THE GABELLI
DIVIDEND &
INCOME TRUST

Shareholder Commentary
December 31, 2005

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

Investment Objective:

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

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To Our Shareholders,

THE GABELLI DIVIDEND & INCOME TRUST

2005 was a very good year for dividend increases and marked the fourth consecutive year of improvement. According to Standard & Poor's, 28% of the 7,000 publicly owned companies boosted their payouts, up from 25% in 2004, and the most since 1998. Companies have been getting back to basics in managing their businesses and capital, and these dividend increases show that they are once again paying attention to the fact that earnings belong to the shareholders. With the low tax rate on dividends of 15% for individuals, companies are acknowledging that dividends are a good way to put earnings in the hands of the owners, the shareholders.

In the fourth quarter, six of the thirty companies in the Dow Jones Industrial Average boosted their payouts: AT&T, Boeing, Disney, General Electric, Microsoft and Pfizer. The champion of this group was certainly Pfizer, which boosted its payout by 26%. Like other companies that have boosted their dividends sharply, Pfizer described the dividend increase as proof that the company is strong enough to pay out a high dividend while continuing to invest for long-term growth.

Stock buybacks announced in 2005 set a record, according to TrimTabs Investment Research. Public companies announced $456 billion of buybacks in 2005, smashing the previous record of $312 billion in buybacks set in 2004.

The equity markets rose slightly in the fourth quarter, despite anticipation of strong year-end gains. In December, there was a particular focus on whether or not the Dow Jones Industrial Average would close above 11,000, which it had not done since 2001. As a large, round number, this threshold is believed to carry some significance for investors, signaling that the turmoil of the 2001–2002 bear market is truly behind us. This was finally achieved in early January.

Consumer confidence rebounded quickly in the fourth quarter, and the economy and markets appeared to recover from the damage of the hurricanes, which occurred late in the third quarter. Energy prices fell back to summer levels and the economy continued on its moderate growth path. Consensus during the third quarter was that the fourth quarter would bring a slowdown in growth due to higher energy prices and a dramatic drop-off in consumer confidence. This slowdown, while reflected in a weaker fourth quarter gross domestic product, appeared to be limited to the fourth quarter.

Comparative Results

Average Annual Returns through December 31, 2005 (a)

	Quarter	1 Year	Since Inception (11/28/03)
Gabelli Dividend & Income Trust NAV Return (b)	**(1.15)%**	**8.71%**	**10.10%**
Gabelli Dividend & Income Trust Investment Return (c)	**(2.93)**	**4.85**	**0.24**
S&P 500 Index	2.08	4.91	10.19
Dow Jones Industrial Average	2.01	1.83	6.90
Nasdaq Composite Index	2.49	1.37	5.82

(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 figures for periods less than one year are not annualized. Investors should consider the investment objectives, risks, charges, and expenses of the Trust carefully 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.*

(b) *Total returns and average annual returns reflect changes in NAV, 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 manager's 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 manager's 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.

Fourth quarter earnings are on track to be up about 12% over the prior year, and mark the fourteenth consecutive quarter of year-over-year improvement, as well as the tenth quarter of double-digit profit gains for the S&P 500. Although we did start from a low base after the slowdown and earnings decline of 2002, this is a good record indicating the steady improvement in corporate cash flow and earnings that has been taking place through the growth economy of the past few years. Quarter after quarter, the slowdown that has been expected has not materialized, and we continue to expect further gains ahead with continued growth in the economy.

Performance

We are pleased to report that the Gabelli Dividend & Income Trust's net asset value (NAV) rose 8.71% in 2005, compared to gains of 4.91% and 1.83% for the S&P 500 Index and for the Dow Jones Industrial Average, respectively. The Trust's market price had a total return of 4.85% during the year. On December 31, 2005, the Trust's NAV was $20.62, while its market price closed at $17.62 on the New York Stock Exchange.

Of the ten industry sectors in the S&P 500, energy and utilities, our two largest sectors in the Trust, were the weakest in the quarter, declining 7% and 5%, respectively. However, these two sectors were still by far the strongest for the full year, posting gains of 31% and 17%, respectively.

Not surprisingly, the strongest performing stocks in our Trust in 2005 were primarily our energy holdings, including ConocoPhillips, Halliburton, Marathon Oil, Murphy Oil, Diamond Offshore Drilling and Statoil, all of which rose more than 20%. ConocoPhillips agreed to acquire the natural gas company Burlington Resources, and consolidation of the exploration and production companies is expected to continue in 2006. Other companies whose stocks rose more than 20% for the full year were the utilities Consolidated Edison and First Energy, as well as our holdings in Freeport McMoRan, the copper and gold producer, and Rogers Communications, the Canadian telephone and cable company.

As of the end of the year we had invested 83% of the Trust's assets, up from 79% at the end of the third quarter, with the balance in cash equivalents.

Market Commentary

The Federal Reserve continued raising the Federal Funds rate, impacting shorter-term bonds and lifting the yield on the two-year U.S. Treasury note to about 4.34% at year-end. However, with modest general inflation and a lack of broad pricing power, the longer-term bonds, such as the 10-year U.S. Treasury, did not react. By the end of the year, specifically on the last day of market trading in December, we had a small yield inversion, with shorter-term rates ever so slightly above long-term rates. The inversion was so slight that it could have been deemed flat, but because previous yield curve inversions (when the short-term rates are higher than long-term rates) have a good record of predicting recessions, it became a big focus of investor attention.

Chairman Alan Greenspan has even addressed this publicly, and said that he does not believe that this is much of a predictor of recessions anymore. He has said that he believes, in large part, a global abundance of cash is responsible for low rates. When we look at rates globally, the United States is right in line with low rates around the world, and is even higher than most other developed countries. The practical reason for the inverted yield curve foretelling a recession has always been that banks, or any other lenders, have no reason to lend or invest money because they will not get paid more than what they are borrowing for today, and so business expansion slows and reverses. However, today, banks play a much smaller role as lenders in financing growth and acquisitions than they did a decade ago. So who is playing a big role now?

Notable in 2005 was the tremendous increase in the role of private equity firms in pushing mergers and acquisitions, so reminiscent of the leveraged buyout "LBO" era of the 1980's. Private equity firms use cash from institutional investors, endowments, pension funds and wealthy individuals to purchase companies. With an abundance of cash, low yields, and cheap debt, these firms have become an increasing force in mergers and acquisitions.

The biggest private equity transaction of all time continues to be the deal in 1988 when Kohlberg Kravis Roberts purchased the RJR Nabisco Company for $25 billion, with high-yield bonds, loaded up the company with debt, and then sold off parts. The story was so good and grand all by itself that a book about the deal, "Barbarians at the Gate", became a runaway best seller and then a movie in 1989. Time Magazine put the deal on its cover entitled "A Game of Greed" along with a picture of Ross Johnson, chief executive officer of RJR Nabisco at the time of the deal.

Let's Talk Stocks

The following are stock specifics on selected holdings of our Trust. 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 December 31, 2005.

The issues that gripped the large insurer *American International Group (AIG - $68.23 - NYSE)* during the first half of 2005 are largely resolved. Management has been successful in retaining the confidence of its customers and the regulators. Investor confidence has been following suit. We continue to see catalysts for the stock in the completion of AIG's reserve study, a settlement with the New York Attorney General, and an end to the financial restatements. AIG also has solid foreign operations, which should be a key growth driver.

We have about 14% of the Trust in energy stocks, whose performance has tracked the rise in oil and gas prices this year. Supply and demand are in close balance, and we are in for a sustained period of higher energy prices for some period. The outlook is very good for continued spending on oil and gas drilling and service and equipment companies, as companies continue to invest to find oil and extract the most out of their reserves. In addition to the large integrated oil companies such as *ConocoPhillips (COP - $58.18 - NYSE), Chevron Texaco (CVX - $56.77 - NYSE), Exxon Mobil (XOM - $56.17 - NYSE),* and *Statoil (STO - $22.96 - NYSE)*, the Norwegian exploration and production company, we have maintained positions in *Halliburton (HAL - $61.96 - NYSE)*, a leading energy engineering and construction service company, and in *Diamond Offshore Drilling (RIG - $69.69 - NYSE)*, a leading contract driller.

Pfizer (PFE - $23.32 - NYSE) announced a 26% increase in its dividend in the fourth quarter, which says a lot about the company's free cash flow and attention to improving shareholder value. With low expectations built into the company's valuation, we think the multiple on this company will expand as investors regain confidence in the company's announced plans to return to earnings growth with both cost cuts and an unfolding new product cycle. Pfizer is expected to provide a full 2006 outlook at its February meeting.

Rogers Communications (RG - $42.26 - NYSE) is Canada's leading diversified communications company and continues to deliver good earnings and cash flow from its terrific set of assets. Demand for its wireless services has been driving strong growth and profitability, and along with its other services, including cable television and broadband internet access, the company has been building its national presence and improving its cash flow.

Zions Bancorp (ZION - $75.56 - Nasdaq) is a terrific group of premier community banks that are in high growth retail markets in the West including California, Utah, Nevada, Arizona, Colorado and Washington. Zions is also a dominant bank in the niche businesses it serves, such as small business lending and commercial real estate. The company completed its acquisition of Amegy Bank, which provides banking services primarily in Dallas and Houston, in the fourth quarter. The outlook for the company's earnings is strong and the company has stronger opportunities than its regional bank peers. We think that as the company executes on savings and growth from this latest acquisition this will be a catalyst for a higher multiple on the company's stock as investors come to appreciate its growth profile.

Looking Ahead

Even bond investors are looking at the high dividend yields offered on some stocks and prevalent in some sectors. With the 10-year Treasury yield of about 4.3% at year end well off its average more than 7% yield since 1962, and the tax rate on dividends at 15% for individuals versus the federal tax rate applicable to treasuries as high as 35%, the bar to achieve a relatively good after-tax yield is lower than usual. Of course, dividends will be relatively less attractive if Congress does not vote to extend the 15% individual tax rate beyond 2008 when it is currently scheduled to expire.

The rise in payouts over the past two years marks a significant transformation in the way companies allocate their cash – sharing it with the shareholders instead of re-investing in their business. If this trend persists, as we think it will, it would mean a return to more historic norms in which dividends make up a large part of an investor's return.

The economy has been growing strongly and broadly, with both economic growth and corporate profit growth ahead of forecasts. By almost any measure the year was a good one for the U.S. economy, with the economy expanding by about 3.5% as measured by the gross domestic product. This was the fourth year of solid growth, achieved despite much higher than expected energy prices. Inflation remains mild, with consumer prices rising 2.2% in 2005 excluding the volatile food and energy sectors (3.4% including them).

The single-digit returns on the stock market averages in 2005 were in contrast to terrific value supporting fundamentals including double-digit earnings growth. Events that hurt confidence and helped keep stock values in check were the big jump in crude oil prices (up 40%), natural gas prices (up 80%), and gasoline at the pump briefly touching $3 a gallon. We also had two hurricanes that disrupted oil and gas production and drew attention to the vulnerability of our energy supply to shocks and to the mismanagement of our relief efforts. Of course, the biggest issue for consumer and corporate confidence is the continuing war in Iraq, with casualties and slow progress towards their self-sufficiency and government.

Which brings us to what to expect from the markets in 2006.

U.S. company hiring intentions for the first quarter of 2006 are relatively strong, according to the quarterly survey compiled by Manpower Associates. This continues an improving pattern that started two years ago and is the eighth consecutive strong quarter, which the survey defines as at least 20% more employers expecting to add to payrolls than those expecting to reduce them. Along with numbers from gross domestic product reports that show private investment spending up strongly, it looks right now that business investment could be a major growth driver, which bodes well for a moderate growth forecast even as the housing market continues to slow down and consumer spending abates.

The Federal Reserve has raised the Federal Funds rate 13 times to 4.25% since they started in June of 2000, with the main objective of slowing down the housing market. Low interest rates had spurred consumer spending by keeping mortgage payments low and allowing consumers to take cash out of the value of their homes, both of which allowed consumers to spend more on other items. With the housing market showing signs of slowing, we expect consumer spending in 2006 to be less robust than in the past couple of years. However, corporate spending has picked up and overall we do not see a big risk to the economy from the higher interest rates. As long as rates stay in a range or rise slightly we expect that housing activity will slow but housing prices will remain more or less firm. However, if the yield on the 10-year U.S. Treasury note rises much above 5%, then the assumption would be that rates are going high enough to pull property prices down, affecting people's feeling about their personal wealth and confidence. With broad inflation mild so far, we don't expect this; however, it is a concern.

There is an additional risk to interest rates and confidence in 2006 from the transfer of Alan Greenspan's stewardship of the Federal Reserve to the new chairman, Benjamin Bernanke, who will take over in late January. We have all become accustomed to the way Alan Greenspan thinks, how he interprets the goals of the Federal Reserve, and the way that he and the Federal Reserve members communicate their intentions and decisions to us. With a new chairman, uncertainty rises and there is bound to be a higher premium priced into interest rates for a while as we get used to and hopefully comfortable with the new way of thinking and communicating. Consensus is that Mr. Bernanke has the credentials and experience necessary to become a credible inflation fighter and confidence-inspiring leader of our central bank. Nevertheless, there is no doubt that he will be tested. It will take time for his reputation to emerge, just as it did for Alan Greenspan.

Corporate profits rose about 12% in 2005. Companies have good cash flow and are using it to repurchase shares and increase dividends. Since the market posted single-digit returns, more value has been built into stocks. And the most value has been built into the larger companies. Although the largest 100 companies making up the top capitalization quintile of the S&P 500 had the fastest earnings growth in 2005, these companies have the lowest price/earnings ratios compared to the rest of the market. With a continuing focus on restructuring and holding expenses down, along with repurchasing stock, these very large capitalization companies can maintain solid growth in earnings per share. We might even see multiple expansion for these large cap companies, which traditionally have traded at a higher premium than they now have relative to the overall market because they are global, high quality and flexible. Overall, the market, as represented by the S&P 500, is trading at a multiple of about 16 times 2006 earnings, and there are a lot of companies that we own with multiples lower than that with good opportunities for growth in earnings and cash flow generation.

Sincerely,

Mario J. Gabelli

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

Barbara G. Marcin

Barbara G. Marcin, CFA
Portfolio Manager

February 28, 2006

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 $884,501 in calendar year 2004. For the Trust's first two months of operation starting in November 2003, Mr. Gabelli received less than $305,000. His 2005 compensation for serving as portfolio manager of the Trust will be available after the release of the 2006 annual proxy statement for GBL. As beneficial owner, he had $49,066,502 invested in the Gabelli Dividend & Income Trust as of 12/31/05, which includes the holdings of GAMCO Investors, Inc. and Gabelli Funds, LLC.

Common Share Repurchase Plan

On May 12, 2004, the Board of Trustees voted to authorize the repurchase of its 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 Trust repurchased 384,100 common shares in the fourth quarter of 2005 and a total of 504,100 common shares for the full year 2005. In total, through December 31, 2005, the Trust has repurchased 749,800 shares in the open market under this share repurchase plan.

Monthly Distribution Policy for Common Shareholders

The Board of Trustees has reaffirmed the continuation of the Trust's monthly distribution policy. Pursuant to its distribution policy, the Trust paid $0.10 per share cash distributions on October 25, 2005, November 23, 2005 and December 23, 2005 to common shareholders of record on October 17, 2005, November 15, 2005, and December 15, 2005, respectively, for a total distribution of $0.30 per share during the fourth quarter of 2005 and $1.20 for the full year 2005. Under the Trust's distribution policy, the Trust pays a minimum annual distribution of 6% of the initial public offering price of $20.00 per share. Pursuant to this policy, the Trust pays $0.10 per share in the first eleven months of the year and an adjusting distribution in December which includes, if necessary, 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 of Trustees reviews the amount of any potential distribution and the income, capital gain or paid-in capital available. The Trust'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 Trust. 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 Trust does not generate earnings from dividends and interest received and net realized capital gains equal to or in excess of the aggregate distributions paid by the Trust in a given year, then the amount distributed in excess of the Trust'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 non-taxable return of capital, if any, will be allocated on a pro-rata basis to all distributions to common shareholders for the year. The final determination of the source of all distributions in 2005 will be made after year-end. All shareholders with taxable accounts will receive written notification regarding the components and tax treatment for all 2005 distributions in early 2006 via Form 1099-DIV.

5.875% Series A Cumulative Preferred Shares

The Trust's 5.875% Series A Cumulative Preferred Shares paid a $0.3671875 per share cash distribution on December 27, 2005. The Series A Preferred Shares, which trade on the New York Stock Exchange under the symbol "GDV Pr A", are rated "Aaa" by Moody's Investors Service and have an annual dividend rate of $1.46875 per share. The Series A Preferred Shares were issued on October 12, 2004 at $25.00 per share and pay distributions quarterly. The next distribution is scheduled for March 2006.

Series B Auction Market Cumulative Preferred Shares

The dividend rates for the Series B Auction Market Cumulative Preferred Shares ranged from 3.65% to 4.48% during the fourth quarter of 2005. 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. 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 Trust issued 4,000 Series B Preferred Shares on October 12, 2004 at $25,000 per share.

Series C Auction Market Cumulative Preferred Shares

The dividend rates for the Series C Auction Market Cumulative Preferred Shares ranged from 3.70% to 4.40% during the fourth quarter of 2005. 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. 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 Trust issued 4,800 Series C Preferred Shares on October 12, 2004 at $25,000 per share.

6.00% Series D Cumulative Preferred Shares / Series E Auction Rate Preferred Shares

On November 3, 2005, the Trust completed an offering of two series of Preferred Shares valued at a total of $200 million. The issuance consisted of $65 million of 6.00% Series D Cumulative Preferred Shares and $135 million of Series E Auction Rate Preferred Shares. The proceeds raised will be used for investment purposes.

The Trust’s 6.00% Series D Preferred Shares paid an initial $0.225 per share cash distribution on December 27, 2005. The 6.00% Series D Cumulative Preferred Shares are rated “Aaa” by Moody’s Investors Service, Inc. The 6.00% Series D Cumulative Preferred Shares are perpetual, non-callable for five years and were issued at $25.00 per share. Distributions will be paid quarterly beginning December 27, 2005. The 6.00% Series D Cumulative Preferred Shares began trading on the New York Stock Exchange under the symbol “GDV Pr D” on November 7, 2005. The next distribution is scheduled for March 2006.

The Series E Auction Rate Preferred Shares are rated “Aaa” by Moody’s Investors Service, Inc and “AAA” by Standard & Poor’s Ratings Services. The Series E Auction Rate Preferred Shares are perpetual and generally are callable at any time without premium. The initial dividend rate for the Series E Auction Rate Preferred Shares was 3.70% for the period ending November 9, 2005. The dividend rates for the Series E Auction Rate Preferred Shares ranged from 3.73% to 4.68% during the fourth quarter.

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

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 advisory 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 interests of all shareholders.

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.

Top Ten Holdings
December 31, 2005

Chiron Corp.	MBNA Corp.
Dreyer’s Grand Ice Cream Holdings Inc.	Groupe Danone
TDC A/S	Statoil ASA
Siebel Systems Inc.	Ameren Corp.
Citigroup Inc.	JPMorgan Chase & Co.

AUTOMATIC DIVIDEND REINVESTMENT AND VOLUNTARY CASH PURCHASE PLANS

Enrollment in the Plan

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

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

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

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

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

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

Voluntary Cash Purchase Plan

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

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

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

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

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

The Annual Meeting of The Gabelli Dividend & Income Trust's shareholders will be held at 12:00 P.M. on Monday, May 15, 2006 at the Greenwich Library in Greenwich, Connecticut.

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
Attorney-at-Law, Anthony J. Colavita, P.C.

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

Mario d'Urso
Chairman, Mittel Capital Markets SpA

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, Hallmark Electrical Supplies Corp.

Officers

Bruce N. Alpert
President

Carter W. Austin
Vice President

Peter D. Goldstein
Chief Compliance Officer

James E. McKee
Secretary

Richard C. Sell, Jr.
Treasurer

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

	Common	5.875% Preferred	6.00% Preferred
NYSE–Symbol:	GDV	GDV PrA	GDV PrD
Shares Outstanding:	84,313,405	3,200,000	2,600,000

The Net Asset Value appears in the Publicly Traded Funds column, under the heading "General Equity Funds," in Sunday's The New York Times and 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 may be obtained each day by calling (914) 921-5070.

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 Trust may, from time to time, purchase its common shares in the open market when the Trust shares are trading at a discount of 7.5% or more from the net asset value of the shares. The Trust may also, from time to time, purchase its Series A and Series D Cumulative Preferred Shares in the open market when the shares are trading at a discount to the Liquidation Value of $25.00.

THE GABELLI DIVIDEND & INCOME TRUST

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GDV 12/05

THE GABELLI
DIVIDEND &
INCOME TRUST

The Gabelli Dividend & Income Trust

Annual Report
December 31, 2005

To Our Shareholders,

The Sarbanes-Oxley Act requires a fund's principal executive and financial officers to certify the entire contents of the semi-annual and annual shareholder reports in a filing with the Securities and Exchange Commission on Form N-CSR. This certification would cover the portfolio manager's commentary and subjective opinions if they are attached to or a part of the financial statements. Many of these comments and opinions would be difficult or impossible to certify.

Because we do not want our portfolio managers to eliminate their opinions and/or restrict their commentary to historical facts, we have separated their commentary from the financial statements and investment portfolio and have sent it to you separately. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at www.gabelli.com/funds.

Enclosed are the audited financial statements and the investment portfolio as of December 31, 2005.

Comparative Results

Average Annual Returns through December 31, 2005 (a)

	Quarter	1 Year	Since Inception (11/28/03)
Gabelli Dividend & Income Trust NAV Return (b)	**(1.15)%**	**8.71%**	**10.13%**
Gabelli Dividend & Income Trust Investment Return (c)	**(2.93)**	**4.85**	**0.24**
S&P 500 Index	2.08	4.91	10.19
Dow Jones Industrial Average	2.01	1.83	6.90
Nasdaq Composite Index	2.49	1.37	5.82

(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 figures for periods less than one year are not annualized. Investors should consider the investment objectives, risks, charges, and expenses of the Fund carefully 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.*
(b) *Total returns and average annual returns reflect changes in NAV, reinvestment of distributions at NAV on the ex-dividend date and are net of expenses. Since inception return 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 based on an initial offering price of $20.00.*

Sincerely yours,

Bruce N. Alpert

Bruce N. Alpert
President

February 13, 2006

THE GABELLI DIVIDEND & INCOME TRUST
Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of total investments as of December 31, 2005:

Repurchase Agreements	14.4%	Specialty Chemicals	1.0%
Financial Services	13.7%	Wireless Communications	0.8%
Energy and Utilities: Oil	11.9%	Equipment and Supplies	0.7%
Energy and Utilities: Integrated	11.3%	Transportation	0.6%
Telecommunications	7.0%	Broadcasting	0.6%
Energy and Utilities: Electric	5.4%	Energy and Utilities	0.6%
Health Care	5.0%	Metals and Mining	0.6%
Food and Beverage	4.7%	Agriculture	0.5%
Energy and Utilities: Natural Gas	3.1%	Energy and Utilities: Water	0.5%
Diversified Industrial	3.0%	Machinery	0.5%
U.S. Government Obligations	2.9%	Publishing	0.3%
Computer Software and Services	1.5%	Aerospace	0.3%
Retail	1.4%	Business Services	0.2%
Entertainment	1.4%	Aviation: Parts and Services	0.2%
Consumer Products	1.3%	Environmental Services	0.1%
Hotels and Gaming	1.3%	Real Estate	0.0%
Cable and Satellite	1.1%	Automotive: Parts and Accessories	0.0%
Automotive: Parts and Accessories	1.1%	Real Estate Investment Trusts	0.0%
Communications Equipment	1.0%	Building and Construction	0.0%
			100.0%

The Gabelli Dividend & Income Trust (the "Fund") files a complete schedule of portfolio holdings with 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 September 30, 2005. 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 Commission'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 12 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 are available without charge, upon request, (i) by calling 800-GABELLI (800-422-3554); (ii) by writing to The Gabelli Funds at One Corporate Center, Rye, NY 10580-1422; and (iii) by visiting the Securities and Exchange Commission's website at www.sec.gov.

THE GABELLI DIVIDEND & INCOME TRUST
SCHEDULE OF INVESTMENTS
December 31, 2005

Shares		Cost	Market Value
	COMMON STOCKS — 78.3%		
	Aerospace — 0.2%		
10,000	Goodrich Corp.	$ 281,823	$ 411,000
50,000	Kaman Corp.	770,713	984,500
300,000	Rolls-Royce Group plc†	2,085,104	2,206,527
3,340,000	Rolls-Royce Group plc, Cl. B	3,390	5,890
		3,141,030	3,607,917
	Agriculture — 0.5%		
480,000	Archer-Daniels-Midland Co.	7,891,851	11,836,800
	Automotive: Parts and Accessories — 1.1%		
543,100	Dana Corp.	9,208,337	3,899,458
455,000	Genuine Parts Co.	15,537,978	19,983,600
		24,746,315	23,883,058
	Broadcasting — 0.1%		
27,000	Liberty Corp.	1,252,414	1,263,870
	Cable and Satellite — 1.1%		
14,200	Cogeco Inc.	276,997	293,174
105,000	DIRECTV Group Inc.†	1,814,833	1,482,600
300,000	EchoStar Communications Corp., Cl. A†	9,097,026	8,151,000
90,000	Liberty Global Inc., Cl. A†	1,835,298	2,025,000
90,000	Liberty Global Inc., Cl. C†	1,763,325	1,908,000
147,800	PanAmSat Holding Corp.	3,581,891	3,621,100
200,000	Rogers Communications Inc., Cl. B	4,628,280	8,452,000
		22,997,650	25,932,874
	Communications Equipment — 0.6%		
300,000	Scientific-Atlanta Inc.	12,661,542	12,921,000
20,000	Thomas & Betts Corp.†	629,282	839,200
		13,290,824	13,760,200
	Computer Software and Services — 1.5%		
115,100	Anteon International Corp.†	6,233,265	6,255,685
300,000	Micromuse Inc.†	2,962,480	2,967,000
2,406,700	Siebel Systems Inc.	24,937,598	25,462,886
		34,133,343	34,685,571
	Consumer Products — 1.3%		
10,000	Altria Group Inc.	491,463	747,200
110,000	Avon Products Inc.	3,292,448	3,140,500
33,000	Eastman Kodak Co.	837,383	772,200
135,000	Gallaher Group plc, ADR	6,687,853	8,121,600
1,000	Kimberly-Clark Corp.	53,184	59,650
120,000	Maytag Corp.	1,998,367	2,258,400
90,000	Procter & Gamble Co.	4,748,057	5,209,200
700,000	Swedish Match AB	7,085,845	8,238,404
		25,194,600	28,547,154
	Diversified Industrial — 2.6%		
250,000	Bouygues SA	8,642,798	12,223,709
150,000	Cooper Industries Ltd., Cl. A	9,567,202	10,950,000
400,000	General Electric Co.	12,858,817	14,020,000
210,000	Honeywell International Inc.	6,925,030	7,822,500
30,000	ITT Industries Inc.	2,489,631	3,084,600
100,000	Sonoco Products Co.	2,400,642	2,940,000
1,000	Textron Inc.	51,500	76,980
1,051,000	Tomkins plc	5,080,148	5,420,181
19,000	Tomkins plc, ADR	372,688	391,590
108,000	WHX Corp.†	1,061,571	1,096,200
		49,450,027	58,025,760

Shares		Cost	Market Value
	Energy and Utilities: Electric — 5.4%		
30,000	Allegheny Energy Inc.†	$ 438,040	$ 949,500
120,000	ALLETE Inc.	3,983,448	5,280,000
315,000	American Electric Power Co. Inc.	9,742,599	11,683,350
20,000	Cleco Corp.	349,431	417,000
400,000	DPL Inc.	7,865,335	10,404,000
17,500	DTE Energy Co.	667,957	755,825
270,000	Duquesne Light Holdings Inc.	4,812,167	4,406,400
237,000	Electric Power Development Co. Ltd.	6,918,340	8,138,805
230,000	FPL Group Inc.	7,915,075	9,558,800
610,000	Great Plains Energy Inc.	18,714,180	17,055,600
600,000	Pepco Holdings Inc.	11,391,942	13,422,000
220,000	Pinnacle West Capital Corp.	8,566,123	9,097,000
490,000	Southern Co.	14,616,327	16,919,700
398,100	Unisource Energy Corp.	10,238,183	12,420,720
		106,219,147	120,508,700
	Energy and Utilities: Integrated — 11.3%		
12,000	Alliant Energy Corp.	305,115	336,480
410,000	Ameren Corp.	18,639,891	21,008,400
35,000	Avista Corp.	610,184	619,850
11,000	Black Hills Corp.	335,198	380,710
22,800	Central Vermont Public Service Corp.	446,712	410,628
33,000	CH Energy Group Inc.	1,524,587	1,514,700
108,000	Chubu Electric Power Co. Inc.	2,458,019	2,573,282
121,500	Chugoku Electric Power Co. Inc.	2,194,052	2,354,072
345,000	Cinergy Corp.	13,277,438	14,648,700
155,000	CONSOL Energy Inc.	3,596,342	10,102,900
200,000	Consolidated Edison Inc.	8,201,972	9,266,000
20,000	Dominion Resources Inc.	1,455,866	1,544,000
200,000	Duke Energy Corp.	4,391,221	5,490,000
430,000	Edison SpA†	1,002,090	868,990
200,000	El Paso Corp.	2,048,265	2,432,000
6,500	Empire District Electric Co.	144,112	132,145
605,000	Endesa SA	15,460,981	15,915,210
300,000	Enel SpA	2,324,318	2,356,542
47,000	Enel SpA, ADR	1,839,336	1,848,040
139,500	Energy East Corp.	3,166,127	3,180,600
220,000	FirstEnergy Corp.	7,886,725	10,777,800
135,000	Hawaiian Electric Industries Inc.	3,175,890	3,496,500
250,000	Hera SpA	552,073	668,160
121,500	Hokkaido Electric Power Co. Inc.	2,282,208	2,472,548
121,500	Hokuriku Electric Power Co.	2,131,359	2,400,433
121,500	Kansai Electric Power Co. Inc.	2,333,021	2,611,629
80,500	Korea Electric Power Corp., ADR	1,181,180	1,568,945
121,500	Kyushu Electric Power Co. Inc.	2,374,466	2,637,385
25,000	Maine & Maritimes Corp.	746,488	387,000
10,000	MGE Energy Inc.	354,894	339,100
35,102	National Grid plc, ADR	1,588,562	1,709,116
255,000	NiSource Inc.	5,329,541	5,319,300
600,000	NSTAR	14,242,809	17,220,000
500,000	OGE Energy Corp.	12,037,779	13,395,000
50,000	Ormat Technologies Inc.	750,000	1,307,000
330,000	Progress Energy Inc.	14,816,426	14,493,600

See accompanying notes to financial statements.

Shares		Cost	Market Value
	COMMON STOCKS (Continued)		
	Energy and Utilities: Integrated (Continued)		
310,000	Public Service Enterprise Group Inc.	$ 19,276,360	$ 20,140,700
220,000	Scottish Power plc, ADR	6,417,661	8,223,600
121,500	Shikoku Electric Power Co. Inc.	2,264,565	2,477,700
5,000	TECO Energy Inc.	85,338	85,900
121,500	Tohoku Electric Power Co. Inc.	2,112,763	2,472,548
108,000	Tokyo Electric Power Co. Inc.	2,545,172	2,623,649
2,000	TXU Corp.	28,289	100,380
69,800	Vectren Corp.	1,766,636	1,895,768
460,400	Westar Energy Inc.	9,104,988	9,898,600
90,000	Wisconsin Energy Corp.	2,844,518	3,515,400
150,000	WPS Resources Corp.	6,859,066	8,296,500
800,000	Xcel Energy Inc.	13,785,616	14,768,000
		222,296,219	252,285,510
	Energy and Utilities: Natural Gas — 3.1%		
8,500	AGL Resources Inc.	231,031	295,885
100,000	Atmos Energy Corp.	2,487,349	2,616,000
14,800	Delta Natural Gas Co. Inc.	374,076	372,960
6,000	Energen Corp.	124,550	217,920
380,000	KeySpan Corp.	13,740,598	13,562,200
20,000	Kinder Morgan Energy Partners LP	824,553	956,400
50,000	Laclede Group Inc.	1,380,807	1,460,500
300,000	National Fuel Gas Co.	7,226,378	9,357,000
215,000	Nicor Inc.	7,320,919	8,451,650
220,000	ONEOK Inc.	5,480,182	5,858,600
260,000	Peoples Energy Corp.	10,847,653	9,118,200
300,000	SEMCO Energy Inc.†	1,686,087	1,686,000
200,000	Sempra Energy	5,955,980	8,968,000
24,000	South Jersey Industries Inc.	497,736	699,360
42,000	Southern Union Co.†	963,184	992,460
180,000	Southwest Gas Corp.	4,320,420	4,752,000
		63,461,503	69,365,135
	Energy and Utilities: Oil — 11.9%		
10,000	Amerada Hess Corp.	830,468	1,268,200
7,000	Anadarko Petroleum Corp.	391,850	663,250
40,000	Apache Corp.	1,905,219	2,740,800
20,000	Baker Hughes Inc.	759,763	1,215,600
46,900	BG Group plc, ADR	1,893,244	2,329,523
160,000	BP plc, ADR	7,479,063	10,275,200
150,000	Burlington Resources Inc.	10,274,084	12,930,000
5,000	Chesapeake Energy Corp.	65,488	158,650
319,888	Chevron Corp.	18,621,240	18,160,042
1,000	Cimarex Energy Co.†	28,300	43,010
320,000	ConocoPhillips	14,875,206	18,617,600
40,000	Cooper Cameron Corp.†	1,103,787	1,656,000
65,000	Devon Energy Corp.	2,611,289	4,065,100
290,000	Diamond Offshore Drilling Inc.	16,562,002	20,172,400
75,000	Eni SpA, ADR	6,854,713	10,459,500
225,000	Exxon Mobil Corp.	10,427,149	12,638,250
200,000	Halliburton Co.	9,744,120	12,392,000
89,994	Kerr-McGee Corp.	4,654,992	8,176,855
298,366	Marathon Oil Corp.	14,236,160	18,191,375
200,000	Murphy Oil Corp.	10,026,477	10,798,000
2,000	Nabors Industries Ltd.†	97,350	151,500
5,000	Noble Corp.	254,820	352,700
190,000	Occidental Petroleum Corp.	13,311,017	15,177,200
25,000	PetroChina Co. Ltd., ADR	1,840,007	2,049,000

Shares		Cost	Market Value
280,000	Repsol YPF SA, ADR	$ 5,930,532	$ 8,234,800
200,000	Royal Dutch Shell plc, Cl. A, ADR	9,567,840	12,298,000
60,000	Schlumberger Ltd.	3,977,835	5,829,000
1,000	Seitel Inc.†	1,285	2,090
940,000	Statoil ASA, ADR	13,338,307	21,582,400
200,000	Sunoco Inc.	8,156,500	15,676,000
100,000	Total SA, ADR	8,988,541	12,640,000
80,000	Transocean Inc.†	4,506,519	5,575,200
5,000	Vintage Petroleum Inc.	241,450	266,650
		203,556,617	266,785,895
	Energy and Utilities: Water — 0.5%		
11,000	American States Water Co.	273,608	338,800
53,333	Aqua America Inc.	873,085	1,455,991
4,000	Artesian Resources Corp., Cl. A	113,635	118,400
3,000	California Water Service Group	94,710	114,690
6,000	Connecticut Water Service Inc.	152,821	147,060
6,000	Middlesex Water Co.	111,082	104,040
21,466	Pennichuck Corp.	417,620	438,765
45,000	SJW Corp.	1,507,781	2,047,500
16,800	Southwest Water Co.	192,169	240,408
160,000	Suez SA	5,222,977	4,978,039
168,000	Suez SA, Strips†	0	1,989
36,000	United Utilities plc, ADR	774,333	839,520
11,000	Veolia Environnement	304,150	497,993
6,000	York Water Co.	115,031	155,100
		10,153,002	11,478,295
	Entertainment — 1.2%		
2,000	Grupo Televisa SA, ADR	79,516	161,000
500,000	The Walt Disney Co.	11,529,759	11,985,000
400,000	Time Warner Inc.	6,817,035	6,976,000
250,000	Vivendi Universal SA, ADR	7,761,402	7,857,500
		26,187,712	26,979,500
	Environmental Services — 0.1%		
100,000	Waste Management Inc.	2,820,012	3,035,000
	Equipment and Supplies — 0.6%		
115,000	CIRCOR International Inc.	2,094,187	2,950,900
29,000	Lufkin Industries Inc.	457,313	1,446,230
45,000	Mueller Industries Inc.	1,991,136	1,233,900
285,000	RPC Inc.	1,897,386	7,506,900
22,000	Weatherford International Ltd.†	520,533	796,400
		6,960,555	13,934,330
	Financial Services — 13.0%		
350,100	Alliance Capital Management Holding LP	11,985,180	19,777,149
370,000	American Express Co.	16,473,279	19,040,200
265,000	American International Group Inc.	16,018,612	18,080,950
74,000	Ameriprise Financial Inc.	2,378,274	3,034,000
200,000	AmSouth Bancorporation	5,110,276	5,242,000
182,442	Banca Antonveneta SpA	5,650,843	5,678,431
340,000	Bank of America Corp.	14,404,068	15,691,000
361,400	Bank of New York Co. Inc.	11,720,504	11,510,590
5,000	BlackRock Inc., Cl. A	387,461	542,400
480,000	Citigroup Inc.	23,169,493	23,294,400
80,000	Commerce Bancorp Inc.	2,721,136	2,752,800
30,000	Deutsche Bank AG	2,456,595	2,906,100
70,000	Fannie Mae	3,368,870	3,416,700

See accompanying notes to financial statements.

THE GABELLI DIVIDEND & INCOME TRUST
SCHEDULE OF INVESTMENTS (Continued)
December 31, 2005

Shares		Cost	Market Value
	COMMON STOCKS (Continued)		
	Financial Services (Continued)		
40,000	Fidelity National Financial Inc.	$ 1,562,229	$ 1,471,600
7,000	Fidelity National Title Group Inc., Cl. A	168,700	170,450
145,000	Fifth Third Bancorp	6,516,066	5,469,400
100,000	First Horizon National Corp.	4,259,774	3,844,000
35,000	Flushing Financial Corp.	663,554	544,950
44,300	Gold Banc Corp. Inc.	789,510	807,146
27,000	Hartford Financial Services Group Inc.	1,748,090	2,319,030
520,000	JPMorgan Chase & Co.	18,950,295	20,638,800
840,000	MBNA Corp.	21,925,256	22,806,000
67,000	Merrill Lynch & Co. Inc.	4,352,426	4,537,910
135,000	Morgan Stanley	6,866,538	7,659,900
180,000	New York Community Bancorp Inc.	3,510,993	2,973,600
21,000	NewAlliance Bancshares Inc.	308,926	305,340
30,000	North Fork Bancorporation Inc.	729,176	820,800
210,000	PNC Financial Services Group Inc.	11,239,980	12,984,300
253,848	Popular Inc.	5,951,293	5,368,885
1,000	Progressive Corp.	89,520	116,780
330,010	Sovereign Bancorp Inc.	7,300,160	7,134,816
290,000	St. Paul Travelers Companies Inc.	10,913,064	12,954,300
15,750	Sterling Bancorp	341,301	310,748
50,000	T. Rowe Price Group Inc.	3,368,235	3,601,500
5,000	Unitrin Inc.	187,486	225,250
14,490	Valley National Bancorp	378,581	349,209
240,000	Wachovia Corp.	11,265,303	12,686,400
350,000	Waddell & Reed Financial Inc., Cl. A	7,779,892	7,339,500
32,000	Washington Mutual Inc.	1,266,593	1,392,000
3,500	Webster Financial Corp.	155,536	164,150
150,000	Wells Fargo & Co.	8,619,101	9,424,500
86,000	Wilmington Trust Corp.	3,071,992	3,346,260
127,300	Zions Bancorporation	8,617,330	9,618,788
		268,741,491	292,353,032
	Food and Beverage — 4.7%		
150,000	Anheuser-Busch Companies Inc.	6,955,724	6,444,000
30,000	Campbell Soup Co.	881,564	893,100
220,000	Coca-Cola Co.	9,736,509	8,868,200
210,000	ConAgra Foods Inc.	5,486,478	4,258,800
470,000	Dreyer's Grand Ice Cream Holdings Inc., Cl. A	36,629,575	38,953,600
190,000	General Mills Inc.	8,737,541	9,370,800
200,000	Groupe Danone	20,753,729	20,895,734
50,000	Groupe Danone, ADR	1,002,000	1,052,000
170,000	Heinz (H.J.) Co.	6,165,366	5,732,400
1,000	Kellogg Co.	35,550	43,220
40,000	Kraft Foods Inc., Cl. A	1,268,376	1,125,600
339,450	Parmalat SpA, GDR†	981,615	825,814
310,000	Sara Lee Corp.	6,840,969	5,859,000
1,000	Wrigley (Wm.) Jr. Co.	55,998	66,490
		105,530,994	104,388,758
	Health Care — 5.0%		
470,000	Beverly Enterprises Inc.†	5,942,721	5,484,900
145,000	Bristol-Myers Squibb Co.	3,552,525	3,332,100
1,000,000	Chiron Corp.†	44,250,862	44,460,000
195,000	Eli Lilly & Co.	11,422,148	11,035,050
130,000	Guidant Corp.	8,636,046	8,417,500
141,100	IDX Systems Corp.†	$ 6,122,849	$ 6,197,112
135,000	IMS Health Inc.	3,492,099	3,364,200
220,000	Merck & Co. Inc.	8,376,601	6,998,200
60,000	Owens & Minor Inc.	1,517,872	1,651,800
650,000	Pfizer Inc.	19,400,016	15,158,000
115,000	Renal Care Group Inc.†	5,313,134	5,440,650
10,000	Wyeth	398,480	460,700
		118,425,353	112,000,212
	Hotels and Gaming — 1.3%		
30,000	GTECH Holdings Corp.	986,033	952,200
2,000,000	Hilton Group plc	9,246,478	12,507,955
150,000	Hilton Hotels Corp.	2,554,449	3,616,500
1,005,500	La Quinta Corp.†	11,022,490	11,201,270
		23,809,450	28,277,925
	Machinery — 0.5%		
333,500	CNH Global NV	6,600,187	6,183,090
60,000	Deere & Co.	3,880,374	4,086,600
		10,480,561	10,269,690
	Metals and Mining — 0.5%		
10,000	Arch Coal Inc.	314,774	795,000
8,000	BHP Billiton Ltd., ADR	217,549	267,360
3,000	Fording Canadian Coal Trust	32,950	103,710
120,000	Freeport-McMoRan Copper & Gold Inc., Cl. B	4,389,476	6,456,000
24,000	Inco Ltd.	911,698	1,045,680
10,000	Massey Energy Co.	235,475	378,700
12,000	Peabody Energy Corp.	291,734	989,040
12,000	Phelps Dodge Corp.	967,521	1,726,440
1,000	Rio Tinto plc, ADR	127,360	182,790
3,000	Westmoreland Coal Co.†	52,605	68,700
		7,541,142	12,013,420
	Publishing — 0.3%		
135,000	Dow Jones & Co. Inc.	5,111,401	4,791,150
200,000	Reader's Digest Association Inc.	2,978,081	3,044,000
		8,089,482	7,835,150
	Real Estate — 0.0%		
8,000	Brookfield Asset Management Inc., Cl. A	186,196	402,640
	Retail — 1.4%		
720,000	Albertson's Inc.	16,741,286	15,372,000
160,000	Ingles Markets Inc., Cl. A	1,811,074	2,504,000
50,000	Reebok International Ltd.	2,862,402	2,911,500
475,000	Safeway Inc.	10,104,499	11,238,500
		31,519,261	32,026,000
	Specialty Chemicals — 1.0%		
65,000	Ashland Inc.	2,532,334	3,763,500
165,200	Dow Chemical Co.	6,665,970	7,239,064
110,000	E.I. du Pont de Nemours and Co.	4,769,592	4,675,000
200,000	Ferro Corp.	3,966,201	3,752,000
130,000	Olin Corp.	2,356,996	2,558,400
		20,291,093	21,987,964
	Telecommunications — 6.3%		
700,000	AT&T Inc.	17,162,018	17,143,000
650,000	BCE Inc.	14,200,755	15,567,500
205,000	BellSouth Corp.	5,462,246	5,555,500
74,000	BT Group plc, ADR	2,312,412	2,840,120
20,000	CenturyTel Inc.	589,377	663,200

See accompanying notes to financial statements.

Shares		Cost	Market Value
	COMMON STOCKS (Continued)		
	Telecommunications (Continued)		
50,000	Compania de Telecomunicaciones de Chile SA, ADR	$ 607,686	$ 440,000
100,000	Deutsche Telekom AG, ADR	1,796,995	1,663,000
55,000	France Telecom SA, ADR	1,338,443	1,366,200
210,000	Hellenic Telecommunications Organization SA, ADR†	1,644,219	2,200,800
700,000	MCI Inc.	17,541,123	13,811,000
205,000	Qwest Communications International Inc.†	700,980	1,158,250
840,000	Sprint Nextel Corp.	18,063,759	19,622,400
370,000	TDC A/S	20,709,078	22,163,599
370,000	TDC A/S, ADR	6,712,809	11,055,600
12,000	Telecom Corp. of New Zealand Ltd., ADR	322,396	392,160
42,000	Telecom Italia SpA, ADR	1,285,636	1,226,820
26,000	Telefonica SA, ADR	1,107,367	1,170,520
275,000	Telefonos de Mexico SA de CV, Cl. L, ADR	4,574,948	6,787,000
150,000	Telstra Corp. Ltd., ADR	2,756,717	2,149,500
80,000	TELUS Corp., Non-Voting	1,407,264	3,196,165
410,000	Verizon Communications Inc.	13,915,384	12,349,200
		134,211,612	142,521,534
	Transportation — 0.4%		
8,000	Frontline Ltd.	238,294	303,360
210,000	GATX Corp.	5,512,154	7,576,800
24,000	Golden Ocean Group Ltd.†	14,400	13,512
4,000	Ship Finance International Ltd.	91,524	67,600
42,000	Teekay Shipping Corp.	1,312,136	1,675,800
		7,168,508	9,637,072
	Wireless Communications — 0.8%		
17,000	Crown Castle International Corp.†	272,797	457,470
100,000	Nextel Partners Inc., Cl. A†	2,789,720	2,794,000
2,750,000	O2 plc	10,079,832	9,356,234
110,000	United States Cellular Corp.†	5,022,195	5,434,000
3,000	Vimpel-Communications, ADR†	91,155	132,690
		18,255,699	18,174,394
	TOTAL COMMON STOCKS	1,578,003,663	1,757,803,360
	CONVERTIBLE PREFERRED STOCKS — 2.6%		
	Aerospace — 0.0%		
8,315	Northrop Grumman Corp., 7.000% Cv. Pfd., Ser. B	997,555	1,057,419
	Automotive — 0.0%		
20,000	General Motors Corp., 4.500% Cv. Pfd., Ser. A	518,910	417,200
	Aviation: Parts and Services — 0.2%		
33,700	Sequa Corp., $5.00 Cv. Pfd.	3,187,375	3,504,800
	Broadcasting — 0.0%		
20,460	Emmis Communications Corp., 6.250% Cv. Pfd., Ser. A	960,081	912,107
	Building and Construction — 0.0%		
200	Fleetwood Capital Trust, 6.000% Cv. Pfd.†	6,210	10,375
	Business Services — 0.1%		
35,000	Allied Waste Industries Inc., 6.250% Cv. Pfd.	$ 1,864,442	$ 1,692,600
	Diversified Industrial — 0.4%		
179,400	Owens-Illinois Inc., 4.750% Cv. Pfd.	5,956,159	6,099,600
80,502	Smurfit-Stone Container Corp., 7.000% Cv. Pfd., Ser. A	2,008,346	1,823,370
1,000	U.S. Steel Corp., 7.000% Cv. Pfd., Ser. B	88,510	153,645
		8,053,015	8,076,615
	Energy and Utilities — 0.6%		
	Chesapeake Energy Corp.,		
5,000	5.000% Cv. Pfd. (a)	512,500	708,125
20,000	5.000% Cv. Pfd.	2,193,750	3,920,000
2,700	6.000% Cv. Pfd.	194,400	423,900
20,000	CMS Energy Corp., 4.500% Cv. Pfd., Ser. B	1,069,063	1,597,500
130,000	El Paso Corp. Capital Trust I, 4.750% Cv. Pfd., Ser. C	4,680,219	4,295,200
40,000	Hanover Compressor Capital Trust, 7.250% Cv. Pfd.	1,999,452	1,975,000
		10,649,384	12,919,725
	Entertainment — 0.1%		
145,000	Six Flags Inc., 7.250% Cv. Pfd., Ser. B	3,355,843	3,352,400
	Financial Services — 0.7%		
4,500	Doral Financial Corp., 4.750% Cv. Pfd.	940,920	715,500
215,000	National Australia Bank Ltd., 7.875% Cv. Pfd.	8,179,114	8,471,000
138,900	Newell Financial Trust I, 5.250% Cv. Pfd.	6,516,450	5,694,900
		15,636,484	14,881,400
	Health Care — 0.0%		
10,000	Omnicare Inc., 4.000% Cv. Pfd., Ser. B	605,400	742,700
	Metals and Mining — 0.1%		
9,750	Arch Coal Inc., 5.000% Cv. Pfd.	733,750	1,892,475
	Real Estate Investment Trusts — 0.0%		
2,100	Equity Office Properties Trust, 5.250% Cv. Pfd., Ser. B	104,120	105,735
	Telecommunications — 0.4%		
50,000	Cincinnati Bell Inc., 6.750% Cv. Pfd., Ser. B	2,118,418	1,902,500
121,000	Crown Castle International Corp., 6.250% Cv. Pfd.	5,568,000	6,443,250
		7,686,418	8,345,750
	Transportation — 0.0%		
1,500	GATX Corp., $2.50 Cv. Pfd.	199,475	274,500
982	Kansas City Southern, 4.250% Cv. Pfd.	551,884	830,715
		751,359	1,105,215
	TOTAL CONVERTIBLE PREFERRED STOCKS	55,110,346	59,016,516

See accompanying notes to financial statements.

Principal Amount		Cost	Market Value
	CONVERTIBLE CORPORATE BONDS — 1.8%		
	Aerospace — 0.1%		
$ 1,000,000	GenCorp Inc., Sub. Deb. Cv., 5.750%, 04/15/07	$ 993,738	$ 1,090,000
	Automotive: Parts and Accessories — 0.0%		
500,000	Standard Motor Products Inc., Sub. Deb. Cv., 6.750%, 07/15/09	480,811	427,500
	Broadcasting — 0.5%		
13,240,000	Sinclair Broadcast Group Inc., Sub. Deb. Cv., 6.000%, 09/15/12	10,854,439	11,601,550
	Business Services — 0.1%		
	Trans-Lux Corp., Sub. Deb. Cv.,		
2,000,000	7.500%, 12/01/06	2,000,000	1,995,000
950,000	8.250%, 03/01/12	947,271	921,500
		2,947,271	2,916,500
	Communications Equipment — 0.4%		
8,000,000	Agere Systems Inc., Sub. Deb. Cv., 6.500%, 12/15/09	8,095,536	7,910,000
2,000,000	TriQuint Semiconductor Inc., Sub. Deb. Cv., 4.000%, 03/01/07	1,965,134	1,962,500
		10,060,670	9,872,500
	Entertainment — 0.1%		
1,500,000	The Walt Disney Co., Cv., 2.125%, 04/15/23	1,523,203	1,507,500
	Equipment and Supplies — 0.1%		
1,000,000	Robbins & Myers Inc., Sub. Deb. Cv., 8.000%, 01/31/08	1,008,636	1,023,750
	Financial Services — 0.0%		
250,000	AON Corp., Deb. Cv., 3.500%, 11/15/12	275,313	424,062
	Metals and Mining — 0.0%		
400,000	Inco Ltd., Cv., Zero Coupon, 03/29/21	405,980	460,500
	Real Estate — 0.0%		
	Palm Harbor Homes Inc., Cv.,		
100,000	3.250%, 05/15/24	84,011	86,625
1,000,000	3.250%, 05/15/24 (a)	972,593	866,250
		1,056,604	952,875
	Telecommunications — 0.3%		
6,000,000	Nortel Networks Corp., Cv., 4.250%, 09/01/08	5,731,863	5,655,000
	Transportation — 0.2%		
3,000,000	GATX Corp., Cv., 7.500%, 02/01/07	3,226,423	3,521,250
	TOTAL CONVERTIBLE CORPORATE BONDS	38,564,951	39,452,987
Shares			
	WARRANTS — 0.0%		
	Food and Beverage — 0.0%		
650	Parmalat SpA, GDR, expire 12/31/15† (a)	0	0

Principal Amount		Cost	Market Value
	SHORT-TERM OBLIGATIONS — 17.3%		
	Repurchase Agreements — 14.4%		
$200,000,000	ABN Amro, 3.300%, dated 12/30/05, due 01/03/06, proceeds at maturity, $200,073,333 (b)	$ 200,000,000	$ 200,000,000
122,720,000	Barclays Capital Inc., 3.300%, dated 12/30/05, due 01/03/06, proceeds at maturity, $122,764,997 (c)	122,720,000	122,720,000
		322,720,000	322,720,000
	U.S. Government Obligations — 2.9%		
64,687,000	U.S. Treasury Bills, 3.720% to 3.965%††, 01/19/06 to 03/23/06 (d)	64,328,542	64,323,875
	TOTAL SHORT-TERM OBLIGATIONS	387,048,542	387,043,875
TOTAL INVESTMENTS — 100.0%		$2,058,727,502	2,243,316,738
Other Assets and Liabilities (Net)			(5,161,563)
PREFERRED STOCK (5,814,200 preferred shares outstanding)			(500,000,000)
NET ASSETS — COMMON SHARES (84,313,405 common shares outstanding)			$1,738,155,175
NET ASSET VALUE PER COMMON SHARE ($1,738,155,175 ÷ 84,313,405 shares outstanding)			$20.62

SECURITIES SOLD SHORT — (0.1)%

Number of Shares		Proceeds	Market Value
	COMMON STOCKS — (0.1)%		
	Metals and Mining — (0.1)%		
23,385	Arch Coal Inc.	$ 1,852,975	$ 1,859,108

(a) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2005, the Rule 144A securities are considered liquid and the market value amounted to $1,574,375 or 0.07% of total investments.
(b) Collateralized by U.S. Treasury Notes, 2.375%, due 08/15/06, market value $204,000,000.
(c) Collateralized by U.S. Treasury Bonds, 6.125%, due 08/15/29, market value $125,174,400.
(d) At December 31, 2005, $500,000 of the principal amount was pledged as collateral for securities sold short.
† Non-income producing security.
†† Represents annualized yield at date of purchase.
ADR American Depository Receipt
GDR Global Depository Receipt

	% of Market Value	Market Value
GEOGRAPHIC DIVERSIFICATION		
North America	85.2%	$1,911,168,529
Europe	12.0	269,428,520
Latin America	1.1	25,530,673
Japan	1.4	30,762,051
Asia/Pacific	0.3	6,426,965
Total Investments	100.0%	$2,243,316,738

See accompanying notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES
December 31, 2005

Assets:	
Investments, at value (cost $1,736,007,502)	$1,920,596,738
Repurchase agreements, at value (cost $322,720,000)	322,720,000
Segregated cash	89,141
Cash	1,088
Unrealized appreciation on swap contracts	2,935,711
Dividends and interest receivable	2,906,325
Receivable for investments sold	2,542,448
Other assets	74,019
Total Assets	2,251,865,470
Liabilities:	
Securities sold short (proceeds $1,852,975)	1,859,108
Payable for investments purchased	5,922,963
Payable for investment advisory fees	4,809,823
Payable for offering expenses	431,133
Dividends payable	251,205
Other accrued expenses	436,063
Total Liabilities	13,710,295
Preferred Stock:	
Series A Cumulative Preferred Stock (5.875%, $25 liquidation value, $0.001 par value, 3,200,000 shares authorized with 3,200,000 shares issued and outstanding)	80,000,000
Series B Cumulative Preferred Stock (Auction Market, $25,000 liquidation value, $0.001 par value, 4,000 shares authorized with 4,000 shares issued and outstanding)	100,000,000
Series C Cumulative Preferred Stock (Auction Market, $25,000 liquidation value, $0.001 par value, 4,800 shares authorized with 4,800 shares issued and outstanding)	120,000,000
Series D Cumulative Preferred Stock (6.00%, $25 liquidation value, $0.001 par value, 2,600,000 shares authorized with 2,600,000 shares issued and outstanding)	65,000,000
Series E Cumulative Preferred Stock (Auction Rate, $25,000 liquidation value, $0.001 par value, 5,400 shares authorized with 5,400 shares issued and outstanding)	135,000,000
Total Preferred Stock	500,000,000
Net Assets Attributable to Common Shareholders	$1,738,155,175
Net Assets Attributable to Common Shareholders Consist of:	
Shares of beneficial interest, at $0.001 par value	$ 84,313
Additional paid-in capital	1,550,561,641
Undistributed net investment income	132,784
Accumulated distributions in excess of net realized gain on investments, options, securities sold short, and foreign currency transactions	(140,896)
Net unrealized appreciation on investments and swap contracts	187,524,947
Net unrealized depreciation on securities sold short	(6,133)
Net unrealized depreciation on foreign currency translations	(1,481)
Net Assets	$1,738,155,175
Net Asset Value per Common Share ($1,738,155,175 ÷ 84,313,405 shares outstanding; unlimited number of shares authorized)	$20.62

STATEMENT OF OPERATIONS
For the Year Ended December 31, 2005

Investment Income:	
Dividends (net of foreign taxes of $1,167,089)	$ 56,018,518
Interest	14,497,102
Total Investment Income	70,515,620
Expenses:	
Investment advisory fees	20,599,143
Auction agent fees	610,826
Shareholder communications expenses	550,817
Payroll expenses	278,409
Custodian fees	179,919
Trustees' fees	179,466
Legal and audit fees	116,948
Shareholder services fees	33,406
Dividends on securities sold short	2,025
Miscellaneous expenses	428,882
Total Expenses	22,979,841
Less: Custodian fee credits	(13,496)
Total Net Expenses	22,966,345
Net Investment Income	47,549,275
Net Realized and Unrealized Gain (Loss) on Investments, Options, Swap Contracts, Securities Sold Short, and Foreign Currency:	
Net realized gain on investments	67,982,211
Net realized gain on option contracts written	144,095
Net realized loss on swap contracts	(205,774)
Net realized gain on securities sold short	276,526
Net realized gain on foreign currency transactions	157,883
Net realized gain on investments, options, swap contracts, and foreign currency transactions	68,354,941
Net change in unrealized appreciation/depreciation on investments, options, swap contracts, and foreign currency translations	43,584,535
Net Realized and Unrealized Gain (Loss) on Investments, Options, Swap Contracts, and Foreign Currency	111,939,476
Net Increase in Net Assets Resulting from Operations	159,488,751
Total Distributions to Preferred Stock Shareholders	(13,480,202)
Net Increase in Net Assets Attributable to Common Shareholders Resulting from Operations	$146,008,549

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS

	Year Ended December 31, 2005	Year Ended December 31, 2004
Operations:		
Net investment income	$ 47,549,275	$ 35,159,011
Net realized gain on investments, options, swap contracts, securities sold short, and foreign currency transactions	68,354,941	19,906,221
Net change in unrealized appreciation on investments, options, swap contracts, and foreign currency translations	43,584,535	128,766,916
Net Increase in Net Assets Resulting from Operations	159,488,751	183,832,148
Distributions to Preferred Stock Shareholders:		
Net investment income	(5,432,355)	(1,276,372)
Net realized short-term gains on investments, options and foreign currency transactions	(1,314,615)	(342,333)
Net realized long-term gains on investments, options and foreign currency transactions	(6,733,232)	(439,984)
Total Distributions to Preferred Stock Shareholders	(13,480,202)	(2,058,689)
Net Increase in Net Assets Attributable to Common Shareholders Resulting from Operations	146,008,549	181,773,459
Distributions to Common Shareholders:		
Net investment income	(40,982,793)	(33,326,081)
Net realized short-term gains on investments, options and foreign currency transactions	(9,917,725)	(8,938,304)
Net realized long-term gains on investments, options and foreign currency transactions	(50,796,878)	(11,487,977)
Return of capital	—	(48,189,583)
Total Distributions to Common Shareholders	(101,697,396)	(101,941,945)
Trust Share Transactions:		
Net increase in net assets from common shares issued in offering	—	185,270,000
Net decrease from repurchase of common stock	(9,076,752)	(4,246,068)
Offering costs for common shares charged to paid-in capital	—	(482,528)
Offering costs for preferred shares charged to paid-in capital	(3,782,570)	(5,320,000)
Net Increase (Decrease) in Net Assets from Trust Share Transactions	(12,859,322)	175,221,404
Net Increase in Net Assets Attributable to Common Shareholders	31,451,831	255,052,918
Net Assets Attributable to Common Shareholders:		
Beginning of period	1,706,703,344	1,451,650,426
End of period (including undistributed net investment income of $132,784 and $0, respectively)	$1,738,155,175	$1,706,703,344

See accompanying notes to financial statements.

THE GABELLI DIVIDEND & INCOME TRUST
NOTES TO FINANCIAL STATEMENTS

1. Organization. The Gabelli Dividend & Income Trust (the "Trust" or the "Fund") is a non-diversified closed-end management investment company organized under the laws of the State of Delaware and registered under the Investment Company Act of 1940, as amended (the "1940 Act"). The Trust sold 7,184 shares to Gabelli Funds, LLC (the "Adviser") for $137,214 on November 18, 2003. Investment operations commenced on November 28, 2003.

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

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

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

Portfolio securities primarily traded on foreign markets are generally valued at the preceding closing values of such securities on their respective exchanges or if after the close of the foreign markets, but prior to the close of business on the day the securities are being valued, market conditions change significantly, certain foreign securities may be fair valued pursuant to procedures established by the Board. Debt instruments with remaining maturities of 60 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 valued at their fair value as determined by the Board. Debt instruments having a maturity greater than 60 days for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded.

Securities and assets for which market quotations are not readily available are valued at their fair value as determined in good faith under procedures established by and under the general supervision of 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 to the valuation and changes in valuation of similar securities, including a comparison of foreign securities to 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.

Repurchase Agreements. The Trust 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 Trust takes possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and the Trust to resell, the obligation at an agreed-upon price and time, thereby determining the yield during the Trust's holding period. The Trust will always receive and maintain securities as collateral whose market value, including accrued interest, will be at least equal in value to the dollar amount invested by the Trust in each agreement. The Trust 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 Trust may be delayed or limited.

Options. The Trust may purchase or write call or put options on securities or indices. As a writer of put options, the Trust 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 Trust 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 Trust would realize a gain, to the extent of the premium, if the price of the financial instrument increases between those dates.

As a purchaser of put options, the Trust 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 Trust would realize a gain upon sale or exercise. If the price of the underlying security increases or stays the same, the Trust would realize a loss upon sale or at 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 Trust may write (a) in-the-money call options when the Adviser expects that the price of the underlying security will remain stable or decline moderately 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 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 Trust 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.

Swap Agreements. The Trust may enter into interest rate swap or cap transactions. The use of interest rate swaps and caps 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 Trust would agree to pay to the other party to the interest rate swap (which is known as the "counterparty") periodically a fixed rate payment in exchange for the counterparty agreeing to pay to the Trust periodically a variable rate payment that is intended to approximate the Trust's variable rate payment obligation on the Series B, Series C, and Series E Preferred Stock. In an interest rate cap, the Trust 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 the counterparty payments of the difference based on the notional amount of such cap. Interest rate swap and cap transactions introduce additional risk because the Trust would remain obligated to pay preferred stock dividends when due in accordance with the Articles Supplementary even if the counterparty defaulted. If there is a default by the counterparty to a swap contract, the Trust will be limited to contractual remedies pursuant to the agreements related to the transaction. There is no assurance that the swap contract counterparties will be able to meet their obligations pursuant to the swap contracts or that, in the event of default, the Trust will succeed in pursuing contractual remedies. The Trust thus assumes the risk that it may be delayed in or prevented from obtaining payments owed to it pursuant to the swap contracts. The creditworthiness of the swap contract counterparties is closely monitored in order to minimize this risk. Depending on the general state of short-term interest rates and the returns on the Trust's portfolio securities at that point in time, such a default could negatively affect the Trust's ability to make dividend payments for the Series B, Series C, and Series E Preferred Stock. In addition, at the time an interest rate swap or cap transaction reaches its scheduled termination date, there is a risk that the Trust will not be able to obtain a replacement transaction or that the terms of the replacement will not be as favorable as on the expiring transaction. If this occurs, it could have a negative impact on the Trust's ability to make dividend payments on the Series B, Series C, and Series E Preferred Stock.

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

Unrealized gains related to swaps are reported as an asset and unrealized losses are reported as a liability in the Statement of Assets and Liabilities. The change in value of swaps, including the accrual of periodic amounts of interest to be paid or received on swaps is reported as unrealized gains or losses 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. Swap agreements involve, to varying degrees, elements of market and counterparty risk, and exposure to loss in excess of the related amounts reflected in the Statement of Assets and Liabilities.

The Trust has entered into one interest rate swap agreement with Citibank N.A. Under the agreement the Trust receives a floating rate of interest and pays a respective fixed rate of interest on the nominal value of the swap. Details of the swap at December 31, 2005 are as follows:

Notional Amount	Fixed Rate	Variable Rate* (rate reset monthly)	Termination Date	Unrealized Appreciation
$100,000,000	4.01%	4.29375%	June 2, 2010	$2,935,711

* Based on Libor (London Interbank Offered Rate).

Futures Contracts. The Trust may engage in futures contracts for the purpose of hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase. Such investments will only be made if they are economically appropriate to the reduction of risks involved in the management of the Trust's investments. Upon entering into a futures contract, the Trust 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 Trust each day, depending on the daily fluctuation of the value of the contract. The daily changes in the contract are included in unrealized appreciation/depreciation on investments and futures contracts. The Trust 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. These contracts may involve market risk in excess of the unrealized gain or loss reflected in the Statement of Assets and Liabilities. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market. At December 31, 2005, there were no open futures contracts.

Securities Sold Short. The Trust may enter into short sale transactions. A short sale involves selling a security which the Fund does not own. The proceeds received for 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 the 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. Securities sold short at December 31, 2005 are reflected in the Schedule of Investments.

Forward Foreign Exchange Contracts. The Trust may engage in forward foreign exchange contracts for hedging a specific transaction with respect to either the currency in which the transaction is denominated or another currency as deemed appropriate by the Adviser. Forward foreign exchange contracts are valued at the forward rate and are marked-to-market daily. The change in market value is included in unrealized appreciation/depreciation on investments and foreign currency translations. When the contract is closed, the Trust 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 Trust'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. These contracts may involve market risk in excess of the unrealized gain or loss reflected in the Statement of Assets and Liabilities. In addition, the Trust could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts. At December 31, 2005, there were no open forward foreign exchange contracts.

Foreign Currency Translations. The books and records of the Trust are maintained in United States (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 Trust and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial trade date and subsequent sale trade date is included in realized gain/(loss) on investments.

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

Foreign Taxes. The Trust may be subject to foreign taxes on income, gains on investments, or currency repatriation, a portion of which may be recoverable. The Trust 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 Trust 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 salable among qualified institutional investors under special rules adopted by the Securities and Exchange Commission ("SEC") may be treated as liquid if they satisfy liquidity standards established by the Board. The continued liquidity of such securities is not as well assured as that of publicly traded securities, and accordingly the Board will monitor their liquidity.

Securities Transactions and Investment Income. Securities transactions are accounted for as of 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 Trust is informed of the dividend.

Custodian Fee Credits. 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 shown as "custodian fee credits".

Dividends and Distributions to Shareholders. Distributions to common shareholders are recorded on the ex-dividend date. Income distributions and capital gain distributions are determined in accordance with Federal income tax regulations, which may differ from that determined under U.S. generally accepted accounting principles. These differences are primarily due to differing treatments of income and gains on various investment securities held by the Trust, foreign currency transactions, timing differences, and differing characterizations of distributions made by the Trust. 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 Trust and the calculation of net investment income per share in the Financial Highlights includes these adjustments. For the year ended December 31, 2005, reclassifications were made to decrease accumulated net investment income by $1,001,343 and to decrease accumulated distributions in excess of net realized gain on investments, swap contracts, options, and foreign currency transactions by $1,001,343.

Distributions to shareholders of the Trust's 5.875% Series A Cumulative Preferred Stock, Series B Auction Market Cumulative Preferred Stock, Series C Auction Market Cumulative Preferred Stock, 6.00% Series D Cumulative Preferred Stock, and Series E Auction Rate Cumulative Preferred Stock ("Cumulative Preferred Stock") are recorded on a daily basis and are determined as described in Note 5.

The tax character of distributions paid during the years ended December 31, 2005 and December 31, 2004 was as follows:

	Year Ended December 31, 2005		Year Ended December 31, 2004	
	Common	Preferred	Common	Preferred
Distributions paid from:				
Ordinary income				
(inclusive of short-term capital gains)	$ 50,900,518	$ 6,746,970	$ 42,201,712	$1,616,305
Net long-term capital gains	50,796,878	6,733,232	11,550,650	442,384
Non-taxable return of capital	—	—	48,189,583	—
Total distributions paid	$101,697,396	$13,480,202	$101,941,945	$2,058,689

Provision for Income Taxes. The Trust 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 Trust 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.

As of December 31, 2005, the components of accumulated earnings/(losses) on a tax basis were as follows:

Net unrealized appreciation on investments	$184,448,340
Net unrealized appreciation on foreign currency and swap contracts	2,911,373
Net unrealized depreciation on short sales	(6,133)
Undistributed ordinary income	406,846
Dividend payable	(251,205)
Total	$187,509,221

The following summarizes the tax cost of investments, swap contracts, foreign currency, and the related unrealized appreciation/depreciation at December 31, 2005:

	Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Net Unrealized Appreciation/ (Depreciation)
Investments	$2,058,868,398	$226,013,846	$(41,565,506)	$184,448,340
Swap contracts	—	2,935,711	—	2,935,711
Short sales	(1,852,975)	—	(6,133)	(6,133)
	$2,057,015,423	$228,949,557	$(41,571,639)	$187,377,918

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

The Trust'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 of each particular series of Cumulative Preferred Stock for the period. For the year ended December 31, 2005, the Trust's total return on the NAV of the Common Shares exceeded the stated dividend rate or corresponding swap rate of all outstanding Preferred Stock. Thus, management fees were accrued on these assets.

During the year ended December 31, 2005, Gabelli & Company, Inc. ("Gabelli & Company"), an affiliate of the Adviser, received $957,277 in brokerage commissions as a result of executing agency transactions in portfolio securities on behalf of the Trust.

The cost of calculating the Trust's NAV per share is a Trust expense pursuant to the Advisory Agreement. During the year ended December 31, 2005, the Trust reimbursed the Adviser $45,000 in connection with the cost of computing the Trust's NAV, which is included in miscellaneous expenses in the Statement of Operations.

The Trust is assuming its portion of the allocated cost of the Gabelli Funds' Chief Compliance Officer in the amount of $33,345 for the year ended December 31, 2005, which is included in payroll expenses in the Statement of Operations.

4. Portfolio Securities. Purchases and proceeds from the sales of securities, other than short-term securities, for the year ended December 31, 2005 aggregated $922,955,419 and $415,673,754, respectively.

Option contracts written by the Trust during the year ended December 31, 2005 were as follows:

	Number of Contracts	Premiums
Options outstanding at December 31, 2004	400	$ 56,549
Options written	450	88,646
Options exercised	—	—
Options closed	(850)	(145,195)
Options outstanding at December 31, 2005	—	—

5. Capital. The Trust is authorized to issue an unlimited number of Common Shares of beneficial interest (par value $.001). The Board has authorized the repurchase 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 year ended December 31, 2005, the Trust repurchased 504,100 shares of beneficial interest in the open market at a cost of $9,076,752 and an average discount of approximately 13.12% from its net asset value. All shares of beneficial interest repurchased have been retired.

Transactions in shares of beneficial interest were as follows:

	Year Ended December 31, 2005		Year Ended December 31, 2004	
	Shares	Amount	Shares	Amount
Shares issued in offering	—	—	9,700,000	$184,787,472
Shares repurchased	(504,100)	$(9,076,752)	(245,700)	(4,246,068)
Net increase	(504,100)	$(9,076,752)	9,454,300	$180,541,404

The Trust's Declaration of Trust, as amended, authorizes the issuance of an unlimited number of shares of $0.001 par value Cumulative Preferred Stock. The Cumulative Preferred Stock 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 Stock are cumulative. The Trust is required by the 1940 Act and by the Statements of Preferences to meet certain asset coverage tests with respect to the Cumulative Preferred Stock. If the Trust fails to meet these requirements and does not correct such failure, the Trust may be required to redeem, in part or in full, the 5.875% Series A Cumulative Preferred Stock, Series B Auction Market Cumulative Preferred Stock, Series C Auction Market Cumulative Preferred Stock, 6.00% Series D Cumulative Preferred Stock, and Series E Auction Rate Cumulative Preferred Stock at a redemption price 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 Trust's ability to pay dividends to common shareholders and could lead to sales of portfolio securities at inopportune times. The income received on the Trust'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 Trust 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 Stock. Commencing October 12, 2009 and thereafter, the Trust, at its option, may redeem the 5.875% Series A Cumulative Preferred Stock in whole or in part at the redemption price at any time. During the year ended December 31, 2005, the Trust did not repurchase any shares of 5.875% Series A Cumulative Preferred Stock. At December 31, 2005, 3,200,000 shares of the 5.875% Series A Cumulative Preferred Stock were outstanding and accrued dividends amounted to $65,278.

On October 12, 2004, the Trust received net proceeds of $217,488,958 (after underwriting discounts of $2,200,000 and offering expenses of $311,042) from the public offering of 4,000 shares of Series B and 4,800 shares of Series C Auction Market Cumulative Preferred Stock, respectively. The dividend rate, as set by the auction process, which is generally held every 7 days, is expected to vary with short-term interest rates. The dividend rates of Series B Auction Market Cumulative Preferred Stock ranged from 2.00% to 4.48% from January 1, 2005 through December 31, 2005. The dividend rates of Series C Auction Market Cumulative Preferred Stock ranged from 2.21% to 4.40% from January 1, 2005 through December 31, 2005. Existing shareholders may submit an order to hold, bid, or sell such shares on each auction date. Series B and C Auction Market Cumulative Preferred Stock shareholders may also trade shares in the secondary market. The Trust, at its option, may redeem the Series B and C Auction Market Cumulative Preferred Stock in whole or in part at the redemption price at any time. During the year ended December 31, 2005, the Trust did not redeem any shares of Series B and C Auction Market Cumulative Preferred Stock. At December 31, 2005, 4,000 and 4,800 shares of the Series B and C Auction Market Cumulative Preferred Stock were outstanding with an annualized dividend rate of 4.48% and 4.40% and accrued dividends amounted to $49,778 and $29,333, respectively.

On November 3, 2005, the Trust received net proceeds of $62,727,500 (after underwriting discounts of $2,047,500 and estimated offering expenses of $225,000) from the public offering of 2,600,000 shares of 6.00% Series D Cumulative Preferred Stock. Commencing November 3, 2010 and thereafter, the Trust, at its option, may redeem the 6.00% Series D Cumulative Preferred Stock in whole or in part at the redemption price at any time. During the year ended December 31, 2005, the Trust did not repurchase any shares of 6.00% Series D Cumulative Preferred Stock. At December 31, 2005, 2,600,000 shares of the 6.00% Series D Cumulative Preferred Stock were outstanding and accrued dividends amounted to $54,166.

On November 3, 2005, the Trust received net proceeds of $133,400,000 (after underwriting discounts of $1,350,000 and estimated offering expenses of $250,000) from the public offering of 5,400 shares of Series E Auction Rate Cumulative Preferred Stock. The dividend rate, as set by the auction process, which is generally held every 7 days, is expected to vary with short-term interest rates. The dividend rates of Series E Auction Rate Cumulative Preferred Stock ranged from 3.73% to 4.68% from November 13, 2005 through December 31, 2005. Existing shareholders may submit an order to hold, bid, or sell such shares on each auction date. Series E Auction Rate Preferred Stock shareholders may also trade shares in the secondary market. The Trust, at its option, may redeem the Series E Auction Rate Preferred Stock in whole or in part at the redemption price at any time. During the year ended December 31, 2005, the Trust did not redeem any shares of Series E Auction Rate Preferred Stock. At December 31, 2005, 5,400 shares of the Series E Auction Rate Preferred Stock were outstanding with an annualized dividend rate of 4.68% and accrued dividends amounted to $52,650.

The holders of Cumulative Preferred Stock generally are entitled to one vote per share held on each matter submitted to a vote of shareholders of the Trust and will vote together with holders of common shares as a single class. The holders of Cumulative Preferred Stock 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 stock, voting as a single class, will be required to approve any plan of reorganization adversely affecting the preferred stock, and the approval of two-thirds of each class, voting separately, of the Trust's outstanding voting stock must approve the conversion of the Trust 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 stock and a majority (as defined in the 1940 Act) of the Trust's outstanding voting securities are required to approve certain other actions, including changes in the Trust's investment objectives or fundamental investment policies.

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

7. Other Matters. The Adviser and/or affiliates have received subpoenas from the Attorney General of the State of New York and the SEC requesting information on mutual fund trading practices involving certain funds managed by the Adviser. GAMCO Investors, Inc., the Adviser's parent company, is responding to these requests for documents and testimony. On a separate matter, in September 2005, the Adviser was informed by the staff of the SEC that the staff may recommend to the Commission that an administrative remedy and a monetary penalty be sought from the Adviser in connection with the actions of two of seven closed-end funds managed by the Adviser relating to Section 19(a) and Rule 19a-1 of the 1940 Act. These provisions require registered investment companies to provide written statements to shareholders when a dividend is made from a source other than net investment income. While the two closed-end funds sent annual statements and provided other materials containing this information, the funds did not send written statements to shareholders with each distribution in 2002 and 2003. The Adviser believes that all of the funds are now in compliance. The Adviser believes that these matters would have no effect on the Trust or any material adverse effect on the Adviser or its ability to manage the Trust. The staff's notice to the Adviser did not relate to the Trust.

THE GABELLI DIVIDEND & INCOME TRUST
FINANCIAL HIGHLIGHTS

Selected data for a share of beneficial interest outstanding throughout each period:

	Year Ended December 31, 2005	Year Ended December 31, 2004	Period Ended December 31, 2003 (a)
Operating Performance:			
Net asset value, beginning of period	$ 20.12	$ 19.26	$ 19.06(b)
Net investment income	0.55	0.40	—
Net realized and unrealized gain on investments	1.33	1.80	0.20
Total from investment operations	1.88	2.20	0.20
Distributions to Preferred Stock Shareholders: (g)			
Net investment income	(0.06)	(0.01)	—
Net realized gain on investments	(0.10)	(0.01)	—
Total distributions to preferred stock shareholders	(0.16)	(0.02)	—
Net Increase in Net Assets Attributable to Common Shareholders Resulting from Operations	1.72	2.18	—
Distributions to Common Shareholders:			
Net investment income	(0.48)	(0.39)	—
Net realized gain on investments	(0.72)	(0.24)	—
Return of capital	—	(0.57)	—
Total distributions to common shareholders	(1.20)	(1.20)	—
Capital Share Transactions:			
Decrease in net asset value from common share transactions	—	(0.05)	—
Increase in net asset value from repurchase of common shares	0.02	—	—
Offering costs for common shares charged to paid-in capital	—	(0.01)	—
Offering costs for preferred shares charged to paid-in capital	(0.04)	(0.06)	—
Total from capital share transactions	(0.02)	(0.12)	—
Net Asset Value Attributable to Common Shareholders, End of Period	$ 20.62	$ 20.12	$ 19.26
Net asset value total return †	9.47%	11.56%	1.0%*
Market value, end of period	$ 17.62	$ 17.95	$ 20.00
Total investment return ††	4.85%	(4.15)%	0.0%**
Ratios and Supplemental Data:			
Net assets including liquidation value of preferred shares, end of period (in 000's)	$2,238,155	$2,006,703	—
Net assets attributable to common shares, end of period (in 000's)	$1,738,155	$1,706,703	$1,451,650
Ratio of net investment income to average net assets attributable to common shares	2.75%	2.17%	(0.04)%(c)
Ratio of operating expenses to average net assets attributable to common shares net of fee reduction	1.33%(f)	1.12%	1.38%(c)
Ratio of operating expenses to average net assets including liquidation value of preferred shares net of fee reduction	1.12%(f)	1.07%	—
Portfolio turnover rate	25.6%	33.3%	0.4%
5.875% Cumulative Preferred Stock			
Liquidation value, end of period (in 000's)	$ 80,000	$ 80,000	—
Total shares outstanding (in 000's)	3,200	3,200	—
Liquidation preference per share	$ 25.00	$ 25.00	—
Average market value (d)	$ 24.82	$ 24.68	—
Asset coverage per share	$ 111.91	$ 167.23	—
Auction Rate Series B Cumulative Preferred Stock			
Liquidation value, end of period (in 000's)	$ 100,000	$ 100,000	—
Total shares outstanding (in 000's)	4	4	—
Liquidation preference per share	$ 25,000	$ 25,000	—
Average market value (d)	$ 25,000	$ 25,000	—
Asset coverage per share	$ 111,908	$ 167,225	—
Auction Rate Series C Cumulative Preferred Stock			
Liquidation value, end of period (in 000's)	$ 120,000	$ 120,000	—
Total shares outstanding (in 000's)	5	5	—
Liquidation preference per share	$ 25,000	$ 25,000	—
Average market value (d)	$ 25,000	$ 25,000	—
Asset coverage per share	$ 111,908	$ 167,225	—

See accompanying notes to financial statements.

THE GABELLI DIVIDEND & INCOME TRUST
FINANCIAL HIGHLIGHTS (Continued)

	Year Ended December 31, 2005	Year Ended December 31, 2004	Period Ended December 31, 2003 (a)
Ratios and Supplemental Data (Continued):			
6.00% Cumulative Preferred Stock			
Liquidation value, end of period (in 000's)	$ 65,000	—	—
Total shares outstanding (in 000's)	2,600	—	—
Liquidation preference per share	$ 25.00	—	—
Average market value (d)	$ 24.72	—	—
Asset coverage per share	$ 111.91	—	—
Auction Rate Series E Cumulative Preferred Stock			
Liquidation value, end of period (in 000's)	$ 135,000	—	—
Total shares outstanding (in 000's)	5	—	—
Liquidation preference per share	$ 25,000	—	—
Average market value (d)	$ 25,000	—	—
Asset coverage per share	$ 111,908	—	—
Asset Coverage (e)	448%	669%	—

(a) The Gabelli Dividend & Income Trust commenced investment operations on November 28, 2003.
(b) The beginning NAV includes a $0.04 reduction for costs associated with the initial public offering.
(c) Annualized.
(d) Based on weekly prices.
(e) Asset coverage is calculated by combining all series of preferred stock.
(f) For the year ended December 31, 2005, the effect of the custodian fee credits was minimal.
(g) Calculated based upon average common shares outstanding on the record dates throughout the year.
* Based on net asset value per share at commencement of operations of $19.06 per share.
** Based on market value per share at initial public offering of $20.00 per share.
† Based on net asset value per share, adjusted for reinvestment of distributions at prices dependent upon the relationship of the net asset value per share and the market value per share on the ex-dividend dates. Total return for periods of less than one year are not annualized.
†† Based on market value per share, adjusted for reinvestment of distributions. Total return for periods of less than one year are not annualized.

See accompanying notes to financial statements.

THE GABELLI DIVIDEND & INCOME TRUST
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees and Shareholders of
The Gabelli Dividend & Income Trust:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of The Gabelli Dividend & Income Trust (hereafter referred to as the "Trust") at December 31, 2005, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2005 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
New York, New York
February 28, 2006

THE GABELLI DIVIDEND & INCOME TRUST
ADDITIONAL FUND INFORMATION (Unaudited)

The names and business addresses of the Trustees and principal officers of this Fund are set forth in the following table, together with their positions and their principal occupations during the past five years and, in the case of the Trustees, their positions with certain other organizations and companies.

Name, Position(s) Address[1] and Age	Term of Office and Length of Time Served[2]	Number of Funds in Trust Complex Overseen by Trustee	Principal Occupation(s) During Past Five Years	Other Directorships Held by Trustee[4]
INTERESTED TRUSTEES[3]:				
Mario J. Gabelli Trustee Chief Investment Officer Age: 63	Since 2003***	24	Chairman of the Board and Chief Executive Officer of GAMCO Investors, Inc. and Chief Investment Officer – Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc.; Chairman and Chief Executive Officer of Lynch Interactive Corporation (multimedia and services)	Director of Morgan Group Holdings, Inc. (holding company)
Salvatore M. Salibello Trustee Age: 60	Since 2003**	3	Certified Public Accountant and Managing Partner of the accounting firm Salibello & Broder, LLP	—
Edward T. Tokar Trustee Age: 58	Since 2003**	1	Senior Managing Director of Beacon Trust Company (trust services) since 2004; Chief Executive Officer of Allied Capital Management LLC (1977-2004); Vice President of Honeywell International Inc., (1977-2004)	Trustee, LEVCO Series Trust; Director of DB Hedge Strategies Fund LLC; Director of the Topiary Benefit Plan Investor Fund LLC (financial services)
NON-INTERESTED TRUSTEES:				
Anthony J. Colavita Trustee Age: 70	Since 2003*	34	Partner in the law firm of Anthony J. Colavita, P.C.	—
James P. Conn Trustee Age: 67	Since 2003**	14	Former Managing Director and Chief Investment Officer of Financial Security Assurance Holdings Ltd. (insurance holding company) (1992-1998)	Director of LaQuinta Corp. (hotels) and First Republic Bank (banking)
Mario d'Urso Trustee Age: 65	Since 2003***	3	Chairman of Mittel Capital Markets S.p.A., since 2001; Senator in the Italian Parliament, (1996-2001)	—
Frank J. Fahrenkopf, Jr. Trustee Age: 66	Since 2003*	5	President and Chief Executive Officer of the American Gaming Association; Partner in the law firm of Hogan & Hartson LLP; Co-Chairman of the Commission on Presidential Debates; Former Chairman of the Republican National Committee	Director of First Republic Bank (banking)
Michael J. Melarkey Trustee Age: 56	Since 2003***	3	Partner in the law firm of Avansino, Melarkey, Knobel & Mulligan	Director of Southwest Gas Corporation (natural gas utility)

THE GABELLI DIVIDEND & INCOME TRUST
ADDITIONAL FUND INFORMATION (Continued) (Unaudited)

Name, Position(s) Address[1] and Age	Term of Office and Length of Time Served[2]	Number of Funds in Trust Complex Overseen by Trustee	Principal Occupation(s) During Past Five Years	Other Directorships Held by Trustee[4]
NON-INTERESTED TRUSTEES (continued):				
Anthonie C. van Ekris Trustee Age: 71	Since 2003*	18	Chairman of BALMAC International, Inc. (commodities and futures trading)	—
Salvatore J. Zizza Trustee Age: 60	Since 2003*	25	Chairman of Hallmark Electrical Supplies Corp.	Director of Hollis-Eden Pharmaceuticals (biotechnology) and Earl Scheib, Inc. (automotive services)
OFFICERS:				
Bruce N. Alpert President Age: 54	Since 2003	—	Executive Vice President and Chief Operating Officer of Gabelli Funds, LLC since 1988 and an officer of all of the registered investment companies in the Gabelli Funds complex. Director and President of Gabelli Advisers, Inc. since 1998.	—
Carter W. Austin Vice President Age: 39	Since 2003	—	Vice President of The Gabelli Equity Trust since 2000 and The Gabelli Global Gold, Natural Resources & Income Trust since 2005. Vice President of Gabelli Funds, LLC since 1996.	—
James E. McKee Secretary Age: 42	Since 2003	—	Vice President, General Counsel and Secretary of GAMCO Investors, Inc. (since 1999) and GAMCO Asset Management Inc. (since 1993); Secretary of all of the registered investment companies in the Gabelli Funds complex.	—
Richard C. Sell, Jr. Treasurer Age: 56	Since 2003	—	Vice President and Controller of Gabelli & Company, Inc. since 1998.	—
Peter D. Goldstein Chief Compliance Officer Age: 52	Since 2004	—	Director of Regulatory Affairs for GAMCO Investors, Inc. since 2004; Chief Compliance Officer of all of the registered investment companies in the Gabelli Funds complex; Vice President of Goldman Sachs Asset Management from 2000 through 2004.	—

[1] Address: One Corporate Center, Rye, NY 10580-1422, unless otherwise noted.

[2] The Trust's Board of Trustees is divided into three classes, each class having a term of three years. Each year the term of office of one class expires and the successor or successors elected to such class serve for a three year term. The three year term for each class expires as follows:
*   – Term expires at the Trust's 2008 Annual Meeting of Shareholders and until their successors are duly elected and qualified.
** – Term expires at the Trust's 2006 Annual Meeting of Shareholders and until their successors are duly elected and qualified.
*** – Term expires at the Trust's 2007 Annual Meeting of Shareholders and until their successors are duly elected and qualified.
Each officer will hold office for an indefinite term until the date he or she resigns or retires or until his or her successor is elected and qualified.

[3] "Interested person" of the Trust, as defined in the 1940 Act. Mr. Gabelli is an "interested person" of the Trust as a result of his employment as an officer of the Investment Adviser. Mr. Gabelli is also a registered representative of an affiliated broker-dealer. Mr. Tokar is an "interested person" as a result of his son's employment by an affiliate of the Investment Adviser. Mr. Salibello may be considered an "interested person" of the Fund as a result of being a partner in an accounting firm that provides professional services to affiliates of the investment adviser. Effective November 16, 2005, Mr. Karl Otto Pöhl resigned from the Board of Trustees and now serves as Trustee Emeritus.

[4] This column includes only directorships of companies required to report to the SEC under the Securities Exchange Act of 1934 (i.e. public companies) or other investment companies registered under the 1940 Act.

Certifications

The Trust's Chief Executive Officer has certified to the New York Stock Exchange that, as of June 6, 2005, he was not aware of any violation by the Trust of applicable NYSE corporate governance listing standards. The Trust reports to the SEC on Form N-CSR and N-CSR's contain certifications by the Trust's principal executive officer and principal financial officer that relate to the Trust's disclosure in such reports and that are required by Rule 30a-2(a) under the Investment Company Act.

THE GABELLI DIVIDEND & INCOME TRUST
INCOME TAX INFORMATION (Unaudited)
December 31, 2005

Cash Dividends and Distributions

Payable Date	Record Date	Total Amount Paid Per Share (a)	Ordinary Investment Income (a)	Long-Term Capital Gains (a)	Dividend Reinvestment Price
Common Stock					
01/25/05	01/17/05	$0.10000	$0.04547	$0.05453	$17.87180
02/22/05	02/14/05	0.10000	0.04547	0.05453	18.04770
03/24/05	03/16/05	0.10000	0.04547	0.05453	17.75230
04/25/05	04/15/05	0.10000	0.04547	0.05453	18.14260
05/24/05	05/16/05	0.10000	0.04547	0.05453	18.37550
06/24/05	06/16/05	0.10000	0.04547	0.05453	18.51080
07/25/05	07/15/05	0.10000	0.04547	0.05453	18.69550
08/25/05	08/17/05	0.10000	0.04547	0.05453	18.71220
09/26/05	09/16/05	0.10000	0.04547	0.05453	18.40650
10/25/05	10/17/05	0.10000	0.04547	0.05453	17.72410
11/23/05	11/15/05	0.10000	0.04547	0.05453	17.74580
12/23/05	12/15/05	0.10000	0.04547	0.05453	17.90440
Total Common Stock		$1.20000	$0.54564	$0.65436	
5.875% Preferred Shares					
03/28/05	03/18/05	$0.36719	$0.16696	$0.20023	
06/27/05	06/20/05	0.36719	0.16696	0.20023	
09/26/05	09/19/05	0.36719	0.16696	0.20023	
12/27/05	12/19/05	0.36718	0.16695	0.20023	
		$1.46875	$0.66783	$0.80092	
6.000% Preferred Shares					
12/27/05	12/19/05	$0.22500	$0.10230	$0.12270	

Auction Market and Auction Rate Preferred Shares

The Series B Auction Market Preferred Shares, Series C Auction Market Preferred Shares, and Series E Auction Rate Preferred Shares pay dividends weekly based on a rate set at auction, usually held every seven days. The percentage of 2005 distributions derived from long-term capital gains for the Series B Auction Market Preferred Shares, Series C Auction Market Preferred Shares, and Series E Auction Rate Preferred Shares was 54.53%.

A Form 1099-DIV has been mailed to all shareholders of record for the distributions mentioned above, setting forth specific amounts to be included in your 2005 tax returns. Ordinary income distributions include net investment income and realized net short-term capital gains.

Corporate Dividends Received Deduction, Qualified Dividend Income and U.S. Government Securities Income

The Trust paid to common, 5.875%, and 6% preferred shareholders ordinary income dividends of $0.54564, $0.66783, and $0.10230 per share, respectively, in 2005. The Trust paid weekly distributions to Series B, C, and E Auction Rate Preferred shareholders at varying rates throughout the year, including an ordinary income dividend totaling $379.91860, $384.62460, and $80.13510 per share, respectively, in 2005. For the year ended December 31, 2005, 80.06% of the ordinary dividend qualified for the dividend received deduction available to corporations, and 100% of the ordinary income distribution was qualified dividend income. The percentage of ordinary income dividends paid by the Trust during 2005 derived from U.S. Treasury Securities was 7.39%. Such income is exempt from state and local tax in all states. However, many states, including New York and California, allow a tax exemption for a portion of the income earned only if a mutual fund has invested at least 50% of its assets at the end of each quarter of the Trust's fiscal year in U.S. Government Securities. The Trust did not meet this strict requirement in 2005. The percentage of U.S. Treasury Securities held as of December 31, 2005 was 2.87%.

Historical Distribution Summary

	Investment Income (b)	Short-Term Capital Gains (b)	Long-Term Capital Gains	Return of Capital (c)	Total Distributions (a)	Adjustment to Cost Basis (d)
Common Stock						
2005	$0.45996	$0.08568	$0.65436	—	$1.20000	—
2004	0.40005	0.10023	0.13893	$0.56079	1.20000	$0.56079
5.875% Preferred Stock						
2005	$0.56290	$0.10493	$0.80092	—	$1.46875	—
2004	0.19150	0.04798	0.06651	—	0.30599	—
Auction Market/Rate Preferred Shares						
2005 Class B Shares	$320.22640	$59.69220	$455.63150	—	$835.55000	—
2005 Class C Shares	324.19300	60.43160	461.27540	—	845.90000	—
2005 Class E Shares	67.54440	12.59070	96.10490	—	176.24000	—
2004 Class B Shares	68.71140	17.21520	23.86340	—	109.80000	—
2004 Class C Shares	70.77030	17.73100	24.57840	—	113.10000	—

(a) Total amounts may differ due to rounding.
(b) Taxable as ordinary income for Federal tax purposes.
(c) Non-taxable.
(d) Decrease in cost basis.

THE GABELLI DIVIDEND & INCOME TRUST

Board Consideration and Re-Approval of Investment Advisory Agreement (Unaudited)

During the six months ended December 31, 2005, the Board of Trustees of the Trust approved the continuation of the investment advisory agreement with the Adviser for the Trust on the basis of the recommendation by the trustees (the "Independent Trustees") who are not "interested persons" of the Trust. The following paragraphs summarize the material information and factors considered by the Independent Trustees as well as their conclusions relative to such factors.

Nature, Extent and Quality of Services. The Independent Trustees considered information regarding the portfolio managers, the depth of the analyst pool available to the Adviser and the portfolio managers, the scope of administrative, shareholder, and other services supervised or provided by the Adviser and the absence of significant service problems reported to the Board. The Independent Trustees noted the experience, length of service, and reputation of the portfolio managers.

Investment Performance. The Independent Trustees reviewed the performance of the Trust since inception against a peer group of all closed-end equity funds. The Independent Trustees noted the Trust's excellent performance for the one year period and since inception.

Profitability. The Independent Trustees reviewed summary data regarding the profitability of the Trust to the Adviser.

Economies of Scale. The Independent Trustees discussed the major elements of the Adviser's cost structure and the relationship of those elements to potential economies of scale and reviewed rudimentary data suggesting that 20% growth in the Trust would not produce meaningful economies of scale that the shareholders would not participate in.

Sharing of Economies of Scale. The Independent Trustees noted that the investment advisory fee schedule for the Trust does not take into account any potential economies of scale that may develop.

Service and Cost Comparisons. The Independent Trustees compared the expense ratios of the investment advisory fee, other expenses, and total expenses of the Trust to similar expense ratios of the peer group of closed-end equity funds and noted that the Adviser's advisory fee includes substantially all administrative services of the Trust as well as investment advisory services. The Trust's assets are higher than all but one closed-end fund. The Trust's advisory fee and total expense ratio are below the group average. The Independent Trustees also noted that the advisory fee structure was the same as that in effect for most of the Gabelli funds. The Independent Trustees were presented with, but did not compare, the advisory fee to the fee for other types of accounts managed by the Adviser.

Conclusions. The Independent Trustees concluded that the Trust enjoyed highly experienced portfolio management services, good ancillary services, and a moderately above average performance record. The Independent Trustees also concluded that the Trust's expense ratios and the profitability to the Adviser of managing the Trust were reasonable, and that economies of scale were not a significant factor in their thinking at this time. The Independent Trustees did not view the potential profitability of ancillary services as material to their decision. On the basis of the foregoing and without assigning particular weight to any single conclusion, the Independent Trustees determined to recommend continuation of the investment advisory agreement to the full Board of Trustees.

AUTOMATIC DIVIDEND REINVESTMENT AND VOLUNTARY CASH PURCHASE PLANS

Enrollment in the Plan

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

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

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

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

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

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

Voluntary Cash Purchase Plan

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

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

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

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

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

The Annual Meeting of The Gabelli Dividend & Income Trust's stockholders will be held at 12:00 P.M. on Monday, May 15, 2006 at the Greenwich Library in Greenwich, Connecticut.

THE GABELLI DIVIDEND & INCOME TRUST AND YOUR PERSONAL PRIVACY

Who are we?

The Gabelli Dividend & Income Trust (the "Trust") is a closed-end 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 Gabelli customer?

When you purchase shares of the Trust 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 web site, *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
Attorney-at-Law, Anthony J. Colavita, P.C.

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

Mario d'Urso
Chairman, Mittel Capital Markets SpA

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, Hallmark Electrical Supplies Corp.

Officers

Bruce N. Alpert
President

Carter W. Austin
Vice President

Peter D. Goldstein
Chief Compliance Officer

James E. McKee
Secretary

Richard C. Sell, Jr.
Treasurer

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

	Common	5.875% Preferred	6.000% Preferred
NYSE–Symbol:	GDV	GDV PrA	GDV PrD
Shares Outstanding:	84,313,405	3,200,000	2,600,000

The Net Asset Value appears in the Publicly Traded Funds column, under the heading "General Equity Funds," in Sunday's The New York Times and 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 may be obtained each day by calling (914) 921-5070.

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 Dividend & Income Trust may, from time to time, purchase its common shares in the open market when the Dividend & Income Trust shares are trading at a discount of 7.5% or more from the net asset value of the shares. The Dividend & Income Trust may also, from time to time, purchase its Cumulative Preferred Shares in the open market when the shares are trading at a discount to the Liquidation Value of $25.00.

THE GABELLI DIVIDEND & INCOME TRUST

One Corporate Center, Rye, NY 10580-1422

Phone: 800-GABELLI (800-422-3554)
Fax: 914-921-5118 Internet: www.gabelli.com
e-mail: closedend@gabelli.com

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