Chartwell Dividend and Income Fund, Inc.

Annual Report to Shareholders Dated November 30, 2009

Chartwell Investment Partners
www.chartwellip.com

INVESTMENT OBJECTIVES & STRATEGY *(unaudited)*

The Chartwell Dividend and Income Fund's (the "Fund") primary investment objective is to seek high current income. Capital appreciation is a secondary objective. The Fund will seek to achieve its objectives by investing, under normal circumstances, at least 50% of its total assets in income generating equity securities, including dividend paying common stocks, convertible securities, preferred stocks and other equity-related securities. In addition, the Fund may invest the balance of its total assets in non-convertible debt securities, consisting primarily of corporate bonds. The Fund attempts to minimize individual security risk by diversifying across many industries and asset classes. The Fund is a closed-end management investment company which trades on the New York Stock Exchange under the symbol CWF.

Common Stock

The Fund invests in the common stocks of utility companies, Real Estate Investment Trusts (REITs) and other industrial and financial companies as well as other equity securities. Both utilities and REITs tend to offer a premium dividend yield with steady growth that can lead to capital appreciation. Industrial and financial stocks are primarily purchased for capital appreciation based on the fundamental value of the underlying company.

High-Yield Corporate Bonds

High-yield bonds are non-investment grade corporate debt obligations rated "Ba1" or lower by Moody's Investors Service, Inc. or "BB+" or lower by Standard and Poor's Ratings Group; they typically have a higher risk level than investment-grade bonds. These securities have historically compensated investors with higher levels of income for that risk. Prices usually are less sensitive to interest rate fluctuations than higher rated bonds because of the high income levels. However, the prices of these bonds are more sensitive to changes in the economy.

Convertible Securities

The Fund can invest in both convertible preferred stock and convertible bonds. Both pay fixed rates of income, but because they can be converted into common stock, they are indirectly tied to the common stock's performance. As a result, convertible securities generally offer higher income than common stocks and an opportunity for price appreciation when the value of the underlying security rises. The Fund buys convertibles when the underlying common stock offers strong growth potential as well.

Covered Call Options

The Fund is permitted to write (i.e., sell) covered call options on equity securities (including Exchange Traded Funds) or on stock indexes. The Fund may cover call options by: (i) owning the same security or, in the case of options on a stock index, a portfolio of stock substantially replicating the movement of the index underlying

(unaudited)

the call option until the option is exercised or expires; (ii) segregating cash or other liquid assets with the Fund's Custodian in an amount equal to the current market value of the call option; or (iii) other methods consistent with applicable laws, rules and regulations.

The writing of call options involves some investment analysis and risks that are different from those associated with securities transactions in common stocks. Options can seek to enhance return through price appreciation of the option, increase income, hedge to reduce overall portfolio risk, and/or hedge to reduce individual security risk. Writing options to seek to increase income in the Fund involves the risk of net loss (after receiving the option premium) if the investment adviser is incorrect in its expectation of the direction or magnitude of the change in securities prices. The successful use of options for hedging purposes also depends in part on the degree of correlation between the option and a security or index of securities. If the investment adviser is incorrect in its expectation of changes in securities prices or its estimation of the correlation between the option and a security index, the investment performance of the Fund will be less favorable than it would have been in the absence of such options transactions. The use of options may increase the Fund's portfolio turnover rate and, therefore, associated brokerage commissions.

Investment in Securities Issued by Other Investment Companies

The Board of Directors recently approved a clarification of the Fund's investment policies to permit the Fund to invest in shares of other investment companies, including exchange traded funds ("ETFs"), to the extent permitted by the Investment Company Act of 1940 (the "1940 Act"). ETFs are open-end investment companies or unit investment trusts that are registered under the 1940 Act. ETF shares are listed and traded on stock exchanges at market prices.

An investment in other investment companies involves the risk in that the price of the shares can fluctuate up or down. Consequently, the Fund could lose money investing in another investment company if the prices of the securities owned by the investment company decline in value. In addition, ETFs are subject to the following risks that do not apply to conventional open-end funds: (i) market price of an ETF's shares may trade above or below their net asset value; (ii) an active trading market for an ETF's shares may not develop or be maintained; and (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are delisted from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally.

The Fund will bear its proportionate share of any management fees and other expenses paid by such other investment companies, which will increase the Fund's expenses and decrease returns.

(unaudited)

Temporary Investments

The Board of Directors recently approved the addition of money market mutual funds and cash to the list of the Fund’s temporary investments. Temporary investments can be made for defensive purposes in response to adverse market, economic, political or other conditions, pending investment of the proceeds of sales of portfolio securities, or at other times when suitable investments are not available. In addition to money market mutual funds and cash, the Fund is permitted to temporarily invest without limit in: debt securities issued by the U.S. Government, its agencies or instrumentalities; commercial paper (rated “A-2” or better by S&P or “P-2”or better by Moody’s, similarly rated by another comparable rating agency or, if not so rated, of comparable quality as determined by the Fund’s Manager); certificates of deposit or bankers’ acceptances; or repurchase agreements with respect to any of the foregoing investments. The Fund is also permitted to borrow up to 5% of its total assets for temporary purposes.

Dear Shareholders *(unaudited)*,

Stock market performance for the fiscal year ended November 30, 2009 was very erratic but ended up solidly. The S&P 500 Index returned 25.39% and the Merrill Lynch High Yield Cash Pay Index returned 63.24%, while for the same period the Chartwell Dividend and Income Fund's ("Fund") market return, including reinvested dividends, was 59.14% and the Net Asset Value (NAV) return was 29.42%, also including the reinvestment of dividends. These results are discussed in greater detail later in this report. A solid contributor to the Fund's positive performance was the robust options writing strategy used on the common stock portfolio. Our ability to sell options on the portfolio's stocks enabled the Fund to take advantage of continued high options premiums. Through various portfolio transactions made during the period, we believe we continued to strengthen the portfolio during these uncertain and tumultuous times, while also positioning it for the possibility of a solid economic recovery. Some of these changes are discussed in the fixed income and equity sections of this report.

The first portion of this annual period saw a continuation of the economic and financial crises that we wrote about in the November 30, 2008 Annual Report to Shareholders. Home prices continued to decline and unemployment increased. Financial institutions were absorbing significant losses on their loan and investment portfolios as economic activity slowed and security values plunged. The availability of credit to fund everyday business transactions was dramatically reduced. All of this uncertainty drove the S&P 500 Index down to its intra-day low of 667. On March 9, 2009 it appears as if the all clear bell was rung and market participants found "green shoots" of nascent economic improvement. Financial institutions began to lose less money and in some instances hinted at substantial profits. The rates of decline of many economic indicators began to ebb. Job losses slowed, credit became more available and China appeared to begin to feel the benefits of its substantial economic stimulus package. These and other "green shoots" incited the market to rally over 60% from its lows through the end of November.

As the stock market is a forward-looking indicator, it appears to have begun to discount an economic recovery which appears (based on economic data) to have begun. In general, we are in agreement and we believe that the economy will be on better footing in 2010. In our opinion, this improvement will come from, among other things, inventory restocking, the impact of the domestic stimulus package, continued low interest rates, global economic improvement and a steep yield curve helping the banking industry. The main question for investors is: will this economic recovery be sustainable or will the economy slip back into another slowdown?

We will continue to closely monitor the economy and markets and will endeavor to make appropriate adjustments in the Fund's portfolio.

(unaudited)

Please read the equity and fixed income commentary for more information and analysis.

The above commentary represents management's assessment of the Fund and market environment at a specific point in time and should not be relied upon by the reader as research or investment advice.

Sincerely,

Winthrop S. Jessup
Chairman
Chartwell Dividend and Income Fund

Bernard P. Schaffer
Portfolio Manager

Andrew S. Toburen
Portfolio Manager

Portfolio Management Team

Bernard P. Schaffer
Portfolio Manager
Equity

Paul Matlack
Portfolio Manager
Fixed Income

Andrew S. Toburen
Portfolio Manager
Fixed Income

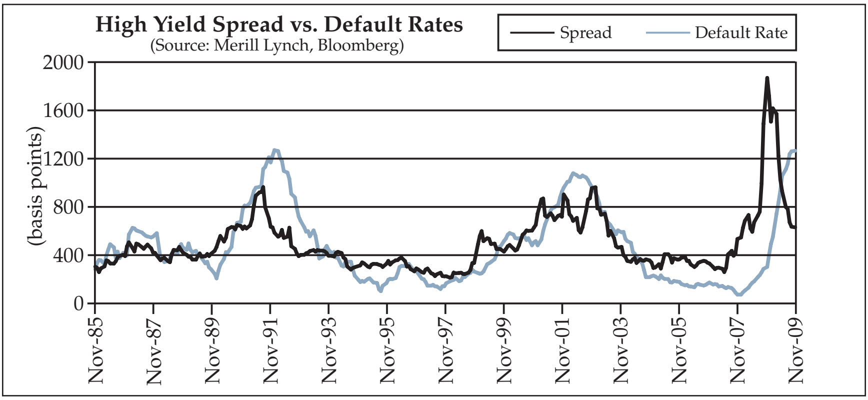
Christine F. Williams
Portfolio Manager
Fixed Income

(unaudited)

How did the Fund perform during the fiscal year ended November 30, 2009?

For the fiscal year ended November 30, 2009, the Fund's market return was 59.14% including dividends reinvested. The Fund's net asset value (NAV) return including dividends reinvested was 29.42%. The market, as measured by the S&P 500, was up 25.39% (including dividends) for the period.

The Merrill Lynch High Yield Cash Pay Index returned 63.24% for the year ended November 30, 2009, the highest return for any twelve month period in the history of this high yield bond index. In hindsight, November 2008 was near the peak of financial market uncertainty in the latest credit cycle. From this top, the high yield market's spread to Treasury (or risk premium) collapsed 1,229 basis points to finish the period at 644 basis points, as seen in the graph below. The yield on the Merrill Lynch High Yield Cash Pay Index declined from 21.69% at the start of the period to 9.64% by the end of November. Tighter spreads and lower absolute yields appear to be pricing in a declining high yield default rate in the future. While in December 2009 Moody's Investors Service projected default rates over the next twelve months to fall below 4%, the trailing twelve month default rate as depicted in the graph below remains quite high at over 12%.



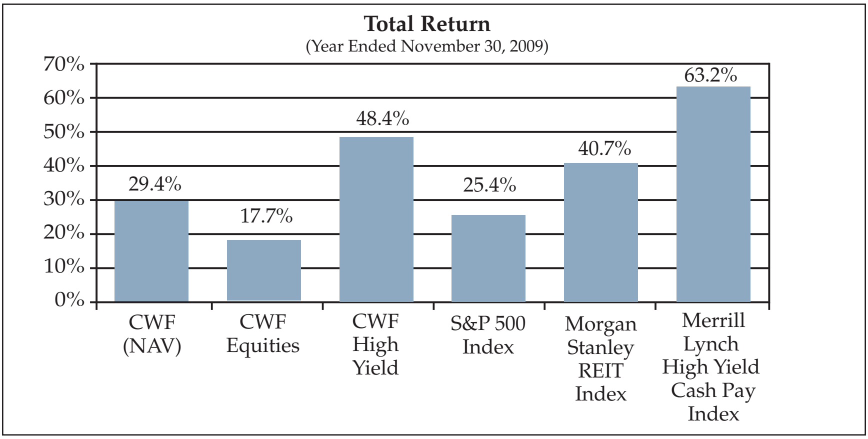
(See description of Benchmark indices on page 13.)

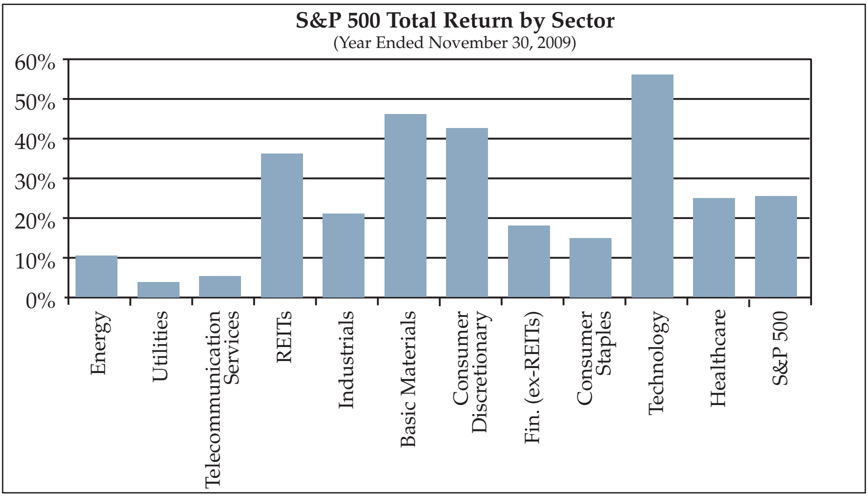
What factors contributed to the Fund's performance?

For the fiscal year ended November 30, 2009 the equity portion of the Fund returned 17.74%, underperforming the S&P 500 Index due to several factors. During the strong rally that occurred subsequent to March 9, 2009, S&P 500 performance significantly benefited from the performance of lower quality and smaller capitalization stocks. The Fund has been positioned with a leaning towards higher quality, larger capitalization stocks which underperformed in the rally. As can be seen below, while all sectors within the S&P 500 had positive returns, four sectors of the S&P 500 preformed significantly better than the Index itself. Three of these four are highly cyclical sectors (Basic Materials, Technology and Consumer Discretionary) and the Fund was underweighted each of these sectors on average during the year. In addition, investments in General Maritime Corporation, PPG Industries, Exxon Mobil Corp., and Bank of America Corp. detracted from

(unaudited)

performance. Positive contributions to performance came from stock selection in the Energy sector with investments in Energy Transfer Partners LP, Occidental Petroleum Corporation and Copano Energy LLC leading the way; proper timing of the weightings in Financials; positions in Limited Brands, Inc., JPMorgan Chase & Co. and Annaly Capital Management, Inc. all significantly outperforming the S&P 500 Index, and the options overwriting strategy previously discussed.

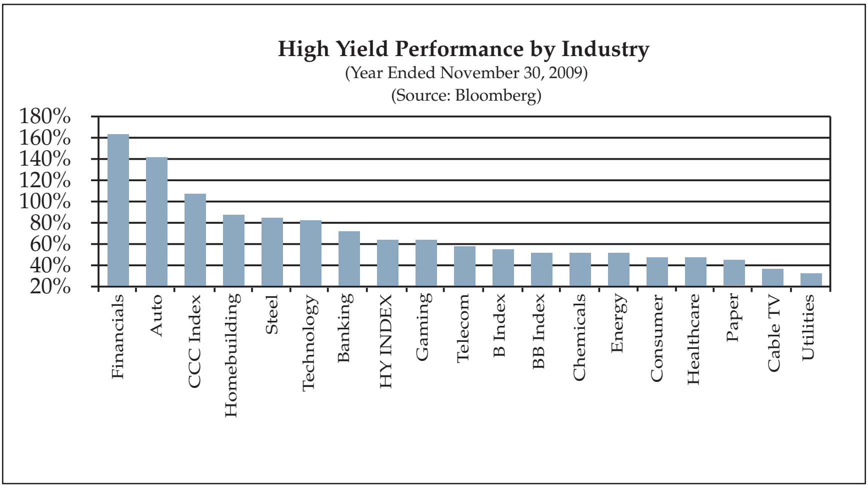




(See description of Benchmark indices on page 13.)

(unaudited)

The fixed income portion of the Fund returned 48.38% for the year ended November 30, 2009. Our fixed income investment performance trailed the broad high yield index due primarily to the Fund's quality bias versus the overall market. For example, the Fund owns very few speculative CCC-rated securities, which posted average returns exceeding 100% during the period. In a year where every sector posted solidly positive returns, previously beaten down Financials and Auto issuers stood out as the best performing parts of the market, as depicted in the following graph.



What changes were made to the portfolio during the fiscal year?

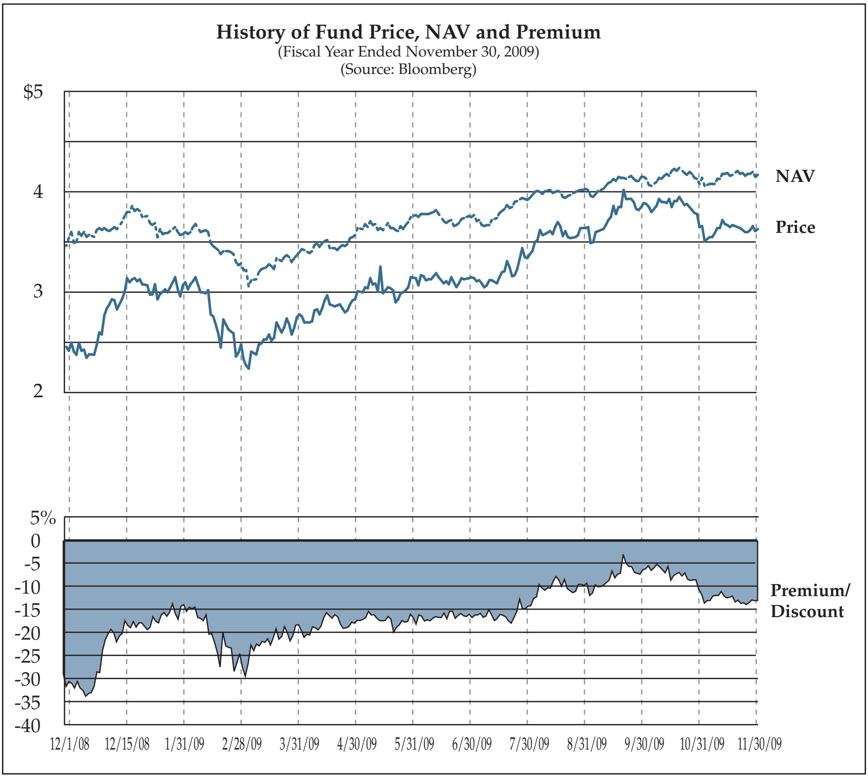
The equity portion of the portfolio made some sizeable changes during the period. Reductions were made in the Basic Materials sector and the significant over-weighting in the Telecommunications sector was reduced. Increases were made in the Financials, Consumer Discretionary, and Healthcare sectors.

We sold a number of the Fund's fixed income holdings over the last year because they had reached our price targets. Bond sales during the period included *Allied Waste, AutoNation, Freeport McMoran Copper & Gold*, and *Tennessee Gas Pipeline*, among others. Proceeds from the sales were redeployed in new bond positions that we believe offer better return prospects, such as *Anixter Inc.*, a distributor of wire and wiring systems for voice and data networks, *Cequel Communications Holdings I, LLC*, a cable television company, and *Ferrellgas Partners, LP*, a propane distributor.

(unaudited)

How did the Fund trade relative to its Net Asset Value (NAV) during the fiscal year?

As of November 30, 2009 the Fund was trading at a closing price of $3.65, which is a 12.9% discount to its NAV of $4.19. In comparison, at November 30, 2008, the Fund was trading at a closing price of $2.60, which was a large 30.1% discount to its NAV of $3.67. As shown below, throughout the year ended November 30, 2009 the Fund traded between a 33.70% to 2.88% discount to its NAV.



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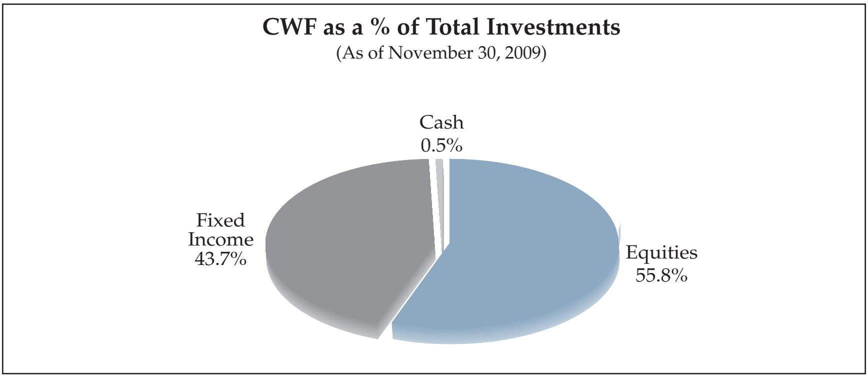
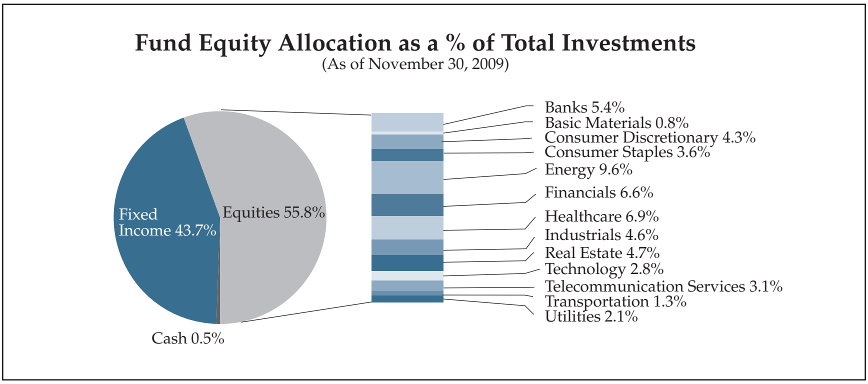


How is the Fund positioned at the close of the fiscal year?

As shown in the chart above, as of November 30, 2009, the percentage of the Fund's total investments held in equities and fixed income was 55.8% and 43.7%, respectively. The Fund continues to be overweight high quality, higher dividend paying securities. In the Equity portion of the portfolio, securities related to the Financial Services Group (Banks, Financials and Real Estate) represent the largest allocation from both an absolute and relative perspective, as depicted in the graph below. The Financials weighting has been increased as the financial markets have recovered. Technology and Consumer Staples are the largest underweights within the portfolio at November 30, 2009.



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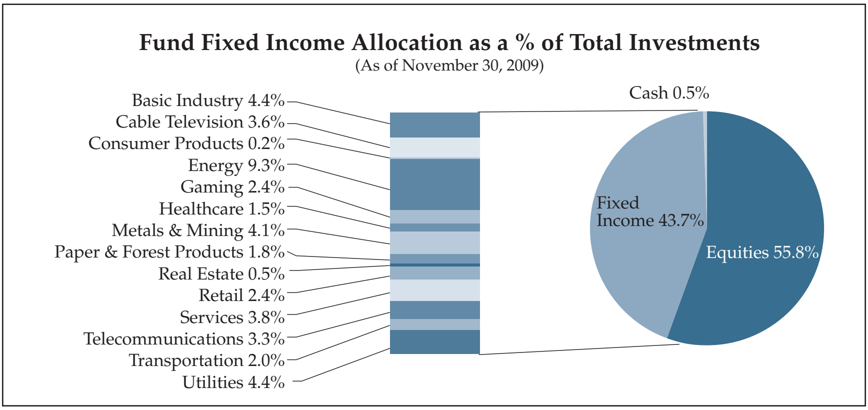


We intend to remain conservatively positioned and well diversified in he fixed income portion of the Fund relative to the overall high yield market. Our primary goal with the Fund's fixed income investments is to contribute a stable income stream to help support the Fund's monthly distribution. Towards that end, we own bonds from primarily BB-rated and B-rated issuers. Our bond portfolio is currently overweighted versus the high yield market in Utilities and Cable Television, industries that have historically been relatively stable. As shown above, at the end of November, the bond portfolio had no direct exposure to Financial issuers, including Banks and Insurance companies.

(unaudited)

What are the top 10 equity holdings by percentage of total investments?

TOP 10 EQUITIES BY PERCENTAGE OF TOTAL INVESTMENTS
(As of November 30, 2009)

Ticker	Security	% of Total Investments
JPM	JPMorgan Chase & Company	3.1%
OXY	Occidental Petroleum Corporation	2.8%
NLY	Annaly Capital Management, Inc.	2.7%
MET	MetLife, Inc.	2.5%
ETP	Energy Transfer Partners LP	2.3%
PFE	Pfizer Inc.	2.2%
XOM	Exxon Mobil Corporation	2.1%
MMM	3M Company	1.9%
ACE	Ace Limited	1.8%
MRK	Merck & Company, Inc.	1.8%

Definition of the Comparative Indices

S&P 500 Index is an unmanaged capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

Merrill Lynch High Yield Cash Pay Index is an unmanaged index of corporate bonds that pay cash coupons, meet a minimum size threshold, and have a Merrill Lynch composite rating lower than BBB3.

Morgan Stanley REIT Index is an unmanaged total-return index comprised of the most actively traded real estate investment trusts and is designed to be a measure of real estate equity performance.

Utilization of Leverage *(unaudited)*

The Chartwell Dividend and Income Fund, Inc. has utilized leverage through the issuance of commercial paper. As of November 30, 2009, the Fund had approximately $10 million in leverage outstanding (out of $60 million available) in the form of commercial paper rated A1/P1 by Moody's Investors Service, Inc./Standard & Poor's Ratings Group. These ratings should enhance the marketability and reduce the interest costs associated with the issuance of the commercial paper. However, it must be noted that the utilization of leverage involves the risk of lower portfolio returns if the cost of leverage is higher than the resulting yields on assets or if the Fund experiences capital losses in excess of the yield spread, if any. Therefore, the addition of leverage also increases the potential volatility of the Fund. The Fund has the ability to leverage to a maximum of 33% of the Fund's gross assets.

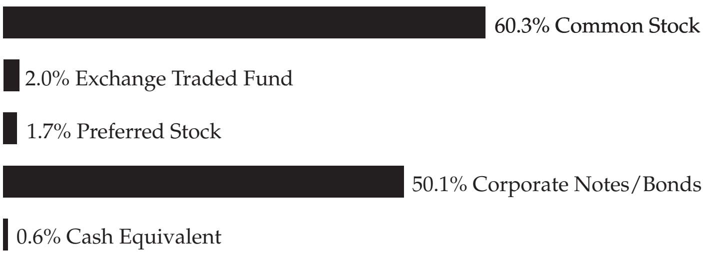
The Fund utilizes leveraging to seek to enhance the yield and NAV of its common stock. However, these objectives cannot be achieved in all interest rate environments. To leverage, the Fund issues commercial paper, which is issued at a discount equivalent to short-term interest rates, and invests the proceeds in long-term securities. The interest earned on these investments is paid to common stock shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share NAV of the Fund's common stock. However, in order to benefit common stock shareholders, the yield curve must be positively sloped; that is, short-term interest rates must be lower than long-term interest rates. At the same time, a period of generally declining interest rates will benefit common stock shareholders. *If either of these conditions change, then the risks of leveraging will begin to outweigh the benefits.*

To illustrate these concepts, assume a fund's common stock capitalization of $100 million and the issuance of commercial paper for an additional $50 million, creating a total value of $150 million available for investment in long-term securities. If prevailing short-term interest rates are approximately 3% and long-term interest rates are approximately 6%, the yield curve has a strongly positive slope. In this example, the Fund pays a discount on the $50 million of commercial paper based on the lower short-term interest rates. At the same time, the Fund's total portfolio of $150 million earns the income based on long-term interest rates.

In this case, the discount paid to commercial paper holders is significantly lower than the income earned on the Fund's long-term investments, and therefore the common stock shareholders are the beneficiaries of the incremental yield. However, if short-term interest rates rise, narrowing the differential between short-term and long-term interest rates, the incremental yield pick-up on the common stock will be reduced or eliminated completely. At the same time, the market value on the Fund's common stock (that is, its price as listed on the New York Stock Exchange), may, as a result, decline. Furthermore, if long-term interest rates rise, the common stock's NAV will reflect the full decline in the price of the portfolio's investments, since the value of the Fund's commercial paper does not fluctuate. In addition to the decline in net asset value, the market value of the Fund's common stock may also decline.

Schedule of Investments

Asset Class Weightings (unaudited)†:



† Percentages are based on total net assets of $70,852,629.

Total Investments including leverage are $81,237,267.

	Number of Shares	Market Value
Common Stock—60.3%		
Aerospace & Defense—1.4%		
Honeywell International, Inc.	25,000	$ 961,750
Banks—4.1%		
JPMorgan Chase & Company	60,000	2,549,400
National Penn Bancshares, Inc.	64,415	355,571
		2,904,971
Beverages—1.3%		
Coca–Cola Company	5,000	286,000
PepsiCo, Inc.	10,000	622,200
		908,200
Computers & Peripherals—1.4%		
Hewlett–Packard Company	20,000	981,200
Electrical Equipment—1.8%		
Emerson Electric Company	30,000	1,242,300
Energy—11.0%		
Copano Energy LLC (A)	30,000	606,000
Energy Transfer Partners LP (A)	42,500	1,839,825
Enterprise Products Partners LP (A)	20,000	595,800
Exxon Mobil Corporation	23,000	1,726,610
General Maritime Corporation	105,000	742,350

See Accompanying Notes to Financial Statements.

SCHEDULE OF INVESTMENTS *(continued)*

	Number of Shares	Market Value
COMMON STOCK *(continued)*		
Energy *(continued)*		
Occidental Petroleum Corporation	28,000	$ 2,262,120
		7,772,705
Financial—6.5%		
ACE Limited	30,000	1,461,300
Lincoln National Corporation	26,700	611,697
MetLife, Inc.	60,000	2,051,400
Star Asia Financial Limited*† (B)(C)	15,000	471,900
		4,596,297
Food & Staples Retailing—0.9%		
CVS Caremark Corporation	20,000	620,200
Food, Beverage & Tobacco—1.1%		
Kraft Foods, Inc., Class A	10,000	265,800
Philip Morris International, Inc.	10,000	480,900
		746,700
Healthcare—7.9%		
Abbott Laboratories	20,000	1,089,800
Bristol–Myers Squibb Company	50,000	1,265,500
Merck & Company, Inc.	40,000	1,448,400
Pfizer, Inc.	100,000	1,817,000
		5,620,700
Hotels, Restaurants & Leisure—0.9%		
Darden Restaurants, Inc.	20,000	628,600
Industrial Conglomerates—2.2%		
3M Company	20,000	1,548,800
Metals & Mining—0.8%		
BHP Billiton Limited ADR	8,000	602,400
Multiline Retail—2.4%		
JC Penney Company, Inc.	15,000	431,100
Target Corporation	28,000	1,303,680
		1,734,780
Personal Products—1.0%		
Avon Products, Inc.	20,000	685,000

See Accompanying Notes to Financial Statements.

SCHEDULE OF INVESTMENTS *(continued)*

	Number of Shares	Market Value
COMMON STOCK *(continued)*		
Real Estate Investment Trusts—4.7%		
Annaly Capital Management, Inc.	120,000	$ 2,209,200
MFA Mortgage Investments, Inc.	150,000	1,135,500
		3,344,700
Road & Rail—0.9%		
Union Pacific Corporation	10,000	632,600
Semiconductors & Semiconductor Equipment—1.8%		
Intel Corporation	20,000	384,000
Microchip Technology, Inc.	35,000	918,750
		1,302,750
Specialty Retail—1.6%		
Limited Brands, Inc.	70,000	1,161,300
Telecommunications—3.6%		
AT&T, Inc.	40,500	1,091,070
Frontier Communications Corporation	125,000	987,500
Verizon Communications, Inc.	15,000	471,900
		2,550,470
Transportation—0.6%		
Seaspan Corporation	50,000	455,000
Utilities—2.4%		
Exelon Corporation	15,000	722,700
Southern Company	30,000	962,700
		1,685,400
Total Common Stock (cost $40,225,622)		**42,686,823**
EXCHANGE TRADED FUNDS—2.0%		
SPDR KBW Bank	65,000	1,436,500
Total Exchange Traded Funds (cost $871,731)		**1,436,500**
PREFERRED STOCK—1.7%		
Financial—1.1%		
Solar Cayman Limited*† (B)	80,000	776,000
Real Estate Investment Trusts—0.6%		
FelCor Lodging Trust, Inc.	40,000	433,600
Total Preferred Stock (cost $2,200,000)		**1,209,600**

See Accompanying Notes to Financial Statements.

SCHEDULE OF INVESTMENTS *(continued)*

	Principal Amount	Market Value
CORPORATE NOTES/BONDS—50.1%		
Basic Industry—2.7%		
H&E Equipment Services, Inc.		
8.375%, 07/15/16	$1,175,000	$ 1,145,625
Trimas Corporation		
9.875%, 06/15/12	772,000	741,120
		1,886,745
Building Materials—1.1%		
Gibraltar Industries, Inc.		
8.000%, 12/01/15	840,000	798,000
Cable Television—4.0%		
Cequel Communications Holdings I LLC and Cequel Capital Corporation†		
8.625%, 11/15/17	500,000	495,000
CSC Holdings, Inc.		
7.875%, 02/15/18	750,000	770,625
Echostar DBS Corporation		
6.625%, 10/01/14	500,000	491,250
Mediacom Broadband LLC		
8.500%, 10/15/15	750,000	746,250
Virgin Media Finance PLC		
9.500%, 08/15/16	350,000	369,250
		2,872,375
Construction Materials—1.1%		
Headwaters, Inc.†		
11.375%, 11/01/14	750,000	770,625
Consumer Staples—0.3%		
Dean Foods Company		
7.000%, 06/01/16	200,000	194,000
Energy—8.1%		
Antero Resources Finance Corporation†		
9.375%, 12/01/17	500,000	503,750
Cie Generale de Geophysique		
7.750%, 05/15/17	500,000	496,875

See Accompanying Notes to Financial Statements.

SCHEDULE OF INVESTMENTS *(continued)*

	Principal Amount	Market Value
CORPORATE NOTES/BONDS *(continued)*		
Energy *(continued)*		
Cimarex Energy Company		
7.125%, 05/01/17	$ 650,000	$ 650,812
Complete Production Services, Inc.		
8.000%, 12/15/16	780,000	768,300
Concho Resources, Inc.		
8.625%, 10/01/17	500,000	516,250
Copano Energy LLC		
8.125%, 03/01/16	935,000	939,675
Linn Energy LLC		
9.875%, 07/01/18	185,000	194,250
Newfield Exploration Company		
6.625%, 04/15/16	450,000	445,500
Plains Exploration & Production Company		
7.625%, 06/01/18	500,000	490,000
Range Resources Corporation		
7.500%, 05/15/16	750,000	757,500
		5,762,912
Firearms and Ammunition—1.1%		
Colt Defense LLC†		
8.750%, 11/15/17	750,000	757,500
Gaming—2.7%		
MTR Gaming Group, Inc.		
9.000%, 06/01/12	700,000	542,500
Seneca Gaming Corporation		
7.250%, 05/01/12	1,000,000	985,000
Yonkers Racing Corporation†		
11.375%, 07/15/16	400,000	418,000
		1,945,500
Healthcare—1.6%		
HCA Inc.		
9.125%, 11/15/14	500,000	523,750
Omnicare, Inc.		
6.875%, 12/15/15	650,000	627,250
		1,151,000

See Accompanying Notes to Financial Statements.

SCHEDULE OF INVESTMENTS *(continued)*

	Principal Amount	Market Value
CORPORATE NOTES/BONDS *(continued)*		
Industrial—1.9%		
Anixter, Inc.		
10.000%, 03/15/14	$1,000,000	$ 1,097,500
United Rentals North America, Inc.†		
10.875%, 06/15/16	270,000	288,225
		1,385,725
Leisure—0.7%		
Universal City Development Partners Limited†		
8.875%, 11/15/15	500,000	488,750
Metals & Mining—2.5%		
Arch Western Finance LLC		
6.750%, 07/01/13	500,000	500,000
Cloud Peak Energy Resources LLC†		
8.500%, 12/15/19	500,000	497,500
Steel Dynamics, Inc.		
7.375%, 11/01/12	750,000	751,875
		1,749,375
Paper & Forest Products—3.2%		
PE Paper Escrow†		
12.000%, 08/01/14	250,000	274,868
P H Glatfelter		
7.125%, 05/01/16	1,190,000	1,185,538
U.S. Corrugated (B)		
10.000%, 06/01/13	1,000,000	850,000
		2,310,406
Real Estate Management—0.6%		
Corrections Corp of America		
7.750%, 06/01/17	300,000	313,500
Geo Group, Inc.†		
7.750%, 10/15/17	80,000	81,600
		395,100
Retail—2.8%		
Brown Shoe Company, Inc.		
8.750%, 05/01/12	700,000	707,000

See Accompanying Notes to Financial Statements.

SCHEDULE OF INVESTMENTS *(continued)*

	Principal Amount	Market Value
CORPORATE NOTES/BONDS *(continued)*		
Retail *(continued)*		
Couche–Tard US LP		
7.500%, 12/15/13	$ 500,000	$ 508,125
Sonic Automotive, Inc., Series B		
8.625%, 08/15/13	750,000	742,500
		1,957,625
Road & Rail—1.0%		
RailAmerica, Inc.†		
9.250%, 07/01/17	675,000	708,750
Services—2.2%		
ARAMARK Corporation		
8.500%, 02/01/15	500,000	503,750
KAR Holdings, Inc.		
8.750%, 05/01/14	770,000	785,400
Mobile Mini, Inc.		
9.750%, 08/01/14	250,000	260,000
		1,549,150
Telecommunications—3.8%		
Cincinnati Bell, Inc.		
8.375%, 01/15/14	750,000	749,062
Clearwire Communications LLC†		
12.000%, 12/01/15	750,000	743,438
Frontier Communications Corporation		
8.250%, 05/01/14	150,000	154,875
Hughes Network Systems LLC		
9.500%, 04/15/14	1,000,000	1,015,000
		2,662,375
Transportation—1.3%		
Stena AB		
7.500%, 11/01/13	950,000	914,375
Utilities—7.4%		
AES Corporation†		
9.750%, 04/15/16	500,000	541,250
Amerigas Partners LP		
7.250%, 05/20/15	750,000	742,500

See Accompanying Notes to Financial Statements.

SCHEDULE OF INVESTMENTS *(continued)*

	Principal Amount/ Number of Shares	Market Value
CORPORATE NOTES/BONDS *(continued)*		
Utilities *(continued)*		
Edison Mission Energy		
7.000%, 05/15/17	$ 650,000	$ 477,750
Elwood Energy LLC		
8.159%, 07/05/26	872,794	787,392
Ferrellgas Partners LP		
6.750%, 05/01/14	400,000	386,000
Ferrellgas Partners LP†		
9.125%, 10/01/17	100,000	104,500
Ipalco Enterprises, Inc.†		
7.250%, 04/01/16	500,000	501,250
North American Energy Alliance LLC†		
10.875%, 06/01/16	400,000	419,000
Sierra Pacific Resources		
8.625%, 03/15/14	750,000	779,062
Southern Star Central Corporation		
6.750%, 03/01/16	350,000	336,000
Suburban Propane Partners LP		
6.875%, 12/15/13	190,000	188,100
		5,262,804
Total Corporate Notes/Bonds (cost $35,552,676)		**35,523,092**
CASH EQUIVALENT—0.6%		
SEI Daily Income Trust, Prime Obligations Fund,		
Class A, 0.130% (D)	381,252	381,252
Total Cash Equivalent (cost $381,252)		**381,252**
Total Investments—114.7% (cost $79,231,281)		**81,237,267**

See Accompanying Notes to Financial Statements.

SCHEDULE OF INVESTMENTS *(concluded)*

	Written Contracts	Market Value
COVERED CALL OPTIONS WRITTEN—(0.2)%		
Abbott Laboratories, Expires: 12/19/09, Strike Price: $55	(200)	$ (12,000)
Annaly Capital Management, Inc., Expires: 12/19/09, Strike Price: $18	(145)	(8,265)
Avon Products, Inc., Expires: 12/19/09, Strike Price: $35	(200)	(10,000)
CVS Caremark Corporation, Expires: 12/19/09, Strike Price: $31	(200)	(16,000)
Emerson Electric Company, Expires: 12/19/09, Strike Price: $44	(300)	(4,500)
Merck & Company, Inc., Expires: 12/19/09, Strike Price: $36	(400)	(37,600)
Union Pacific Corporation, Expires: 12/19/09, Strike Price: $65	(100)	(8,500)
Verizon Communications, Inc., Expires: 12/19/09, Strike Price: $31	(150)	(12,450)
Total Written Option (premiums received $137,078)		**(109,315)**
Other Liabilities in Excess of Assets—(14.5)%		**(10,275,323)**
Net Assets—100.0%		**$ 70,852,629**

* Non – income producing security.

† Securities are exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration normally to qualified institutions. At November 30, 2009, these securities amounted to $8,841,906 or 12.5% of net assets.

(A) Securities considered Master Limited Partnerships. At November 30, 2009, these securities amounted to $3,041,625 or 4.3% of net assets.

(B) Securities fair valued in accordance with Fair Value Procedures (See Note 1).

(C) Security is illiquid. The total value of illiquid securities as of November 30, 2009 was $471,900 or 0.7% of net assets.

(D) The rate reported is the 7–day effective yield as of November 30, 2009.

ADR American Depositary Receipt
LLC Limited Liability Company
LP Limited Partnership
PLC Public Limited Company
SPDR Standard & Poor's Depository Receipts

See Accompanying Notes to Financial Statements.

Statement of Assets and Liabilities
As of November 30, 2009

Assets:	
Investments, at value (cost $79,231,281) (Note 1)	$ 81,237,267
Interest receivable	660,449
Dividends receivable	175,452
Prepaid expenses and other assets	46,241
Total assets	82,119,409
Liabilities:	
Commercial paper (Note 4)	9,951,722
Payable for investment securities purchased	848,290
Covered call options written, at value (premiums received—$137,078) (Note 1)	109,315
Payable for investment management fees (Note 2)	56,249
Payable to custodian	27,812
Payable for administration fees (Note 2)	12,329
Accrued expenses and other liabilities	261,063
Total liabilities	11,266,780
Net Assets	$ 70,852,629
Net Assets Consist of:	
Common Stock, $0.01 par value (authorized 100,000,000 shares)	$ 169,060
Additional paid-in capital	172,817,983
Distributions in excess of net investment income	(244,104)
Accumulated net realized losses on investments and written call options	(103,924,059)
Net unrealized appreciation on investments and written call options	2,033,749
Net Assets	$ 70,852,629
Net Asset Value per share:	
$70,852,629 ÷ 16,905,967 shares of Common Stock issued and outstanding	$ 4.19

See Accompanying Notes to Financial Statements.

Statement of Operations

For the Year Ended November 30, 2009

Investment Income:	
Interest	$ 3,233,159
Dividends	2,089,536
Foreign taxes withheld	(1,260)
Total investment income	5,321,435
Expenses:	
Investment management fees (Note 2)	701,467
Commercial paper fees	202,541
Legal fees	154,618
Administration fees (Note 2)	150,000
Transfer agent fees	84,301
Audit fees	56,137
Printing and shareholder reports	40,215
Directors' fees and expenses	27,000
Custodian fees	18,049
Registration fees	17,890
Insurance fees	16,650
Other operating expenses	32,533
Total operating expenses	1,501,401
Interest expense (Note 4)	421,621
Total expenses	1,923,022
Less: Investment management fees waived (Note 2)	(73,887)
Net expenses	1,849,135
Net Investment Income	3,472,300
Realized and Unrealized Gains (Losses) on Investments:	
Net realized loss on investments	(45,381,796)
Net realized gain on written call options	1,385,878
Change in net unrealized appreciation on investments and written call options	56,252,324
Net realized and unrealized gain on investments and written call options	12,256,406
Net Increase in Net Assets Resulting from Operations	$ 15,728,706

See Accompanying Notes to Financial Statements.

Statement of Cash Flows

For the Year Ended November 30, 2009

Cash flows from operating activities	
Net increase in net assets resulting from operations	$ 15,728,706
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:	
Purchase of long-term portfolio investments	(53,456,233)
Proceeds from sales of long-term portfolio investments	54,050,052
Net purchase of short-term portfolio investments	(45,590,253)
Net proceeds from sales of short-term portfolio investments	45,209,001
Realized gain on written call options	(1,385,878)
Premiums received from options written	8,855,682
Premiums paid to closed options	(7,847,085)
Amortization of premiums on investments	(57,694)
Realized losses from security transactions	45,381,796
Change in unrealized appreciation from security transactions and written call options	(56,252,324)
Decrease in interest receivable	208,909
Increase in dividends receivable	(38,227)
Decrease in prepaid expenses and other assets	11,323
Decrease in payable for securities purchased	(604,116)
Decrease in payable for investment management fees	(3,336)
Increase in payable for administration fees	5,319
Increase in payable to custodian	27,812
Increase in accrued expenses and other liabilities	29,491
Net cash provided by operating activities	4,272,945
Cash flows from financing activities	
Cash dividends paid to shareholders	(6,897,633)
Increase in commercial paper, at value	9,902
Net cash used in financing activities	(6,887,731)
Net decrease in cash	(2,614,786)
Cash	
Cash at beginning of year	2,614,786
Cash at end of year	$ —

See Accompanying Notes to Financial Statements.

Statement of Changes in Net Assets

	For the Year Ended November 30, 2009	For the Year Ended November 30, 2008
Operations:		
Net investment income	$ 3,472,300	$ 9,420,942
Net realized loss on investments	(45,381,796)	(37,833,912)
Net realized gain on written call options	1,385,878	8,825,538
Change in net unrealized appreciation (depreciation) on investments and written call options	56,252,324	(41,822,635)
Net increase (decrease) in net assets resulting from operations	15,728,706	(61,410,067)
Dividends and distributions to shareholders from:		
Net investment income	(6,607,782)	(9,913,146)
Tax return of capital	(289,851)	(4,609,079)
Net decrease in net assets resulting from dividends and distributions	(6,897,633)	(14,522,225)
Total increase (decrease) in net assets	8,831,073	(75,932,292)
Net Assets:		
Beginning of year	62,021,556	137,953,848
End of year (including distributions in excess of net investment income $(244,104) and undistributed net investment income of $703,046, respectively)	$ 70,852,629	$ 62,021,556

See Accompanying Notes to Financial Statements.

Financial Highlights

The following per share data and ratios have been derived from information provided in the financial statements	For the Years Ended November 30, 2009	2008
Net asset value, beginning of year	$ 3.67	$ 8.16
Income/(loss) from investment operations: (1)		
Net investment income	0.21	0.56
Net realized and unrealized gain (loss) on investment transactions and written call options	0.72	(4.19)
Total from investment operations	0.93	(3.63)
Less dividends:		
Dividends from net investment income	(0.39)	(0.59)
Tax return of capital	(0.02)	(0.27)
Total dividends	(0.41)	(0.86)
Net asset value, end of year	$ 4.19	$ 3.67
Market value, end of year	$ 3.65	$ 2.60
Total return based on: (2)		
Net asset value	29.42%	(47.75)%
Market value	59.14%	(58.90)%
Ratios and supplemental data: (3)		
Net assets, end of period (000 omitted)	$70,853	$62,022
Total expenses including waiver of fees	2.50%	2.41%
Total expenses excluding waiver of fees	2.60%	2.51%
Total operating expenses including waiver of fees (4)	1.66%	1.22%
Total operating expenses excluding waiver of fees (4)	1.76%	1.32%
Commercial paper fees and interest expense	0.85%	1.19%
Net investment income including waiver of fees	4.71%	5.97%
Portfolio turnover	73%	54%
Leverage analysis:		
Aggregate amount outstanding at end of year (000 omitted)	$10,000	$10,000
Average daily balance of amortized cost of commercial paper outstanding (000 omitted)	$ 9,960	$47,921
Asset coverage per $1,000 at end of year	$ 7,425	$15,880

(1) Based on average shares outstanding.
(2) Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each period reported. Total investment return does not reflect brokerage commissions. Dividends and distributions, if any, are assumed for the purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment returns based on market value can be significantly greater or less than investment returns based on net asset value. Returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the sale of Fund shares.
(3) Ratios are stated as a percentage of managed net assets which includes any liabilities constituting indebtedness in connection with financial leverage.
(4) Exclusive of commercial paper fees and interest expense.
Amounts designated as "—" are $0.

See Accompanying Notes to Financial Statements.

FINANCIAL HIGHLIGHTS *(continued)*

	For the Years Ended November 30,	
	2007	**2006**
Net asset value, beginning of year	$ 9.55	$ 8.65
Income/(loss) from investment operations: (1)		
Net investment income	0.80	0.63
Net realized and unrealized gain (loss) on investment transactions and written call options	(1.30)	1.20
Total from investment operations	(0.50)	1.83
Less dividends and distributions:		
Dividends from net investment income	(0.84)	(0.93)
Tax return of capital	(0.05)	—
Total dividends	(0.89)	(0.93)
Net asset value, end of year	$ 8.16	$ 9.55
Market value, end of year	$ 7.35	$ 9.78
Total return based on: (2)		
Net asset value	(6.05)%	22.51%
Market value	(17.19)%	0.36%
Ratios and supplemental data: (3)		
Net assets, end of year (000 omitted)	$137,953	$160,613
Total expenses including waiver of fees	2.69%	2.59%
Total expenses excluding waiver of fees	2.79%	2.68%
Total operating expenses including waiver of fees (4)	1.15%	1.13%
Total operating expenses excluding waiver of fees (4)	1.26%	1.24%
Commercial paper fees and interest expense	1.53%	1.44%
Net investment income including waiver of fees	6.33%	5.07%
Portfolio turnover	74%	96%
Leverage analysis:		
Aggregate amount outstanding at end of year (000 omitted)	$ 55,000	$ 55,000
Average daily balance of amortized cost of commercial paper outstanding (000 omitted)	$ 54,790	$ 54,659
Asset coverage per $1,000 at end of year	$ 3,903	$ 3,980

(1) Based on average shares outstanding.
(2) Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each year reported. Total investment return does not reflect brokerage commissions. Dividends and distributions, if any, are assumed for the purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment returns based on market value can be significantly greater or less than investment returns based on net asset value. Returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the sale of Fund shares.
(3) Ratios are stated as a percentage of average weekly net assets which includes any liabilities constituting indebtedness in connection with financial leverage.
(4) Exclusive of commercial paper fees and interest expense.
Amounts designated as "—" are $0.

See Accompanying Notes to Financial Statements.

FINANCIAL HIGHLIGHTS *(concluded)*

	For the Year Ended November 30, 2005
Net asset value, beginning of year	$ 8.96
Income/gain from investment operations: (1)	
Net investment income	0.61
Net realized and unrealized gain on investment transactions and written call options	0.08
Total from investment operations	0.69
Less dividends and distributions:	
Dividends from net investment income	(0.53)
Distributions in excess	(0.01)
Tax return of capital	(0.46)
Total dividends and distributions	(1.00)
Net asset value, end of year	$ 8.65
Market value, end of year	$ 10.70
Total return based on: (2)	
Net asset value	8.19%
Market value	18.14%
Ratios and supplemental data: (3)	
Net assets, end of year (000 omitted)	$144,352
Total expenses including waiver of fees	2.90%
Total expenses excluding waiver of fees	3.04%
Total operating expenses including waiver of fees (4)	1.59%
Total operating expenses excluding waiver of fees (4)	1.73%
Commercial paper fees and interest expense	1.31%
Net investment income including waiver of fees	7.00%
Portfolio turnover	80%
Leverage analysis:	
Aggregate amount outstanding at end of year (000 omitted)	$ 55,000
Average daily balance of amortized cost of commercial paper outstanding (000 omitted)	$ 54,794
Asset coverage per $1,000 at end of year	$ 3,679

(1) Based on average shares outstanding.
(2) Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each year reported. Total investment return does not reflect brokerage commissions. Dividends and distributions, if any, are assumed for the purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment returns based on market value can be significantly greater or less than investment returns based on net asset value. Returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the sale of Fund shares.
(3) Ratios are stated as a percentage of average weekly net assets which includes any liabilities constituting indebtedness in connection with financial leverage.
(4) Exclusive of commercial paper fees and interest expense.

See Accompanying Notes to Financial Statements.

Notes to Financial Statements

Chartwell Dividend and Income Fund, Inc. (the "Fund") was incorporated under the laws of the State of Maryland on April 6, 1998 and is registered under the Investment Company Act of 1940 as amended, (the "Act"), as a closed-end, diversified management investment company. Investment operations commenced on June 29, 1998. The Fund's primary investment objective is to seek high current income. Capital appreciation is a secondary objective.

Note 1. Significant Accounting Policies

Financial Accounting Standards Board ("FASB") has issued FASB ASC 105 (formerly FASB Statement No. 168), *The "FASB Accounting Standards Codification™" and the Hierarchy of Generally Accepted Accounting Principles* ("ASC 105"). ASC 105 established the FASB Accounting Standards Codification™ ("Codification" or "ASC") as the single source of authoritative U.S. generally accepted accounting principles ("GAAP") recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The Codification supersedes all existing non-SEC accounting and reporting standards. All other non-grandfathered, non-SEC accounting literature not included in the Codification will become non-authoritative.

Following the Codification, the FASB will not issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates, which will serve to update the Codification, provide background information about the guidance and provide the basis for conclusions on the changes to the Codification.

GAAP is not intended to be changed as a result of the FASB's Codification project, but it will change the way the guidance is organized and presented. As a result, these changes will have a significant impact on how companies reference GAAP in their financial statements and in their accounting policies for financial statements issued for interim and annual periods ending after September 15, 2009. The Fund has implemented the Codification as of November 30, 2009.

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The policies are in conformity with GAAP.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

Security Valuation: Investment securities of the Fund that are listed on a securities exchange, except for debt securities, and for which market quotations are readily available, are valued at the last quoted sales price at the close of trading on the New York Stock Exchange (normally 4:00 p.m., Eastern Time). Investment securities of the Fund that are quoted on the NASDAQ market system are valued at the official closing price, or if there is none, at the last sales price. If there is no reported sale, these securities and unlisted securities for which market quotations are not readily available are valued at last bid price. Debt securities are priced based upon valuations provided by independent, third-party pricing agents, if available. Such values generally reflect the last reported sales price if the security is actively traded. The third-party pricing agents may also value debt securities at an evaluated bid price by employing methodologies that utilize actual market transactions, broker-supplied valuations, or other methodologies designed to identify the market value for such securities. Debt obligations with remaining maturities of sixty days or less may be valued at their amortized cost, which approximates market value. Prices for most securities held in the Fund are provided daily by recognized independent pricing agents. If a security price cannot be obtained from an independent, third-party pricing agent, the Fund seeks to obtain a bid price from at least one independent broker. All securities and assets for which quotations are not readily available are valued in accordance with Fair Value Procedures established by the Board of Directors (the "Board"). The value of such securities was $2,097,900 as of November 30, 2009. The Fund's Fair Value Procedures are implemented through a Fair Value Committee (the "Committee") designated by the Fund's Board. Some of the more common reasons that may necessitate that a security be valued using Fair Value Procedures include, among other things: the security's trading has been halted or suspended; the security has been de-listed from a national exchange; the security's primary trading market is temporarily closed at a time when under normal conditions it would be open; or the security's primary pricing source is not able or willing to provide a price. When a security is valued in accordance with the Fair Value Procedures, the Committee will determine the value after taking into consideration relevant information reasonably available to the Committee.

In accordance with the authoritative guidance on fair value measurements and disclosure under GAAP, ASC 820 (formerly FASB Statement No. 157), the Fund discloses fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC 820 are described below:

- Level 1 — Unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities that the Fund has the ability to access at the measurement date;

- Level 2 — Quoted prices which are not active, or inputs that are observable (either directly or indirectly) for substantially the full term of the asset or liability; and
- Level 3 — Prices, inputs or exotic modeling techniques which are both significant to the fair value measurement and unobservable (supported by little or no market activity).

Investments are classified within the level of the lowest significant input considered in determining fair value. Investments classified within Level 3 whose fair value measurement considers several inputs may include Level 1 or Level 2 inputs as components of the overall fair value measurement.

The following table sets forth information about the level within the fair value hierarchy at which the Fund's investments were measured at November 30, 2009:

Investments in Securities	Level 1	Level 2	Level 3	Total
Common Stock	$42,214,923	$ —	$ 471,900(1)	$42,686,823
Corporate Notes/ Bonds	—	34,673,092	850,000(2)	35,523,092
Exchange Traded Fund	1,436,500	—	—	1,436,500
Preferred Stock	433,600	—	776,000(1)	1,209,600
Cash Equivalent	381,252	—	—	381,252
Total Investments in Securities	$44,466,275	$34,673,092	$2,097,900	$81,237,267

Liabilities	Level 1	Level 2	Level 3	Total
Written Options	$ (109,315)	$ —	$ —	$ (109,315)
Total Liabilities	$ (109,315)	$ —	$ —	$ (109,315)

(1) Classified as Financial
(2) Classified as Paper & Forest Products

The following is a reconciliation of the investments in which significant unobservable inputs (Level 3) were used in determining value:

	Common Stock	Corporate Notes/Bonds	Preferred Stock	Total
Beginning Balance as of 11/30/08	$ 594,000	$ 550,000	$ 4,647,150	$ 5,791,150
Realized gain (loss)	—	—	(16,324,034)	(16,324,034)
Change in unrealized appreciation (depreciation)	(122,100)	300,000	12,496,493	12,674,393
Net purchase/sales	—	—	(43,609)	(43,609)
Net transfers in/and or out of Level 3	—	—	—	—
Ending Balance as of 11/30/09	$ 471,900	$ 850,000	$ 776,000	$ 2,097,900

The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities.

For the year ended November 30, 2009, there have been no significant changes to the Fund's fair value methodologies.

Cash and Cash Equivalents: Idle cash may be swept into various money market funds and is classified as cash equivalents on the Schedule of Investments. Amounts invested are generally available on the same business day.

Written Options: When the Fund writes a covered call option, an amount equal to the premium received by the Fund is included in the Fund's Statement of Assets and Liabilities as a liability. The amount of the liability is subsequently marked-to-market to reflect the current market value of the option written.

When a covered written call option expires on its stipulated expiration date, or if the Fund enters into a closing purchase transaction, the Fund will realize a gain (or loss if the cost of the closing purchase transaction exceeds the premium received when the call option was written) without regard to any unrealized gain or loss on the underlying security, and the liability related to such option will be extinguished. When a covered written call option is exercised, the Fund will realize a gain or loss from the sale of the underlying security and the proceeds of the sale are increased by the premium originally received. The Fund, as writer of an option, has no control over whether the underlying securities may be sold (called) and as a result bears the market risk of an unfavorable change in the price of the securities underlying the written option.

The Fund has adopted the provisions of Statement of Financial Accounting Standard No. 161, Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133, which has primarily been codified into ASC Topic 815 ("ASC 815"). ASC 815 intends to provide users of financial statements with an enhanced understanding of: (i) how and why an entity uses derivative instruments; (ii) how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations: and (iii) how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. Adoption of ASC 815 impacted disclosures only and had no impact on the Fund's financial condition, results of operations or cash flows.

The Fund is permitted to write covered call options on equity securities or stock indexes. The Fund writes covered call options to enhance return through price appreciation of the option, increase income, hedge to reduce overall portfolio risk and/or hedge to reduce individual security risk. As of November 30, 2009, the Fund had $109,315 in covered call options written representing 0.2% of the Fund's net assets.

Dividends and Distributions: The Fund will declare and pay dividends to shareholders on a monthly basis. Net long-term capital gains, if any, in excess of capital loss carryforwards are distributed to shareholders annually. Dividends from net investment income and capital gain distributions, if any, are determined in accordance with U.S. Federal income tax regulations, which may differ from GAAP. Dividends and distributions, if any, to shareholders are recorded on the ex-dividend date.

The Fund currently intends to distribute a monthly fixed amount to shareholders. The Fund's final distribution for each calendar year may exceed that amount, however, to the extent necessary for the Fund to have distributed all of its net investment company taxable income and net capital gains recognized during the year, if any. If, for any calendar year, the total distributions exceed current and accumulated earnings and profit, the excess, distributed from the Fund's assets, will generally be treated as a tax-free return of capital and will result in a reduction in the shareholder's basis. The Board reserves the right to change the aforementioned dividend policy from time to time.

Borrowings: The Fund issues short-term commercial paper at a discount from par. The discount is amortized to interest expense over the life of the commercial paper using the straight-line method. In conjunction with the issuance of the commercial paper, the Fund entered into a line of credit arrangement with a bank for $15,000,000. Effective January 25, 2010, the borrowings under the line of credit are secured by a perfected security interest on all of the Fund's assets, and the bank has imposed a 0.10% per annum commitment fee on the unused balance. The line of credit arrangement with the bank has been extended from $15,000,000 to $25,000,000. There were no borrowings under this arrangement during the year ended November 30, 2009.

Illiquid Securities: A security is considered illiquid if it cannot be sold or disposed of in the ordinary course of business within seven days or less for its approximate carrying value on the books of the Fund. Valuations of illiquid securities may differ significantly from the values that would have been used had an active market for these securities existed. The total value of illiquid securities as of November 30, 2009 was $471,900 or 0.7% of net assets.

Security Transactions and Investment Income: Security transactions are recorded on the trade date. Realized gains and losses on sales of securities are calculated on the identified cost basis.

Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis. The Fund accretes original issue discount on securities using the effective interest method.

Federal Income Taxes: It is the Fund's intention to continue to meet the requirements under Subchapter M of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable income to shareholders. Therefore, no provision for Federal income or excise tax is required.

The Fund evaluates tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether it is "more-likely than-not" (i.e., greater than 50-percent) that each tax position will be sustained upon examination by a taxing authority based on the technical merits of the position. Tax positions not deemed to meet the more-likely-than-not threshold are recorded as a tax benefit or expense in the current year. The Fund did not record any tax provision in the current period. However, management's conclusions regarding tax positions taken may be subject to review and adjustment at a later date based on factors including, but not limited to, examination by tax authorities (i.e., the last 3 tax year ends, as applicable), on-going analysis of and changes to tax laws, regulations and interpretations thereof.

Investments in Real Estate Investment Trusts ("REITs"): With respect to the Fund, dividend income is recorded based on the income included in distributions received from the REIT investments using published REIT reclassifications including some management estimates when actual amounts are not available. Distributions received in excess of this estimated amount are recorded as a reduction of the cost of investments or reclassified to capital gains. The actual amounts of income, return of capital, and capital gains are only determined by each REIT after its fiscal year-end, and may differ from the estimated amounts.

Investment Company Securities and Exchange-Traded Funds: The Fund may invest in shares of other registered investment companies, including exchange-traded funds ("ETFs") within the limitations prescribed by the 1940 Act. ETF shares are traded like traditional equity securities on a national securities exchange or NASDAQ. The Fund will indirectly bear its proportionate share of any management fees and other expenses paid by such other investment companies, which will increase expenses and decrease returns.

Investments in Preferred Term Securities ("PTSs"): The Fund can invest in Preferred Term Securities, a type of collateralized debt obligation ("CDO"). A PTS is a trust collateralized by a pool of capital securities of affiliated holding corporations, typically of, but not limited to, smaller to medium sized banks and insurance companies.

The income tranche of these securities, owned by the Fund, receives residual cash disbursements after the senior tranches are paid a stated rate of interest. Dividend income from these securities is recorded based on anticipated cash flows and the internal rate of return of each PTS. Distributions received in excess of this estimated amount are recorded as a reduction of the cost of investments or reclassified to capital gains. The actual amounts of income, return of capital, and capital gains are only determined by each PTS quarterly, and may differ from the estimated amounts.

In addition to the normal risks associated with fixed income securities (e.g., interest rate risk and default risk), PTSs carry additional risks including, but not limited to: (i) the possibility that distributions from collateral securities will not be adequate to make interest or other payments; (ii) the quality of the collateral may decline in value or default; (iii) the Fund may invest in PTSs that are subordinate to other classes; and (iv) the complex structure of the security may produce disputes with the issuer or unexpected investment results. As of November 30, 2009 there were no holdings in Preferred Term Securities.

Note 2. Investment Management, Administration, Custodian Agreements and Other Transactions with Affiliates

The Fund has entered into an investment management agreement with Chartwell Investment Partners, (the "Manager"). The Manager manages the

Fund's portfolio and makes investment decisions. For these services, the Fund pays the Manager a monthly fee at an annual rate of 0.95% of the Fund's Managed Assets. "Managed Assets" are the average weekly value of the Fund's total assets minus the sum of the Fund's liabilities, excluding debt related to leveraging, short-term debt and the aggregate liquidation preference of any outstanding preferred stock. The Manager has agreed to limit the investment management fee paid to it by the Fund to 0.85% of the Fund's Managed Assets. This waiver is voluntary and may be changed at any time.

The Fund has entered into an administration agreement with SEI Investments Global Funds Services (the "Administrator"). Under such agreement, the Administrator performs or arranges for the performance of certain administrative services necessary for the operation of the Fund. The Fund pays a fee to the Administrator based on the Fund's Managed Assets according to the following rates: 0.10% on the first $250 million of such Managed Assets and 0.09% on such Managed Assets in excess of $250 million, subject to a minimum annual fee of $150,000.

Certain officers and/or directors of the Fund are officers and/or directors of the Manager. The Fund pays each director, who is not an "affiliated person" as defined in the Act (a "Disinterested Director"), a fee of $2,000 for each regular Board Meeting attended, $750 for each special Board Meeting attended, plus $1,000 per year for audit committee members. Each Disinterested Director is reimbursed for reasonable out-of-pocket expenses associated with attending Board and Committee Meetings.

For the year ended November 30, 2009, the Fund incurred a legal expense of $154,618 for services provided by Drinker Biddle & Reath LLP, counsel for the Fund. A partner of the firm is an officer of the Fund.

U.S. Bank serves as the custodian for the Fund. The Custodian plays no role in determining the investment policies of the Fund or which securities are to be purchased or sold by the Fund.

Note 3. Purchase and Sales of Investments

For the year ended November 30, 2009, purchases and sales of investments, excluding short-term investments, totaled $53,456,233 and $54,050,052, respectively.

The following table summarizes the Fund's call options written for the year ended November 30, 2009:

	Number of Contracts	Premiums
Options outstanding, November 30, 2008	8,500	$ 784,470
Options written	121,054	8,855,682
Options expired	(52,375)	(3,277,922)
Options exercised	(5,326)	(270,111)
Options closed	(70,158)	(5,955,041)
Options outstanding, November 30, 2009	1,695	$ 137,078

Note 4. Commercial Paper

As of November 30, 2009, $10,000,000 of commercial paper was outstanding with an amortized cost of $9,951,722. The average discount rate of commercial paper outstanding at November 30, 2009 was 3.21%. The average daily balance of commercial paper outstanding for the year ended November 30, 2009, was $9,959,934 at a weighted average discount rate of 3.33%. The maximum face amount of commercial paper outstanding at any time during the year ended November 30, 2009, was $10,000,000. As of November 30, 2009, the Fund had $421,621 in Interest Expense. The commercial paper has been extended and will mature April 26, 2010, with an interest rate of 3.20% and $10,000,000 outstanding.

Note 5. Capital Stock

There are 100,000,000 shares of $0.01 par value common stock authorized. Of the 16,905,967 shares of common stock outstanding at November 30, 2009, the Manager owned 23,984 shares.

For the year ended November 30, 2009 and the year ended November 30, 2008, the Fund issued no shares in connection with the Fund's dividend reinvestment plan.

Note 6. Market and Credit Risks

The Fund may invest in high yielding fixed-income securities, which carry ratings of BB or lower by S&P and/or Ba1 or lower by Moody's. Investments in these higher yielding securities may be accompanied by a greater degree of credit risk than higher rated securities. Additionally, lower rated securities may be more susceptible to adverse economic and competitive industry conditions than investment grade securities. The Fund may invest up to 15% of its total assets in illiquid securities and other securities which may not be readily marketable. In addition, the Fund may purchase securities sold in reliance of Rule 144A of the Securities Act of 1933. The relative illiquidity of some of the Fund's portfolio securities may adversely affect the ability of the Fund to dispose of such securities in a timely manner and at a fair price at times when it might be necessary or advantageous for the Fund to liquidate portfolio securities.

Note 7. Federal Tax Information

In accordance with accounting pronouncements, the Fund has recorded several reclassifications in the capital accounts. These reclassifications have no impact on the net asset value of the Fund. These differences, which may result in distribution reclassifications, are primarily due to ordinary gain from the sale of master limited partnerships, return of capital and expiration of capital loss carryover. As of November 30, 2009, the Fund recorded the following reclassifications to increase (decrease) the accounts below:

Undistributed Net Investment Income	Accumulated Realized Gain	Additional Paid-in Capital
$2,188,332	$5,748,049	$(7,936,381)

The tax character of dividends and distributions paid during the last two fiscal years were as follows:

	Ordinary Income	Return of Capital	Totals
2009	$6,607,782	$ 289,851	$ 6,897,633
2008	9,913,146	4,609,079	14,522,225

As of November 30, 2009, the components of Accumulated Losses were as follows:

Capital loss carryforwards	$ (99,053,980)
Post-October losses	(220,759)
Net unrealized depreciation	(2,615,571)
Other temporary differences	(244,104)
Total accumulated losses	$(102,134,414)

Post-October losses represent losses realized on investment transactions from November 1, 2009 through November 30, 2009, that in accordance with federal income tax regulations the Fund may elect to defer or treat as having arisen in the following fiscal year.

The following summarizes the capital loss carryforwards as of November 30, 2009. These capital loss carryforwards are available to offset future net capital gains.

Expiring in Fiscal Year	Amount
2010	$30,533,344
2011	771,608
2014	103,382
2016	16,849,903
2017	50,795,743
Total capital loss carryforwards	$99,053,980

During the year ended November 30, 2009, the Fund utilized none of the capital loss carryforwards to offset capital gains, $7,900,696 of the capital loss carryforward expired in the current year.

The Federal tax cost as well as the aggregate gross unrealized appreciation and depreciation on investments excluding written options held by the Fund at November 30, 2009, were as follows:

Federal Tax Cost	$83,880,602
Aggregate Gross Unrealized Appreciation	2,753,974
Aggregate Gross Unrealized Depreciation	(5,397,309)
Net Unrealized Depreciation	$(2,643,335)

Note 8. Subsequent Events

The Fund has evaluated the need for disclosures and/or adjustments resulting resulting from subsequent events through January 27, 2009, the date the financial statements were issued. Based on this evaluation, no adjustments were required to the financial statements as of November 30, 2009. However, the following are details relating to subsequent events that have occurred since November 30, 2009 through January 27, 2010.

The Board of the Fund declared the following dividends:

Declaration Date	Ex-Date	Record Date	Payable Date	Dividend Rate
December 1, 2009	December 15, 2009	December 17, 2009	December 31, 2009	$0.034
January 4, 2010	January 19, 2010	January 21, 2010	January 29, 2010	0.034

Note 9. Indemnifications

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

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
Chartwell Dividend and Income Fund, Inc.:

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Chartwell Dividend and Income Fund, Inc. (the Fund) as of November 30, 2009, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the four years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. The financial highlights for the year ended November 30, 2005 were audited by other auditors, whose report dated January 27, 2006, expressed an unqualified opinion on those financial highlights.

We conducted our audits 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 and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of November 30, 2009, by correspondence with the custodian and brokers or by other appropriate auditing procedures when replies from brokers were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Chartwell Dividend and Income Fund, Inc. at November 30, 2009, the results of its operations and cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended, and its financial highlights for each of the four years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Ernst + Young LLP

Philadelphia, Pennsylvania
January 27, 2010

Automatic Dividend Reinvestment Plan ***(unaudited)***

Pursuant to the Fund's Automatic Dividend Reinvestment Plan (the "Plan"), unless a shareholder otherwise elects, all dividend and capital gains distributions will be automatically reinvested in additional shares of common stock of the Fund by PNC Global Investment Servicing ("PNC Global") formerly known as PFPC, Inc., as agent for shareholders in administering the Plan (the "Plan Agent"). Shareholders who elect not to participate in the Plan will receive all dividends and distributions in cash, paid by check mailed directly to the shareholder of record (or, if the shares are held in street or other nominee name, then to such nominee) by PNC Global, as dividend paying agent. Such participants may elect not to participate in the Plan and to receive all distributions of dividends and capital gains in cash by sending written instructions to PNC Global, as dividend paying agent, at the address set forth below.

Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by written notice if received by the Plan Agent not less than ten days prior to any dividend record date. Otherwise such termination will be effective with respect to any subsequently declared dividend or distribution.

Whenever the Fund declares a distribution, an ordinary income dividend or a capital gain dividend (collectively referred to as "dividends") payable either in shares or in cash, non-participants in the Plan will receive cash, and participants in the Plan will receive the equivalent in shares of common stock. The shares will be acquired by the Plan Agent for the participant's account, depending upon the circumstances described below, either (i) through receipt of additional unissued but authorized shares of common stock from the Fund or (ii) by purchase of outstanding shares of common stock on the open market on the NYSE or elsewhere. If on the payment date of the dividend, the net asset value per share of the common stock is equal to or less than the market price per share plus estimated brokerage commissions (such condition being referred to herein as "market premium"), the Plan Agent will invest the dividend amount in newly issued shares on behalf of the participant. The number of newly issued shares of common stock to be credited to the participant's account will be determined by dividing the dollar amount of the dividend by the net asset value per share on the date the shares are issued, provided that the maximum discount from the then current market price per share on the date of issuance may not exceed 5%. If on the dividend payment date the net asset value per share is greater than the market value (such condition being referred to herein as "market discount"), the Plan Agent will invest the dividend amount in shares acquired on behalf of the participant in open-market purchases.

In the event of a market discount on the dividend payment date, the Plan Agent will have until the last business day before the next date on which the shares trade on the "ex-dividend" basis or in no event more than 30 days after the dividend payment date to invest the dividend amount in shares acquired in

(unaudited)

open-market purchases. If, before the Plan Agent has completed its open-market purchases, the market price of a share of common stock exceeds the net asset value per share, the average per share purchase price paid by the Plan Agent may exceed the net asset value of the Fund's shares, resulting in the acquisition of fewer shares than if the dividend had been paid in newly issued shares on the dividend payment date. The Plan provides that if the Plan Agent is unable to invest the full dividend amount in open-market purchases during the purchase period or if the market discount shifts to market premium during the purchase period, the Plan Agent will cease making open-market purchases and will invest the uninvested portion of the dividend amount in newly issued shares at the close of business on the last purchase date.

The Plan Agent maintains all shareholders' accounts in the Plan and furnishes written confirmation of all transactions in the accounts, including information needed by shareholders for tax records. Shares in the account of each Plan participant will be held by the Plan Agent on behalf of the Plan participant, and each shareholder's proxy will include those shares purchased or received pursuant to the Plan. The Plan Agent will forward all proxy solicitation materials to participants and vote proxies for shares held pursuant to the Plan in accordance with the instructions of the participants.

In the case of shareholders such as banks, brokers or nominees which hold shares for others who are the beneficial owners, the Plan Agent will administer the Plan on the basis of the number of shares certified from time to time by the record shareholders as representing the total amount registered in the record shareholder's name and held for the account of beneficial owners who are to participate in the Plan.

There will be no brokerage charges with respect to shares issued directly by the Fund as a result of dividends or capital gain distributions payable either in shares or in cash. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent's open-market purchases in connection with reinvestment of dividends.

The automatic reinvestment of dividends and distributions will not relieve participants of any Federal, state or local income tax that may be payable (or required to be withheld) on such dividends.

Shareholders participating in the Plan may receive benefits not available to shareholders not participating in the Plan. If the market price plus commissions of the Fund's shares is above the net asset value, participants in the Plan will receive shares of the Fund at less than they could otherwise purchase them and will have shares with a cash value greater than the value of any cash distribution they would have received on their shares. If the market price plus commissions is below the net asset value, participants will receive distributions

(unaudited)

in shares with a net asset value greater than the value of any cash distribution they would have received on their shares. However, there may be insufficient shares available in the market to make distributions in shares at prices below the net asset value. Also, since the Fund does not redeem its shares, the price on resale may be more or less than the net asset value.

Experience under the Plan may indicate that changes are desirable. Accordingly, the Fund reserves the right to amend or terminate the Plan. There is no direct service charge to participants in the Plan; however, the Fund reserves the right to amend the Plan to include a service charge payable by the participants.

All correspondence concerning the Plan should be directed to the Plan Agent at PNC Global Investment Servicing, P.O. Box 43027, Providence, RI 02940-3027, Attn: Closed-End Department.

Federal Tax Information *(unaudited)*

Information for Federal income tax purposes is presented as an aid to shareholders in reporting the dividend distributions for the year ended November 30, 2009.

Additional Information *(unaudited)*

During the year, there have been no material changes in the Fund's investment objective or fundamental policies that have not been approved by the shareholders, other than the changes to the investment policies regarding investments in securities issued by other investment companies and temporary investments described on pages 3 and 4. There have been no changes in the Fund's charter or By-Laws that would delay or prevent a change in control of the Fund which have not been approved by the shareholders. There have been no material changes in the principal risk factors associated with investment in the Fund.

Effects of Leverage *(unaudited)*

Leverage of $60 million in commercial paper was initially sold by the Fund on July 28, 1999. As of November 30, 2009, the Fund had $10 million outstanding at 3.21% per annum maturing on January 25, 2010. All interest rates include fees due to the broker-dealer. The Fund must experience an annual return of 0.40% to cover interest payments on the commercial paper.

The following table explains the potential effects of leverage on the equity returns of common shareholders:

Assumed return on portfolio (net of expenses)	(10.00)%	(5.00)%	0.00%	5.00%	10.00%
Corresponding return to common stockholder	(11.89)	(6.17)%	(0.46)%	5.26%	10.97%

(unaudited)

Assumes $70 million assets attributable to common shareholders; $10 million aggregate leverage with an average interest rate of 3.21%. All figures appearing above are hypothetical returns generated to assist investors in understanding the effects of leverage. Actual returns may be greater or less than those appearing in the table.

How to Obtain a Copy of the Fund's Quarterly Schedule of Portfolio Holdings

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission for the first and third quarters of each fiscal year on Form N-Q within sixty days after the end of the period. The Fund's Forms N-Q are available on the Commission's website at http://www.sec.gov, and may be reviewed and copied at the Commission's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

How to Obtain a Copy of the Fund's Proxy Voting Policies

A description of the policies and procedures that are used by the Fund's investment adviser to vote proxies relating to the Fund's portfolio securities as well as information relating to how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available (i) without charge, upon request, by calling the Fund toll-free at (866) 585-6552; (ii) on the Fund's website at www.chartwellip.com; and (iii) on the SEC's website at http://www.sec.gov.

Director and Officer Information *(unaudited)*

The business and affairs of the Fund are managed under the direction of the Fund's Board of Directors and the Fund's officers appointed by the Board of Directors. The tables below present information about each Director and officer of the Fund. The Directors of each class serve for terms of three years or, when filling a vacancy, for the remainder of the full term of the class of Directors in

Directors of the Fund

Name, Address, and Age	Position(s) Held with the Fund	Term of Office and Length of Time Served
DISINTERESTED DIRECTORS		
C. Warren Ormerod 73 yrs. old	Director	Term Expires 2012 (Since 2001)
Marie D. Fairchild, CPA/ABV 56 yrs. old	Director	Term Expires 2011 (Since 2008)
Kenneth F. Herlihy 80 yrs. old	Director	Term Expires 2012 (Since 1998)
INTERESTED DIRECTORS*		
Winthrop S. Jessup 64 yrs. old	Director, Chairman and President	Term Expires 2011 (Since 1998)
Bernard P. Schaffer 65 yrs. old	Director and Vice President	Term Expires 2010 (Since 1998)

*These directors are considered to be "interested persons" of the Fund as defined in the Investment Company Act of 1940 because they are partners in the investment adviser (Chartwell Investment Partners, L.P.) and are officers of the Fund.

which the vacancy occurred and until their successors have been duly elected and qualified. Officers of the Fund are elected by the Board of Directors and, subject to the earlier termination of office, each officer holds office for the term of one year and until his or her successor is elected and qualified. Unless otherwise noted, the business address of each Officer and Director is c/o Chartwell Investment Partners, 1235 Westlakes Drive, Suite 400, Berwyn, Pennsylvania 19312.

Principal Occupation(s) During Past 5 Years	Number of Portfolios in the Fund Complex Overseen by Director	Other Directorships Held by Board Member
Chairman and Managing Director, NorthStar Asset Management (since 2000). Managing Partner, Stratton Management Company (1992-2000).	1	None
Shareholder, Ragone, Lacatena Fairchild & Beppel, P.C. (Certified Public Accounting Firm).	1	None
Sculptor, who has worked independently since his retirement from the mutual fund industry in 1987.	1	None
Limited Partner, Chartwell Investment Partners, L.P. and Chartwell G.P., Inc. (since 1997); Managing Partner, Chartwell Investment Partners, L.P. and Chartwell G.P., Inc. (1997-2005), Director and Chief Executive Officer, Rigel Capital LLC (investment adviser) (since 2009).	1	Georgia Banking Company (since 1998).
Managing Partner and Portfolio Manager of Chartwell Investment Partners, L.P. and Partner of Chartwell G.P., Inc. (since 1997).	1	None

Director and Officer Information ***(unaudited)***
(continued)

Name, Address, and Age	Position(s) Held with the Fund	Term of Office and Length of Time Served
OFFICERS OF THE FUND		
Winthrop S. Jessup 64 yrs. old	Chairman of the Board, President and Director	(Since 1998)
Bernard P. Schaffer 65 yrs. old	Vice President and Director	(Since 1998)
Kevin A. Melich 67 yrs. old	Vice President	(Since 1998)
Timothy J. Riddle 54 yrs. old	Vice President	(Since 1998)
G. Gregory Hagar 41 yrs. old	Vice President and Treasurer, Chief Financial Officer and Chief Compliance Officer	(Since 1998) (Since 2004)
Andrew S. Toburen 38 yrs. old	Vice President	(Since 2003)
Michael P. Malloy 50 yrs. old One Logan Square 18th and Cherry Streets Philadelphia, Pennsylvania 19103	Secretary	(Since 1998)
Maria E. Pollack 64 yrs. old	Assistant Secretary	(Since 1998)

Principal Occupation(s) During Past 5 Years
Limited Partner, Chartwell Investment Partners, L.P. and Chartwell G.P., Inc. (since 1997); Managing Partner, Chartwell Investment Partners, L.P. and Chartwell G.P., Inc. (1997-2005); Director and Chief Executive Officer, Rigel Capital LLC (investment adviser) (since 2009).
Managing Partner and Portfolio Manager of Chartwell Investment Partners, L.P. and Partner of Chartwell G.P., Inc. (since 1997).
Managing Partner and Portfolio Manager of Chartwell Investment Partners, L.P. and Chartwell G.P., Inc. (since 1997).
Managing Partner of Chartwell Investment Partners, L.P. and of Chartwell G.P., Inc. (since 1997).
Managing Partner (since 2007), Chief Financial Officer (since 1997) and Chief Compliance Officer (since 2004) of Chartwell Investment Partners, L.P.
Fixed Income Portfolio Manager for Chartwell Investment Partners, L.P. (since 1999).
Partner in the law firm of Drinker Biddle & Reath LLP (since 1993).
Director of Client Administration for Chartwell Investment Partners, L.P. (since 1997).

Notes to Shareholders (Unaudited)

For shareholders that do not have a November 30, 2009 tax year end, this notice is for informational purposes only. For shareholders with a November 30, 2009 tax year end, please consult your tax advisor as to the pertinence of this notice. For the fiscal year ended November 30, 2009, the Fund is designating the following items with regard to distributions paid during the year.

	Ordinary Income Distributions	Return of Capital	Total Distributions	Qualifying Dividends(1)	Qualifying Dividend Income(2)	Interest Related Dividends(3)
Chartwell Dividend and Income Fund, Inc.	95.80%	4.20%	100.00%	22.16%	19.87%	38.33%

(1) Qualifying dividends represent dividends which qualify for the corporate dividends received deduction.

(2) The percentage in this column represents the amount of "Qualifying Dividend Income" as created by the Jobs and Growth Tax Relief Reconciliation Act of 2003 and is reflected as a percentage of "Ordinary Income Distributions." It is the intention of the Fund to designate the maximum amount permitted by the law.

(3) The percentage in this column represents the amount of "Interest Related Dividends" as created by the American Jobs Creation Act of 2004 and is reflected as a percentage of Net Investment Income distributions that is exempt from U.S. withholding tax when paid to foreign investors.

The information reported herein may differ from the information and distributions taxable to the shareholders for the calendar year ending December 31, 2009. Complete information will be computed and reported in conjunction with your 2009 Form 1099-DIV.

Notes

Directors
Winthrop S. Jessup, Chairman
Marie D. Fairchild
Kenneth F. Herlihy
C. Warren Ormerod
Bernard P. Schaffer

Officers
Winthrop S. Jessup, President
G. Gregory Hagar, Vice President, Treasurer, Chief Financial Officer and Chief Compliance Officer
Bernard P. Schaffer, Vice President
Kevin A. Melich, Vice President
Timothy J. Riddle, Vice President
Andrew S. Toburen, Vice President
Michael P. Malloy, Secretary
Maria E. Pollack, Assistant Secretary

Investment Manager
Chartwell Investment Partners, L.P.
1235 Westlakes Drive, Suite 400
Berwyn, PA 19312

Administrator
SEI Investments Global Funds Services
One Freedom Valley Drive
Oaks, PA 19456

Custodian
U.S. Bank
Two Liberty Place
Philadelphia, PA 19102

Transfer Agent
PNC Global Investment Servicing
P.O. Box 43027
Providence, RI 02940-3027

Independent Registered Public Accounting Firm
Ernst & Young, LLP
2001 Market Street, Suite 4000
Philadelphia, PA 19103

Legal Counsel
Drinker Biddle & Reath LLP
One Logan Square
18th & Cherry Streets
Philadelphia, PA 19103

This report, including the financial statements herein, is transmitted to the shareholders of Chartwell Dividend and Income Fund, Inc. It is not a prospectus, circular or representation intended for use in the purchase of shares of the Fund or any securities mentioned in the report. Past performance results should not be considered a representation of future performance. Statements and other information contained in this report are as dated and are subject to change.

Past performance is no guarantee of future results. Share prices will fluctuate, so that a share may be worth more or less than its original cost when sold. The investment adviser's commentaries included in this report contain certain forward-looking statements about the factors that may affect the performance of the Fund in the future. These statements are based on Fund management's predictions and expectations concerning certain future events and their expected impact on the Fund, such as performance of the economy as a whole and of specific industry sectors, changes in the levels of interest rates, the impact of developing world events and other factors that may influence the future performance of the Fund. Management believes these forward-looking statements to be reasonable, although they are inherently uncertain and difficult to predict. Actual events may cause adjustments in portfolio management strategies from those currently expected to be employed.

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940 that the Fund may purchase, from time to time, shares of its common stock in the open market.