

CHARTWELL DIVIDEND & INCOME FUND INC
Form N-Q
October 30, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY

INVESTMENT COMPANY ACT FILE NUMBER 811-8747

CHARTWELL DIVIDEND AND INCOME FUND, INC.
(Exact name of registrant as specified in charter)

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: AUGUST 31, 2008

ITEM 1. SCHEDULE OF INVESTMENTS

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2008

SCHEDULE OF INVESTMENTS (UNAUDITED)

	NUMBER OF SHARES	MARKET VALUE
	-----	-----
COMMON STOCK - 79.9%		
BANKS - 10.2%		
Bank of America Corporation	200,000	\$ 6,228,000
JPMorgan Chase & Company	25,000	962,250
US Bancorp	110,000	3,504,600

		10,694,850

BASIC INDUSTRY - 1.6%		

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

Dow Chemical Company	50,000	1,706,500

CONSUMER STAPLES - 9.3%		
B&G Foods, Inc., Class A	100,000	806,000
B&G Foods, Inc.	41,000	651,900
Entercom Communications Corporation, Class A	100,000	611,000
Philip Morris International, Inc.	80,000	4,296,000
Regal Entertainment Group, Class A	110,000	1,843,600
Reynolds American, Inc.	30,000	1,589,400

		9,797,900

ENERGY - 10.4%		
ConocoPhillips	20,000	1,650,200
Energy Transfer Partners LP (a)	100,000	4,450,000
Exxon Mobil Corporation	40,000	3,200,400
Occidental Petroleum Corporation	20,000	1,587,200

		10,887,800

FINANCIAL - 7.8%		
AllianceBernstein Holding LP (a)	83,800	4,544,474
Apollo Investment Corporation *	100,000	1,770,000
MCG Capital Corporation	100,000	348,000
Star Asia Financial Limited +	150,000	663,000
XL Capital Limited, Class A	45,000	904,500

		8,229,974

HEALTH CARE PROVIDERS & SERVICES - 1.7%		
Brookdale Senior Living, Inc.	80,000	1,764,000

HEALTHCARE - 4.4%		
Bristol-Myers Squibb Company	75,000	1,600,500

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2008

SCHEDULE OF INVESTMENTS (UNAUDITED)

	NUMBER OF SHARES	MARKET VALUE
	-----	-----
COMMON STOCK (CONTINUED)		
HEALTHCARE (CONTINUED)		
Pfizer, Inc.	160,000	\$ 3,057,600

		4,658,100

HOTELS, RESTAURANTS & LEISURE - 1.8%		
Carnival Corporation	50,000	1,853,000

MACHINERY - 3.4%		
Caterpillar, Inc.	50,000	3,536,500

REAL ESTATE INVESTMENT TRUSTS - 7.5%		
Annaly Capital Management, Inc.	110,000	1,645,600

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

CapitalSource, Inc.	219,800	2,765,084
iStar Financial, Inc.	80,000	447,200
Liberty Property Trust	60,000	2,265,600
MFA Mortgage Investments, Inc.	106,700	725,560

		7,849,044

TELECOMMUNICATIONS - 11.0%		
AT&T, Inc.	130,000	4,158,700
Consolidated Communications Holdings, Inc.	110,824	1,674,551
Fairpoint Communications, Inc.	200,000	1,770,000
Frontier Communications Corporation	200,000	2,514,000
Verizon Communications, Inc.	40,000	1,404,800

		11,522,051

TRADING COMPANIES & DISTRIBUTORS - 1.3%		
Aircastle Limited	100,000	1,327,000

TRANSPORTATION - 2.7%		
FreeSeas, Inc.	126,949	775,658
General Maritime Corporation	75,000	1,852,500
K-Sea Transportation Partners LP (a)	10,000	256,600

		2,884,758

UTILITIES - 6.8%		
Kinder Morgan Energy Partners LP (a)	45,000	2,584,800
ONEOK Partners LP (a)	50,900	3,056,545

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2008

SCHEDULE OF INVESTMENTS (UNAUDITED)

	NUMBER OF SHARES	MARKET VALUE
	-----	-----
COMMON STOCK (CONTINUED)		
UTILITIES (CONTINUED)		
Southern Company	10,000	\$ 375,100
TEPPCO Partners LP (a)	34,800	1,116,732

		7,133,177

TOTAL COMMON STOCK (COST \$104,996,706)		83,844,654

PREFERRED TERM SECURITIES + (d) - 6.7%		
Alesco Preferred Funding IX, 06/23/36	10,000	50,000
Alesco Preferred Funding X, 09/23/08	10,000	50,000
Alesco Preferred Funding XI, 09/25/08	5,000	50,000
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	12,500
Alesco Preferred Funding XVI, 03/23/38	5,000	25,000
I-Preferred Term Securities IV, 06/24/34	10,000	650,000

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

Preferred Term Securities IV, 12/23/31	20,000	440,000
Preferred Term Securities XIII, 09/23/37	10,000	595,000
Preferred Term Securities XIV, 06/24/34	20,000	1,245,000
Preferred Term Securities XV, 09/24/34	20,000	985,000
Preferred Term Securities XVI, 03/23/35	10,000	647,500
Preferred Term Securities XVII, 09/23/35	6,000	126,000
Preferred Term Securities XVIII, 06/23/35	10,000	465,000
Preferred Term Securities XIX, 12/22/35	10,000	390,000
Preferred Term Securities XX, 03/22/38	10,000	195,000
Preferred Term Securities XXI, 03/22/38	10,000	265,500
Preferred Term Securities XXII, 03/22/37	10,000	153,000
Preferred Term Securities XXIII, 12/22/36	5,000	165,000
Preferred Term Securities XXIV, 03/22/37	5,000	198,750
Preferred Term Securities XXV, 06/22/37	5,000	212,500
Taberna Preferred Funding II Limited, 06/30/35 ...	5,000	5,000

TOTAL PREFERRED TERM SECURITIES		
(COST \$16,401,914)		6,988,250

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2008

SCHEDULE OF INVESTMENTS (UNAUDITED)

	NUMBER OF SHARES	MARKET VALUE
	-----	-----
PREFERRED STOCK - 2.7%		
FINANCIAL - 2.1%		
Aspen Insurance Holdings Limited	20,000	\$ 1,014,000
Solar Cayman Limited * +	80,000	1,217,600

		2,231,600

REAL ESTATE INVESTMENT TRUSTS - 0.6%		
FelCor Lodging Trust, Inc.	40,000	620,000

TOTAL PREFERRED STOCK (COST \$3,346,490)		2,851,600

	PRINCIPAL AMOUNT	

CORPORATE NOTES/BONDS - 52.5%		
AUTOMOTIVE - 1.5%		
Lear Corporation, Series B		
8.750%, 12/01/16	\$ 885,000	670,388
TRW Automotive, Inc. +		
7.250%, 03/15/17	1,000,000	865,000

		1,535,388

BASIC INDUSTRY - 3.6%		

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

Blount, Inc.		
8.875%, 08/01/12	750,000	768,750
H&E Equipment Services, Inc.		
8.375%, 07/15/16	1,175,000	1,022,250
Lamar Media Corporation		
6.625%, 08/15/15	1,000,000	892,500
Trimas Corporation		
9.875%, 06/15/12	1,272,000	1,138,440

		3,821,940

BROADCASTING & CABLE - 1.1%		
Allbritton Communications Company		
7.750%, 12/15/12	1,315,000	1,183,500

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2008

SCHEDULE OF INVESTMENTS (UNAUDITED)

	PRINCIPAL AMOUNT	MARKET VALUE
	-----	-----
CORPORATE NOTES/BONDS (CONTINUED)		
BUILDING MATERIALS - 1.9%		
Gibraltar Industries, Inc.		
8.000%, 12/01/15	\$ 1,340,000	\$ 1,149,050
WII Components, Inc.		
10.000%, 02/15/12	1,000,000	805,000

		1,954,050

CABLE TELEVISION - 4.6%		
CSC Holdings, Inc.		
7.875%, 02/15/18	1,285,000	1,214,325
DIRECTV Holdings LLC		
6.375%, 06/15/15	750,000	710,625
Echostar DBS Corporation		
6.625%, 10/01/14	1,000,000	922,500
Mediacom Broadband LLC		
8.500%, 10/15/15	1,250,000	1,146,875
Quebecor Media, Inc.		
7.750%, 03/15/16	895,000	845,775

		4,840,100

CHEMICALS - 3.3%		
Chemtura Corporation		
6.875%, 06/01/16	1,000,000	850,000
Ineos Group Holdings +		
8.500%, 02/15/16	820,000	528,900
Momentive Performance Materials, Inc.		
9.750%, 12/01/14	1,000,000	907,500
Nova Chemicals Corporation		
5.953%, 11/15/13 (b)	1,300,000	1,124,500

		3,410,900

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

COMPUTERS-MEMORY DEVICES - 0.6%		
Seagate Technology HDD Holdings		
6.800%, 10/01/16	750,000	673,125

CHARTWELL DIVIDEND & INCOME FUND, INC. AUGUST 31, 2008

SCHEDULE OF INVESTMENTS (UNAUDITED)

	PRINCIPAL AMOUNT	MARKET VALUE
	-----	-----
CORPORATE NOTES/BONDS (CONTINUED)		
CONSUMER PRODUCTS - 1.4%		
Hanesbrands, Inc.		
6.508%, 12/15/14 (b)	\$ 1,025,000	\$ 891,750
Levi Strauss & Company		
9.750%, 01/15/15	675,000	611,719

		1,503,469

ELECTRONIC EQUIPMENT & INSTRUMENTS - 0.8%		
Flextronics International Limited		
6.500%, 05/15/13	885,000	840,750

ENERGY - 5.8%		
Cie Generale de Geophysique		
7.750%, 05/15/17	1,000,000	1,000,000
Cimarex Energy Company		
7.125%, 05/01/17	650,000	637,000
Complete Production Services, Inc.		
8.000%, 12/15/16	780,000	770,250
Copano Energy LLC		
8.125%, 03/01/16	935,000	911,625
Newfield Exploration Company		
6.625%, 04/15/16	750,000	702,187
Pioneer Natural Resources Company		
6.650%, 03/15/17	1,000,000	916,079
Plains Exploration & Production Company		
7.625%, 06/01/18	1,000,000	947,500
Range Resources Corporation		
7.500%, 05/15/16	250,000	248,750

		6,133,391

FINANCIAL - 1.8%		
Ford Motor Credit Company LLC		
7.000%, 10/01/13	1,450,000	1,051,570
GMAC LLC		
7.000%, 02/01/12	1,470,000	881,361

		1,932,931

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

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2008

SCHEDULE OF INVESTMENTS (UNAUDITED)

	PRINCIPAL AMOUNT	MARKET VALUE
	-----	-----
CORPORATE NOTES/BONDS (CONTINUED)		
GAMING - 2.7%		
Boyd Gaming Corporation		
7.125%, 02/01/16	\$ 1,100,000	\$ 838,750
MTR Gaming Group, Inc., Series B		
9.750%, 04/01/10	520,000	508,300
MTR Gaming Group, Inc.		
9.000%, 06/01/12	700,000	579,250
Seneca Gaming Corporation		
7.250%, 05/01/12	1,000,000	897,500

		2,823,800

HEALTHCARE - 3.5%		
Bio-Rad Laboratories, Inc.		
7.500%, 08/15/13	1,000,000	1,005,000
HCA Inc.		
9.125%, 11/15/14	1,000,000	1,030,000
Iasis Healthcare Corporation		
8.750%, 06/15/14	1,000,000	1,007,500
Omnicare, Inc.		
6.875%, 12/15/15	650,000	614,250

		3,656,750

HOTELS, RESTAURANTS & LEISURE - 1.7%		
MGM Mirage		
6.750%, 09/01/12	1,000,000	865,000
Scientific Games Corporation		
6.250%, 12/15/12	1,000,000	947,500

		1,812,500

METALS & MINING - 1.0%		
Freeport-McMoRan Copper & Gold, Inc.		
8.375%, 04/01/17	1,000,000	1,061,629

PAPER & FOREST PRODUCTS - 2.5%		
Abitibi-Consolidated, Inc.		
8.550%, 08/01/10	615,000	348,244

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2008

SCHEDULE OF INVESTMENTS (UNAUDITED)

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

	PRINCIPAL AMOUNT	MARKET VALUE
	-----	-----
CORPORATE NOTES/BONDS (CONTINUED)		
PAPER & FOREST PRODUCTS (CONTINUED)		
Bowater Canada Finance Corporation		
7.950%, 11/15/11	\$ 615,000	\$ 387,450
P H Glatfelter +		
7.125%, 05/01/16	1,190,000	1,175,125
U.S. Corrugated		
10.000%, 06/01/13	1,000,000	700,000

		2,610,819

PUBLISHING - 0.4%		
Idearc, Inc.		
8.000%, 11/15/16	875,000	400,313

REAL ESTATE MANAGEMENT - 1.6%		
Corrections Corp of America		
7.500%, 05/01/11	275,000	278,437
Geo Group, Inc.		
8.250%, 07/15/13	1,340,000	1,360,100

		1,638,537

RETAIL - 3.4%		
Autonation, Inc. +		
7.000%, 04/15/14	1,000,000	870,000
Brown Shoe Company, Inc.		
8.750%, 05/01/12	1,200,000	1,194,000
Couche-Tard US LP		
7.500%, 12/15/13	400,000	375,000
Sonic Automotive, Inc., Series B		
8.625%, 08/15/13	1,390,000	1,077,250

		3,516,250

SERVICES - 3.1%		
Allied Security Escrow Corporation		
11.375%, 07/15/11	1,015,000	1,077,169
ARAMARK Corporation		
8.500%, 02/01/15	1,000,000	1,012,500

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2008

SCHEDULE OF INVESTMENTS (UNAUDITED)

	PRINCIPAL AMOUNT	MARKET VALUE
	-----	-----
CORPORATE NOTES/BONDS (CONTINUED)		
SERVICES (CONTINUED)		
KAR Holdings, Inc.		
8.750%, 05/01/14	\$ 1,270,000	\$ 1,128,712

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

		3,218,381

TELECOMMUNICATIONS - 2.4%		
Cincinnati Bell, Inc.		
8.375%, 01/15/14	960,000	913,200
Hughes Network Systems LLC		
9.500%, 04/15/14	855,000	865,687
L-3 Communications Corporation		
6.125%, 07/15/13	750,000	733,125

		2,512,012

TRANSPORTATION - 0.9%		
Stena AB		
7.500%, 11/01/13	950,000	931,000

UTILITIES - 2.9%		
Amerigas Partners LP (a)		
7.250%, 05/20/15	750,000	714,375
Edison Mission Energy		
7.000%, 05/15/17	650,000	625,625
Elwood Energy LLC		
8.159%, 07/05/26	942,253	893,551
Sierra Pacific Resources		
8.625%, 03/15/14	750,000	788,175

		3,021,726

TOTAL CORPORATE NOTES/BONDS (COST \$60,249,535) ...		55,033,261

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2008

SCHEDULE OF INVESTMENTS (UNAUDITED)

	NUMBER OF SHARES	MARKET VALUE
	-----	-----
CASH EQUIVALENT - 1.2%		
SEI Daily Income Trust, Prime Obligations Fund, C1 A Shares, 2.690% (c)	1,295,805	\$ 1,295,805

TOTAL CASH EQUIVALENT (COST \$1,295,805)		1,295,805

TOTAL INVESTMENTS - 143.0%		
(COST \$186,290,450) **		150,013,570

COVERED CALL OPTIONS WRITTEN - (1.0) %		

WRITTEN
CONTRACTS

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

Annaly Capital Management, Inc., Expires: 09/20/08, Strike Price: \$15	(984)	(63,960)
Annaly Capital Management, Inc., Expires: 09/20/08, Strike Price: \$16	(16)	(400)
AT&T, Inc., Expires: 09/20/08, Strike Price: \$32.50	(1,300)	(72,800)
Bank of America Corporation, Expires: 09/20/08, Strike Price: \$35	(1,000)	(19,000)
Bank of America Corporation, Expires: 09/20/08, Strike Price: \$32.50	(1,000)	(69,000)
Bristol-Myers Squibb Company, Expires: 09/20/08, Strike Price: \$22.50	(500)	(8,000)
Brookdale Senior Living, Inc., Expires: 09/20/08, Strike Price: \$22.50	(400)	(36,000)
Brookdale Senior Living, Inc., Expires: 10/18/08, Strike Price: \$25	(400)	(22,000)
CapitalSource, Inc., Expires: 09/20/08, Strike Price: \$12.50	(1,500)	(97,500)
CapitalSource, Inc., Expires: 10/18/08, Strike Price: \$15	(698)	(13,960)
Carnival Corporation, Expires: 09/20/08, Strike Price: \$40	(250)	(16,250)
Carnival Corporation, Expires: 09/20/08, Strike Price: \$42.50	(250)	(5,000)
Caterpillar, Inc., Expires: 09/20/08, Strike Price: \$75	(500)	(24,000)
Dow Chemical Company, Expires: 09/20/08, Strike Price: \$35	(500)	(25,000)
Exxon Mobil Corporation, Expires: 09/20/08, Strike Price: \$85	(400)	(14,000)

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2008

SCHEDULE OF INVESTMENTS (UNAUDITED)

	WRITTEN CONTRACTS	MARKET VALUE
	-----	-----
COVERED CALL OPTIONS WRITTEN (CONTINUED)		
Frontier Communications Corporation, Expires: 10/18/08, Strike Price: \$12.50	(2,000)	\$ (100,000)
JPMorgan Chase & Company, Expires: 09/20/08, Strike Price: \$42.50	(250)	(6,750)
Kinder Morgan Energy Partners LP, Expires: 09/20/08, Strike Price: \$60	(450)	(4,500)
Liberty Property Trust, Expires: 09/20/08, Strike Price: \$40	(600)	(36,000)
Occidental Petroleum Corporation, Expires: 09/20/08, Strike Price: \$85	(200)	(18,000)
Pfizer, Inc., Expires: 09/20/08, Strike Price: \$20	(1,600)	(28,800)
Philip Morris International, Inc., Expires: 09/20/08, Strike Price: \$55	(800)	(32,000)
PHLX Bank Index, Expires: 09/20/08, Strike Price: \$70	(300)	(41,250)

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

Reynolds American, Inc., Expires: 10/18/08, Strike Price: \$60	(300)	(3,000)
US Bancorp, Expires: 09/20/08, Strike Price: \$32.50	(500)	(37,500)
US Bancorp, Expires: 09/20/08, Strike Price: \$30	(600)	(145,800)
Verizon Communications, Inc., Expires: 09/20/08, Strike Price: \$35	(400)	(35,200)
XL Capital Limited, Expires: 09/20/08, Strike Price: \$20	(450)	(45,000)

TOTAL COVERED CALL OPTIONS WRITTEN (PREMIUMS RECEIVED \$1,463,676)		(1,020,670)

OTHER LIABILITIES IN EXCESS OF ASSETS - (42.0)% ..		(44,082,482)

NET ASSETS - 100.0%		\$ 104,910,418
		=====

* 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 AUGUST 31, 2008, THESE SECURITIES AMOUNTED TO \$12,307,875 OR 11.7% OF NET ASSETS.

(a) SECURITIES CONSIDERED MASTER LIMITED PARTNERSHIP. AT AUGUST 31, 2008, THESE SECURITIES AMOUNTED TO \$16,723,526 OR 15.9% OF NET ASSETS.

(b) VARIABLE RATE SECURITY -- THE RATE REPORTED ON THE SCHEDULE OF INVESTMENTS IS THE RATE IN EFFECT AT AUGUST 31, 2008.

(c) THE RATE REPORTED IS THE 7-DAY EFFECTIVE YIELD AS OF AUGUST 31, 2008.

(d) SECURITIES ARE CONSIDERED ILLIQUID. THE TOTAL VALUE OF SUCH SECURITIES AS OF AUGUST 31, 2008 WAS \$6,988,250 OF 6.7% OF THE NET ASSETS.

LLC LIMITED LIABILITY COMPANY

LP LIMITED PARTNERSHIP

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2008

SCHEDULE OF INVESTMENTS (UNAUDITED)

** AT AUGUST 31, 2008, THE TAX BASIS COST OF THE FUND'S INVESTMENTS WAS \$186,290,450, AND THE UNREALIZED APPRECIATION AND DEPRECIATION WERE \$2,257,982 AND \$(38,534,862), RESPECTIVELY.

++ AS OF AUGUST 31, 2008, \$45,000,000 OF COMMERCIAL PAPER WAS OUTSTANDING WITH AN AMORTIZED COST OF \$44,947,166. THE AVERAGE DISCOUNT RATE OF COMMERCIAL PAPER OUTSTANDING AT AUGUST 31, 2008, WAS 2.48%. THE AVERAGE DAILY BALANCE OF COMMERCIAL PAPER OUTSTANDING FOR THE QUARTER ENDED AUGUST 31, 2008 WAS \$52,935,191 AT A WEIGHTED AVERAGE DISCOUNT RATE OF 2.48%. THE MAXIMUM FACE AMOUNT OF COMMERCIAL PAPER OUTSTANDING AT ANYTIME DURING THE QUARTER ENDED AUGUST 31, 2008, WAS \$50,000,000. IN CONJUNCTION WITH THE ISSUANCE OF THE COMMERCIAL PAPER, THE FUND HAS ENTERED ONTO A LINE OF CREDIT ARRANGEMENT WITH A BANK FOR \$25,000,000. INTEREST ON BORROWING IS BASED ON MARKET RATES IN EFFECT AT THE TIME OF BORROWING. THE COMMITMENT FEE IS COMPUTED AT THE

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

RATE OF 0.10% PER ANNUM ON THE UNUSED BALANCE. THERE WERE NO BORROWINGS UNDER THIS ARRANGEMENT DURING THE QUARTER ENDED AUGUST 31, 2008.

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.

CHARTWELL DIVIDEND & INCOME FUND, INC.

AUGUST 31, 2008

SCHEDULE OF INVESTMENTS (UNAUDITED)

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 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 August 31, 2008:

VALUATION INPUTS	INVESTMENTS IN SECURITIES	OTHER FINANCIAL INSTRUMENTS*
LEVEL 1	\$ 86,843,959	\$ (1,020,670)
LEVEL 2	54,333,261	--
LEVEL 3	8,836,350	--
	-----	-----
TOTAL	\$150,013,570	\$ (1,020,670)
	=====	=====

* OTHER FINANCIAL INSTRUMENTS ARE COVERED CALL OPTIONS WRITTEN.

The following is a reconciliation of the investments in which significant

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

unobservable inputs (Level 3) were used in determining value:

	INVESTMENTS IN SECURITIES

BALANCE AS OF 5/31/08	\$12,269,790
ACCRUED DISCOUNTS/PREMIUMS	--
REALIZED GAIN/(LOSS)	--
CHANGE IN UNREALIZED APPRECIATION/(DEPRECIATION)	(3,339,703)
NET PURCHASE/(SALES)	(93,737)
NET TRANSFERS IN/AND OR OUT OF LEVEL 3	--

BALANCE AS OF 8/31/08	\$ 8,836,350
	=====

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

FOR INFORMATION ON THE FUND'S POLICY REGARDING VALUATION OF INVESTMENTS AND OTHER SIGNIFICANT ACCOUNTING POLICIES, PLEASE REFER TO THE FUND'S MOST RECENT SEMI-ANNUAL OR ANNUAL FINANCIAL STATEMENTS.

ITEM 2. CONTROLS AND PROCEDURES

(a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended, (the "1940 Act")) are effective as of a date within 90 days of the filing of this report that includes the disclosure required by this paragraph, based on their evaluation of these controls and procedures, required by Rule 30a-3(b) under the 1940 Act and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended.

(b) There were no changes in the registrant's internal control over financial reporting that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

(a) A separate certification for the principal executive officer and the principal financial officer of the registrant as required by Rule 30a-2(a) under the Investment Company Act of 1940, as amended (17 CFR 270.30a-2(a)), are filed herewith.

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

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) Chartwell Dividend and Income Fund, Inc.

By (Signature and Title)* /s/ Winthrop S. Jessup

Winthrop S. Jessup, President
(Principal Executive Officer)

Date October 29, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title)* /s/ Winthrop S. Jessup

Winthrop S. Jessup, President
(Principal Executive Officer)

Date October 29, 2008

By (Signature and Title)* /s/ G. Gregory Hagar

G. Gregory Hagar, Vice President and CFO
(Principal Financial Officer)

Date October 29, 2008

* Print the name and title of each signing officer under his or her signature.