

DIVIDEND AND INCOME FUND
AUTHORIZES FILING FOR A RIGHTS OFFERING

NEW YORK – June 30, 2011 – The Board of Directors of [Dividend and Income Fund, Inc.](#) (NYSE: DNI) (NAV: XDNIX) (the “Fund”) is pleased to announce that it has approved the filing of a registration statement for a non-transferable rights offering by the Fund to its shareholders. The Fund expects to file an initial registration statement with the U.S. Securities and Exchange Commission in July. Key aspects of the rights offering including the offering period, expiration date, subscription price, and record date have yet to be determined. The Board reserves the right to delay or cancel the rights offering.

The Fund believes a rights offering encourages long term investors to enhance their positions in the Fund. The proceeds from a rights offering will allow the Fund to take advantage of investment opportunities without having to reduce existing holdings. Increasing the assets of the Fund may also result in certain economies of scale which may modestly lower the Fund’s fixed expenses as a percentage of average net assets.

Under the proposed rights offering, each shareholder would receive one right for each share held on the record date. At least three rights will be required to acquire one additional share of the Fund. The subscription price is expected to be below both the market price and net asset value on the pricing date for the rights offering. Shareholders of record on the record date for the rights offering are expected to be entitled to oversubscribe, subject to certain limitations and subject to allotment, for additional shares pursuant to an over-subscription privilege.

Any rights offering will be made only by means of a prospectus and this notice does not constitute an offer to sell any securities. The information in this announcement is not complete and is subject to change.

Safe Harbor Note

This release contains certain “forward looking statements” made pursuant to the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. These statements involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Fund, which may cause the Fund’s actual results to be materially different from those expressed or implied by such statements. The forward looking statements made herein are only made as of the date of this release, and the Fund undertakes no obligation to publicly update such forward looking statements to reflect subsequent events or circumstances.

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