

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC

Form N-CSR

February 08, 2006

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-7460

Exact name of registrant as specified  
in charter: Delaware Investments Dividend  
and Income Fund, Inc.

Address of principal executive offices: 2005 Market Street  
Philadelphia, PA 19103

Name and address of agent for service: David F. Connor, Esq.  
2005 Market Street  
Philadelphia, PA 19103

Registrant's telephone number, including  
area code: (800) 523-1918

Date of fiscal year end: November 30

Date of reporting period: November 30, 2005

Item 1. Reports to Stockholders

Delaware  
Investments(R)  
-----  
CLOSED-END A member of Lincoln Financial Group

Annual Report NOVEMBER 30, 2005  
-----

DELAWARE INVESTMENTS  
DIVIDEND AND INCOME FUND, INC.

[Logo] POWERED BY RESEARCH(R)

TABLE  
OF CONTENTS

-----	
PORTFOLIO MANAGEMENT REVIEW	1
-----	
PERFORMANCE SUMMARY	4
-----	
SECTOR ALLOCATION	6
-----	
FINANCIAL STATEMENTS:	
Statement of Net Assets	7
Statement of Operations	13
Statements of Changes in Net Assets	14
Statement of Cash Flows	15
Financial Highlights	16
Notes to Financial Statements	17
-----	
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	20
-----	
OTHER FUND INFORMATION	21
-----	
BOARD OF TRUSTEES/DIRECTORS AND OFFICERS	24
-----	
ABOUT THE ORGANIZATION	26
-----	

Funds are not FDIC insured and are not guaranteed. It is possible to lose the principal amount invested.

Investment advisory services provided by Delaware Management Company, a series of Delaware Management Business Trust, which is a registered investment advisor.

(C) 2006 Delaware Distributors, L.P.

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

Portfolio  
MANAGEMENT REVIEW

Delaware Investments Dividend and Income Fund, Inc.  
December 13, 2005

### FUND MANAGERS

D. Tysen Nutt, Jr.  
Co-Manager

Jordan L. Irving  
Co-Manager

Anthony A. Lombardi  
Co-Manager

Timothy L. Rabe  
Co-Manager

Damon J. Andres  
Co-Manager

Robert A. Vogel, Jr.  
Co-Manager

During the fiscal year ended November 30, 2005, D. Tysen Nutt, Jr., Jordan L. Irving, Anthony A. Lombardi and Robert A. Vogel, Jr. (the "New Equity Team") were appointed co-portfolio managers of the Fund. The New Equity Team replaced Nancy M. Crouse, and will work with Damon J. Andres with respect to the equity portion of the Fund. The members of the New Equity Team will work with Damon J. Andres and Timothy L. Rabe in making day-to-day decisions for the Fund.

### PLEASE DISCUSS THE INVESTMENT ENVIRONMENT DURING THE YEAR.

During the 12-month period ended November 30, 2005, the Federal Reserve steadily increased short term interest rates in the form of the fed funds rate--a factor which we believe has had a significant impact on equity and fixed income markets. The market sustained further losses due to rising energy prices and a string of intense hurricanes, which disrupted oil production on the Gulf Coast and initiated massive federal borrowing to fund rebuilding. While the economy and corporate earnings continue to grow, there was the potential for the combined effects of heavy consumer debt, higher energy prices, and rising interest rates to impact consumer spending and increase volatility in the financial markets going forward.

Q: HOW DID THE FUND PERFORM RELATIVE TO ITS BENCHMARK FOR THE 12-MONTH PERIOD ENDED NOVEMBER 30, 2005?

A: Delaware Investments Dividend and Income Fund, Inc., a diversified closed-end fund, returned +5.44% at net asset value and +15.38% at market price (both figures reflect all distributions reinvested) for the fiscal year ended November 30, 2005. For complete, annualized performance, please see the table on page 4.

By comparison, the Fund's collective benchmark, the Standard & Poor's (S&P) 500 Index, returned +8.44% during the same period. Unlike its all-stock benchmark, the Fund is diversified across four sectors: large-cap value stocks, high yield bonds, real estate investment trusts (REITs), and convertible securities. Generally speaking, each of these asset classes has relatively low correlation with the others. As such, the Fund is designed with the idea that this well-diversified asset allocation may help to reduce volatility over time.

Q: PLEASE DISCUSS THE FUND'S EQUITY PERFORMANCE.

A: In March, 2005, the Delaware Investments Large-Cap Value Equity Team of D. Tysen Nutt, Jordan Irving, Anthony Lombardi, and Robert Vogel took over day-to-day operations of the equity investments within Delaware Investments Dividend and Income Fund, Inc. (Damon Andres remained as the portfolio manager

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

responsible for both REITs and convertible securities in the Fund, while Tim Rabe continued to handle the Fund's allocation to high-yield fixed income.)

During the 12-month period, the Fund's common stocks trailed our collective benchmark, the S&P 500 Index. We attribute performance to individual security selection and sector allocations. The strongest returns came from the industrial sector. We also benefited from our positioning in the information technology sector. Hewlett-Packard, one of our strongest holdings in this group, was the beneficiary of a successful corporate restructuring that included management changes. The company benefited in particular from its imaging business. Overall, we remain confident about Hewlett-Packard's long-term prospects. The company offers investors a fairly diversified line of business, and we believe that improved efficiency and earnings were reflected in attractive valuations at the close of the period.

1

Conversely, individual security selection in the staples and healthcare sectors hurt performance. The stock performance of both Pfizer and Merck, in particular, proved disappointing during the fiscal year. Growing concern about the number of drugs coming off patent and the impact of generic competition was compounded by an unfavorable outlook for new product development. In addition, potential legal liabilities related to the withdrawal of Merck's Vioxx in 2004 and Pfizer's Bextra in April 2005 had a significant impact on valuations. We believe that these companies have suffered unfairly, and remain optimistic that they will benefit from strong franchises, healthy balance sheets, improving cash flow, and attractive dividend generation over the next three to five years.

Q: HOW DID THE FUND'S REIT INVESTMENTS PERFORM?

A: The Fund's REIT investments contributed positively to overall performance as this asset class turned in another strong year. During the period, we had exposure to mortgage REITs, which underperformed due to concerns about consumer credit and the housing market. Our investment strategy is focused on identifying high-quality securities with attractive dividend yields, while avoiding rich valuations and stressed balance sheets.

PLEASE DISCUSS AREAS OF POSITIVE AND NEGATIVE PERFORMANCE OF THE FUND'S REIT INVESTMENT.

The Fund benefited from Simon Property Group, a regional mall company. The company's strong internal growth and operating performance were further enhanced by its 2004 acquisition of Chelsea Property Group, the world's largest owner and operator of outlet centers. This acquisition represents an attractive complement to Simon's overall business strategy and development pipeline.

The Fund's position in Great Wolf Resorts, an entertainment resort company in the consumer discretionary sector, generated disappointing performance. We were adversely impacted by a variety of factors, including earnings misrepresentation and poor corporate management. As investors, we believe a buyout may be imminent for the company, which could lead to brighter long-term prospects. A light weighting in the multi-family housing sector, which performed well, also served as a drag on the performance of our REIT allocation compared to the NAREIT Equity REIT Index. We maintained less exposure than the NAREIT Equity REIT Index in this sector due to our concerns about the long-term prospects for new home and condominium construction, and about rising interest rates.

Q: HOW DID THE FUND'S FIXED INCOME INVESTMENTS FARE DURING THE YEAR?

A: Overall, the Fund's investments in high yield corporate bonds performed positively on an absolute basis, despite a difficult environment for the sector. Though defaults among issuers in the sector remained low, we believe the

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

negative effect of the Treasury market and tightening spreads created a drag on performance.

Within these markets, we continued to thoroughly research new offerings -- and especially first-time issuers -- before investing. We have especially been cautious about deals that may be used solely for a dividend.

2

This page intentionally left blank.

## PERFORMANCE SUMMARY

DELAWARE INVESTMENTS DIVIDEND AND INCOME FUND, INC.

The performance data quoted represent past performance; past performance does not guarantee future results. Investment return and principal value will fluctuate so your shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. A rise/fall in interest rates can have a significant impact on bond prices and the net asset value (NAV) of the Fund. Funds that invest in bonds can lose their value as interest rates rise and an investor can lose principal. Instances of high double-digit returns are highly unusual and cannot be sustained, and were achieved primarily during favorable market conditions.

## FUND PERFORMANCE

### Average Annual Total Returns

Through November 30, 2005	Lifetime	Ten Years	Five Years	One Year
At Market Price	+9.05%	+9.66%	+11.29%	+15.38%

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

At Net Asset Value	+9.69%	+9.74%	+12.02%	+5.44%
--------------------	--------	--------	---------	--------

---

Returns reflect reinvestment of all distributions. Dividends and distributions, if any, are assumed, for the purpose of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment policy. Shares of the Fund were initially offered with a sales charge of 6%. Performance since inception does not include the sales charge or any brokerage commissions for purchases made since inception. Past performance is not a guarantee of future results.

The performance table and graphs on the following page do not reflect the deduction of taxes the shareholder would pay on Fund distributions or sale of Fund shares.

### FUND BASICS

As of November 30, 2005

---

### FUND OBJECTIVES:

The Fund seeks to achieve high current income. Capital appreciation is a secondary objective.

---

### TOTAL FUND NET ASSETS:

\$147 million

---

### NUMBER OF HOLDINGS:

255

---

### FUND START DATE:

March 26, 1993

---

### FUND MANAGERS:

D. Tysen Nutt joined Delaware Investments in 2004. Mr. Nutt began his investment career in 1983 at Dean Witter Reynolds where he advanced to Vice President, Investments. In 1988, he joined investment advisor Van Deventer & Hoch (V&H), where he managed large cap value portfolios for both institutional and private clients. As a senior vice president at V&H, he was a member of the firm's Management Committee and directed new business development in addition to his portfolio management duties. Mr. Nutt moved to Merrill Lynch Investment Managers in 1994 and later served as leader of the U.S. Active Large Cap Value Team, managing mutual funds and separate accounts for institutions and private clients. He is a member of the New York Society of Security Analysts and the CFA Institute. Mr. Nutt graduated from Dartmouth College with a BA.

Anthony A. Lombardi joined Delaware Investments in 2004. Mr. Lombardi's first financial services position was as an investment analyst with Crossland Savings, FSB, Brooklyn, NY from 1989-1990. He started at Dean Witter Reynolds, Inc. as a research assistant in 1990 and rose to the position of vice president, research analyst, which he held from 1993-1997. He then moved to Merrill Lynch Investment Managers (MLIM) in 1998, joining the Capital Management Group, and became a portfolio manager with the U.S. Active Large Cap Value Team in 2000. He departed MLIM as a Director. He is a Chartered Financial Analyst and a member of the New York Society of Security Analysts and the CFA Institute. Mr. Lombardi graduated from Hofstra University with a BBA and his MBA in Finance.

Robert A. Vogel, Jr. joined Delaware Investments in 2004. Prior to that, Mr. Vogel started his financial services career as a Financial Consultant with Merrill Lynch in 1992. He then moved to Merrill Lynch Investment Managers (MLIM) in 1997, joining the Capital Management Group, and became a portfolio manager

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

with the U.S. Active Large Cap Value Team in 1998. He departed MLIM as a Director. Mr. Vogel is a Chartered Financial Analyst and a member of the New York Society of Security Analysts and the CFA Institute. Mr. Vogel graduated from Loyola College in Maryland earning both his BBA and his MS in Finance. He earned his MBA with a concentration in Finance at the Wharton School of Business at the University of Pennsylvania.

Timothy L. Rabe joined Delaware Investments in 2000. Prior to joining Delaware Investments, Mr. Rabe was a high-yield portfolio manager for Conseco Capital Management. Before that, he worked as a tax analyst for The Northern Trust Company. Mr. Rabe received a bachelor's degree in finance from the University of Illinois. He is a CFA charterholder.

Damon J. Andres earned a bachelor's degree in Business Administration with an emphasis in finance and accounting from the University of Richmond. Prior to joining Delaware Investments in 1994, Mr. Andres performed investment consulting services with Cambridge Associates, Inc. in Arlington, Virginia. He is a CFA charterholder. He is also co-manager of Delaware REIT Fund.

Jordan L. Irving joined Delaware Investments in 2004. Prior to that, he joined Merrill Lynch Investment Managers (MLIM) as a Portfolio Manager in 1998. In 2004, Mr. Irving joined Delaware Investments as Vice President, Senior Portfolio Manager. Mr. Irving graduated from Yale University with a BA in American Studies and earned a Special Diploma in Social Studies at Oxford University the following year.

-----  
NYSE SYMBOL:  
DDF  
-----

4

MARKET PRICE VS. NET ASSET VALUE  
November 30, 2004 through November 30, 2005

(NEED PLOT POINTS FROM DTP)

Past performance is not a guarantee of future results.

PERFORMANCE OF A \$10,000 INVESTMENT  
November 30, 1995 through November 30, 2005

(NEED PLOT POINTS FROM DTP)

Chart assumes \$10,000 invested in the Fund on November 30, 1995, and reflects the reinvestment of all distributions at market value. The chart assumes \$10,000 invested in the Lipper Closed-End Income and Preferred Stock Funds Average at Market Price and at Net Asset Value. Performance of the Fund and the Lipper peer group at market value is based on market performance during the period. Performance of the Fund and the Lipper peer group at net asset value is based on the fluctuations in net asset value during the period. Returns plotted were as of the last day of each month shown. Delaware Investments Dividend and Income Fund, Inc. was initially offered with a sales charge of 6%. Performance since inception does not include fees, the initial sales charge, or any brokerage commissions for purchases made since inception. Investments in the Fund are not available at net asset value. The Lipper Closed-End Income and Preferred Stock Funds Average represents the average return of closed-end income and preferred stock mutual funds tracked by Lipper Inc. (Source: Lipper Inc.). You cannot invest directly in an index. Past performance is not a guarantee of future results.

5

SECTOR ALLOCATION As of November 30, 2005  
 DELAWARE INVESTMENTS DIVIDEND AND INCOME FUND, INC.

Sector designations may be different than the sector designations presented in other Fund materials.

SECTOR	PERCENTAGE OF NET ASSETS
-----	-----
COMMON STOCK	77.66%
-----	-----
Consumer Discretionary	3.47%
Consumer Staples	5.84%
Energy	4.81%
Financials	13.35%
Health Care	8.66%
Health Care REITs	0.22%
Industrial REITs	1.84%
Industrials	5.35%
Information Technology	5.45%
Lodging/Resort REITs	0.89%
Mall REITs	2.49%
Materials	1.74%
Mortgage REITs	10.70%



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

Multifamily REITs	0.40%
Office/Industrial REITs	1.78%
Office REITs	5.37%
Shopping Center REITs	0.36%
Telecommunications	3.28%
Utilities	1.66%

-----  
 CONVERTIBLE PREFERRED STOCK 7.06%  
 -----

Banking, Finance & Insurance	2.29%
Basic Materials	0.37%
Cable, Media & Publishing	0.22%
Consumer Products	1.51%
Diversified REITs	0.93%
Energy	0.35%
Environmental Services	0.53%
Telecommunications	0.86%

-----  
 PREFERRED STOCK 5.81%  
 -----

Leisure, Lodging & Entertainment	1.04%
Real Estate	4.77%

-----  
 COMMERCIAL MORTGAGE-BACKED SECURITIES 0.20%  
 -----

SECTOR	PERCENTAGE OF NET ASSETS
--------	-----------------------------

-----  
 CONVERTIBLE BONDS 5.74%  
 -----

Aerospace & Defense	0.36%
Cable, Media & Publishing	0.42%
Capital Goods - Manufacturing	0.21%
Energy	0.31%
Health Care & Pharmaceuticals	0.79%
Leisure, Lodging & Entertainment	0.50%
Real Estate	0.92%
Retail	0.47%
Technology	0.72%
Telecommunications	0.13%
Transportation	0.12%
Utilities	0.79%

-----  
 CORPORATE BONDS 31.31%  
 -----

Banking	0.17%
Basic Industries	4.78%
Brokerage	0.86%
Capital Goods	1.59%
Consumer Cyclical	1.74%
Consumer Non-Cyclical	2.61%
Energy	2.24%
Financials	0.15%
Media	4.00%
Real Estate	0.83%
Services Cyclical	3.39%
Services Non-Cyclical	2.14%
Technology & Electronics	0.46%
Telecommunications	3.73%
Utilities	2.62%

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

WARRANT	0.00%
REPURCHASE AGREEMENTS	3.84%
SECURITIES LENDING COLLATERAL	19.17%
TOTAL MARKET VALUE OF SECURITIES	150.79%
OBLIGATION TO RETURN SECURITIES LENDING COLLATERAL	(19.17%)
COMMERCIAL PAPER PAYABLE	(32.55%)
RECEIVABLES AND OTHER ASSETS NET OF LIABILITIES	0.93%
TOTAL NET ASSETS	100.00%

6

STATEMENT OF NET ASSETS DELAWARE INVESTMENTS DIVIDEND AND INCOME FUND, INC.  
November 30, 2005

	Number of Shares	Market Value
COMMON STOCK - 77.66%		
Consumer Discretionary - 3.47%		
*+Great Wolf Resorts	74,100	\$ 720,252
Limited Brands	98,200	2,184,950
Mattel	127,800	2,127,870
*+XM Satellite Radio Holdings Class A	2,000	58,520
		5,091,592
Consumer Staples - 5.84%		
Archer-Daniels-Midland	70,300	1,656,971
B&G Foods	4,800	69,840
ConAgra Foods	105,100	2,259,650
Kimberly-Clark	37,600	2,217,648
Safeway	101,200	2,352,900
		8,557,009
Energy - 4.81%		
Chevron	39,500	2,263,745
ConocoPhillips	37,700	2,281,227
Exxon Mobil	40,400	2,344,412
*+Petroleum Geo-Services ADR	5,967	168,866
		7,058,250
Financials - 13.35%		
Allstate	39,300	2,204,730
Aon	68,700	2,501,367
Chubb	26,700	2,585,628
Hartford Financial Services	30,200	2,638,573
Huntington Bancshares	94,700	2,269,012
Morgan Stanley	45,200	2,532,556
Wachovia	47,300	2,525,820

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

Washington Mutual	56,300	2,318,997	
		-----	
		19,576,683	
		-----	
Health Care - 8.66%			
Abbott Laboratories	50,800	1,915,668	
Baxter International	60,900	2,368,401	
Bristol-Myers Squibb	95,500	2,061,845	
Merck	77,900	2,290,260	
Pfizer	89,700	1,901,640	
Wyeth	52,100	2,165,276	
		-----	
		12,703,090	
		-----	
Health Care REITs - 0.22%			
Medical Properties Trust	35,000	319,900	
		-----	
		319,900	
		-----	
Industrial REITs - 1.84%			
AMB Property	57,800	2,702,728	
		-----	
		2,702,728	
		-----	
Industrials - 5.35%			
Boeing	35,400	2,413,926	
*+Foster Wheeler	9,960	346,902	
Union Pacific	33,700	2,579,398	
Waste Management	83,700	2,503,467	
		-----	
		7,843,693	
		-----	
Information Technology - 5.45%			
Hewlett-Packard	97,500	2,892,825	
International Business Machines	28,700	2,551,430	
+Xerox	179,500	2,548,900	
		-----	
		7,993,155	
		-----	
	Number of	Market	
	Shares	Value	
COMMON STOCK (CONTINUED)			
Lodging/Resort REITs - 0.89%			
*Strategic Hotel Capital	70,200	\$ 1,296,594	
		-----	
		1,296,594	
		-----	
Mall REITs - 2.49%			
General Growth Properties	6	274	
Simon Property Group	47,300	3,656,763	
		-----	
		3,657,037	
		-----	
Materials - 1.74%			
duPont (E.I.) deNemours	59,700	2,552,175	
		-----	
		2,552,175	
		-----	

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

Mortgage REITs - 10.70%		
*American Home Mortgage Investment	89,900	2,669,131
*Friedman Billings Ramsey Group Class A	87,195	927,755
*Gramercy Capital	117,000	2,743,650
JER Investors Trust	110,600	1,780,660
KKR Financial	5,900	140,125
xKKR Financial	91,300	2,168,375
*MortgageIT Holdings	187,000	2,472,140
xPeoples Choice	176,700	1,325,250
*Saxon Capital	122,400	1,468,800
		-----
		15,695,886
		-----
Multifamily REITs - 0.40%		
*Equity Lifestyle Properties	12,600	584,136
		-----
		584,136
		-----
Office/Industrial REITs - 1.78%		
*Duke Realty	76,600	2,604,400
		-----
		2,604,400
		-----
Office REITs - 5.37%		
Equity Office Properties Trust	70,400	2,195,072
*Prentiss Properties Trust	67,172	2,754,052
*Reckson Associates Realty Trust	79,820	2,931,789
		-----
		7,880,913
		-----
Shopping Center REITs - 0.36%		
*Ramco-Gershenson Properties	19,400	532,142
		-----
		532,142
		-----
Telecommunications - 3.28%		
AT&T	96,700	2,408,797
Verizon Communications	74,900	2,395,302
		-----
		4,804,099
		-----
Utilities - 1.66%		
Progress Energy	54,200	2,427,076
		-----
		2,427,076
		-----
Total Common Stock (cost \$102,437,957)		113,880,558
		-----
CONVERTIBLE PREFERRED STOCK - 7.06%		
Banking, Finance & Insurance - 2.29%		
*Chubb 7.00% exercise price \$71.40, expiration date 8/16/08	15,000	522,450
oCitigroup Funding 5.21% exercise price \$29.50, expiration date 9/27/08	17,000	565,216
E TRADE Financial 6.125% exercise price \$21.82, expiration date 11/18/08	9,000	240,570
*Lehman Brothers Holdings 6.25% exercise price \$54.24, expiration date 10/15/07	16,000	420,000

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

7

STATEMENT OF NET ASSETS (CONTINUED) DELAWARE INVESTMENTS DIVIDEND AND INCOME FUND, INC.

	Number of Shares	Market Value
CONVERTIBLE PREFERRED STOCK (CONTINUED)		
Banking, Finance & Insurance (continued)		
National Australia Bank Units 7.875% exercise price \$76.38, expiration date 12/31/49	40,000	\$ 1,606,400
		-----
		3,354,636
		-----
Basic Materials - 0.37%		
*Huntsman 5.00% exercise price \$28.29, expiration date 2/16/08	12,400	536,300
		-----
		536,300
		-----
Cable, Media & Publishing - 0.22%		
*#Interpublic 5.25% 144A exercise price \$13.66, expiration date 12/31/49	360	329,670
		-----
		329,670
		-----
Consumer Products - 1.51%		
Newell Financial Trust I 5.25% exercise price \$50.68, expiration date 12/1/27	52,600	2,209,200
		-----
		2,209,200
		-----
Diversified REITs - 0.93%		
*Crescent Real Estate 6.75% exercise price \$40.87, expiration date 12/31/49	62,600	1,364,054
		-----
		1,364,054
		-----
Energy - 0.35%		
*Chesapeake 4.50% exercise price \$44.17, expiration date 12/31/49	5,800	520,550
		-----
		520,550
		-----
Environmental Services - 0.53%		
Allied Waste Industries 6.25% exercise price \$10.13, expiration date 4/1/06	16,200	777,924
		-----
		777,924
		-----
Telecommunications - 0.86%		
Lucent Technologies Capital Trust I 7.75% exercise price \$4.84, expiration date 3/15/17	1,300	1,256,288
		-----
		1,256,288
		-----
TOTAL CONVERTIBLE PREFERRED STOCK		

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

(cost \$11,149,296)		10,348,622	-----
PREFERRED STOCK - 5.81%			
Leisure, Lodging & Entertainment - 1.04%			
Red Lion Hotels 9.50%	58,000	1,526,850	-----
		1,526,850	-----
Real Estate - 4.77%			
Equity Inns Series B 8.75%	35,700	935,340	
LaSalle Hotel Properties 10.25%	113,200	2,965,840	
Ramco-Gershenson Properties 9.50%	40,000	1,068,200	
SL Green Realty 7.625%	80,000	2,025,000	-----
		6,994,380	-----
TOTAL PREFERRED STOCK (COST \$8,172,500)		8,521,230	-----

	Principal Amount	Market Value	
COMMERCIAL MORTGAGE-BACKED SECURITIES - 0.20%			
#First Union National Bank Commercial Mortgage Series 2001-C2 L 144A 6.46% 1/12/43	\$300,000	\$ 297,756	-----
TOTAL COMMERCIAL MORTGAGE-BACKED SECURITIES (COST \$304,488)		297,756	-----
CONVERTIBLE BONDS - 5.74%			
Aerospace & Defense - 0.36%			
EDO 4.00% 11/15/25 exercise price \$34.19, expiration date 11/15/25	235,000	237,644	
#L-3 Communications 144A 3.00% 8/1/35 exercise price \$102.31, expiration date 8/1/35	290,000	283,475	-----
		521,119	-----
Cable, Media & Publishing - 0.42%			
#Playboy Enterprises 144A 3.00% 3/15/25 exercise price \$17.02, expiration date 3/15/25	600,000	614,250	-----
		614,250	-----
Capital Goods - Manufacturing - 0.21%			
#Tyco International Group 144A 2.75% 1/15/18 exercise price \$22.78 expiration date 1/15/18	250,000	314,063	-----
		314,063	-----
Energy - 0.31%			
Pride International 3.25% 5/1/33 exercise price \$25.70, expiration date 5/1/33	350,000	453,688	-----
		453,688	-----

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

Health Care & Pharmaceuticals - 0.79%		
Encysive Pharmaceutical		
2.50% 3/15/12 exercise price \$13.95, expiration date 3/15/12	630,000	627,637
#Nektar Therapeutics 144A		
3.25% 9/28/12 exercise price \$21.52, expiration date 9/28/12	525,000	532,875
		-----
		1,160,512
		-----
Leisure, Lodging & Entertainment - 0.50%		
#Regal Entertainment Group 144A		
3.75% 5/15/08 exercise price \$15.30, expiration date 5/15/08	550,000	734,938
		-----
		734,938
		-----
Real Estate - 0.92%		
MeriStar Hospitality 9.50% 4/1/10 exercise price \$10.18, expiration date 4/1/10		
	1,100,000	1,343,374
		-----
		1,343,374
		-----
Retail - 0.47%		
@Dick's Sporting Goods		
1.606% 2/18/24 exercise price \$58.13, expiration date 2/18/24	380,000	273,125
#Saks 144A 2.00% 3/15/24 exercise price \$18.69, expiration date 3/15/24		
	425,000	421,281
		-----
		694,406
		-----
Technology - 0.72%		
#Mercury Interactive 144A		
4.75% 7/1/07 exercise price \$111.25, expiration date 7/1/07	550,000	528,688

8

STATEMENT OF NET ASSETS (CONTINUED) DELAWARE INVESTMENTS DIVIDEND AND INCOME FUND, INC.

	Principal Amount	Market Value
CONVERTIBLE BONDS (CONTINUED)		
Technology (continued)		
#Sybase 144A 1.75% 2/22/25 exercise price \$25.22, expiration date 2/22/25	\$500,000	\$ 521,875
		-----
		1,050,563
		-----
Telecommunications - 0.13%		
Qwest Communications International		
3.50% 11/15/25 exercise price \$5.90, expiration date 11/15/25	180,000	197,100
		-----
		197,100
		-----

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

Transportation - 0.12%		
*#ExpressJet Holdings 144A		
4.25% 8/1/23 exercise price \$18.20,		
expiration date 8/1/23	200,000	169,000
		-----
		169,000
		-----
Utilities - 0.79%		
#CenterPoint Energy 144A		
3.75% 5/15/23 exercise price \$11.58,		
expiration date 5/15/23	800,000	966,000
++Mirant 2.50% 6/15/21 exercise price		
\$67.95, expiration date 6/15/21	180,000	189,900
		-----
		1,155,900
		-----
TOTAL CONVERTIBLE BONDS (cost \$7,720,109)		8,408,913
		-----
CORPORATE BONDS - 31.31%		
Banking - 0.17%		
Western Financial Bank 9.625% 5/15/12	225,000	253,688
		-----
		253,688
		-----
Basic Industries - 4.78%		
Abitibi-Consolidated 6.95% 4/1/08	115,000	116,725
*AK Steel		
7.75% 6/15/12	105,000	95,288
7.875% 2/15/09	120,000	115,200
Bowater 9.50% 10/15/12	555,000	574,424
Fort James 7.75% 11/15/23	650,000	818,999
Georgia-Pacific		
8.875% 5/15/31	155,000	155,775
9.50% 12/1/11	180,000	192,825
Gold Kist 10.25% 3/15/14	205,000	232,675
Huntsman International 10.125% 7/1/09	85,000	87,975
#Huntsman International 144A 7.375% 1/1/15	425,000	412,781
Lyondell Chemical 10.50% 6/1/13	45,000	51,356
*#Nell AF Sarl 144A 8.375% 8/15/15	250,000	246,250
*NewPage 10.00% 5/1/12	275,000	272,250
Norske Skog 8.625% 6/15/11	400,000	393,000
#Novelis 144A 7.50% 2/15/15	100,000	94,000
#Port Townsend Paper 144A 12.00% 4/15/11	450,000	306,000
Potlatch 13.00% 12/1/09	475,000	570,090
*Rhodia		
8.875% 6/1/11	125,000	127,500
10.25% 6/1/10	110,000	121,275
Smurfit Capital Funding 7.50% 11/20/25	530,000	466,400
++Solutia 6.72% 10/15/37	705,000	507,600
Stone Container 9.75% 2/1/11	405,000	412,088
Tembec Industries 8.625% 6/30/09	605,000	402,325
Witco 6.875% 2/1/26	250,000	236,250
		-----
		7,009,051
		-----
	Principal	Market
	Amount	Value

CORPORATE BONDS (continued)  
 Brokerage - 0.86%



Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

*E Trade Financial 8.00% 6/15/11	\$505,000	\$ 518,888
#E Trade Financial 144A 8.00% 6/15/11	60,000	61,650
LaBranche & Company		
9.50% 5/15/09	300,000	316,500
11.00% 5/15/12	320,000	354,400
		-----
		1,251,438
		-----
Capital Goods - 1.59%		
*Armor Holdings 8.25% 8/15/13	225,000	244,125
*Graham Packaging 9.875% 10/15/14	390,000	379,275
Interline Brands 11.50% 5/15/11	576,000	642,239
Intertape Polymer 8.50% 8/1/14	405,000	380,941
&Mueller Holdings 14.75% 4/15/14	285,000	215,888
*#Panolam Industrial 144A 10.75% 10/1/13	170,000	164,050
*Trimas 9.875% 6/15/12	375,000	309,375
		-----
		2,335,893
		-----
Consumer Cyclical - 1.74%		
*Accuride 8.50% 2/1/15	300,000	295,500
++#=Avado Brands 144A 9.75% 6/1/06	230,000	21,850
*General Motors Acceptance Corporation		
8.00% 11/1/31	135,000	132,741
*Landry's Restaurant 7.50% 12/15/14	220,000	207,900
*#Metaldyne 144A 11.00% 11/1/13	400,000	360,000
*#Neiman Marcus 144A 10.375% 10/15/15	285,000	289,631
O'Charleys 9.00% 11/1/13	225,000	232,875
#Uno Restaurant 144A 10.00% 2/15/11	275,000	242,000
++Venture Holdings 12.00% 6/1/09	425,000	531
Visteon		
*7.00% 3/10/14	75,000	60,656
8.25% 8/1/10	190,000	166,250
Warnaco 8.875% 6/15/13	500,000	543,751
		-----
		2,553,685
		-----
Consumer Non-Cyclical - 2.61%		
Biovail 7.875% 4/1/10	500,000	521,250
#Commonwealth Brands 144A		
10.625% 9/1/08	460,000	527,275
Constellation Brands 8.125% 1/15/12	124,000	129,580
Cott Beverages 8.00% 12/15/11	175,000	180,250
#Doane Pet Care 144A 10.625% 11/15/15	155,000	158,294
#Le-Natures 144A 10.00% 6/15/13	375,000	388,125
*National Beef Packing 10.50% 8/1/11	375,000	389,063
*Pilgrim's Pride 9.625% 9/15/11	320,000	340,000
Playtex Products 9.375% 6/1/11	350,000	370,563
Spectrum Brands 8.50% 10/1/13	160,000	145,800
#Warner Chilcott 144A 8.75% 2/1/15	645,000	590,174
#Williams Scotsman 144A 8.50% 10/1/15	90,000	93,150
		-----
		3,833,524
		-----
Energy - 2.24%		
*Bluewater Finance 10.25% 2/15/12	280,000	300,300
#*Comptom Petroleum 144A 7.625% 12/1/13	135,000	137,700
El Paso Natural Gas 7.625% 8/1/10	200,000	209,109
El Paso Production Holding 7.75% 6/1/13	350,000	360,500
#Hilcorp Energy I 144A		
7.75% 11/1/15	110,000	111,925
10.50% 9/1/10	100,000	111,250

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

Energy Finance 6.875% 12/15/14	250,000	234,375
Petroleum Geo-Services 10.00% 11/5/10	396,115	449,095
Schlumberger 2.125% 6/1/23	360,000	463,950
oSecunda International 12.15% 9/1/12	260,000	274,300

9

STATEMENT OF NET ASSETS (CONTINUED) DELAWARE INVESTMENTS DIVIDEND AND INCOME FUND, INC.

	Principal Amount	Market Value
CORPORATE BONDS (continued)		
Energy (continued)		
Tennessee Gas Pipeline 8.375% 6/15/32	\$350,000	\$ 393,264
Whiting Petroleum 7.25% 5/1/13	235,000	239,113
		-----
		3,284,881
		-----
Financials - 0.15%		
FINOVA Group 7.50% 11/15/09	598,500	218,453
		-----
		218,453
		-----
Media - 4.00%		
JAdelphia Communications 8.125% 7/15/06	525,000	315,000
*#CCH I 144A 11.00% 10/1/15	749,000	646,012
Cenveo 9.625% 3/15/12	170,000	184,025
#Charter Communications 144A		
5.875% 11/16/09	165,000	122,719
Charter Communications Holdings		
&13.50% 1/15/11	430,000	298,850
*11.125% 1/15/11	335,000	204,350
*CSC Holdings 10.50% 5/15/16	370,000	396,825
Dex Media East 12.125% 11/15/12	265,000	310,050
Insight Midwest 10.50% 11/1/10	735,000	776,343
Lodgenet Entertainment 9.50% 6/15/13	505,000	552,974
*Mediacom Capital 9.50% 1/15/13	545,000	538,188
Rogers Cablesystems 11.00% 12/1/15	275,000	290,813
Sheridan Acquisition Group 10.25% 8/15/11	225,000	235,125
#Sirius Satellite 144A 9.625% 8/1/13	280,000	275,100
*Vertis 10.875% 6/15/09	185,000	180,838
Warner Music Group 7.375% 4/15/14	230,000	224,250
XM Satellite Radio 12.00% 6/15/10	273,000	308,490
		-----
		5,859,952
		-----
Real Estate - 0.83%		
American Real Estate Partners		
8.125% 6/1/12	240,000	246,000
#American Real Estate Partners 144A		
7.125% 2/15/13	100,000	98,750
BF Saul REIT 7.50% 3/1/14	400,000	411,000
Tanger Properties 9.125% 2/15/08	430,000	462,196
		-----
		1,217,946
		-----
Services Cyclical - 3.39%		
*Adesa 7.625% 6/15/12	295,000	295,000

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

#CCM Merger 144A 8.00% 8/1/13	245,000	238,263
Corrections Corporation of America		
7.50% 5/1/11	125,000	130,625
*Foster Wheeler 10.359% 9/15/11	67,000	75,710
#FTI Consulting 144A 7.625% 6/15/13	105,000	108,675
Gaylord Entertainment 6.75% 11/15/14	45,000	43,650
&H-LINES Finance Holdings 11.00% 4/1/13	426,000	353,580
Horizon Lines 9.00% 11/1/12	216,000	228,690
Kansas City Southern Railway		
9.50% 10/1/08	400,000	434,000
#Knowledge Learning 144A 7.75% 2/1/15	315,000	299,250
Mandalay Resort Group 10.25% 8/1/07	120,000	128,700
MGM MIRAGE 9.75% 6/1/07	5,000	5,288
OMI 7.625% 12/1/13	500,000	507,499
Penn National Gaming 8.875% 3/15/10	360,000	378,900
*Royal Caribbean Cruises 7.25% 3/15/18	150,000	160,125
Seabulk International 9.50% 8/15/13	250,000	281,875
Stena 9.625% 12/1/12	375,000	410,625
&Town Sports International 11.00% 2/1/14	330,000	221,100
United Air Lines 7.73% 7/1/10	89,931	88,433
	Principal	Market
	Amount	Value
CORPORATE BONDS (continued)		
Services Cyclical (continued)		
Wheeling Island Gaming 10.125% 12/15/09	\$555,000\$	584,137
		-----
		4,974,125
		-----
Services Non-Cyclical - 2.14%		
Aleris International 9.00% 11/15/14	295,000	309,013
Casella Waste Systems 9.75% 2/1/13	485,000	516,525
Geo Subordinate 11.00% 5/15/12	470,000	454,725
*HealthSouth 10.75% 10/1/08	560,000	540,400
NDCHealth 10.50% 12/1/12	475,000	542,687
US Oncology 10.75% 8/15/14	435,000	483,938
&Vanguard Health 11.25% 10/1/15	395,000	284,400
		-----
		3,131,688
		-----
Technology & Electronics - 0.46%		
#Avago Technologies Finance 144A		
10.125% 12/1/13	40,000	41,000
*#Ikon Office Solutions 144A 7.75% 9/15/15	30,000	28,800
*Magnachip Semiconductor 8.00% 12/15/14	340,000	316,200
#Sunguard Data Systems 144A		
10.25% 8/15/15	285,000	289,275
		-----
		675,275
		-----
Telecommunications - 3.73%		
Alaska Communications Systems		
9.875% 8/15/11	375,000	408,281
American Cellular 10.00% 8/1/11	245,000	266,438
American Tower 7.125% 10/15/12	270,000	280,125
Centennial Cellular Operating		
10.125% 6/15/13	315,000	352,800
Cincinnati Bell 8.375% 1/15/14	415,000	408,775
#Digicel Limited 144A 9.25% 9/1/12	275,000	284,625
&Inmarsat Finance 10.375% 11/15/12	275,000	225,500

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

iPCS 11.50% 5/1/12	200,000	231,500
Iwo Escrow Company		
&10.75% 1/15/15	75,000	54,188
o7.90% 1/15/12	75,000	78,000
oQwest 7.875% 9/1/11	125,000	134,688
#Qwest 144A 7.12% 6/15/13	325,000	351,813
Rural Cellular		
9.625% 5/15/08	250,000	255,313
*9.875% 2/1/10	275,000	289,094
o#Rural Cellular 144A 10.041% 11/1/12	170,000	169,150
#Telcordia Technologies 144A 10.00% 3/15/13	555,000	485,624
*Time Warner Telecommunications		
9.75% 7/15/08	100,000	102,375
*Triton Communications 9.375% 2/1/11	130,000	98,150
*oUS LEC 12.716% 10/1/09	225,000	243,000
Valor Telecom Enterprises 7.75% 2/15/15	425,000	418,624
*#Wind Acquisition 144A 10.75% 12/1/15	320,000	334,400
		-----
		5,472,463
		-----
Utilities - 2.62%		
*Avista 9.75% 6/1/08	500,000	549,390
Calpine		
*7.625% 4/15/06	245,000	83,300
10.50% 5/15/06	155,000	52,700
o#Calpine 144A 9.90% 7/15/07	337,238	263,045
#Dynergy Holdings 144A 10.125% 7/15/13	700,000	787,500
Elwood Energy 8.159% 7/5/26	173,406	191,830
Midwest Generation		
8.30% 7/2/09	500,000	520,000
8.75% 5/1/34	275,000	304,563

10

STATEMENT OF NET ASSETS (CONTINUED) DELAWARE INVESTMENTS DIVIDEND AND INCOME FUND, INC.

	Principal Amount	Market Value
CORPORATE BONDS (continued)		
Utilities (continued)		
++Mirant Americas 8.30% 5/1/11	\$ 200,000	\$ 249,500
Orion Power Holdings 12.00% 5/1/10	250,000	286,250
PSEG Energy Holdings 7.75% 4/16/07	250,000	256,250
Reliant Energy 9.50% 7/15/13	125,000	128,125
#Texas Genco 144A 6.875% 12/15/14	155,000	166,625
++=#USGen New England 144A 7.459% 1/2/15	250,000	1,800
		-----
		3,840,878
		-----
TOTAL CORPORATE BONDS (cost \$46,986,105)		45,912,940
		-----
	Number of Shares	
WARRANT - 0.00%		
+#Solutia 144A, exercise price \$7.59, expiration date 7/15/09	650	0
		-----
TOTAL WARRANT (cost \$55,294)		0

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

	Principal Amount	-----
Repurchase Agreements - 3.84%		
With BNP Paribas 3.92% 12/1/05 (dated 11/30/05, to be repurchased at \$3,781,412, collateralized by \$3,877,000 U.S. Treasury Bills due 1/19/06, market value \$3,857,250)	\$3,781,000	3,781,000
With UBS Warburg 3.93% 12/1/05 (dated 11/30/05, to be repurchased at \$1,847,202, collateralized by \$1,886,000 U.S. Treasury Bills due 12/8/05, market value \$1,884,622)	1,847,000	1,847,000
		-----
Total Repurchase Agreements (cost \$5,628,000)		5,628,000
		-----
Total Market Value of Securities Before Securities Lending Collateral - 131.62% (cost \$182,453,751)		192,998,019
		-----

	Principal Amount	Market Value
Securities Lending Collateral** - 19.17%		
Short-Term Investments		
oAbbey National 4.14% 1/13/06	\$ 689,614	\$ 689,707
oAustralia New Zealand 4.15% 1/2/07	931,911	931,911
oBank of New York 4.07% 4/4/06	745,529	745,529
oBank of the West 4.07% 3/2/06	931,911	931,911
oBayerische Landesbank 4.21% 8/25/06	931,911	931,911
oBear Stearns		
4.14% 1/17/06	186,382	186,414
4.15% 5/31/06	1,118,293	1,118,293
oBeta Finance 4.08% 4/18/06	931,911	931,864
Calyon London 3.77% 12/30/05	652,338	654,663
oCDC Financial Products 4.16% 1/3/06	1,211,484	1,211,484
oCitigroup Global Markets		
4.10% 12/1/05	2,377,799	2,377,799
4.13% 12/7/05	1,211,484	1,211,484
oCommonwealth Bank Australia		
4.16% 1/2/07	931,911	931,911
oCredit Suisse First Boston New York		
4.02% 12/29/05	195,701	195,705
4.12% 4/18/06	1,006,464	1,006,464
Deutsche Bank London 3.76% 12/27/05	279,573	279,608
oGoldman Sachs 4.20% 11/30/06	1,211,484	1,211,484
oLehman Holdings 4.14% 12/23/05	931,911	932,189
oManufacturers & Traders 4.18% 9/26/06	931,911	931,722
oMarshall & Ilsley Bank 3.97% 12/29/05	931,911	931,925
oMerrill Lynch Mortgage Capital		
4.16% 1/12/06	1,211,484	1,211,484
oMorgan Stanley 4.24% 11/30/06	1,155,570	1,155,570
oNational City Bank 4.06% 1/23/06	1,062,378	1,062,398
oNordea Bank Norge ASA 4.10% 1/2/07	931,911	931,911
oProcter & Gamble 3.77% 1/2/07	931,911	931,911
oRoyal Bank of Scotland 4.13% 1/2/07	931,911	931,911
oSigma Finance 4.08% 3/16/06	279,573	279,592
oSociete Generale NY 4.06% 1/2/07	465,955	465,955

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

oToyota Motor Credit 4.05% 6/23/06	931,911	931,958
oWells Fargo 4.11% 1/2/07	931,911	931,911
oWilmington Trust Company 4.05% 1/5/06	931,911	931,911
	-----	
TOTAL SECURITIES LENDING COLLATERAL (cost \$28,110,490)		28,110,490
		-----
TOTAL MARKET VALUE OF SECURITIES - 150.79% (cost \$210,564,239)		221,108,509***
OBLIGATION TO RETURN SECURITIES LENDING COLLATERAL** - (19.17%)		(28,110,490)
COMMERCIAL PAPER PAYABLE (PAR \$48,000,000) - (32.55%)		(47,725,117)
RECEIVABLES AND OTHER ASSETS NET OF LIABILITIES - 0.93%		1,365,231
		-----
NET ASSETS APPLICABLE TO 11,588,670 SHARES OUTSTANDING; EQUIVALENT TO \$12.65 PER SHARE - 100.00%		\$146,638,133
		=====

11

STATEMENT OF NET ASSETS (CONTINUED) DELAWARE INVESTMENTS DIVIDEND AND INCOME FUND, INC.

Components of Net Assets at November 30, 2005:

Common stock, \$0.01 par value, 500,000,000 shares authorized to the Fund	\$134,764,355
Distribution in excess of net investment income	(59,410)
Accumulated net realized gain on investments	1,388,918
Net unrealized appreciation of investments	10,544,270
	-----
Total net assets	\$146,638,133
	=====

&Step coupon bond. Indicates security that has a zero coupon that remains in effect until a predetermined date at which time the stated interest rate becomes effective.

@Step coupon bond. Coupon increases periodically based on a predetermined schedule. Stated interest rate in effect at November 30, 2005.

oVariable rate securities. The interest rate shown is the rate as of November 30, 2005.

+Non-income producing security for the year ended November 30, 2005.

#Security exempt from registration under Rule 144A of the Securities Act of 1933. At November 30, 2005, the aggregate amount of the 144A securities equals \$15,022,402 or 10.24% of the Fund's net assets. See Note 8 in "Notes to Financial Statements."

=Security is being fair valued in accordance with the Fund's fair valuation policy. See Note 1 in "Notes to Financial Statements." At November 30, 2005, two securities were fair valued which represented 0.02% of the Fund's net assets.

JSecurity is currently in default. The issue has missed the maturity date. Bankruptcy proceedings are in process to determine distribution of assets. The date listed is the estimate of when proceedings will be finalized.

++Non-income producing security. Security is currently in default.

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

\*Fully or partially on loan.

\*\*See Note 7 in "Notes to Financial Statements."

\*\*\*Includes \$27,410,643 of securities loaned.

xRestricted Security. Investment in a security not registered under the Securities Act of 1933. This security has certain restrictions on resale which may limit its liquidity. At November 30, 2005, the aggregate amount of the restricted securities equals \$3,493,625 or 2.38% of the Fund's net assets. See Note 8 in "Notes to Financial Statements."

## Summary of Abbreviations:

ADR - American Depositary Receipts

REIT - Real Estate Investment Trust

See accompanying notes

12

## STATEMENT OF OPERATIONS DELAWARE INVESTMENTS DIVIDEND AND INCOME FUND, INC.

INVESTMENT INCOME:			
Dividends		\$6,097,310	
Interest		5,053,147	
Securities lending income		68,154	
Foreign tax withheld		(11,583)	\$11,207,028
		-----	-----
EXPENSES:			
Management fees		1,164,208	
Reports to shareholders		202,724	
Commercial paper fees		169,231	
Accounting and administration expenses		95,134	
Legal and professional fees		92,021	
Transfer agent fees		71,614	
Taxes (other than taxes on income)		27,663	
NYSE fees		25,000	
Insurance fees		14,066	
Custodian fees		10,038	
Directors' fees		8,823	
Pricing fees		5,826	
Registration fees		526	
Other		8,185	
		-----	
Total operating expenses (before interest expense)			1,895,059
Interest expense			1,615,826
			-----
Total operating expenses (after interest expense)			3,510,885
Less expenses paid indirectly			(105)
			-----
Total expenses			3,510,780
			-----
NET INVESTMENT INCOME			7,696,248
			-----
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FOREIGN CURRENCIES:			
Net realized gain (loss) on:			
Investments			20,784,396

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

Foreign currencies	(1,103)
	-----
Net realized gain	20,783,293
Net change in unrealized appreciation/depreciation of investments and foreign currencies	(20,069,254)
	-----
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS AND FOREIGN CURRENCIES	714,039
	-----
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 8,410,287
	-----

See accompanying notes

13

STATEMENT OF CHANGES IN NET ASSETS DELAWARE INVESTMENTS DIVIDEND AND INCOME FUND, INC.

	Year Ended	
	11/30/05	11/30/04
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS:		
Net investment income	\$ 7,696,248	\$ 8,051,445
Net realized gain on investments and foreign currencies	20,783,293	9,067,747
Net change in unrealized appreciation/depreciation of investments and foreign currencies	(20,069,254)	11,577,007
	-----	-----
Net increase in net assets resulting from operations	8,410,287	28,696,199
	-----	-----
DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS FROM (SEE NOTE 4):		
Net investment income	(8,898,947)	(8,531,887)
Net realized gains	(2,947,249)	(3,830,110)
	-----	-----
	(11,846,196)	(12,361,997)
	-----	-----
CAPITAL STOCK TRANSACTIONS:		
Cost of shares repurchased (See Note 5)	(16,855,077)	--
	-----	-----
Decrease in net assets derived from capital stock transactions	(16,855,077)	--
	-----	-----
NET INCREASE (DECREASE) IN NET ASSETS	(20,290,986)	16,334,202
NET ASSETS:		
Beginning of year	166,929,119	150,594,917
	-----	-----
End of year (including distributions in excess of net investment income of \$60,513 and \$0, respectively)	\$146,638,133	\$166,929,119
	=====	=====

See accompanying notes



Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

14

STATEMENT OF CASH FLOWS DELAWARE INVESTMENTS DIVIDEND AND INCOME FUND, INC.  
Year Ended November 30, 2005

NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Net increase in net assets resulting from operations	\$ 8,410,287
-----	
Adjustments to reconcile net increase in net assets from operations to cash provided by operating activities:	
Amortization of premium and discount on securities purchased	(236,443)
Net proceeds from investment transactions	28,718,495
Net realized gain from investment transactions	(20,784,396)
Net realized loss on foreign currencies	1,103
Net change in net unrealized appreciation/depreciation of investments and foreign currency	20,069,254
Increase in receivable for investments sold	(3,213,177)
Increase in interest and dividends receivable and other assets	(54,662)
Increase in payable for investments purchased	2,913,500
Increase in interest payable	53,161
Increase in accrued expenses and other liabilities	46,880
-----	
Total adjustments	27,513,715
-----	
Net cash provided by operating activities	35,924,002
-----	
CASH FLOWS USED FOR FINANCING ACTIVITIES:	
Cash provided by issuance of commercial paper	256,269,634
Repayment of commercial paper upon maturity	(263,437,335)
Cash dividends and distributions paid	(11,846,196)
Tender offer	(16,855,077)
-----	
Net cash used for financing activities	(35,868,974)
-----	
Effect of exchange rates on cash	(1,103)
-----	
Net increase in cash	53,925
Cash at beginning of year	17,543
-----	
Cash at end of year	\$ 71,468
=====	
Cash paid for interest expense for leverage	\$ 1,562,665
=====	
See accompanying notes	

15

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

## FINANCIAL HIGHLIGHTS

Selected data for each share of the Fund outstanding throughout each period were as follows:

	Delaware Investments Dividend an		
	11/30/05	11/30/04	Year Ende 11/30/03
NET ASSET VALUE, BEGINNING OF PERIOD	\$12.960	\$11.700	\$10.140
INCOME (LOSS) FROM INVESTMENT OPERATIONS:			
Net investment income(2)	0.623	0.625	0.711
Net realized and unrealized gain (loss) on investments and foreign currencies	0.027	1.595	1.989
	-----	-----	-----
Total from investment operations	0.650	2.220	2.700
	-----	-----	-----
LESS DIVIDENDS AND DISTRIBUTIONS FROM:			
Net investment income	(0.722)	(0.663)	(0.714)
Net realized gain on investments	(0.238)	(0.297)	--
Return of capital	--	--	(0.426)
	-----	-----	-----
Total dividends and distributions	(0.960)	(0.960)	(1.140)
	-----	-----	-----
NET ASSET VALUE, END OF PERIOD	\$12.650	\$12.960	\$11.700
	=====	=====	=====
MARKET VALUE, END OF PERIOD	\$12.550	\$11.760	\$11.840
	=====	=====	=====
TOTAL RETURN BASED ON:(3)			
Market value	15.38%	7.78%	30.20%
Net asset value	5.44%	20.29%	27.13%
RATIOS AND SUPPLEMENTAL DATA:			
Net assets, end of period (000 omitted)	\$146,638	\$166,929	\$150,595
Ratio of expenses to average net assets	2.20%	1.51%	1.63%
Ratio of expenses to adjusted average net assets before interest expense)	4 0.91%	0.76%	0.79%
Ratio of interest expense to adjusted average net assets(4)	0.78%	0.36%	0.37%
Ratio of net investment income to average net assets	4.81%	5.10%	6.70%
Ratio of net investment income to adjusted average net assets(4)	3.70%	3.78%	4.78%
Portfolio turnover	94%	89%	175%
LEVERAGE ANALYSIS:			
Debt outstanding at end of period at par (000 omitted)	\$48,000	\$55,000	\$55,000
Average daily balance of debt outstanding (000 omitted)	\$51,697	\$54,893	\$54,882
Average daily balance of shares outstanding (000 omitted)	12,361	12,876	12,876
Average debt per share	\$4.180	\$4.260	\$4.262
Asset coverage per \$1,000 of debt outstanding at			

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

end of period	\$4,073	\$4,044	\$3,743
---------------	---------	---------	---------

(1) As required, effective December 1, 2001, the Fund adopted the provision of the AICPA Audit and Accounting Guide for Investment Companies that requires amortization of all premiums and discounts on debt securities. The effect of this change for the year ended November 30, 2002 was a decrease in net investment income per share of \$0.025, an increase in net realized and unrealized gain (loss) per share of \$0.025, a decrease in the ratio of net investment income to average net assets of 0.22%, and a decrease in the ratio of net investment income to adjusted net assets of 0.16%. Per share data and ratios for the periods prior to December 1, 2001 have not been restated to reflect this change in accounting.

(2) The average shares outstanding method has been applied for per share information.

(3) Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each period reported. Dividends and distributions, if any, are assumed for the purpose of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Generally, total investment return based on net asset value will be higher than total investment return based on market value in periods where there is an increase in the discount or decrease in the premium of the market value to the net asset value from the beginning to the end of such periods. Conversely, total investment return based on net asset value will be lower than total investment return based on market value in periods where there is a decrease in the discount or an increase in the premium of the market value to the net asset value from the beginning to the end of such periods.

(4) Adjusted average net assets excludes debt outstanding.

See accompanying notes

16

NOTES  
TO FINANCIAL STATEMENTS

DELAWARE INVESTMENTS DIVIDEND AND INCOME FUND, INC.  
November 30, 2005

Delaware Investments Dividend and Income Fund, Inc. (the "Fund") is organized as a Maryland corporation and is a diversified closed-end management investment company under the Investment Company Act of 1940, as amended. The Fund's shares trade on the New York Stock Exchange under the symbol DDF.

The investment objective of the Fund is to seek high current income. Capital appreciation is a secondary objective.

### 1. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are in accordance with U.S generally accepted accounting principles and are consistently followed by the Fund:

Security Valuation - Equity securities, except those traded on the Nasdaq Stock Market, Inc. (Nasdaq), are valued at the last quoted sales price as of the time of the regular close of the New York Stock Exchange (NYSE) on the valuation date. Securities traded on the Nasdaq are valued in accordance with the Nasdaq Official Closing Price, which may not be the last sales price. If on a particular day an equity security does not trade, then the mean between the bid and the asked prices will be used. U.S. Government and agency securities are valued at the mean between the bid and asked prices. Long-term debt securities

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

are valued by an independent pricing service and such prices are believed to reflect the fair value of such securities. Short-term debt securities having less than 60 days to maturity are valued at amortized cost, which approximates market value. Securities lending collateral is valued at amortized cost, which approximates market value. Other securities and assets for which market quotations are not readily available are valued at fair value as determined in good faith under the direction of the Fund's Board of Directors. In determining whether market quotations are readily available or fair valuation will be used, various factors will be taken into consideration, such as market closures, or with respect to foreign securities, aftermarket trading or significant events after local market trading (e.g., government actions or pronouncements, trading volume or volatility on markets, exchanges among dealers, or news events).

Federal Income Taxes - The Fund intends to continue to qualify for federal income tax purposes as a regulated investment company and make the requisite distributions to shareholders. Accordingly, no provision for federal income taxes has been made in the financial statements.

Distributions - The Fund has a managed distribution policy. Under the policy, the Fund declares and pays monthly distributions and is managed with a goal of generating as much of the distribution as possible from ordinary income (net investment income and short-term capital gains). The balance of the distribution then comes from long-term capital gains and if necessary, a return of capital. The current annualized rate is \$0.96 per share. The Fund continues to evaluate its monthly distribution in light of ongoing economic and market conditions and may change the amount of the monthly distributions in the future.

Borrowings - The Fund issues short-term commercial paper at a discount from par. The discount is amortized as interest expense over the life of the commercial paper using the straight-line method (See Note 6).

Use of Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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.

Other - Expenses common to all funds within the Delaware Investments(R) Family of Funds are allocated amongst the funds on the basis of average net assets. Management fees and some other expenses are paid monthly. Security transactions are recorded on the date the securities are purchased or sold (trade date) for financial reporting purposes. Costs used in calculating realized gains and losses on the sale of investment securities are those of the specific securities sold. Dividend income is recorded on the ex-dividend date and interest income is

recorded on the accrual basis. Discounts and premiums on non-convertible debt securities are amortized to interest income over the lives of the respective securities. Distributions received from investments in Real Estate Investment Trusts are recorded as dividend income on ex-dividend date, subject to reclassification upon notice of the character of such distributions by the issuer. The Fund may direct certain security trades to brokers who have agreed to rebate a portion of the related brokerage commission to the Fund in cash. There were no commission rebates during the year ended November 30, 2005.

The Fund may receive earnings credits from its custodian when positive cash balances are maintained, which are used to offset custody fees. The expense paid under the above arrangement is included in custodian fees on the Statement of Operations with the corresponding expense offset shown as "expense paid

indirectly."

2. INVESTMENT MANAGEMENT, ADMINISTRATION AGREEMENTS AND OTHER  
TRANSACTIONS WITH AFFILIATES

In accordance with the terms of its investment management agreement, the Fund pays Delaware Management Company (DMC), a series of Delaware Management Business Trust and the investment manager, an annual fee of 0.55%, which is calculated daily based on the adjusted average weekly net assets.

Delaware Service Company, Inc. (DSC), an affiliate of DMC, provides accounting and administration services. Effective May 19, 2005, the Fund pays DSC a monthly fee computed at an annual rate of 0.04% of the Fund's adjusted average weekly net assets for accounting and administration services. Prior to May 19, 2005, the Fund paid DSC a monthly fee computed at the annual rate of 0.05% of the Fund's adjusted average weekly net assets, subject to an annual minimum of \$85,000.

For purposes of the calculation of investment management fees and administration fees, adjusted average weekly net assets does not include the commercial paper liability.

At November 30, 2005, the Fund had liabilities payable to affiliates as follows:

Investment management fee payable to DMC	\$88,808
Accounting and administration fees and other expenses payable to DSC	7,232
Other expenses payable to DMC and affiliates*	18,035

\* DMC, as part of its administration services, pays operating expenses on behalf of the Fund and is reimbursed on a periodic basis. Such expenses include items such as printing of shareholder reports, fees for audit, legal and tax services, stock exchange fees, custodian fees and directors fees.

As provided in the investment management agreement, the Fund bears the cost of certain legal services expenses, including internal legal services, provided to the Fund by DMC employees. For the year ended November 30, 2005, the Fund was charged \$9,987 for internal legal services provided by DMC.

Certain officers of DMC and DSC are officers and/or directors of the Fund. These officers and directors are paid no compensation by the Fund.

3. INVESTMENTS

For the year ended November 30, 2005, the Fund made purchases of \$194,173,980 and sales of \$221,373,982 of long-term investment securities other than long-term U.S. government securities and short-term investments. At November 30, 2005, the cost of investments for federal income tax purposes was \$210,818,035.

At November 30, 2005, the net unrealized appreciation was \$10,290,474, of which \$20,291,844 related to unrealized appreciation of investments and \$10,001,370 related to unrealized depreciation of investments.

17

NOTES  
TO FINANCIAL STATEMENTS (CONTINUED)

4. DIVIDEND AND DISTRIBUTION INFORMATION

Income and long-term capital gain distributions are determined in accordance with federal income tax regulations, which may differ from U.S. generally accepted accounting principles. Additionally, gains (losses) on foreign currency

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

transactions and net short-term gains on sales of investment securities are treated as ordinary income (loss) for federal income tax purposes. The tax character of dividends and distributions paid during the years ended November 30, 2005 and 2004 was as follows:

	Year Ended	
	2005	2004
Ordinary income	\$8,898,947	\$12,361,997
Long-term capital gains	2,947,249	--
	-----	-----
Total	\$11,846,196	\$12,361,997
	=====	=====

As of November 30, 2005, the components of net assets on a tax basis were as follows:

Shares of beneficial interest	\$134,764,355
Undistributed long-term capital gain	1,583,302
Unrealized appreciation of investments	10,290,474
	-----
Net assets	\$146,638,131
	=====

The differences between book basis and tax basis components of net assets are primarily attributable to tax deferral of losses on wash sales, tax treatment of market discount and premium on debt instruments and treatment of contingent payment debt instruments.

For financial reporting purposes, capital accounts are adjusted to reflect the tax character of permanent book/tax differences. Reclassifications are primarily due to tax treatment of market discounts and premiums on certain debt instruments, gain (loss) on foreign currency transactions, distributions from net realized gains and treatment of contingent payment debt instruments. Results of operations and net assets were not affected by these reclassifications. For the year ended November 30, 2005, the Fund recorded the following permanent reclassifications.

Undistributed net investment income	\$1,143,289
Accumulated net realized gain (loss)	(1,143,289)

For federal income tax purposes, \$15,214,564 of capital loss carryforwards from prior years was utilized in the year ended November 30, 2005. There are no remaining capital loss carryforwards.

### 5. CAPITAL STOCK

Shares issuable under the Fund's dividend investment plan are purchased by the Fund's transfer agent, Mellon Investor Services, LLC, in the open market. There were no shares issued under the Fund's dividend reinvestment plan.

On May 19, 2005, the Fund's Board of Directors approved a tender offer for shares of the Fund's common stock. The tender offer authorized the Fund to purchase up to 10% of its issued and outstanding shares at a price equal to the Fund's net asset value at 4:00 pm. New York City time on July 1, 2005, the first business day following expiration of the offer. The tender offer commenced on June 3, 2005 and expired on June 30, 2005. In connection with the tender offer, the Fund purchased 1,287,630 shares of capital stock at a total cost of \$16,855,077.

The Fund did not purchase any shares under the Share Repurchase Program during the year ended November 30, 2005.

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

### 6. COMMERCIAL PAPER

As of November 30, 2005, \$48,000,000 (par value) of commercial paper was outstanding with an amortized cost of \$47,725,117. The weighted average discount rate of commercial paper outstanding at November 30, 2005 was 4.18%. The average daily balance of commercial paper outstanding during the year ended November 30, 2005 was \$51,697,090 at a weighted discount rate of 1.89%. The maximum amount of commercial paper outstanding at any time during the year was \$55,000,000. On June 24, 2005, the Fund reduced the commercial paper outstanding to \$48 million in conjunction with the tender offer. In conjunction with the issuance of the commercial paper, the Fund entered into a line of credit arrangement with J.P. Morgan Chase for \$30,000,000. Interest on borrowings is based on market rates in effect at the time of borrowing. As of November 18, 2005, the commitment fee is computed at the rate of 0.12% per annum on the unused balance. Prior to November 18, 2005, the rate was 0.15%. For the year ended November 30, 2005, the Fund was charged fees of \$45,458 which are included in "commercial paper fees" on the Statement of Operations. During the year ended November 30, 2005, there were no borrowings under this arrangement.

### 7. SECURITIES LENDING

The Fund, along with other funds in the Delaware Investments(R) Family of Funds, may lend its securities pursuant to a security lending agreement (Lending Agreement) with J.P. Morgan Chase. Initial security loans made pursuant to the Lending Agreement are required to be secured by U.S. Treasury obligations and/or cash collateral not less than 102% of the market value of the securities issued in the United States. With respect to each loan, if the aggregate market value of the collateral held on any business day is less than the aggregate market value of the securities which are the subject of such loan, the borrower will be notified to provide additional collateral not less than the applicable collateral requirements. Cash collateral received is invested in fixed-income securities, with a weighted average maturity not to exceed 90 days, rated in one of the top two tiers by Standard & Poor's Ratings Group or Moody's Investors Service, Inc. or repurchase agreements collateralized by such securities. However, in the event of default or bankruptcy by the lending agent, realization and/or retention of the collateral may be subject to legal proceedings. In the event the borrower fails to return loaned securities and the collateral received is insufficient to cover the value of the loaned securities and provided such collateral shortfall is not the result of investment losses, the lending agent has agreed to pay the amount of the shortfall to the Fund, or at the discretion of the lending agent, replace the loaned securities. The Fund continues to record dividends on the securities loaned and is subject to change in value of the securities loaned that may occur during the term of the loan. The Fund has the right under the Lending Agreement to recover the securities from the borrower on demand. The security lending agent and the borrower retain a portion of the earnings from the collateral investments. The Fund records security lending income net of such allocation.

At November 30, 2005, the market value of securities on loan was \$27,410,643, for which cash collateral was received and invested in accordance with the Lending Agreement. Such investments are presented on the Statement of Net Assets under the caption "Securities Lending Collateral."

18

NOTES  
TO FINANCIAL STATEMENTS (CONTINUED)

### 8. CREDIT AND MARKET RISKS

The Fund invests in high-yield fixed income securities, which carry ratings of BB or lower by Standard & Poor's Rating Group and/or Ba or lower by Moody's Investors Service, Inc. Investments in these higher yielding securities are

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

generally accompanied by a greater degree of credit risk than higher rated securities. Additionally, lower rated securities may be more susceptible to adverse economic and competitive industry conditions than investment grade securities.

The Fund may invest up to 10% of its total assets in illiquid securities, which may include securities with contractual restrictions on resale, securities exempt from registration under Rule 144A of the Securities Act of 1933, as amended, and other securities which may not be readily marketable. The relative illiquidity of these securities may impair the Fund from disposing of them in a timely manner and at a fair price when it is necessary or desirable to do so. While maintaining oversight, the Board of Directors has delegated to DMC the day-to-day functions of determining whether individual securities are liquid for purposes of the Fund's limitation on investments in illiquid assets. At November 30, 2005, no securities were determined to be illiquid under the Fund's Liquidity Procedures.

The Fund invests in real estate investment trusts (REITs) and is subject to some of the risks associated with that industry. If the Fund holds real estate directly as a result of defaults or receives rental income directly from real estate holdings, its tax status as a regulated investment company may be jeopardized. There were no direct holdings during the year ended November 30, 2005. The Fund's REIT holdings are also affected by interest rate changes, particularly if the REITs it holds use floating rate debt to finance their ongoing operations.

### 9. CONTRACTUAL OBLIGATIONS

The Fund enters into contracts in the normal course of business that contain a variety of indemnifications. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these contracts. Management has reviewed the Fund's existing contracts and expects the risk of loss to be remote.

19

### REPORT

OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors  
Delaware Investments Dividend and Income Fund, Inc.

We have audited the accompanying statement of net assets of Delaware Investments Dividend and Income Fund, Inc. (the "Fund") as of November 30, 2005, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the



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

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of November 30, 2005, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Delaware Investments Dividend and Income Fund, Inc. at November 30, 2005, the results of its operations and cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended, and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Philadelphia,  
Pennsylvania January 11, 2006

20

### OTHER DELAWARE INVESTMENTS DIVIDEND AND INCOME FUND, INC. FUND INFORMATION

#### TAX INFORMATION (UNAUDITED)

The information set forth below is for the Fund's fiscal year as required by federal laws. Shareholders, however, must report distributions on a calendar year basis for income tax purposes, which may include distributions for portions of two fiscal years of a fund. Accordingly, the information needed by shareholders for income tax purposes will be sent to them in January of each year. Please consult your tax advisor for proper treatment of this information.

For the fiscal year ended November 30, 2005, the Fund designates distributions paid during the year as follows:

(A)	(B)	(C)	Total	(D)
Long-Term Capital Gains Distributions (Tax Basis)	Ordinary Income Distributions* (Tax Basis)	Return of Capital (Tax Basis)	Distribution (Tax Basis)	Qualifying Dividends(1)
-----	-----	-----	-----	-----
25%	75%	--	100%	42%

(A) (B) and (C) are based on a percentage of the Fund's total distributions.

(D) is based on a percentage of the Fund's ordinary income distributions.

(1) Qualifying dividends represent dividends which qualify for the corporate dividends received deduction.

\*For the fiscal year ended November 30, 2005, certain dividends paid by the Fund may be subject to a maximum tax rate of 15%, as provided for by the Jobs and Growth Tax Relief Reconciliation Act of 2003. The Fund intends to designate up to a maximum amount of \$8,898,947 to be taxed at a maximum rate

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

of 15%. Complete information will be computed and reported in conjunction with your 2005 Form 1099-DIV.

### CORPORATE GOVERNANCE (UNAUDITED)

The Fund's audit committee charter is available on its web site at <http://www.delawareinvestments.com>, and the charter is also available in print to any shareholder who requests it. The Fund submitted its Annual CEO certification for 2005 to the NYSE on August 31, 2005 stating that the CEO was not aware of any violation by the Fund of the NYSE's corporate governance listing standards. In addition, the Fund had filed the required CEO/CFO certifications regarding the quality of the Fund's public disclosure as exhibits to the Form N-CSRs and Form N-Qs filed by the Fund over the past fiscal year. The Fund's Form N-CSR and Form N-Q filings are available on the Commission's web site at <http://www.sec.gov>.

### BY-LAWS (UNAUDITED)

The Fund recently amended and restated its By-Laws. The following provisions were included in the Fund's Amended and Restated By-Laws.

#### ARTICLE II, SECTION 3. SPECIAL MEETINGS.

Special meetings of the stockholders may be called at any time by the Chairperson, President or a majority of the members of the Board of Directors and shall be called by the secretary of the Corporation upon the written request of the holders of at least a majority of the shares of the capital stock of the Corporation issued and outstanding and entitled to vote at such meeting. Upon receipt of a written request from such holders entitled to call a special meeting, which shall state the purpose of the meeting and the matter proposed to be acted on at it, the secretary shall issue notice of such meeting. The cost of preparing and mailing the notice of a special meeting of stockholders shall be borne by the Corporation. Special meetings of the stockholders shall be held at the principal office of the Corporation, or at such place within or without the State of Maryland as shall be specified in the notice of such meeting.

#### ARTICLE III, SECTION 2. NUMBER OF DIRECTORS.

The Board of Directors shall consist of not less than three members; provided, however, that if there are fewer than three stockholders, then the number of directors may be the same as the number of stockholders, but not less than one. The Board of Directors may alter the number of directors set by these By-Laws in accordance with applicable provisions of law; provided however, that such action shall not affect the tenure of office of any director.

21

### OTHER DELAWARE INVESTMENTS DIVIDEND AND INCOME FUND, INC. FUND INFORMATION (CONTINUED)

#### PROXY RESULTS (UNAUDITED)

The Fund held its Annual Meeting of Shareholders on August 17, 2005. At the Annual Meeting, the Fund's shareholders elected nine Directors. The results of the voting at the meeting were as follows:

Nominee	Shares Voted For	Shares Voted Against
-----	-----	-----
Jude T. Driscoll	12,269,268	138,372
Thomas L. Bennett	12,247,942	159,697
John A. Fry	12,272,279	135,361
Anthony D. Knerr	12,266,390	141,249
Lucinda S. Landreth	12,254,907	152,732

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

Ann R. Leven	12,272,792	134,847
Thomas F. Madison	12,259,401	148,238
Janet L. Yeomans	12,262,990	144,649
J. Richard Zecher	12,255,955	151,684

### CHANGES TO FUND'S INVESTMENT OBJECTIVES AND POLICIES (UNAUDITED)

In August 2005, the Fund's Board of Directors approved the following changes in investment strategies. The changes became effective on November 14, 2005, after a 60 day notice period.

### NON-INCOME PRODUCING COMMON STOCKS

The Fund may invest up to 15 percent of its total assets in non-income producing common stocks.

### SECURITY SELECTION PROCESS

The Fund will adhere to the following policy regarding the selection of securities:

In selecting investments for the Fund's portfolio, Delaware Management Company (the "Manager") employs a yield-oriented and value driven approach. The Manager analyzes economic and market conditions, and assesses the income and potential for appreciation that can be achieved from the equity investments being considered. The Manager will then apply fundamental analysis to identify the equity securities that it believes can best help the Fund meet its investment objectives. The industry sector weightings in the Income Generating Equity Securities portion of the Fund's portfolio will be determined based on the Manager's investment research efforts. The Fund defines Income Generating Equity Securities as dividend paying common stocks, convertible securities, preferred stocks and other equity related securities.

This new policy replaces the following policy regarding the selection of securities:

In selecting Income Generating Equity Securities for the Fund's investment portfolio, the preponderance of the securities in that portion of the Fund's portfolio will be selected by the Manager from among the top two quartiles in terms of yield of all Income Generating Equity Securities as determined by the Manager. After identifying all Income Generating Equity Securities in such quintiles, the Manager will then apply fundamental investment analysis to select the Fund's specific portfolio securities. The industry sector weightings in the Income Generating Equity Securities portion of the Fund's portfolio will be determined based on the Manager's investment research efforts.

### DEFINITION OF COMMON STOCK

The Fund will adhere to the following definition of common stock:

Common stock is defined as shares of a corporation that entitle the holder to a pro rata share of the profits of the corporation, if any, without a preference over any other shareholder or class of shareholders, including holders of the corporation's preferred stock and other senior equity. Common stock usually carries with it the right to vote and frequently an exclusive right to do so. Holders of common stock also have the right to participate in the remaining assets of the corporation after all claims are paid, including those of debt securities and preferred stock. In selecting common stocks for investment, the Manager will generally focus on a variety of factors, including, among other things, the earnings and cash flow potential and the asset value of the issuer.

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

OTHER DELAWARE INVESTMENTS DIVIDEND AND INCOME FUND, INC.  
FUND INFORMATION (CONTINUED)

## TENDER OFFERS (UNAUDITED)

As described in Note 5 to the Financial Statements, the Fund conducted a tender offer in 2005. There can be no assurance that a tender offer will reduce or eliminate any spread between market price and the net asset value of the Fund's shares. The market price of the shares will, among other things, be determined by the relative demand for and supply of shares in the market, the Fund's investment performance, the Fund's dividends and yields and investor perception of the Fund's overall attractiveness as an investment as compared with other investment alternatives. Nevertheless, the fact that a tender offer may be conducted may result in more of a reduction in the spread between market price and net asset value than might otherwise be the case. The Fund's Board of Directors, consistent with its fiduciary obligations, may explore alternatives to a tender offer to reduce or eliminate the Fund's potential market value discount from net asset value. Therefore, the Fund cannot provide assurance that it will make tender offers in the future.

The tender offer plan described in the Fund's prospectus contemplates that a shareholder wishing to accept a tender offer must tender all (but not less than all) of the Fund shares owned by the shareholder or attributed to it under Section 318 of the Internal Revenue Code, unless the Fund has received a private letter ruling the Internal Revenue Service that a tender of less than all of a shareholder's shares will not cause non-tendering shareholders to realize constructive distributions on their shares under Section 305 of the Internal Revenue Code. The Fund has obtained such a ruling in the past. There is no guarantee that the Fund will be able to obtain a similar ruling in the future. Nevertheless, if the Fund determines to conduct another tender offer in the future, the Fund may, in its discretion, choose whether or not to accept tenders of less than all of a shareholder's shares.

## DISTRIBUTION INFORMATION (UNAUDITED)

Shareholders were sent monthly notices from the Fund that set forth estimates, on a book basis, of the source or sources from which monthly distributions were paid. Subsequently, these estimates may have been corrected in part. Listed below is a written statement of the sources of these monthly distributions, as corrected, on a book basis.

	Net Investment Income per share	Return of Capital per share	Long Term Capital Gain per share	Total Distribution Amount
12/04	\$0.080	\$ --	\$ --	\$0.080
1/05	0.045	0.035	--	0.080
2/05	0.045	0.035	--	0.080
3/05	0.073	0.007	--	0.080
4/05	0.052	0.028	--	0.080
5/05	0.039	0.041	--	0.080
6/05	0.068	0.012	--	0.080
7/05	0.046	0.034	--	0.080
8/05	0.038	--	0.042	0.080
9/05	0.063	--	0.017	0.080
10/05	0.033	--	0.047	0.080
11/05	0.066	--	0.014	0.080
	-----	-----	-----	-----
	\$0.648	\$0.192	\$0.120	\$0.960
	=====	=====	=====	=====

Please note that the information in the preceding chart is for book purposes only. Shareholders should be aware that the tax treatment of distributions may differ from their book treatment. The tax treatment of distributions will be set forth in a Form 1099-DIV.

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

DELAWARE INVESTMENTS(R) FAMILY OF FUNDS  
BOARD OF TRUSTEES/DIRECTORS AND OFFICERS ADDENDUM

A fund is governed by a Board of Trustees/Directors ("Trustees"), which has oversight responsibility for the management of a fund's business affairs. Trustees establish procedures and oversee and review the performance of the investment manager and others who perform services for the fund. The independent fund trustees, in particular, are advocates for shareholder interests. The following is a list of the Trustees and Officers with certain background and related information.

NAME, ADDRESS AND BIRTHDATE	POSITION(S) HELD WITH FUND(S)	LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	N PORTFO COMPL BY OR
<hr/>				
INTERESTED TRUSTEES				
JUDE T. DRISCOLL(2) 2005 Market Street Philadelphia, PA 19103  March 10, 1963	Chairman, President, Chief Executive Officer and Trustee	5 Years - Executive Officer  2 Years - Trustee	Since August 2000, Mr. Driscoll has served in various executive capacities at different times at Delaware Investments(1)	
<hr/>				
INDEPENDENT TRUSTEES				
THOMAS L. BENNETT 2005 Market Street Philadelphia, PA 19103  October 4, 1947	Trustee	Since March 23, 2005	Private Investor - (March 2004 - Present)  Investment Manager - Morgan Stanley & Co. (January 1984 - March 2004)	
<hr/>				
JOHN A. FRY 2005 Market Street Philadelphia, PA 19103  May 28, 1960	Trustee	4 Years	President - Franklin & Marshall College (June 2002 - Present)  Executive Vice President - University of Pennsylvania (April 1995 - June 2002)	
<hr/>				
ANTHONY D. KNERR 2005 Market Street Philadelphia, PA 19103  December 7, 1938	Trustee	12 Years	Founder/Managing Director - Anthony Knerr & Associates (Strategic Consulting) (1990 - Present)	
<hr/>				
LUCINDA S. LANDRETH 2005 Market Street Philadelphia, PA	Trustee	Since March 23, 2005	Chief Investment Officer - Assurant, Inc. (Insurance)	

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

19103

(2002 - 2004)

June 24, 1947

ANN R. LEVEN 2005 Market Street Philadelphia, PA 19103	Trustee	16 Years	Treasurer/Chief Fiscal Officer - National Gallery of Art (1994 - 1999)
---	---------	----------	--

November 1, 1940

24

NAME, ADDRESS AND BIRTHDATE	POSITION(S) HELD WITH FUND(S)	LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	N PORTFO COMPL BY OR
-----------------------------------	-------------------------------------	--------------------------	--	----------------------------------

INDEPENDENT TRUSTEES (CONTINUED)

THOMAS F. MADISON 2005 Market Street Philadelphia, PA 19103  February 25, 1936	Trustee	11 Years	President/Chief Executive Officer - MLM Partners, Inc. (Small Business Investing and Consulting) (January 1993 - Present)
---	---------	----------	--

JANET L. YEOMANS 2005 Market Street Philadelphia, PA 19103  July 31, 1948	Trustee	6 Years	Vice President (January 2003 - Present) and Treasurer (January 2006 - Present) 3M Corporation  Ms. Yeomans has held various management positions at 3M Corporation since 1983.
--	---------	---------	--

J. RICHARD ZECHER 2005 Market Street Philadelphia, PA 19103  July 3, 1940	Trustee	Since March 23, 2005	Founder - Investor Analytics (Risk Management) (May 1999 - Present)
--	---------	-------------------------	--

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

-----  
OFFICERS

MICHAEL P. BISHOF 2005 Market Street Philadelphia, PA 19103  August 18, 1962	Senior Vice President and Chief Financial Officer	Chief Financial Officer since February 17, 2005	Mr. Bishof has served in various executive capacities at different times at Delaware Investments.
---	---	---	---

DAVID F. CONNOR 2005 Market Street Philadelphia, PA 19103  December 2, 1963	Vice President, Deputy General Counsel and Secretary	Vice President since September 21, 2000 and Secretary since October 25, 2005	Mr. Connor has served as Vice President and Deputy General Counsel of Delaware Investments since 2000.
--	--	--	--

DAVID P. O'CONNOR 2005 Market Street Philadelphia, PA 19103  February 21, 1966	Senior Vice President, General Counsel and Chief Legal Officer	Senior Vice President, General Counsel and Chief Legal Officer since October 25, 2005	Mr. O'Connor has served in various executive and legal capacities at different times at Delaware Investments.
---	--	---	---

JOHN J. O'CONNOR 2005 Market Street Philadelphia, PA 19103  June 16, 1957	Senior Vice President and Treasurer	Treasurer since February 17, 2005	Mr. O'Connor has served in various executive capacities at different times at Delaware Investments.
--	--	---	--

- 1 Delaware Investments is the marketing name for Delaware Management Holdings, Inc. and its subsidiaries, including the Fund's(s') investment advisor and its administrator.
- 2 Mr. Driscoll is considered to be an "Interested Trustee" because he is an executive officer of the Fund's(s') manager and distributor.
- 3 Mr. Bishof, Mr. Connor, Mr. David P. O'Connor and Mr. John J. O'Connor serve in similar capacities for the six portfolios of the Optimum Fund Trust, which have the same investment advisor as the registrant. Mr. John J. O'Connor also serves in a similar capacity for Lincoln Variable Insurance Products Trust, which has the same investment advisor as the registrant.

ABOUT

THE ORGANIZATION

This annual report is for the information of Delaware Investments Dividend and Income Fund, Inc. shareholders. The figures in this report represent past results that are not a guarantee of future results. The return and principal value of an investment in the Fund will fluctuate so that shares, when sold, may be worth more or less than their original cost.

Notice is hereby given in accordance with Section 23 (c) of the Investment Company Act of 1940 that the Fund may, from time to time, purchase shares of its Common Stock on the open market at market prices.

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

BOARD OF DIRECTORS

JUDE T. DRISCOLL  
Chairman  
Delaware Investments(R) Family of Funds  
Philadelphia, PA

THOMAS L. BENNETT  
Private Investor  
Rosemont, PA

JOHN A. FRY  
President  
Franklin & Marshall College  
Lancaster, PA

ANTHONY D. KNERR  
Managing Director  
Anthony Knerr & Associates  
New York, NY

LUCINDA S. LANDRETH  
Former Chief Investment Officer  
Assurant, Inc.  
Philadelphia, PA

ANN R. LEVEN  
Former Treasurer/Chief Fiscal Officer  
National Gallery of Art  
Washington, DC

THOMAS F. MADISON  
President and Chief Executive Officer  
MLM Partners, Inc.  
Minneapolis, MN

JANET L. YEOMANS  
Vice President and Treasurer  
3M Corporation  
St. Paul, MN

J. RICHARD ZECHER  
Founder  
Investor Analytics  
Scottsdale, AZ

AFFILIATED OFFICERS

MICHAEL P. BISHOP  
Senior Vice President and  
Chief Financial Officer  
Delaware Investments(R) Family of Funds  
Philadelphia, PA

DAVID F. CONNOR  
Vice President, Deputy General Counsel  
and Secretary  
Delaware Investments(R) Family of Funds  
Philadelphia, PA

DAVID P. O'CONNOR  
Senior Vice President, General Counsel  
and Chief Legal Officer  
Delaware Investments(R) Family of Funds  
Philadelphia, PA

JOHN J. O'CONNOR  
Senior Vice President and Treasurer  
Delaware Investments(R) Family of Funds  
Philadelphia, PA

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q, as well as a description of the policies and procedures that the Fund uses to determine how to vote proxies (if any) relating to portfolio securities is available without charge (i) upon request, by calling 800 523-1918; (ii) on the Fund's Web site at <http://www.delawareinvestments.com>; and (iii) on the Commission's Web site at <http://www.sec.gov>. The Fund's Forms N-Q may be reviewed and copied at the Commission's Public Reference Room in Washington, DC; information on the operation of the Public Reference Room may be obtained by calling 800-SEC-0330.

Information (if any) regarding how the Fund voted proxies relating to portfolio securities during the most recently disclosed 12-month period ended June 30 is available without charge (i) through the Fund's Web site at <http://www.delawareinvestments.com>; and (ii) on the Commission's Web site at <http://www.sec.gov>.

CONTACT INFORMATION

INVESTMENT MANAGER  
Delaware Investments(R) Family of Funds  
a Series of Delaware Investments  
Philadelphia, PA

PRINCIPAL OFFICE  
2005 Market Street  
Philadelphia, PA

INDEPENDENT REGISTERED  
Ernst & Young  
2001 Market Street  
Philadelphia, PA

REGISTRANT AND  
Mellon Investment Services  
480 Washington Street  
Jersey City, NJ  
800 851-9677

FOR SECURITIES  
INSTITUTIONS  
800 362-7500

WEB SITE  
[www.delawareinvestments.com](http://www.delawareinvestments.com)

Delaware Investments(R) Family of Funds  
for Delaware Investments(R) Family of Funds  
its subsidiaries

YOUR REINVESTMENT  
Delaware Investments(R) Family of Funds  
Income Fund, I  
dividend reinvestment  
would like to purchase  
shares are registered  
contact Mellon Investment Services  
at 800 851-9677  
put your request in writing  
have shares registered  
name, contact information  
holding the shares  
advisor.



Delaware  
Investments (R)

-----  
A member of Lincoln Financial Group

DDF  
Listed  
NYSE

THE NEW YORK STOCK EXCHANGE

CONTACT INFORMATION

WEB SITE

www.delawareinvestments.com

E-MAIL

service@delinvest.com

SHAREHOLDER SERVICE CENTER

800 523-1918

Call the Shareholder Service Center Monday to Friday,  
8 a.m. to 7 p.m. Eastern Time:

- o For fund information, literature, price, yield and performance figures.
- o For information on existing regular investment accounts and retirement plan accounts including wire investments, wire redemptions, telephone redemptions and telephone exchanges.

DELAPHONE SERVICE

800 362-FUND (800 362-3863)

- o For convenient access to account information or current performance information on all Delaware Investments(R) Funds seven days a week, 24 hours a day, use this Touch-Tone(R) service.

-----

(9981)  
AR-DDF [11/05] IVES 1/06

Printed in the USA  
ANN-0512 DI  
MF0512078 PO10660

Item 2. Code of Ethics

The registrant has adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party. A copy of the registrant's Code of Business Ethics has been posted on Delaware Investments' internet website at www.delawareinvestments.com. Any amendments to the Code of Business Ethics, and information on any waiver from its provisions granted by the registrant, will also be posted on this website within five business days of such amendment or waiver and will remain on the website for at least 12 months.

Item 3. Audit Committee Financial Expert

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

The registrant's Board of Trustees/Directors has determined that each member of the registrant's Audit Committee is an audit committee financial expert, as defined below. For purposes of this item, an "audit committee financial expert" is a person who has the following attributes:

- a. An understanding of generally accepted accounting principles and financial statements;
- b. The ability to assess the general application of such principles in connection with the accounting for estimates, accruals, and reserves;
- c. Experience preparing, auditing, analyzing, or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the registrant's financial statements, or experience actively supervising one or more persons engaged in such activities;
- d. An understanding of internal controls and procedures for financial reporting; and
- e. An understanding of audit committee functions.

An "audit committee financial expert" shall have acquired such attributes through:

- a. Education and experience as a principal financial officer, principal accounting officer, controller, public accountant, or auditor or experience in one or more positions that involve the performance of similar functions;
- b. Experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor, or person performing similar functions;
- c. Experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing, or evaluation of financial statements; or
- d. Other relevant experience.

The registrant's Board of Trustees/Directors has also determined that each member of the registrant's Audit Committee is independent. In order to be "independent" for purposes of this item, the Audit Committee member may not: (i) other than in his or her capacity as a member of the Board of Trustees/Directors or any committee thereof, accept directly or indirectly any consulting, advisory or other compensatory fee from the issuer; or (ii) be an "interested person" of the registrant as defined in Section 2(a)(19) of the Investment Company Act of 1940.

The names of the audit committee financial experts on the registrant's Audit Committee are set forth below:

Thomas L. Bennett (1)  
Thomas F. Madison  
Janet L. Yeomans (1)  
J. Richard Zecher

Item 4. Principal Accountant Fees and Services

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

### (a) Audit fees.

The aggregate fees billed for services provided to the registrant by its independent auditors for the audit of the registrant's annual financial statements and for services normally provided by the independent auditors in connection with statutory and regulatory filings or engagements were \$14,800 for the fiscal year ended November 30, 2005.

The aggregate fees billed for services provided to the registrant by its independent auditors for the audit of the registrant's annual financial statements and for services normally provided by the independent auditors in connection with statutory and regulatory filings or engagements were \$29,250 for the fiscal year ended November 30, 2004.

### (b) Audit-related fees.

The aggregate fees billed by the registrant's independent auditors for services relating to the performance of the audit of the registrant's financial statements and not reported under paragraph (a) of this Item were \$5,905 for the fiscal year ended November 30, 2005. The percentage of these fees relating to services approved by the registrant's Audit Committee pursuant to the de minimis exception from the pre-approval requirement in Rule 2-01(c) (7) (i) (C) of Regulation S-X was 0%. These audit-related services were as follows: issuance of agreed upon procedures reports with respect to the Fund's commercial paper program as required by the applicable rating agencies.

-----  
(1) The instructions to Form N-CSR require disclosure on the relevant experience of persons who qualify as audit committee financial experts based on "other relevant experience." The Board of Trustees/Directors has determined that Mr. Bennett qualifies as an audit committee financial expert by virtue of his education, Chartered Financial Analyst designation, and his experience as a credit analyst, portfolio manager and the manager of other credit analysts and portfolio managers. The Board of Trustees/Directors has determined that Ms. Yeomans qualifies as an audit committee financial expert by virtue of her education and experience as the Treasurer of a large global corporation.

The aggregate fees billed by the registrant's independent auditors for services relating to the performance of the audit of the financial statements of the registrant's investment adviser and other service providers under common control with the adviser and that relate directly to the operations or financial reporting of the registrant were \$16,350 for the registrant's fiscal year ended November 30, 2005. The percentage of these fees relating to services approved by the registrant's Audit Committee pursuant to the de minimis exception from the pre-approval requirement in Rule 2-01(c) (7) (i) (C) of Regulation S-X was 0%. These audit-related services were as follows: issuance of agreed upon procedures reports to the registrant's Board in connection with the annual fund accounting service agent contract renewal and the pass-through of internal legal cost relating to the operations of the registrant.

The aggregate fees billed by the registrant's independent auditors for services relating to the performance of the audit of the registrant's financial statements and not reported under paragraph (a) of this Item were \$8,320 for the fiscal year ended November 30, 2004. The percentage of these fees relating to services approved by the registrant's Audit Committee pursuant to the de minimis

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

exception from the pre-approval requirement in Rule 2-01(c)(7)(i)(C) of Regulation S-X was 0%. These audit-related services were as follows: issuance of agreed upon procedures reports with respect to the Fund's commercial paper program as required by the applicable rating agencies.

The aggregate fees billed by the registrant's independent auditors for services relating to the performance of the audit of the financial statements of the registrant's investment adviser and other service providers under common control with the adviser and that relate directly to the operations or financial reporting of the registrant were \$21,350 for the registrant's fiscal year ended November 30, 2004. The percentage of these fees relating to services approved by the registrant's Audit Committee pursuant to the de minimis exception from the pre-approval requirement in Rule 2-01(c)(7)(i)(C) of Regulation S-X was 0%. These audit-related services were as follows: issuance of agreed upon procedures reports to the registrant's Board in connection with the annual fund accounting service agent contract renewal and the pass-through of internal legal cost relating to the operations of the registrant.

### (c) Tax fees.

The aggregate fees billed by the registrant's independent auditors for tax-related services provided to the registrant were \$2,800 for the fiscal year ended November 30, 2005. The percentage of these fees relating to services approved by the registrant's Audit Committee pursuant to the de minimis exception from the pre-approval requirement in Rule 2-01(c)(7)(i)(C) of Regulation S-X was 0%. These tax-related services were as follows: review of income tax return and review of annual excise distribution calculation.

The aggregate fees billed by the registrant's independent auditors for tax-related services provided to the registrant's investment adviser and other service providers under common control with the adviser and that relate directly to the operations or financial reporting of the registrant were \$0 for the registrant's fiscal year ended November 30, 2005.

The aggregate fees billed by the registrant's independent auditors for tax-related services provided to the registrant were \$1,750 for the fiscal year ended November 30, 2004. The percentage of these fees relating to services approved by the registrant's Audit Committee pursuant to the de minimis exception from the pre-approval requirement in Rule 2-01(c)(7)(i)(C) of Regulation S-X was 0%. These tax-related services were as follows: review of income tax return and review of annual excise distribution calculation.

The aggregate fees billed by the registrant's independent auditors for tax-related services provided to the registrant's adviser and other service providers under common control with the adviser and that relate directly to the operations or financial reporting of the registrant were \$0 for the registrant's fiscal year ended November 30, 2004.

### (d) All other fees.

The aggregate fees billed for all services provided by the independent auditors to the registrant other than those set forth in paragraphs (a), (b) and (c) of this Item were \$0 for the fiscal year ended November 30, 2005.

The aggregate fees billed for all services other than those set forth in paragraphs (b) and (c) of this Item provided by the registrant's independent auditors to the registrant's adviser and other service providers under common

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

control with the adviser and that relate directly to the operations or financial reporting of the registrant were \$0 for the registrant's fiscal year ended November 30, 2005

The aggregate fees billed for all services provided by the independent auditors to the registrant other than those set forth in paragraphs (a), (b) and (c) of this Item were \$0 for the fiscal year ended November 30, 2004.

The aggregate fees billed for all services other than those set forth in paragraphs (b) and (c) of this Item provided by the registrant's independent auditors to the registrant's adviser and other service providers under common control with the adviser and that relate directly to the operations or financial reporting of the registrant were \$0 for the registrant's fiscal year ended November 30, 2004.

(e) The registrant's Audit Committee has established pre-approval policies and procedures as permitted by Rule 2-01(c)(7)(i)(B) of Regulation S-X (the "Pre-Approval Policy") with respect to services provided by the registrant's independent auditors. Pursuant to the Pre-Approval Policy, the Audit Committee has pre-approved the services set forth in the table below with respect to the registrant up to the specified fee limits. Certain fee limits are based on aggregate fees to the registrant and other registrants within the Delaware Investments Family of Funds.

SERVICE	RANGE
AUDIT SERVICES	
Statutory audits or financial audits for new Funds	up to \$25,000 p
Services associated with SEC registration statements (e.g., Form N-1A, Form N-14, etc.), periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings (e.g., comfort letters for closed-end Fund offerings, consents), and assistance in responding to SEC comment letters	up to \$10,000 p
Consultations by Fund management as to the accounting or disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards or interpretations by the SEC, FASB, or other regulatory or standard-setting bodies (Note: Under SEC rules, some consultations may be considered "audit-related services" rather than "audit services")	up to \$25,000 i
AUDIT-RELATED SERVICES	
Consultations by Fund management as to the accounting or disclosure treatment of transactions or events and /or the actual or potential impact of final or proposed rules, standards or interpretations by the SEC, FASB, or other regulatory or standard-setting bodies (Note: Under SEC rules, some consultations may be considered "audit services" rather than "audit-related services")	up to \$25,000 i

-----  
TAX SERVICES  
-----

U.S. federal, state and local and international tax planning and advice (e.g., consulting on statutory, regulatory or administrative developments, evaluation of Funds' tax compliance function, etc.) up to \$25,000 i

U.S. federal, state and local tax compliance (e.g., excise distribution reviews, etc.) up to \$5,000 pe

Review of federal, state, local and international income, franchise and other tax returns up to \$5,000 pe

-----

Under the Pre-Approval Policy, the Audit Committee has also pre-approved the services set forth in the table below with respect to the registrant's investment adviser and other entities controlling, controlled by or under common control with the investment adviser that provide ongoing services to the registrant (the "Control Affiliates") up to the specified fee limit. This fee limit is based on aggregate fees to the investment adviser and its Control Affiliates.

-----  
SERVICE  
-----

RANGE

NON-AUDIT SERVICES  
-----

Services associated with periodic reports and other documents filed with the SEC and assistance in responding to SEC comment letters up to \$10,000 i

-----

The Pre-Approval Policy requires the registrant's independent auditors to report to the Audit Committee at each of its regular meetings regarding all services initiated since the last such report was rendered, including those services authorized by the Pre-Approval Policy.

(f) Not applicable.

(g) The aggregate non-audit fees billed by the registrant's independent auditors for services rendered to the registrant and to its investment adviser and other service providers under common control with the adviser were \$213,940 and \$236,704 for the registrant's fiscal years ended November 30, 2005 and November 30, 2004, respectively.

(h) In connection with its selection of the independent auditors, the registrant's Audit Committee has considered the independent auditors' provision of non-audit services to the registrant's investment adviser and other service providers under common control with the adviser that were not required to be pre-approved pursuant to Rule 2-01(c) (7) (ii) of Regulation S-X. The Audit Committee has determined that the independent auditors' provision of these services is compatible with maintaining the auditors' independence.

Item 5. Audit Committee of Listed Registrants

The registrant has a separately-designated standing Audit Committee established in accordance with Section 3(a) (58) (A) of the Securities Exchange

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

Act of 1934. The members of the registrant's Audit Committee are Thomas L. Bennett, Thomas F. Madison, Janet L. Yeomans and J. Richard Zecher.

### Item 6. Schedule of Investments

Included as part of report to shareholders filed under Item 1 of this Form N-CSR.

### Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies

The registrant has formally delegated to its investment adviser(s) (including any sub-adviser) (the "Adviser") the ability to make all proxy voting decisions in relation to portfolio securities held by the registrant. If and when proxies need to be voted on behalf of the registrant, the Adviser will vote such proxies pursuant to its Proxy Voting Policies and Procedures (the "Procedures"). The Adviser has established a Proxy Voting Committee (the "Committee") which is responsible for overseeing the Adviser's proxy voting process for the registrant. One of the main responsibilities of the Committee is to review and approve the Procedures to ensure that the Procedures are designed to allow the Adviser to vote proxies in a manner consistent with the goal of voting in the best interests of the registrant.

In order to facilitate the actual process of voting proxies, the Adviser has contracted with Institutional Shareholder Services ("ISS") to analyze proxy statements on behalf of the registrant and other Adviser clients and vote proxies generally in accordance with the Procedures. The Committee is responsible for overseeing ISS's proxy voting activities. If a proxy has been voted for the registrant, ISS will create a record of the vote. Information (if any) regarding how the registrant voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge (i) through the registrant's website at <http://www.delawareinvestments.com>; and (ii) on the Commission's website at <http://www.sec.gov>.

The Procedures contain a general guideline that recommendations of company management on an issue (particularly routine issues) should be given a fair amount of weight in determining how proxy issues should be voted. However, the Adviser will normally vote against management's position when it runs counter to its specific Proxy Voting Guidelines (the "Guidelines"), and the Adviser will also vote against management's recommendation when it believes that such position is not in the best interests of the registrant.

As stated above, the Procedures also list specific Guidelines on how to vote proxies on behalf of the registrant. Some examples of the Guidelines are as follows: (i) generally vote for shareholder proposals asking that a majority or more of directors be independent; (ii) generally vote against proposals to require a supermajority shareholder vote; (iii) votes on mergers and acquisitions should be considered on a case-by-case basis, determining whether the transaction enhances shareholder value; (iv) generally vote against proposals to create a new class of common stock with superior voting rights; (v) generally vote re-incorporation proposals on a case-by-case basis; (vi) votes with respect to management compensation plans are generally determined on a case-by-case basis; (vii) generally vote for reports on the level of greenhouse gas emissions from a company's operations and products; and (viii) generally vote for proposals requesting the company to report on its policies and practices related to social, environmental and economic sustainability.

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

Because the registrant has delegated proxy voting to the Adviser, the registrant is not expected to encounter any conflict of interest issues regarding proxy voting and therefore does not have procedures regarding this matter. However, the Adviser does have a section in its Procedures that addresses the possibility of conflicts of interest. Most proxies which the Adviser receives on behalf of the registrant are voted by ISS in accordance with the Procedures. Because almost all registrant proxies are voted by ISS pursuant to the pre-determined Procedures, it normally will not be necessary for the Adviser to make an actual determination of how to vote a particular proxy, thereby largely eliminating conflicts of interest for the Adviser during the proxy voting process. In the very limited instances where the Adviser is considering voting a proxy contrary to ISS's recommendation, the Committee will first assess the issue to see if there is any possible conflict of interest involving the Adviser or affiliated persons of the Adviser. If a member of the Committee has actual knowledge of a conflict of interest, the Committee will normally use another independent third party to do additional research on the particular proxy issue in order to make a recommendation to the Committee on how to vote the proxy in the best interests of the registrant. The Committee will then review the proxy voting materials and recommendation provided by ISS and the independent third party to determine how to vote the issue in a manner which the Committee believes is consistent with the Procedures and in the best interests of the registrant.

### Item 8. Portfolio Managers of Closed-End Management Investment Companies

Applicable to Form N-CSRs filed for fiscal years ending on or after December 31, 2005.

### Item 9. Purchases of Equity Securities by Closed-End Management Investment Companies and Affiliated Purchasers

Not applicable.

### Item 10. Submission of Matters to a Vote of Security Holders

Not applicable.

### Item 11. Controls and Procedures

The registrant's principal executive officer and principal financial officer have evaluated the registrant's disclosure controls and procedures within 90 days of the filing of this report and have concluded that they are effective in providing reasonable assurance that the information required to be disclosed by the registrant in its reports or statements filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission.

There were no significant changes in the registrant's internal control over financial reporting that occurred during the second fiscal quarter of the period covered by the report to stockholders included herein (i.e., the registrant's fourth fiscal quarter) that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

### Item 12. Exhibits

#### (a) (1) Code of Ethics

Not applicable.



Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

(2) Certifications of Principal Executive Officer and Principal Financial Officer pursuant to Rule 30a-2 under the Investment Company Act of 1940 are attached hereto as Exhibit 99.CERT.

(3) Written solicitations to purchase securities pursuant to Rule 23c-1 under the Securities Exchange Act of 1934.

Not applicable.

(b) Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 are furnished herewith as Exhibit 99.906CERT.

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.

DELAWARE INVESTMENTS DIVIDEND AND INCOME FUND, INC.

JUDE T. DRISCOLL

-----  
By: Jude T. Driscoll  
Title: Chief Executive Officer  
Date: February 1, 2006

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.

JUDE T. DRISCOLL

-----  
By: Jude T. Driscoll  
Title: Chief Executive Officer  
Date: February 1, 2006

MICHAEL P. BISHOF

-----  
By: Michael P. Bishof  
Title: Chief Financial Officer  
Date: February 1, 2006