HARTFORD FINANCIAL SERVICES GROUP INC/DE
Form 10-Q
October 25, 2007

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

þ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2007

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________to __________

Commission File Number: 001-13958

THE HARTFORD FINANCIAL SERVICES GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware	**13-3317783**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

One Hartford Plaza, Hartford, Connecticut 06155

(Address of principal executive offices)

(860) 547-5000

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes þ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ Accelerated filer o Non-accelerated filer o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No þ

As of October 19, 2007, there were outstanding 313,844,818 shares of Common Stock, $0.01 par value per share, of the registrant.

THE HARTFORD FINANCIAL SERVICES GROUP, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2007
TABLE OF CONTENTS

Table of Contents

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
The Hartford Financial Services Group, Inc.
Hartford, Connecticut

We have reviewed the accompanying condensed consolidated balance sheet of The Hartford Financial Services Group, Inc. and subsidiaries (the Company) as of September 30, 2007, and the related condensed consolidated statements of operations and comprehensive income for the three-month and nine-month periods ended September 30, 2007 and 2006, and changes in stockholders equity, and cash flows for the nine-month periods ended September 30, 2007 and 2006. These interim financial statements are the responsibility of the Company s management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to such condensed consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of the Company as of December 31, 2006, and the related consolidated statements of operations, changes in stockholders equity, comprehensive income, and cash flows for the year then ended (not presented herein); and in our report dated February 21, 2007 (which report includes an explanatory paragraph relating to the Company s change in its method of accounting and reporting for defined benefit pension and other postretirement plans in 2006, and for certain nontraditional long-duration contracts and for separate accounts in 2004), we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2006 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

DELOITTE & TOUCHE LLP
Hartford, Connecticut
October 23, 2007

Table of Contents

THE HARTFORD FINANCIAL SERVICES GROUP, INC.
Condensed Consolidated Statements of Operations

(In millions, except for per share data)	**Three Months Ended September 30, 2007**	**2006**	**Nine Months Ended September 30, 2007**	**2006**
	(Unaudited)		(Unaudited)	
Revenues				
Earned premiums	$4,062	$3,761	$11,760	$11,288
Fee income	1,398	1,152	4,026	3,432
Net investment income				
Securities available-for-sale and other	1,298	1,164	3,907	3,449
Equity securities held for trading	(698)	1,185	746	669
Total net investment income	600	2,349	4,653	4,118
Other revenues	126	118	368	356
Net realized capital gains (losses)	(363)	27	(565)	(273)
Total revenues	**5,823**	**7,407**	**20,242**	**18,921**
Benefits, losses and expenses				
Benefits, losses and loss adjustment expenses	2,968	4,491	11,289	10,741
Amortization of deferred policy acquisition costs and present value of future profits	476	839	2,185	2,485
Insurance operating costs and expenses	973	832	2,826	2,358
Interest expense	67	70	196	207
Other expenses	164	164	522	530
Total benefits, losses and expenses	**4,648**	**6,396**	**17,018**	**16,321**
Income before income taxes	**1,175**	**1,011**	**3,224**	**2,600**
Income tax expense	324	253	870	638
Net income	**$ 851**	**$ 758**	**$ 2,354**	**$ 1,962**
Earnings per share				
Basic	**$ 2.70**	**$ 2.45**	**$ 7.42**	**$ 6.41**
Diluted	**$ 2.68**	**$ 2.39**	**$ 7.35**	**$ 6.25**
Weighted average common shares outstanding	315.4	310.0	317.3	306.0
Weighted average common shares outstanding and dilutive potential common shares	318.0	316.7	320.1	314.1
Cash dividends declared per share	$ 0.50	$ 0.40	$ 1.50	$ 1.20

See Notes to Condensed Consolidated Financial Statements.

Table of Contents

THE HARTFORD FINANCIAL SERVICES GROUP, INC.
Condensed Consolidated Balance Sheets

(In millions, except for per share data)	**September 30, 2007**	**December 31, 2006**
	(Unaudited)	
Assets		
Investments		
Fixed maturities, available-for-sale, at fair value (amortized cost of $81,953 and $79,289)	$ 81,818	$ 80,755
Equity securities, held for trading, at fair value (cost of $28,774 and $23,668)	34,901	29,393
Equity securities, available-for-sale, at fair value (cost of $2,308 and $1,535)	2,449	1,739
Policy loans, at outstanding balance	2,050	2,051
Mortgage loans on real estate	5,236	3,318
Other investments	2,738	1,917
Total investments	129,192	119,173
Cash	1,952	1,424
Premiums receivable and agents balances	3,766	3,675
Reinsurance recoverables	5,163	5,571
Deferred policy acquisition costs and present value of future profits	11,499	10,268
Deferred income taxes	279	284
Goodwill	1,726	1,717
Property and equipment, net	941	791
Other assets	4,060	3,323
Separate account assets	197,877	180,484
Total assets	**$356,455**	**$326,710**
Liabilities		
Reserve for future policy benefits and unpaid losses and loss adjustment expenses		
Property and casualty	$ 22,197	$ 21,991
Life	15,007	14,016
Other policyholder funds and benefits payable	78,925	71,311
Unearned premiums	5,677	5,620
Short-term debt	822	599
Long-term debt	3,670	3,504
Consumer notes	723	258
Other liabilities	12,607	10,051
Separate account liabilities	197,877	180,484
Total liabilities	**337,505**	**307,834**

Commitments and Contingencies (Note 7)

Stockholders Equity		
Common stock, $0.01 par value 750,000,000 shares authorized, 329,586,365 and 326,401,820 shares issued	3	3
Additional paid-in capital	6,585	6,321
Retained earnings	14,260	12,421
Treasury stock, at cost 15,864,102 and 3,086,429 shares	(1,232)	(47)
Accumulated other comprehensive income (loss), net of tax	(666)	178
Total stockholders equity	**18,950**	**18,876**
Total liabilities and stockholders equity	**$356,455**	**$326,710**

See Notes to Condensed Consolidated Financial Statements.

5

Table of Contents

THE HARTFORD FINANCIAL SERVICES GROUP, INC.
Condensed Consolidated Statements of Changes in Stockholders Equity

(In millions, except for share data)	Nine Months Ended September 30, 2007	2006
	(Unaudited)	
Common Stock and Additional Paid-in Capital		
Balance at beginning of period	$ 6,324	$ 5,070
Issuance of shares from equity unit contracts		690
Issuance of shares under incentive and stock compensation plans and other	219	124
Tax benefit on employee stock options and awards	45	31
Balance at end of period	6,588	5,915
Retained Earnings		
Balance at beginning of period, before cumulative effect of accounting changes, net of tax	12,421	10,207
Cumulative effect of accounting changes, net of tax	(41)	
Balance at beginning of period, as adjusted	12,380	10,207
Net income	2,354	1,962
Dividends declared on common stock	(474)	(369)
Balance at end of period	14,260	11,800
Treasury Stock, at Cost		
Balance at beginning of period	(47)	(42)
Treasury stock acquired	(1,172)	
Return of shares under incentive and stock compensation plans to treasury stock	(13)	(4)
Balance at end of period	(1,232)	(46)
Accumulated Other Comprehensive Income (Loss), Net of Tax		
Balance at beginning of period	178	90
Total other comprehensive loss	(844)	(26)
Balance at end of period	(666)	64
Total stockholders equity	**$ 18,950**	**$ 17,733**
Outstanding Shares (in thousands)		
Balance at beginning of period	323,315	302,152
Issuance of shares from equity unit contracts		12,132
Issuance of shares under incentive and stock compensation plans and other	3,185	2,367
Treasury stock acquired	(12,643)	
	(135)	(49)

Return of shares under incentive and stock compensation plans to treasury stock		
Balance at end of period	**313,722**	**316,602**

Condensed Consolidated Statements of Comprehensive Income

(in millions)	**Three Months Ended September 30, 2007**	**2006**	**Nine Months Ended September 30, 2007**	**2006**
	(Unaudited)		(Unaudited)	
Comprehensive Income				
Net income	$ 851	$ 758	$2,354	$1,962
Other comprehensive income (loss)				
Change in net unrealized gain/loss on securities	(224)	898	(970)	14
Change in net gain/loss on cash-flow hedging instruments	48	114	(20)	(85)
Change in foreign currency translation adjustments	100	(24)	111	45
Amortization of prior service cost and actuarial net losses included in net periodic benefit costs	11		35	
Total other comprehensive income (loss)	(65)	988	(844)	(26)
Total comprehensive income	**$ 786**	**$1,746**	**$1,510**	**$1,936**

See Notes to Condensed Consolidated Financial Statements.

Table of Contents

THE HARTFORD FINANCIAL SERVICES GROUP, INC.
Condensed Consolidated Statements of Cash Flows

(In millions)	Nine Months Ended September 30, 2007	2006
	(Unaudited)	
Operating Activities		
Net income	$ 2,354	$ 1,962
Adjustments to reconcile net income to net cash provided by operating activities		
Amortization of deferred policy acquisition costs and present value of future profits	2,185	2,485
Additions to deferred policy acquisition costs and present value of future profits	(3,177)	(3,060)
Change in:		
Reserve for future policy benefits and unpaid losses and loss adjustment expenses and unearned premiums	1,216	400
Reinsurance recoverables	417	1,320
Receivables and other assets	(234)	38
Payables and accruals	437	(682)
Accrued and deferred income taxes	538	572
Net realized capital losses	565	273
Net receipts from investment contracts credited to policyholder accounts associated with equity securities, held for trading	4,446	3,871
Net increase in equity securities, held for trading	(4,288)	(3,875)
Depreciation and amortization	484	387
Other, net	(376)	95
Net cash provided by operating activities	**4,567**	**3,786**
Investing Activities		
Proceeds from the sale/maturity/prepayment of:		
Fixed maturities, available-for-sale	26,816	26,766
Equity securities, available-for-sale	450	285
Mortgage loans	1,245	249
Partnerships	250	117
Payments for the purchase of:		
Fixed maturities, available-for-sale	(30,127)	(29,709)
Equity securities, available-for-sale	(865)	(482)
Mortgage loans	(3,161)	(1,257)
Partnerships	(929)	(645)
Change in policy loans, net	1	(42)
Change in payables for collateral under securities lending, net	2,046	420
Change in all other securities, net	(379)	(416)
Additions to property and equipment, net	(251)	(116)
Net cash used for investing activities	**(4,904)**	**(4,830)**
Financing Activities		

Deposits and other additions to investment and universal life-type contracts	26,315	19,507
Withdrawals and other deductions from investment and universal life-type contracts	(22,678)	(19,854)
Net transfers from (to) separate accounts related to investment and universal life-type contracts	(2,226)	1,621
Issuance of long-term debt	495	
Repayment/maturity of long-term debt	(300)	(715)
Change in short-term debt	75	25
Proceeds from issuance of consumer notes	465	41
Issuance of shares from equity unit contracts		690
Proceeds from issuance of shares under incentive and stock compensation plans, net	166	100
Excess tax benefits on stock-based compensation	29	31
Treasury stock acquired	(1,172)	
Return of shares under incentive and stock compensation plans to treasury stock	(13)	(4)
Dividends paid	(481)	(335)
Net cash provided by financing activities	**675**	**1,107**
Foreign exchange rate effect on cash	**190**	**19**
Net increase in cash	528	82
Cash beginning of period	1,424	1,273
Cash end of period	**$ 1,952**	**$ 1,355**
Supplemental Disclosure of Cash Flow Information		
Net Cash Paid During the Period For:		
Income taxes	$ 366	$ 25
Interest	$ 172	$ 204

See Notes to Condensed Consolidated Financial Statements.

7

Table of Contents

THE HARTFORD FINANCIAL SERVICES GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollar amounts in millions except per share data unless otherwise stated)
(Unaudited)

1. Basis of Presentation and Accounting Policies

Basis of Presentation

The Hartford Financial Services Group, Inc. is a financial holding company for a group of subsidiaries that provide investment products and life and property and casualty insurance to both individual and business customers in the United States and internationally (collectively, The Hartford or the Company).

The condensed consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America, which differ materially from the accounting practices prescribed by various insurance regulatory authorities.

The accompanying condensed consolidated financial statements and notes as of September 30, 2007, and for the three and nine months ended September 30, 2007 and 2006 are unaudited. These financial statements reflect all adjustments (consisting only of normal accruals) which are, in the opinion of management, necessary for the fair presentation of the financial position, results of operations, and cash flows for the interim periods. These condensed consolidated financial statements and notes should be read in conjunction with the consolidated financial statements and notes thereto included in The Hartford s 2006 Form 10-K Annual Report. The results of operations for the interim periods should not be considered indicative of the results to be expected for the full year.

Consolidation

The condensed consolidated financial statements include the accounts of The Hartford Financial Services Group, Inc., companies in which the Company directly or indirectly has a controlling financial interest and those variable interest entities in which the Company is the primary beneficiary. The Company determines if it is the primary beneficiary using both qualitative and quantitative analyses. Entities in which The Hartford does not have a controlling financial interest but in which the Company has significant influence over the operating and financing decisions are reported using the equity method. All material intercompany transactions and balances between The Hartford and its subsidiaries and affiliates have been eliminated.

Reclassifications

Certain reclassifications have been made to prior period financial information to conform to the current period presentation.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

The most significant estimates include those used in determining property and casualty reserves for unpaid losses and loss adjustment expenses, net of reinsurance; life estimated gross profits used in the valuation and amortization of assets and liabilities associated with variable annuity and other universal life-type contracts; the evaluation of other-than-temporary impairments on investments in available-for-sale securities; living benefits required to be fair valued; pension and other postretirement benefit obligations; and contingencies relating to corporate litigation and regulatory matters.

Significant Accounting Policies

For a description of significant accounting policies, see Note 1 of Notes to Consolidated Financial Statements included in The Hartford s 2006 Form 10-K Annual Report.

Adoption of New Accounting Standards

Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109

The Financial Accounting Standards Board (FASB) issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109 (FIN 48), dated June 2006. FIN 48 requires companies to recognize the tax benefits of uncertain tax positions only when the position is more likely than not to be sustained assuming examination by tax authorities. The amount recognized represents the largest amount of tax benefit that is greater than 50% likely of being realized. A liability is recognized for any benefit claimed, or expected to be claimed, in a tax return in excess of the benefit recorded in the financial statements, along with any interest and penalty (if applicable) on the excess.

THE HARTFORD FINANCIAL SERVICES GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Basis of Presentation and Accounting Policies (continued)

The Company adopted the provisions of FIN 48 on January 1, 2007. As a result of the adoption, the Company recognized a $12 decrease in the liability for unrecognized tax benefits and a corresponding increase in the January 1, 2007 balance of retained earnings. The total amount of unrecognized tax benefits as of January 1, 2007 was $8 including an immaterial amount for interest. If these unrecognized tax benefits were recognized, they would have an immaterial effect on the Company s effective tax rate. The Company does not believe it would be subject to any penalties in any open tax years and, therefore, has not booked any such amounts. The Company classifies interest and penalties (if applicable) as income tax expense in the financial statements.

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. During 2005, the Internal Revenue Service (IRS) commenced an examination of the Company s U.S. income tax returns for 2002 through 2003 that is anticipated to be completed by the end of 2007. The 2004 through 2005 examination is expected to begin by the end of 2007. The Company is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next 12 months.

Accounting for Certain Hybrid Financial Instruments an amendment of FASB Statements No. 133 and 140

In February 2006, the FASB issued SFAS No. 155, Accounting for Certain Hybrid Financial Instruments an amendment of FASB Statements No. 133 and 140 (SFAS 155). This statement amends SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS 133), and SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities and resolves issues addressed in SFAS 133 Implementation Issue No. D1, Application of Statement 133 to Beneficial Interests in Securitized Financial Assets . SFAS 155: (a) permits fair value remeasurement for any hybrid financial instrument (asset or liability) that contains an embedded derivative that otherwise would require bifurcation; (b) clarifies which interest-only strips and principal-only strips are not subject to the requirements of SFAS 133; (c) establishes a requirement to evaluate beneficial interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation; (d) clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives; and (e) eliminates restrictions on a qualifying special purpose entity s ability to hold passive derivative financial instruments that pertain to beneficial interests that are or contain a derivative financial instrument. SFAS 155 also requires presentation within the financial statements that identifies those hybrid financial instruments for which the fair value election has been applied and information on the income statement impact of the changes in fair value of those instruments. The Company began applying SFAS 155 to all financial instruments acquired, issued or subject to a remeasurement event beginning January 1, 2007. SFAS 155 did not have an effect on the Company s consolidated financial condition and results of operations upon adoption on January 1, 2007.

Accounting by Insurance Enterprises for Deferred Acquisition Costs (DAC) in Connection with Modifications or Exchanges of Insurance Contracts

In September 2005, the American Institute of Certified Public Accountants (AICPA) issued Statement of Position 05-1, Accounting by Insurance Enterprises for Deferred Acquisition Costs (DAC) in Connection with Modifications or Exchanges of Insurance Contracts (SOP 05-1). SOP 05-1 provides guidance on accounting by insurance enterprises for DAC on internal replacements of insurance and investment contracts. An internal replacement is a modification in product benefits, features, rights or coverages that occurs by the exchange of a contract for a new contract, or by amendment, endorsement, or rider to a contract, or by the election of a feature or coverage within a contract. Modifications that result in a replacement contract that is substantially changed from the replaced contract should be accounted for as an extinguishment of the replaced contract. Unamortized DAC, unearned revenue liabilities and deferred sales inducements from the replaced contract must be written-off. Modifications that result in a contract that is substantially unchanged from the replaced contract should be accounted for as a continuation of the replaced contract. The Company adopted SOP 05-1 on January 1, 2007 and recognized the cumulative effect of the adoption of SOP 05-1 as a reduction in retained earnings of $53, after-tax.

Future Adoption of New Accounting Standards

Clarification of the Scope of the Audit and Accounting Guide Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies

In June 2007, the AICPA issued Statement of Position 07-1, Clarification of the Scope of the Audit and Accounting Guide *Investment Companies* and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies (SOP 07-1). SOP 07-1 provides guidance for determining whether an entity is within the scope of the AICPA Audit and Accounting Guide *Investment Companies* (the Guide). This statement also addresses whether the specialized industry accounting principles of the Guide should be retained by a parent company in consolidation or by an investor that has the ability to exercise significant influence over the investment company and applies the equity method of accounting to its investment in the entity. In addition, SOP 07-1 includes certain disclosure requirements for parent companies and equity method investors in investment companies that retain investment company accounting in the parent company s consolidated financial statements or the financial statements of an equity method investor. SOP 07-1 is effective for fiscal years beginning on or after December 15, 2007, with earlier application encouraged; however, on October 17,

Table of Contents

THE HARTFORD FINANCIAL SERVICES GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Basis of Presentation and Accounting Policies (continued)

2007, the FASB agreed to propose a delay of the effective date of SOP 07-1. This SOP is not expected to have a material impact on the Company s consolidated financial condition and results of operations.

Fair Value Measurements

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements (SFAS 157). For financial statement elements currently required to be measured at fair value, this statement defines fair value, establishes a framework for measuring fair value under accounting principles generally accepted in the United States, and enhances disclosures about fair value measurements. The definition focuses on the price that would be received to sell the asset or paid to transfer the liability (an exit price), not the price that would be paid to acquire the asset or received to assume the liability (an entry price). SFAS 157 provides guidance on how to measure fair value when required under existing accounting standards. The statement establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels (Level 1, 2 and 3). Level 1 inputs are observable inputs that reflect quoted prices for identical assets or liabilities in active markets that the Company has the ability to access at the measurement date. Level 2 inputs are observable inputs, other than quoted prices included in Level 1, for the asset or liability or prices for similar assets and liabilities. Level 3 inputs are unobservable inputs reflecting the reporting entity s estimates of the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). Quantitative and qualitative disclosures will focus on the inputs used to measure fair value for both recurring and non-recurring fair value measurements and the effects of the measurements in the financial statements. SFAS 157 is effective for fiscal years beginning after November 15, 2007, with earlier application encouraged only in the initial quarter of an entity s fiscal year. The Company will adopt SFAS 157 on January 1, 2008, but has not yet quantified the impact. However, the Company has certain significant product riders, including the guaranteed minimum withdrawal benefit (GMWB), that are recorded using fair value. Under SFAS 133 and the related accounting literature on fair value that currently exists, prior to SFAS 157, when an estimate of fair value is made for liabilities where no market observable transactions exist for that liability or a similar liability, market risk margins are only included in the valuation if the margin is identifiable, measurable and significant. If a reliable estimate of market risk margins is not obtainable, the present value of expected cash flows, discounted at the risk free rate of interest, may be the best available estimate of fair value in the circumstances. Under SFAS 157, market risk margins will be required to be included in a fair value measurement even if they are not observable in the market. For example, under SFAS 157, fair value for GMWB in the Company s U.S. variable annuity products will use significant Level 3 inputs including significant unobservable risk margins. As a result of applying the unobservable market inputs for risk margins, under SFAS 157, to our block of unreinsured GMWB business of $46.2 billion, as of September 30, 2007, the one time realized capital loss that could be recorded upon the adoption of SFAS 157 could materially reduce the Company s 2008 net income. The Company has not quantified the actual increase in risk margins that will be required upon adoption of SFAS 157. However, the Company has quantified the effect on the valuation of GMWB arising from assumed risk margin changes. For example, if risk margins, including those estimated to represent unobservable market risk margins, included in the valuation of GMWB increased by 15 basis points, the Company would expect to record, on the date of adoption, a realized capital loss of approximately $170-$210, after the effect of DAC amortization and income taxes. If risk margins increased by 20 basis points the Company would record a realized capital loss of approximately $230-$280, after DAC amortization and taxes, and if risk margins increased by 30 basis points the Company would record a realized capital loss of approximately $365-$450, after DAC amortization and taxes. The amount of market risk margins that the Company will ultimately include in its valuation of GMWB under SFAS 157 is highly dependent upon market conditions at the date of adoption as well as in future periods. Realized gains and losses that will be recorded in future years are also likely to be more volatile than amounts recorded in prior years. In addition, adoption of SFAS 157 will result in a future reduction in new business variable annuity fee income as fees attributed to the embedded derivative will increase consistent with incorporating additional risk margins and other indicia of exit value in the valuation of the embedded derivative.

Amendment of FASB Interpretation No. 39

In April 2007, the FASB issued FASB Staff Position No. FIN 39-1, Amendment of FASB Interpretation No. 39 (FSP FIN 39-1). FSP FIN 39-1 amends FIN 39, Offsetting of Amounts Related to Certain Contacts , by permitting a reporting entity to offset fair value amounts recognized for the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable) against fair value amounts recognized for derivative instruments executed with the same counterparty under the same master netting arrangement that have been offset in the statement of financial position in accordance with FIN 39. FSP FIN 39-1 also amends FIN 39 by modifying certain terms. FSP FIN 39-1 is effective for reporting periods beginning after November 15, 2007, with early application permitted. The Company will early adopt on December 31, 2007, by electing to offset cash collateral against amounts recognized for derivative instruments under master netting arrangements. The effects of applying FSP FIN 39-1 will be recorded as a change in accounting principle through retrospective application. The adoption of FSP FIN 39-1 is not expected to have a material impact on the Company s results of operations or financial position.

THE HARTFORD FINANCIAL SERVICES GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Basis of Presentation and Accounting Policies (continued)

Income Taxes

The effective tax rate for the three months ended September 30, 2007 and 2006 was 28% and 25%, respectively. The effective tax rate for the nine months ended September 30, 2007 and 2006 was 27% and 25%, respectively. The principal causes of the difference between the effective rate and the U.S. statutory rate of 35% were tax-exempt interest earned on invested assets and the separate account dividends received deduction (DRD).

The separate account DRD is estimated for the current year using information from the prior year-end, adjusted for current year equity market performance. The estimated DRD is generally updated in the third quarter for the provision-to-filed-return adjustments, and in the fourth quarter based on current year ultimate mutual fund distributions and fee income from the Company s variable insurance products. The actual current year DRD can vary from estimates based on, but not limited to, changes in eligible dividends received by the mutual funds, amounts of distributions from these mutual funds, amounts of short-term capital gains at the mutual fund level and the Company s taxable income before the DRD. The 2006 provision-to-filed-return adjustment resulted in additional tax expense of $1. Additionally, during the third quarter, the Company decreased its estimated full year DRD benefit based on unusually high year-to-date short-term gains at the mutual fund level. The decrease in the full year estimate of the DRD benefit resulted in an $11 decrease in the third quarter DRD benefit related to a true-up of the first two quarters, which combined with the provision-to-filed return adjustment, resulted in a $12 decrease in the third quarter DRD benefit related to prior periods. The three months ended September 30, 2006 included a tax benefit of $6 resulting from true-ups related to prior years tax returns.

In its Revenue Ruling 2007-61, issued on September 25, 2007, the IRS announced its intention to issue regulations with respect to certain computational aspects of the dividends-received deduction (DRD) on separate account assets held in connection with variable annuity contracts. Revenue Ruling 2007-61 suspended a revenue ruling issued in August 2007 that purported to change accepted industry and IRS interpretations of the statutes governing these computational questions. Any regulations that the IRS ultimately proposes for issuance in this area will be subject to public notice and comment, at which time insurance companies and other members of the public will have the opportunity to raise legal and practical questions about the content, scope and application of such regulations. As a result, the ultimate timing and substance of any such regulations are unknown, but they could result in the elimination of some or all of the separate account DRD tax benefit that the Company receives. Management believes that it is highly likely that any such regulations would apply prospectively only. For the nine months ended September 30, 2007, the Company recorded a benefit of $115 related to the separate account DRD.

The Company receives a foreign tax credit (FTC) against its U.S. tax liability for foreign taxes paid by the Company including payments from its separate account assets. The separate account FTC is estimated for the current year using information from the most recent filed return, adjusted for the change in the allocation of separate account investments to the international equity markets during the current year. The actual current year FTC can vary from the estimates due to actual FTCs passed through by the mutual funds. The three months ended September 30, 2007 included $0 true-up related to prior years. The three months ended September 30, 2006 included a tax benefit of $11 related to a prior period true-ups, comprised of $4 related to the first two quarters of 2006 and $7 related to a prior year.

The Company s unrecognized tax benefits increased by $35 as a result of tax positions taken on the Company s 2006 tax returns filed during the current period, bringing the total unrecognized tax benefits to $43. This entire amount, if it were recognized, would affect the effective tax rate.

Table of Contents

THE HARTFORD FINANCIAL SERVICES GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Earnings Per Share

The following tables present a reconciliation of net income and shares used in calculating basic earnings per share to those used in calculating diluted earnings per share.

	Three Months Ended	CONSOL Energy Inc.

677,600 100,000

Edison SpA (a)

59,272 20,000

Endesa SA

450,892 230,000

Enel SpA

1,385,002 95,208

Eversource Energy

5,754,372 34,000

Hawaiian Electric Industries Inc.

1,134,580 401,000

Hera SpA

1,260,678 10,000

Hokkaido Electric Power Co. Inc.

71,362 24,000

Hokuriku Electric Power Co.

201,342 45,000

Iberdrola SA, ADR

1,395,450 127,000

Korea Electric Power Corp., ADR

2,128,520 44,000

Kyushu Electric Power Co. Inc.

467,274 29,000

MGE Energy Inc.

1,873,400 51,000

NextEra Energy Inc.

7,474,050 49,000

NiSource Inc.

1,253,910 57,500

OGE Energy Corp.

2,071,725 14,000

Ormat Technologies Inc.

854,700 30,000

Public Service Enterprise Group Inc.

1,387,500 58,000

Shikoku Electric Power Co. Inc.

681,928 50,000

The Chugoku Electric Power Co. Inc.

530,993 20,000

The Kansai Electric Power Co. Inc.

255,854 45,000

Tohoku Electric Power Co. Inc.

572,273 27,000

Vectren Corp.

1,775,790 75,000

Westar Energy Inc.

3,720,000

40,520,838

Energy and Utilities: Natural Gas 1.4%

100,000

Kinder Morgan Inc.

1,918,000 322,000

National Fuel Gas Co.

18,228,420 36,666

National Grid plc

454,278 24,750

National Grid plc, ADR

1,552,074 14,000

ONEOK Inc.

775,740 81,000

Sempra Energy

9,244,530 30,000

South Jersey Industries Inc.

1,035,900 44,000

Southwest Gas Holdings Inc.

3,415,280

36,624,222

Energy and Utilities: Oil 5.8%

123,000

Anadarko Petroleum Corp.

6,008,550 37,000

Apache Corp.

1,694,600 137,000

BP plc, ADR

5,264,910 10,121

California Resources Corp.

105,866 35,000

Chesapeake Energy Corp.

150,500

See accompanying notes to schedule of investments.

The Gabelli Dividend & Income Trust

Schedule of Investments (Continued) September 30, 2017 (Unaudited)

Shares		Market Value
	COMMON STOCKS (Continued)	
	Energy and Utilities: Oil (Continued)	
163,000	Chevron Corp.	$ 19,152,500
238,700	ConocoPhillips	11,946,935
95,000	Devon Energy Corp.	3,487,450
130,000	Eni SpA, ADR	4,299,100
158,000	Exxon Mobil Corp.	12,952,840
43,500	Hess Corp.	2,039,715
210,000	Marathon Oil Corp.	2,847,600
260,000	Marathon Petroleum Corp.	14,580,800
75,000	Murphy Oil Corp.	1,992,000
200,000	Occidental Petroleum Corp.	12,842,000
200	PetroChina Co. Ltd., ADR	12,822
20,000	Petroleo Brasileiro SA, ADR	200,800
128,000	Phillips 66	11,726,080
200,000	Repsol SA, ADR	3,686,000
230,000	Royal Dutch Shell plc, Cl. A, ADR	13,933,400
520,000	Statoil ASA, ADR	10,446,800
145,000	Total SA, ADR	7,760,400
		147,131,668
	Energy and Utilities: Services 2.0%	
52,000	ABB Ltd., ADR	1,287,000
191,000	Baker Hughes a GE Co.	6,994,420
45,000	Diamond Offshore Drilling Inc.	652,500
395,000	Halliburton Co.	18,181,850
49,000	Oceaneering International Inc.	1,287,230
187,000	Schlumberger Ltd.	13,045,120
15,000	Seventy Seven Energy Inc. (a)	0
2,015,000	Weatherford International plc	9,228,700
		50,676,820
	Energy and Utilities: Water 0.4%	
12,000	American States Water Co.	591,000
35,000	American Water Works Co. Inc.	2,831,850
74,000	Aqua America Inc.	2,456,060

Shares			Market Value
50,000	Mueller Water Products Inc., Cl. A		640,000
30,000	Severn Trent plc		873,544
31,000	SJW Group		1,754,600
8,000	The York Water Co.		271,200
6,000	United Utilities Group plc, ADR		138,840
			9,557,094
	Entertainment 1.9%		
8,981	Liberty Media Corp.- Liberty Braves, Cl. C		226,950
24,000	Take-Two Interactive Software Inc.		2,453,520
32,233	The Madison Square Garden Co, Cl. A		6,901,085
185,000	Time Warner Inc.		18,953,250
183,000	Twenty-First Century Fox Inc., Cl. A		4,827,540
248,000	Twenty-First Century Fox Inc., Cl. B		6,395,920
10,700	Viacom Inc., Cl. A		392,690
170,000	Viacom Inc., Cl. B		4,732,800
Shares			**Market Value**
154,000	Vivendi SA	$	3,898,688
			48,782,443
	Environmental Services 1.8%		
215,000	Republic Services Inc.		14,202,900
23,000	Veolia Environnement SA		531,438
146,869	Waste Connections Inc.		10,274,955
260,000	Waste Management Inc.		20,350,200
			45,359,493
	Equipment and Supplies 1.9%		
92,000	CIRCOR International Inc.		5,007,560
140,000	Flowserve Corp.		5,962,600
55,000	Graco Inc.		6,802,950
164,000	Mueller Industries Inc.		5,731,800
598,000	RPC Inc.		14,824,420
130,000	Sealed Air Corp.		5,553,600
46,000	Tenaris SA, ADR		1,302,260
94,000	The Timken Co.		4,563,700
			49,748,890
	Financial Services 19.0%		
8,000	Alleghany Corp.		4,432,080
481,000	American Express Co.		43,511,260
562,000	American International Group Inc.		34,501,180
310,000	Bank of America Corp.		7,855,400
13,000	Berkshire Hathaway Inc., Cl. B		2,383,160

45,000	Blackhawk Network Holdings Inc.	1,971,000
20,000	BlackRock Inc.	8,941,800
110,000	Citigroup Inc.	8,001,400
40,000	Cohen & Steers Inc.	1,579,600
27,000	Cullen/Frost Bankers Inc.	2,562,840
3,000	EXOR NV	190,226
5,000	FCB Financial Holdings Inc., Cl. A	241,500
284,526	Fifth Street Finance Corp.	1,556,357
95,000	FNF Group	4,508,700
30,000	FNFV Group	514,500
285,000	H&R Block Inc.	7,546,800
50,000	HRG Group Inc.	780,500
37,000	HSBC Holdings plc, ADR	1,828,170
60,000	Interactive Brokers Group Inc., Cl. A	2,702,400
200,000	Invesco Ltd.	7,008,000
575,000	JPMorgan Chase & Co.	54,918,250
136,000	KeyCorp.	2,559,520
30,000	Kinnevik AB, Cl. B	978,281
89,250	KKR & Co. LP	1,814,454
521,000	Legg Mason Inc.	20,480,510
42,000	M&T Bank Corp.	6,763,680
242,000	Morgan Stanley	11,657,140
72,000	National Australia Bank Ltd., ADR	892,800
190,000	Navient Corp.	2,853,800
170,000	New York Community Bancorp Inc.	2,191,300
113,000	Northern Trust Corp.	10,388,090

See accompanying notes to schedule of investments.

The Gabelli Dividend & Income Trust

Schedule of Investments (Continued) September 30, 2017 (Unaudited)

Shares		**Market Value**
	COMMON STOCKS (Continued)	
	Financial Services (Continued)	
195,000	PayPal Holdings Inc.	$ 12,485,850
65,000	Resona Holdings Inc.	333,881
205,000	SLM Corp.	2,351,350
224,000	State Street Corp.	21,400,960
264,000	T. Rowe Price Group Inc.	23,931,600
899,000	The Bank of New York Mellon Corp.	47,664,980
2,000	The Goldman Sachs Group Inc.	474,380
160,000	The Hartford Financial Services Group Inc.	8,868,800
289,000	The PNC Financial Services Group Inc.	38,948,530
120,000	The Travelers Companies Inc.	14,702,400
114	Trisura Group Ltd.	2,428
65,000	U.S. Bancorp	3,483,350
55,000	W. R. Berkley Corp.	3,670,700
550,000	Waddell & Reed Financial Inc., Cl. A	11,038,500
644,000	Wells Fargo & Co.	35,516,600
6,000	Willis Towers Watson plc	925,380
		483,914,387
	Food and Beverage 13.7%	
8,000	Ajinomoto Co. Inc.	156,125
10,000	Brown-Forman Corp., Cl. B	543,000
115,000	Campbell Soup Co.	5,384,300
1,000,000	China Mengniu Dairy Co. Ltd.	2,797,122
66,000	Chr. Hansen Holding A/S	5,660,512
415,000	Conagra Brands Inc.	14,002,100
30,000	Constellation Brands Inc., Cl. A	5,983,500
237,222	Danone SA	18,608,231
3,900,000	Davide Campari-Milano SpA	28,301,619
80,000	Diageo plc, ADR	10,570,400
165,000	Dr Pepper Snapple Group Inc.	14,597,550
70,954	Flowers Foods Inc.	1,334,645
436,000	General Mills Inc.	22,567,360
18,000	Heineken Holding NV	1,691,289
279,000	ITO EN Ltd.	9,409,509
120,000	Kellogg Co.	7,484,400

370,000	Kikkoman Corp.		11,377,027
340,000	Lamb Weston Holdings Inc.		15,942,600
115,000	Maple Leaf Foods Inc.		3,134,562
3,000	McCormick & Co. Inc., Cl. V		306,090
863,000	Mondelēz International Inc., Cl. A		35,089,580
30,000	Morinaga Milk Industry Co. Ltd.		1,146,412
2,000	National Beverage Corp.		248,100
38,000	Nestlé SA		3,182,527
35,000	Nestlé SA, ADR		2,940,350
160,000	Nissin Foods Holdings Co. Ltd.		9,725,839
1,753,000	Parmalat SpA		6,422,763
339,450	Parmalat SpA, GDR(b)(c)		1,244,016
204,000	PepsiCo Inc.		22,731,720
62,000	Pernod Ricard SA		8,577,119
40,000	Pinnacle Foods Inc.		2,286,800
20,000	Post Holdings Inc.		1,765,400

Shares			**Market Value**
25,000	Remy Cointreau SA	$	2,960,643
18,000	Suntory Beverage & Food Ltd.		801,422
251,000	The Kraft Heinz Co.		19,465,050
552,000	The Coca-Cola Co.		24,845,520
7,000	The J.M. Smucker Co.		734,510
10,000	TreeHouse Foods Inc.		677,300
30,000	Unilever plc, ADR		1,738,800
5,000	United Natural Foods Inc.		207,950
302,000	Yakult Honsha Co. Ltd.		21,766,008
			348,409,770
	Health Care 8.4%		
190,000	Abbott Laboratories		10,138,400
71,144	AdCare Health Systems Inc.		64,741
11,000	Aetna Inc.		1,749,110
125,000	Akorn Inc.		4,148,750
140,000	Alere Inc.		7,138,600
92,000	Allergan plc		18,855,400
59,500	AmerisourceBergen Corp.		4,923,625
10,000	Anthem Inc.		1,898,800
52,849	Baxter International Inc.		3,316,275
10,000	Becton, Dickinson and Co.		1,959,500
725,000	BioScrip Inc.		1,993,750
19,000	Bristol-Myers Squibb Co.		1,211,060
7,000	Chemed Corp.		1,414,350
20,000	Cigna Corp.		3,738,800
45,000	DaVita Inc.		2,672,550
100,000	Eli Lilly & Co.		8,554,000
130,000	Envision Healthcare Corp.		5,843,500
50,000	Evolent Health Inc., Cl. A		890,000

40,000	Express Scripts Holding Co.	2,532,800
40,000	Gerresheimer AG	3,096,088
70,000	Gilead Sciences Inc.	5,671,400
65,000	HCA Healthcare Inc.	5,173,350
25,000	Henry Schein Inc.	2,049,750
6,200	Incyte Corp.	723,788
30,000	Integer Holdings Corp.	1,534,500
122,000	Johnson & Johnson	15,861,220
200,000	Kindred Healthcare Inc.	1,360,000
27,000	Laboratory Corp. of America Holdings	4,076,190
11,575	Ligand Pharmaceuticals Inc.	1,575,936
85,000	Mallinckrodt plc	3,176,450
25,000	McKesson Corp.	3,840,250
20,000	Medtronic plc	1,555,400
214,000	Merck & Co. Inc.	13,702,420
50,000	Mylan NV	1,568,500
180,000	NeoGenomics Inc.	2,003,400
45,000	Orthofix International NV	2,126,250
112,500	Owens & Minor Inc.	3,285,000
111,000	Patterson Cos., Inc.	4,290,150
649,548	Pfizer Inc.	23,188,864
30,000	Shire plc, ADR	4,594,200

See accompanying notes to schedule of investments.

The Gabelli Dividend & Income Trust

Schedule of Investments (Continued) September 30, 2017 (Unaudited)

Shares			Market Value
	COMMON STOCKS (Continued)		
	Health Care (Continued)		
15,000	Stryker Corp.	$	2,130,300
40,000	Tenet Healthcare Corp.		657,200
15,000	The Cooper Companies Inc.		3,556,650
25,000	UnitedHealth Group Inc.		4,896,250
43,000	Zimmer Biomet Holdings Inc.		5,034,870
162,159	Zoetis Inc.		10,339,258
			214,111,645
	Hotels and Gaming 0.4%		
19,000	Accor SA		943,937
100,000	Boyd Gaming Corp.		2,605,000
300,000	Ladbrokes Coral Group plc		490,841
52,000	Las Vegas Sands Corp.		3,336,320
400,000	Mandarin Oriental International Ltd.		872,000
35,000	Ryman Hospitality Properties Inc.		2,187,150
6,000	Wyndham Worldwide Corp.		632,460
			11,067,708
	Machinery 1.7%		
170,000	CNH Industrial NV, Borsa Italiana		2,041,366
1,005,000	CNH Industrial NV, New York		12,070,050
88,000	Deere & Co.		11,051,920
289,000	Xylem Inc.		18,100,070
			43,263,406
	Metals and Mining 1.0%		
65,000	Agnico Eagle Mines Ltd.		2,938,650
20,000	Alliance Holdings GP LP		556,200
200,000	Barrick Gold Corp.		3,218,000
8,000	BHP Billiton Ltd., ADR		324,240
36,000	Franco-Nevada Corp.		2,788,828
150,000	Freeport-McMoRan Inc.		2,106,000
336,000	Newmont Mining Corp.		12,603,360

3,200	South32 Ltd., ADR	41,248
85,000	TimkenSteel Corp.	1,402,500
		25,979,026
	Paper and Forest Products 0.1%	
64,000	International Paper Co.	3,636,480
	Publishing 0.1%	
600	Graham Holdings Co., Cl. B	351,060
107,000	News Corp., Cl. B	1,460,550
		1,811,610
	Real Estate 0.5%	
19,500	Brookfield Asset Management Inc., Cl. A	805,350
74,000	Crown Castle International Corp.	7,398,520
18,000	Forest City Realty Trust Inc., Cl. A	459,180
16,000	QTS Realty Trust Inc., Cl. A.	837,760
95,000	Uniti Group Inc.	1,392,700

Shares		**Market Value**
33,000	Weyerhaeuser Co.	$ 1,122,990
		12,016,500
	Retail 3.7%	
105,000	AutoNation Inc.	4,983,300
376,000	CVS Health Corp.	30,576,320
114,000	Hertz Global Holdings Inc.	2,549,040
135,000	Ingles Markets Inc., Cl. A	3,469,500
90,000	Lowe s Companies Inc.	7,194,600
118,000	Macy s Inc.	2,574,760
6,000	MSC Industrial Direct Co. Inc., Cl. A	453,420
40,000	Murphy USA Inc.	2,760,000
225,000	Rite Aid Corp.	441,000
25,000	Rush Enterprises Inc., Cl. B	1,090,500
275,000	Sally Beauty Holdings Inc.	5,384,500
120,000	Seven & i Holdings Co. Ltd.	4,633,637
80,000	Starbucks Corp.	4,296,800
40,000	The Home Depot Inc.	6,542,400
15,000	The Kroger Co.	300,900
188,500	Walgreens Boots Alliance Inc.	14,555,970
20,000	Wal-Mart Stores Inc.	1,562,800
		93,369,447

Specialty Chemicals 2.2%

1,280	AdvanSix Inc.	50,880
35,000	Air Products & Chemicals Inc.	5,292,700
58,000	Ashland Global Holdings Inc.	3,792,620
1,000	Axalta Coating Systems Ltd.	28,920
335,530	DowDuPont Inc.	23,228,742
455,000	Ferro Corp.	10,146,500
35,000	International Flavors & Fragrances Inc.	5,001,850
89,000	Olin Corp.	3,048,250
5,000	Praxair Inc.	698,700
9,000	The Chemours Co.	455,490
192,359	Valvoline Inc.	4,510,819
		56,255,471
	Telecommunications 4.1%	
226,000	AT&T Inc.	8,852,420
225,000	BCE Inc.	10,536,750
500,000	Deutsche Telekom AG, ADR	9,330,000
69,000	Harris Corp.	9,085,920
195,000	Hellenic Telecommunications Organization SA, ADR	1,181,700
74,000	Loral Space & Communications Inc.	3,663,000
50,000	Orange SA, ADR	821,000
50,000	Pharol SGPS SA	22,101
39,000	Proximus SA	1,343,866
50,084	Telefonica SA, ADR	540,406
295,000	Telekom Austria AG	2,675,954
23,000	Telenet Group Holding NV	1,521,735
150,000	Telephone & Data Systems Inc.	4,183,500
110,000	Telstra Corp. Ltd., ADR	1,502,600

See accompanying notes to schedule of investments.

The Gabelli Dividend & Income Trust

Schedule of Investments (Continued) September 30, 2017 (Unaudited)

Shares		Market Value
	COMMON STOCKS (Continued)	
	Telecommunications (Continued)	
135,000	TELUS Corp.	$ 4,855,950
40,000	T-Mobile US Inc. .	2,466,400
44,000	VEON Ltd., ADR	183,920
710,086	Verizon Communications Inc.	35,142,156
201,545	Vodafone Group plc, ADR	5,735,971
		103,645,349
	Transportation 0.7%	
30,000	Daseke Inc.	391,500
239,000	GATX Corp.	14,712,840
16,500	Kansas City Southern	1,793,220
		16,897,560
	Wireless Communications 0.2%	
130,000	United States Cellular Corp.	4,602,000
	TOTAL COMMON STOCKS	2,475,018,586
	CLOSED-END FUNDS 0.2%	
55,000	Altaba Inc.	3,643,200
	CONVERTIBLE PREFERRED STOCKS 0.4%	
	Energy and Utilities 0.3%	
128,000	El Paso Energy Capital Trust I, 4.750%	6,272,000
	Telecommunications 0.1%	
53,000	Cincinnati Bell Inc., 6.750%, Ser. B	2,670,670
	TOTAL CONVERTIBLE PREFERRED STOCKS	8,942,670
	PREFERRED STOCKS 0.1%	

	Health Care 0.1%		
45,722	AdCare Health Systems Inc., 10.875%, Ser. A		987,824
133,681	The Phoenix Companies Inc., 7.450%, 01/15/32		2,577,543
	TOTAL PREFERRED STOCKS		3,565,367
	RIGHTS 0.0%		
	Retail 0.0%		
400,000	Safeway Casa Ley, CVR, expire 01/30/19		214,000
400,000	Safeway PDC, CVR, expire 01/30/18		6,000
	TOTAL RIGHTS		220,000
Principal Amount			
	CONVERTIBLE CORPORATE BONDS 0.1%		
	Cable and Satellite 0.1%		
$ 1,700,000	DISH Network Corp., 3.375%, 08/15/26		1,910,375
Principal Amount		**Market Value**	
	CORPORATE BONDS 0.0%		
	Equipment and Supplies 0.0%		
$ 820,000	Mueller Industries Inc., 6.000%, 03/01/27	$ 848,700	
	U.S. GOVERNMENT OBLIGATIONS 1.9%		
49,324,000	U.S. Treasury Bills, 0.977% to 1.184% , 10/12/17 to 03/29/18	49,204,972	
	TOTAL INVESTMENTS 100.0% (Cost $1,669,990,552)	$ 2,543,353,870	
	Aggregate tax cost	$ 1,685,228,348	
	Gross unrealized appreciation	$ 926,714,252	
	Gross unrealized depreciation	(68,588,730)	
	Net unrealized appreciation/depreciation	$ 858,125,522	

(a) Security is valued using significant unobservable inputs and is classified as Level 3 in the fair value hierarchy.
(b)

At September 30, 2017, the Fund held a restricted and illiquid security amounting to $1,244,016 or 0.05% of total investments, which was valued under methods approved by the Board of Trustees as follows:

Acquisition Shares	**Issuer**	**Acquisition Dates**	**Acquisition Cost**		**09/30/17 Carrying Value Per Share**
339,450	Parmalat SpA, GDR	12/02/03-12/11/03	$	981,615	$3.6648

(c) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. This security may be resold in transactions exempt from registration, normally to qualified institutional buyers. At September 30, 2017, the market value of the Rule 144A security amounted to $1,244,016 or 0.05% of total investments.

Non-income producing security.

Represents annualized yield at date of purchase.

ADR American Depositary Receipt

CVR Contingent Value Right

GDR Global Depositary Receipt

See accompanying notes to schedule of investments.

The Gabelli Dividend & Income Trust

Schedule of Investments (Continued) September 30, 2017 (Unaudited)

Geographic Diversification	% of Total Investments	Market Value
Long Positions		
North America	81.8%	$ 2,080,157,148
Europe	13.6	345,331,032
Japan	3.3	83,510,108
Latin America	1.1	29,453,352
Asia/Pacific	0.2	4,902,230
Total Investments	100.0%	$ 2,543,353,870

See accompanying notes to schedule of investments.

The Gabelli Dividend & Income Trust

Notes to Schedule of Investments (Unaudited)

As an investment company, the Fund follows the investment company accounting and reporting guidance, which is part of U.S. generally accepted accounting principles (GAAP) that may require the use of management estimates and assumptions in the preparation of its schedule of investments. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its schedule of investments.

Security Valuation. Portfolio securities listed or traded on a nationally recognized securities exchange or traded in the U.S. over-the-counter market for which market quotations are readily available are valued at the last quoted sale price or a market s official closing price as of the close of business on the day the securities are being valued. If there were no sales that day, the security is valued at the average of the closing bid and asked prices or, if there were no asked prices quoted on that day, then the security is valued at the closing bid price on that day. If no bid or asked prices are quoted on such day, the security is valued at the most recently available price or, if the Board of Trustees (the Board) so determines, by such other method as the Board shall determine in good faith to reflect its fair market value. Portfolio securities traded on more than one national securities exchange or market are valued according to the broadest and most representative market, as determined by Gabelli Funds, LLC (the Adviser).

Portfolio securities primarily traded on a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market, but prior to the close of business on the day the securities are being valued. Debt obligations for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price, unless the Board determines such amount does not reflect the securities fair value, in which case these securities will be fair valued as determined by the Board. Certain securities are valued principally using dealer quotations. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded. OTC futures and options on futures for which market quotations are readily available will be valued by quotations received from a pricing service or, if no quotations are available from a pricing service, by quotations obtained from one or more dealers in the instrument in question by the Adviser.

Securities and assets for which market quotations are not readily available are fair valued as determined by the Board. Fair valuation methodologies and procedures may include, but are not limited to: analysis and review of available financial and non-financial information about the company; comparisons with the valuation and changes in valuation of similar securities, including a comparison of foreign securities with the equivalent U.S. dollar value American Depositary Receipt securities at the close of the U.S. exchange; and evaluation of any other information that could be indicative of the value of the security.

The inputs and valuation techniques used to measure fair value of the Fund s investments are summarized into three levels as described in the hierarchy below:

Level 1 quoted prices in active markets for identical securities;
Level 2 other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.); and
Level 3 significant unobservable inputs (including the Board s determinations as to the fair value of investments).

The Gabelli Dividend & Income Trust

Notes to Schedule of Investments (Unaudited) (Continued)

A financial instrument s level within the fair value hierarchy is based on the lowest level of any input both individually and in the aggregate that is significant to the fair value measurement. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund s investments in securities by inputs used to value the Fund s investments as of September 30, 2017 is as follows:

	Valuation Inputs Level 1 Quoted Prices	**Level 2 Other Significant Observable Inputs**	**Level 3 Significant Unobservable Inputs**	**Total Market Value at 9/30/17**
INVESTMENTS IN SECURITIES:				
ASSETS (Market Value):				
Common Stocks:				
Energy and Utilities: Integrated	$ 40,461,566		$59,272	$ 40,520,838
Energy and Utilities: Services	50,676,820		0	50,676,820
Food and Beverage	347,165,754	$ 1,244,016		348,409,770
Other Industries (a)	2,035,411,158			2,035,411,158
Total Common Stocks	2,473,715,298	1,244,016	59,272	2,475,018,586
Closed-End Funds	3,643,200			3,643,200
Convertible Preferred Stocks (a)	8,942,670			8,942,670
Preferred Stocks (a)		3,565,367		3,565,367
Rights (a)		220,000		220,000
Convertible Corporate Bonds (a)		1,910,375		1,910,375
Corporate Bonds (a)		848,700		848,700
U.S. Government Obligations		49,204,972		49,204,972
TOTAL INVESTMENTS IN SECURITIES ASSETS	$2,486,301,168	$56,993,430	$59,272	$2,543,353,870

(a) Please refer to the Schedule of Investments for the industry classifications of these portfolio holdings.

Additional Information to Evaluate Qualitative Information.

General. The Fund uses recognized industry pricing services approved by the Board and unaffiliated with the Adviser to value most of its securities, and uses broker quotes provided by market makers of securities not valued by these and other recognized pricing sources. Several different pricing feeds are received to value domestic equity securities, international equity securities, preferred equity securities, and fixed income securities. The data within these feeds are ultimately sourced from major stock exchanges and trading systems where these securities trade. The prices supplied by external sources are checked by obtaining quotations or actual transaction prices from market participants. If a price obtained from the pricing source is deemed unreliable, prices will be sought from another pricing service or from a broker/dealer that trades that security or similar securities.

Fair Valuation. Fair valued securities may be common or preferred equities, warrants, options, rights, or fixed income obligations. Where appropriate, Level 3 securities are those for which market quotations are not available, such as securities not traded for several days, or for which current bids are not available, or which are restricted as to transfer. When fair valuing a security, factors to consider include recent prices of comparable securities that are publicly traded, reliable prices of securities not publicly traded, the use of valuation models, current analyst reports, valuing the income or cash flow of the issuer, or cost if the preceding factors do not apply. A significant change in the unobservable inputs could result in a lower or higher value in Level 3 securities. The circumstances of Level 3 securities are frequently monitored to determine if fair valuation measures continue to apply.

The Gabelli Dividend & Income Trust

Notes to Schedule of Investments (Unaudited) (Continued)

The Adviser reports quarterly to the Board the results of the application of fair valuation policies and procedures. These include backtesting the prices realized in subsequent trades of these fair valued securities to fair values previously recognized.

Limitations on the Purchase and Sale of Futures Contracts, Certain Options, and Swaps. Subject to the guidelines of the Board, the Fund may engage in commodity interest transactions (generally, transactions in futures, certain options, certain currency transactions, and certain types of swaps) only for bona fide hedging or other permissible transactions in accordance with the rules and regulations of the Commodity Futures Trading Commission (CFTC). Pursuant to amendments by the CFTC to Rule 4.5 under the Commodity Exchange Act (CEA), the Adviser has filed a notice of exemption from registration as a commodity pool operator with respect to the Fund. The Fund and the Adviser are therefore not subject to registration or regulation as a commodity pool operator under the CEA. In addition, certain trading restrictions are now applicable to the Fund as of January 1, 2013. These trading restrictions permit the Fund to engage in commodity interest transactions that include (i) bona fide hedging transactions, as that term is defined and interpreted by the CFTC and its staff, without regard to the percentage of the Fund s assets committed to margin and options premiums and (ii) non-bona fide hedging transactions, provided that the Fund does not enter into such non-bona fide hedging transactions if, immediately thereafter, either (a) the sum of the amount of initial margin deposits on the Fund s existing futures positions or swaps positions and option or swaption premiums would exceed 5% of the market value of the Fund s liquidating value, after taking into account unrealized profits and unrealized losses on any such transactions, or (b) the aggregate net notional value of the Fund s commodity interest transactions would not exceed 100% of the market value of the Fund s liquidating value, after taking into account unrealized profits and unrealized losses on any such transactions. Therefore, in order to claim the Rule 4.5 exemption, the Fund is limited in its ability to invest in commodity futures, options, and certain types of swaps (including securities futures, broad based stock index futures, and financial futures contracts). As a result, in the future, the Fund will be more limited in its ability to use these instruments than in the past, and these limitations may have a negative impact on the ability of the Adviser to manage the Fund, and on the Fund s performance.

Securities Sold Short. The Fund may enter into short sale transactions. Short selling involves selling securities that may or may not be owned and, at times, borrowing the same securities for delivery to the purchaser, with an obligation to replace such borrowed securities at a later date. The proceeds received from short sales are recorded as liabilities and the Fund records an unrealized gain or loss to the extent of the difference between the proceeds received and the value of an open short position on the day of determination. The Fund records a realized gain or loss when the short position is closed out. By entering into a short sale, the Fund bears the market risk of an unfavorable change in the price of the security sold short. Dividends on short sales are recorded as an expense by the Fund on the ex-dividend date and interest expense is recorded on the accrual basis. The broker retains collateral for the value of the open positions, which is adjusted periodically as the value of the position fluctuates.

Investments in other Investment Companies. The Fund may invest, from time to time, in shares of other investment companies (or entities that would be considered investment companies but are excluded from the definition pursuant to certain exceptions under the 1940 Act) (the Acquired Funds) in accordance with the 1940 Act and related rules. Shareholders in the Fund would bear the pro rata portion of the periodic expenses

11

The Gabelli Dividend & Income Trust

Notes to Schedule of Investments (Unaudited) (Continued)

of the Acquired Funds in addition to the Fund s expenses. At September 30, 2017, the Fund s pro rata portion of the periodic expenses charged by the Acquired Funds was less than 1 basis point.

Foreign Currency Translations. The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments, and other assets and liabilities are translated into U.S. dollars at current exchange rates. Purchases and sales of investment securities, income, and expenses are translated at the exchange rate prevailing on the respective dates of such transactions. Unrealized gains and losses that result from changes in foreign exchange rates and/or changes in market prices of securities have been included in unrealized appreciation/depreciation on investments and foreign currency translations. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date on investment securities transactions, foreign currency transactions, and the difference between the amounts of interest and dividends recorded on the books of the Fund and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial purchase trade date and subsequent sale trade date is included in realized gain/(loss) on investments.

Foreign Securities. The Fund may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible revaluation of currencies, the inability to repatriate funds, less complete financial information about companies, and possible future adverse political and economic developments. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than securities of comparable U.S. issuers.

Foreign Taxes. The Fund may be subject to foreign taxes on income, gains on investments, or currency repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries as applicable, based upon its current interpretation of tax rules and regulations that exist in the markets in which it invests.

Restricted Securities. The Fund is not subject to an independent limitation on the amount it may invest in securities for which the markets are restricted. Restricted securities include securities whose disposition is subject to substantial legal or contractual restrictions. The sale of restricted securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Securities freely saleable among qualified institutional investors under special rules adopted by the SEC may be treated as liquid if they satisfy liquidity standards established by the Board. The continued liquidity of such securities is not as well assured as that of publicly traded securities, and accordingly the Board will monitor their liquidity. For the restricted security the Fund held as of September 30, 2017, refer to the Schedule of Investments.

Tax Information. The Fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended.

The Gabelli Dividend & Income Trust

Notes to Schedule of Investments (Unaudited) (Continued)

We have separated the portfolio managers commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio managers commentary is unrestricted. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at www.gabelli.com.

The Net Asset Value per share appears in the Publicly Traded Funds column, under the heading General Equity Funds, in Monday s The Wall Street Journal. It is also listed in Barron s Mutual Funds/Closed End Funds section under the heading General Equity Funds.

The Net Asset Value per share may be obtained each day by calling (914) 921-5070 or visiting www.gabelli.com.

The NASDAQ symbol for the Net Asset Value is XGDVX.

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that the Fund may from time to time purchase its common shares in the open market when the Fund s shares are trading at a discount of 7.5% or more from the net asset value of the shares. The Fund may also from time to time purchase its preferred shares in the open market when the preferred shares are trading at a discount to the liquidation value.

THE GABELLI DIVIDEND & INCOME TRUST

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Portfolio Management Team Biographies

Mario J. Gabelli, CFA, is Chairman, Chief Executive Officer, and Chief Investment Officer - Value Portfolios of GAMCO Investors, Inc. that he founded in 1977, and Chief Investment Officer - Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc. He is also Executive Chairman of Associated Capital Group, Inc. Mr. Gabelli is a summa cum laude graduate of Fordham University and holds an MBA degree from Columbia Business School and Honorary Doctorates from Fordham University and Roger Williams University.

Christopher J. Marangi joined Gabelli in 2003 as a research analyst. Currently he is a Managing Director and Co-Chief Investment Officer for GAMCO Investors, Inc. s Value team. In addition, he serves as a portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Fund Complex. Mr. Marangi graduated magna cum laude and Phi Beta Kappa with a BA in Political Economy from Williams College and holds an MBA degree with honors from Columbia Business School.

Kevin V. Dreyer joined Gabelli in 2005 as a research analyst covering companies within the consumer sector. Currently he is a Managing Director and Co-Chief Investment Officer for GAMCO Investors, Inc. s Value team. In addition, he serves as a portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Fund Complex. Mr. Dreyer received a BSE from the University of Pennsylvania and an MBA degree from Columbia Business School.

Sarah M. Donnelly joined Gabelli in 1999 as a junior research analyst working with the consumer staples and media analysts. Currently she is a Portfolio Manager of Gabelli Funds, LLC, a Senior Vice President and the Food, Household and Personal Care products research analyst for Gabelli & Company. In 2013, she was named the Health & Wellness research platform leader. Ms. Donnelly received a B.S. in Business Administration with a concentration in Finance and minor in History from Fordham University.

Robert D. Leininger, CFA, joined GAMCO Investors, Inc. in 1993 as an equity analyst. Subsequently, he was a partner and portfolio manager at Rorer Asset Management before rejoining GAMCO in 2010 where he currently serves as a portfolio manager of Gabelli Funds, LLC. Mr. Leininger is a magna cum laude graduate of Amherst College with a degree in Economics and holds an MBA degree from the Wharton School at the University of Pennsylvania.

Jeffrey J. Jonas, CFA, joined Gabelli in 2003 as a research analyst focusing on companies across the healthcare industry. In 2006, he began serving as a portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Fund Complex. Mr. Jonas was a Presidential Scholar at Boston College, where he received a BS in Finance and Management Information Systems.

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CUSTODIAN

State Street Bank and Trust
Company

COUNSEL

BALMAC International, Inc.

Salvatore J. Zizza

Chairman,

Zizza & Associates Corp.

Skadden, Arps, Slate, Meagher &

Flom LLP

TRANSFER AGENT AND

REGISTRAR

Computershare Trust Company, N.A.

GDV Q3/2017

Item 2. Controls and Procedures.

(a) The registrant s principal executive and principal financial officers, or persons performing similar functions, 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) (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of the 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 (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(b)).

(b) There were no changes in the registrant s internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) 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.

Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto.

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) The Gabelli Dividend & Income Trust

By (Signature and Title)* /s/ Bruce N. Alpert
Bruce N. Alpert, Principal Executive Officer

Date 11/28/2017

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/ Bruce N. Alpert
Bruce N. Alpert, Principal Executive Officer

Date 11/28/2017

By (Signature and Title)* /s/ John C. Ball
John C. Ball, Principal Financial Officer and Treasurer

Date 11/28/2017

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