

Dividend and Income Fund Announces Terms of Rights Offering

NEW YORK, NY— September 17, 2015 — Dividend and Income Fund (the “Fund”) (NYSE: DNI) today announced that its Board of Trustees approved the terms of a non-transferable rights offering which would allow the Fund’s record date shareholders to purchase up to 2,900,000 additional shares of beneficial interest.

The Board of Trustees has determined that it would be in the best interests of the Fund and its shareholders to increase the assets of the Fund and that the rights offering is currently an effective and efficient way to raise additional assets for the Fund. Additionally, the rights offering provides Fund shareholders with the opportunity to purchase additional shares at a price below market value, and potentially below net asset value (“NAV”), without paying any commissions.

The record date of the rights offering is September 28, 2015. The rights offering is expected to expire on October 30, 2015, unless otherwise extended by the Fund (the “expiration date”).

The Fund will distribute to shareholders of record one right for each share held on the record date, rounded up to the nearest number of rights evenly divisible by three. These rights entitle holders to buy new shares of the Fund. For every three rights received, shareholders can buy one new share of the Fund, plus in certain circumstances additional new shares pursuant to an over-subscription privilege. Fractional common shares will not be issued. Shares obtained through the exercise of rights will not be eligible to receive the Fund’s quarterly dividend to be paid in September 2015.

The subscription price will be based on a formula equal to 95% of the market price per share. For this purpose, the market price per share will be the average of the last reported sales price of a share on the NYSE on expiration date, and the four preceding trading days. If, however, this formula price is less than 80% of the NAV per share on the expiration date, then the subscription price will be 80% of the NAV per share on such date. The estimated subscription price has not yet been determined by the Fund.

Record date shareholders who fully exercise all of their primary subscription rights will be eligible for an over-subscription privilege entitling those shareholders to subscribe, subject to certain limitations and subject to allotment, for additional shares covered by any unexercised rights. In addition, the Fund may increase the number of shares subject to subscription through the exercise of the over-allotment option by up to 25%.

The Fund expects to send a prospectus for the offer and subscription certificates evidencing the rights offering to record date shareholders within the United States following the record date. Shareholders who hold their shares through a broker, bank or trust company and wish to exercise their rights should contact their representative with instructions to exercise their rights. Shareholders who hold shares directly and wish to exercise their rights should complete the subscription certificate they receive in the mail and send it to the subscription/information agent for the offer, together with their payment, as described in the subscription certificate or in the prospectus.

The Fund is a non-diversified, closed end investment company. The Fund’s primary investment objective is to seek high current income. Capital appreciation is a secondary objective. Bexil Advisers LLC is the Fund’s investment manager. This information, and other information concerning the Fund, can be found on file with the U.S. Securities and Exchange Commission and www.DividendandIncomeFund.com.

Shares of closed end investment companies frequently trade at a discount from their NAVs. The market price of the shares is determined by a number of factors, several of which are beyond the control of the Fund. Therefore, the Fund cannot predict whether its shares will trade at, below, or above their NAV.

Investors should consider the Fund’s investment objectives, risks, charges and expenses carefully before investing. The Fund’s prospectus contains this and other information about the Fund and should be read carefully before investing. For further information regarding the Fund’s rights offering, or to

obtain the prospectus (including the prospectus supplement) relating to the rights offering, please contact AST Fund Solutions, the Fund's information agent, toll free at 1-866-745-0268 or the Fund's subscription agent:

By First Class Mail:

**American Stock Transfer & Trust Company, LLC
Operations Center
Attn: Reorganization Department
P.O. Box 2042
New York, New York 10272-2042**

By Express Mail, Overnight Courier or by Hand:

**American Stock Transfer & Trust Company, LLC
Operations Center
Attn: Reorganization Department
6201 15th Avenue
Brooklyn, New York 11219
Toll-free 1-877-248-6417
Fax 1-718-234-5001**

The information in this communication is not complete and may be changed. The Fund may not sell these securities except pursuant to an effective registration statement which has been filed with the Securities and Exchange Commission. This communication 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.

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.

Contact: Thomas O'Malley
Chief Financial Officer
1-212-785-0900 ext. 267
tomalley@DividendandIncomeFund.com
www.DividendandIncomeFund.com