

DIVIDEND AND INCOME FUND
FILES FOR POTENTIAL RIGHTS OFFERING

NEW YORK – July 15, 2011 – [Dividend and Income Fund, Inc.](#) (NYSE: DNI) (NAV: XDNIX) (the “Fund”) announced today that it has filed a preliminary registration statement with the U.S. Securities and Exchange Commission for a potential non-transferable rights offering by the Fund to its shareholders. The preliminary registration statement contemplates that the Fund will issue to shareholders of record on the record date one non-transferable right for each share of common stock of the Fund owned on the record date rounded up to the nearest number of rights evenly divisible by three. Shareholders may acquire one new share of common stock for each three rights held (with the right to subscribe for additional shares pursuant to an over-subscription privilege) at a subscription price per share equal to 95% of the lower of the net asset value per share of the Fund's common stock at the close of business on the expiration date of the rights offering or the average of the volume weighted average sales prices of a share of the Fund's common stock on the New York Stock Exchange on such date and the four preceding trading days. The Fund will determine and announce the record date, subscription period, expiration date, and other aspects of the rights offering at a later date, and the Board of Directors of the Fund reserves the right to delay or cancel the rights offering.

This announcement is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted. The offer and sale of any securities will be made only by means of a prospectus and only after the registration statement filed with the U.S. Securities and Exchange Commission has been declared effective. 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 announcement, and the Fund undertakes no obligation to publicly update such forward looking statements to reflect subsequent events or circumstances.

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