

CHARTWELL DIVIDEND & INCOME FUND INC  
Form N-CSR  
February 06, 2009

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
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FORM N-CSR  
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CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT  
INVESTMENT COMPANIES

INVESTMENT COMPANY ACT FILE NUMBER 811-8747

CHARTWELL DIVIDEND AND INCOME FUND, INC.  
(Exact name of registrant as specified in charter)  
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1235 Westlakes Drive, Suite 400  
Berwyn, PA 19312  
(Address of principal executive offices) (Zip code)

PNC Bank, National Association  
400 Bellevue Parkway  
Wilmington, DE 19809  
Attn: Closed-End Department  
(Name and address of agent for service)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: 1-610-296-1400

DATE OF FISCAL YEAR END: NOVEMBER 30, 2008

DATE OF REPORTING PERIOD: NOVEMBER 30, 2008

ITEM 1. REPORTS TO STOCKHOLDERS.

[GRAPHIC OMITTED]

CHARTWELL  
DIVIDEND AND  
INCOME FUND, INC.

ANNUAL REPORT TO SHAREHOLDERS  
DATED NOVEMBER 30, 2008

[LOGO] CHARTWELL INVESTMENT  
PARTNERS  
WWW.CHARTWELLIP.COM

CHARTWELL DIVIDEND AND INCOME FUND, INC.

NOVEMBER 30, 2008

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## 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.

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NOVEMBER 30, 2008

(UNAUDITED)

## 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 the call option until the option is exercised or expires; (ii) segregating cash or other liquid assets with the Fund's Custodian in an

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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.

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NOVEMBER 30, 2008

DEAR SHAREHOLDERS (UNAUDITED),

Stock market performance for the year ended November 30, 2008 was disappointing. The S&P 500 Index returned -38.09% and the Merrill Lynch High Yield Cash Pay Index returned -31.21% while for the same period the Chartwell Dividend and Income Fund's ("Fund") total market return, including reinvested dividends, was -58.90% and the Net Asset Value (NAV) return was -47.75%, also including the reinvestment of dividends. These results are discussed in greater detail later in this report.

While we were disappointed with the performance of the Fund during this period, a robust options overwrite strategy on the common stock portfolio has been a positive contributor to the Fund. Our ability to sell options on shares that were held by the Fund enabled us to take advantage of options premiums that are historically high due to the volatility in the market. In addition, through various transactions made during the period, we believe we strengthened the overall portfolio given the level of uncertainty in the markets. Some of these changes are discussed in the equity and fixed income sections, which appear later in this report.

The Fund's fiscal year saw substantial turmoil in both the economy and the markets. What began as a domestic-centered slowdown in the economy became a worldwide economic slowdown as the stunning increase in the price of fuel and the significant tightening of credit availability combined to slow even the fastest growing emerging markets. The price of oil rose from \$90 a barrel to a peak of \$147 per barrel in early July and then fell to about \$55 per barrel at the end of November as demand fell and the slowing global economy took hold. As the year progressed, job losses mounted, housing activity and house prices continued to fall, banks and brokerages continued to take large charges on various investments and loans, lenders continued to tighten lending standards, large financial institutions either failed outright, were supported directly by the government or were forced to merge into healthier institutions. In an attempt to support the economy and the markets, the U.S. government took unprecedented steps in an attempt to keep the financial markets from failing completely. These actions included guaranteeing various debt instruments,

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lowering the federal funds rate from 4.5% to 1.0% and making substantial direct investments in financial institutions through the Troubled Asset Relief Program. We expect continued volatility in stock and bond prices as market participants continue to evaluate the myriad issues facing the US economy -- bidding the markets higher as they perceive an end to the crises and bidding the markets lower as they perceive increasing risks.

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(UNAUDITED)

We will continue to closely watch the economy and the markets and will endeavor to make appropriate adjustments in the Fund's portfolio as we believe circumstances warrant.

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,

/s/ Winthrop S. Jessup  
Winthrop S. Jessup  
CHAIRMAN  
CHARTWELL DIVIDEND AND INCOME FUND

/s/ Bernard P. Schaffer  
Bernard P. Schaffer  
PORTFOLIO MANAGER

/s/ Andrew S. Toburen  
Andrew S. Toburen  
PORTFOLIO MANAGER

PORTFOLIO MANAGEMENT TEAM

Bernard P. Schaffer  
PORTFOLIO MANAGER  
EQUITY

Andrew S. Toburen  
PORTFOLIO MANAGER  
FIXED INCOME

Paul Matlack  
PORTFOLIO MANAGER  
FIXED INCOME

Christine F. Williams  
PORTFOLIO MANAGER  
FIXED INCOME

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HOW DID THE FUND PERFORM DURING THE FISCAL YEAR ENDED NOVEMBER 30, 2008?

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For the fiscal year ended November 30, 2008, the Fund's market return was -58.90% including dividends reinvested. The Fund's net asset value (NAV) return including dividends reinvested was -47.75%. The market, as measured by the S&P 500, was down 38.09% (including dividends) for the period.

The Merrill Lynch High Yield Cash Pay Index returned -31.21% for the fiscal year ended November 30, 2008. By late summer, the markets were coming to grips with the depth and breadth of the current credit crisis. As investment banks, hedge funds and structured product managers began the task of deleveraging, intense selling pressure emerged across many asset classes, including high yield bonds. September, October and November were each, on an individual basis, the three worst performing months in the history of the high yield bond market, returning in aggregate -29.67% over the three month span. It appears that investors flocked to the safety of U.S. Treasury securities driving interest rates lower. The yield on the 10-year Treasury declined 1.01% during the fiscal year to finish at 2.96%, while the yield on the overall high yield market increased 12.24% to finish at 21.69%, a historical high. As shown in the graphic below, the high yield market's spread to Treasury (or risk premium) also ended the fiscal year at a historical high of 18.73%. In addition, as shown below, the net percentage of creditors tightening standards for commercial and industrial loans reached the highest level since October 1990.

### High Spread vs Default Rates (Source: Merrill Lynch, Bloomberg)

(PERFORMANCE GRAPH)

	Spread -----	Default Rates -----
Nov-98	530	280
Dec-98	555	341
Jan-99	550	349
Feb-99	507	359
Mar-99	510	382
Apr-99	464	420
May-99	467	480
Jun-99	465	485
Jul-99	444	532
Aug-99	465	552
Sep-99	489	584
Oct-99	499	597
Nov-99	470	585
Dec-99	453	556
Jan-00	461	553
Feb-00	496	553
Mar-00	584	567
Apr-00	596	567
May-00	618	540
Jun-00	615	555
Jul-00	617	496
Aug-00	641	521
Sep-00	664	531
Oct-00	757	496
Nov-00	874	544
Dec-00	881	615
Jan-01	739	669
Feb-01	729	709
Mar-01	760	784
Apr-01	739	803

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May-01	703	809
Jun-01	739	829
Jul-01	745	890
Aug-01	731	937
Sep-01	914	971
Oct-01	865	1019
Nov-01	752	1022
Dec-01	734	1060
Jan-02	697	1089
Feb-02	722	1073
Mar-02	621	1060
Apr-02	601	1057
May-02	643	1070
Jun-02	781	1054
Jul-02	874	1033
Aug-02	882	1002
Sep-02	966	978
Oct-02	974	929
Nov-02	800	894
Dec-02	802	843
Jan-03	747	768
Feb-03	757	771
Mar-03	696	698
Apr-03	576	679
May-03	614	663
Jun-03	554	614
Jul-03	488	587
Aug-03	477	619
Sep-03	483	603
Oct-03	415	607
Nov-03	401	550
Dec-03	368	531
Jan-04	360	517
Feb-04	381	442
Mar-04	392	427
Apr-04	351	403
May-04	383	365
Jun-04	371	349
Jul-04	369	293
Aug-04	381	234
Sep-04	372	234
Oct-04	355	242
Nov-04	310	247
Dec-04	314	241
Jan-05	341	219
Feb-05	305	249
Mar-05	360	229
Apr-05	423	220
May-05	423	218
Jun-05	404	192
Jul-05	354	191
Aug-05	390	203
Sep-05	378	197
Oct-05	381	195
Nov-05	394	178
Dec-05	399	167
Jan-06	368	171
Feb-06	369	159
Mar-06	339	158
Apr-06	318	151
May-06	330	173
Jun-06	351	179

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Jul-06	359	172
Aug-06	369	166
Sep-06	365	171
Oct-06	353	181
Nov-06	347	190
Dec-06	318	174
Jan-07	300	177
Feb-07	311	175
Mar-07	312	158
Apr-07	303	162
May-07	276	151
Jun-07	312	145
Jul-07	422	154
Aug-07	451	144
Sep-07	410	129
Oct-07	429	107
Nov-07	548	91
Dec-07	561	91
Jan-08	640	109
Feb-08	697	123
Mar-08	745	146
Apr-08	635	169
May-08	607	186
Jun-08	686	197
Jul-08	741	231
Aug-08	772	247
Sep-08	1007	266
Oct-08	1496	287
Nov-08	1873	307

Net % of Creditors Tightening Standards for C&I Loans  
(source: Federal Reserve)

(PERFORMANCE GRAPH)

04/30/90	56.9
07/31/90	39.45
10/31/90	48.9
01/31/91	36.0
04/30/91	15.5
07/31/91	12.25
10/31/91	9.0
01/31/92	5.25
04/30/92	0.9
07/31/92	-1.7
10/31/92	4.35
01/31/93	2.65
04/30/93	-7.85
07/31/93	-19.45
10/31/93	-17.75
01/31/94	-12.95
04/30/94	-12.2
07/31/94	-6.95
10/31/94	-17.4
01/31/95	-6.85
04/30/95	-5.9
07/31/95	-6.05
10/31/95	-3.45

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01/31/96	6.95
04/30/96	-0.9
07/31/96	-3.7
10/31/96	-7.8
01/31/97	-5.45
04/30/97	-6.95
07/31/97	-5.7
10/31/97	-7.0
01/31/98	1.8
04/30/98	-7.1
07/31/98	0.0
10/31/98	36.4
01/31/99	7.4
04/30/99	10.0
07/31/99	5.4
10/31/99	9.1
01/31/00	10.9
04/30/00	24.6
07/31/00	33.9
10/31/00	43.8
01/31/01	59.7
04/30/01	50.9
07/31/01	40.4
10/31/01	50.9
01/31/02	45.4
04/30/02	25.0
07/31/02	23.2
10/31/02	20.0
01/31/03	22.0
04/30/03	8.9
07/31/03	3.5
10/31/03	0.0
01/31/04	-17.9
04/30/04	-23.2
07/31/04	-20.0
10/31/04	-21.1
01/31/05	-23.6
04/30/05	-24.1
07/31/05	-16.7
10/31/05	-8.8
01/31/06	-10.7
04/30/06	-12.3
07/31/06	-8.9
10/31/06	0.0
01/31/07	0.0
04/30/07	-3.7
07/31/07	7.5
10/31/07	19.2
01/31/08	32.2
04/30/08	55.4
07/31/08	57.6
10/31/08	83.6

(See description of Benchmark indices on page 13.)

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## WHAT FACTORS CONTRIBUTED TO THE FUND'S PERFORMANCE?

The Fund returned -47.75% overall for the fiscal year ended November 30, 2008. For the same period, the equity portion of the Fund returned -35.93%. This return was comprised of a -41.60% return for the stocks invested in by the Fund and approximately 5.67% from gains from writing call options. As can be seen below, no single sector of the S&P 500 had positive returns during the period and all sectors but Consumer Staples had negative returns exceeding 25%. While stock selection in both the Bank and Real Estate groups was positive, it was not enough to offset the overweight versus the S&P 500 and poor stock selection among other Financials. In addition, negative stock selection in the Industrials sector detracted from relative performance. Positive contributions to relative performance came from a higher than normal cash position maintained as a defensive position throughout the year, an underweight in the Technology sector, solid stock selection combined with an overweight in the Telecommunications sector, and an overweight in the Energy sector.

Total Return  
Year Ended November 30, 2008

(PERFORMANCE GRAPH)

CWF (NAV)	-47.8%
CWF Equities	-35.9%
CWF High Yield	-23.8%
S&P 500 Index	-38.1%
Morgan Stanley REIT Index	-49.9%
Merrill Lynch High Yield Cash Bond Index	-31.2%

S&P 500 Total Return by Sector  
(Year Ended November 30, 2008)

(PERFORMANCE GRAPH)

Energy	-27.12%
Utilities	-27.27%
Telecommunication Services	-29.02%
REITs	-52.41%
Industrials	-40.79%
Basic Materials	-44.86%
Consumer Discretionary	-40.25%
Financials	-57.93%
Consumer Staples	-15.84%
Technology	-43.15%
Healthcare	-29.92%

(SEE DESCRIPTION OF BENCHMARK INDICES ON PAGE 13.)

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The fixed income portion of the Fund returned -23.75% for the fiscal year ended November 30, 2008. Tightening credit conditions and reduced liquidity affected performance across the broad market, as every industry posted strongly negative returns as shown below, the Fund's strategy of owning predominately BB and B-rated bonds and limiting exposure to the most speculative, CCC-rated bonds provided a partial buffer from the broad market's decline. From an industry perspective, the fixed income portion of the Fund benefited from underweighted exposure to the Autos, Homebuilding and Financials as well as an overweight position in Cable TV. The benefit from these industry weightings was partially offset by an overweight position in Gaming which hurt performance.

The Fund was leveraged during the period and this magnified the negative returns of the portfolio.

High Yield Performance by Industry  
Year Ended November, 30, 2008 (Source: Merrill Lynch, Bloomberg)

(PERFORMANCE GRAPH)

Financials	-60%
Auto	-50%
CCC INDEX	-45%
Gaming	-44%
Technology	-37%
Paper	-35%
Steel	-33%
Homebuilding	-32%
B INDEX	-32%
HY INDEX	-31%
Chemicals	-29%
Cable TV	-26%
Energy	-26%
Building Materials	-24%
BB INDEX	-24%
Consumer	-23%
Telecom	-21%
Utilities	-18%
Healthcare	-15%

DID ANY COMMON STOCKS OR FIXED INCOME HOLDINGS WITHIN THE FUND UNDER-PERFORM RELATIVE TO YOUR EXPECTATIONS?

A number of our holdings were affected by the liquidity squeeze spawned by the Bear Stearns collapse and the sub-prime mortgage debacle. ENTERCOM COMMUNICATIONS, ISTAR FINANCIAL, AND BROOKDALE SENIOR LIVING were all holdings that suffered from perceived funding issues during the period. ALLIANCEBERNSTEIN HOLDING LP was down 76.8% in the period apparently due to the general market disdain of financial stocks. While we are certainly not pleased with the performance of this stock, we continue to believe that this well run company is undervalued.

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The Fund's worst performing bond position during the fiscal year was SONIC AUTOMOTIVE, INC., an automotive retailer. Other bond positions that contributed significantly to the negative return from the fixed income portion of the Fund included GMAC, the financing arm of General Motors Corporation, and IDEARC INC., publisher of telephone directories.

WHAT CHANGES WERE MADE TO THE PORTFOLIO DURING THE FISCAL YEAR?

The equity portion of the portfolio made some sizeable changes during the fiscal year ended November 30, 2008. We reduced the significant overweight in the Financials sector while increasing the relative exposure of the portfolio to both Energy and Health Care. This was done through the selling of positions in the Financials sector that had increasing risks associated with write-offs and funding (e.g. WACHOVIA, ISTAR FINANCIAL). In addition, we added positions in what we consider to be high quality franchises (e.g. AT&T, EXXON MOBIL and VERIZON) in sectors which we believe are more defensive in nature. We believe these changes may strengthen the portfolio's position going forward as the market continues to move through uncertain times.

Turnover was low in the fixed income portion of the Fund during the fiscal year. New bond positions included BIO-RAD LABORATORIES, a manufacturer of healthcare diagnostic equipment, CORRECTIONS CORPORATION OF AMERICA, an owner and manager of prisons, and PLAINS EXPLORATION & PRODUCTION, an oil and gas company. Sales of fixed income positions included BRISTOW GROUP, a helicopter transportation services company to the oil and gas industry, RENT-A-CENTER, an operator of rent to own stores, and WII COMPONENTS, a manufacturer of wood cabinet doors.

WHY DID THE FUND REDUCE ITS MONTHLY DISTRIBUTION AND LEVERAGE DURING THE YEAR?

The reduction in the monthly distribution from 7.5 cents per share to the current rate of 3.4 cents per share was attributable to the de-leveraging of the Fund that occurred during the year and the NAV reduction caused by poor investment returns. A reduction in leverage was necessary to ensure that the Fund remained in compliance with the rules of the Investment Company Act of 1940 involving leverage. The Fund's leverage was also reduced during the year due to the freezing of the commercial paper market which is the Fund's source of borrowing. The Board of Directors of the Fund attempts to maintain a monthly distribution that approximates the Fund's earnings power given the prospects for the Fund's investment and leverage ratios.

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CHARTWELL DIVIDEND AND INCOME FUND, INC.

NOVEMBER 30, 2008

(UNAUDITED)

HOW DID THE FUND TRADE RELATIVE TO ITS NET ASSET VALUE (NAV) DURING THE FISCAL YEAR?

As of November 30, 2008, the Fund was trading at a closing price of \$2.60, which is a 29% discount to its NAV of \$3.67. In comparison, at November 30, 2007, the

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Fund was trading at a closing price of \$7.35, a discount of 9.9% to its NAV of \$8.16. As shown below, throughout the year ended November 30, 2008, the Fund traded between a 1.0% to 37.3% discount to its NAV.

History of Fund Price, NAV and Premium  
Fiscal Year Ended November 30, 2008  
(Source: Bloomberg)

(PERFORMANCE GRAPH)

Date	Price	NAV
-----	-----	-----
11/30/07	\$7.3137	\$8.1098
12/3/07	7.4132	8.0899
12/4/07	7.3635	8.0103
12/5/07	7.453	8.0799
12/6/07	7.5724	8.1695
12/7/07	7.5426	8.1695
12/10/07	7.5724	8.2491
12/11/07	7.4331	8.1098
12/12/07	7.3934	8.1098
12/13/07	7.4233	8.07
12/14/07	7.3734	7.9804
12/17/07	7.2739	7.9505
12/18/07	7.1943	7.9605
12/19/07	7.1445	7.9804
12/20/07	7.0571	7.9505
12/21/07	7.1246	8.0401
12/24/07	7.1943	8.1197
12/25/07	7.3038	8.0998
12/26/07	7.3038	8.0998
12/27/07	7.2142	8.0103
12/28/07	7.2142	8.0003
12/31/07	7.2441	7.9406
1/1/08	7.2341	7.8809
1/2/08	7.2341	7.8809
1/3/08	7.254	7.8809
1/4/08	7.1545	7.7316
1/7/08	7.1445	7.7814
1/8/08	7.1843	7.652
1/9/08	7.1843	7.6719
1/10/08	7.264	7.7316
1/11/08	7.2142	7.6421
1/14/08	7.2441	7.662
1/15/08	7.1246	7.463
1/16/08	7.0649	7.463
1/17/08	6.9057	7.3237
1/18/08	6.7963	7.2043
1/21/08	6.6769	7.1843
1/22/08	6.6769	7.1843
1/23/08	6.7664	7.3635
1/24/08	7.0649	7.3933
1/25/08	6.9744	7.4033
1/28/08	7.045	7.5227
1/29/08	7.1644	7.6222
1/30/08	7.1843	7.5824
1/31/08	7.2441	7.7018
2/1/08	7.3436	7.7615
2/4/08	7.3436	7.662

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2/5/08	7.2441	7.5227
2/6/08	7.254	7.463
2/7/08	7.2839	7.5227
2/8/08	7.3734	7.463
2/11/08	7.3237	7.463
2/12/08	7.3734	7.4729
2/13/08	7.3137	7.5227
2/14/08	7.1346	7.4431
2/15/08	7.0649	7.4431
2/18/08	7.0112	7.3834
2/19/08	7.0112	7.3834
2/20/08	7.045	7.3933
2/21/08	6.9356	7.3336
2/22/08	7.0719	7.3535
2/25/08	7.1644	7.4232
2/26/08	7.2439	7.4729
2/27/08	7.1346	7.4729
2/28/08	7.254	7.3933
2/29/08	7.0847	7.254
3/3/08	6.9654	7.1644
3/4/08	6.8759	7.1147
3/5/08	6.8261	7.1147
3/6/08	6.7167	6.9455
3/7/08	6.6669	6.9356
3/10/08	6.5774	6.8361
3/11/08	6.5774	7.0351
3/12/08	6.5973	6.9455
3/13/08	6.5077	6.9256
3/14/08	6.4979	6.8162
3/17/08	6.2689	6.7465
3/18/08	6.1893	6.9157
3/19/08	6.1793	6.8361
3/20/08	6.4281	6.9356
3/24/08	6.5276	7.045
3/25/08	6.6669	7.0848
3/26/08	6.7266	7.0351
3/27/08	6.7266	6.9953
3/28/08	6.5873	6.9356
3/31/08	6.5475	6.9356
4/1/08	6.647	7.0351
4/2/08	6.6271	7.0649
4/3/08	6.6172	7.0848
4/4/08	6.5774	7.0749
4/7/08	6.6172	7.0948
4/8/08	6.6172	7.0848
4/9/08	6.5973	7.0052
4/10/08	6.5774	7.0152
4/11/08	6.6172	6.9356
4/14/08	6.6072	6.9157
4/15/08	6.3684	6.856
4/16/08	6.458	6.9853
4/17/08	6.4679	7.0152
4/18/08	6.5774	7.0948
4/21/08	6.627	7.0749
4/22/08	6.5376	7.0351
4/23/08	6.6072	7.045
4/24/08	6.657	7.1047
4/25/08	6.7565	7.1545
4/28/08	6.7565	7.1843
4/29/08	6.7863	7.1843
4/30/08	6.8958	7.1744
5/1/08	7.0152	7.254

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5/2/08	7.055	7.3137
5/5/08	7.0649	7.3038
5/6/08	7.0749	7.3336
5/7/08	7.0948	7.264
5/8/08	7.045	7.254
5/9/08	7.0152	7.2441
5/12/08	6.9953	7.3237
5/13/08	7.045	7.3038
5/14/08	7.0649	7.3237
5/15/08	7.0649	7.3734
5/16/08	7.1147	7.3635
5/19/08	7.1445	7.3834
5/20/08	7.0848	7.2739
5/21/08	7.0152	7.2142
5/22/08	6.9754	7.2142
5/23/08	6.9853	7.1246
5/26/08	6.9654	7.1445
5/27/08	6.9654	7.1445
5/28/08	7.0052	7.1445
5/29/08	7.0251	7.1943
5/30/08	7.0948	7.1644
6/2/08	7.0351	7.0948
6/3/08	6.9853	7.0649
6/4/08	6.8858	7.0351
6/5/08	6.9157	7.1246
6/6/08	6.8341	6.9953
6/9/08	6.7664	6.9256
6/10/08	6.647	6.8958
6/11/08	6.6571	6.7963
6/12/08	6.5674	6.7764
6/13/08	6.5475	6.846
6/16/08	6.5973	6.8858
6/17/08	6.4978	6.7764
6/18/08	6.4281	6.7067
6/19/08	6.4878	6.7167
6/20/08	6.4878	6.6172
6/23/08	6.4281	6.5376
6/24/08	6.2689	6.5276
6/25/08	6.3385	6.5575
6/26/08	6.2888	6.3883
6/27/08	6.1495	6.3485
6/30/08	6.0599	6.3286
7/1/08	5.9505	6.2191
7/2/08	5.8211	6.1495
7/3/08	5.7216	6.1196
7/4/08	5.4529	6.05
7/7/08	5.4529	6.05
7/8/08	5.5823	6.1793
7/9/08	5.5922	6.0798
7/10/08	5.6321	6.0699
7/11/08	5.5823	6.0201
7/14/08	5.4529	5.9206
7/15/08	5.0748	5.7515
7/16/08	5.1644	5.9107
7/17/08	5.433	6.0201
7/18/08	5.4529	6.04
7/21/08	5.4828	6.0699
7/22/08	5.5624	6.1793
7/23/08	5.6818	6.2291
7/24/08	5.5922	6.0699
7/25/08	5.5823	6.0898
7/28/08	5.5027	5.9903

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7/29/08	5.6022	6.0997
7/30/08	5.6619	6.1694
7/31/08	5.6495	6.1495
8/1/08	5.646	6.0997
8/11/08	5.7714	6.2589
8/12/08	5.7017	6.1992
8/13/08	5.841	6.1594
8/14/08	5.7913	6.2291
8/15/08	5.851	6.2589
8/18/08	5.7714	6.1992
8/19/08	5.642	6.05
8/20/08	5.642	6.0997
8/21/08	5.642	6.0798
8/22/08	5.7216	6.1594
8/25/08	5.6719	6.0898
8/26/08	5.6321	6.1097
8/27/08	5.6818	6.1594
8/28/08	5.7415	6.2589
8/29/08	5.7314	6.2191
9/1/08	5.7515	6.1893
9/2/08	5.7515	6.1893
9/3/08	5.7515	6.1893
9/4/08	5.6918	6.0699
9/5/08	5.6521	6.0798
9/8/08	5.7614	6.1893
9/9/08	5.642	6.0301
9/10/08	5.5922	6.04
9/11/08	5.642	6.04
9/12/08	5.5723	6.0798
9/15/08	5.244	5.7813
9/16/08	4.6768	5.7714
9/17/08	4.1275	5.5126
9/18/08	4.5275	5.7216
9/19/08	5.1544	5.9405
9/22/08	4.9654	5.7813
9/23/08	4.8261	5.7316
9/24/08	4.8161	5.6719
9/25/08	4.9256	5.7316
9/26/08	4.7464	5.6918
9/29/08	4.1494	5.3236
9/30/08	4.3325	5.4927
10/1/08	4.5673	5.3534
10/2/08	4.3783	5.1544
10/3/08	4.4381	5.045
10/6/08	3.8011	4.846
10/7/08	3.6917	4.6171
10/8/08	3.3832	4.4977
10/9/08	3.0349	4.1892
10/10/08	2.9653	4.1295
10/13/08	4.0738	4.4081
10/14/08	3.7613	4.5076
10/15/08	3.2041	4.2191
10/16/08	3.5424	4.2191
10/17/08	3.7713	4.1892
10/20/08	4.0771	4.2987
10/21/08	3.9305	4.1594
10/22/08	3.6427	4.0101
10/23/08	3.4529	4.0002
10/24/08	3.3932	3.9106
10/27/08	3.1444	3.8509
10/28/08	3.2837	4.0101
10/29/08	3.4429	4.03

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10/30/08	3.4728	4.0997
10/31/08	3.6618	4.1295
11/3/08	3.8011	4.1295
11/4/08	3.7126	4.239
11/5/08	3.5026	4.1196
11/6/08	3.3136	3.9703
11/7/08	3.3335	4.0201
11/10/08	3.2837	3.9802
11/11/08	3.2041	3.9404
11/12/08	2.9852	3.8111
11/13/08	3.0945	3.9106
11/14/08	3.0747	3.831
11/17/08	2.9255	3.7713
11/18/08	2.6867	3.7315
11/19/08	2.5374	3.5623
11/20/08	2.219	3.3832
11/21/08	2.1593	3.4429
11/24/08	2.3384	3.5623
11/25/08	2.3483	3.6021
11/26/08	2.4678	3.6618
11/27/08	2.5892	3.7016
11/28/08	2.6	3.67

Premium/  
Discount

11/30/07	-9.816%
12/3/07	-8.364
12/4/07	-8.075
12/5/07	-7.759
12/6/07	-7.308
12/7/07	-7.674
12/10/07	-8.203
12/11/07	-8.344
12/12/07	-8.833
12/13/07	-8.013
12/14/07	-7.606
12/17/07	-8.511
12/18/07	-9.625
12/19/07	-10.474
12/20/07	-11.237
12/21/07	-11.386
12/24/07	-11.397
12/25/07	-9.828
12/26/07	-9.828
12/27/07	-9.938
12/28/07	-9.826
12/31/07	-8.772
1/1/08	-8.207
1/2/08	-8.207
1/3/08	-7.955
1/4/08	-7.465
1/7/08	-8.184
1/8/08	-6.112
1/9/08	-6.355
1/10/08	-6.049
1/11/08	-5.599
1/14/08	-5.455



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1/15/08	-4.533
1/16/08	-5.333
1/17/08	-5.707
1/18/08	-5.663
1/21/08	-7.064
1/22/08	-7.064
1/23/08	-8.108
1/24/08	-4.441
1/25/08	-5.793
1/28/08	-6.349
1/29/08	-6.005
1/30/08	-5.249
1/31/08	-5.943
2/1/08	-5.385
2/4/08	-4.156
2/5/08	-3.704
2/6/08	-2.8
2/7/08	-3.175
2/8/08	-1.2
2/11/08	-1.867
2/12/08	-1.332
2/13/08	-2.778
2/14/08	-4.144
2/15/08	-5.08
2/18/08	-5.04
2/19/08	-5.04
2/20/08	-4.711
2/21/08	-5.427
2/22/08	-3.829
2/25/08	-3.485
2/26/08	-3.064
2/27/08	-4.527
2/28/08	-1.884
2/29/08	-2.334
3/3/08	-2.778
3/4/08	-3.357
3/5/08	-4.056
3/6/08	-3.295
3/7/08	-3.874
3/10/08	-3.785
3/11/08	-6.506
3/12/08	-5.014
3/13/08	-6.034
3/14/08	-4.67
3/17/08	-7.08
3/18/08	-10.504
3/19/08	-9.607
3/20/08	-7.317
3/24/08	-7.345
3/25/08	-5.899
3/26/08	-4.385
3/27/08	-3.841
3/28/08	-5.022
3/31/08	-5.595
4/1/08	-5.516
4/2/08	-6.197
4/3/08	-6.601
4/4/08	-7.032
4/7/08	-6.732
4/8/08	-6.601
4/9/08	-5.824
4/10/08	-6.241

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4/11/08	-4.591
4/14/08	-4.46
4/15/08	-7.112
4/16/08	-7.55
4/17/08	-7.801
4/18/08	-7.293
4/21/08	-6.331
4/22/08	-7.072
4/23/08	-6.215
4/24/08	-6.303
4/25/08	-5.563
4/28/08	-5.956
4/29/08	-5.54
4/30/08	-3.883
5/1/08	-3.292
5/2/08	-3.537
5/5/08	-3.27
5/6/08	-3.528
5/7/08	-2.329
5/8/08	-2.881
5/9/08	-3.159
5/12/08	-4.484
5/13/08	-3.542
5/14/08	-3.533
5/15/08	-4.184
5/16/08	-3.378
5/19/08	-3.235
5/20/08	-2.599
5/21/08	-2.759
5/22/08	-3.31
5/23/08	-1.955
5/26/08	-2.507
5/27/08	-2.507
5/28/08	-1.95
5/29/08	-2.351
5/30/08	-0.972
6/2/08	-0.842
6/3/08	-1.127
6/4/08	-2.122
6/5/08	-2.933
6/6/08	-2.304
6/9/08	-2.299
6/10/08	-3.608
6/11/08	-2.048
6/12/08	-3.084
6/13/08	-4.36
6/16/08	-4.191
6/17/08	-4.112
6/18/08	-4.154
6/19/08	-3.407
6/20/08	-1.955
6/23/08	-1.674
6/24/08	-3.963
6/25/08	-3.338
6/26/08	-1.558
6/27/08	-3.135
6/30/08	-4.245
7/1/08	-4.32
7/2/08	-5.34
7/3/08	-6.504
7/4/08	-9.868
7/7/08	-9.868

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7/8/08	-9.662
7/9/08	-8.02
7/10/08	-7.213
7/11/08	-7.273
7/14/08	-7.899
7/15/08	-11.765
7/16/08	-12.626
7/17/08	-9.752
7/18/08	-9.72
7/21/08	-9.672
7/22/08	-9.984
7/23/08	-8.786
7/24/08	-7.869
7/25/08	-8.333
7/28/08	-8.14
7/29/08	-8.157
7/30/08	-8.226
7/31/08	-8.131
8/1/08	-7.439
8/11/08	-7.79
8/12/08	-8.026
8/13/08	-5.17
8/14/08	-7.029
8/15/08	-6.518
8/18/08	-6.902
8/19/08	-6.743
8/20/08	-7.504
8/21/08	-7.201
8/22/08	-7.108
8/25/08	-6.863
8/26/08	-7.818
8/27/08	-7.754
8/28/08	-8.267
8/29/08	-7.842
9/1/08	-7.074
9/2/08	-7.074
9/3/08	-7.074
9/4/08	-6.23
9/5/08	-7.036
9/8/08	-6.913
9/9/08	-6.436
9/10/08	-7.414
9/11/08	-6.59
9/12/08	-8.347
9/15/08	-9.294
9/16/08	-18.966
9/17/08	-25.126
9/18/08	-20.87
9/19/08	-13.233
9/22/08	-14.114
9/23/08	-15.799
9/24/08	-15.088
9/25/08	-14.063
9/26/08	-16.608
9/29/08	-22.056
9/30/08	-21.123
10/1/08	-14.684
10/2/08	-15.058
10/3/08	-12.029
10/6/08	-21.561
10/7/08	-20.043
10/8/08	-24.779

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10/9/08	-27.553
10/10/08	-28.193
10/13/08	-7.585
10/14/08	-16.556
10/15/08	-24.057
10/16/08	-16.038
10/17/08	-9.976
10/20/08	-5.155
10/21/08	-5.502
10/22/08	-9.161
10/23/08	-13.682
10/24/08	-13.232
10/27/08	-18.346
10/28/08	-18.114
10/29/08	-14.568
10/30/08	-15.291
10/31/08	-11.325
11/3/08	-7.952
11/4/08	-12.418
11/5/08	-14.976
11/6/08	-16.541
11/7/08	-17.079
11/10/08	-17.5
11/11/08	-18.687
11/12/08	-21.671
11/13/08	-20.868
11/14/08	-19.74
11/17/08	-22.427
11/18/08	-28
11/19/08	-28.771
11/20/08	-34.412
11/21/08	-37.283
11/24/08	-34.358
11/25/08	-34.807
11/26/08	-32.609
11/27/08	-30.054
11/28/08	-29

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CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

NOVEMBER 30, 2008

(UNAUDITED)

CWF (AS A % OF) TOTAL INVESTMENTS  
As of November 30, 2008

(PIE CHART)

Equities	52.4%
Fixed Income	42.3%
Preferred Term Securities	5.3%

HOW IS THE FUND POSITIONED AT THE CLOSE OF THE FISCAL YEAR?

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As of November 30, 2008, the percentage of the Fund's total investments held in equities and fixed income was 52.4% and 42.3%, respectively. The Fund continues to be overweight high quality, higher dividend paying securities although with a more conservative weighting than in the past. As shown below, in the Equity portion of the portfolio, securities related to the Energy sector represent the largest sector allocation from both an absolute and relative perspective while the Financials weighting has been reduced and was equally weighted when compared to the Index at the Fund's fiscal year end. Healthcare has been increasing in weighting during the year and the sector is now the fifth largest sector by weight within the portfolio.

### FUND EQUITY ALLOCATION AS A % OF TOTAL INVESTMENTS (as of November 30, 2008)

(PIE CHART)

Equities	52.4%
Fixed Income	42.3%
Preferred Term Securities	5.3%

Basic Material	3.3%
Consumer Staples	3.1%
Energy	10.5%
Financials	9.5%
Healthcare	4.7%
Industrials	6.4%
REITs	3.7%
Technology	1.7%
Telecom	9.5%

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CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

NOVEMBER 30, 2008

(UNAUDITED)

### FUND FIXED INCOME ALLOCATION AS A % OF TOTAL INVESTMENTS (as of November 30, 2008)

(PIE CHART)

Equities	52.4%
Fixed Income	42.3%
Preferred Term Securities	5.3%

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Automotive	1.0%
Basic Industry	2.3%
Broadcasting	0.7%
Building Materials	0.7%
Cable Television	3.5%
Chemicals	1.4%
Consumer Products	1.0%
Electronic Equip. & Instruments	1.8%
Energy	5.4%
Financial	0.3%
Gaming	3.6%
Healthcare	3.1%
Metals & Mining	1.7%
Paper & Forest Products	2.3%
Real Estate	2.3%
Retail	2.9%
Services	1.4%
Telecommunications	2.5%
Transportation	1.0%
Utilities	3.4%

The fixed income portion of the Fund continues to be overweighed BB and B-rated issues and underweighted CCC-rated issues. We believe a higher quality bias relative to the overall high yield market is prudent given the weak near term outlook for the general economy. It appears that banks are continuing to tighten their lending standards and corporate default rates are projected to increase meaningfully. As shown above, the fixed-income portion of the Fund was well diversified at year-end.

WHAT ARE THE TOP 10 EQUITY HOLDINGS BY PERCENTAGE OF TOTAL INVESTMENTS?

TOP 10 EQUITIES BY PERCENTAGE OF TOTAL INVESTMENTS

TICKER	SECURITY	% OF TOTAL INVESTMENTS
T	AT&T, Inc.	5.2
XOM	Exxon Mobil Corp.	4.5
ETP	Energy Transfer Partners LP	4.2
PFE	Pfizer, Inc.	3.7
BAC	Bank of America Corporation	3.7
CAT	Caterpillar, Inc.	2.9
FTR	Frontier Communications Corporations	2.5
NLY	Annaly Capital Management, Inc.	2.4
AB	AllianceBernstein Holding LP	2.1
PPG	PPG Industries, Inc.	1.9

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CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

NOVEMBER 30, 2008

(UNAUDITED)

## Edgar Filing: CHARTWELL DIVIDEND & INCOME FUND INC - Form N-CSR

### 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.

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CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

NOVEMBER 30, 2008

### UTILIZATION OF LEVERAGE (UNAUDITED)

The Chartwell Dividend and Income Fund, Inc. has utilized leverage through the issuance of commercial paper. As of November 30, 2008, 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

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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.

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CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

NOVEMBER 30, 2008

SCHEDULE OF INVESTMENTS

(BAR CHART)

ASSET CLASS WEIGHTINGS (UNAUDITED)+:

Common Stock	58.0%
Preferred Term Securities	6.0%
Preferred Stock	1.9%
Corporate Notes/Bonds	48.3%

+ Percentages are based on total net assets of \$62,021,556

Total Investments including leverage are \$70,842,416.

	NUMBER OF SHARES	MARKET VALUE
	-----	-----
COMMON STOCK --58.0%		
AEROSPACE & DEFENSE--0.7%		
Honeywell International, Inc. ....	15,000	\$ 417,900
		-----
BANKS--4.2%		
Bank of America Corporation .....	160,000	2,600,000
		-----
BASIC INDUSTRY--3.6%		
Dow Chemical Company .....	50,000	927,500
PPG Industries, Inc. ....	30,000	1,317,600
		-----
		2,245,100
		-----
BEVERAGES--0.9%		
PepsiCo, Inc. ....	10,000	567,000
		-----
COMPUTERS & PERIPHERALS--0.7%		
International Business Machines Corporation .....	5,000	408,000



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CONSUMER STAPLES--2.6%		
B&G Foods, Inc., Class A .....	75,000	403,500
Reynolds American, Inc. ....	30,000	1,232,400
		1,635,900
ENERGY--12.0%		
Copano Energy LLC (A) .....	15,000	180,150
Energy Transfer Partners LP (A) .....	90,000	2,981,700
Exxon Mobil Corporation .....	40,000	3,206,000

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

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CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC. NOVEMBER 30, 2008

SCHEDULE OF INVESTMENTS (CONTINUED)

	NUMBER OF SHARES	MARKET VALUE
	-----	-----
COMMON STOCK (CONTINUED)		
ENERGY (CONTINUED)		
Occidental Petroleum Corporation .....	20,000	\$1,082,800
		7,450,650
FINANCIAL--5.1%		
ACE Limited .....	20,000	1,045,000
AllianceBernstein Holding LP (A) .....	83,800	1,475,718
MCG Capital Corporation .....	100,000	74,000
Star Asia Financial Limited*+ (C) (D) .....	15,000	594,000
		3,188,718
HEALTH CARE PROVIDERS & SERVICES--0.3%		
Brookdale Senior Living, Inc. ....	40,000	162,800
HEALTHCARE--5.1%		
Abbott Laboratories .....	10,000	523,900
Pfizer, Inc. ....	160,000	2,628,800
		3,152,700
INDUSTRIAL CONGLOMERATES--1.8%		
3M Company .....	10,000	669,300
General Electric Company .....	25,000	429,250
		1,098,550
IT SERVICES--0.7%		
Paychex, Inc. ....	15,000	423,900

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-----		
MACHINERY--3.3%		
Caterpillar, Inc. ....	50,000	2,049,500
-----		
REAL ESTATE INVESTMENT TRUSTS--3.8%		
Annaly Capital Management, Inc. ....	120,000	1,724,400
MFA Mortgage Investments, Inc. ....	106,700	660,473
-----		
		2,384,873
-----		
SEMICONDUCTORS & SEMICONDUCTOR EQUIPMENT--0.7%		
Microchip Technology, Inc. ....	25,000	462,500
-----		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

NOVEMBER 30, 2008

SCHEDULE OF INVESTMENTS (CONTINUED)

	NUMBER OF SHARES	MARKET VALUE
	-----	-----
COMMON STOCK (CONTINUED)		
TELECOMMUNICATIONS--10.9%		
AT&T, Inc. ....	130,000	\$3,712,800
Frontier Communications Corporation ....	200,000	1,744,000
Verizon Communications, Inc. ....	40,000	1,306,000
-----		
		6,762,800
-----		
TRANSPORTATION--1.6%		
General Maritime Corporation ....	75,000	972,000
-----		
TOTAL COMMON STOCK (COST \$62,982,234) ....		35,982,891
-----		
PREFERRED TERM SECURITIES+ (C) (D)--6.0%		
Alesco Preferred Funding IX, 06/23/36 ....	10,000	50,000
Alesco Preferred Funding X, 09/23/36 ....	10,000	50,000
Alesco Preferred Funding XI, 12/23/36 ....	5,000	25,000
Alesco Preferred Funding XII, 07/15/37 ....	5,000	25,000
Alesco Preferred Funding XIII, 09/23/37 ....	2,500	12,500
Alesco Preferred Funding XIV, 03/15/37 ....	5,000	25,000
Alesco Preferred Funding XV, 12/23/37 ....	2,500	7,500
Alesco Preferred Funding XVI, 03/23/38 ....	5,000	25,000
I-Preferred Term Securities IV, 06/24/34 ....	10,000	653,800
Preferred Term Securities IV, 12/23/31 ....	20,000	440,000
Preferred Term Securities XIII, 03/24/34 ....	10,000	520,000
Preferred Term Securities XIV, 06/24/34 ....	20,000	600,000
Preferred Term Securities XV, 09/24/34 ....	20,000	60,000
Preferred Term Securities XVI, 03/23/35 ....	10,000	250,000
Preferred Term Securities XVII, 06/23/35 ....	6,000	36,000

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Preferred Term Securities XVIII, 09/23/35 .....	10,000	242,500
Preferred Term Securities XIX, 12/22/35 .....	10,000	175,000
Preferred Term Securities XX, 03/22/38 .....	10,000	50,000
Preferred Term Securities XXI, 03/22/38 .....	10,000	55,000
Preferred Term Securities XXII, 09/22/36 .....	10,000	25,000
Preferred Term Securities XXIII, 12/22/36 .....	5,000	123,500
Preferred Term Securities XXIV, 03/22/37 .....	5,000	145,000
Preferred Term Securities XXV, 06/22/37 .....	5,000	158,750
Taberna Preferred Funding II Limited, 06/30/35 .....	5,000	5,000
		-----
TOTAL PREFERRED TERM SECURITIES (COST \$16,367,643) ...		3,759,550
		-----

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

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CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

NOVEMBER 30, 2008

SCHEDULE OF INVESTMENTS (CONTINUED)

	NUMBER OF SHARES	MARKET VALUE
	-----	-----
PREFERRED STOCK--1.9%		
FINANCIAL--1.5%		
Solar Cayman Limited** (C) (D) .....	80,000	\$ 937,600
		-----
REAL ESTATE INVESTMENT TRUSTS--0.4%		
FelCor Lodging Trust, Inc. ....	40,000	218,000
		-----
TOTAL PREFERRED STOCK (COST \$2,200,000) .....		1,155,600
		-----

	PRINCIPAL AMOUNT	
	-----	
CORPORATE NOTES/BONDS --48.3%		
AUTOMOTIVE--1.1%		
Lear Corporation, Series B		
8.750%, 12/01/16 .....	\$ 885,000	194,700
TRW Automotive, Inc.+		
7.250%, 03/15/17 .....	1,000,000	465,000
		-----
		659,700
		-----
BASIC INDUSTRY--2.7%		
Blount, Inc. ....		
8.875%, 08/01/12 .....	750,000	675,937
H&E Equipment Services, Inc. ....		

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8.375%, 07/15/16 .....	1,175,000	616,875
Trimas Corporation		
9.875%, 06/15/12 .....	772,000	414,950
		-----
		1,707,762
		-----
BROADCASTING--0.8%		
Allbritton Communications Company		
7.750%, 12/15/12 .....	815,000	476,775
		-----
BUILDING MATERIALS--0.8%		
Gibraltar Industries, Inc. ....		
8.000%, 12/01/15 .....	840,000	529,200
		-----
CABLE TELEVISION--4.0%		
CSC Holdings, Inc. ....		
7.875%, 02/15/18 .....	535,000	379,850
DIRECTV Holdings LLC		
6.375%, 06/15/15 .....	750,000	613,125

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

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CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

NOVEMBER 30, 2008

SCHEDULE OF INVESTMENTS (CONTINUED)

	PRINCIPAL AMOUNT	MARKET VALUE
	-----	-----
CORPORATE NOTES/BONDS (CONTINUED)		
CABLE TELEVISION (CONTINUED)		
Echostar DBS Corporation		
6.625%, 10/01/14.....	\$ 500,000	\$ 358,750
Mediacom Broadband LLC		
8.500%, 10/15/15.....	750,000	536,250
Quebecor Media, Inc.		
7.750%, 03/15/16.....	895,000	604,125
		-----
		2,492,100
		-----
CHEMICALS--1.6%		
Chemtura Corporation		
6.875%, 06/01/16.....	1,000,000	555,000
Nova Chemicals Corporation (B)		
5.720%, 11/15/13.....	800,000	432,000
		-----
		987,000
		-----
COMPUTERS--MEMORY DEVICES--0.8%		
Seagate Technology HDD Holdings		
6.800%, 10/01/16.....	750,000	472,500
		-----
CONSUMER PRODUCTS--1.2%		

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Hanesbrands, Inc. (B)		
6.508%, 12/15/14.....	525,000	341,250
Levi Strauss & Company		
9.750%, 01/15/15.....	675,000	408,375
		-----
		749,625
		-----
ELECTRONIC EQUIPMENT & INSTRUMENTS--1.1%		
Flextronics International Limited		
6.500%, 05/15/13.....	885,000	694,725
		-----
ENERGY--6.2%		
Cie Generale de Geophysique		
7.750%, 05/15/17.....	500,000	309,375
Cimarex Energy Company		
7.125%, 05/01/17.....	650,000	510,250
Complete Production Services, Inc.		
8.000%, 12/15/16.....	780,000	495,300
Copano Energy LLC		
8.125%, 03/01/16.....	935,000	668,525

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

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CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

NOVEMBER 30, 2008

SCHEDULE OF INVESTMENTS (CONTINUED)

	PRINCIPAL AMOUNT	MARKET VALUE
	-----	-----
CORPORATE NOTES/BONDS (CONTINUED)		
ENERGY (CONTINUED)		
Newfield Exploration Company		
6.625%, 04/15/16.....	\$ 750,000	\$ 551,250
Pioneer Natural Resources Company		
6.650%, 03/15/17.....	500,000	350,798
Plains Exploration & Production Company		
7.625%, 06/01/18.....	500,000	335,000
Range Resources Corporation		
7.500%, 05/15/16.....	750,000	626,250
		-----
		3,846,748
		-----
FINANCIAL--0.3%		
Ford Motor Credit Company LLC		
7.000%, 10/01/13.....	450,000	189,518
		-----
GAMING--4.0%		
Boyd Gaming Corporation		
7.125%, 02/01/16.....	600,000	342,000
MGM Mirage		
6.750%, 09/01/12.....	500,000	272,500

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MTR Gaming Group, Inc., Series B		
9.750%, 04/01/10.....	520,000	390,000
MTR Gaming Group, Inc.		
9.000%, 06/01/12.....	700,000	388,500
Scientific Games Corporation		
6.250%, 12/15/12.....	500,000	385,000
Seneca Gaming Corporation		
7.250%, 05/01/12.....	1,000,000	675,000
		-----
		2,453,000
		-----
HEALTH CARE PROVIDERS & SERVICES--0.7%		
DaVita, Inc.		
6.625%, 03/15/13.....	500,000	445,000
		-----
HEALTHCARE--2.9%		
Bio-Rad Laboratories, Inc.		
7.500%, 08/15/13.....	1,000,000	865,000
HCA, Inc.		
9.125%, 11/15/14.....	500,000	407,500

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

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CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

NOVEMBER 30, 2008

SCHEDULE OF INVESTMENTS (CONTINUED)

	PRINCIPAL AMOUNT	MARKET VALUE
	-----	-----
CORPORATE NOTES/BONDS (CONTINUED)		
HEALTHCARE (CONTINUED)		
Omnicare, Inc.		
6.875%, 12/15/15.....	\$ 650,000	\$ 529,750
		-----
		1,802,250
		-----
METALS & MINING--2.0%		
Freeport-McMoRan Copper & Gold, Inc.		
8.375%, 04/01/17.....	1,000,000	710,944
Steel Dynamics, Inc		
7.375%, 11/01/12.....	750,000	558,750
		-----
		1,269,694
		-----
PAPER & FOREST PRODUCTS--2.5%		
P H Glatfelter		
7.125%, 05/01/16.....	1,190,000	1,041,250
U.S. Corrugated (D)		
10.000%, 06/01/13 .....	1,000,000	500,000
		-----
		1,541,250

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REAL ESTATE--0.2%		
Host Hotels & Resorts LP		
7.000%, 08/15/12.....	200,000	151,000
		-----
REAL ESTATE MANAGEMENT--2.5%		
Corrections Corp of America		
7.500%, 05/01/11.....	830,000	792,650
Geo Group, Inc.		
8.250%, 07/15/13.....	840,000	730,800
		-----
		1,523,450
		-----
RETAIL--3.3%		
Autonation, Inc.		
7.000%, 04/15/14.....	500,000	327,500
Brown Shoe Company, Inc.		
8.750%, 05/01/12.....	1,200,000	906,000
Couche-Tard US LP		
7.500%, 12/15/13.....	400,000	305,000
Sonic Automotive, Inc., Series B		
8.625%, 08/15/13.....	1,390,000	507,350
		-----
		2,045,850
		-----

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

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CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

NOVEMBER 30, 2008

SCHEDULE OF INVESTMENTS (CONTINUED)

	PRINCIPAL AMOUNT	MARKET VALUE
	-----	-----
CORPORATE NOTES/BONDS (CONTINUED)		
SERVICES--1.6%		
ARAMARK Corporation		
8.500%, 02/01/15.....	\$ 500,000	\$ 417,500
KAR Holdings, Inc.		
8.750%, 05/01/14.....	1,270,000	546,100
		-----
		963,600
		-----
TELECOMMUNICATIONS--2.9%		
Cincinnati Bell, Inc.		
8.375%, 01/15/14.....	460,000	342,125
Hughes Network Systems LLC		
9.500%, 04/15/14.....	855,000	709,650
L-3 Communications Corporation		
6.125%, 07/15/13.....	250,000	213,750
Windstream Corporation		

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8.125%, 08/01/13.....	625,000	518,750
		-----
		1,784,275
		-----
TRANSPORTATION--1.2%		
Stena AB		
7.500%, 11/01/13.....	950,000	731,500
		-----
UTILITIES--3.9%		
Amerigas Partners LP		
7.250%, 05/20/15.....	750,000	543,750
Edison Mission Energy		
7.000%, 05/15/17.....	650,000	490,750
Elwood Energy LLC		
8.159%, 07/05/26.....	942,253	694,374
Sierra Pacific Resources		
8.625%, 03/15/14.....	750,000	698,979
		-----
		2,427,853
		-----
TOTAL CORPORATE NOTES/BONDS (COST \$43,488,184).....		29,944,375
		-----
TOTAL INVESTMENTS--114.2% (COST \$125,038,061).....		70,842,416
		-----

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

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CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

NOVEMBER 30, 2008

SCHEDULE OF INVESTMENTS (CONTINUED)

	WRITTEN CONTRACTS	MARKET VALUE
	-----	-----
COVERED CALL OPTIONS WRITTEN --(1.3)%		
Abbott Laboratories,		
Expires: 12/20/08, Strike Price: \$55.....	(100)	\$ (9,500)
Annaly Capital Management, Inc.,		
Expires: 12/20/08, Strike Price: \$15.....	(1,000)	(95,000)
AT&T, Inc., Expires: 12/20/08, Strike Price: \$27....	(600)	(138,000)
AT&T, Inc., Expires: 12/20/08, Strike Price: \$28....	(700)	(119,700)
Bank of America Corporation,		
Expires: 12/20/08, Strike Price: \$25.....	(1,600)	(8,000)
Caterpillar, Inc.,		
Expires: 12/20/08, Strike Price: \$47.50.....	(500)	(15,000)
Dow Chemical Company,		
Expires: 12/20/08, Strike Price: \$40.....	(500)	(2,500)
Exxon Mobil Corporation,		
Expires: 12/20/08, Strike Price: \$80.....	(400)	(154,000)
General Electric Company,		
Expires: 12/20/08, Strike Price: \$17.50.....	(250)	(21,250)
Honeywell International, Inc.,		



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Expires: 12/20/08, Strike Price: \$27.50.....	(150)	(28,500)
International Business Machines Corporation, Expires: 12/20/08, Strike Price: \$95.....	(50)	(1,300)
Occidental Petroleum Corporation, Expires: 12/20/08, Strike Price: \$55.....	(200)	(68,000)
Paychex, Inc., Expires: 12/20/08, Strike Price: \$27.50.....	(150)	(30,750)
PepsiCo, Inc., Expires: 12/20/08, Strike Price: \$57.50.....	(100)	(15,500)
Pfizer, Inc., Expires: 12/20/08, Strike Price: \$17.50.....	(1,600)	(51,200)
PPG Industries, Inc., Expires: 12/20/08, Strike Price: \$45.....	(200)	(40,000)
PPG Industries, Inc., Expires: 12/20/08, Strike Price: \$50.....	(100)	(5,000)
Reynolds American, Inc., Expires: 12/20/08, Strike Price: \$45.....	(300)	(4,200)
		-----
TOTAL COVERED CALL OPTIONS WRITTEN (PREMIUMS RECEIVED \$ 784,470).....		(807,400)
		-----
OTHER LIABILITIES IN EXCESS OF OTHER ASSETS--(12.9)%		(8,013,460)
		-----
NET ASSETS--100.0%.....		\$62,021,556
		=====

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

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CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC. NOVEMBER 30, 2008

SCHEDULE OF INVESTMENTS (CONCLUDED)

- \* 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, 2008, these securities amounted to \$5,756,150 or 9.3% of net assets.
- (A) Securities considered Master Limited Partnership. At November 30, 2008, these securities amounted to \$4,637,568 or 7.5% of net assets.
- (B) Variable rate security -- The rate reported on the Schedule of Investments is the rate in effect at November 30, 2008.
- (C) Securities are considered illiquid. The total value of such securities as of November 30, 2008 was \$5,291,150 or 8.5% of net assets.
- (D) Securities fair valued in accordance with Fair Value Procedures (see Note 1).

LLC Limited Liability Company

LP Limited Partnership

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SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

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CHARTWELL

CHARTWELL DIVIDEND AND INCOME FUND, INC.

NOVEMBER 30, 2008

STATEMENT OF ASSETS AND LIABILITIES  
AS OF NOVEMBER 30, 2008

ASSETS:

Investments, at value (cost \$125,038,061) (Note 1) .....	\$ 70,842,416
Cash .....	2,614,786
Interest receivable .....	869,358
Dividends receivable .....	137,225
Prepaid expenses and other assets .....	57,564
	-----
Total assets .....	74,521,349
	-----

LIABILITIES:

Commercial paper (Note 4) .....	9,941,820
Payable for securities purchased .....	1,452,406
Covered call options written, at value (premiums received--\$784,470) (Note 1) .....	807,400
Payable for investment management fees (Note 2) .....	59,585
Payable for administration fees (Note 2) .....	7,010
Accrued expenses and other liabilities .....	231,572
	-----
Total liabilities .....	12,499,793
	-----

NET ASSETS .....	\$ 62,021,556
	=====

NET ASSETS CONSIST OF:

Common Stock, \$0.01 par value (authorized 100,000,000 shares) .....	\$ 169,060
Additional paid-in capital .....	181,044,215
Undistributed net investment income .....	703,046
Accumulated net realized losses on investments and written call options .....	(65,676,190)
Net unrealized depreciation on investments and written call options .....	(54,218,575)
	-----

NET ASSETS .....	\$ 62,021,556
	=====

NET ASSET VALUE PER SHARE:

\$62,021,556 / 16,905,967 shares of Common Stock issued and outstanding .....	\$ 3.67
	=====

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

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CHARTWELL

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CHARTWELL DIVIDEND AND INCOME FUND, INC.

NOVEMBER 30, 2008

STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED  
NOVEMBER 30, 2008

INVESTMENT INCOME:	
Dividends .....	\$ 8,142,534
Interest .....	5,078,178
	-----
Total investment income .....	13,220,712
	-----
EXPENSES:	
Investment management fees (Note 2) .....	1,505,457
Commercial paper fees .....	291,910
Administration fees (Note 2) .....	158,538
Legal fees .....	115,568
Printing and shareholder reports .....	89,731
Audit fees .....	45,000
Transfer agent fees .....	41,336
Registration fees .....	26,019
Directors' fees and expenses .....	24,750
Custodian fees .....	18,823
Insurance fees .....	16,751
Other operating expenses .....	42,829
	-----
Total operating expenses .....	2,376,712
	-----
Interest expense (Note 4) .....	1,580,939
	-----
Total expenses .....	3,957,651
Less: Investment management fees waived (Note 2) .....	(157,881)
	-----
Net expenses .....	3,799,770
	-----
NET INVESTMENT INCOME .....	9,420,942
	-----
REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS:	
Net realized loss on investments .....	(37,833,912)
Net realized gain on written call options .....	8,825,538
Change in net unrealized depreciation on investments and written call options .....	(41,822,635)
	-----
Net realized and unrealized loss on investments and written call options .....	(70,831,009)
	-----
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS ...	\$ (61,410,067)
	=====

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

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STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED  
NOVEMBER 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES	
Net decrease in net assets resulting from operations .....	\$(61,410,067)
Adjustments to reconcile net decrease in net assets resulting from operations to net cash provided by operating activities:	
Purchase of long-term portfolio investments .....	(82,198,308)
Proceeds from sales of long-term portfolio investments .....	121,284,257
Net purchase of short-term portfolio investments .....	(94,991,830)
Net proceeds from sales of short-term portfolio investments ..	96,745,620
Realized gain on written call options .....	(8,825,538)
Premiums received from options written .....	19,962,494
Premiums paid to closed options .....	(10,620,770)
Amortization of premiums on investments .....	(145,488)
Realized losses from security transactions .....	37,833,912
Change in unrealized depreciation from security transactions and written call options .....	41,822,635
Decrease in interest receivable .....	634,264
Decrease in dividends receivable .....	64,662
Decrease in receivable for securities sold .....	401,750
Decrease in prepaid expenses and other assets .....	48,032
Increase in payable for securities purchased .....	1,452,406
Decrease in payable for investment management fees .....	(75,623)
Decrease in payable for administration fees .....	(8,897)
Decrease in payable to custodian .....	(1,268)
Increase in accrued expenses and other liabilities .....	13,066
	-----
Net cash provided by operating activities .....	61,985,309
	-----
CASH FLOWS FROM FINANCING ACTIVITIES	
Cash dividends paid to shareholders .....	(14,522,225)
Decrease in commercial paper, at value .....	(44,848,298)
	-----
Net cash used in financing activities .....	(59,370,523)
	-----
Net increase in cash .....	2,614,786
CASH	
Cash at beginning of year .....	--
	-----
Cash at end of year .....	\$ 2,614,786
	=====

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

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CHARTWELL DIVIDEND AND INCOME FUND, INC.

NOVEMBER 30, 2008

STATEMENT OF CHANGES IN NET ASSETS

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	FOR THE YEAR ENDED NOVEMBER 30, 2008	FOR THE YEAR ENDED NOVEMBER 30, 2007
	-----	-----
OPERATIONS:		
Net investment income .....	\$ 9,420,942	\$ 13,531,811
Net realized loss on investments .....	(37,833,912)	(92,556)
Net realized gain on written call options ..	8,825,538	2,171,032
Change in net unrealized depreciation on investments and written call options ....	(41,822,635)	(24,015,402)
	-----	-----
Net decrease in net assets resulting from operations .....	(61,410,067)	(8,405,115)
	-----	-----
DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS FROM:		
Net investment income .....	(9,913,146)	(14,219,577)
Tax return of capital .....	(4,609,079)	(825,229)
	-----	-----
Net decrease in net assets resulting from dividends and distributions .....	(14,522,225)	(15,044,806)
	-----	-----
CAPITAL STOCK TRANSACTIONS:		
Reinvestment of dividends resulting in the issuance of Common Stock transactions .....	--	790,866
	-----	-----
Total decrease in net assets .....	(75,932,292)	(22,659,055)
	-----	-----
NET ASSETS:		
Beginning of year .....	137,953,848	160,612,903
	-----	-----
End of year (including undistributed net investment income of \$703,046 and \$1,881,138, respectively) .....	\$ 62,021,556	\$137,953,848
	=====	=====

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

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CHARTWELL DIVIDEND AND INCOME FUND, INC.

NOVEMBER 30, 2008

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,	
	----- 2008	----- 2007
	-----	-----
NET ASSET VALUE, BEGINNING OF YEAR .....	\$ 8.16	\$ 9.55

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INCOME/(LOSS) FROM INVESTMENT OPERATIONS: (1)		
Net investment income .....	0.56	0.80
Net realized and unrealized loss on investment transactions and written call options .....	(4.19)	(1.30)
	-----	-----
Total from investment operations .....	(3.63)	(0.50)
	-----	-----
LESS DIVIDENDS:		
Dividends from net investment income .....	(0.59)	(0.84)
Tax return of capital .....	(0.27)	(0.05)
	-----	-----
Total dividends .....	(0.86)	(0.89)
	-----	-----
NET ASSET VALUE, END OF YEAR .....	\$ 3.67	\$ 8.16
	=====	=====
MARKET VALUE, END OF YEAR .....	\$ 2.60	\$ 7.35
	=====	=====
TOTAL RETURN BASED ON: (2)		
Net asset value .....	(47.75)%	(6.05)%
	=====	=====
Market value .....	(58.90)%	(17.19)%
	=====	=====
RATIOS AND SUPPLEMENTAL DATA: (3)		
Net assets, end of year (000 omitted) .....	\$62,022	\$137,953
	=====	=====
Total expenses including waiver of fees .....	2.41%	2.69%
Total expenses excluding waiver of fees .....	2.51%	2.79%
Total operating expenses including waiver of fees (4)	1.22%	1.15%
Total operating expenses excluding waiver of fees (4)	1.32%	1.26%
Commercial paper fees and interest expense .....	1.19%	1.53%
Net investment income including waiver of fees .....	5.97%	6.33%
Portfolio turnover .....	54%	74%
LEVERAGE ANALYSIS:		
Aggregate amount outstanding at end of year (000 omitted) .....	\$10,000	\$ 55,000
Average daily balance of amortized cost of commercial paper outstanding (000 omitted) .....	\$47,921	\$ 54,790
Asset coverage per \$1,000 at end of year .....	\$15,880	\$ 3,903

-----

- (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, which can be significantly greater or less than the net asset value, may result in substantially different returns. 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 or have been rounded to \$0.

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SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

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CHARTWELL DIVIDEND AND INCOME FUND, INC.

NOVEMBER 30, 2008

FINANCIAL HIGHLIGHTS (CONTINUED)

	FOR THE YEARS ENDED NOVEMBER 30,	
	2006	2005
NET ASSET VALUE, BEGINNING OF YEAR .....	\$ 8.65	\$ 8.96
INCOME/GAIN FROM INVESTMENT OPERATIONS: (1)		
Net investment income .....	0.63	0.61
Net realized and unrealized gain on investment transactions and written call options .....	1.20	0.08
Total from investment operations .....	1.83	0.69
LESS DIVIDENDS AND DISTRIBUTIONS:		
Dividends from net investment income .....	(0.93)	(0.53)
Distributions in excess .....	--	(0.01)
Tax return of capital .....	--	(0.46)
Total dividends and distributions .....	(0.93)	(1.00)
NET ASSET VALUE, END OF YEAR .....	\$ 9.55	\$ 8.65
MARKET VALUE, END OF YEAR .....	\$ 9.78	\$ 10.70
TOTAL RETURN BASED ON: (2)		
Net asset value .....	22.51%	8.19%
Market value .....	0.36%	18.14%
RATIOS AND SUPPLEMENTAL DATA: (3)		
Net assets, end of year (000 omitted) .....	\$160,613	\$144,352
Total expenses including waiver of fees .....	2.59%	2.90%
Total expenses excluding waiver of fees .....	2.68%	3.04%
Total operating expenses including waiver of fees (4) .....	1.13%	1.59%
Total operating expenses excluding waiver of fees (4) .....	1.24%	1.73%
Commercial paper fees and interest expense .....	1.44%	1.31%
Net investment income including waiver of fees .....	5.07%	7.00%
Portfolio turnover .....	96%	80%
LEVERAGE ANALYSIS:		
Aggregate amount outstanding at end of year (000 omitted) .....	\$ 55,000	\$ 55,000

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Average daily balance of amortized cost of commercial paper outstanding (000 omitted) .....	\$ 54,659	\$ 54,794
Asset coverage per \$1,000 at end of year .....	\$ 3,980	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, which can be significantly greater or less than the net asset value, may result in substantially different returns. 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 or have been rounded to \$0.

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

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CHARTWELL DIVIDEND AND INCOME FUND, INC.

NOVEMBER 30, 2008

FINANCIAL HIGHLIGHTS (CONCLUDED)

	FOR THE YEAR ENDED NOVEMBER 30, 2004
	-----
NET ASSET VALUE, BEGINNING OF YEAR .....	\$ 8.52
	-----
INCOME/GAIN FROM INVESTMENT OPERATIONS: (1)	
Net investment income .....	0.55
Net realized and unrealized gain on investment transactions and written call options .....	0.89
	-----
Total from investment operations .....	1.44
	-----
LESS DIVIDENDS AND DISTRIBUTIONS:	
Dividends from net investment income .....	(0.54)
Distributions in excess .....	(0.46)
Tax return of capital .....	--
	-----
Total dividends and distributions .....	(1.00)
	-----



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NET ASSET VALUE, END OF YEAR .....	\$ 8.96
	=====
MARKET VALUE, END OF YEAR .....	\$ 10.03
	=====
TOTAL RETURN BASED ON:(2)	
Net asset value .....	18.01%
	=====
Market value .....	14.02%
	=====
RATIOS AND SUPPLEMENTAL DATA:(3)	
Net assets, end of year(000 omitted) .....	\$148,144
	=====
Total expenses including waiver of fees .....	2.26%
Total expenses excluding waiver of fees .....	2.40%
Total operating expenses including waiver of fees(4) .....	1.57%
Total operating expenses excluding waiver of fees(4) .....	1.71%
Commercial paper fees and interest expense .....	0.69%
Net investment income including waiver of fees .....	6.34%
Portfolio turnover .....	99%

LEVERAGE ANALYSIS:

Aggregate amount outstanding at end of year (000 omitted) .....	\$ 50,000
Average daily balance of amortized cost of commercial paper outstanding (000 omitted) .....	\$ 54,052
Asset coverage per \$1,000 at end of year .....	\$ 3,680

-----

- (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, which can be significantly greater or less than the net asset value, may result in substantially different returns. 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 or have been rounded to \$0.

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

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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

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 U.S. generally accepted accounting principles.

**USE OF ESTIMATES:** The preparation of financial statements in conformity with generally accepted accounting principles 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, of which there were \$5,791,150 as of November 30, 2008, are valued in accordance with Fair Value

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CHARTWELL DIVIDEND AND INCOME FUND, INC.

NOVEMBER 30, 2008

Procedures established by the Board of Directors (the "Board"). 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

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taking into consideration relevant information reasonably available to the Committee.

Financial Accounting Standards Board (FASB) STATEMENT OF FINANCIAL ACCOUNTING STANDARDS (SFAS) No. 157 is effective for the Fund's financial statements issued after December 1, 2007. SFAS No. 157 defines fair value, establishes a fair value hierarchy and specifies that a valuation technique used to measure fair value shall maximize the use of observable inputs and minimize the use of unobservable inputs. 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 SFAS No. 157 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, quoted prices for similar assets or liabilities in active markets or inputs other than quoted prices that are observable (either directly or indirectly) for substantially the full term of the asset or liability; and
- Level 3 -- Significant unobservable prices or inputs (including the Fund's own assumptions in determining the fair value of investments) where there is little or no market activity for the asset or liability at the measurement date.

As required by SFAS No.157, 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 and may include Level 1 or Level 2 inputs as components of the overall fair

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CHARTWELL DIVIDEND AND INCOME FUND, INC.

NOVEMBER 30, 2008

value measurement. The following table sets forth information about the level within the fair value hierarchy at which the Fund's investments are measured at November 30, 2008:

VALUATION INPUTS	INVESTMENTS IN SECURITIES	OTHER FINANCIAL INSTRUMENTS*
Level 1	\$35,606,891	\$ (807,400)
Level 2	29,444,375	--
Level 3	5,791,150	--
TOTAL	\$70,842,416	\$ (807,400)

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\* OTHER FINANCIAL INSTRUMENTS ARE WRITTEN COVERED CALL OPTIONS.

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

	INVESTMENTS IN SECURITIES -----
BALANCE AS OF 11/30/07	\$17,320,680
Realized gain/(loss)	(1,682,938)
Change in unrealized appreciation/(depreciation)	(8,757,645)
Net purchase/(sales)	(1,088,947)
Net transfers in and/or out of Level 3	--
	-----
BALANCE AS OF 11/30/08	\$ 5,791,150 =====

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

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.

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CHARTWELL DIVIDEND AND INCOME FUND, INC.

NOVEMBER 30, 2008

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 generally accepted accounting principles. Dividends and distributions, if any, to shareholders are recorded on the ex-dividend date.

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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 \$20,000,000.

**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.

**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.

On May 30, 2008, the Fund adopted Financial Accounting Standards Board ("FASB") Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 defines the threshold for recognizing the benefits of tax-return positions in the financial statements as "more-likely-than-not" to be sustained by the applicable taxing authority and requires measurement of a tax

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CHARTWELL DIVIDEND AND INCOME FUND, INC.

NOVEMBER 30, 2008

position meeting the "more-likely-than-not" threshold, based on the largest benefit that is more than 50 percent likely to be realized.

The adoption of FIN 48 did not result in the recording of any tax expense in the current period. However, management's conclusions regarding FIN 48 may be subject to review and adjustment at a later date based on factors including, but not limited to, on-going analyses 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.

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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.

INVESTMENTS IN PREFERRED TERM SECURITIES ("PTSS"): The Fund invests 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 are 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.

### 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

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CHARTWELL DIVIDEND AND INCOME FUND, INC.

NOVEMBER 30, 2008

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.

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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, 2008, the Fund incurred a legal expense of \$115,568 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, 2008, purchases and sales of investments, excluding short-term investments, totaled \$82,198,308 and \$121,284,257, respectively.

The following table summarizes the Fund's call options written for the year ended November 30, 2008:

	NUMBER OF CONTRACTS	PREMIUMS
	-----	-----
Options outstanding, November 30, 2007...	11,010	\$ 889,095
Options written.....	177,761	19,962,494
Options expired.....	(72,263)	(5,366,217)
Options exercised.....	(7,314)	(620,810)
Options closed.....	(100,694)	(14,080,092)
	-----	-----
Options outstanding, November 30, 2008...	8,500	\$ 784,470
	=====	=====

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### NOTE 4. COMMERCIAL PAPER

As of November 30, 2008, \$10,000,000 of commercial paper was outstanding with an amortized cost of \$9,941,819. The average discount rate of commercial paper outstanding at November 30, 2008, was 3.65%. The average daily balance of commercial paper outstanding for the year ended November 30, 2008, was \$47,920,712 at a weighted average discount rate of 3.01%. The maximum face amount of commercial paper outstanding at any time during the year ended November 30, 2008, was \$55,000,000. In conjunction with the issuance of the commercial paper, the Fund entered into a line of credit arrangement with a bank for \$20,000,000.

As of November 30, 2008, the Fund had no borrowings outstanding. For the year

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ended November 30, 2008, the Fund had average borrowings of \$20,000,000 over a period of 56 days at a weighted average interest rate of 2.45%. Interest accrued on the borrowings during the year were \$96,597.

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, 2008, the Manager owned 21,158 shares.

For the year ended November 30, 2008 and the year ended November 30, 2007, the Fund issued 0 and 81,104 shares, respectively, 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.

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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 distributions in excess of tax earnings and profits, ordinary gain from the sale of master limited partnerships and return of capital. As of November 30, 2008, the Fund recorded the following reclassifications to increase (decrease) the accounts below:

UNDISTRIBUTED NET INVESTMENT INCOME -----	ACCUMULATED REALIZED GAIN -----	ADDITIONAL PAID-IN CAPITAL -----
\$(685,888)	\$736,299	\$(50,411)

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



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	ORDINARY INCOME	RETURN OF CAPITAL	TOTALS
	-----	-----	-----
2008	\$ 9,913,146	\$4,609,079	\$14,522,225
2007	14,219,577	825,229	15,044,806

As of November 30, 2008, the components of Distributable Earnings (Accumulated Losses) were as follows:

Capital loss carryforwards	\$ (56,121,066)
Post-October losses	(9,449,141)
Net unrealized depreciation	(54,324,559)
Other temporary differences	703,047
	-----
Total accumulated losses	\$ (119,191,719)
	=====

Post-October losses represent losses realized on investment transactions from November 1, 2008 through November 30, 2008, 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, 2008. These capital loss carryforwards are available to offset future net capital gains.

EXPIRING IN FISCAL YEAR	AMOUNT
-----	-----
2009	\$ 7,900,696
2010	30,533,344
2011	771,608
2014	103,382
2016	16,812,036
	-----
Total capital loss carryforwards	\$56,121,066
	=====

During the year ended November 30, 2008, the Fund utilized none of the capital loss carryforwards to offset capital gains.

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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, 2008, were as follows:

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Federal Tax Cost.....	\$125,144,046
	-----
Aggregate Gross Unrealized Appreciation.....	528,819
Aggregate Gross Unrealized Depreciation.....	(54,830,449)
	-----
Net Unrealized Depreciation.....	\$(54,301,630)
	=====

NOTE 8. ACCOUNTING PRONOUNCEMENT

In March 2008, FASB issued SFAS No. 161, DISCLOSURES ABOUT DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES. SFAS No. 161 is effective for fiscal years and interim periods beginning after November 15, 2008. SFAS No. 161 requires enhanced disclosures about the Fund's derivative and hedging activities, including how such activities are accounted for and their effect on the Fund's financial position, performance, and cash flows. Management is currently evaluating the impact the adoption of SFAS No. 161 will have on the Fund's financial statements and related disclosures.

NOTE 9. SUBSEQUENT EVENTS

The Board of the Fund declared the following dividends:

DECLARATION DATE	EX-DATE	RECORD DATE	PAYABLE DATE	DIVIDEND RATE
-----	-----	-----	-----	-----
December 1, 2008	December 16, 2008	December 18, 2008	December 31, 2008	\$0.0340
January 2, 2009	January 20, 2009	January 22, 2009	January 30, 2009	0.0340

In conjunction with the issuance of commercial paper, the Fund has renewed its line of credit arrangement with a bank for borrowings of up to \$15,000,000. The line of credit is collateralized by a portion of the Fund's investment securities. As of the date of this report, there were no b