reported as a liability in the Statement of Assets and Liabilities. The change in value of swaps, including the accrual of periodic amounts of interest to be paid or received on swaps, is reported as unrealized gain or loss in the Statement of Operations. A realized gain or loss is recorded upon payment or receipt of a periodic payment or termination of swap agreements.

The Fund has entered into an interest rate swap agreement with Citibank N.A. Under the agreement the Fund receives a variable rate of interest and pays a respective fixed rate of interest on the nominal value of the swap. Details of the swap at June 30, 2009 are as follows:

<u>Notional Amount</u>	<u>Fixed Rate</u>	<u>Floating Rate* (rate reset monthly)</u>	<u>Termination Date</u>	<u>Net Unrealized Depreciation</u>
\$100,000,000	4.01%	0.31625%	6/02/10	\$(3,230,379)

* Based on Libor (London Interbank Offered Rate).

The Fund has entered into an equity contract for difference swap agreement with The Goldman Sachs Group, Inc. Details of the swap at June 30, 2009 are as follows:

<u>Notional Amount</u>	<u>Equity Security Received</u>	<u>Interest Rate/ Equity Security Paid</u>	<u>Termination Date</u>	<u>Net Unrealized Depreciation</u>
\$1,786,307 (204,800 Shares)	Market Value Appreciation on: Cadbury plc	Overnight LIBOR plus 90 bps plus Market Value Depreciation on: Cadbury plc	6/25/10	\$(41,852)

Futures Contracts. The Fund may engage in futures contracts for the purpose of certain hedging, yield enhancements, and risk management purposes. Upon entering into a futures contract, the Fund is required to deposit with the broker an amount of cash or cash equivalents equal to a certain percentage of the contract amount. This is known as the "initial margin." Subsequent payments ("variation margin") are made or received by the Fund each day, depending on the daily fluctuations in the value of the contract, which are included in unrealized appreciation/depreciation on investments and futures contracts. The Fund recognizes a realized gain or loss when the contract is closed.

THE GABELLI DIVIDEND & INCOME TRUST
NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

There are several risks in connection with the use of futures contracts as a hedging instrument. The change in value of futures contracts primarily corresponds with the value of their underlying instruments, which may not correlate with the change in value of the hedged investments. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market. At June 30, 2009, there were no open futures contracts.

Forward Foreign Exchange Contracts. The Fund may engage in forward foreign exchange contracts for the purpose of protecting the value of its portfolio against uncertainty in the level of future currency exchange rates or hedging a specific transaction with respect to either the currency in which the transaction is denominated or another currency as deemed appropriate by the Adviser. Forward foreign exchange contracts are valued at the forward rate and are marked-to-market daily. The change in market value is included in unrealized appreciation/depreciation on investments and foreign currency translations. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

The use of forward foreign exchange contracts does not eliminate fluctuations in the underlying prices of the Fund's portfolio securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. In addition, the Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts. At June 30, 2009, there were no open forward foreign exchange contracts.

Fair Values of Derivative Instruments as of June 30, 2009*:

Derivatives Not Accounted for as Hedging Instruments under Statement 133	Liability Derivatives	
	Balance Sheet Location	Fair Value
Interest Rate Contracts	Liabilities, Unrealized depreciation on swap contracts	\$(3,230,379)
Equity Contracts	Liabilities, Unrealized depreciation on swap contracts	(41,852)
Total		\$(3,272,231)

* For open derivative instruments as of June 30, 2009, see the preceding tables, which are also indicative of activity for the year ended December 31, 2008.

Effect of Derivative Instruments on the Statement of Operations during the Six Months Ended June 30, 2009:

Derivatives Not Accounted for as Hedging Instruments under Statement 133	Realized Gain or (Loss) on Derivatives Recognized in Income	Change in Unrealized Appreciation or Depreciation on Derivatives Recognized in Income
Interest Rate Contracts	—	\$ 62,002
Equity Contracts	\$(1,569,448)	(112,369)
Total	\$(1,569,448)	\$ (50,367)

THE GABELLI DIVIDEND & INCOME TRUST

NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

Repurchase Agreements. The Fund may enter into repurchase agreements with primary government securities dealers recognized by the Federal Reserve Board, with member banks of the Federal Reserve System, or with other brokers or dealers that meet credit guidelines established by the Adviser and reviewed by the Board. Under the terms of a typical repurchase agreement, the Fund takes possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and the Fund to resell, the obligation at an agreed-upon price and time, thereby determining the yield during the Fund's holding period. It is the policy of the Fund to always receive and maintain securities as collateral whose market value, including accrued interest, is at least equal to 102% of the dollar amount invested by the Fund in each agreement. The Fund will make payment for such securities only upon physical delivery or upon evidence of book entry transfer of the collateral to the account of the custodian. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market on a daily basis to maintain the adequacy of the collateral. If the seller defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited. At June 30, 2009, there were no open repurchase agreements.

Securities Sold Short. The Fund may enter into short sale transactions. Short selling involves selling securities that may or may not be owned and, at times, borrowing the same securities for delivery to the purchaser, with an obligation to replace such borrowed securities at a later date. The proceeds received from short sales are recorded as liabilities and the Fund records an unrealized gain or loss to the extent of the difference between the proceeds received and the value of an open short position on the day of determination. The Fund records a realized gain or loss when the short position is closed out. By entering into a short sale, the Fund bears the market risk of an unfavorable change in the price of the security sold short. Dividends on short sales are recorded as an expense by the Fund on the ex-dividend date and interest expense is recorded on the accrual basis. The Fund did not hold any short positions as of June 30, 2009.

Foreign Currency Translations. The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments, and other assets and liabilities are translated into U.S. dollars at the current exchange rates. Purchases and sales of investment securities, income, and expenses are translated at the exchange rate prevailing on the respective dates of such transactions. Unrealized gains and losses that result from changes in foreign exchange rates and/or changes in market prices of securities have been included in unrealized appreciation/depreciation on investments and foreign currency translations. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date on investment securities transactions, foreign currency transactions, and the difference between the amounts of interest and dividends recorded on the books of the Fund and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial trade date and subsequent sale trade date is included in realized gain/loss on investments.

Foreign Securities. The Fund may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible revaluation of currencies, the ability to repatriate funds, less complete financial information about companies, and possible future adverse political and economic developments. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. issuers.

Foreign Taxes. The Fund may be subject to foreign taxes on income, gains on investments, or currency repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries as applicable, based upon its current interpretation of tax rules and regulations that exist in the markets in which it invests.

THE GABELLI DIVIDEND & INCOME TRUST
NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

Restricted and Illiquid Securities. The Fund is not subject to an independent limitation on the amount it may invest in securities for which the markets are illiquid. Illiquid securities include securities the disposition of which is subject to substantial legal or contractual restrictions. The sale of illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Securities freely saleable among qualified institutional investors under special rules adopted by the SEC may be treated as liquid if they satisfy liquidity standards established by the Board. The continued liquidity of such securities is not as well assured as that of publicly traded securities, and accordingly the Board will monitor their liquidity.

Securities Transactions and Investment Income. Securities transactions are accounted for on the trade date with realized gain or loss on investments determined by using the identified cost method. Interest income (including amortization of premium and accretion of discount) is recorded on the accrual basis. Premiums and discounts on debt securities are amortized using the effective yield to maturity method. Dividend income is recorded on the ex-dividend date except for certain dividends which are recorded as soon as the Fund is informed of the dividend.

Custodian Fee Credits and Interest Expense. When cash balances are maintained in the custody account, the Fund receives credits which are used to offset custodian fees. The gross expenses paid under the custody arrangement are included in custodian fees in the Statement of Operations with the corresponding expense offset, if any, shown as “custodian fee credits.” When cash balances are overdrawn, the Fund is charged an overdraft fee of 2.00% above the federal funds rate on outstanding balances. This amount, if any, would be included in “interest expense” in the Statement of Operations.

Distributions to Shareholders. Distributions to common shareholders are recorded on the ex-dividend date. Distributions to shareholders are based on income and capital gains as determined in accordance with federal income tax regulations, which may differ from income and capital gains as determined under U.S. generally accepted accounting principles. These differences are primarily due to differing treatments of income and gains on various investment securities and foreign currency transactions held by the Fund, timing differences, and differing characterizations of distributions made by the Fund. Distributions from net investment income include net realized gains on foreign currency transactions. These book/tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. These reclassifications have no impact on the NAV of the Fund.

Distributions to shareholders of the Fund’s 5.875% Series A Cumulative Preferred Shares, Series B Auction Market Cumulative Preferred Shares, Series C Auction Market Cumulative Preferred Shares, 6.000% Series D Cumulative Preferred Shares, and Series E Auction Rate Cumulative Preferred Shares (“Cumulative Preferred Shares”) are recorded on a daily basis and are determined as described in Note 5.

The tax character of distributions paid during the year ended December 31, 2008 was as follows:

Distributions paid from:	<u>Common</u>	<u>Preferred</u>
Ordinary income		
(inclusive of short-term capital gains)	\$ 23,970,465	\$22,608,188
Net long-term capital gains	214,542	45,049
Return of capital	83,014,490	—
Total distributions paid	<u>\$107,199,497</u>	<u>\$22,653,237</u>

THE GABELLI DIVIDEND & INCOME TRUST
NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

Provision for Income Taxes. The Fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). It is the policy of the Fund to comply with the requirements of the Code applicable to regulated investment companies and to distribute substantially all of its net investment company taxable income and net capital gains. Therefore, no provision for federal income taxes is required.

At December 31, 2008, the Fund had net capital loss carryforwards for federal income tax purposes of \$22,445,283, which are available to reduce future required distributions of net capital gains to shareholders through 2016.

Under the current tax law, capital losses related to securities and foreign currency realized after October 31 and prior to the Fund’s fiscal year end may be treated as occurring on the first day of the following year. For the year ended December 31, 2008, the Fund deferred capital losses of \$2,960,639.

As of December 31, 2008, the components of accumulated earnings/losses on a tax basis were as follows:

Accumulated capital loss carryforward	\$ (22,445,283)
Net unrealized depreciation on investments and swap contracts . . .	(369,727,798)
Net unrealized appreciation on foreign currency translations	3,119
Post-October capital loss deferral	(2,960,639)
Other temporary differences*	(525,497)
Total	<u>\$ (395,656,098)</u>

* Other temporary differences are primarily due to basis adjustments due to investments in hybrid securities and publicly traded partnerships.

The following summarizes the tax cost of investments, swap contracts, and the related unrealized appreciation/depreciation at June 30, 2009:

	<u>Cost</u>	<u>Gross Unrealized Appreciation</u>	<u>Gross Unrealized Depreciation</u>	<u>Net Unrealized Depreciation</u>
Investments	\$1,774,252,379	\$102,868,254	\$(391,420,413)	\$(288,552,159)
Swap contracts	—	—	(3,272,231)	(3,272,231)
	<u>\$1,774,252,379</u>	<u>\$102,868,254</u>	<u>\$(394,692,644)</u>	<u>\$(291,824,390)</u>

Management has analyzed the Fund’s tax positions taken on federal income tax returns for all open tax years (current and prior three tax years) and has concluded that no provision for federal income tax is required in the Fund’s financial statements. The Fund’s federal and state income and federal excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by the Internal Revenue Service and state departments of revenue.

3. Agreements and Transactions with Affiliates. The Fund has an investment advisory agreement (the “Advisory Agreement”) with the Adviser which provides that the Fund will pay the Adviser a fee, computed weekly and paid monthly, equal on an annual basis to 1.00% of the value of the Fund’s average weekly net assets including the liquidation value of preferred shares. In accordance with the Advisory Agreement, the Adviser provides a continuous investment program for the Fund’s portfolio and oversees the administration of all aspects of the Fund’s business and affairs. The Adviser has agreed to reduce the management fee on the incremental assets attributable to the Preferred Shares if the total return of the NAV of the common shares of the Fund, including distributions and advisory fee subject to reduction, does not exceed the stated dividend rate or corresponding swap rate of each particular series of the Preferred Shares for the year.

THE GABELLI DIVIDEND & INCOME TRUST
NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

The Fund's total return on the NAV of the common shares is monitored on a monthly basis to assess whether the total return on the NAV of the common shares exceeds the stated dividend rate or corresponding swap rate of each particular series of Preferred Shares for the period. For the six months ended June 30, 2009, the Fund's total return on the NAV of the common shares did not exceed the stated dividend rate or corresponding swap rate on any of the outstanding Preferred Shares. Thus, management fees with respect to the liquidation value of the preferred share assets were reduced by \$2,283,157.

During the six months ended June 30, 2009, the Fund paid brokerage commissions on security trades of \$208,734 to Gabelli & Company, Inc. ("Gabelli & Company"), an affiliate of the Adviser.

The cost of calculating the Fund's NAV per share is a Fund expense pursuant to the Advisory Agreement between the Fund and the Adviser. During the six months ended June 30, 2009, the Fund paid or accrued \$22,500 to the Adviser in connection with the cost of computing the Fund's NAV.

As per the approval of the Board, the Fund compensates officers of the Fund, who are employed by the Fund and are not employed by the Adviser (although the officers may receive incentive based variable compensation from affiliates of the Adviser) and pays its allocated portion of the cost of the Fund's Chief Compliance Officer. For the six months ended June 30, 2009 the Fund paid or accrued \$109,936, which is included in payroll expenses in the Statement of Operations.

The Fund pays each Trustee who is not considered to be an affiliated person an annual retainer of \$12,000 plus \$1,500 for each Board meeting attended. Each Trustee is reimbursed by the Fund for any out of pocket expenses incurred in attending meetings. All Board committee members receive \$1,000 per meeting attended. In addition, the Audit Committee Chairman receives an annual fee of \$3,000, the Proxy Voting Committee Chairman receives an annual fee of \$1,500, the Nominating Committee Chairman receives an annual fee of \$2,000, and the Lead Trustee receives an annual fee of \$1,000. A Trustee may receive a single meeting fee, allocated among the participating funds, for participation in certain meetings held on behalf of multiple funds. Trustees who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Fund.

4. Portfolio Securities. Purchases and sales of securities for the six months ended June 30, 2009, other than short-term securities and U.S Government obligations, aggregated \$83,314,462 and \$106,619,756, respectively.

5. Capital. The Fund is authorized to issue an unlimited number of common shares of beneficial interest (par value \$0.001). The Board has authorized the repurchase and retirement of its shares on the open market when the shares are trading at a discount of 7.5% or more (or such other percentage as the Board may determine from time to time) from the NAV of the shares. During the six months ended June 30, 2009, the Fund repurchased and retired 45,000 shares of beneficial interest in the open market at a cost of \$453,660 and an average discount of approximately 15.60% from its NAV.

Transactions in shares of beneficial interest were as follows:

	Six Months Ended		Year Ended	
	June 30, 2009		December 31, 2008	
	(Unaudited)			
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>
Net decrease from repurchase of common shares	(45,000)	\$(453,660)	(300,433)	\$(3,449,357)

THE GABELLI DIVIDEND & INCOME TRUST

NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

The Fund's Declaration of Trust, as amended, authorizes the issuance of an unlimited number of shares of \$0.001 par value Cumulative Preferred Shares. The Cumulative Preferred Shares is senior to the common shares and results in the financial leveraging of the common shares. Such leveraging tends to magnify both the risks and opportunities to common shareholders. Dividends on shares of the Cumulative Preferred Shares are cumulative. The Fund is required by the 1940 Act and by the Statements of Preferences to meet certain asset coverage tests with respect to the Cumulative Preferred Shares. If the Fund fails to meet these requirements and does not correct such failure, the Fund may be required to redeem, in part or in full, the 5.875% Series A, Series B Auction Market, Series C Auction Market, 6.000% Series D, and Series E Auction Rate Cumulative Preferred Shares at redemption prices of \$25, \$25,000, \$25,000, \$25, and \$25,000, respectively, per share plus an amount equal to the accumulated and unpaid dividends whether or not declared on such shares in order to meet these requirements. Additionally, failure to meet the foregoing asset coverage requirements could restrict the Fund's ability to pay dividends to common shareholders and could lead to sales of portfolio securities at inopportune times. The income received on the Fund's assets may vary in a manner unrelated to the fixed and variable rates, which could have either a beneficial or detrimental impact on net investment income and gains available to common shareholders.

The shelf registration authorizing the offering of preferred shares or notes was declared effective by the SEC on June 17, 2008.

On October 12, 2004, the Fund received net proceeds of \$77,280,971 (after underwriting discounts of \$2,520,000 and offering expenses of \$199,029) from the public offering of 3,200,000 shares of 5.875% Series A Cumulative Preferred Shares. Commencing October 12, 2009 and thereafter, the Fund, at its option, may redeem the 5.875% Series A Cumulative Preferred Shares in whole or in part at the redemption price at any time. The Board has authorized the repurchase of Series A Cumulative Preferred Shares in the open market at prices less than the \$25 liquidation value per share. During the six months ended June 30, 2009, the Fund repurchased and retired 80,397 shares of 5.875% Series A Cumulative Preferred Shares in the open market at a cost of \$1,796,631 and an average discount of approximately 10.65% from its liquidation preference. At June 30, 2009, 3,048,019 shares of 5.875% Series A Cumulative Preferred Shares were outstanding and accrued dividends amounted to \$62,177.

On October 12, 2004, the Fund received net proceeds of \$217,488,958 (after underwriting discounts of \$2,200,000 and offering expenses of \$311,042) from the public offering of 4,000 shares of Series B and 4,800 shares of Series C Auction Market Cumulative Preferred Shares ("Series B and Series C Shares"), respectively. The dividend rate, as set by the auction process, which is generally held every seven days, is expected to vary with short-term interest rates. Since February 2008, the number of Series B and Series C Shares subject to bid orders by potential holders has been less than the number of Series B and Series C Shares subject to sell orders. Therefore, the weekly auctions have failed, and the dividend rate since then has been the maximum rate. Holders that have submitted sell orders have not been able to sell any or all of the Series B or Series C Shares for which they have submitted sell orders. The current maximum rate for both Series B and Series C Shares is 125 basis points greater than the seven day Telerate/British Bankers Association LIBOR rate on the day of such auction. The dividend rates of Series B Shares ranged from 1.486% to 1.696% during the six months ended June 30, 2009. The dividend rates of Series C Shares ranged from 1.491% to 1.709% during the six months ended June 30, 2009. Existing shareholders may submit an order to hold, bid, or sell such shares on each auction date. Series B and C Shares shareholders may also trade their shares in the secondary market. The Fund, at its option, may redeem the Series B and C Shares in whole or in part at the redemption price at any time. At June 30, 2009, 3,600 and

THE GABELLI DIVIDEND & INCOME TRUST
NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

4,320 shares of the Series B and C Shares were outstanding with an annualized dividend rate of 1.547% and 1.538% per share and accrued dividends amounted to \$27,072 and \$23,070, respectively.

On November 3, 2005, the Fund received net proceeds of \$62,617,239 (after underwriting discounts of \$2,047,500 and offering expenses of \$335,261) from the public offering of 2,600,000 shares of 6.000% Series D Cumulative Preferred Shares. Commencing November 3, 2010 and thereafter, the Fund, at its option, may redeem the 6.000% Series D Cumulative Preferred Shares in whole or in part at the redemption price at any time. The Board has authorized the repurchase of Series D Cumulative Preferred Shares in the open market at prices less than the \$25 liquidation value per share. During the six months ended June 30, 2009, the Fund repurchased and retired 34,238 shares of 6.000% Series D Cumulative Preferred Shares in the open market at a cost of \$753,411 and an average discount of approximately 12.02% from its liquidation preference. At June 30, 2009, 2,542,296 shares of 6.000% Series D Cumulative Preferred Shares were outstanding and accrued dividends amounted to \$52,965.

On November 3, 2005, the Fund received net proceeds of \$133,379,387 (after underwriting discounts of \$1,350,000 and offering expenses of \$270,613) from the public offering of 5,400 shares of Series E Auction Rate Cumulative Preferred Shares ("Series E Shares"). The dividend rate, as set by the auction process, which is generally held every seven days, is expected to vary with short-term interest rates. Since February 2008 the number of Series E Shares subject to bid orders by potential holders has been less than the number of Series E Shares subject to sell orders. Therefore the weekly auctions have failed, and the dividend rate since then has been the maximum rate. Holders that have submitted sell orders have not been able to sell any or all of the Series E Shares for which they have submitted sell orders. The current maximum rate is 150 basis points greater than the seven day Telerate/British Bankers Association LIBOR rate on the day of such auction. The dividend rates of Series E Shares ranged from 1.733% to 1.951% during the six months ended June 30, 2009. Existing shareholders may submit an order to hold, bid, or sell such shares on each auction date. Shareholders of the Series E Shares may also trade their shares in the secondary market. The Fund, at its option, may redeem the Series E Shares in whole or in part at the redemption price at any time. At June 30, 2009, 4,860 Series E Shares were outstanding with an annualized dividend rate of 1.786% and accrued dividends amounted to \$36,167.

The holders of Cumulative Preferred Shares generally are entitled to one vote per share held on each matter submitted to a vote of shareholders of the Fund and will vote together with holders of common shares as a single class. The holders of Cumulative Preferred Shares voting together as a single class also have the right currently to elect two Trustees and under certain circumstances are entitled to elect a majority of the Board of Trustees. In addition, the affirmative vote of a majority of the votes entitled to be cast by holders of all outstanding shares of the Preferred Shares, voting as a single class, will be required to approve any plan of reorganization adversely affecting the Preferred Shares, and the approval of two-thirds of each class, voting separately, of the Fund's outstanding voting stock must approve the conversion of the Fund from a closed-end to an open-end investment company. The approval of a majority (as defined in the 1940 Act) of the outstanding Preferred Shares and a majority (as defined in the 1940 Act) of the Fund's outstanding voting securities are required to approve certain other actions, including changes in the Fund's investment objectives or fundamental investment policies.

THE GABELLI DIVIDEND & INCOME TRUST
NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

6. Transactions in Securities of Affiliated Issuers. The 1940 Act defines affiliated issuers as those in which the Fund's holdings of an issuer represent 5% or more of the outstanding voting securities of the issuer. A summary of the Fund's transactions in the securities of this issuer during the six months ended June 30, 2009 is set forth below:

	<u>Beginning Shares</u>	<u>Shares Sold</u>	<u>Ending Shares</u>	<u>Net Change in Unrealized Appreciation/ Depreciation</u>	<u>Realized Loss</u>	<u>Value at June 30, 2009</u>	<u>Percent Owned of Shares Outstanding</u>
Trans-Lux Corp.	270,000	(20,000)	250,000	\$10,327	\$(144,920)	\$212,500	12.38%

7. Indemnifications. The Fund enters into contracts that contain a variety of indemnifications. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

8. Other Matters. On April 24, 2008, the Adviser entered into an administrative settlement with the SEC to resolve the SEC's inquiry regarding prior frequent trading activity in shares of the GAMCO Global Growth Fund (the "Global Growth Fund") by one investor who was banned from the Global Growth Fund in August 2002. In the settlement, the SEC found that the Adviser had violated Section 206(2) of the Investment Advisers Act, Section 17(d) of the 1940 Act, and Rule 17d-1 thereunder, and had aided and abetted and caused violations of Section 12(d)(1)(B)(i) of the 1940 Act. Under the terms of the settlement, the Adviser, while neither admitting nor denying the SEC's findings and allegations, agreed, among other things, to pay the previously reserved total of \$16 million (including a \$5 million penalty), of which at least \$11 million will be distributed to shareholders of the Global Growth Fund in accordance with a plan being developed by an independent distribution consultant and approved by the independent directors of the Global Growth Fund and the staff of the SEC, and to cease and desist from future violations of the above referenced federal securities laws. The settlement will not have a material adverse impact on the Adviser or its ability to fulfill its obligations under the Advisory Agreement. On the same day, the SEC filed a civil action against the Executive Vice President and Chief Operating Officer of the Adviser, alleging violations of certain federal securities laws arising from the same matter. The officer is also an officer of the Global Growth Fund and other funds in the Gabelli/GAMCO fund complex including the Fund. The officer denies the allegations and is continuing in his positions with the Adviser and the funds. The Adviser currently expects that any resolution of the action against the officer will not have a material adverse impact on the Fund or the Adviser or its ability to fulfill its obligations under the Advisory Agreement.

9. Subsequent Events. Management has evaluated the impact of all subsequent events on the Fund through August 26, 2009, the date the financial statements were issued, and has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

Certifications

The Fund's Chief Executive Officer has certified to the New York Stock Exchange ("NYSE") that, as of June 12, 2009, he was not aware of any violation by the Fund of applicable NYSE corporate governance listing standards. The Fund reports to the SEC on Form N-CSR which contains certifications by the Fund's principal executive officer and principal financial officer that relate to the Fund's disclosure in such reports and that are required by Rule 30a-2(a) under the 1940 Act.

AUTOMATIC DIVIDEND REINVESTMENT AND VOLUNTARY CASH PURCHASE PLANS

Enrollment in the Plan

It is the policy of The Gabelli Dividend & Income Trust (the “Fund”) to automatically reinvest dividends payable to common shareholders. As a “registered” shareholder you automatically become a participant in the Fund’s Automatic Dividend Reinvestment Plan (the “Plan”). The Plan authorizes the Fund to credit common shares to participants upon an income dividend or a capital gains distribution regardless of whether the shares are trading at a discount or a premium to net asset value. All distributions to shareholders whose shares are registered in their own names will be automatically reinvested pursuant to the Plan in additional shares of the Fund. Plan participants may send their common shares certificates to Computershare Trust Company, N.A. (“Computershare”) to be held in their dividend reinvestment account. Registered shareholders wishing to receive their distributions in cash must submit this request in writing to:

The Gabelli Dividend & Income Trust
c/o Computershare
P.O. Box 43010
Providence, RI 02940–3010

Shareholders requesting this cash election must include the shareholder’s name and address as they appear on the share certificate. Shareholders with additional questions regarding the Plan or requesting a copy of the terms of the Plan, may contact Computershare at (800) 336-6983.

If your shares are held in the name of a broker, bank, or nominee, you should contact such institution. If such institution is not participating in the Plan, your account will be credited with a cash dividend. In order to participate in the Plan through such institution, it may be necessary for you to have your shares taken out of “street name” and re-registered in your own name. Once registered in your own name your distributions will be automatically reinvested. Certain brokers participate in the Plan. Shareholders holding shares in “street name” at participating institutions will have dividends automatically reinvested. Shareholders wishing a cash dividend at such institution must contact their broker to make this change.

The number of shares of common shares distributed to participants in the Plan in lieu of cash dividends is determined in the following manner. Under the Plan, whenever the market price of the Fund’s common shares is equal to or exceeds net asset value at the time shares are valued for purposes of determining the number of shares equivalent to the cash dividends or capital gains distribution, participants are issued shares of common shares valued at the greater of (i) the net asset value as most recently determined or (ii) 95% of the then current market price of the Fund’s common shares. The valuation date is the dividend or distribution payment date or, if that date is not a New York Stock Exchange (“NYSE”) trading day, the next trading day. If the net asset value of the common shares at the time of valuation exceeds the market price of the common shares, participants will receive shares from the Fund valued at market price. If the Fund should declare a dividend or capital gains distribution payable only in cash, Computershare will buy shares of common shares in the open market, or on the NYSE or elsewhere, for the participants’ accounts, except that Computershare will endeavor to terminate purchases in the open market and cause the Fund to issue shares at net asset value if, following the commencement of such purchases, the market value of the common shares exceeds the then current net asset value.

The automatic reinvestment of dividends and capital gains distributions will not relieve participants of any income tax which may be payable on such distributions. A participant in the Plan will be treated for federal income tax purposes as having received, on a dividend payment date, a dividend or distribution in an amount equal to the cash the participant could have received instead of shares.

Voluntary Cash Purchase Plan

The Voluntary Cash Purchase Plan is yet another vehicle for our shareholders to increase their investment in the Fund. In order to participate in the Voluntary Cash Purchase Plan, shareholders must have their shares registered in their own name.

Participants in the Voluntary Cash Purchase Plan have the option of making additional cash payments to Computershare for investments in the Fund’s common shares at the then current market price. Shareholders may send an amount from \$250 to \$10,000. Computershare will use these funds to purchase shares in the open market on or about the 1st and 15th of each month. Computershare will charge each shareholder who participates \$0.75, plus a pro rata share of the brokerage commissions. Brokerage charges for such purchases are expected to be less than the usual brokerage charge for such transactions. It is suggested that any voluntary cash payments be sent to Computershare, P.O. Box 43010, Providence, RI 02940–3010 such that Computershare receives such payments approximately 10 days before the 1st and 15th of the month. Funds not received at least five days before the investment date shall be held for investment until the next purchase date. A payment may be withdrawn without charge if notice is received by Computershare at least 48 hours before such payment is to be invested.

Shareholders wishing to liquidate shares held at Computershare must do so in writing or by telephone. Please submit your request to the above mentioned address or telephone number. Include in your request your name, address, and account number. The cost to liquidate shares is \$2.50 per transaction as well as the brokerage commission incurred. Brokerage charges are expected to be less than the usual brokerage charge for such transactions.

For more information regarding the Automatic Dividend Reinvestment Plan and Voluntary Cash Purchase Plan, brochures are available by calling (914) 921-5070 or by writing directly to the Fund.

The Fund reserves the right to amend or terminate the Plan as applied to any voluntary cash payments made and any dividend or distribution paid subsequent to written notice of the change sent to the members of the Plan at least 90 days before the record date for such dividend or distribution. The Plan also may be amended or terminated by Computershare on at least 90 days written notice to participants in the Plan.

TRUSTEES AND OFFICERS
THE GABELLI DIVIDEND & INCOME TRUST
One Corporate Center, Rye, NY 10580-1422

Trustees

Mario J. Gabelli, CFA
Chairman & Chief Executive Officer,
GAMCO Investors, Inc.

Anthony J. Colavita
President,
Anthony J. Colavita, P.C.

James P. Conn
Former Managing Director &
Chief Investment Officer,
Financial Security Assurance Holdings Ltd.

Mario d'Urso
Former Italian Senator

Frank J. Fahrenkopf, Jr.
President & Chief Executive Officer,
American Gaming Association

Michael J. Melarkey
Attorney-at-Law,
Avansino, Melarkey, Knobel & Mulligan

Salvatore M. Salibello
Certified Public Accountant,
Salibello & Broder, LLP

Edward T. Tokar
Senior Managing Director,
Beacon Trust Company

Anthonie C. van Ekris
Chairman, BALMAC International, Inc.

Salvatore J. Zizza
Chairman, Zizza & Co., Ltd.

Officers

Bruce N. Alpert
President

Carter W. Austin
Vice President

Peter D. Goldstein
Chief Compliance Officer

Agnes Mullady
Treasurer & Secretary

Investment Adviser

Gabelli Funds, LLC
 One Corporate Center
 Rye, New York 10580-1422

Custodian

State Street Bank and Trust Company

Counsel

Skadden, Arps, Slate, Meagher & Flom LLP

Transfer Agent and Registrar

Computershare Trust Company, N.A.

Stock Exchange Listing

	5.875%	6.00%
	<u>Common</u>	<u>Preferred</u>
NYSE-Symbol:	GDV	GDV PrA
Shares Outstanding:	83,483,637	3,048,019
		2,542,296

The Net Asset Value per share appears in the Publicly Traded Funds column, under the heading "General Equity Funds," in Monday's The Wall Street Journal. It is also listed in Barron's Mutual Funds/Closed End Funds section under the heading "General Equity Funds."

The Net Asset Value per share may be obtained each day by calling (914) 921-5070 or visiting www.gabelli.com.

For general information about the Gabelli Funds, call **800-GABELLI** (800-422-3554), fax us at 914-921-5118, visit Gabelli Funds' Internet homepage at: www.gabelli.com, or e-mail us at: closedend@gabelli.com

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that the Fund may, from time to time, purchase its common shares in the open market when the Fund's shares are trading at a discount of 7.5% or more from the net asset value of the shares. The Fund may also, from time to time, purchase its preferred shares in the open market when the preferred shares are trading at a discount to the liquidation value.

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Semi Annual Report
June 30, 2009