

GABELLI DIVIDEND & INCOME TRUST
Form DEF 14A
March 30, 2012

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934
(Amendment No.)

Filed by Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Sec. 240.14a-12

The Gabelli Dividend & Income Trust
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - 1) Title of each class of securities to which transaction applies:
 - 2) Aggregate number of securities to which transaction applies:
 - 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11(set forth the amount on which the filing fee is calculated and state how it was determined):
 - 4) Proposed maximum aggregate value of transaction:
 - 5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - 1) Amount Previously Paid:
 - 2) Form, Schedule or Registration Statement No.:

- 3) Filing Party:
- 4) Date Filed:



THE GABELLI DIVIDEND & INCOME TRUST

One Corporate Center
Rye, New York 10580-1422
(914) 921-5070

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held on May 14, 2012

To the Shareholders of
THE GABELLI DIVIDEND & INCOME TRUST

Notice is hereby given that the Annual Meeting of Shareholders of The Gabelli Dividend & Income Trust, a Delaware statutory trust (the "Fund"), will be held on Monday, May 14, 2012, at 9:00 a.m., at The Cole Auditorium, The Greenwich Library, 101 West Putnam Avenue, Greenwich, Connecticut 06830 (the "Meeting"), and at any adjournments thereof for the following purposes:

1. To elect three (3) Trustees of the Fund, two (2) to be elected by the holders of the Fund's Common Shares and holders of its 5.875% Series A Cumulative Preferred Shares, Series B Auction Market Preferred Shares, Series C Auction Market Preferred Shares, 6.00% Series D Cumulative Preferred Shares, and Series E Auction Rate Preferred Shares (together, the "Preferred Shares"), voting together as a single class, and one (1) Trustee to be elected by the holders of the Fund's Preferred Shares, voting as a separate class (Proposal 1);
2. To consider and vote upon such other matters, including adjournments, as may properly come before said Meeting or any adjournments thereof.

These items are discussed in greater detail in the attached Proxy Statement.

The close of business on March 19, 2012 has been fixed as the record date for the determination of shareholders entitled to notice of and to vote at the Meeting and any adjournments thereof.

YOUR VOTE IS IMPORTANT REGARDLESS OF THE SIZE OF YOUR HOLDINGS IN THE FUND. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, WE ASK THAT YOU PLEASE VOTE PROMPTLY. INSTRUCTIONS FOR THE PROPER VOTING AND/OR EXECUTION OF PROXIES ARE SET FORTH ON THE INSIDE COVER. SHAREHOLDERS MAY PROVIDE THEIR VOTE BY TELEPHONE OR THE INTERNET BY FOLLOWING THE INSTRUCTIONS ACCOMPANYING THE PROXY CARD, VOTING INSTRUCTION FORM OR NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS. ALTERNATIVELY, SHAREHOLDERS MAY SUBMIT VOTING INSTRUCTIONS BY SIGNING AND DATING THE PROXY CARD OR VOTING INSTRUCTION FORM AND RETURNING IT IN THE ACCOMPANYING POSTAGE-PAID ENVELOPE.

By Order of the Board of
Trustees,

AGNES MULLADY
Secretary

April 4, 2012

INSTRUCTIONS FOR SIGNING PROXY CARDS TO BE RETURNED BY MAIL

The following general rules for signing proxy cards may be of assistance to you and avoid the time and expense to the Fund involved in validating your vote if you fail to sign your proxy card properly.

1. Individual Accounts: Sign your name exactly as it appears in the registration on the proxy card.
2. Joint Accounts: Either party may sign, but the name of the party signing should conform exactly to the name shown in the registration.
3. All Other Accounts: The capacity of the individuals signing the proxy card should be indicated unless it is reflected in the form of registration. For example:

Registration	Valid Signature
Corporate Accounts	
(1) ABC Corp.	ABC Corp., John Doe, Treasurer
(2) ABC Corp.	John Doe, Treasurer
(3) ABC Corp. c/o John Doe, Treasurer	John Doe
(4) ABC Corp., Profit Sharing Plan	John Doe, Trustee
Trust Accounts	
(1) ABC Trust	Jane B. Doe, Trustee
(2) Jane B. Doe, Trustee u/t/d 12/28/78	Jane B. Doe
Custodian or Estate Accounts	
(1) John B. Smith, Cust. f/b/o John B. Smith, Jr. UGMA	John B. Smith
(2) John B. Smith, Executor Estate of Jane Smith	John B. Smith, Executor

INSTRUCTIONS FOR TELEPHONE/INTERNET VOTING

Various brokerage firms may offer the convenience of providing you with voting instructions via telephone or the Internet for shares held through such firms. Instructions for Internet and telephonic voting are included with each of the Notice of Internet Availability of Proxy Materials and the proxy card.

THE GABELLI DIVIDEND & INCOME TRUST

ANNUAL MEETING OF SHAREHOLDERS

May 14, 2012

PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Trustees (the “Board,” the members of which are referred to as “Trustees”) of The Gabelli Dividend & Income Trust, a Delaware statutory trust (the “Fund”) for use at the Annual Meeting of Shareholders of the Fund to be held on Monday, May 14, 2012, at 9:00 a.m., at The Cole Auditorium, The Greenwich Library, 101 West Putnam Avenue, Greenwich, Connecticut 06830 (the “Meeting”), and at any adjournments thereof. A Notice of Internet Availability of Proxy Materials is being mailed on April 4, 2012.

In addition to the solicitation of proxies by mail, officers of the Fund and officers and regular employees of Computershare Trust Company, N.A. (“Computershare”), the Fund’s transfer agent, and affiliates of Computershare or other representatives of the Fund may also solicit proxies by telephone, Internet, or in person. In addition, the Fund has retained Morrow & Co., LLC to assist in the solicitation of proxies for an estimated fee of \$1,000 plus reimbursement of expenses. The Fund will pay the costs of the proxy solicitation and the expenses incurred in connection with preparing, printing, and mailing the Notice of Internet Availability of Proxy Materials and/or Proxy Statement and its enclosures. The Fund will also reimburse brokerage firms and others for their expenses in forwarding solicitation materials to the beneficial owners of its Shares (as defined below).

The Fund’s most recent annual report, including audited financial statements for the fiscal year ended December 31, 2011, is available upon request, without charge, by writing to the Secretary of the Fund, One Corporate Center, Rye, New York 10580-1422, by calling the Fund at 800-422-3554, or via the Internet at www.gabelli.com.

If the proxy is properly executed and returned in time to be voted at the Meeting, the Shares represented thereby will be voted “FOR” the election of the nominees as Trustees as described in this Proxy Statement, unless instructions to the contrary are marked thereon, and at the discretion of the proxy holders as to the transaction of any other business that may properly come before the Meeting. Any shareholder who has submitted a proxy has the right to revoke it at any time prior to its exercise either by attending the Meeting and voting his or her Shares in person, or by submitting a letter of revocation, or a later dated proxy to the Fund at the above address prior to the date of the Meeting.

A quorum of shareholders is constituted by the presence in person or by proxy of the holders of one-third of the outstanding Shares of the Fund entitled to vote at the Meeting. In the event a quorum is not present at the Meeting, or in the event that a quorum is present at the Meeting but sufficient votes to approve any of the proposed items are not received, the chairman of the Meeting may propose one or more adjournments of such Meeting to permit further solicitation of proxies. If a quorum is present, a shareholder vote may be taken on one or more of the proposals in this Proxy Statement prior to such adjournment if sufficient votes have been received for approval and it is otherwise appropriate. If a quorum is present, the persons named as proxies will vote those proxies which they are entitled to vote “FOR” any proposal in favor of such adjournment and will vote those proxies required to be voted “AGAINST” any proposal against any such adjournment. Absent the establishment of a subsequent record date and the giving of notice to the holders of record thereon, the adjourned Meeting must take place not more than 130 days after the record date. At such adjourned Meeting, any business may be transacted which might have been transacted at the original Meeting.

The close of business on March 19, 2012 has been fixed as the record date for the determination of shareholders entitled to notice of and to vote at the Meeting and all adjournments thereof.

1

The Fund has two classes of capital stock outstanding: common shares, par value \$0.001 per share (the “Common Shares”), and preferred shares consisting of (i) 5.875% Series A Cumulative Preferred Shares (“Series A Preferred”), (ii) Series B Auction Market Preferred Shares (“Series B Preferred”), (iii) Series C Auction Market Preferred Shares (“Series C Preferred”), (iv) 6.00% Series D Cumulative Preferred Shares (“Series D Preferred”), and (v) Series E Auction Rate Preferred Shares (“Series E Preferred”), each having a par value of \$0.001 per share (together, the “Preferred Shares” and together with the Common Shares, the “Shares”). The holders of the Common Shares and Preferred Shares are each entitled to one vote for each full share held. On the record date, there were 82,916,219 Common Shares, 3,048,019 Series A Preferred, 3,600 Series B Preferred, 4,320 Series C Preferred, 2,542,296 Series D Preferred, and 4,860 Series E Preferred, outstanding.

The following person was known to the Fund to be a beneficial owner of more than 5% of the Fund’s outstanding Common Shares as of the record date:

Name and Address of Beneficial Owner(s)	Title of Class	Amount of Shares and Nature of Ownership	Percent of Class
Morgan Stanley 1585 Broadway New York, NY 10036	Common	10,331,557 (beneficial)	12.5%

As of the record date, there were no persons known to the Fund to be beneficial owners of more than 5% of the Fund’s outstanding Preferred Shares.

SUMMARY OF VOTING RIGHTS ON PROXY PROPOSALS

Proposal	Common Shareholders	Preferred Shareholders
1. Election of Trustees	Common and Preferred Shareholders, voting together as a single class, vote to elect two Trustees: Salvatore M. Salibello and Edward T. Tokar	Common and Preferred Shareholders, voting together as a single class, vote to elect two Trustees: Salvatore M. Salibello and Edward T. Tokar
		Preferred Shareholders, voting as a separate class, vote to elect one Trustee: James P. Conn
2. Other Business	Common and Preferred Shareholders, voting together as a single class	

In order that your Shares may be represented at the Meeting, you are requested to vote on the following matters:

PROPOSAL 1: TO ELECT THREE (3) TRUSTEES OF THE FUND

Nominees for the Board of Trustees

The Board consists of ten Trustees, seven of whom are not “interested persons” of the Fund (as defined in the Investment Company Act of 1940, as amended (the “1940 Act”). The Fund divides the Board into three classes, each class having a term of three years. Each year, the term of office of one class will expire. James P. Conn, Salvatore M. Salibello, and Edward T. Tokar have each been nominated by the Board for election to serve for a three year term to expire at the Fund’s 2015 Annual Meeting of Shareholders and until their successors are duly elected and qualified. Each of the Trustees of the Fund has served in that capacity since the October 23, 2003 organizational meeting of the Fund. All of the Trustees of the Fund are also directors or trustees of other investment companies for which Gabelli Funds, LLC (the “Adviser”) or its affiliates serve as investment adviser. The classes of Trustees are indicated below:

Nominees to Serve Until 2015 Annual Meeting of Shareholders

James P. Conn
Salvatore M. Salibello
Edward T. Tokar

Trustees to Serve Until 2014 Annual Meeting of Shareholders

Anthony J. Colavita
Frank J. Fahrenkopf, Jr.
Anthonie C. van Ekris
Salvatore J. Zizza

Trustees Serving Until 2013 Annual Meeting of Shareholders

Mario J. Gabelli, CFA
Mario d’Urso
Michael J. Melarkey

Under the Fund’s Declaration of Trust, Statements of Preferences, and the 1940 Act, holders of the Fund’s outstanding Preferred Shares, voting as a separate class, are entitled to elect two Trustees, and holders of the Fund’s outstanding Common Shares and Preferred Shares, voting together as a single class, are entitled to elect the remaining Trustees. The holders of the Fund’s outstanding Preferred Shares would be entitled to elect the minimum number of additional Trustees that would represent a majority of the Trustees in the event that dividends on the Fund’s Preferred Shares are in arrears for two full years. No dividend arrearages exist as of the date of this Proxy Statement. Messrs. Colavita and Conn are currently the Trustees elected solely by the holders of the Fund’s Preferred Shares. A quorum of the Preferred Shareholders must be present in person or by proxy at the Meeting in order for the proposal to elect Mr. Conn to be considered. Mr. Colavita’s term as Trustee is scheduled to expire at the Fund’s 2014 Annual Meeting of Shareholders, and therefore he is not standing for election at the Meeting.

Unless authority is withheld, it is the intention of the persons named in the proxy to vote the proxy “FOR” the election of the nominees named above. Each nominee has indicated that he has consented to serve as a Trustee if elected at the Meeting. If, however, a designated nominee declines or otherwise becomes unavailable for election, the proxy confers discretionary power on the persons named therein to vote in favor of a substitute nominee or nominees. Each nominee is qualified to serve as a Trustee under the Fund’s governing documents.

Information about Trustees and Officers

Set forth in the table below are the existing Trustees, including those Trustees who are not considered to be “interested persons,” as defined in the 1940 Act (the “Independent Trustees”), three of whom are nominated for reelection to the Board of the Fund, and officers of the Fund, including information relating to their respective positions held with the Fund, a brief statement of their principal occupations and, in the case of the Trustees, their other directorships during the past five years (excluding other funds managed by the Adviser), if any.

Name, Position(s) Address(1) and Age	Term of Office and Length of Time Served(2)	Principal Occupation(s) During Past Five Years	Other Directorships Held by Trustee During Past Five Years	Number of Portfolios to Fund Complex(3) Overseen by Trustee
INTERESTED TRUSTEES/NOMINEES(4):				
Mario J. Gabelli Chairman and Chief Investment Officer Age: 69	Since 2003***	Chairman, Chief Executive Officer, and Chief Investment Officer - Value Portfolios of GAMCO Investors, Inc. and Chief Investment Officer - Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc.; Director/Trustee or Chief Investment Officer of other registered investment companies in the Gabelli/GAMCO Funds Complex; Chief Executive Officer of GGCP, Inc.	Director of Morgan Group Holdings, Inc. (holding company); Chairman of the Board and Chief Executive Officer of LICT Corp. (multimedia and communication services company); Director of CIBL, Inc. (broadcasting and wireless communications); Director of RLJ Acquisition, Inc. (blank check company)	27
Salvatore M. Salibello Trustee Age: 66	Since 2003*	Certified Public Accountant and Managing Partner of the certified public accounting firm of Salibello & Broder LLP since 1978	Director of Kid Brands, Inc. (group of companies in infant and juvenile products) and until September 2007, Director of Brooklyn Federal Bank Corp., Inc. (independent community bank)	3
Edward T. Tokar Trustee Age: 64	Since 2003*	Senior Managing Director of Beacon Trust Company (trust services) since 2004; Chief Executive Officer of	Director of CH Energy Group (energy services); Trustee of Levco Series Trust	2

Edgar Filing: GABELLI DIVIDEND & INCOME TRUST - Form DEF 14A

Allied Capital Management Mutual Funds through LLC (1997-2004); Vice President of Honeywell International Inc. (1977-2004) 2005; Director of DB Hedge Strategies Fund through March 2007; Director of Topiary Fund for Benefit Plan Investors (BPI) LLC through December 2007; Director Teton Advisors, Inc. (financial services 2008-2010)

INDEPENDENT TRUSTEES/NOMINEES(5):

<p>Anthony J. Colavita(6)(7) Trustee Age: 76</p>	<p>Since 2003**</p>	<p>President of the law firm of Anthony J. Colavita, P.C.</p>	<p>—</p>	<p>35</p>
<p>James P. Conn(6) Trustee Age: 74</p>	<p>Since 2003*</p>	<p>Former Managing Director and Chief Investment Officer of Financial Security Assurance Holdings, Ltd. (insurance holding company) (1992-1998) Chairman of Mittel Capital</p>	<p>Director of First Republic Bank (banking) through January 2008 and Director of La Quinta Corp. (hotels) through January 2006</p>	<p>19</p>
<p>Mario d'Urso Trustee Age: 71</p>	<p>Since 2003***</p>	<p>Markets S.p.A. (2001-2008); Senator in the Italian Parliament (1996-2001)</p>	<p>—</p>	<p>5</p>
<p>Frank J. Fahrenkopf, Jr. Trustee Age: 72</p>	<p>Since 2003**</p>	<p>President and Chief Executive Officer of the American Gaming Association; Co-Chairman of the Commission on Presidential Debates; Former Chairman of the Republican National Committee (1983-1989)</p>	<p>Director of First Republic Bank (banking)</p>	<p>7</p>
<p>Michael J. Melarkey Trustee Age: 62</p>	<p>Since 2003***</p>	<p>Partner in the law firm of Avansino, Melarkey, Knobel, Mulligan & McKenzie</p>	<p>Director of Southwest Gas Corporation (natural gas utility)</p>	<p>5</p>

Name, Position(s) Address(1) and Age	Term of Office and Length of Time Served(2)	Principal Occupation(s) During Past Five Years	Other Directorships Held by Trustee During Past Five Years	Number of Portfolios to Fund Complex(3) Overseen by Trustee
--	---	---	---	--

I N D E P E N D E N T
TRUSTEES/NOMINEES(5):

<p>Anthonie C. van Ekris(7) Trustee Age: 77</p>	<p>Since 2003**</p>	<p>Chairman and Chief Executive Officer of BALMAC International, Inc. (commodities and futures trading)</p>	<p>—</p>	<p>20</p>
---	-------------------------	---	----------	-----------

<p>Salvatore J. Zizza Trustee Age: 66</p>	<p>Since 2003**</p>	<p>Chairman of Zizza & Associates Corp. (financial consulting) since 1978; Chairman of Metropolitan Paper Recycling, Inc. (recycling) since 2006; Chairman of BAM Inc. (manufacturing) since 2000; Chairman of E-Corp English (business services) since 2009</p>	<p>Non-Executive Chairman and Director of Harbor BioSciences, Inc. (biotechnology); Vice Chairman and Director of Trans-Lux Corporation (business services); Chairman and Chief Executive Officer of General Employment Enterprises, Inc. (staffing); Director of Bion Environmental Technologies (technology) 2005-2008; Director of Earl Schieb Inc. (automotive painting) through April 2009</p>	<p>29</p>
---	-------------------------	--	---	-----------

Name, Position(s) Address(1) and Age	Term of Office and Length of Time Served(8)	Principal Occupation(s) During Past Five Years
--	---	---

OFFICERS:

<p>Bruce N. Alpert President; Acting Chief Compliance Officer Age: 60</p>	<p>Since 2003; Since November 2011</p>	<p>Executive Vice President and Chief Operating Officer of Gabelli Funds, LLC since 1988; Officer of all of the registered investment companies in the Gabelli/GAMCO Funds Complex; Director of Teton Advisors, Inc. since 1998; Chairman of Teton Advisors, Inc. 2008-2010; President of Teton Advisors, Inc. 1998-2008; Senior Vice President of GAMCO Investors, Inc. since 2008</p>
<p>Agnes Mullady Treasurer and Secretary Age: 53</p>	<p>Since 2006</p>	<p>President and Chief Operating Officer of the Open-End Fund Division of Gabelli Funds, LLC since 2010; Senior Vice President of GAMCO Investors, Inc. since 2009; Vice President of Gabelli Funds, LLC since 2007; Officer of all of the registered investment companies in the Gabelli/GAMCO Funds Complex</p>
<p>Carter W. Austin Vice President Age: 45</p>	<p>Since 2003</p>	<p>Vice President and/or Ombudsman of closed-end funds in the Gabelli/GAMCO Funds Complex; Vice President of Gabelli Funds, LLC since 1996</p>
<p>Laurissa M. Martire Vice President and Ombudsman Age: 35</p>	<p>Since 2010</p>	<p>Vice President and/or Ombudsman of closed-end funds in the Gabelli/GAMCO Funds Complex; Assistant Vice President of GAMCO Investors, Inc. since 2003</p>

-
- (1) Address: One Corporate Center, Rye, NY 10580-1422.
 - (2) The Fund'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.
 - (3) The "Fund Complex" or the "Gabelli/GAMCO Funds Complex" includes all the registered funds that are considered part of the same fund complex as the Fund because they have common or affiliated investment advisers.
 - (4) "Interested person" of the Fund, as defined in the 1940 Act. Mr. Gabelli is considered to be an "interested person" of the Fund because of his affiliation with the Fund's Adviser and Gabelli & Company, Inc., which executes portfolio transactions for the Fund, and as a controlling shareholder because of the level of his ownership of Common Shares of the Fund. Mr. Salibello may be considered to be 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 Adviser. Mr. Tokar is considered to be an "interested person" of the Fund as a result of his son's employment by an affiliate of the Adviser.
 - (5) Trustees who are not considered to be "interested persons" of the Fund as defined in the 1940 Act are considered to be "Independent" Trustees. None of the Independent Trustees (with the possible exception of Messrs. van Ekris and

Colavita, as described in footnote 7 below) nor their family members had any interest in the Adviser or any person directly or indirectly controlling, controlled by, or under common control with the Adviser as of December 31, 2011.

- (6) Trustees elected solely by holders of the Fund's Preferred Shares.
- (7) Mr. van Ekris beneficially owns less than 1% of the common stock of LICT Corp., having a value of \$49,920 as of December 31, 2011. Each of Messrs. van Ekris and Colavita beneficially owns less than 1% of the stock of the LGL Group, Inc., having values of \$11,728 and \$9,778, respectively, as of December 31, 2011. Each of LGL Group, Inc. and LICT Corp. may be deemed to be controlled by Mario J. Gabelli and in that event would be deemed to be under common control with the Adviser.
- (8) 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 duly elected and qualifies.
- * Nominee to serve, if elected, until the Fund's 2015 Annual Meeting of Shareholders or until his successor is duly elected and qualifies.
- ** Term continues until the Fund's 2014 Annual Meeting of Shareholders and until his successor is duly elected and qualifies.
- *** Term continues until the Fund's 2013 Annual Meeting of Shareholders and until his successor is duly elected and qualifies.

The Board believes that each Trustee's experience, qualifications, attributes or skills on an individual basis and in combination with those of other Trustees lead to the conclusion that each Trustee should serve in such capacity. Among the attributes or skills common to all Trustees are their ability to review critically and to evaluate, question and discuss information provided to them, to interact effectively with the other Trustees, the Adviser, the sub-administrator, other service providers, counsel and the Fund's independent registered public accounting firm, and to exercise effective and independent business judgment in the performance of their duties as Trustees. Each Trustee's ability to perform his/her duties effectively has been attained in large part through the Trustee's business, consulting or public service positions and through experience from service as a member of the Board and one or more of the other funds in the Fund Complex, public companies, or non-profit entities, or other organizations as set forth above and below. Each Trustee's ability to perform his/her duties effectively also has been enhanced by education, professional training, and other experience.

Anthony J. Colavita, Esq. Mr. Colavita is a practicing attorney with over fifty years of experience, including the field of business law. He is the Chair of the Fund's Nominating Committee and a member of the Fund's Audit Committee. Mr. Colavita also serves on comparable or other board committees with respect to other funds in the Fund Complex on whose boards he sits. Mr. Colavita also serves as a Trustee of a charitable remainder unitrust. He served as a Commissioner of the New York State Thruway Authority and as a Commissioner of the New York State Bridge Authority. He served for ten years as the elected Supervisor of the Town of Eastchester, New York, responsible for ten annual municipal budgets of approximately eight million dollars annually. Mr. Colavita also served as Special Counsel to the New York State Assembly for five years and as a Senior Attorney with the New York State Insurance Department. He is the former Chairman of the Westchester County Republican Party and the New York State Republican Party. Mr. Colavita received his Bachelor of Arts from Fairfield University and his Juris Doctor from Fordham University School of Law.

James P. Conn. Mr. Conn is the lead Independent Trustee of the Fund, a member of the Fund's ad hoc Proxy Voting Committee and the ad hoc Pricing Committee (described below under "Trustees – Leadership Structure and Oversight Responsibilities"), and also serves on comparable or other board committees for other funds in the Fund Complex on whose boards he sits. He was a senior business executive of an insurance holding company for much of his career, including service as Chief Investment Officer. Mr. Conn has been a director of several public companies in banking and other industries, and was lead Director and/or Chair of various committees. He received his Bachelor of Science in Business Administration from Santa Clara University.

Mario d'Urso. Mr. d'Urso is a former Senator and Undersecretary of Commerce in the Italian government. He is a member of the Fund's ad hoc Pricing Committee and is a board member of other funds in the Fund Complex. He is former Chairman of Mittel Capital Markets S.p.A., a boutique investment bank headquartered in Italy, and former Partner and Managing Director at investment banks, Kuhn Loeb & Co. and Shearson Lehman Brothers Co. He previously served as President of The Italy Fund, a closed-end fund investing mainly in Italian listed and non-listed companies. Mr. d'Urso received his Masters Degree in Comparative Law from George Washington University and was formerly a practicing attorney in Italy.

Frank J. Fahrenkopf, Jr. Mr. Fahrenkopf is the President and Chief Executive Officer of the American Gaming Association ("AGA"), the trade group for the hotel-casino industry. He is a member of the Fund's Audit Committee, ad hoc Pricing Committee, and serves on the audit committee with respect to other funds in the Fund Complex on whose boards he sits. He presently is Co-Chairman of the Commission on Presidential Debates, which is responsible for the widely-viewed Presidential debates during the quadrennial election cycle. Additionally, he serves as a board member of the International Republican Institute, which he founded in 1984. He served for many years as Chairman of the Pacific Democrat Union and Vice Chairman of the International Democrat Union, a worldwide association of political parties from the United States, Great Britain, France, Germany, Canada, Japan, Australia, and twenty other nations. Prior to becoming the AGA's first chief executive in 1995, Mr. Fahrenkopf was a partner in the

law firm of Hogan & Hartson, where he chaired the International Trade Practice Group and specialized in regulatory, legislative, and corporate matters for multinational, foreign, and domestic clients. He also served as Chairman of the Republican National Committee for six years during Ronald Reagan's presidency. Mr. Fahrenkopf is the former Chairman of the Finance Committee of the Culinary Institute of America and remains a member of the board. Additionally, he has over twenty years' of experience as a member of the board of directors of a bank and still serves as a member of the Advisory Board of the bank. Mr. Fahrenkopf received his Bachelor of Arts from the University of Nevada, Reno and his Juris Doctor from Boalt Hall School of Law, U.C. Berkeley.

6

Mario J. Gabelli. Mr. Gabelli is Chairman of the Board of Trustees and Chief Investment Officer of the Fund. He also currently serves as Chairman of the boards of other funds in the Fund Complex. Mr. Gabelli is Chairman, Chief Executive Officer, and Chief Investment Officer - Value Portfolios of GAMCO Investors, Inc. (“GAMCO”), a New York Stock Exchange (“NYSE”)-listed investment advisory firm. He is also the Chief Investment Officer of Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management, Inc., each of which are asset management subsidiaries of GAMCO. In addition, Mr. Gabelli is Chief Executive Officer and a director and the controlling shareholder of GGCP, Inc., an investment holding company that holds a majority interest in GAMCO. Mr. Gabelli also sits on the boards of other publicly traded companies and private firms and various charitable foundations and educational institutions, including the Board of Trustees of Boston College and Roger Williams University and Board of Overseers of Columbia University Graduate School of Business. Mr. Gabelli received his Bachelors degree from Fordham University and his Masters of Business Administration from Columbia University Graduate School of Business.

Michael J. Melarkey, Esq. Mr. Melarkey is a practicing attorney specializing in business, estate planning, and gaming regulatory work with over thirty-five years of experience. He is a member of the Fund’s Nominating Committee and also serves in this same capacity with respect to other funds in the Fund Complex on whose boards he sits. Mr. Melarkey also is a member of one of the multi-fund ad hoc Compensation Committees. He is currently a Director of a natural gas utility company and chairs its Nominating and Corporate Governance Committee. Mr. Melarkey acts as a Trustee and officer for several private charitable organizations. He is an owner of two northern Nevada casinos and an officer of a private oil and gas company. Mr. Melarkey received his Bachelor of Arts from the University of Nevada, Reno, his Juris Doctor from the University of San Francisco School of Law, and his Masters of Law in Taxation from New York University School of Law.

Salvatore M. Salibello. Mr. Salibello is a Certified Public Accountant and Managing Partner of a certified independent registered public accounting firm with over forty years of experience in public accounting. He is a member of the board of other funds in the Fund Complex. He is currently a director of Kid Brands, Inc., a NYSE-listed group of companies in infant and juvenile products, and chairs its audit committee. Mr. Salibello was formerly a director of an independent community bank and chaired its audit committee. Mr. Salibello received his Bachelor of Business Administration in Accounting from St. Francis College and his Masters in Business Administration in Finance from Long Island University.

Edward T. Tokar. Mr. Tokar has been the Senior Managing Director of Beacon Trust Company, a trust services company, since 2004. He serves as Chairman of the Fund’s ad hoc Proxy Voting Committee. Mr. Tokar also is a member of the board of another fund in the Fund Complex. Mr. Tokar also serves as a Director of an energy services company. He was previously the Chief Executive Officer of Allied Capital Management LLC and Vice President of Honeywell International Inc. Mr. Tokar formerly served as a Director or Trustee of Teton Advisors, Inc., DB Hedge Strategies Fund, Topiary Fund for Benefit Plan Investors (BPI) LLC and Levco Series Trust Mutual Funds. Mr. Tokar has over thirty-five years of investment experience in managing and directing investments in public and private securities involving stocks, bonds, high yield securities, private placements, international investments, and various partnership participations. As the former Vice President of Investments of Honeywell International Inc. and Chief Executive Officer of Allied Capital Management LLC, he was responsible for the investment of employee benefit fund assets worldwide, where his operations were widely recognized for excellence. He is a Trustee Emeritus of the College of William & Mary, and currently serves on the Board of the William & Mary Mason School of Business Foundation. Mr. Tokar has served on numerous advisory boards and professional organizations throughout his career. He is a Certified Public Accountant. Mr. Tokar graduated from the University of Maryland, with a Bachelor of Science degree with High Honors, and received a Masters in Business Administration from the College of William & Mary.

Anthonie C. van Ekris. Mr. van Ekris has been the Chairman and Chief Executive Officer of a global import/ export company for over twenty years. Mr. van Ekris serves on the boards of other funds in the Fund Complex, is the Chairman of one such fund's Nominating Committee, and a member of the ad hoc Proxy Voting Committee of some funds in the Fund Complex. He serves as Chairman of the GAMCO International SICAV. Mr. van Ekris has over fifty-five years of experience as Chairman and/or Chief Executive Officer of public and private companies involved in international trading or commodity trading, and served in both of these capacities for nearly twenty years for a large public jewelry chain. Mr. van Ekris is a former Director of an oil and gas operations company. He served on the boards of a number of public companies and for more than ten years on the Advisory Board of the Salvation Army of Greater New York.

7

Salvatore J. Zizza. Mr. Zizza is the Chairman of a financial consulting firm. He also serves as Chairman to other companies involved in manufacturing, recycling, and real estate. He is the Chair of the Fund's Audit Committee and has been designated the Fund's Audit Committee Financial Expert. Mr. Zizza is a member of the Fund's Nominating and ad hoc Proxy Voting Committees, the ad hoc Pricing Committee, and both multi-fund ad hoc Compensation Committees. In addition, he serves on comparable or other board committees, including as lead independent director/trustee, with respect to other funds in the Fund Complex on whose boards he sits. In addition to serving on the boards of other funds within the Fund Complex, he is currently a director of three other public companies and previously served on the boards of several other public companies. He also served as the Chief Executive of a large NYSE-listed construction company. Mr. Zizza received his Bachelor of Arts and his Master of Business Administration in Finance from St. John's University, which awarded him an Honorary Doctorate in Commercial Sciences.

Trustees – Leadership Structure and Oversight Responsibilities

Overall responsibility for general oversight of the Fund rests with the Board. The Board has appointed Mr. Conn as the lead Independent Trustee. The lead Independent Trustee presides over executive sessions of the Trustees and also serves between meetings of the Board as a liaison with service providers, officers, counsel, and other Trustees on a wide variety of matters including scheduling agenda items for Board meetings. Designation as such does not impose on the lead Independent Trustee any obligations or standards greater than or different from other Trustees. The Board has established a Nominating Committee and an Audit Committee to assist the Board in the oversight of the management and affairs of the Fund. The Board also has an ad hoc Proxy Voting Committee that exercises beneficial ownership responsibilities on behalf of the Fund in selected situations. From time to time, the Board establishes additional committees or informal working groups, such as an ad hoc Pricing Committee related to securities offerings by the Fund, to address specific matters or assigns one of its members to work with trustees or directors of other funds in the Fund Complex on special committees or working groups that address complex-wide matters, such as the multi-fund ad hoc Compensation Committee relating to compensation of the Chief Compliance Officer for all the funds in the Fund Complex and a separate multi-fund ad hoc Compensation Committee relating to compensation of certain other officers of the closed-end funds in the Fund Complex.

All of the Fund's Trustees other than Messrs. Gabelli, Salibello and Tokar are Independent Trustees, and the Board believes it is able to provide effective oversight of the Fund's service providers. In addition to providing feedback and direction during Board meetings, the Trustees meet regularly in executive session and chair all committees of the Board.

The Fund's operations entail a variety of risks, including investment, administration, valuation, and a range of compliance matters. Although the Adviser, the sub-administrator, and the officers of the Fund are responsible for managing these risks on a day-to-day basis within the framework of their established risk management functions, the Board also addresses risk management of the Fund through its meetings and those of the committees and working groups. As part of its general oversight, the Board reviews with the Adviser at Board meetings the levels and types of risks being undertaken by the Fund, and the Audit Committee discusses the Fund's risk management and controls with the independent registered public accounting firm engaged by the Fund. The Board reviews valuation policies and procedures and the valuations of specific illiquid securities. The Board also receives periodic reports from the Fund's Chief Compliance Officer regarding compliance matters relating to the Fund and its major service providers, including results of the implementation and testing of the Fund's and such providers' compliance programs. The Board's oversight function is facilitated by management reporting processes that are designed to provide visibility to the Board regarding the identification, assessment, and management of critical risks, and the controls and policies and procedures used to mitigate those risks. The Board reviews its role in supervising the Fund's risk management from time to time and may make changes at its discretion at any time.

The Board has determined that its leadership structure is appropriate for the Fund because it enables the Board to exercise informed and independent judgment over matters under its purview, allocates responsibility among committees in a manner that fosters effective oversight, and allows the Board to devote appropriate resources to specific issues in a flexible manner as they arise. The Board periodically reviews its leadership structure as well as its overall structure, composition, and functioning, and may make changes at its discretion at any time.

8

Beneficial Ownership of Shares Held in the Fund and the Family of Investment Companies for each Trustee and Nominee for Election as Trustee

Set forth in the table below is the dollar range of equity securities in the Fund beneficially owned by each Trustee and nominee for election as Trustee and the aggregate dollar range of equity securities in the Fund Complex beneficially owned by each Trustee and nominee for election as Trustee.

Name of Trustee/Nominee	Dollar Range of Equity Securities Held in the Fund*(1)	Aggregate Dollar Range of Equity Securities Held in the Family of Investment Companies*(1)(2)
INTERESTED TRUSTEES/NOMINEES:		
Mario J. Gabelli	E	E
Salvatore M. Salibello	A	E
Edward T. Tokar	C	E
INDEPENDENT TRUSTEES/NOMINEES:		
Anthony J. Colavita	C	E
James P. Conn	D	E
Mario d'Urso	A	E
Frank J. Fahrenkopf, Jr.	A	B
Michael J. Melarkey	D	E
Anthonie C. van Ekris	D	E
Salvatore J. Zizza	C	E

* Key to Dollar Ranges

- A. None
- B. \$1 – \$10,000
- C. \$10,001 – \$50,000
- D. \$50,001 – \$100,000
- E. Over \$100,000

All Shares were valued as of December 31, 2011.

- (1) This information has been furnished by each Trustee and nominee for election as Trustee as of December 31, 2011. "Beneficial Ownership" is determined in accordance with Rule 16a-1(a)(2) of the Securities Exchange Act of 1934, as amended (the "1934 Act").
- (2) The term "Family of Investment Companies" includes two or more registered funds that share the same investment adviser or principal underwriter and hold themselves out to investors as related companies for purposes of investment and investor services. Currently, the registered funds that comprise the "Fund Complex" are identical to those that comprise the "Family of Investment Companies."

Set forth in the table below is the amount of Shares beneficially owned by each Trustee, nominee for election as Trustee, and executive officer of the Fund.

Name of Trustee/Nominee/Officer	Amount and Nature of Beneficial Ownership(1)	Percent of Shares Outstanding(2)
INTERESTED		
TRUSTEES/NOMINEES:		
Mario J. Gabelli	2,206,508 (3) 8 Series B Preferred	2.7% *
Salvatore M. Salibello	0	*
Edward T. Tokar	2,000	*
INDEPENDENT		
TRUSTEES/NOMINEES:		
Anthony J. Colavita	1,500 (4)	*
James P. Conn	5,000	*
Mario d'Urso	0	*
Frank J. Fahrenkopf, Jr.	0	*
Michael J. Melarkey	3,672	*
Anthonie C. van Ekris	4,200	*
Salvatore J. Zizza	1,000	*
EXECUTIVE OFFICERS:		
Bruce N. Alpert	100 6,600 Series A Preferred (5) 100 Series D Preferred (6)	* * *
Agnes Mullady	0	*

(1) This information has been furnished by each Trustee, including each nominee for election as Trustee, and executive officer as of December 31, 2011. "Beneficial Ownership" is determined in accordance with Rule 13(d)(3) of the 1934 Act. Reflects ownership of Common Shares unless otherwise noted.

(2) An asterisk indicates that the ownership amount constitutes less than 1% of the total Shares outstanding. The ownership of the Trustees, including nominees for election as Trustee, and executive officers as a group constitutes 2.7% of the total Common Shares outstanding and less than 1% of the total Preferred Shares outstanding.

(3) Comprised of 130,768 Common Shares owned directly by Mr. Gabelli and 2,075,740 Common Shares owned by GAMCO Investors, Inc. or its affiliates. Mr. Gabelli disclaims beneficial ownership of the Shares held by the discretionary accounts and by the entities named except to the extent of his interest in such entities.

(4) Includes 500 Common Shares owned by Mr. Colavita's spouse for which he disclaims beneficial ownership.

(5) All 6,600 Series A Preferred Shares are owned by Mr. Alpert's spouse for which he disclaims beneficial ownership.

(6) All 100 Series D Preferred Shares are owned by Mr. Alpert's spouse for which he disclaims beneficial ownership.

The Fund pays each Independent Trustee an annual retainer of \$18,000 plus \$2,000 for each Board meeting attended. Each Trustee who is not employed by the Adviser is reimbursed by the Fund for any out-of-pocket expenses incurred in attending meetings. All Board committee members receive \$1,000 per meeting attended, the Audit Committee Chairman receives an annual fee of \$3,000, and the Nominating Committee Chairman and the lead Independent Trustee each receive an annual fee of \$2,000. A Trustee may receive a single meeting fee, allocated among the

participating funds, for participation in certain meetings on behalf of multiple funds. The aggregate remuneration (excluding out-of-pocket expenses) paid by the Fund to such Trustees during the fiscal year ended December 31, 2011 amounted to \$235,863. During the fiscal year ended December 31, 2011, the Trustees of the Fund met five times, four of which were regular quarterly Board meetings and one of which was a special joint meeting of the Board of Trustees of the Fund and the Boards of all of the funds in the Fund Complex. Each Trustee then serving in such capacity attended at least 75% of the meetings of Trustees and of any Committee of which he is a member.

The Audit Committee and Audit Committee Report

The role of the Fund's Audit Committee is to assist the Board of Trustees in its oversight of (i) the quality and integrity of the Fund's financial statement reporting process and the independent audit and reviews thereof; (ii) the Fund's accounting and financial reporting policies and practices, its internal controls, and, as appropriate, the internal controls of certain of its service providers; (iii) the Fund's compliance with legal and regulatory requirements; and (iv) the independent registered public accounting firm's qualifications, independence, and performance. The Audit Committee also is required to prepare an audit committee report pursuant to the rules of the Securities and Exchange Commission (the "SEC") for inclusion in the Fund's annual proxy statement. The Audit Committee operates pursuant to the Audit Committee Charter (the "Audit Charter") that was most recently reviewed and approved by the Board of Trustees on February 29, 2012. The Audit Charter is available on the Fund's website at www.gabelli.com/corporate/closed/corp_gov.html.

Pursuant to the Audit Charter, the Audit Committee is responsible for conferring with the Fund's independent registered public accounting firm, reviewing annual financial statements, approving the selection of the Fund's independent registered public accounting firm, and overseeing the Fund's internal controls. The Audit Charter also contains provisions relating to the pre-approval by the Audit Committee of audit and non-audit services to be provided by PricewaterhouseCoopers LLP ("PricewaterhouseCoopers") to the Fund and to the Adviser and certain of its affiliates. The Audit Committee advises the full Board with respect to accounting, auditing, and financial matters affecting the Fund. As set forth in the Audit Charter, management is responsible for maintaining appropriate systems for accounting and internal control, and the Fund's independent registered public accounting firm is responsible for planning and carrying out proper audits and reviews. The independent registered public accounting firm is ultimately accountable to the Board of Trustees and to the Audit Committee, as representatives of shareholders. The independent registered public accounting firm for the Fund reports directly to the Audit Committee.

In performing its oversight function, at a meeting held on February 27, 2012, the Audit Committee reviewed and discussed with management of the Fund and PricewaterhouseCoopers the audited financial statements of the Fund as of and for the fiscal year ended December 31, 2011, and discussed the audit of such financial statements with the independent registered public accounting firm.

In addition, the Audit Committee discussed with the independent registered public accounting firm the accounting principles applied by the Fund and such other matters brought to the attention of the Audit Committee by the independent registered public accounting firm as required by Statement of Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1 AU Section 380), as adopted by the Public Company Accounting Oversight Board (United States) ("PCAOB") in Rule 3200T. The Audit Committee also received from the independent registered public accounting firm the written disclosures and statements required by the SEC's independence rules, delineating relationships between the independent registered public accounting firm and the Fund, and discussed the impact that any such relationships might have on the objectivity and independence of the independent registered public accounting firm.

As set forth above, and as more fully set forth in the Audit Charter, the Audit Committee has significant duties and powers in its oversight role with respect to the Fund's financial reporting procedures, internal control systems, and the independent audit process.

The members of the Audit Committee are not, and do not represent themselves to be, professionally engaged in the practice of auditing or accounting and are not employed by the Fund for accounting, financial management, or internal control purposes. Moreover, the Audit Committee relies on and makes no independent verification of the facts presented to it or representations made by management or the Fund's independent registered public accounting firm. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that management

has maintained appropriate accounting and/or financial reporting principles and policies, or internal controls and procedures, designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee's considerations and discussions referred to above do not provide assurance that the audit of the Fund's financial statements has been carried out in accordance with the standards of the PCAOB or that the financial statements are presented in accordance with generally accepted accounting principles (United States).

11

Based on its consideration of the audited financial statements and the discussions referred to above with management and the Fund's independent registered public accounting firm, and subject to the limitations on the responsibilities and role of the Audit Committee set forth in the Audit Charter and those discussed above, the Audit Committee recommended to the Fund's Board of Trustees that the Fund's audited financial statements be included in the Fund's Annual Report for the fiscal year ended December 31, 2011.

Submitted by the Audit Committee of the Fund's Board of Trustees

Salvatore J. Zizza, (Chairman)

Anthony J. Colavita

Frank J. Fahrenkopf, Jr.

February 29, 2012

The Audit Committee met two times during the fiscal year ended December 31, 2011. The Audit Committee is composed of three of the Fund's Independent Trustees, namely Messrs. Colavita, Fahrenkopf, and Zizza. Each member of the Audit Committee has been determined by the Board of Trustees to be financially literate. Mr. Zizza has been designated as the Fund's audit committee financial expert, as defined in Items 407(d)(5)(ii) and (iii) of Regulation S-K.

Nominating Committee

The Board of Trustees has a Nominating Committee composed of three Independent Trustees, namely Messrs. Colavita (Chairman), Melarkey, and Zizza. Each Nominating Committee Member is an Independent Trustee as determined under guidelines of the NYSE. The Nominating Committee met once during the fiscal year ended December 31, 2011. The Nominating Committee is responsible for identifying and recommending qualified candidates to the Board in the event that a position is vacated or created. In considering candidates submitted by shareholders, the Nominating Committee will take into consideration the needs of the Board, the qualifications of the candidate, and the interests of shareholders.

The Nominating Committee believes that the minimum qualifications for serving as a Trustee of the Fund are that the individual demonstrate, by significant accomplishment in his or her field, an ability to make a meaningful contribution to the Board of Trustees oversight of the business and affairs of the Fund and have an impeccable record and reputation for honest and ethical conduct in both his or her professional and personal activities. In addition, the Nominating Committee examines a candidate's specific experiences and skills, time availability in light of other commitments, potential conflicts of interest, and independence from management and the Fund. The Fund has adopted specific Trustee qualification requirements that can be found in the Fund's governing documents and are applicable to all individuals who may be nominated, elected, appointed, qualified or seated to serve as Trustees. The qualification requirements include: (i) age limits (at least 21 years of age and such maximum age as the Trustees may in the future determine); (ii) prohibitions regarding any legal disability; (iii) limits on service on other boards; (iv) restrictions on relationships with investment advisers other than the Fund's adviser; and (v) character and fitness requirements. Additionally, each Independent Trustee must not be an "interested person" of the Fund as defined under Section 2(a)(19) of the 1940 Act and may not be or have certain relationships with a shareholder beneficially owning five percent or more