



THE GABELLI
DIVIDEND &
INCOME TRUST

Shareholder Commentary
June 30, 2010



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INCOME TRUST

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,

The stock market closed out a painful second quarter, with losses of 11.4% in the Standard & Poor's 500 Index and 9.4% in the Dow Jones Industrial Average, two broad measures of the market.

Investors looked ahead and had far more doubts about the economy than they had just months ago. Recent economic figures indicate an idling economy, headlined by the job market, in which job creation remains weak. New home sales plunged after the tax credit incentives expired, and the Federal Reserve downgraded its view to cautious, saying recent statistics are "less supportive of growth." In the second half of the year, state and local municipalities are trying to cope with lower revenues by shutting facilities and laying off workers. By June, discussions of the possibility of another round of stimulus had begun. This replaced the first quarter issue of how and when the government should reverse the massive quantitative easing measures it had taken over the previous year when it had purchased massive amounts of Treasury and mortgage bonds to keep interest rates artificially low.

Although critical aspects of the economic recovery, especially job growth, have yet to materialize, dividend recovery has been obvious. According to Standard & Poor's, the approximately 7,000 publicly owned companies it follows had a 70% improvement in dividend increases as 251 boosted payouts, versus 147 in the second quarter a year ago. Even more reassuring of the trend for higher dividends is that only 22 companies reduced their dividends, versus 178 in the prior year period. In the first half, S&P counted 535 dividend hikes, up 57% from the 340 in 2009's first half.

Some of our larger positions that boosted their dividends in the second quarter included Coca-Cola, Proctor & Gamble, Travelers, Exxon Mobil, Chevron, American Electric Power, and Johnson & Johnson.

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Mario J. Gabelli, CFA



Barbara G. Marcin, CFA

Comparative Results

Average Annual Returns through June 30, 2010 (a)

	<u>Quarter</u>	<u>Year to Date</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>Since Inception (11/28/03)</u>
Gabelli Dividend & Income Trust						
NAV Total Return (b)	(11.68)%	(7.72)%	20.24%	(11.24)%	(0.65)%	2.01%
Investment Total Return (c)	(11.64)	(5.93)	26.00	(11.28)	(0.69)	(0.15)
S&P 500 Index	(11.41)	(6.64)	14.43	(9.80)	(0.79)	1.63
Dow Jones Industrial Average	(9.36)	(5.00)	18.90	(7.38)	1.65	2.57
Nasdaq Composite Index	(12.04)	(7.05)	14.94	(6.77)	0.50	1.12

(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 Gabelli Dividend & Income Trust's (the "Fund") NAV total return was -11.7% during the second quarter of 2010, compared with total returns of -11.4% and -9.4% for the S&P 500 Index and the Dow Jones Industrial Average, respectively. The total return for the Fund's publicly traded shares was -11.6% during the second quarter. For the one year period ended June 30, 2010, the Fund's NAV total return was 20.2% and the total return for the Fund's publicly traded shares was 26.0%, compared with total returns of 14.4% and 18.9% for the S&P 500 Index and the Dow Jones Industrial Average, respectively. On June 30, 2010, the Fund's NAV per share was \$14.05, while the price of the publicly traded shares closed at \$12.00 on the NYSE.

The performance of stock sectors in the second quarter was a mirror of the first, with those that were most closely tied to a recovering economy performing the worst. These were the materials, financials, energy, industrial, and information technology groups, all of which declined more than 12%. The sectors that had the worst performance in the first quarter, which were those that were less dependent on economic growth than other industries, did the best in the second quarter. These were the utilities, telecommunications, and consumer staples stocks, each of which declined less than 10%.

Hershey Foods, Sprint, Dr Pepper Snapple, and Sara Lee, a few of our larger positions that we have held for over a year, rose in the second quarter. The worst performers among our larger positions included Waddell & Reed, Walgreen, Total, and Bank of New York Mellon.

Market Commentary

After reaching its highest point since the financial crisis in April, the market began to plunge in May as attention focused on the high levels of sovereign debt, particularly among the developed nations. It became clear that Greece would never be in a position to pay off its long-term debt as currently structured. The country's ability to refinance itself in the short and medium term abruptly came into question as the interest rate on its government bonds skyrocketed. While Greece's economy represents only a tiny part of the European Union, traders worried that bad debt would trip up the world's financial system the way it did after the collapse of Lehman Brothers in September 2008. The European banks hold large amounts of Greek, Spanish, and other sovereign debt, and fears over specific country finances eventually grew into concerns about how much several countries have been spending to achieve growth.

Meanwhile, U.S. Treasury notes and bonds soared during the quarter, driving interest rates sharply lower, as investors turned away from risk and sought safety. Early in the quarter the yield on the ten year Treasury note, which is used as a base for setting rates on consumer loans, including mortgages, was close to 4%. By the end of the quarter it had fallen below 3%.

It is certainly all relative right now, with the United States a house comparatively less in need of immediate repair on a blighted block. As we end the second quarter, the United Kingdom and Europe are adopting austerity measures to cut spending and raise taxes, measures that will bring about even slower growth. As money looks for the safest near term home, the United States is benefiting from the relative safety of its bonds as a result of having to face these issues later than others, and from the reserve currency status the dollar holds. Ultimately, we will face the same issues and have these same choices.

On a positive note, companies put up very strong earnings, continuing the pattern of exceeding expectations and defying the longer term concern that without a meaningful upturn in sales, cost cutting could only boost profits for so long. In addition to the higher profits, optimism about eventual spending is also supported by the tremendous and all time high amount of cash that corporations hold as they continue to work off excess capacity until real demand picks up. In order to improve the top line, we need to improve personal income. There are only a few ways to generate rising income: adding jobs, increasing wages, and consumers borrowing on credit cards and home equity loans from rising home values and stock prices to supplement spending. Consumers also need to feel wealthier and spend a larger portion of their income. None of these are going to happen over the next 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, 2010.

The Coca-Cola Company (KO - \$50.12 - NYSE), headquartered in Atlanta, GA, is the global leader in non-alcoholic beverages. Anchored by its iconic Coca-Cola brand, the company holds a double volume global share advantage over its nearest competitor. The company owns or licenses nearly 500 brands and sells close to 3,000 different sparkling and still beverages in over 200 countries, generating over 80% of its operating profits internationally. As the global beverage leader, Coca-Cola is well positioned to continue benefiting from growth in emerging markets as those markets consume more ready to drink beverages. The U.S. remains Coke's largest single market, and we view Coca-Cola's decision to acquire the North America bottling operations from its anchor U.S. bottler, Coca-Cola Enterprises, as the right strategic decision to improve its go-to-market capabilities and exploit the strength and innovation of its brands. We expect average annual EPS growth of 12% through 2014, and we find the current Coca-Cola share valuation compelling, including the 3.2% current return.

Danone (BN FP - \$54.05 - Paris Stock Exchange) is a global leader in yogurt, baby nutrition, bottled water, and clinical nutrition. As a "pure play" health and wellness focused company, we estimate that Danone has one of the strongest potential top line growth rates among major food and beverage companies. Despite current economic uncertainty, the company targets sales growth of at least 5% over the medium term. We expect continued volume growth in 2010, particularly for the company's core yogurt business, as it is benefiting from "price resets" in 2009 that enabled its products to be more competitive. In June 2010, the company announced that it plans to merge its Russian yogurt business with Unimilk, a leading Russian dairy and baby food company. The combination will give Danone greater scale in Russia, better allowing it to compete as well as increasing its exposure to this fast growing emerging market. Over time, we expect Danone's top line growth to return to the 8-10% it was targeting before the crisis.

Dr Pepper Snapple Group Inc. (DPS - \$37.39 - NYSE), headquartered in Plano, TX, is the third largest soft drink company in the U.S., with an estimated 15% share of the U.S. retail carbonated soft drink ("CSD") market and the number one position in the premium ready-to-drink tea market with its Snapple brand. We believe DPS is well positioned to gain share in the U.S. flavored CSD category, which we expect to grow ahead of colas, through superior product innovation and improved distribution. The company's leading flavored CSD brands (Dr Pepper, Sunkist, 7Up, A&W, Canada Dry, Schweppes, and Crush) gained dollar share of the U.S. flavored CSD category in 2009, growing from 38.6% in 2008 to 40.3%, and continued that momentum into the first half of 2010. We expect DPS earnings per share to grow on average by 14.5% per annum through 2014. This is based on 4% average annual revenue growth, the benefit of lower interest payments (DPS has reduced its total debt outstanding from \$3.9 billion when it went public in May of 2008 to the current \$2.5 billion outstanding), and share repurchases (DPS has repurchased 15.5 million of its own shares through July 26, 2010, reducing outstanding shares by 6% from the 254.1 million total shares outstanding at the beginning of the year).

Great Plains Energy Inc. (GXP - \$17.02 - NYSE) is a mid sized regulated utility serving eastern Kansas and western Missouri as Kansas City Power & Light and KCP&L Greater Missouri Operations (GMO) after its acquisition of the Missouri utility operations of Aquila Corp in July 2008. We believe that GXP is a solid turnaround story as it finalizes its construction of a large coal fired power plant, adds wind generation, and its significant investments in environmental equipment are added to rate base. Shares of GXP offer an attractive current return and significant earnings growth potential over the 2010-2012 timeframe.

National Fuel Gas Co. (NFG - \$45.88 - NYSE) is a diversified natural gas company. NFG owns a regulated gas utility serving the region around Buffalo, NY. It also owns major gas pipelines that move gas from the Midwest and Canada down to New York City and to New England. However, NFG's largest business, providing more than 40% of earnings, is its domestic production of natural gas and oil. Under the Seneca Resources name, NFG and its joint venture partner EOG Resources have been successfully drilling for natural gas in a very promising region of the Northeast called the Marcellus Shale. The company has increased its dividend for forty consecutive years.

Sprint Nextel Corp. (S - \$4.24 - NYSE) operates the third largest national wireless carrier in the United States, utilizing CDMA and iDEN network technologies. Together with affiliates and resellers of its wireless service, Sprint Nextel serves

over forty-eight million customers. The company continues to make progress in its operational turnaround and reported significant improvements in its operating metrics in the second quarter of 2010, driven by strong demand for smartphones like HTC EVO 4G and BlackBerry Curve, combined with the best ever postpaid churn. In second quarter of 2010, Sprint recorded its first subscriber gain (111,000 new subscribers) in three years and best postpaid churn (1.85%) result ever. The company improved its subscriber forecasts for the second half of 2010 and expects to deliver positive total net wireless subscriber additions for the remainder of the year.

Tyco International Ltd. (TYC - \$35.23 - NYSE) is a diversified company with three global platforms: security, fire, and flow control. Operating under the ADT brand, the company is the world's largest provider of commercial and residential alarm monitoring services. SimplexGrinnell designs, installs, and services fire detection systems. Its flow control business serves the needs of water and energy infrastructure projects around the globe. The company purchased Broadview Security, the second largest alarm monitoring company in North America, for \$2 billion in May 2010. It plans to spin off its electrical and metal products business later this year.

Verizon Communications Inc. (VZ - \$28.02 - NYSE) is one of the world's leading telecommunications services companies, serving over 31 million switched access lines, 9.3 million broadband connections, and 3.2 million FiOS TV customers. VZ also owns a controlling 55% interest in Verizon Wireless, the largest wireless carrier in the United States with ninety-two million subscribers. On July 1, 2010, Verizon completed sale of its rural wireline operations in fourteen states to Frontier Communications in a Reverse Morris Trust transaction valued at approximately \$8.6 billion. VZ sold mostly legacy GTE operations, with the exception of West Virginia. As of December 31, 2008, these rural wireline operations served approximately 4.8 million switched access lines and one million broadband customers. This transaction resulted in a \$3.3 billion debt reduction for Verizon and should improve VZ's growth profile.

Waddell & Reed Financial Inc. (WDR - \$21.88 - NYSE), based in Overland Park, KS, manages equity and fixed income mutual funds, separate accounts, and subadvisory relationships. As of June 2010, the company had approximately \$68 billion of assets under management. We like Waddell's long-term investment track record, seasoned management team, and broad distribution through its 2,000 Waddell advisers. The company has been able to grow faster than the industry due to the success of its largest investment fund, Ivy Asset Strategy, in which assets are approximately \$21 billion. Waddell offers a compelling current return from dividends and is well positioned to capture further share of the mutual fund industry.

Wisconsin Energy Corp. (WEC - \$50.74 - NYSE) is the holding company for Wisconsin Electric, the state's largest electric utility. WEC shares offer a near term outlook of free cash flow and above average earnings and dividend growth, due to the nearly completed new baseload coal plants associated with its "Power the Future" program that began nearly a decade ago. The company also has significant opportunities for renewable and environmental rate base growth going forward. Over the next few years, WEC's capital program is projected to decline, and "already granted" rate recognition of its investments should drive earnings and cash flow growth.

Looking Ahead

At the start of the third quarter, the recovery in the economy engineered by vast government spending and lending programs looks weak as the stimulus programs expire. Estimates for global growth are starting to come down as the more developed countries cut spending and raise taxes. The European Union has deferred near and medium term default risk and dramatically reduced the risk of European Union disintegration. Nevertheless, this will require tough medicine of budget cuts, reduced government wages, increased taxes, and lower retirement benefits – strong measures that one could only call shock treatments. Whether or not it works depends upon whether the countries accept and implement these changes. The hard part will be building the people's consensus and passing implementing legislation. Global headlines will continue to dominate as governments try to balance domestic growth needs with bringing down their deficits.

Just as in Europe, we will only be able to put in painful solutions to cut spending and raise taxes when we are in crisis. The most watched statistic is that of job creation. So far, there has been little private job creation, and the average length of unemployment continues to rise to the highest point since record keeping began in 1948. The issue remains whether more government stimulus spending would lead to business hiring and spending, and this has yet to be determined.

The Federal Reserve has said that the tightening cycle is not near, stating that it will wait a “long period” before it raises short term interest rates and drains the huge surplus it pumped into the financial system over the past year. Inflation is not a concern right now, because with unemployment high, wages and incomes are expected to rise very slowly, if at all. Therefore, retailers and goods producers will have a hard time raising prices. With both substantial excess production capacity and excess labor supply, it is hard to envision price gains for goods and services in the near future.

The retreat in stock prices has helped to improve the expected return for those with longer term investment outlooks. Shares of many good companies with decent cash positions are sporting historically high dividend yields. In this nervous market, and for the long term, a basket of dividend payers can be a good way to position your portfolio to ride out the storm. Eventually, interest rates will rise and bonds will offer some competition to stocks for a place in a total return portfolio. However, strong corporate earnings and growing cash positions, combined with low interest rates, make stocks look relatively more attractive than bonds or cash now.

Conclusion

We believe that companies with good businesses, brand franchises, and strong cash generation offer the best value in this market. We will continue striving to invest the assets entrusted to the Fund in order to participate in the cash flow and earnings of these companies.



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

Sincerely,



Barbara G. Marcin, CFA
Portfolio Manager

July 27, 2010

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 \$2,997,712 in calendar year 2009. 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 is deemed to control owned 2,205,608 common shares of the Fund for a total amount invested of \$26,467,299, as of June 30, 2010. Mr. Gabelli may not have pecuniary interest equal to a one hundred percent economic ownership in some of the entities he is deemed to control.

Common Share Repurchase Plan – Share Repurchases Exceed 1.76 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 and retired 125,100 common shares in the second quarter of 2010. In total through June 30, 2010, the Fund has repurchased and retired 1,893,068 common shares in the

open market under this share repurchase plan at an average cost of \$16.42 per share and an average discount of approximately 14.3% from its NAV.

Monthly Distribution Policy for Common Shareholders

The Board has reaffirmed the continuation of the Fund's monthly distribution policy for the third quarter of 2010. Pursuant to its distribution policy, the Fund paid \$0.06 per share cash distributions on April 23, 2010, May 24, 2010, and June 23, 2010 to common shareholders of record on April 16, 2010, May 17, 2010, and June 16, 2010, respectively, for a total distribution of \$0.18 per share during the second quarter of 2010.

Under the Fund's current distribution policy, the Fund pays a distribution of \$0.06 per share each month (\$0.72 per share on an annual basis) and, if necessary, 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.

Each quarter, the Board reviews the amount of any potential distribution and the income, capital gain, or capital available. 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. 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 sufficient earnings from dividends and interest received and net realized capital gains to cover 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, 2010, each of the distributions paid in 2010 would include approximately 28% from net investment income and 72% 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 2010 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 2010 distributions in early 2011 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 28, 2010 to preferred shareholders of record on June 21, 2010. 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. After five years of call protection, the Series A Preferred Shares became callable at any time at the liquidation value of \$25.00 per share plus accrued dividends. The next distribution is scheduled for September 2010. 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 per share. In total through June 30, 2010, the Fund has repurchased and retired 151,981 Series A Preferred Shares in the open market under this share repurchase authorization. The Fund did not repurchase any Series A Preferred Shares during the second quarter of 2010.

Series B Auction Market Preferred Shares

The dividend rates for the Series B Auction Market Preferred Shares ranged from 1.486% to 1.581% during the second quarter of 2010. 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 holders have not been able to sell any or all of the Series B Preferred Shares for which they submitted sell orders. The dividend rate since then has been the maximum rate. 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, 2010, 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 1.484% to 1.583% during the second quarter of 2010. 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 holders have not been able to sell any or all of the Series C Preferred Shares for which they submitted sell orders. The dividend rate since then has been the maximum rate. 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, 2010, 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 28, 2010 to preferred shareholders of record on June 21, 2010. 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 2010. 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 per share. In total through June 30, 2010, the Fund has repurchased and retired 57,704 Series D Preferred Shares in the open market under this share repurchase authorization. The Fund did not repurchase any Series D Preferred Shares during the second quarter of 2010.

Series E Auction Rate Preferred Shares

The dividend rates for the Series E Auction Rate Preferred Shares ranged from 1.738% to 1.831% during the second quarter of 2010. 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 holders have not been able to sell any or all of the Series E Preferred Shares for which they submitted sell orders. The dividend rate since then has been the maximum rate. 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, 2010, 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, 2010, each of the distributions paid in 2010 would be deemed 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 2010 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 2010 distributions in early 2011 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, 2010

Millipore Corp.
Verizon Communications Inc.
Sybase Inc.
Swedish Match AB
Kraft Foods Inc.

Sara Lee Corp.
General Mills Inc.
NSTAR
Intel Corp.
Occidental Petroleum Corp.

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 & Acting Treasurer

Carter W. Austin
Vice President

Peter D. Goldstein
Chief Compliance Officer & Acting Secretary

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:	83,182,137	3,048,019
		2,542,296

*Agnes Mullady is on a leave of absence for a limited period of time.

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
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Shareholder Commentary
June 30, 2010

The Gabelli Dividend & Income Trust

Semi-Annual Report
June 30, 2010



Mario J. Gabelli, CFA Barbara G. Marciniak, CFA

To Our Shareholders,

The Gabelli Dividend & Income Trust's (the "Fund") Net Asset Value ("NAV") total return was (7.7)% during the semi-annual period ended June 30, 2010, compared with returns of (6.6)% and (5.0)% 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 (5.9)% during the first half of the year. For the one year period ended June 30, 2010, the Fund's NAV total return was 20.2% and the total return for the Fund's publicly traded shares was 26.0%, compared with returns of 14.4% and 18.9% for the S&P 500 Index and the Dow Jones Industrial Average, respectively. On June 30, 2010, the Fund's NAV per share was \$14.05, while the price of the publicly traded shares closed at \$12.00 on the New York Stock Exchange ("NYSE").

Enclosed are the financial statements and the investment portfolio as of June 30, 2010.

Comparative Results

Average Annual Returns through June 30, 2010 (a) (Unaudited)

	Quarter	Year to Date	1 Year	3 Year	5 Year	Since Inception (11/28/03)
Gabelli Dividend & Income Trust						
NAV Total Return (b)	(11.68)%	(7.72)%	20.24%	(11.24)%	(0.65)%	2.01%
Investment Total Return (c)	(11.64)	(5.93)	26.00	(11.28)	(0.69)	(0.15)
S&P 500 Index	(11.41)	(6.64)	14.43	(9.80)	(0.79)	1.63
Dow Jones Industrial Average	(9.36)	(5.00)	18.90	(7.38)	1.65	2.57
Nasdaq Composite Index	(12.04)	(7.05)	14.94	(6.77)	0.50	1.12

- (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, 2010:

Financial Services	11.6%	Energy and Utilities: Water	0.9%
Food and Beverage	11.3%	Metals and Mining	0.8%
Energy and Utilities: Integrated	10.6%	Environmental Services	0.7%
Energy and Utilities: Oil	9.6%	Business Services	0.7%
Telecommunications	6.3%	Broadcasting	0.6%
U.S. Government Obligations	5.9%	Paper and Forest Products	0.6%
Health Care	4.8%	Machinery	0.5%
Energy and Utilities: Electric	4.7%	Transportation	0.5%
Energy and Utilities: Natural Gas	4.1%	Energy and Utilities	0.3%
Diversified Industrial	3.9%	Wireless Communications	0.3%
Consumer Products	3.6%	Computer Hardware	0.3%
Energy and Utilities: Services	3.0%	Hotels and Gaming	0.2%
Retail	2.4%	Agriculture	0.2%
Aerospace	2.0%	Automotive	0.2%
Computer Software and Services	1.8%	Publishing	0.1%
Cable and Satellite	1.6%	Communications Equipment	0.1%
Electronics	1.4%	Consumer Services	0.1%
Specialty Chemicals	1.2%	Real Estate	0.0%
Equipment and Supplies	1.2%	Building and Construction	0.0%
Automotive: Parts and Accessories	1.0%	Manufactured Housing and Recreational Vehicles	0.0%
Entertainment	0.9%		<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, 2010. 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 17, 2010 – Final Results

The Fund's Annual Meeting of Shareholders was held on May 17, 2010 at the Greenwich Library in Greenwich, Connecticut. At that meeting, common and preferred shareholders, voting together as a single class, elected Mario J. Gabelli, Mario d'Urso, and Michael J. Melarkey as Trustees of the Fund. A total of 74,261,816 votes, 75,098,260 votes, and 75,215,333 votes were cast in favor of each Trustee and a total of 4,400,825 votes, 3,564,381 votes, and 3,447,308 votes were withheld for each Trustee, respectively.

Anthony J. Colavita, James P. Conn, Frank J. Fahrenkopf, Jr., Salvatore M. Salibello, Edward T. Tokar, 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, 2010 (Unaudited)

<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>
COMMON STOCKS — 91.3%			Communications Equipment — 0.1%		
Aerospace — 1.9%			Computer Hardware — 0.1%		
10,000	Goodrich Corp. \$ 281,823	\$ 662,500	30,000	Thomas & Betts Corp.† . . \$ 790,716	\$ 1,041,000
40,000	Kaman Corp. 748,702	884,800	Computer Software and Services — 1.8%		
164,000	Rockwell Automation Inc. 8,113,655	8,050,760	30,000	SanDisk Corp.† 287,056	1,262,100
2,000,000	Rolls-Royce Group plc† . . 14,847,048	16,808,603	60,000	Microsoft Corp. 1,441,981	1,380,600
180,000,000	Rolls-Royce Group plc, Cl. C† 276,353	268,938	415,000	Sybase Inc.† 26,723,296	26,833,900
80,000	The Boeing Co. 4,856,901	5,020,000	90,000	Yahoo! Inc.† 2,516,109	1,244,700
	<u>29,124,482</u>	<u>31,695,601</u>		<u>30,681,386</u>	<u>29,459,200</u>
Agriculture — 0.2%			Consumer Products — 3.6%		
100,000	Archer-Daniels- Midland Co. 2,706,857	2,582,000	185,000	Alberto-Culver Co. 6,164,961	5,011,650
Automotive — 0.1%			20,000	Altria Group Inc. 375,937	400,800
20,000	Navistar International Corp.† 458,857	984,000	45,000	Avon Products Inc. 1,171,773	1,192,500
Automotive: Parts and Accessories — 1.0%			410,000	Eastman Kodak Co.† 3,211,996	1,779,400
27,000	BorgWarner Inc.† 892,619	1,008,180	90,000	Fortune Brands Inc. 3,659,121	3,526,200
370,000	Genuine Parts Co. 12,454,843	14,596,500	50,000	Hanesbrands Inc.† 1,118,462	1,203,000
	<u>13,347,462</u>	<u>15,604,680</u>	75,000	Harman International Industries Inc.† 2,964,957	2,241,750
Building and Construction — 0.0%			200,000	Kimberly-Clark Corp. . . . 13,012,319	12,126,000
30,000	Layne Christensen Co.† . . 825,175	728,100	25,000	Philip Morris International Inc. 1,011,008	1,146,000
Business Services — 0.7%			1,000,000	Swedish Match AB 12,269,968	21,969,002
165,000	Diebold Inc. 5,797,438	4,496,250	145,000	The Procter & Gamble Co. . 7,977,094	8,697,100
120,000	Intermec Inc.† 2,232,531	1,230,000		<u>52,937,596</u>	<u>59,293,402</u>
34,000	Lender Processing Services Inc. 1,146,789	1,064,540	Consumer Services — 0.1%		
20,000	MasterCard Inc., Cl. A . . . 3,089,996	3,990,600	20,000	Dollar Thrifty Automotive Group Inc.† 831,900	852,200
18,000	PHH Corp.† 360,620	342,720	Diversified Industrial — 3.4%		
150,000	Trans-Lux Corp.† (a) 1,037,132	91,500	100,000	Bouygues SA 3,516,295	3,903,957
	<u>13,664,506</u>	<u>11,215,610</u>	150,000	Cooper Industries plc 4,902,625	6,600,000
Cable and Satellite — 1.6%			490,000	General Electric Co. 12,899,470	7,065,800
475,000	Cablevision Systems Corp., Cl. A 10,152,710	11,404,750	280,000	Honeywell International Inc. 9,789,754	10,928,400
16,000	Cogeco Inc. 316,415	450,895	95,000	ITT Corp. 4,299,475	4,267,400
10,000	DIRECTV, Cl. A† 185,853	339,200	128,000	Owens-Illinois Inc.† 4,480,032	3,385,600
235,000	DISH Network Corp., Cl. A 5,297,338	4,265,250	7,000	Sulzer AG 690,270	657,884
50,000	EchoStar Corp., Cl. A† . . . 1,307,563	954,000	300,000	Textron Inc. 2,689,261	5,091,000
80,000	Liberty Global Inc., Cl. A† 1,656,034	2,079,200	950,000	Tomkins plc 4,601,533	3,219,184
33,000	Liberty Global Inc., Cl. C† 730,884	857,670	275,620	Tyco International Ltd. . . . 11,791,057	9,710,093
175,000	Rogers Communications Inc., Cl. B 2,249,983	5,733,000		<u>59,659,772</u>	<u>54,829,318</u>
	<u>21,896,780</u>	<u>26,083,965</u>	Electronics — 1.4%		
			940,000	Intel Corp. 19,513,547	18,283,000
			200,000	Tyco Electronics Ltd. 7,209,682	5,076,000
				<u>26,723,229</u>	<u>23,359,000</u>

See accompanying notes to financial statements.

THE GABELLI DIVIDEND & INCOME TRUST
SCHEDULE OF INVESTMENTS (Continued)
June 30, 2010 (Unaudited)

<u>Shares</u>		<u>Cost</u>	<u>Market Value</u>	<u>Shares</u>		<u>Cost</u>	<u>Market Value</u>
COMMON STOCKS (Continued)				121,500	Kyushu Electric		
	Energy and Utilities: Electric — 4.7%				Power Co. Inc.	\$ 2,374,466	\$ 2,734,660
40,000	Allegheny Energy Inc. ...	\$ 668,340	\$ 827,200	22,000	Maine & Maritimes Corp.	626,971	974,820
85,000	ALLETE Inc.	2,788,153	2,910,400	72,000	MGE Energy Inc.	2,324,253	2,594,880
235,000	American Electric			35,102	National Grid plc, ADR ..	1,588,562	1,292,807
	Power Co. Inc.	7,356,987	7,590,500	220,000	NextEra Energy Inc.	7,596,481	10,727,200
720	Brookfield Infrastructure			235,000	NiSource Inc.	4,914,069	3,407,500
	Partners LP	15,120	11,426	530,000	NSTAR	12,560,747	18,550,000
300,000	DPL Inc.	5,736,577	7,170,000	400,000	OGE Energy Corp.	9,619,180	14,624,000
33,000	Edison International	1,407,705	1,046,760	27,000	Ormat Technologies Inc. ...	405,000	763,830
270,000	Electric Power			300,000	Progress Energy Inc.	13,460,881	11,766,000
	Development Co. Ltd. ..	6,584,683	8,593,338	250,000	Public Service Enterprise		
695,000	Great Plains Energy Inc. ..	19,696,505	11,828,900		Group Inc.	7,640,220	7,832,500
365,000	Integrus Energy Group Inc.	17,714,399	15,965,100	121,500	Shikoku Electric		
105,000	Pepco Holdings Inc.	1,970,492	1,646,400		Power Co. Inc.	2,264,565	3,484,974
230,000	Pinnacle West Capital Corp.	8,967,575	8,362,800	15,000	TECO Energy Inc.	255,758	226,050
100,000	Southern Co.	2,893,572	3,328,000	121,500	The Chugoku Electric		
222,000	UniSource Energy Corp. ..	5,628,352	6,699,960		Power Co. Inc.	2,194,052	2,513,414
		81,428,460	75,980,784	50,000	The Empire District		
	Energy and Utilities: Integrated — 10.6%				Electric Co.	1,081,365	938,500
12,000	Alliant Energy Corp.	305,115	380,880	121,500	The Kansai Electric		
150,000	Ameren Corp.	6,481,368	3,565,500		Power Co. Inc.	2,333,021	2,969,649
50,000	Avista Corp.	926,534	976,500	108,000	The Tokyo Electric		
55,000	Black Hills Corp.	1,514,660	1,565,850		Power Co. Inc.	2,545,172	2,945,066
40,000	CH Energy Group Inc.	1,728,883	1,569,600	121,500	Tohoku Electric		
108,000	Chubu Electric				Power Co. Inc.	2,112,763	2,617,853
	Power Co. Inc.	2,458,019	2,689,770	200,000	Vectren Corp.	5,450,272	4,732,000
150,000	CONSOL Energy Inc.	6,316,307	5,064,000	450,000	Westar Energy Inc.	8,859,242	9,724,500
185,000	Consolidated Edison Inc.	7,545,477	7,973,500	85,000	Wisconsin Energy Corp. ...	2,690,561	4,312,900
70,000	Dominion Resources Inc.	2,979,664	2,711,800	150,000	Xcel Energy Inc.	2,485,848	3,091,500
160,000	Duke Energy Corp.	2,228,522	2,560,000			166,386,146	172,514,777
400,000	Edison SpA	932,177	441,205		Energy and Utilities: Natural Gas — 4.1%		
630,000	El Paso Corp.	7,874,688	6,999,300	20,000	Atmos Energy Corp.	503,678	540,800
128,000	Endesa SA	5,062,086	2,738,407	22,000	Delta Natural Gas Co. Inc.	554,413	643,500
450,000	Enel SpA	2,812,556	1,920,490	6,000	Energen Corp.	124,550	265,980
60,000	Exelon Corp.	3,463,574	2,278,200	160,356	GDF Suez, Strips	0	196
125,000	FirstEnergy Corp.	4,361,666	4,403,750	20,000	Kinder Morgan Energy		
116,000	Hawaiian Electric				Partners LP	824,553	1,301,200
	Industries Inc.	2,696,298	2,642,480	350,000	National Fuel Gas Co. ...	9,372,112	16,058,000
250,000	Hera SpA	552,073	413,018	190,000	Nicor Inc.	6,469,021	7,695,000
121,500	Hokkaido Electric			200,000	ONEOK Inc.	4,976,022	8,650,000
	Power Co. Inc.	2,282,208	2,624,724	180,000	Sempra Energy	5,394,832	8,422,200
121,500	Hokuriku Electric			35,000	South Jersey Industries Inc.	839,202	1,503,600
	Power Co.	2,131,359	2,674,196	140,000	Southern Union Co.	2,884,173	3,060,400
8,000	Iberdrola SA	65,156	45,314	190,000	Southwest Gas Corp.	4,719,351	5,605,000
105,000	Iberdrola SA, ADR	5,028,792	2,355,150	610,000	Spectra Energy Corp.	13,426,444	12,242,700
308	Iberdrola SA, I -10 Shares†	1,648	1,740	43,000	The Laclede Group Inc. ...	1,222,566	1,424,590
85,000	Korea Electric Power Corp.,					51,310,917	67,413,166
	ADR†	1,253,867	1,094,800				

See accompanying notes to financial statements.

THE GABELLI DIVIDEND & INCOME TRUST
SCHEDULE OF INVESTMENTS (Continued)
June 30, 2010 (Unaudited)

<u>Shares</u>		<u>Cost</u>	<u>Market Value</u>	<u>Shares</u>		<u>Cost</u>	<u>Market Value</u>
COMMON STOCKS (Continued)				74,000	Aqua America Inc. \$	1,237,577 \$	1,308,320
Energy and Utilities: Oil — 9.6%				6,000	Artesian Resources Corp., Cl. A	113,635	110,760
69,000	Anadarko Petroleum Corp. \$	3,075,356 \$	2,490,210	3,000	California Water Service Group	94,710	107,100
37,000	Apache Corp.	1,708,764	3,115,030	11,500	Connecticut Water Service Inc.	276,036	241,730
44,000	BG Group plc, ADR	1,780,065	3,286,800	2,000	Consolidated Water Co. Ltd.	26,006	22,760
125,000	BP plc, ADR	5,640,601	3,610,000	6,000	Middlesex Water Co.	111,082	95,100
100,774	Chesapeake Energy Corp.	1,945,012	2,111,215	60,000	Pennichuck Corp.	1,362,461	1,321,800
225,000	Chevron Corp.	13,416,226	15,268,500	90,000	SJW Corp.	1,564,611	2,109,600
318,000	ConocoPhillips	16,968,110	15,610,620	25,000	Southwest Water Co.	269,611	262,000
78,000	Devon Energy Corp.	3,448,499	4,751,760	12,000	The York Water Co.	156,854	170,400
168,000	Eni SpA, ADR	6,167,620	6,140,400	25,000	United Utilities Group plc, ADR	662,400	390,250
205,000	Exxon Mobil Corp.	9,587,886	11,699,350			13,672,691	13,920,360
36,000	Hess Corp.	1,130,043	1,812,240	Entertainment — 0.9%			
470,000	Marathon Oil Corp.	16,539,721	14,612,300	8,000	Grupo Televisa SA, ADR	79,516	139,280
136,000	Murphy Oil Corp.	6,865,210	6,738,800	102,900	Madison Square Garden Inc., Cl. A †	1,939,862	2,024,043
232,000	Occidental Petroleum Corp.	8,756,011	17,898,800	250,000	Take-Two Interactive Software Inc. †	6,029,665	2,250,000
8,000	PetroChina Co. Ltd., ADR	584,148	877,840	200,000	Time Warner Inc.	6,387,568	5,782,000
100,000	Petroleo Brasileiro SA, ADR	4,150,271	3,432,000	210,000	Vivendi	6,421,271	4,318,076
270,000	Repsol YPF SA, ADR	5,719,267	5,427,000			20,857,882	14,513,399
185,000	Royal Dutch Shell plc, Cl. A, ADR	8,818,890	9,290,700	Environmental Services — 0.7%			
775,000	Statoil ASA, ADR	11,384,502	14,841,250	1,250	Suez Environnement Co. SA	0	20,766
150,000	Sunoco Inc.	7,207,011	5,215,500	12,375	Veolia Environnement	395,937	292,895
185,000	Total SA, ADR	8,118,724	8,258,400	350,000	Waste Management Inc.	12,663,686	10,951,500
		<u>143,011,937</u>	<u>156,488,715</u>			<u>13,059,623</u>	<u>11,265,161</u>
Energy and Utilities: Services — 3.0%				Equipment and Supplies — 1.2%			
210,000	ABB Ltd., ADR	2,290,480	3,628,800	95,000	CIRCOR International Inc.	1,731,985	2,430,100
74,000	Cameron International Corp. †	1,023,207	2,406,480	57,000	Lufkin Industries Inc.	488,572	2,222,430
102,000	Diamond Offshore Drilling Inc.	5,683,975	6,343,380	65,000	Mueller Industries Inc.	2,587,485	1,599,000
540,000	Halliburton Co.	14,272,792	13,257,000	420,000	RPC Inc.	1,866,263	5,733,000
5,000	Nabors Industries Ltd. †	110,564	88,100	212,000	Tenaris SA, ADR	9,805,561	7,337,320
10,000	Noble Corp.	254,820	309,100			16,479,866	19,321,850
38,000	Oceaneering International Inc. †	1,614,498	1,706,200	Financial Services — 11.4%			
185,000	Rowan Companies Inc. †	6,496,511	4,058,900	166,000	Aflac Inc.	8,808,884	7,083,220
120,000	Schlumberger Ltd.	3,977,835	6,640,800	80,000	AllianceBernstein Holding LP	1,519,748	2,067,200
46,000	Transocean Ltd. †	3,995,781	2,131,180	450,000	American Express Co.	19,430,810	17,865,000
650,000	Weatherford International Ltd. †	12,838,606	8,541,000	10,000	Astoria Financial Corp.	115,083	137,600
		<u>52,559,069</u>	<u>49,110,940</u>	590,000	Bank of America Corp.	8,787,139	8,478,300
Energy and Utilities: Water — 0.9%							
11,000	American States Water Co.	273,608	364,540				
360,000	American Water Works Co. Inc.	7,524,100	7,416,000				

See accompanying notes to financial statements.

THE GABELLI DIVIDEND & INCOME TRUST
SCHEDULE OF INVESTMENTS (Continued)
June 30, 2010 (Unaudited)

<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>Shares/ Units</u>	<u>Cost</u>	<u>Market Value</u>
COMMON STOCKS (Continued)			Specialty Chemicals — 1.2%		
Hotels and Gaming — 0.2%			Airgas Inc. \$ 120,824 \$ 124,400		
75,000	Boyd Gaming Corp.† \$ 577,827	\$ 636,750	2,000		
850,000	Ladbrokes plc 7,858,227	1,615,419	5,000	Arkema, ADR 269,656	175,300
60,000	Las Vegas Sands Corp.† . . . 350,218	1,328,400	100,000	Ashland Inc. 3,658,864	4,642,000
16,000	Pinnacle		158,000	E. I. du Pont de Nemours and Co. 6,808,601	5,465,220
	Entertainment Inc.† 67,635	151,360	390,000	Ferro Corp.† 4,186,048	2,874,300
	<u>8,853,907</u>	<u>3,731,929</u>	100,000	Olin Corp. 1,826,860	1,809,000
			195,000	The Dow Chemical Co. . . . 7,734,300	4,625,400
				<u>24,605,153</u>	<u>19,715,620</u>
Machinery — 0.5%			Telecommunications — 5.8%		
210,000	CNH Global NV† 4,740,564	4,756,500	610,000	AT&T Inc. 16,653,139	14,755,900
70,000	Deere & Co. 3,746,042	3,897,600	300,000	BCE Inc. 7,341,781	8,781,000
	<u>8,486,606</u>	<u>8,654,100</u>	33,000	Belgacom SA 1,028,445	1,043,760
Manufactured Housing and Recreational Vehicles — 0.0%			45,000	Bell Aliant Regional Communications	
16,000	Skyline Corp. 423,697	288,160		Income Fund (c)(d) 1,219,425	1,074,961
Metals and Mining — 0.8%			15,000	BT Group plc, ADR 464,724	288,150
16,000	Agnico-Eagle Mines Ltd. . . . 766,400	972,480	32,000	CenturyLink Inc. 1,146,892	1,065,920
290,000	Alcoa Inc. 6,550,294	2,917,400	720,000	Deutsche Telekom AG, ADR 12,905,316	8,402,400
20,000	Alliance Holdings GP LP 461,803	703,200	55,000	France Telecom SA, ADR . . 1,338,443	952,050
6,000	Arch Coal Inc. 93,203	118,860	30,000	Hellenic Telecommunications Organization SA 577,510	
8,000	BHP Billiton Ltd., ADR 217,549	495,920		Hellenic Telecommunications Organization SA, ADR 1,748,090	
125,000	Freeport-McMoRan		219,800	Portugal Telecom SGPS SA . 2,567,543	2,150,631
	Copper & Gold Inc. 3,873,850	7,391,250	2,250,000	Sprint Nextel Corp.† 18,142,514	9,540,000
25,000	Peabody Energy Corp. 404,351	978,250	80,000	Telecom Italia SpA, ADR . . 1,971,002	880,800
	<u>12,367,450</u>	<u>13,577,360</u>	15,000	Telefonica SA, ADR 640,361	832,950
Paper and Forest Products — 0.6%			165,000	Telefonos de Mexico SAB de CV, Cl. L, ADR 1,589,027	
400,000	International Paper Co. 12,286,818	9,052,000	110,000	Telekom Austria AG 1,691,571	1,228,783
Publishing — 0.1%			38,000	Telephone & Data Systems Inc. 1,230,970	
850,000	Il Sole 24 Ore† 7,042,255	1,455,195	100,000	Telephone & Data Systems Inc., Special . . 3,548,843	2,654,000
Real Estate — 0.0%			125,000	Telstra Corp. Ltd., ADR . . . 2,293,602	1,711,250
18,000	Brookfield Asset Management Inc., Cl. A 186,196		76,100	TELUS Corp., Non-Voting . . 1,574,712	2,754,820
Retail — 2.1%			1,000,000	Verizon Communications Inc. . . 36,248,381	
220,000	CVS Caremark Corp. 7,446,352	6,450,400	40,000	VimpelCom Ltd., ADR† . . . 230,241	647,200
142,000	Ingles Markets Inc., Cl. A . . . 1,615,209	2,137,100	175,000	Vodafone Group plc, ADR . . 4,695,005	3,617,250
105,000	Macy's Inc. 1,203,699	1,879,500		<u>120,847,537</u>	<u>94,934,298</u>
400,000	Safeway Inc. 8,456,277	7,864,000	Transportation — 0.5%		
300,000	Sally Beauty Holdings Inc.† . . 3,712,676	2,460,000	250,000	GATX Corp. 7,479,104	6,670,000
4,000	SUPERVALU Inc. 64,080	43,360	27,000	Kansas City Southern† . . . 453,321	981,450
108,000	The Great Atlantic & Pacific Tea Co. Inc.† 1,466,490		4,000	Teekay Corp. 155,932	104,680
35,000	Wal-Mart Stores Inc. 1,729,286	1,682,450		<u>8,088,357</u>	<u>7,756,130</u>
330,000	Walgreen Co. 12,470,820	8,811,000			
75,000	Whole Foods Market Inc.† . . . 2,367,352	2,701,500			
	<u>40,532,241</u>	<u>34,450,510</u>			

See accompanying notes to financial statements.

THE GABELLI DIVIDEND & INCOME TRUST

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2010 (Unaudited)

Assets:	
Investments, at value (cost \$1,659,651,618)	\$1,626,718,834
Investments in affiliates, at value (cost \$1,037,132) ..	91,500
Foreign currency, at value (cost \$2,781)	2,777
Cash	4,448
Receivable for investments sold	1,365,952
Dividends and interest receivable	3,574,099
Deferred offering expense	141,715
Prepaid expense	22,732
Total Assets	<u>1,631,922,057</u>
Liabilities:	
Payable for investments purchased	928,644
Distributions payable	144,644
Payable for investment advisory fees	1,004,043
Payable for payroll expenses	36,326
Payable for accounting fees	7,500
Payable for auction agent fees	1,961,333
Payable for shareholder communications expenses ..	292,707
Other accrued expenses	158,185
Total Liabilities	<u>4,533,382</u>
Preferred Shares:	
Series A Cumulative Preferred Shares (5.875%, \$25 liquidation value, \$0.001 par 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, \$0.001 par value, 4,000 shares authorized with 3,600 shares issued and outstanding)	90,000,000
Series C Cumulative Preferred Shares (Auction Market, \$25,000 liquidation value, \$0.001 par 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, \$0.001 par value, 2,600,000 shares authorized with 2,542,296 shares issued and outstanding)	63,557,400
Series E Cumulative Preferred Shares (Auction Rate, \$25,000 liquidation value, \$0.001 par value, 5,400 shares authorized with 4,860 shares issued and outstanding)	<u>121,500,000</u>
Total Preferred Shares	<u>459,257,875</u>
Net Assets Attributable to Common Shareholders ..	<u>\$1,168,130,800</u>
Net Assets Attributable to Common Shareholders Consist of:	
Paid-in capital	\$1,363,683,850
Accumulated net investment income	5,243,426
Accumulated net realized loss on investments, swap contracts, and foreign currency transactions	(166,874,339)
Net unrealized depreciation on investments	(33,878,416)
Net unrealized depreciation on foreign currency translations	(43,721)
Net Assets	<u>\$1,168,130,800</u>
Net Asset Value per Common Share:	
(\$1,168,130,800 ÷ 83,170,137 shares outstanding, at \$0.001 par value; unlimited number of shares authorized)	<u>\$14.05</u>

STATEMENT OF OPERATIONS

For the Six Months Ended June 30, 2010 (Unaudited)

Investment Income:	
Dividends (net of foreign taxes of \$861,361)	\$ 25,012,068
Interest	921,100
Total Investment Income	<u>25,933,168</u>
Expenses:	
Investment advisory fees	8,665,872
Auction agent fees	391,849
Shareholder communications expenses	225,816
Custodian fees	129,245
Payroll expenses	116,025
Trustees' fees	91,523
Legal and audit fees	65,277
Accounting fees	22,500
Shareholder services fees	19,162
Interest expense	64
Miscellaneous expenses	162,781
Total Expenses	<u>9,890,114</u>
Less:	
Advisory fee reduction	(2,277,416)
Advisory fee reduction on unsupervised assets (See Note 3)	(3,827)
Custodian fee credits	(189)
Total Reductions and Credits	<u>(2,281,432)</u>
Net Expenses	<u>7,608,682</u>
Net Investment Income	<u>18,324,486</u>
Net Realized and Unrealized Gain/(Loss) on Investments, Swap Contracts, and Foreign Currency:	
Net realized loss on investments – unaffiliated	(2,602,928)
Net realized loss on investments – affiliated	(331,148)
Net realized loss on swap contracts	(1,819,014)
Net realized loss on foreign currency transactions	(60,592)
Net realized loss on investments, swap contracts, and foreign currency transactions	<u>(4,813,682)</u>
Net change in unrealized appreciation/depreciation:	
on investments	(106,690,591)
on swap contracts	1,864,569
on foreign currency translations	<u>(45,101)</u>
Net change in unrealized appreciation/depreciation on investments, swap contracts, and foreign currency translations	<u>(104,871,123)</u>
Net Realized and Unrealized Gain/(Loss) on Investments, Swap Contracts, and Foreign Currency	
Net Decrease in Net Assets Resulting from Operations	<u>(91,360,319)</u>
Total Distributions to Preferred Shareholders	<u>(6,687,915)</u>
Net Decrease in Net Assets Attributable to Common Shareholders Resulting from Operations	<u>\$ (98,048,234)</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, 2010 (Unaudited)	Year Ended December 31, 2009
Operations:		
Net investment income	\$ 18,324,486	\$ 34,009,983
Net realized loss on investments, swap contracts, and foreign currency transactions	(4,813,682)	(119,259,851)
Net change in unrealized appreciation/depreciation on investments, swap contracts, and foreign currency translations	(104,871,123)	422,770,032
Net Increase/(Decrease) in Net Assets Resulting from Operations	(91,360,319)	337,520,164
Distributions to Preferred Shareholders:		
Net investment income	(6,687,915)*	(13,549,022)
Total Distributions to Preferred Shareholders	(6,687,915)	(13,549,022)
Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders Resulting from Operations	(98,048,234)	323,971,142
Distributions to Common Shareholders:		
Net investment income	(8,398,359)*	(17,201,564)
Return of capital	(21,595,780)*	(65,457,086)
Total Distributions to Common Shareholders	(29,994,139)	(82,658,650)
Fund Share Transactions:		
Net decrease from repurchase of common shares	(4,095,098)	(635,911)
Net increase in net assets from repurchase of preferred shares	—	315,833
Net Decrease in Net Assets from Fund Share Transactions	(4,095,098)	(320,078)
Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders	(132,137,471)	240,992,414
Net Assets Attributable to Common Shareholders:		
Beginning of period	1,300,268,271	1,059,275,857
End of period (including undistributed net investment income of \$5,243,426 and \$2,005,214, respectively)	<u>\$1,168,130,800</u>	<u>\$1,300,268,271</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, 2010 (Unaudited)	2009	2008	2007	2006	2005
Operating Performance:						
Net asset value, beginning of period	\$ 15.58	\$ 12.68	\$ 23.57	\$ 23.65	\$ 20.62	\$ 20.12
Net investment income	0.22	0.41	0.55	0.53	0.87	0.55
Net realized and unrealized gain/(loss) on investments, swap contracts, and foreign currency transactions	(1.32)	3.64	(9.92)	1.37	4.00	1.33
Total from investment operations	(1.10)	4.05	(9.37)	1.90	4.87	1.88
Distributions to Preferred Shareholders: (a)						
Net investment income	(0.08)*	(0.16)	(0.27)	(0.10)	(0.12)	(0.06)
Net realized gain	—	—	(0.00)(g)	(0.23)	(0.19)	(0.10)
Total distributions to preferred shareholders	(0.08)	(0.16)	(0.27)	(0.33)	(0.31)	(0.16)
Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders Resulting from Operations						
	(1.18)	3.89	(9.64)	1.57	4.56	1.72
Distributions to Common Shareholders:						
Net investment income	(0.10)*	(0.21)	(0.29)	(0.51)	(0.61)	(0.48)
Net realized gain on investments	—	—	(0.00)(g)	(1.15)	(0.93)	(0.72)
Return of capital	(0.26)*	(0.78)	(0.99)	—	—	—
Total distributions to common shareholders	(0.36)	(0.99)	(1.28)	(1.66)	(1.54)	(1.20)
Fund Share Transactions:						
Increase in net assets value from repurchase of common shares	0.01	0.00(g)	0.01	0.01	0.01	0.02
Increase in net assets value from repurchase of preferred shares	—	0.00(g)	0.02	—	—	—
Offering costs for preferred shares charged to paid-in capital	—	—	—	—	(0.00)(g)	(0.04)
Total from fund share transactions	0.01	0.00(g)	0.03	0.01	0.01	(0.02)
Net Asset Value Attributable to Common Shareholders, End of Period						
	\$ 14.05	\$ 15.58	\$ 12.68	\$ 23.57	\$ 23.65	\$ 20.62
NAV total return †	(7.32)%	35.49%	(41.27)%	7.75%	24.09%	9.47%
Market value, end of period	\$ 12.00	\$ 13.11	\$ 10.30	\$ 20.68	\$ 21.47	\$ 17.62
Investment total return ††	(5.93)%	40.35%	(45.63)%	4.14%	31.82%	4.85%

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, 2010 (Unaudited)	2009	2008	2007	2006	2005
Ratios and Supplemental Data:						
Net assets including liquidation value of preferred shares, end of period (in 000's)	\$1,627,389	\$1,759,526	\$1,521,400	\$2,475,831	\$2,486,081	\$2,238,155
Net assets attributable to common shares, end of period (in 000's)	\$1,168,131	\$1,300,268	\$1,059,276	\$1,975,831	\$1,986,081	\$1,738,155
Ratio of net investment income to average net assets attributable to common shares before preferred share distributions	2.85%(f)	3.18%	2.94%	2.17%	3.91%	2.75%
Ratio of operating expenses to average net assets attributable to common shares before fees waived	1.54%(f)	1.66%	1.48%	—	—	—
Ratio of operating expenses to average net assets attributable to common shares net of advisory fee reduction, if any (b)	1.18%(f)	1.66%	1.17%	1.37%	1.41%	1.33%
Ratio of operating expenses to average net assets including liquidation value of preferred shares before fees waived	1.14%(f)	1.16%	1.13%	—	—	—
Ratio of operating expenses to average net assets including liquidation value of preferred shares net of advisory fee reduction, if any (b)	0.87%(f)	1.16%	0.89%	1.10%	1.11%	1.12%
Portfolio turnover rate †††	7.1%	13.3%	32.0%	33.8%	28.8%	25.6%
5.875% Series A Cumulative Preferred Shares						
Liquidation value, end of period (in 000's)	\$ 76,201	\$ 76,201	\$ 78,211	\$ 80,000	\$ 80,000	\$ 80,000
Total shares outstanding (in 000's)	3,048	3,048	3,128	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)	\$ 24.74	\$ 23.34	\$ 22.25	\$ 23.52	\$ 23.86	\$ 24.82
Asset coverage per share	\$ 88.59	\$ 95.78	\$ 82.30	\$ 123.79	\$ 124.30	\$ 111.91
Series B Auction Market Cumulative Preferred Shares						
Liquidation value, end of period (in 000's)	\$ 90,000	\$ 90,000	\$ 90,000	\$ 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 (d)	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Asset coverage per share	\$ 88,588	\$ 95,781	\$ 82,305	\$ 123,792	\$ 124,304	\$ 111,908
Series C Auction Market Cumulative Preferred Shares						
Liquidation value, end of period (in 000's)	\$ 108,000	\$ 108,000	\$ 108,000	\$ 120,000	\$ 120,000	\$ 120,000
Total shares outstanding (in 000's)	4	4	4	5	5	5
Liquidation preference per share	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Average market value (d)	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Asset coverage per share	\$ 88,588	\$ 95,781	\$ 82,305	\$ 123,792	\$ 124,304	\$ 111,908
6.000% Series D Cumulative Preferred Shares						
Liquidation value, end of period (in 000's)	\$ 63,557	\$ 63,557	\$ 64,413	\$ 65,000	\$ 65,000	\$ 65,000
Total shares outstanding (in 000's)	2,542	2,542	2,577	2,600	2,600	2,600
Liquidation preference per share	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
Average market value (c)	\$ 25.18	\$ 24.44	\$ 23.99	\$ 24.41	\$ 24.37	\$ 24.72
Asset coverage per share	\$ 88.59	\$ 95.78	\$ 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	\$ 121,500	\$ 135,000	\$ 135,000	\$ 135,000
Total shares outstanding (in 000's)	5	5	5	5	5	5
Liquidation preference per share	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Average market value (d)	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Asset coverage per share	\$ 88,588	\$ 95,781	\$ 82,305	\$ 123,792	\$ 124,304	\$ 111,908
Asset Coverage (e)	354%	383%	329%	495%	497%	448%

† 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, and 2005, would have been 58.0%, 30.8%, and 39.5%, 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 include a reduction of expenses for custodian fee credits on cash balances maintained with the custodian ("Custodian Fee Credits"). Historically, the ratios reflected operating expenses before the reduction for Custodian Fee Credits. If the ratios did not reflect a reduction for 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 1.38% and the ratios of operating expenses to average net assets including liquidation value of preferred shares net of fee reduction would have been 1.11%. For the six months ended June 30, 2010 and the years ended December 31, 2009, 2008, 2006, and 2005, the effect of Custodian Fee Credits was minimal.

(c) Based on weekly prices.

(d) Based on weekly auction prices. Since February 2008, the weekly auctions have failed. Holders that have submitted orders have not been able to sell any or all of their shares in the auctions.

(e) Asset coverage is calculated by combining all series of preferred shares.

(f) Annualized.

(g) Amount represents less than \$0.005 per share.

See accompanying notes to financial statements.

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 Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) has become the exclusive reference of authoritative United States of America (“U.S.”) generally accepted accounting principles (“GAAP”) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal laws are also sources of authoritative GAAP for SEC registrants. The ASC has superseded all existing non-SEC accounting and reporting standards. The Fund’s financial statements are prepared in accordance with GAAP, which may require the use of management estimates and assumptions. 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. U.S. government obligations with maturities greater than sixty days are normally valued using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data. Certain securities are valued principally using dealer quotations. 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.

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

The inputs and valuation techniques used to measure fair value of the Fund's investments are summarized into three levels as described in the hierarchy below:

- Level 1 – quoted prices in active markets for identical securities;
- 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 in securities and other financial instruments by inputs used to value the Fund's investments as of June 30, 2010 is as follows:

	Valuation Inputs		
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Total Market Value at 6/30/10
INVESTMENTS IN SECURITIES:			
ASSETS (Market Value):			
Common Stocks:			
Aerospace	\$ 31,426,663	\$ 268,938	\$ 31,695,601
Food and Beverage	182,931,159	795,841	183,727,000
Telecommunications	93,859,337	1,074,961	94,934,298
Other Industries (a)	1,174,736,617	—	1,174,736,617
Total Common Stocks	1,482,953,776	2,139,740	1,485,093,516
Convertible Preferred Stocks:			
Transportation	—	200,100	200,100
Other Industries (a)	17,237,909	—	17,237,909
Total Convertible Preferred Stocks	17,237,909	200,100	17,438,009
Rights (a)	786	—	786
Warrants (a)	—	435	435
Convertible Corporate Bonds	—	28,116,865	28,116,865
U.S. Government Obligations	—	96,160,723	96,160,723
TOTAL INVESTMENTS IN SECURITIES – ASSETS	\$1,500,192,471	\$126,617,863	\$1,626,810,334

(a) Please refer to the Schedule of Investments for the industry classifications of these portfolio holdings.

The Fund did not have significant transfers between Level 1 and Level 2 during the reporting period.

There were no Level 3 investments at June 30, 2010 or December 31, 2009.

In January 2010, the FASB issued amended guidance to improve disclosure about fair value measurements which requires additional disclosures about transfers between Levels 1 and 2 and separate disclosures about purchases, sales, issuances, and settlements in the reconciliation of fair value measurements using significant unobservable inputs (Level 3). It also clarifies existing disclosure requirements relating to the levels of disaggregation of fair value measurement and inputs and valuation techniques used to measure fair value. Disclosures about purchases, sales, issuances, and settlements in the rollforward of activity in Level 3 fair value measurements are effective for fiscal years beginning after December 15, 2010 and for interim periods within those fiscal years. Management is currently evaluating the implications of this guidance on the Fund's financial statements. The remainder of the amended guidance is effective for financial statements for fiscal years beginning after December 15, 2009 and interim periods within those fiscal years. Management has evaluated the impact of this guidance on the Fund's financial statements and determined that there is no impact as of June 30, 2010.

THE GABELLI DIVIDEND & INCOME TRUST

NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

Derivative Financial Instruments.

The Fund may engage in various portfolio investment strategies by investing in a number of derivative financial instruments for the purpose of achieving additional return or 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, 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. Investing in certain derivative financial instruments, including participation in the options, futures, or swap markets, entails certain execution, liquidity, hedging, tax, and securities, interest, credit, or currency market risks. Losses may arise if the Adviser's prediction of movements in the direction of the securities, foreign currency, and interest rate markets is inaccurate. Losses may also arise if the counterparty does not perform its duties under a contract, or that, in the event of default, the Fund may be delayed in or prevented from obtaining payments or other contractual remedies owed to it under derivative contracts. The creditworthiness of the counterparties is closely monitored in order to minimize these risks. Participation in derivative transactions involves investment risks, transaction costs, and potential losses to which the Fund would not be subject absent the use of these strategies. The consequences of these risks, transaction costs, and losses may have a negative impact on the Fund's ability to pay distributions.

The Fund's derivative contracts held at June 30, 2010, if any, are not accounted for as hedging instruments under GAAP.

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. During the six months ended June 30, 2010 the Fund had no investments in options.

THE GABELLI DIVIDEND & INCOME TRUST

NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

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 hedging or protecting its exposure to interest rate movements and movements in the securities markets. The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In an interest rate swap, the Fund would agree to pay periodically to the other party (which is known as the “counterparty”) 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 Auction Market Cumulative Preferred Shares (“Series B 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. 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. In a swap, a set of future cash flows is 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 performance of the shares of a stock. Depending on the general state of short-term interest rates and the returns on the Fund’s portfolio securities at the time a swap 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.

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 the 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 held an interest rate swap agreement through June 2, 2010, with an average monthly notional amount while it was outstanding of approximately \$100,000,000. At June 30, 2010, there were no open interest rate swap agreements.

The Fund held an equity contract for difference swap agreement through January 29, 2010, with an average monthly notional amount while it was outstanding of approximately \$2,638,658. At June 30, 2010, there were no open equity contracts for difference swap agreements.

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, and are included in unrealized appreciation/depreciation on futures contracts. The Fund recognizes a realized gain or loss when the contract is closed.

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. During the six months ended June 30, 2010, the Fund had no investments in futures contracts.

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

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 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. During the six months ended June 30, 2010, the Fund had no investments in forward foreign exchange contracts.

Effect of Derivative Instruments on the Statement of Operations during the six months ended June 30, 2010:

The following table presents the effect of derivatives on the Statement of Operations during the six months ended June 30, 2010, by primary risk exposure:

Derivative Contracts	Realized Gain or (Loss) on Derivatives Recognized in Income	Change in Unrealized Appreciation or Depreciation on Derivatives Recognized in Income
Equity Contracts	\$ 86,333	\$ (1,575)
Interest Rate Contracts	<u>(1,905,347)</u>	<u>1,866,144</u>
Total	<u><u>\$(1,819,014)</u></u>	<u><u>\$1,864,569</u></u>

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 receive and maintain securities as collateral whose market value is not less than their repurchase price. 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, 2010, 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

THE GABELLI DIVIDEND & INCOME TRUST

NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

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 broker retains collateral for the value of open positions, which is adjusted periodically as the value of the position fluctuates. The Fund did not hold any short positions as of June 30, 2010.

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 purchase 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 inability 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.

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. For the restricted and illiquid securities the Fund held as of June 30, 2010, refer to the Schedule of Investments.

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.

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

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 equal to 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 GAAP. 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 for federal income tax purposes 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.

Under the Fund’s distribution policy, the Fund declares and pays monthly distributions from net investment income, capital gains, and paid-in capital. The actual source of the distribution is determined after the end of the year. Pursuant to this policy, distributions during the year may be made in excess of required distributions. To the extent such distributions are made from current earnings and profits, they are considered ordinary income or long-term capital gains. The Fund’s current distribution policy may restrict the Fund’s ability to pass through to shareholders all of its net realized long-term capital gains as a Capital Gain Dividend, subject to the maximum federal income tax rate of 15%, and may cause such gains to be treated as ordinary income subject to a maximum federal income tax rate of 35%. The Board will continue to monitor the Fund’s distribution level, taking into consideration the Fund’s NAV and the financial market environment. The Fund’s distribution policy is subject to modification by the Board at any time.

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, 2009 was as follows:

Distributions paid from:	<u>Common</u>	<u>Preferred</u>
Ordinary income		
(inclusive of short-term capital gains)	\$17,201,564	\$13,549,022
Return of capital	<u>65,457,086</u>	<u>—</u>
Total distributions paid	<u>\$82,658,650</u>	<u>\$13,549,022</u>

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.

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

As of December 31, 2009, the components of accumulated earnings/losses on a tax basis were as follows:

Accumulative capital loss carryforwards	\$(129,734,874)
Net unrealized appreciation on investments, swap contracts, and foreign currency translations	61,445,915
Post-October capital loss deferral	(20,845,593)
Other temporary differences*	28,095
Total	<u>\$ (89,106,457)</u>

* Other temporary differences are primarily due to income from investments in hybrid securities, adjustments on preferred share class distribution payables, and swap accrual adjustments.

At December 31, 2009, the Fund had net capital loss carryforwards for federal income tax purposes of \$129,734,874, which are available to reduce future required distributions of net capital gains to shareholders. \$22,445,283 of the loss carryforward is available through 2016; and \$107,289,591 is available through 2017.

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, 2009, the Fund had deferred capital losses of \$20,845,593.

The following summarizes the tax cost of investments and the related net unrealized appreciation/depreciation at June 30, 2010:

	<u>Cost</u>	<u>Gross Unrealized Appreciation</u>	<u>Gross Unrealized Depreciation</u>	<u>Net Unrealized Depreciation</u>
Investments	\$1,671,518,429	\$160,062,072	\$(204,770,167)	\$(44,708,095)

The Fund is required to evaluate tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Income tax and related interest and penalties would be recognized by the Fund as tax expense in the Statement of Operations if the tax positions were deemed not to meet the more-likely-than-not threshold. For the six months ended June 30, 2010, the Fund did not incur any income tax, interest, or penalties. As of June 30, 2010, the Adviser has reviewed all open tax years and concluded that there was no impact to the Fund's net assets or results of operations. Tax years ended December 31, 2007 through December 31, 2009 remain subject to examination by the Internal Revenue Service and state taxing authorities. On an ongoing basis, the Adviser will monitor the Fund's tax positions to determine if adjustments to this conclusion are necessary.

3. Agreements and Transactions with Affiliates. The Fund has entered into 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, 2010, the Fund's total return on the NAV of the common shares did not exceed the stated dividend rate or corresponding swap rate of the outstanding Preferred Shares. Thus, advisory fees with respect to the liquidation value of Preferred Share assets were reduced by \$2,277,416.

During the six months ended June 30, 2010, the Fund paid brokerage commissions on security trades of \$198,032 to Gabelli & Company, Inc. ("Gabelli & Co."), 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, 2010, 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, 2010 the Fund paid or accrued \$116,025 in payroll expenses in the Statement of Operations.

The Fund pays each Trustee who is not considered 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, 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.

There was a reduction in the advisory fee paid to the Adviser relating to certain portfolio holdings, i.e., unsupervised assets, of the Fund with respect to which the Adviser has transferred dispositive and voting control to the Fund's Proxy Voting Committee. During the six months ended June 30, 2010, the Fund's Proxy Voting Committee exercised control and discretion over all rights to vote or consent with respect to such securities and the Adviser reduced its fee with respect to such securities by \$3,827.

4. Portfolio Securities. Purchases and sales of securities for the six months ended June 30, 2010, other than short-term securities and U.S Government obligations, aggregated \$115,527,796 and \$127,656,245, 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, 2010, the Fund repurchased and retired 298,500 shares of beneficial interest in the open market at a cost of \$4,095,098 and an average discount of approximately 14.73% from its NAV.

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

Transactions in shares of beneficial interest were as follows:

	Six Months Ended June 30, 2010 (Unaudited)		Year Ended December 31, 2009	
	Shares	Amount	Shares	Amount
Net decrease from repurchase of common shares	(298,500)	\$(4,095,098)	(60,000)	\$(635,911)

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.

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, 2010 the Fund did not repurchase any shares of 5.875% Series A Cumulative Preferred Shares. At June 30, 2010, 3,048,019 shares of 5.875% Series A Cumulative Preferred Shares were outstanding and accrued dividends amounted to \$37,306.

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 Shares and 4,800 shares of Series C Auction Market Cumulative Preferred Shares ("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 1.458% to 1.581% during the six months ended June 30, 2010. The dividend rates of Series C Shares ranged from 1.458% to 1.583% during the six months ended June 30, 2010. 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. There were no redemptions of Series B and C Shares during the six months ended June 30, 2010. At June 30, 2010, 3,600 and 4,320 shares of the Series B and C Shares were outstanding with an annualized dividend rate of 1.578% and 1.579% per share and accrued dividends amounted to \$3,945 and \$28,404, respectively.

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

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, 2010 the Fund did not repurchase any shares of 6.00% Series D Cumulative Preferred Shares. At June 30, 2010, 2,542,296 shares of 6.000% Series D Cumulative Preferred Shares were outstanding and accrued dividends amounted to \$31,779.

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 1.708% to 1.831% during the year ended December 31, 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. There were no redemptions of Series E Shares during the six months ended June 30, 2010. At June 30, 2010, 4,860 Series E Shares were outstanding with an annualized dividend rate of 1.829% and accrued dividends amounted to \$43,210.

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.

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 affiliated issuer during the six months ended June 30, 2010 is set forth below:

	<u>Beginning Shares</u>	<u>Shares Sold</u>	<u>Ending Shares</u>	<u>Net Change in Unrealized Depreciation</u>	<u>Realized Loss</u>	<u>Value at June 30, 2010</u>	<u>Percent Owned of Shares Outstanding</u>
Trans-Lux Corp.	200,000	(50,000)	150,000	\$(13,531)	\$(331,148)	\$91,500	6.14%

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

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. Management has reviewed the Fund's existing contracts and expects the risk of loss to be remote.

8. Other Matters. On April 24, 2008, the Investment Adviser entered into a settlement with the SEC to resolve an 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 an administrative order that was entered in connection with the settlement, the SEC found that the Investment Adviser had willfully violated Section 206(2) of the Investment Advisers Act of 1940, Section 17(d) of the 1940 Act and Rule 17d-1 thereunder, and had willfully aided and abetted and caused violations of Section 12(d)(1)(B)(i) of the 1940 Act. Under the terms of the settlement, the Investment Adviser, while neither admitting nor denying the SEC's findings and allegations, paid \$16 million (which included a \$5 million civil monetary penalty), approximately \$12.8 million of which is in the process of being paid to shareholders of the Global Growth Fund in accordance with a plan developed by an independent distribution consultant and approved by the independent directors of the Global Growth Fund and acceptable to the staff of the SEC, and agreed to cease and desist from future violations of the above referenced federal securities laws. The SEC's order also noted the cooperation that the Investment Adviser gave the staff of the SEC. The settlement will not have a material adverse impact on the Investment Adviser or its ability to fulfill its obligations under the Investment Advisory Agreement. On the same day, the SEC filed a civil action against the Executive Vice President and Chief Operating Officer of the Investment Adviser, alleging violations of certain federal securities laws arising from the same matter. The officer is also an officer of the Fund, the Global Growth Fund, and other funds in the Gabelli/GAMCO fund complex. The officer denied the allegations and is continuing in his positions with the Investment Adviser and the funds. The court dismissed certain claims, finding that the SEC was not entitled to pursue various remedies against the officer while leaving one remedy in the event the SEC were able to prove violations of law. The court, in response to a motion by the SEC, subsequently dismissed the remaining remedy without prejudice against the officer, which would allow the SEC to appeal the court's rulings. The Investment Adviser currently expects that any resolution of the action against the officer will not have a material adverse impact on the Investment Adviser or its ability to fulfill its obligations under the Investment Advisory Agreement.

9. Subsequent Events. Management has evaluated the impact on the Fund of all subsequent events occurring through 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 30, 2010, 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.

THE GABELLI DIVIDEND & INCOME TRUST AND YOUR PERSONAL PRIVACY

Who are we?

The Gabelli Dividend & Income Trust (the “Fund”) is a closed-end management investment company registered with the Securities and Exchange Commission under the Investment Company Act of 1940. We are managed by Gabelli Funds, LLC, which is affiliated with GAMCO Investors, Inc. GAMCO Investors, Inc. is a publicly held company that has subsidiaries that provide investment advisory or brokerage services for a variety of clients.

What kind of non-public information do we collect about you if you become a shareholder?

When you purchase shares of the Fund on the New York Stock Exchange, you have the option of registering directly with our transfer agent in order, for example, to participate in our dividend reinvestment plan.

- *Information you give us on your application form.* This could include your name, address, telephone number, social security number, bank account number, and other information.
- *Information about your transactions with us.* This would include information about the shares that you buy or sell; it may also include information about whether you sell or exercise rights that we have issued from time to time. If we hire someone else to provide services—like a transfer agent—we will also have information about the transactions that you conduct through them.

What information do we disclose and to whom do we disclose it?

We do not disclose any non-public personal information about our customers or former customers to anyone other than our affiliates, our service providers who need to know such information, and as otherwise permitted by law. If you want to find out what the law permits, you can read the privacy rules adopted by the Securities and Exchange Commission. They are in volume 17 of the Code of Federal Regulations, Part 248. The Commission often posts information about its regulations on its website, www.sec.gov.

What do we do to protect your personal information?

We restrict access to non-public personal information about you to the people who need to know that information in order to provide services to you or the Fund and to ensure that we are complying with the laws governing the securities business. We maintain physical, electronic, and procedural safeguards to keep your personal information confidential.

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 & Acting Treasurer

Carter W. Austin
Vice President

Peter D. Goldstein
Chief Compliance Officer & Acting 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

	<u>Common</u>	<u>Preferred</u>	<u>Preferred</u>
NYSE-Symbol:	GDV	GDV PrA	GDV PrD
Shares Outstanding:	83,170,137	3,048,019	2,542,296

*Agnes Mullady, Treasurer and Secretary, is on a leave of absence.

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
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