

DELAWARE INVESTMENTS DIVIDEND & INCOME FUND, INC  
Form N-CSR  
January 30, 2009

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: 811-07460

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, 2008

---

Item 1. Reports to Stockholders

---

---

---

Annual Report

Delaware  
Investments®  
Dividend and  
Income Fund, Inc.

November 30, 2008

The figures in the annual report for Delaware Investments Dividend and Income Fund, Inc. represent past results, which are not a guarantee of future results. A rise or fall in interest rates can have a significant impact on bond prices. Funds that invest in bonds can lose their value as interest rates rise.

## Closed-end fund

---

# Table of contents

> Portfolio management review	<b>1</b>
> Performance summary	<b>4</b>
> Sector allocation and top 10 equity holdings	<b>6</b>
> Statement of net assets	<b>8</b>
> Statement of operations	<b>16</b>
> Statements of changes in net assets	<b>17</b>
> Statement of cash flows	<b>18</b>
> Financial highlights	<b>19</b>
> Notes to financial statements	<b>20</b>
> Report of independent registered public accounting firm	<b>25</b>
> Other Fund information	<b>26</b>
> Board of trustees/directors and officers addendum	<b>30</b>
> About the organization	<b>33</b>

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

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

© 2009 Delaware Distributors, L.P.

All third-party trademarks cited are the property of their respective owners.

---

## Portfolio management review

### **Delaware Investments® Dividend and Income Fund, Inc.**

Dec. 9, 2008

The managers of Delaware Investments Dividend and Income Fund, Inc. provided answers to the questions below as a review of the Fund's activities for the fiscal year that ended Nov. 30, 2008.

#### **How did the Fund perform during the 12 months ended Nov. 30, 2008?**

Delaware Investments Dividend and Income Fund, Inc. returned -50.35% at net asset value and -57.51% at market price (both figures reflect all distributions reinvested) for the fiscal year ended Nov. 30, 2008. By comparison, the Fund's all-equity benchmark, the S&P 500 Index, declined by 38.09%. Complete annualized performance for Delaware Investments Dividend and Income Fund, Inc. is shown in the table on page 4.

#### **How would you describe the investment environment during the year ended Nov. 30, 2008?**

The annual period presented an especially challenging investment environment, as fixed income and equity investors contended with the dual threats posed by declining economic conditions and a credit crisis that grew in intensity as the period progressed.

Early during the fiscal year, declining economic conditions dominated most investors' attention. Unemployment figures rose, reflecting a deteriorating job market, and inflationary pressures mounted primarily because of higher oil and food prices. Oil prices peaked at more than \$140 a barrel before finally declining during the summer months. In our opinion, most investors then focused their attention on the drop in home prices, which had begun to overshadow most other economic indicators.

Lower home prices caused a general loss of confidence that, in our view, effectively crippled the global credit markets, making credit extremely difficult to obtain for individuals or corporations. One result was pressure on financial institutions that set off a series of events beginning with the March 2008 bailout of Bear Stearns by J.P. Morgan (with assistance from the Federal Reserve).

Similar strains led Lehman Brothers to file for bankruptcy. Merrill Lynch was sold to Bank of America. Fannie Mae and Freddie Mac were converted from independent entities to a conservatorship run by the Federal Housing Finance Agency. Each of these events had roots in the credit markets, and contributed to significant weakness across the vast majority of equity markets, in our opinion.

The Federal Reserve took an array of steps to stem the financial crisis during the period, lowering the fed funds rate on a total of seven separate occasions, and establishing a plan for biweekly emergency auctions of loans to banks. Along with central banks around the world, the Fed also provided certain markets with significantly increased liquidity early in the fiscal year. In a dramatic departure from its normal operations, the Fed (in coordination with the Treasury Department) facilitated a number of mergers and acquisitions, and took the unprecedented step of injecting capital directly into certain banks and other financial institutions as liquidity deteriorated.

### **What factors influenced the Fund's fiscal year performance?**

The Fund's objective is to seek high current income, with a secondary objective of capital appreciation. In managing the Fund, we pursue these objectives by investing broadly, in a diverse range of income-generating securities. Many of the asset types held in the Fund have traditionally not moved in lock step with each other. This approach generally provides the Fund with a measure of diversification. (Diversification does not assure a profit or protect against loss in a declining market.) That is, many of the asset classes that tend to rise or fall independently, faced declines together during the period.

The views expressed are current as of the date of this report and are subject to change. Data for this portfolio management review were provided by Bloomberg unless otherwise noted.

(continues) 1

---

## Portfolio management review

### **Delaware Investments® Dividend and Income Fund, Inc.**

Although certain sectors of the fixed income markets experienced declines during the year, the Fund's exposure to fixed income securities generally anchored its performance. For example, exposure to Treasuries and agency securities, areas that performed well, buoyed the Fund amid the massive flight toward higher-quality investments. Even high yield bonds, traditionally a more volatile asset class among fixed-income securities, helped Fund returns. High yield bonds declined on the year, but did help the Fund's total return performance when comparing it to equity market indices.

Unfortunately, the Fund's position in convertible bonds and domestic real estate investment trusts (REITs) detracted from Fund performance versus the S&P 500 Index. Domestic REITs declined by almost 50% during the year. REITs held up quite nicely throughout much of the period, but fell precipitously during the last several months, mostly because of the ongoing credit crisis and the unwinding of leverage by REITs (that is, the reduction of debt by rapidly selling assets).

### **What strategies did you employ during the fiscal year?**

Overall, we maintained a defensive position in the Fund, reflecting our cautious outlook for the global economy. For example, within large-cap value equities, the largest portion of the Fund, we emphasized sectors such as healthcare and consumer staples. Both of these sectors tend to generate relatively predictable earnings, and therefore have traditionally held up well during challenging economic conditions. For similar reasons, we sought individual stocks with what we believed to be resilient balance sheets and stable cash flows. However, our heavy weighting in value equities as well as several poor stock selections affected performance negatively.

Our general strategy across all fixed income sectors from the start of the fiscal period involved increasing Fund positions in high quality, defensive securities in an effort to avoid the most treacherous market conditions. We increased the Fund's position in government securities, including Treasuries and agency mortgage-backed securities (MBS). We also gradually increased the Fund's position in high-grade corporate bonds during the year. We raised our positions in such holdings by paring back exposure to lower-quality bond holdings.

Within the high yield market, we implemented a number of strategies to help to mitigate the risky environment. For example, we increased the Fund's positions in asset-rich industries such as utilities, energy, and telecommunications. We began to favor corporations with more tangible assets, positive free cash flow, and adequate liquidity. We also favored senior bonds — those for whom coupon payment takes priority over other debt

sold by an issuer and reduced the Fund's exposure to lower-rated bonds (such as those rated CCC by a nationally recognized statistical rating organization). We increased the Fund's weighting in secured bank debt and, given our view of extremely difficult market conditions, actively sold certain positions in an attempt to protect our yield.

Within the REIT category, we maintained a greater emphasis on companies that had long-term contractual leases as well as those that derived more of their income from leasing activity, an approach we believe inherently provides more stable income than does the development of new real estate projects. Our defensive strategy included limiting the Fund's exposure to REITs. We also avoided companies with too much development in their pipelines and those with significant near-term debt maturities.

Lastly, we added to our convertible bond positions early in the fiscal year. We consider these securities to generally be less volatile than stocks, but we also believe they can provide gains similar to equities in the event of a market rebound. However, we did not anticipate that hedge funds, which came under pressure from lenders for more collateral and from investors seeking to withdraw funds, would begin selling convertible bonds in earnest during October. With hedge funds accounting for a large part of demand, and relatively few other buyers focused on the market, price swings were particularly volatile, in our opinion.

2

## 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. Funds that invest in bonds can lose their value as interest rates rise, and an investor can lose principal. Please obtain the performance data for the most recent month end by calling 800 523-1918.

A rise or fall in interest rates can have a significant impact on bond prices and the net asset value (NAV) of the Fund.

#### Fund performance

Average annual total returns

Through Nov. 30, 2008

	1 year	5 years	10 years	Lifetime
At market price	-57.51%	-10.29%	-3.48%	2.18%
At net asset value	-50.35%	-5.22%	-0.08%	4.35%

Diversification does not assure a profit or protect against loss in a declining market.

High yielding noninvestment grade bonds (junk bonds) involve higher risk than investment grade bonds. Adverse conditions may affect the issuer's ability to pay interest and principal on these securities.

Funds that invest in REITs are subject to many of the risks associated with direct real estate ownership and, as such, may be adversely affected by declines in real-estate values and general and local economic conditions.

The "Fund performance" table and the "Performance of a \$10,000 investment" graph do not reflect the deduction of taxes the shareholder would pay on Fund distributions or redemptions of Fund shares.

Returns reflect the 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 other brokerage commission for purchases made since inception. Past performance is not a guarantee of future results.

**Fund basics**

As of Nov. 30, 2008

**Fund objectives**

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

**Total Fund net assets**

\$52 million

**Number of holdings**

336

**Fund start date**

March 26, 1993

**NYSE symbol**

DGF

4

**Market price versus net asset value** (see notes below)

Nov. 30, 2007, through Nov. 30, 2008

	Starting value (Nov. 30, 2007)	Ending value (Nov. 30, 2008)
Delaware Investments® Dividend and Income Fund, Inc. @ NAV	\$11.85	\$5.22
Delaware Investments Dividend and Income Fund, Inc. @ Market price	\$10.66	\$4.02

**Performance of a \$10,000 investment**

Nov. 30, 1998, through Nov. 30, 2008

	Starting value (Nov. 30, 1998)	Ending value (Nov. 30, 2008)
Delaware Investments Dividend and Income Fund, Inc. @ NAV	\$10,000	\$9,920
Lipper Closed-end Income and Preferred Stock Funds Average @ NAV	\$10,000	\$8,277
Lipper Closed-end Income and Preferred Stock Funds Average @ Market Price	\$10,000	\$7,638
Delaware Investments Dividend and Income Fund, Inc. @ Market Price	\$10,000	\$7,022

The chart assumes \$10,000 invested in the Fund on Nov. 30, 1998 and includes 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 NAV. Performance of the Fund and the Lipper class at market value is based on market performance during the period. Performance of the Fund and Lipper class at NAV is based on the fluctuations in NAV during the period. Delaware Investments Dividend and Income Fund, Inc. was initially offered with a sales charge of 6%. Performance shown in both charts above does not include fees, the initial sales charge, or any brokerage commissions for purchases. Investments in the Fund are not available at NAV.

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.

Market price is the price an investor would pay for shares of the Fund on the secondary market. NAV is the total value of one fund share, generally equal to a fund's net assets divided by the number of shares outstanding.

Past performance is not a guarantee of future results.

## Sector allocation and top 10 equity holdings

### Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc.

As of November 30, 2008

Sector designations may be different than the sector designations presented in other Fund materials. The sector designations may represent the investment manager's internal sector classifications, which may result in the sector designations for one Fund being different than another Fund's sector designations.

Sector	Percentage of Net Assets
<b>Common Stock</b>	<b>70.99%</b>
Consumer Discretionary	5.67%
Consumer Staples	10.57%
Diversified REITs	0.85%
Energy	5.84%
Financials	6.13%
Health Care	12.26%
Health Care REITs	1.51%
Hotel REITs	0.60%
Industrial REITs	0.32%
Industrials	3.15%
Information Technology	7.17%
Mall REITs	1.69%
Materials	1.79%
Multifamily REITs	2.14%
Office REITs	2.02%
Office/Industrial REITs	0.70%
Self-Storage REITs	1.03%
Shopping Center REITs	0.83%
Specialty REITs	1.16%
Telecommunications	3.76%
Utilities	1.80%
<b>Convertible Preferred Stock</b>	<b>3.71%</b>
Banking, Finance & Insurance	1.11%
Basic Materials	0.13%
Cable, Media & Publishing	0.27%
Energy	0.70%
Health Care & Pharmaceuticals	0.68%
Telecommunications	0.17%
Utilities	0.65%
<b>Preferred Stock</b>	<b>2.75%</b>
Banking, Finance & Insurance	0.10%
Industrials	0.03%
Leisure, Lodging & Entertainment	0.82%
Real Estate	1.80%
<b>Convertible Bonds</b>	<b>12.17%</b>
Aerospace & Defense	0.89%
Banking, Finance & Insurance	0.14%
Basic Materials	0.73%
Cable, Media & Publishing	0.68%
Computers & Technology	2.19%
Energy	0.43%
Environmental Services	0.25%
Health Care & Pharmaceuticals	3.72%

Real Estate	0.46%
Retail	0.38%
Telecommunications	1.55%
Transportation	0.18%
Utilities	0.57%
<b>Corporate Bonds</b>	<b>39.68%</b>
Basic Industry	5.11%
Brokerage	0.17%
Capital Goods	3.72%
Consumer Cyclical	3.66%
Consumer Non-Cyclical	1.96%
Energy	5.95%
Finance & Investments	1.25%
Media	2.20%
Real Estate	0.20%
Services Cyclical	3.82%
Services Non-Cyclical	2.94%
Technology & Electronics	0.76%
Telecommunications	5.74%
Utilities	2.20%
<b>Senior Secured Loans</b>	<b>1.09%</b>
<b>Exchange Traded Fund</b>	<b>0.07%</b>
<b>Limited Partnership</b>	<b>0.36%</b>
<b>Warrants</b>	<b>0.00%</b>
<b>Repurchase Agreement</b>	<b>8.05%</b>
<b>Securities Lending Collateral</b>	<b>11.99%</b>
<b>Total Value of Securities</b>	<b>150.86%</b>
<b>Obligation to Return Securities Lending Collateral</b>	<b>(12.60%)</b>
<b>Borrowing Under Line of Credit</b>	<b>(39.02%)</b>
<b>Receivables and Other Assets Net of Liabilities</b>	<b>0.76%</b>
<b>Total Net Assets</b>	<b>100.00%</b>

6

Holdings are for informational purposes only and are subject to change at any time. They are not a recommendation to buy, sell, or hold any security.

	Percentage of Net Assets
Top 10 Equity Holdings	
Allstate	2.21%
Gap	2.15%
ConocoPhillips	1.98%
Travelers	1.97%
Archer-Daniels-Midland	1.96%
Bank of New York Mellon	1.95%
Marathon Oil	1.94%
Verizon Communications	1.93%
Chevron	1.92%
Safeway	1.91%

7

## Statement of net assets

Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc.

November 30, 2008

Number  
of

8



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

	Shares	Value
<b>Common Stock □ 70.99%</b>		
<b>Consumer Discretionary □ 5.67%</b>		
=[]@[]Avado Brands	1,390	\$ 0
Gap	85,600	1,114,512
Limited Brands	91,200	849,072
Mattel	71,300	974,671
* Time Warner Cable Class A	7	142
		2,938,397
<b>Consumer Staples □ 10.57%</b>		
Archer-Daniels-Midland	37,100	1,015,797
CVS Caremark	30,400	879,472
Heinz (H.J.)	21,400	831,176
Kimberly-Clark	15,100	872,629
Kraft Foods Class A	32,700	889,767
Safeway	45,400	989,720
		5,478,561
<b>Diversified REITs □ 0.85%</b>		
Ascendas Real Estate Investment Trust	134,400	131,447
Vornado Realty Trust	5,800	310,010
		441,457
<b>Energy □ 5.84%</b>		
Chevron	12,600	995,526
ConocoPhillips	19,500	1,024,140
Marathon Oil	38,500	1,007,930
		3,027,596
<b>Financials □ 6.13%</b>		
Allstate	45,000	1,144,805
Bank of New York Mellon	33,400	1,009,014
Travelers	23,400	1,021,410
		3,175,229
<b>Health Care □ 12.26%</b>		
Bristol-Myers Squibb	42,200	873,540
Cardinal Health	28,700	933,323
Johnson & Johnson	14,600	855,268
Merck	34,600	924,512
Pfizer	56,400	926,652
Quest Diagnostics	19,900	926,743
Wyeth	25,400	914,654
		6,354,692
<b>Health Care REITs □ 1.51%</b>		
HCP	12,050	249,074
*Health Care REIT	10,160	386,079
Ventas	6,475	148,796
		783,949
<b>Hotel REITs □ 0.60%</b>		
Hersha Hospitality Trust	26,400	92,928
Host Hotels & Resorts	28,700	215,824
		308,752
<b>Industrial REITs □ 0.32%</b>		
AMB Property	9,680	166,690
		166,690
<b>Industrials □ 3.15%</b>		
BWAY Holding	1,840	8,850
* Delta Air Lines	83	727
Donnelley (R.R.) & Sons	58,900	751,609
*Grupo Aeroportuario del Centro Norte ADR	5,800	48,256
= @[]Port Townsend	350	4
*Waste Management	28,100	820,530
		1,629,976
<b>Information Technology □ 7.17%</b>		
Intel	66,600	919,080
International Business Machines	11,400	930,240
Motorola	207,400	893,894
Xerox	139,100	972,309

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

		3,715,523
<b>Mall REITs</b> □ 1.69%		
General Growth Properties	6	8
*Macerich	8,950	120,467
Simon Property Group	15,900	755,250
		875,725
<b>Materials</b> □ 1.79%		
duPont (E.I.) deNemours	37,100	929,726
		929,726
<b>Multifamily REITs</b> □ 2.14%		
*American Campus Communities	9,600	214,944
*Apartment Investment & Management	11,698	134,176
Camden Property Trust	6,850	181,320
Equity Residential	19,100	581,213
		1,111,653
<b>Office REITs</b> □ 2.02%		
*Alexandria Real Estate Equities	4,890	216,529
*Highwoods Properties	11,500	274,619
*Kilroy Realty	5,000	152,350
Mack-Cali Realty	10,250	194,443
PS Business Parks	3,510	167,287
SL Green Realty	2,300	43,608
		1,048,836
<b>Office/Industrial REITs</b> □ 0.70%		
*Digital Realty Trust	6,450	176,472
Liberty Property Trust	9,700	185,464
		361,936
<b>Self-Storage REITs</b> □ 1.03%		
*Public Storage	7,650	534,659
		534,659
<b>Shopping Center REITs</b> □ 0.83%		
Kimco Realty	22,130	313,140
Kite Realty	16,300	63,733
*Ramco-Gershenson Properties	10,500	51,765
		428,638

8

	Number of Shares	Value
<b>Common Stock</b> (continued)		
<b>Specialty REITs</b> □ 1.16%		
*Entertainment Properties Trust	12,220	\$ 299,757
*Plum Creek Timber	4,885	173,857
*Potlatch	4,825	128,731
		602,345
<b>Telecommunications</b> □ 3.76%		
AT&T	33,200	948,192
Century Communications	500,000	0
Verizon Communications	30,700	1,002,355
		1,950,547
<b>Utilities</b> □ 1.80%		
* Mirant	189	3,255
* NRG Energy	1,200	28,428
Progress Energy	22,700	900,963
		932,646
<b>Total Common Stock</b>		
(cost \$54,255,151)		<b>36,797,533</b>
<b>Convertible Preferred Stock</b> □ 3.71%		
<b>Banking, Finance &amp; Insurance</b> □ 1.11%		
Aspen Insurance 5.625%		

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

exercise price \$29.28, expiration date 12/31/49	8,800	286,000
Fannie Mae 8.75%		
exercise price \$32.45, expiration date 5/13/11	3,500	6,440
#Morgan Stanley 144A 11.00%		
exercise price \$94.64, expiration date 1/7/09	5,300	265,080
XL Capital 7.00%		
exercise price \$80.59, expiration date 2/15/09	8,000	16,320
		573,840
Basic Materials □ 0.13%		
Freeport-McMoRan Copper & Gold		
6.75% exercise price \$73.24, expiration date 5/1/10	1,600	67,200
		67,200
Cable, Media & Publishing □ 0.27%		
#Interpublic Group 144A 5.25%		
exercise price \$13.66, expiration date 12/31/49	360	142,740
		142,740
Energy □ 0.70%		
*Chesapeake Energy 4.50%		
exercise price \$44.15, expiration date 12/31/49	3,650	232,687
El Paso Energy Capital Trust I 4.75%		
exercise price \$41.59, expiration date 3/31/28	5,250	131,513
		364,200
Health Care & Pharmaceuticals □ 0.68%		
Mylan 6.50% exercise price \$17.08, expiration date 11/15/10		
	200	118,000
Schering-Plough 6.00%		
exercise price \$33.69, expiration date 8/13/10	1,500	232,406
		350,406
Telecommunications □ 0.17%		
Lucent Technologies Capital Trust I		
7.75% exercise price \$24.80, expiration date 3/15/17	305	88,526
		88,526
Utilities □ 0.65%		
Entergy 7.625% exercise price \$86.58, expiration date 2/17/09		
	6,750	335,813
		335,813
<b>Total Convertible Preferred Stock</b>		
(cost \$3,719,805)		<b>1,922,725</b>
<b>Preferred Stock □ 2.75%</b>		
Banking, Finance & Insurance □ 0.10%		
•JPMorgan Chase 7.90%		
	65,000	51,011
		51,011
Industrials □ 0.03%		
=@ Port Townsend		
	70	17,048
		17,048
Leisure, Lodging & Entertainment □ 0.82%		
Red Lion Hotels Capital Trust 9.50%		
	36,249	422,845
		422,845
Real Estate □ 1.80%		
Grace Acquisitions 8.75%		
	34,400	86,000
SL Green Realty 7.625%		
	77,100	848,099
		934,099
<b>Total Preferred Stock</b>		
(cost \$3,817,075)		<b>1,425,003</b>

Principal  
Amount

<b>Convertible Bonds</b> □ 12.17%		
Aerospace & Defense □ 0.89%		
#AAR 144A 1.75% 2/1/26		
exercise price \$29.43,		
expiration date 2/1/26	\$ 260,000	192,075
#L-3 Communications 144A 3.00%		
8/1/35 exercise price \$101.13,		
expiration date 8/1/35	290,000	269,338
		461,413
Banking, Finance & Insurance □ 0.14%		
•Prudential Financial 0.419%		
12/12/36 exercise price \$104.21,		
expiration date 12/12/36	75,000	74,258
		74,258
Basic Materials □ 0.73%		
*Rayonier TRS Holdings 3.75%		
10/15/12 exercise price \$54.82,		
expiration date 10/15/12	345,000	291,525
#Sino-Forest 144A 5.00% 8/1/13		
exercise price \$20.29,		
expiration date 8/1/13	160,000	87,400
		378,925

(continues) 9

## Statement of net assets

### Delaware Investments® Dividend and Income Fund, Inc.

	Principal Amount	Value
<b>Convertible Bonds</b> (continued)		
Cable, Media & Publishing □ 0.68%		
#Playboy Enterprises 144A 3.00%		
3/15/25 exercise price \$17.02,		
expiration date 3/15/25	\$ 600,000	\$ 351,000
		351,000
Computers & Technology □ 2.19%		
#Advanced Micro Devices 144A		
6.00% 5/1/15 exercise price		
\$28.08, expiration date 5/1/15	450,000	134,438
Euronet Worldwide 3.50%		
10/15/25 exercise price \$40.48,		
expiration date 10/15/25	435,000	268,612
Hutchinson Technology 3.25%		
1/15/26 exercise price \$36.43,		
expiration date 1/15/26	340,000	108,800
#Intel 144A 2.95% 12/15/35		
exercise price \$31.53,		
expiration date 12/15/35	255,000	193,162
Linear Technology 3.125% 5/1/27		
exercise price \$48.24		
expiration date 5/1/27	180,000	161,100
Red Hat 0.50% 1/15/24		
exercise price \$25.59		
expiration date 1/15/24	150,000	148,875
SanDisk 1.00% 5/15/13		
exercise price \$82.36,		
expiration date 5/15/13	280,000	120,750
		1,135,737
Energy □ 0.43%		
Peabody Energy 4.75% 12/15/41		
exercise price \$58.45,		

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

expiration date 12/15/41	100,000	58,875
<b>Transocean</b>		
1.50% 12/15/37		
exercise price \$168.61,		
expiration date 12/15/37	100,000	78,500
1.625% 12/15/37		
exercise price \$168.61,		
expiration date 12/15/37	100,000	85,125
		<b>222,500</b>
<b>Environmental Services □ 0.25%</b>		
Allied Waste Industries 4.25%		
4/15/34 exercise price \$20.43,		
expiration date 4/15/34	145,000	129,956
		129,956
<b>Health Care &amp; Pharmaceuticals □ 3.72%</b>		
Advanced Medical Optics 3.25%		
8/1/26 exercise price \$59.61,		
expiration date 8/1/26	460,000	177,100
#Allergan 144A 1.50% 4/1/26		
exercise price \$63.33,		
expiration date 4/1/26	415,000	389,062
Amgen 0.375% 2/1/13		
exercise price \$79.48,		
expiration date 2/1/13	235,000	203,863
#Amgen 144A 0.375% 2/1/13		
exercise price \$79.48,		
expiration date 2/1/13	165,000	143,138
CV Therapeutics 3.25% 8/16/13		
exercise price \$27.00,		
expiration date 8/16/13	125,000	80,000
φHologic 2.00% 12/15/37		
exercise price \$38.59,		
expiration date 12/15/37	200,000	114,250
LifePoint Hospitals 3.50% 5/15/14		
exercise price \$51.79,		
expiration date 5/14/14	110,000	61,875
Mentor 2.75% 1/1/24 exercise price		
\$28.81, expiration date 12/31/08	215,000	211,237
•Wyeth 2.621% 1/15/24		
exercise price \$60.09,		
expiration date 1/15/24	550,000	545,654
		<b>1,926,179</b>
<b>Real Estate □ 0.46%</b>		
MeriStar Hospitality 9.50% 4/1/10		
exercise price \$10.18,		
expiration date 4/1/10	230,000	236,095
		236,095
<b>Retail □ 0.38%</b>		
Pantry 3.00% 11/15/12		
exercise price \$50.10,		
expiration date 11/15/12	180,000	103,050
#Saks 144A 2.00% 3/15/24		
exercise price \$11.97,		
expiration date 3/15/24	160,000	93,400
		196,450
<b>Telecommunications □ 1.55%</b>		
CommScope 1.00% 3/15/24		
exercise price \$21.75,		
expiration date 3/15/24	170,000	162,775
Level 3 Communications 3.50%		
6/15/12 exercise price \$5.46,		
expiration date 6/15/12	165,000	63,731
NII Holdings 3.125% 6/15/12		
exercise price \$118.32,		
expiration date 6/15/12	410,000	229,088
#Nortel Networks 144A		
1.75% 4/15/12 exercise price		
\$32.00, expiration date 4/15/12	115,000	16,675
2.125% 4/15/14 exercise price		

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

\$32.00, expiration date 4/15/14	115,000	16,675
Qwest Communications		
International 3.50% 11/15/25		
exercise price \$5.46,		
expiration date 11/15/25	180,000	146,250
#Virgin Media 144A 6.50% 11/15/16		
exercise price \$19.22,		
expiration date 11/15/16	405,000	170,606
		805,800

10

	Principal Amount	Value
<b>Convertible Bonds (continued)</b>		
Transportation ☐ 0.18%		
Bristow Group 3.00% 6/15/38		
exercise price \$77.34		
expiration date 6/15/38	\$ 180,000	\$ 92,925
		92,925
Utilities ☐ 0.57%		
Dominion Resources 2.125%		
12/15/23 exercise price \$36.14,		
expiration date 12/15/23	290,000	296,888
		296,888
<b>Total Convertible Bonds</b>		<b>6,308,126</b>
(cost \$9,322,304)		

<b>Corporate Bonds ☐ 39.68%</b>		
Basic Industry ☐ 5.11%		
California Steel Industries		
6.125% 3/15/14	120,000	73,800
Domtar 7.125% 8/15/15	105,000	71,925
@#Evrz Group 144A 9.50% 4/24/18	430,000	187,050
Freeport McMoRan Copper & Gold		
8.25% 4/1/15	180,000	130,646
Georgia-Pacific		
7.70% 6/15/15	65,000	49,725
8.875% 5/15/31	130,000	81,900
Innophos 8.875% 8/15/14	185,000	158,175
@#Innophos Holding 144A		
9.50% 4/15/12	115,000	85,675
International Coal Group		
10.25% 7/15/14	210,000	159,600
#MacDermid 144A 9.50% 4/15/17	300,000	163,500
Momentive Performance Materials		
9.75% 12/1/14	210,000	82,425
NewPage 10.00% 5/1/12	240,000	130,800
•Noranda Aluminum Acquisition		
6.595% 5/15/15	150,000	49,500
@Norske Skog Canada		
8.625% 6/15/11	165,000	94,050
•=@ Port Townsend 10.056% 8/27/12	98,000	97,020
@Potlatch 13.00% 12/1/09	250,000	270,747
#Rock-Tenn 144A 9.25% 3/15/16	110,000	95,150
@*Rockwood Specialties Group		
7.50% 11/15/14	150,000	123,750
•*#Ryerson 144A 10.568% 11/1/14	105,000	69,825
@#Sappi Papier Holding 144A		
6.75% 6/15/12	300,000	220,838
@#Steel Capital 144A 9.75% 7/29/13	100,000	43,500
#Steel Dynamics 144A 7.75% 4/15/16	195,000	119,925
#Vedanta Resources 144A 9.50% 7/18/18	100,000	49,500
•Verso Paper Holdings 6.943% 8/1/14	70,000	38,150

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

		2,647,176	
<b>Brokerage □ 0.17%</b>			
LaBranche 11.00% 5/15/12	104,000	86,840	
		86,840	
<b>Capital Goods □ 3.72%</b>			
*@Associated Materials 9.75% 4/15/12	210,000	180,600	
@BWAY 10.00% 10/15/10	335,000	289,775	
@CPG International I 10.50% 7/1/13	120,000	67,800	
*Graham Packaging 9.875% 10/15/14	265,000	168,275	
Graphic Packaging International			
9.50% 8/15/13	300,000	208,500	
Greenbrier 8.375% 5/15/15	225,000	167,625	
@Intertape Polymer 8.50% 8/1/14	90,000	68,850	
#Moog 144A 7.25% 6/15/18	110,000	85,250	
Owens Brockway Glass Container			
6.75% 12/1/14	205,000	179,375	
Sally Holdings 10.50% 11/15/16	190,000	111,150	
Thermadyne Holdings 9.50% 2/1/14	210,000	166,950	
@Vitro 11.75% 11/1/13	210,000	59,850	
Vought Aircraft Industries			
8.00% 7/15/11	250,000	173,750	
		1,927,750	
<b>Consumer Cyclical □ 3.66%</b>			
<b>Centex</b>			
4.55% 11/1/10	115,000	95,450	
5.125% 10/1/13	45,000	27,225	
@Denny's Holdings 10.00% 10/1/12	55,000	37,950	
*Dollar General 10.625% 7/15/15	150,000	135,750	
<b>DR Horton</b>			
6.00% 4/15/11	55,000	43,175	
7.875% 8/15/11	190,000	156,749	
*Ford Motor 7.45% 7/16/31	131,000	33,405	
<b>Ford Motor Credit</b>			
•7.569% 1/13/12	120,000	52,950	
7.80% 6/1/12	350,000	151,050	
<b>GMAC</b>			
5.625% 5/15/09	100,000	68,910	
6.625% 5/15/12	80,000	28,065	
6.875% 8/28/12	65,000	22,769	
<b>*Goodyear Tire &amp; Rubber</b>			
9.00% 7/1/15	60,000	45,000	
#Invista 144A 9.25% 5/1/12	85,000	62,475	
Lear 8.75% 12/1/16	335,000	73,700	
Levi Strauss 9.75% 1/15/15	138,000	83,490	
@Mobile Mini 6.875% 5/1/15	110,000	78,650	
M/I Homes 6.875% 4/1/12	80,000	42,800	
<b>*Neiman Marcus Group</b>			
10.375% 10/15/15	275,000	104,500	
Ryland Group 6.875% 6/15/13	215,000	149,425	
*Tenneco 8.625% 11/15/14	200,000	75,000	
<b>Toll</b>			
8.25% 2/1/11	265,000	219,949	
8.25% 12/1/11	65,000	53,625	
*#TRW Automotive 144A			
7.00% 3/15/14	110,000	53,900	
		1,895,962	

(continues) 11

## Statement of net assets

Delaware Investments® Dividend and Income Fund, Inc.

Principal

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

	Amount	Value
<b>Corporate Bonds (continued)</b>		
Consumer Non-Cyclical ☐ 1.96%		
@ACCO Brands 7.625% 8/15/15	\$ 110,000	\$ 57,750
*Chiquita Brands International 8.875% 12/1/15	165,000	117,975
*Constellation Brands 8.125% 1/15/12	135,000	118,125
Cornell 10.75% 7/1/12	55,000	49,225
Del Monte 6.75% 2/15/15	55,000	45,100
*8.625% 12/15/12	45,000	40,950
Iron Mountain 6.625% 1/1/16	105,000	82,425
8.00% 6/15/20	85,000	65,875
*Jarden 7.50% 5/1/17	130,000	85,150
Johnsondiversey Holdings 10.67% 5/15/13	15,000	10,725
LVB Acquisition 10.00% 10/15/17	180,000	162,900
Tyson Foods 7.85% 4/1/16	100,000	62,933
Visant Holding 8.75% 12/1/13	160,000	116,000
		1,015,133
Energy ☐ 5.95%		
AmeriGas Partners 7.125% 5/20/16	210,000	148,050
Chesapeake Energy *6.375% 6/15/15	155,000	109,275
7.00% 8/15/14	50,000	38,250
Complete Production Service 8.00% 12/15/16	105,000	66,675
Compton Petroleum Finance 7.625% 12/1/13	225,000	93,375
@#Connacher Oil & Gas 144A 10.25% 12/15/15	270,000	141,750
#Copano Energy 144A 7.75% 6/1/18	100,000	66,000
Dynergy Holdings 7.75% 6/1/19	185,000	123,950
El Paso 6.875% 6/15/14	50,000	37,315
7.00% 6/15/17	55,000	39,435
#El Paso Performance-Linked Trust 144A 7.75% 7/15/11	175,000	146,032
*Energy Partners 9.75% 4/15/14	105,000	48,825
Frontier Oil 8.50% 9/15/16	85,000	71,825
@Geophysique-Veritas 7.50% 5/15/15	30,000	19,650
7.75% 5/15/17	135,000	83,531
#Helix Energy Solutions Group 144A 9.50% 1/15/16	250,000	132,500
#Hilcorp Energy I 144A 7.75% 11/1/15	65,000	46,800
9.00% 6/1/16	185,000	133,200
Inergy Finance 6.875% 12/15/14	150,000	109,875
8.25% 3/1/16	75,000	55,500
Key Energy Services 8.375% 12/1/14	140,000	98,350
Mariner Energy 8.00% 5/15/17	200,000	108,000
MarkWest Energy Partners/Finance 8.75% 4/15/18	100,000	63,500
Massey Energy 6.875% 12/15/13	225,000	153,563
OPTI Canada 7.875% 12/15/14	85,000	32,725
8.25% 12/15/14	115,000	45,425
PetroHawk Energy 9.125% 7/15/13	205,000	157,849
#144A 7.875% 6/1/15	85,000	60,350
@Petroleum Development 12.00% 2/15/18	125,000	86,250
Plains Exploration & Production 7.00% 3/15/17	160,000	108,000



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

Range Resources 7.25% 5/1/18	100,000	79,875
Regency Energy Partners 8.375% 12/15/13	176,000	125,400
Whiting Petroleum 7.25% 5/1/13	275,000	196,624
Williams 7.50% 1/15/31	85,000	55,791
		3,083,515
<b>Finance &amp; Investments</b> □ 1.25%		
@Cardtronics 9.25% 8/15/13	255,000	190,294
•Hartford Financial Services Group 8.125% 6/15/38	105,000	48,636
Hexion US Finance 9.75% 11/15/14	95,000	49,875
Lender Processing Services 8.125% 7/1/16	85,000	71,825
Leucadia National 8.125% 9/15/15	116,000	101,210
@#Nuveen Investments 144A 10.50% 11/15/15	295,000	91,819
•USB Capital IX 6.189% 4/15/49	80,000	41,619
•Wells Fargo Capital XIII 7.70% 12/29/49	65,000	52,775
		648,053
<b>Media</b> □ 2.20%		
*CCO Holdings 8.75% 11/15/13	185,000	106,375
#Charter Communications Operating 144A 10.875% 9/15/14	330,000	238,425
#CSC Holdings 144A 8.50% 6/15/15	70,000	56,875
Dex Media West 9.875% 8/15/13	305,000	67,863
@#Expedia 144A 8.50% 7/1/16	95,000	58,425
Lamar Media 6.625% 8/15/15	85,000	62,050
#LBI Media 144A 8.50% 8/1/17	100,000	35,500
LIN Television 6.50% 5/15/13	95,000	44,650
Mediacom Capital 9.50% 1/15/13	90,000	74,250
Quebecor Media 7.75% 3/15/16	185,000	124,875
#Rainbow National Services 144A 10.375% 9/1/14	90,000	78,300
#Videotron 144A 9.125% 4/15/18	220,000	194,700
		1,142,288
<b>Real Estate</b> □ 0.20%		
*Host Hotels & Resorts 7.125% 11/1/13	140,000	102,550
		102,550

12

	Principal Amount	Value
<b>Corporate Bonds (continued)</b>		
<b>Services Cyclical</b> □ 3.82%		
ARAMARK 8.50% 2/1/15	\$ 235,000	\$ 196,225
FTI Consulting 7.625% 6/15/13	195,000	174,525
7.75% 10/1/16	90,000	77,850
@#Galaxy Entertainment Finance 144A 9.875% 12/15/12	240,000	90,000
Gaylord Entertainment 6.75% 11/15/14	70,000	38,150
8.00% 11/15/13	240,000	143,700
@Global Cash Access 8.75% 3/15/12	150,000	117,750
Hertz 8.875% 1/1/14	170,000	88,613
Kansas City Southern de Mexico 9.375% 5/1/12	195,000	156,000
*MGM MIRAGE		

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

7.50% 6/1/16	145,000	75,400
#144A 13.00% 11/15/13	60,000	50,400
@ Northwest Airlines 10.00% 2/1/09	55,000	206
Pinnacle Entertainment		
8.25% 3/15/12	140,000	102,900
*8.75% 10/1/13	130,000	99,450
@#Pokagon Gaming Authority 144A		
10.375% 6/15/14	273,000	232,050
*RSC Equipment Rental		
9.50% 12/1/14	110,000	54,450
Seabulk International		
9.50% 8/15/13	100,000	90,750
@#Seminole Indian Tribe of Florida 144A		
7.804% 10/1/20	145,000	127,011
8.03% 10/1/20	75,000	66,515
		1,981,945
Services Non-Cyclical □ 2.94%		
*Advanced Medical Optics		
7.50% 5/1/17	225,000	124,875
Alliance Imaging 7.25% 12/15/12	110,000	92,125
Allied Waste North America		
6.875% 6/1/17	75,000	65,625
7.125% 5/15/16	35,000	30,975
*7.25% 3/15/15	55,000	48,813
#Bausch & Lomb 144A		
9.875% 11/1/15	155,000	119,738
@Casella Waste Systems		
9.75% 2/1/13	250,000	218,750
Community Health Systems		
8.875% 7/15/15	185,000	149,388
HCA 6.50% 2/15/16	95,000	53,675
HCA PIK 9.625% 11/15/16	415,000	299,837
•HealthSouth 9.133% 6/15/14	205,000	171,175
Select Medical 7.625% 2/1/15	255,000	151,725
		1,526,701
Technology & Electronics □ 0.76%		
Celestica		
7.625% 7/1/13	25,000	18,625
7.875% 7/1/11	65,000	55,575
Flextronics International		
6.25% 11/15/14	100,000	74,500
•Freescale Semiconductor		
6.694% 12/15/14	175,000	43,750
Sungard Data Systems		
9.125% 8/15/13	102,000	79,560
10.25% 8/15/15	146,000	85,410
*#144A 10.625% 5/15/15	45,000	34,875
		392,295
Telecommunications □ 5.74%		
•Centennial Communications		
9.633% 1/1/13	70,000	65,800
Cincinnati Bell		
7.00% 2/15/15	115,000	82,513
7.25% 7/15/13	75,000	61,875
Cricket Communications		
9.375% 11/1/14	320,000	255,600
@#Digicel 144A 9.25% 9/1/12	275,000	204,875
@GCI 7.25% 2/15/14	65,000	52,488
Hughes Network Systems		

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

9.50% 4/15/14	210,000	174,300
Inmarsat Finance 10.375% 11/15/12	335,000	295,637
Intelsat Jackson Holdings		
11.25% 6/15/16	265,000	214,650
Lucent Technologies 6.45% 3/15/29	165,000	66,825
MetroPCS Wireless 9.25% 11/1/14	288,000	237,600
#Nordic Telephone Holdings 144A		
8.875% 5/1/16	150,000	109,500
Nortel Networks		
•9.003% 7/15/11	65,000	21,450
10.75% 7/15/16	184,000	54,280
#144A 10.75% 7/15/16	5,000	1,475
*PAETEC Holding 9.50% 7/15/15	105,000	59,063
Qwest Capital Funding		
7.25% 2/15/11	200,000	155,000
*Sprint Nextel 6.00% 12/1/16	465,000	258,422
Time Warner Telecom Holdings		
9.25% 2/15/14	140,000	111,300
@#Vimpelcom 144A 9.125% 4/30/18	295,000	131,275
Virgin Media Finance 8.75% 4/15/14	250,000	181,875
#Wind Acquisition Finance 144A		
10.75% 12/1/15	75,000	61,875
Windstream 8.125% 8/1/13	145,000	120,350
		2,978,028
Utilities □ 2.20%		
AES		
7.75% 3/1/14	98,000	72,275
8.00% 10/15/17	95,000	66,025
#144A 8.00% 6/1/20	60,000	38,700
Edison Mission Energy		
7.625% 5/15/27	175,000	119,875
Elwood Energy 8.159% 7/5/26	181,203	133,534
Midwest Generation 8.30% 7/2/09	89,453	85,651

(continues) 13

## Statement of net assets

### Delaware Investments® Dividend and Income Fund, Inc.

	Principal Amount	Value
<b>Corporate Bonds</b> (continued)		
Utilities (continued)		
Mirant North America		
7.375% 12/31/13	\$ 130,000	\$ 113,100
NRG Energy 7.375% 2/1/16	200,000	163,000
Orion Power Holdings		
12.00% 5/1/10	178,000	173,550
Reliant Energy 7.625% 6/15/14	80,000	61,600
#Texas Competitive Electric Holdings		
144A 10.25% 11/1/15	175,000	112,875
		1,140,185
<b>Total Corporate Bonds</b>		
(cost \$29,328,096)		<b>20,568,421</b>

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

<b>«Senior Secured Loans □ 1.09%</b>		
Ford Motor 4.423% 11/29/13	260,000	109,200
General Motors 5.795% 11/17/13	175,000	71,124
Talecris Biotherapeutics 2nd Lien 8.64% 12/6/14	225,000	199,125
Texas Competitive Electric Holdings Term B2 5.547% 10/10/14	270,000	185,254

**Total Senior Secured Loans**  
(cost \$675,078) **564,703**

	Number of Shares	
<b>Exchange Traded Fund □ 0.07%</b>		
ProShares UltraShort Real Estate	300	36,561
<b>Total Exchange Traded Fund</b> (cost \$43,345)		<b>36,561</b>

<b>Limited Partnership □ 0.36%</b>		
*Brookfield Infrastructure Partners	15,800	185,650
<b>Total Limited Partnership</b> (cost \$300,273)		<b>185,650</b>

<b>Warrants □ 0.00%</b>		
=@ Port Townsend	70	1
Solutia 144A, exercise price \$7.59, expiration date 7/15/09	650	0

**Total Warrants**  
(cost \$56,974) **1**

	Principal Amount	
<b>Repurchase Agreement** □ 8.05%</b>		
BNP Paribas 0.20%, dated 11/28/08, to be repurchased on 12/1/08, repurchase price \$4,171,070 (collateralized by U.S. government obligations, 6/4/09; with market value \$4,309,350)	\$ 4,171,000	4,171,000
<b>Total Repurchase Agreement</b> (cost \$4,171,000)		<b>4,171,000</b>

<b>Total Value of Securities Before Securities</b>		
<b>Lending Collateral □ 138.87%</b> (cost \$105,689,101)		<b>71,979,723</b>

	Number of Shares	
<b>Securities Lending Collateral*** □ 11.99%</b>		
Investment Companies		
Mellon GSL DBT II Collateral Fund	6,368,648	6,199,242
=Mellon GSL DBT II Liquidation Trust	163,237	13,385

<b>Total Securities Lending Collateral</b>		<b>6,212,627</b>
(cost \$6,531,885)		

<b>Total Value of Securities</b> □ <b>150.86%</b>		<b>78,192,350</b> ©
(cost \$112,220,986)		

<b>Obligation to Return Securities</b>		
<b>Lending Collateral***</b> □ <b>(12.60%)</b>		<b>(6,531,885)</b>
<b>Borrowing Under Line of Credit</b> □ <b>(39.02%)</b>		<b>(20,225,000)</b>

<b>Receivables and Other Assets</b>		
<b>Net of Liabilities</b> □ <b>0.76%</b>		<b>395,899</b>
<b>Net Assets Applicable to 9,935,835 Shares</b>		
<b>Outstanding; Equivalent</b>		
<b>to \$5.22 Per Share</b> □ <b>100.00%</b>		<b>\$ 51,831,364</b>

<b>Components of Net Assets at November 30, 2008:</b>		
Common stock, \$0.01 par value, 500,000,000		
shares authorized to the Fund	\$	103,227,213
Distributions in excess of net investment income		(156,700)
Accumulated net realized loss on investments		(17,216,255)
Net unrealized depreciation of investments, foreign		
currencies and swap contracts		(34,022,894)
Total net assets	\$	51,831,364

14

Non income producing security.

•Variable rate security. The rate shown is the rate as of November 30, 2008.

\*Fully or partially on loan.

\*\*See Note 1 in □Notes to financial statements.□

@Illiquid security. At November 30, 2008, the aggregate amount of illiquid securities was \$3,893,547, which represented 7.51% of the Fund□s net assets. See Note 11 in □Notes to financial statements.□

Restricted Security. These investments are in securities not registered under the Securities Act of 1933, as amended, and have certain restrictions on resale which may limit their liquidity. At November 30, 2008, the aggregate amount of restricted securities was \$5 or 0.00% of the Fund□s net assets. See Note 11 in □Notes to financial statements.□

=Security is being fair valued in accordance with the Fund□s fair valuation policy. At November 30, 2008, the aggregate amount of fair valued securities was \$127,458, which represented 0.25% of the Fund□s net assets. See Note 1 in □Notes to financial statements.□

#Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. At November 30, 2008, the aggregate amount of Rule 144A securities was \$6,563,217, which represented 12.66% of the Fund□s net assets. See Note 11 in □Notes to financial statements.□

«Senior Secured Loans generally pay interest at rates which are periodically redetermined by reference to a base lending rate plus a premium. These base lending rates are generally: (i) the prime rate offered by one or more United States banks, (ii) the lending

rate offered by one or more European banks such as the London Inter-Bank Offered Rate (LIBOR), and (iii) the certificate of deposit rate. Senior Secured Loans may be subject to restrictions on resale.

Non income producing security. Security is currently in default.

øStep coupon bond. Coupon increases periodically based on a predetermined schedule. Stated rate in effect at November 30, 2008.

\*\*\*See Note 10 in □Notes to financial statements.□

©Includes \$6,197,035 of securities loaned.

**Summary of Abbreviations:**

ADR □ American Depositary Receipts

CDS □ Credit Default Swap

PIK □ Pay-in-kind

REIT □ Real Estate Investment Trust

The following swap contracts were outstanding at November 30, 2008:

**Swap Contracts<sup>1</sup>**

Credit Default Swap Contracts

Swap Counterparty & Referenced Obligation	Notional Value	Annual Protection Payments	Termination Date	Unrealized Appreciation
<b>Protection Purchased:</b>				
<b>Citigroup</b>				
Global Markets				
Hartford				
Financial CDS	\$ 33,860	4.95%	12/20/13	\$3,133
<b>JPMorgan Chase Bank, National Association</b>				
Hartford				
Financial CDS	33,860	5.20%	12/20/13	2,842
Hartford				
Financial CDS	33,860	7.00%	12/20/13	737
<b>Total</b>	<b>\$ 101,580</b>			<b>\$ 6,712</b>

The use of swap contracts involves elements of market risk and risks in excess of the amount recognized in the financial statements. The notional values presented above represent the Fund's total exposure in such contracts, whereas only the net unrealized appreciation is reflected in the Fund's net assets.

<sup>1</sup>See Note 9 in □Notes to financial statements.□

See accompanying notes

# Statement of operations

**Delaware Investments® Dividend and Income Fund, Inc.**

Year Ended November 30, 2008

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

<b>Investment Income:</b>		
Dividends	\$ 3,528,070	
Interest	3,741,917	
Securities lending income	90,217	
Foreign tax withheld	(381)	\$ 7,359,823
<b>Expenses:</b>		
Management fees	766,423	
Reports to shareholders	136,616	
Legal fees	90,817	
Dividend disbursing and transfer agent fees and expenses	81,115	
Accounting and administration expenses	55,766	
NYSE fees	22,500	
Audit and tax	19,501	
Taxes (other than taxes on income)	17,060	
Pricing fees	13,753	
Dues and services	8,282	
Directors' fees	6,023	
Custodian fees	3,242	
Insurance fees	2,706	
Commercial paper fees	2,345	
Consulting fees	1,470	
Registration fees	643	
Directors' expenses	418	1,228,680
Less expense paid indirectly		(3,242)
Total operating expenses (before interest expense)		1,225,438
Interest expense		1,113,025
Total operating expenses (after interest expense)		2,338,463
<b>Net Investment Income</b>		<b>5,021,360</b>
<b>Net Realized and Unrealized Gain (Loss) on Investments and Foreign Currencies:</b>		
Net realized gain (loss) on:		
Investments		(16,208,290)
Swap contracts		36,283
Foreign currencies		(91)
Net realized loss		(16,172,098)
Net change in unrealized appreciation/depreciation of investments and foreign currencies		(46,110,238)
<b>Net Realized and Unrealized Loss on Investments and Foreign Currencies</b>		<b>(62,282,336)</b>
<b>Net Decrease in Net Assets Resulting from Operations</b>		<b>\$ (57,260,976)</b>

See accompanying notes

16

## Statements of changes in net assets

Delaware Investments® Dividend and Income Fund, Inc.

	Year Ended	
	11/30/08	11/30/07
<b>Increase (Decrease) in Net Assets from Operations:</b>		
Net investment income	\$ 5,021,360	\$ 4,405,297
Net realized gain (loss) on investments and foreign currencies	(16,172,098)	7,961,087
Net change in unrealized appreciation/depreciation of investments and foreign currencies	(46,110,238)	(14,222,922)
Net decrease in net assets resulting from operations	(57,260,976)	(1,856,538)
<b>Dividends and Distributions to Shareholders from:<sup>1</sup></b>		
Net investment income	(5,710,800)	(5,898,601)
Net realized gains	□	(9,732,411)
Tax return of capital	(4,120,447)	(6,965,444)
	(9,831,247)	(22,596,456)
<b>Capital Share Transactions:</b>		
Cost of shares repurchased <sup>2</sup>	(5,004,526)	(7,943,167)
Decrease in net assets derived from capital share transactions	(5,004,526)	(7,943,167)
<b>Net Decrease in Net Assets</b>	<b>(72,096,749)</b>	<b>(32,396,161)</b>
<b>Net Assets:</b>		
Beginning of year	123,928,113	156,324,274
End of year (including distributions in excess of net investment income of \$156,700 and \$161,155, respectively)	\$ 51,831,364	\$ 123,928,113

<sup>1</sup> See Note 4 in □Notes to financial statements.□

<sup>2</sup> See Note 6 in □Notes to financial statements.□

See accompanying notes

17

## Statement of cash flows

### Delaware Investments® Dividend and Income Fund, Inc.

Year Ended November 30, 2008

<b>Net Cash Provided by Operating Activities:</b>	
Net decrease in net assets resulting from operations	\$ (57,260,976)
Adjustments to reconcile net decrease in net assets from operations to cash provided by operating activities:	
Amortization of premium and discount on investments purchased	(68,694)
Purchase of investment securities	(83,311,329)
Proceeds from disposition of investment securities	116,527,161
Purchase of short-term investment securities, net	(660,816)
Net realized loss from investment transactions	16,702,966
Net realized loss from foreign currencies	91
Net change in net unrealized appreciation/depreciation of investments and foreign currencies	46,110,238
Increase in receivable for investments sold	(460,444)
Decrease in interest and dividends receivable and other assets	320,932

24



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

Decrease in payable for investments purchased	(845,559)
Increase in interest payable	20,925
Decrease in accrued expenses and other liabilities	(184,864)
Total adjustments	94,150,607
Net cash provided by operating activities	36,889,631
<b>Cash Flows Used in Financing Activities:</b>	
Repayment of commercial paper upon maturity	(24,000,000)
Proceeds from line of credit, net	225,000
Cash dividends and distributions paid	(9,831,247)
Purchase of fund shares (tender offer)	(5,004,526)
Net cash used in financing activities	(38,610,773)
Net decrease in cash	(1,721,142)
Cash at beginning of year	946,253
Cash (overdraft) at end of year	\$ (774,889)
Interest paid for borrowings during the year	\$ 1,092,100

See accompanying notes

18

## Financial highlights

### Delaware Investments® Dividend and Income Fund, Inc.

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

	Year Ended				
	11/30/08	11/30/07	11/30/06	11/30/05	11/30/04
<b>Net asset value, beginning of period</b>	\$11.850	\$14.200	\$12.650	\$12.960	\$11.700
<b>Income (loss) from investment operations:</b>					
Net investment income <sup>1</sup>	0.490	0.408	0.470	0.623	0.625
Net realized and unrealized gain (loss) on investments and foreign currencies	(6.160)	(0.640)	2.150	0.027	1.595
Total from investment operations	(5.670)	(0.232)	2.620	0.650	2.220
<b>Less dividends and distributions from:</b>					
Net investment income	(0.558)	(0.553)	(0.486)	(0.722)	(0.663)
Net realized gain on investments	□	(0.912)	(0.584)	(0.238)	(0.297)
Return of capital	(0.402)	(0.653)	□	□	□
Total dividends and distributions	(0.960)	(2.118)	(1.070)	(0.960)	(0.960)
<b>Net asset value, end of period</b>	\$ 5.220	\$11.850	\$14.200	\$12.650	\$12.960
<b>Market value, end of period</b>	\$ 4.020	\$10.660	\$13.460	\$12.550	\$11.760
<b>Total return based on:<sup>2</sup></b>					
Net asset value	(50.35%)	(0.94%)	22.41%	5.44%	20.29%
Market value	(57.51%)	(5.99%)	16.96%	15.38%	7.78%

<b>Ratios and supplemental data:</b>					
Net assets, end of period (000 omitted)	\$51,831	\$123,928	\$156,324	\$146,638	\$166,929
Ratio of expenses to average net assets	2.39%	2.71%	2.71%	2.20%	1.51%
Ratio of expenses to adjusted average net assets (before interest expense) <sup>3</sup>	0.88%	0.84%	0.88%	0.91%	0.76%
Ratio of interest expense to adjusted average net assets <sup>3</sup>	0.80%	1.25%	1.19%	0.78%	0.36%
Ratio of net investment income to average net assets	5.12%	2.92%	3.59%	4.81%	5.10%
Ratio of net investment income to adjusted average net assets <sup>3</sup>	3.59%	2.27%	2.74%	3.70%	3.78%
Portfolio turnover	64%	49%	63%	94%	89%
<b>Leverage Analysis:</b>					
Debt outstanding at end of period at par (000 omitted)	\$20,225	\$44,000	\$44,000	\$48,000	\$55,000
Asset coverage per \$1,000 of debt outstanding at end of period	\$3,563	\$3,820	\$4,577	\$4,073	\$4,044

<sup>1</sup> The average shares outstanding method has been applied for per share information.

<sup>2</sup> 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 purposes 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.

<sup>3</sup> Adjusted average net assets excludes debt outstanding.  
See accompanying notes

19

## Notes to financial statements

### Delaware Investments® Dividend and Income Fund, Inc.

November 30, 2008

Delaware Investments Dividend and Income Fund, Inc. (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 (NYSE) 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 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 ask prices will be used. Securities listed on a foreign exchange are valued at the last quoted sales price on the valuation date. U.S. government and agency securities are valued at the mean between the bid and ask prices. Other long-term debt securities, credit default swap (CDS) contracts and interest rate swap contracts are valued by an independent pricing service or broker. To the extent current market prices are not available, the pricing service may take into account developments related to the specific security, as well as transactions in comparable securities. Short-term debt securities having less than 60 days to maturity are valued at amortized cost, which approximates market value. Investment companies are valued at net asset value per share. Foreign currency contracts are valued at the mean between the bid and ask prices. Interpolated values are derived when the settlement date of the contract is an interim date for which quotations are not available. Generally, index swap contracts, spread swap contracts and other securities and assets for

26

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

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 (Board). 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 suspension of trading in a security. The Fund may use fair value pricing more frequently for securities traded primarily in non-U.S. markets because, among other things, most foreign markets close well before the Fund values its securities at 4:00 p.m. Eastern Time. The earlier close of these foreign markets gives rise to the possibility that significant events, including broad market moves, government actions or pronouncements, aftermarket trading or new events, may have occurred in the interim. To account for this, the Fund may frequently value foreign securities using fair value prices based on third-party vendor modeling tools (international fair value pricing).

**Federal Income Taxes** The Fund intends to continue to qualify for federal income tax purposes as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended, and make the requisite distributions to shareholders. Accordingly, no provision for federal income taxes has been made in the financial statements.

Effective May 30, 2008, the Fund adopted FASB Interpretation No. 48 Accounting for Uncertainty in Income Taxes (FIN 48). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are more-likely-than-not of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold are recorded as a tax benefit or expense in the current year. The adoption of FIN 48 did not result in the recording of any tax benefit or expense in the current period.

**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 to the extent permitted and, if necessary, a return of capital.

**Repurchase Agreements** The Fund may invest in a pooled cash account along with other members of the Delaware Investments Family of Funds pursuant to an exemptive order issued by the SEC. The aggregate daily balance of the pooled cash account is invested in repurchase agreements secured by obligations of the U.S. government. The respective collateral is held by the Fund's custodian bank until the maturity of the respective repurchase agreements. Each repurchase agreement is at least 102% collateralized. However, in the event of default or bankruptcy by the counterparty to the agreement, realization of the collateral may be subject to legal proceedings.

**Foreign Currency Transactions** Transactions denominated in foreign currencies are recorded at the prevailing exchange rates on the valuation date. The value of all assets and liabilities denominated in foreign currencies is translated into U.S. dollars at the exchange rate of such currencies against the U.S. dollar daily. Transaction gains or losses resulting from changes in exchange rates during the reporting period or upon settlement of the foreign currency transaction are reported in operations for the current period. The Fund isolates that portion of realized gains and losses on investments in debt securities, which are due to changes in foreign exchange rates from that which are due to changes in market prices of debt securities. For foreign equity securities, these changes are included in realized gains (losses) on investments. The Fund reports certain foreign currency related transactions as components of realized gains (losses) for financial reporting purposes, whereas such components are treated as ordinary income (loss) for federal income tax purposes.

**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 directly attributable to the Fund are charged directly to the Fund. Other expenses common to various funds within the Delaware Investments Family of Funds are generally allocated amongst such 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

20

---

### 1. Significant Accounting Policies (continued)

non-convertible bonds are amortized to interest income over the lives of the respective securities. Distributions received from investments in Real Estate Investment Trusts (REITs) are recorded as dividend income on the ex-dividend date, subject to reclassification upon notice of the character of such distribution by the issuer. The financial statements reflect an estimate of the reclassification of the distribution character.

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

Subject to seeking best execution, 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. Such commission rebates are included in realized gain on investments in the accompanying financial statements and totaled \$1,120 for the year ended November 30, 2008. In general, best execution refers to many factors, including the price paid or received for a security, the commission charged, the promptness and reliability of execution, the confidentiality and placement accorded the order, and other factors affecting the overall benefit obtained by the Fund on the transaction. DMC, as defined below, and its affiliates have previously and may in the future act as an investment advisor to mutual funds or separate accounts affiliated with the administrator of the commission recapture program described above. In addition, affiliates of the administrator act as consultants in helping institutional clients choose investment advisors and may also participate in other types of business and provide other services in the investment management industry.

The Fund receives earnings credits from its custodian when positive cash balances are maintained, which are used to offset custody fees. The expense paid under this 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% (calculated daily) of the adjusted average weekly net assets of the Fund. For purposes of the calculation of investment management fees, adjusted average weekly net assets exclude the commercial paper or line of credit liabilities.

Delaware Service Company, Inc. (DSC), an affiliate of DMC, provides fund accounting and financial administration oversight services to the Fund. For these services, the Fund pays DSC fees based on the aggregate daily net assets of the Delaware Investments® Family of Funds at the following annual rate: 0.0050% of the first \$30 billion; 0.0045% of the next \$10 billion; 0.0040% of the next \$10 billion; and 0.0025% of aggregate average daily net assets in excess of \$50 billion. The fees payable to DSC under the service agreement described above are allocated among all Funds in the Delaware Investments Family of Funds on a relative net asset value basis. For the year ended November 30, 2008, the Fund was charged \$6,971 for these services.

At November 30, 2008, the Fund had liabilities payable to affiliates as follows:

Investment management fee payable to DMC	\$ 35,804
Fees and expenses payable to DSC	321
Other expenses payable to DMC and affiliates*	8,444

\*DMC, as part of its administrative 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 and tax services, including internal legal and tax services provided to the Fund by DMC and/or its affiliates' employees. For the year ended November 30, 2008, the Fund was charged \$6,662 for internal legal and tax services provided by DMC and/or its affiliates' employees.

Directors' fees include expenses accrued by the Fund for each Directors' retainer and meeting fees. 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, 2008, the Fund made purchases of \$83,311,329 and sales of \$116,527,161 of investment securities other than short-term investments.

At November 30, 2008, the cost of investments for federal income tax purposes was \$113,166,906. At November 30, 2008, net unrealized depreciation was \$34,974,556, of which \$1,029,185 related to unrealized appreciation of investments and \$36,003,741 related to unrealized depreciation of investments.

Effective December 1, 2007, the Fund adopted Financial Accounting Standards No. 157, Fair Value Measurements (FAS 157). FAS 157 defines fair value as the price that the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. FAS 157 also establishes a framework for measuring fair value, and a three level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available under the circumstances. The Fund's investment in its entirety is assigned a level based upon the observability of the inputs which are significant to the overall valuation. The three-tier

hierarchy of inputs is summarized below.

Level 1 □ inputs are quoted prices in active markets

Level 2 □ inputs are observable, directly or indirectly

Level 3 □ inputs are unobservable and reflect assumptions on the part of the reporting entity

(continues) 21

## Notes to financial statements

### Delaware Investments® Dividend and Income Fund, Inc.

#### 3. Investments (continued)

The following table summarizes the valuation of the Fund's investments by the above FAS 157 fair value hierarchy levels as of November 30, 2008:

	Securities	Derivatives
Level 1	\$ 41,190,740	\$ □
Level 2	36,100,228	6,712
Level 3	901,382	□
Total	\$ 78,192,350	\$ 6,712

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

	Securities
Balance as of 11/30/07	\$ 218,725
Net change in unrealized appreciation/depreciation	(1,916,397)
Net purchases, sales and settlements	1,529,592
Net transfers in and/or out of Level 3	1,069,462
Balance as of 11/30/08	\$ 901,382
Net change in unrealized appreciation/depreciation on investments still held as of 11/30/08	\$(1,916,397)

#### 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, distributions from net gains on foreign currency transactions and net short-term gains on sales of investment securities are treated as ordinary income for federal income tax purposes. The tax character of dividends and distributions paid during the years ended November 30, 2008 and 2007 was as follows:

	Year Ended	
	2008	2007
Ordinary income	\$5,710,800	\$ 6,457,314
Long-term capital gains	□	9,173,698
Return of capital	4,120,447	6,965,444
Total	\$9,831,247	\$22,596,456

## 5. Components of Net Assets on a Tax Basis

As of November 30, 2008, the components of net assets on a tax basis were as follows:

Shares of beneficial interest	\$ 103,227,213
Capital loss carryforwards	(16,270,335)
Unrealized depreciation of investments, foreign currencies and swap contracts	(34,974,565)
Other temporary differences	(150,949)
Net assets	\$ 51,831,364

The differences between book basis and tax basis components of net assets are primarily attributable to tax deferral of losses on wash sales, contingent payment debt instruments, and tax treatment of partnership income, CDS contracts and market discount and premium on 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 dividends and distributions, partnership income, market discount and premium on certain debt instruments, gain (loss) on contingent payment debt instruments, REITs and CDS contracts. Results of operations and net assets were not affected by these reclassifications. For the year ended November 30, 2008, the Fund recorded the following reclassifications:

Distributions in excess of net investment income	\$ 693,895
Accumulated net realized loss	(653,447)
Paid-in capital	(40,448)

For federal income tax purposes, capital loss carryforwards of \$16,270,335 may be carried forward and applied against future capital gains. Such capital loss carryforwards expire in 2016.

## 6. Capital Stock

Shares obtained under the Fund's dividend reinvestment plan are purchased by the Fund's transfer agent, BNY Mellon Shareowner Services, in the open market. There were no shares issued under the Fund's dividend reinvestment plan for the years ended November 30, 2008 and 2007.

On May 22, 2008, the Fund's Board approved a tender offer for shares of the Fund's common stock. The tender offer authorized the Fund to purchase up to 5% of its issued and outstanding shares at a price equal to the Fund's net asset value at the close of business on the NYSE on June 30, 2008, the first business day following the expiration of the offer. The tender offer commenced on May 30, 2008 and expired on June 27, 2008. In connection with the tender offer, the Fund purchased 522,939 shares of capital stock at a total cost of \$5,004,526.

On May 21 2007, the Fund's Board approved a tender offer for shares of the Fund's common stock. The tender offer authorized the Fund to purchase up to 5% of its issued and outstanding shares at a price equal to the Fund's net asset value at the close of business on the NYSE on July 2, 2007, the first business day following the expiration of the offer. The tender offer commenced on June 1, 2007 and expired on June 29, 2007. In connection with the tender offer, the Fund purchased 550,462 shares of capital stock at a total cost of \$7,943,167.

## 7. Commercial Paper

During the period December 1, 2007 to December 20, 2007, \$24,000,000 (par value) of commercial paper was outstanding. The average daily balance of commercial paper outstanding during the period December 1, 2007 to December 20, 2007 was \$23,974,750 at a weighted discount rate of 4.63%. The maximum amount of commercial paper outstanding at any time during the period was \$24,000,000.

In conjunction with issuance of the commercial paper, the Fund entered into a Liquidity Agreement with JPMorgan Chase for \$30,000,000. Interest on borrowings was based on market rates in effect at the time of borrowing. The commitment fee was computed at the rate of 0.10% per annum on the unused balance. During the period December 1, 2007 to December 20, 2007, there were no borrowings under this arrangement.

The Fund terminated the commercial paper program and related liquidity Agreement with JPMorgan Chase on December 20, 2007.

22

---

## 8. Line of Credit

For the year ended November 30, 2008, the Fund borrowed money pursuant to a \$44,000,000 Credit Agreement with The Bank of New York Mellon (BNY Mellon) that expires on November 16, 2009. During the year ended November 30, 2008, the Fund reduced the amount borrowed pursuant to the Credit Agreement from \$44,000,000 to \$20,225,000. The reduction was a result of the unprecedented volatility in the securities markets. Depending on market conditions, the amount borrowed by the Fund pursuant to the Credit Agreement may be reduced or possibly increased in the future.

At November 30, 2008, the par value of loans outstanding was \$20,225,000 at a variable interest rate of 1.42%. During the year ended November 30, 2008, the average daily balance of loans outstanding was \$40,381,421 at a weighted average interest rate of approximately 2.61%. Interest on borrowings is based on a variable short-term rate plus an applicable margin. The commitment fee is computed at a rate of 0.10% per annum on the unused balance. The loan is collateralized by the Fund's portfolio.

## 9. Swap Contracts

The Fund may enter into interest rate swap contracts, index swap contracts and CDS contracts in accordance with its investment objectives. The Fund may use interest rate swaps to adjust the Fund's sensitivity to interest rates or to hedge against changes in interest rates. Index swaps may be used to gain exposure to markets that the Fund invests in, such as the corporate bond market. The Fund may also use index swaps as a substitute for futures or options contracts if such contracts are not directly available to the Fund on favorable terms. The Fund may enter into CDS contracts in order to hedge against a credit event, to enhance total return or to gain exposure to certain securities or markets.

An interest rate swap involves payments received by the Fund from another party based on a variable or floating interest rate, in return for making payments based on a fixed interest rate. An interest rate swap can also work in reverse with the Fund receiving payments based on a fixed interest rate and making payments based on a variable or floating interest rate. Interest rate swaps may be used to adjust the Fund's sensitivity to interest rates or to hedge against changes in interest rates. Periodic payments on such contracts are accrued daily and recorded as unrealized appreciation/depreciation on swap contracts. Upon periodic payment/ receipt or termination of the contract, such amounts are recorded as realized gains or losses on swap contracts.

Index swaps involve commitments to pay interest in exchange for a market-linked return based on a notional amount. To the extent the total return of the security, instrument or basket of instruments underlying the transaction exceeds the offsetting interest obligation, the Fund will receive a payment from the counterparty. To the extent the total return of the security, instrument or basket of instruments underlying the transaction falls short of the offsetting interest obligation, the Fund will make a payment to the counterparty. The change in value of swap contracts outstanding, if any, is recorded as unrealized appreciation or depreciation daily. A realized gain or loss is recorded on maturity or termination of the swap contract.

A CDS contract is a risk-transfer instrument through which one party (purchaser of protection) transfers to another party (seller of protection) the financial risk of a credit event (as defined in the CDS agreement), as it relates to a particular reference security or basket of securities (such as an index). In exchange for the protection offered by the seller of protection, the purchaser of protection agrees to pay the seller of protection a periodic amount at a stated rate that is applied to the notional amount of the CDS contract. In addition, an upfront payment may be made or received by the Fund in connection with an unwinding or assignment of a CDS contract. Upon the occurrence of a credit event, the seller of protection would pay the par (or other agreed-upon) value of the referenced security (or basket of securities) to the counterparty.

During the year ended November 30, 2008, the Fund entered into CDS contracts as a purchaser of protection. Periodic payments on such contracts are accrued daily and recorded as unrealized losses on swap contracts. Upon payment, such amounts are recorded as realized losses on swap contracts. Upfront payments made or received in connection with CDS contracts are amortized over the expected life of the CDS contracts as unrealized losses on swap contracts. The change in value of CDS contracts is recorded as unrealized appreciation or depreciation daily. A realized gain or loss is recorded upon a credit event (as defined in the CDS agreement) or the maturity or termination of the agreement. For the year ended November 30, 2008, the Fund did not enter into any CDS contracts as a seller of protection.

CDS may involve greater risks than if the Fund had invested in the referenced obligation directly. Credit default swaps are subject to general market risk, liquidity risk, counterparty risk and credit risk. If the Fund enters into a CDS contract as a purchaser of protection and no credit event occurs, its exposure is limited to the periodic payments previously made to the counterparty.

Because there is no organized market for swap contracts, the value of open swaps may differ from that which would be realized in the event the Fund terminated its position in the agreement. Risks of entering into these contracts include the potential inability of the counterparty to meet the terms of the contracts. This type of risk is generally limited to the amount of favorable movement in the value of the underlying security, instrument or basket of instruments, if any, at the day of default. Risks also arise from potential losses from adverse market movements and such losses could exceed the unrealized amounts shown on the statements of net assets.

## 10. Securities Lending

The Fund, along with other funds in the Delaware Investments® Family of Funds, may lend its securities pursuant to a security lending agreement (Lending Agreement) with BNY Mellon. With respect to each loan, if the aggregate market value of securities collateral held plus cash collateral received 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 generally invested in the Mellon GSL DBT II Collateral Fund (the [Collective Trust]) established by BNY Mellon for the purpose of investment on behalf of clients participating in its securities lending programs. The Collective Trust invests in fixed income securities, with a weighted average maturity not to exceed 90 days, rated in one of the top three tiers by Standard & Poor's Ratings Group or Moody's Investors Service, Inc. or repurchase agreements collateralized by such securities. The Collective Trust seeks to maintain a net asset value per unit of \$1.00, but there can be no assurance that it will always be able to do so. The Fund may incur investment losses as a result of investing securities lending collateral in the Collective Trust. This could occur if an investment in the Collective Trust defaulted or if it were necessary to liquidate assets in the Collective Trust to meet returns on outstanding security loans at

(continues) 23

# Notes to financial statements

Delaware Investments® Dividend and Income Fund, Inc.

## 10. Securities Lending (continued)

a time when the Collective Trust's net asset value per unit was less than \$1.00. Under those circumstances, the Fund may not receive an amount from the Collective Trust that is equal in amount to the collateral the Fund would be required to return to the borrower of the securities and the Fund would be required to make up for this shortfall. During the year ended November 30, 2008, BNY Mellon transferred certain distressed securities from the Collective Trust into the Mellon GSL DBT II Liquidation Trust. The Fund can also accept U.S. government securities and letters of credit (non-cash collateral) in connection with securities loans. 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 or interest, as applicable, 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. With respect to security loans collateralized by non-cash collateral, the Fund receives loan premiums paid by the borrower. With respect to security loans collateralized by cash collateral, the earnings from the collateral investments are shared among the Fund, the security lending agent and the borrower. The Fund records security lending income net of allocations to the security lending agent and the borrower.

At November 30, 2008, the value of the securities on loan was \$6,197,035, for which the Fund received collateral, comprised of security collateral of \$27,144, and cash collateral of \$6,531,885. Investments purchased with cash collateral are presented on the statement of net assets under the caption [Securities Lending Collateral.]

## 11. Credit and Market Risks

The Fund borrows through its line of credit for purposes of leveraging. Leveraging may result in higher degrees of volatility because the Fund's net asset value could be subject to fluctuations in short-term interest rates and changes in market value of portfolio securities attributable to the leverage.

The Fund invests a portion of its assets in high yield fixed income securities, which carry ratings of BB or lower by Standard & Poor's Ratings Group and/or Ba or lower by Moody's Investors Service, Inc. Investments in these higher yielding securities are 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 invests in REITs and is subject to 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 real estate holdings during the year ended November 30, 2008. 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.

The Fund may invest up to 10% of its net 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 Fund's Board 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. Securities eligible for resale pursuant to Rule 144A, which are determined to be liquid, are not subject to the Fund's 10% limit on investments in illiquid securities. Rule 144A and illiquid securities have been identified on the statement of net assets.

## 12. 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.

## 13. Tax Information (Unaudited)

The information set forth below is for the Fund's fiscal year as required by federal income tax 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, 2008, the Fund designates distributions paid during the year as follows:

(A) Long-Term Capital Gain Distributions (Tax Basis)	(B) Ordinary Income Distributions* (Tax Basis)	(C) Return of Capital (Tax Basis)	Total Distributions (Tax Basis)	(D) Qualifying Dividends <sup>1</sup>
0%	58.09%	41.91%	100.00%	31.56%

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

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

<sup>1</sup>Qualifying dividends represent dividends, which qualify for the corporate dividends received deduction.

\*For the fiscal year ended November 30, 2008, 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 \$1,827,742 to be taxed at a maximum rate of 15%. Complete information will be computed and reported in conjunction with your 2008 Form 1099-DIV.

24

---

# 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, 2008, 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 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, 2008 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 the Delaware Investments Dividend and Income Fund, Inc. at November 30, 2008, 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.

Philadelphia, Pennsylvania  
January 16, 2009

25

## Other Fund information (Unaudited)

### Delaware Investments® Dividend and Income Fund, Inc.

#### Proxy Results

The Fund held its Annual Meeting of Shareholders on Aug. 20, 2008. 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 or Withheld	No Vote Received
Patrick P. Coyne	9,485,061.09	216,013.19	757,699.72
Thomas L. Bennett	9,486,664.99	214,409.29	757,699.72
John A. Fry	9,485,764.99	215,309.29	757,699.72
Anthony D. Knerr	9,482,541.09	218,533.19	757,699.72
Lucinda S. Landreth	9,486,563.99	214,510.29	757,699.72
Ann R. Leven	9,476,670.03	224,404.25	757,699.72
Thomas F. Madison	9,472,262.19	228,812.09	757,699.72
Janet L. Yeomans	9,478,149.62	222,924.66	757,699.72
J. Richard Zecher	9,478,546.62	222,527.66	757,699.72

#### Corporate Governance

The Fund's audit committee charter is available on its web site at [www.delawareinvestments.com](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 2008 to the New York Stock Exchange (NYSE) on September 19, 2008 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 Forms N-CSR and Forms N-Q 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 [www.sec.gov](http://www.sec.gov).

### **Changes to Portfolio Management Team**

Roger A. Early and Kristen E. Bartholdson were appointed co-portfolio managers of the Fund on Jan. 14, 2008, and Dec. 8, 2008, respectively. Mr. Early and Ms. Bartholdson joined Babak Zenouzi, Damon J. Andres, D. Tysen Nutt Jr., Anthony A. Lombardi, Robert Vogel Jr., Nikhil G. Lalvani, Nashira S. Wynn, Thomas H. Chow, and Kevin P. Loomer in making day-to-day decisions for the Fund.

### **Fund management**

Thomas H. Chow, CFA  
Senior Vice President, Senior Portfolio Manager

Thomas H. Chow is a member of the firm's taxable fixed income portfolio management team with primary responsibility for portfolio construction and strategic asset allocation. His experience includes significant exposure to asset liability management strategies and credit risk opportunities. Prior to joining Delaware Investments in 2001, he was a trader of high grade and high yield securities, and was involved in the portfolio management of collateralized bond obligations (CBOs) and insurance portfolios at SunAmerica/AIG from 1997 to 2001. Before that, he was an analyst, trader, and portfolio manager at Conseco Capital Management from 1989 to 1997. Chow received a bachelor's degree in business analysis from Indiana University, and he is a Fellow of Life Management Institute.

D. Tysen Nutt Jr.  
Senior Vice President, Senior Portfolio Manager,  
Team Leader □ Large-Cap Value Focus Equity

D. Tysen Nutt Jr. joined Delaware Investments in 2004 as senior vice president and senior portfolio manager for the firm's Large-Cap Value Focus strategy. Before joining the firm, Nutt led the U.S. Active Large-Cap Value team within Merrill Lynch Investment Managers (MLIM), where he managed mutual funds and separate accounts for institutions and private clients. He departed MLIM as a managing director. Prior to joining MLIM in 1994, Nutt was with Van Deventer & Hoch (V&H) where he managed large-cap value portfolios for institutions and private clients. He began his investment career at Dean Witter Reynolds, where he eventually became vice president, investments. Nutt earned his bachelor's degree from Dartmouth College, and he is a member of the New York Society of Security Analysts and the CFA Institute.

26

---

Anthony A. Lombardi, CFA  
Vice President, Senior Portfolio Manager

Anthony A. Lombardi joined Delaware Investments in 2004 as a vice president and senior portfolio manager for the firm's Large-Cap Value Focus strategy. Previously, Lombardi worked at Merrill Lynch Investment Managers from 1998 to 2004, where he rose to the position of director and portfolio manager for the U.S. Active Large-Cap Value team, managing mutual funds and separate accounts for institutions and private clients. Prior to that, he worked at Dean Witter Reynolds for seven years as a sell-side equity research analyst, and he began his career as an investment analyst with Crossland Savings in 1989. Lombardi graduated from Hofstra University, receiving a bachelor's degree in finance and an MBA with a concentration in finance. He is a member of the New York Society of Security Analysts and the CFA Institute.

Babak (Bob) Zenouzi  
Senior Vice President, Senior Portfolio Manager

Bob Zenouzi is the lead manager for the domestic and global REIT effort at Delaware Investments, which includes the team, its process, and its institutional and retail products, which he created during his prior time with the firm. He also focuses on opportunities in Japan, Singapore, and Malaysia for the firm's global REIT product.

Additionally, he serves as lead portfolio manager for the firm's Dividend Income products, which he helped to create in the 1990s. He rejoined Delaware Investments in May 2006. In his first term with the firm, he spent seven years as an analyst and portfolio manager, leaving in 1999 to work at Chartwell Investment Partners, where from 1999 to 2006 he was a partner and senior portfolio manager on Chartwell's Small-Cap Value portfolio. He began his career with The Boston Company, where he held several positions in accounting and financial analysis. Zenouzi earned a master's degree in finance from Boston College and a bachelor's degree from Babson College. He is a member of the National Association of Real Estate Investment Trusts and the Urban Land Institute.

Kevin P. Loome, CFA  
Senior Vice President, Senior Portfolio Manager,  
Head of High Yield Investments

Kevin P. Loome is head of the High Yield fixed income team, responsible for portfolio construction and strategic asset allocation of all high yield fixed income assets. Prior to joining Delaware Investments in August 2007, Loome spent 11 years at T. Rowe Price, starting as an analyst and leaving the firm as a portfolio manager. He began his career with Morgan Stanley as a corporate finance analyst in the New York and London offices. Loome received his bachelor's degree in commerce from the University of Virginia and earned an MBA from the Tuck School of Business at Dartmouth.

Nikhil G. Lalvani, CFA  
Vice President, Portfolio Manager

Nikhil G. Lalvani is a portfolio manager with the firm's Large-Cap Value Focus team. At Delaware Investments, Lalvani has served as both a fundamental and quantitative analyst. Prior to joining the firm in 1997, he was a research associate with Bloomberg. Lalvani holds a bachelor's degree in finance from The Pennsylvania State University and is a member of the CFA Society of Philadelphia.

Roger A. Early, CPA, CFA, CFP  
Senior Vice President, Senior Portfolio Manager

Roger A. Early is a member of the firm's taxable fixed income portfolio management team with primary responsibility for portfolio construction and strategic asset allocation. He rejoined Delaware Investments in March 2007. During his previous tenure at the firm, from 1994 to 2001, he was a senior portfolio manager in the same area, and he left Delaware Investments as head of its U.S. investment grade fixed income group. Early most recently worked at Chartwell Investment Partners, where he served as a senior portfolio manager in fixed income from 2003 to 2007. He also worked at Turner Investments from 2002 to 2003, where he served as chief investment officer for fixed income, and Rittenhouse Financial from 2001 to 2002. He started his career in Pittsburgh, leaving to join Delaware Investments in 1994 after 10 years at Federated Investors. Early earned his bachelor's degree in economics from The Wharton School of the University of Pennsylvania and an MBA with concentrations in finance and accounting from the University of Pittsburgh, and he is a member of the CFA Society of Philadelphia.

27

---

## Other Fund information (Unaudited)

### Delaware Investments® Dividend and Income Fund, Inc.

Robert A. Vogel Jr., CFA  
Vice President, Senior Portfolio Manager

Robert A. Vogel Jr. joined Delaware Investments in 2004 as a vice president, senior portfolio manager for the firm's Large-Cap Value Focus strategy. He previously worked at Merrill Lynch Investment Managers for more than seven years, where he rose to the position of director and portfolio manager within the U.S. Active Large-Cap Value team. He began his career in 1992 as a financial consultant at Merrill Lynch. Vogel graduated

36

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

from Loyola College in Maryland, earning both bachelor's and master's degrees in finance. He also earned an MBA with a concentration in finance from The Wharton School of the University of Pennsylvania, and he is a member of the New York Society of Security Analysts and the CFA Society of Philadelphia.

Kristen E. Bartholdson  
Vice President, Portfolio Manager

Kristen E. Bartholdson is a portfolio manager with the firm's Large-Cap Value Focus team. Prior to joining the firm in 2006, she worked at Susquehanna International Group from 2004 to 2006, where she was an equity research salesperson. From 2000 to 2004 she worked in equity research at Credit Suisse, most recently as an associate analyst in investment strategy. Bartholdson earned her bachelor's degree in economics from Princeton University.

Nashira S. Wynn  
Vice President, Portfolio Manager

Nashira S. Wynn is a portfolio manager with the firm's Large-Cap Value Focus team. Prior to joining Delaware Investments in 2004, she was an equity research analyst for Merrill Lynch Investment Managers, starting there in July 2001. Wynn earned a bachelor's degree in finance, with a minor in economics, from The College of New Jersey, and she attended England's Oxford University as a Presidential Scholar.

Damon J. Andres, CFA  
Vice President, Senior Portfolio Manager

Damon J. Andres, who joined Delaware Investments in 1994, currently serves as a portfolio manager for REIT investments and convertibles. He also serves as a portfolio manager for the firm's Dividend Income products. From 1991 to 1994, he performed investment-consulting services as a consulting associate with Cambridge Associates. Andres earned a bachelor's degree in business administration with an emphasis in finance and accounting from the University of Richmond.

### Distribution Information

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, certain of these estimates have been corrected in part. Listed below is a written statement of the sources of these monthly distributions on a book basis.

	Net Investment Income per share	Return of Capital per share	Long Term Capital Gain per share	Total Distribution Amount
12/07	\$0.040	\$0.040	\$	\$0.080
1/08	0.032	0.048		0.080
2/08	0.036	0.044		0.080
3/08	0.045	0.035		0.080
4/08	0.029	0.051		0.080
5/08	0.049	0.031		0.080
6/08	0.037	0.043		0.080
7/08	0.049	0.031		0.080
8/08	0.052	0.028		0.080
9/08	0.036	0.044		0.080
10/08	0.043	0.037		0.080
11/08	0.050	0.030		0.080
<b>Total</b>	<b>\$0.498</b>	<b>\$0.462</b>	<b>\$</b>	<b>\$0.960</b>

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

Please note that the information in the preceding chart is for book purposes only. Shareholders should be aware 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.

In January 2009, the Fund reduced the monthly distribution amount from \$0.08 per share to \$0.0575 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.

### **Tender Offer**

As described in Note 6 to the Financial Statements, the Fund conducted a tender offer in 2008. 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.

Since the Fund's organization in 1993, the Fund has consummated five tender offers, including tender offers in 2000, 2005, 2006, 2007, and 2008.

### **Dividend Reinvestment Plan**

The Fund offers an automatic dividend reinvestment program ("Plan"). Shareholders who have shares registered in their own names are automatically considered participants in the Plan, unless they elect to withdraw from the Plan. Shareholders who hold their shares through a bank, broker, or other nominee should request the bank, broker, or nominee to participate in the Plan on their behalf. This can be done as long as the bank, broker, or nominee provides a dividend reinvestment service for the Fund. If the bank, broker, or nominee does not provide this service, such shareholders must have their shares taken out of "street" or nominee name and re-registered in their own name in order to participate in the Plan.

BNY Mellon Shareowner Services will apply all cash dividends, capital gains and other distributions (collectively, "Distributions") on the Fund's shares of common stock which become payable to each Plan participant to the purchase of outstanding shares of the Fund's common stock for such participant. These purchases may be made on a securities exchange or in the over-the-counter market, and may be subject to such terms of price, delivery, and related matters to which BNY Mellon Shareowner Services may agree. The Fund will not issue new shares in connection with the Plan.

Distributions reinvested for participants are subject to income taxes just as if they had been paid directly to the shareholder in cash. Participants will receive a year-end statement showing distributions reinvested, and any brokerage commissions paid on such participant's behalf.

Shareholders holding shares of the Fund in their own names who wish to terminate their participation in the Plan may do so by sending written instruction to BNY Mellon Shareowner Services so that BNY Mellon Shareowner Services receives such instructions at least 10 days prior to the Distribution record date. Shareholders with shares held in account by a bank, broker, or other nominee should contact such bank, broker, or other nominee to determine the procedure for withdrawal from the Plan.

If written instructions are not received by BNY Mellon Shareowner Services at least 10 days prior to the record date for a particular Distribution, that Distribution may be reinvested at the sole discretion of BNY Mellon Shareowner Services. After a shareholder's instructions to terminate participation in the Plan become effective, Distributions will be paid to shareholders in cash. Upon termination, a shareholder may elect to receive either stock or cash for all the full shares in the account. If cash is elected, BNY Mellon Shareowner Services will sell such shares at the then current market value and then send the net proceeds to the shareholder, after deducting brokerage commissions and related expenses. Any fractional shares at the time of termination will be paid in cash at the current market price, less brokerage commissions and related expenses, if any. Shareholders may at any time request a full or partial withdrawal of shares from the Plan, without terminating participation in the Plan. When shares outside of the Plan are liquidated, Distributions on shares held under the Plan will continue to be reinvested unless BNY Mellon Shareowner Services is notified of the shareholder's withdrawal from the Plan.

An investor holding shares that participate in the Plan in a brokerage account may not be able to transfer the shares to another broker and continue to participate in the Plan. Please contact your broker/dealer for additional details.

BNY Mellon Shareowner Services will charge participants their proportional share of brokerage commissions on market purchases. Participants may obtain a certificate or certificates for all or part of the full shares credited to their accounts at any time by making a request in writing to BNY Mellon Shareowner Services. A fee may be charged to the participant for each certificate issuance.

If you have any questions and shares are registered in your name, contact BNY Mellon Shareowner Services at 800 851-9677. If you have any questions and shares are registered in [street] name, contact the broker/dealer holding the shares or your financial advisor.

Effective August 1, 2008, the Dividend Reinvestment Plan may be amended by the Fund upon twenty days written notice to the Plan's participants.

## Board of trustees/directors and officers addendum

### Delaware Investments® Family of Funds

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. Each trustee has served in that capacity since he or she was elected to or appointed to the Board of Trustees, and will continue to serve until his or her retirement or the election of a new trustee in his or her place. The following is a list of the Trustees and Officers with certain background and related information.

Name, Address, and Birth Date	Position(s) Held with Fund(s)	Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee or Officer	Other Directorships Held by Trustee or C
<b>Interested Trustees</b>					
Patrick P. Coyne <sup>1</sup> 2005 Market Street Philadelphia, PA 19103  April 1963	Chairman, President,  Chief Executive Officer, and Trustee	Chairman and Trustee since August 16, 2006  President and Chief Executive Officer since August 1, 2006	Patrick P. Coyne has served in various executive capacities  at different times at Delaware Investments. <sup>2</sup>	85	Director Kaydon Co  Board of Gov Member Inve Company Instit (2007)Pres  Member of Inve Committee of Liberty Counc (Novemb 2007)Pres  Finance Com Member [ S Vianney Ro Catholic Ch (2007)Pres
<b>Independent Trustees</b>					
Thomas L. Bennett 2005 Market Street Philadelphia, PA 19103  October 1947	Trustee	Since March 2005	Private Investor [ ] (March 2004)Present)  Investment Manager [ ] Morgan Stanley & Co. (January 1984)March 2004)	85	Director Bryn Ma Bank Corp. (E (April 2007)E  Chairman Investment Com [ ] Pennsylv Academy of Fir (2007)Pres Trustee (2004
					Investment Com and Govern Committee M

Name, Address, and Birth Date	Position(s) Held with Fund(s)	Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee or Officer	Other Directorships Held by Trustee or Officer
<b>Independent Trustees (continued)</b>					
John A. Fry 2005 Market Street Philadelphia, PA 19103  May 1960	Trustee	Since January 2001	President □ Franklin & Marshall College (June 2002□Present)	85	Director □ Community Health Systems
Anthony D. Knerr 2005 Market Street Philadelphia, PA 19103	Trustee	Since April 1990	Executive Vice President □ University of Pennsylvania (April 1995□June 2002) Founder and Managing Director □ Anthony Knerr & Associates (Strategic Consulting) (1990□Present)	85	None
December 1938 Lucinda S. Landreth 2005 Market Street Philadelphia, PA 19103	Trustee	Since March 2005	Chief Investment Officer □ Assurant, Inc. (Insurance) (2002□2004)	85	None
June 1947 Ann R. Leven 2005 Market Street Philadelphia, PA 19103	Trustee	Since October 1989	Consultant □ ARL Associates (Financial Planning) (1983□Present)	85	Director and Audit Committee Chair Systemax, Inc.
November 1940 Thomas F. Madison 2005 Market Street Philadelphia, PA 19103	Trustee	Since May 1997 <sup>3</sup>	President and Chief Executive Officer □ MLM Partners, Inc. (Small Business Investing and Consulting) (January 1993□Present)	85	Director and Chair Compensation Committee, Governance Commit Member □ CenterPoint En
February 1936					Lead Director and Chair of Audit and Governance Committees, Member of Compensation Committee □ Dig River, Inc.
					Director and Chair Governance Committee, Audit Committee Member Rimage Corporat
					Director and Chair the Compensation Committee Spanl



Communication

Lead Director and Chair of Compensation and Governance Committees [Valmont Industries, Inc.]  
None

Janet L. Yeomans 2005 Market Street Philadelphia, PA 19103 July 1948	Trustee	Since April 1999	Vice President and Treasurer (January 2006-Present) Vice President - Mergers & Acquisitions (January 2003-January 2006), and Vice President (July 1995-January 2003) 3M Corporation	85	
--	---------	---------------------	---	----	--

31

Name, Address, and Birth Date	Position(s) Held with Fund(s)	Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee or Officer	Other Directorships Held by Trustee or Officer
<b>Independent Trustees (continued)</b>					
J. Richard Zecher 2005 Market Street Philadelphia, PA 19103 July 1940	Trustee	Since March 2005	Founder - Investor Analytics (Risk Management) (May 1999-Present)  Founder - Sutton Asset Management (Hedge Fund) (September 1996-Present)	85	Director and A Committee Mem Investor Analy
<b>Officers</b>					
David F. Connor 2005 Market Street Philadelphia, PA 19103 December 1963	Vice President, Deputy General Counsel, and Secretary	Vice President since September 2000 and Secretary since October 2005	David F. Connor has served as Vice President and Deputy General Counsel of Delaware Investments since 2000.	85	None <sup>4</sup>
Daniel V. Geatens 2005 Market Street Philadelphia, PA 19103 October 1972	Vice President and Treasurer	Treasurer since October 25, 2007	Daniel V. Geatens has served in various capacities at different times at Delaware Investments.	85	None <sup>4</sup>
David P. O'Connor 2005 Market Street Philadelphia, PA 19103 February 1966	Senior Vice President, General Counsel, and Chief Legal Officer	Senior Vice President, General Counsel, and Chief Legal Officer since October 2005	David P. O'Connor has served in various executive and legal capacities at different times at Delaware Investments.	85	None <sup>4</sup>
Richard Salus 2005 Market Street Philadelphia, PA 19103 October 1963	Senior Vice President and Chief Financial Officer	Chief Financial Officer since November 2006	Richard Salus has served in various executive capacities at different times at Delaware Investments.	85	None <sup>4</sup>

<sup>1</sup> Patrick P. Coyne is considered to be an "Interested Trustee" because he is an executive officer of the Fund's investment advisor.

<sup>2</sup> Delaware Investments is the marketing name for Delaware Management Holdings, Inc. and its subsidiaries, including the Fund's investment advisor, principal underwriter, and its transfer agent.

<sup>3</sup> In 1997, several funds managed by Voyageur Fund Managers, Inc. (the "Voyageur Funds") were incorporated into the Delaware Investments<sup>®</sup> Family of Funds. Mr. Madison served as a director of the Voyageur Funds from 1993 until 1997.

<sup>4</sup> David F. Connor, Daniel V. Geatens, David P. O'Connor, and Richard Salus serve in similar capacities for the six portfolios of the Optimum Fund Trust, which have the same investment advisor, principal underwriter, and transfer agent as the registrant.

32

---

## About the organization

This annual report is for the information of Delaware Investments<sup>®</sup> 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. Your Fund's Board of Directors approved a share repurchase program in 1994 that authorizes the Fund to purchase up to 10% of its outstanding shares on the floor of the New York Stock Exchange.

### Board of Directors

**Patrick P. Coyne**

Chairman, President,  
and Chief Executive Officer  
Delaware Investments Family of  
Funds  
Philadelphia, PA

**Thomas L. Bennett**

Private Investor  
Rosemont, PA

**John A. Fry**

President  
Franklin & Marshall College  
Lancaster, PA

**Anthony D. Knerr**

Founder and Managing Director  
Anthony Knerr & Associates  
New York, NY

**Lucinda S. Landreth**

Former Chief Investment Officer  
Assurant Inc.  
Philadelphia, PA

**Ann R. Leven**

Consultant  
ARL Associates  
New York, NY

**Thomas F. Madison**

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

### Affiliated officers

**David F. Connor**

Vice President, Deputy General  
Counsel,  
and Secretary  
Delaware Investments Family of  
Funds  
Philadelphia, PA

**Daniel V. Geatens**

Vice President and Treasurer  
Delaware Investments Family of  
Funds  
Philadelphia, PA

**David P. O'Connor**

Senior Vice President, General  
Counsel,  
and Chief Legal Officer  
Delaware Investments Family of  
Funds  
Philadelphia, PA

**Richard Salus**

Senior Vice President and  
Chief Financial Officer  
Delaware Investments 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)

### Contact information

**Investment manager**

Delaware Management Company  
a series of Delaware Management  
Business Trust  
Philadelphia, PA

**Principal office of the Fund**

2005 Market Street  
Philadelphia, PA 19103-7057

**Independent registered public  
accounting firm**

Ernst & Young LLP  
2001 Market Street  
Philadelphia, PA 19103

**Registrar and stock transfer  
agent**

BNY Mellon Shareowner Services  
480 Washington Blvd.  
Jersey City, NJ 07310  
800 851-9677

**For securities dealers  
and financial institutions  
representatives**

800 362-7500

**Web site**

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

*Delaware Investments is the  
marketing name of Delaware  
Management Holdings, Inc. and  
its subsidiaries.*

**Janet L. Yeomans**<sup>□</sup>  
Vice President and Treasurer  
3M Corporation  
St. Paul, MN

**J. Richard Zecher**<sup>□</sup>  
Founder  
Investor Analytics  
Scottsdale, AZ

<sup>□</sup>Audit committee member

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>.

**Your reinvestment options**  
Delaware Investments Dividend and Income Fund, Inc. offers an automatic dividend reinvestment program. If you would like to reinvest dividends, and shares are registered in your name, contact BNY Mellon Shareowner Services at 800 851-9677. You will be asked to put your request in writing. If you have shares registered in <sup>□</sup>street<sup>□</sup> name, contact the broker/dealer holding the shares or your financial advisor.

---

## 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 the Delaware Investments Internet Web site at [www.delawareinvestments.com](http://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 Web site within five business days of such amendment or waiver and will remain on the Web site for at least 12 months.

## Item 3. Audit Committee Financial Expert

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 <sup>□</sup>audit committee financial expert<sup>□</sup> 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 <sup>□</sup>audit committee financial expert<sup>□</sup> shall have acquired such attributes through:

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

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 <sup>1</sup>

Thomas F. Madison

Janet L. Yeomans <sup>1</sup>

J. Richard Zecher

### Item 4. Principal Accountant Fees and Services

#### (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 \$13,100 for the fiscal year ended November 30, 2008.

---

<sup>1</sup> 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 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 \$14,300 for the fiscal year ended November 30, 2007.

#### (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 \$0 for the fiscal year ended November 30, 2008.

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

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 \$0 for the registrant's fiscal year ended November 30, 2008.

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 \$6,868 for the fiscal year ended November 30, 2007. 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 report 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 \$0 for the registrant's fiscal year ended November 30, 2007.

---

### (c) Tax fees.

The aggregate fees billed by the registrant's independent auditors for tax-related services provided to the registrant were \$3,250 for the fiscal year ended November 30, 2008. 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 returns and review of annual excise distribution calculations.

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, 2008.

The aggregate fees billed by the registrant's independent auditors for tax-related services provided to the registrant were \$4,050 for the fiscal year ended November 30, 2007. 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 returns and review of annual excise distribution calculations.

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, 2007.

### (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, 2008.

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, 2008.

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, 2007.

---

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

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, 2007.

(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 of Fees
<b>Audit Services</b>	
Statutory audits or financial audits for new Funds	up to \$25,000 per Fund
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 per Fund
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 in the aggregate
<b>Audit-Related Services</b>	
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 in the aggregate
<b>Tax Services</b>	
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 in the aggregate
U.S. federal, state and local tax compliance (e.g., excise distribution reviews, etc.)	up to \$5,000 per Fund
Review of federal, state, local and international income, franchise and other tax returns	up to \$5,000 per Fund

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 of Fees
<b>Non-Audit Services</b>	

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

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

---

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 \$257,252 and \$259,606 for the registrant's fiscal years ended November 30, 2008 and November 30, 2007, 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 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. Investments

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

(b) Divestment of securities in accordance with Section 13(c) of the Investment Company Act of 1940.

Not applicable.

### 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) (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/RiskMetrics"), a wholly owned subsidiary of RiskMetrics Group ("RiskMetrics"), to analyze proxy statements on behalf of its clients and vote proxies generally in accordance with the Procedures.) 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/RiskMetrics's proxy voting activities. If a proxy has been voted for the registrant, ISS/RiskMetrics will create a record of the vote. By no later than August 31 of each year, information (if any) regarding how the registrant voted proxies relating to portfolio securities during the most recently disclosed 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 equity-based compensation plans are generally determined on a case-by-case basis; and (vii) generally vote for proposals requesting reports on the level of greenhouse gas emissions from a company's operations and products.

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/RiskMetrics in accordance with the Procedures. Because almost all registrant proxies are voted by ISS/RiskMetrics 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/RiskMetrics'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/RiskMetrics 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

The following chart lists certain information about types of other accounts for which the portfolio managers are primarily responsible as of November 30, 2008. Any accounts managed in a personal capacity appear under "Other Accounts" along with other accounts managed on a professional basis. The personal account information is current as of the most recent calendar quarter-end for which account statements are available.

	<u>No. of Accounts</u>	<u>Total Assets in Accounts</u>	<u>No. of Accounts with Performance-Based Fees</u>	<u>Total Assets in Accounts with Performance- Based Fee</u>
<b>Damon J. Andres</b>				
Registered Investment Companies	14	\$625.0 million	0	\$0
Other pooled Investment Vehicles	0	\$0	0	\$0
Other Accounts	3	\$32.1 million	0	\$0
<b>Kristen E. Bartholdson</b>				
Registered Investment	16	\$1.7 billion	0	\$0



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

Companies				
Other pooled	0	\$0	0	\$0
Investment Vehicles				
Other Accounts	19	\$1.4 billion	2	\$545.0 million
<b>Thomas H. Chow</b>				
Registered	19	\$7.7 billion	0	\$0
Investment				
Companies				
Other pooled	0	\$0	0	\$0
Investment Vehicles				
Other Accounts	10	\$1.2 billion	0	\$0
<b>Roger A. Early</b>				
Registered	26	\$5.1 billion	0	\$0
Investment				
Companies				
Other pooled	0	\$0	0	\$0
Investment Vehicles				
Other Accounts	18	\$2.8 billion	0	\$0
<b>Nikhil G. Lalvani</b>				
Registered	16	\$1.7 billion	0	\$0
Investment				
Companies				
Other pooled	0	\$0	0	\$0
Investment Vehicles				
Other Accounts	22	\$1.4 billion	2	\$545.0 million
<b>Anthony A. Lombardi</b>				
Registered	16	\$1.7 billion	0	\$0
Investment				
Companies				
Other pooled	0	\$0	0	\$0
Investment Vehicles				
Other Accounts	25	\$1.4 billion	2	\$545.0 million
<b>Kevin P. Loome</b>				
Registered	21	\$6.3 billion	0	\$0
Investment				
Companies				
Other pooled	0	\$0	0	\$0
Investment Vehicles				
Other Accounts	6	\$478.7 million	0	\$0
<b>D. Tysen Nutt, Jr.</b>				
Registered	16	\$1.7 billion	0	\$0
Investment				
Companies				
Other pooled	0	\$0	0	\$0
Investment Vehicles				
Other Accounts	29	\$1.4 billion	2	\$545.0 million
<b>Robert A. Vogel, Jr.</b>				
Registered	16	\$1.7 billion	0	\$0
Investment				
Companies				
Other pooled	0	\$0	0	\$0
Investment Vehicles				

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

Other Accounts	30	\$1.4 billion	2	\$545.0 million
<b>Nashira Wynn</b>				
Registered Investment Companies	16	\$1.7 billion	0	\$0
Other pooled Investment Vehicles	0	\$0	0	\$0
Other Accounts	19	\$1.4 billion	2	\$545.0 million
<b>Babak Zenouzi</b>				
Registered Investment Companies	14	\$625.0 million	0	\$0
Other pooled Investment Vehicles	0	\$0	0	\$0
Other Accounts	2	\$32.0 million	0	\$0

## DESCRIPTION OF MATERIAL CONFLICTS OF INTEREST

Individual portfolio managers may perform investment management services for other funds or accounts similar to those provided to the Funds and the investment action for such other fund or account and the Funds may differ. For example, an account or fund may be selling a security, while another account or Fund may be purchasing or holding the same security. As a result, transactions executed for one fund or account may adversely affect the value of securities held by another fund, account or Fund. Additionally, the management of multiple other funds or accounts and the Funds may give rise to potential conflicts of interest, as a portfolio manager must allocate time and effort to multiple funds or accounts and the Funds. A portfolio manager may discover an investment opportunity that may be suitable for more than one account or fund. The investment opportunity may be limited, however, so that all funds or accounts for which the investment would be suitable may not be able to participate. The Manager has adopted procedures designed to allocate investments fairly across multiple funds or accounts.

Two of the accounts managed by the portfolio managers has a performance-based fee. This compensation structure presents a potential conflict of interest. The portfolio manager has an incentive to manage this account so as to enhance its performance, to the possible detriment of other accounts for which the investment manager does not receive a performance-based fee.

A portfolio manager's management of personal accounts also may present certain conflicts of interest. While Delaware's code of ethics is designed to address these potential conflicts, there is no guarantee that it will do so.

## COMPENSATION STRUCTURE

Each portfolio's manager's compensation consists of the following:

**BASE SALARY** □ Each named portfolio manager receives a fixed base salary. Salaries are determined by a comparison to industry data prepared by third parties to ensure that portfolio manager salaries are in line with salaries paid at peer investment advisory firms.

**BONUS** □ **(Mr. Nutt, Ms. Bartholdson, Mr. Lalvani, Mr. Lombardi, Mr. Vogel and Ms. Wynn only)** Each named portfolio manager is eligible to receive an annual cash bonus. The bonus pool is determined by the revenues associated with the products a portfolio manager manages. Delaware keeps a percentage of the revenues and the remaining percentage of revenues (minus appropriate expenses associated with relevant product and the investment management team) create the "bonus pool" for the product. Various members of the team have the ability to earn a percentage of the bonus pool with the most senior contributor having the largest share. The pool is allotted based on subjective factors and objective factors. The primary objective factor is the performance of the funds managed relative to the performance of the appropriate Lipper peer groups and the performance of institutional composites relative to the appropriate indices. Performance is measured as the result of one's standing in the Lipper peer groups on a one-year, three-year and five-year basis. Three-year and five-year performance is weighted more heavily and there is no objective award for a fund whose performance falls below the 50th percentile for a given time period.

Individual allocations of the bonus pool are based on individual performance measurements, both objective and subjective, as determined by senior management.

**(Mr. Andres and Mr. Zenouzi only)** Each named portfolio manager is eligible to receive an annual cash bonus. The bonus pool is determined by the revenues associated with the products a portfolio manager manages. Delaware keeps a percentage of the revenues and the remaining percentage of revenues (minus appropriate expenses associated with relevant product and the investment management team) create the "bonus pool" for the product. Various members of the team have the ability to earn a percentage of the bonus pool with the most senior contributor having the largest share. The pool is allotted based on subjective factors (50%) and objective factors (50%). The primary objective factor is the performance of the funds managed relative to the performance of the appropriate Lipper peer groups and the performance of institutional composites relative to the appropriate indices. Performance is measured as the result of one's standing in the Lipper peer groups on a one-year, three-year and five-year basis. Three-year and five-year performance is weighed more heavily and there is no objective award for a fund whose performance falls below the 50th percentile for a given time period.

---

Individual allocations of the bonus pool are based on individual performance measurements, both objective and subjective, as determined by senior management.

**(Mr. Chow only)** Each portfolio manager is eligible to receive an annual cash bonus, which is based on quantitative and qualitative factors. There is one pool for bonus payments for the fixed income department. The amount of the pool for bonus payments is first determined by mathematical equation based on all assets managed (including investment companies, insurance product-related accounts and other separate accounts), management fees and related expenses (including fund waiver expenses) for registered investment companies, pooled vehicles, and managed separate accounts. Generally, 50%-70% of the bonus is quantitatively determined. For more senior portfolio managers, a higher percentage of the bonus is quantitatively determined. For investment companies, each manager is compensated according to the Fund's Lipper peer group percentile ranking on a one-year and three-year basis, equally weighted. For managed separate accounts the portfolio managers are compensated according to the composite percentile ranking against the Frank Russell and Callan Associates databases on a one-year and three-year basis, with three-year performance more heavily weighted. There is no objective award for a fund that falls below the 50<sup>th</sup> percentile over the three-year period. There is a sliding scale for investment companies that are ranked above the 50<sup>th</sup> percentile. The remaining 30%-50% portion of the bonus is discretionary as determined by Delaware Investments and takes into account subjective factors.

**(Mr. Early and Mr. Loomer only)** Due to transitioning of responsibilities of these managers, the managers' bonuses for the past year were guaranteed. It is anticipated that going forward an objective component will be added that is reflective of account performance relative to an appropriate peer group or database.

**DEFERRED COMPENSATION** □ Each named portfolio manager is eligible to participate in the Lincoln National Corporation Executive Deferred Compensation Plan, which is available to all employees whose income exceeds a designated threshold. The Plan is a non-qualified unfunded deferred compensation plan that permits participating employees to defer the receipt of a portion of their cash compensation.

**STOCK OPTION INCENTIVE PLAN/EQUITY COMPENSATION PLAN** - Portfolio managers may be awarded options, stock appreciation rights, restricted stock awards and restricted stock units relating to the underlying shares of common stock of Delaware Investments U.S., Inc. pursuant to the terms the Amended and Restated Delaware Investments U.S., Inc. Incentive Compensation Plan. In addition, certain managers may be awarded restricted stock units, or "performance shares," in Lincoln National Corporation. Delaware Investments U.S., Inc., is an indirect subsidiary of Delaware Management Holdings, Inc. Delaware Management Holdings, Inc., is in turn an indirect, wholly-owned subsidiary of Lincoln National Corporation.

The Amended and Restated Delaware Investments U.S., Inc. Incentive Compensation Plan was established in 2001 in order to provide certain employees of the Manager with a more direct means of participating in the growth of the Manager. Under the terms of the plan, stock options typically vest in 25% increments on a four-year schedule and expire ten years after issuance. Subject to the terms of the plan, restricted stock units typically vest in 25% increments on a four-year schedule, and shares of common stock underlying the restricted stock awards will be issued after vesting. Awards are granted under the plan from time to time by the investment manager in its full discretion. Awards may be based in part on seniority. The fair market value of the shares of Delaware Investments U.S., Inc., is normally determined as of each March 31, June 30, September 30 and December 31. Shares issued upon the exercise of such options or vesting of restricted stock units must be held for six months and one day, after which time the shareholder may put them back to the issuer or the shares may

be called back from the shareholder from time to time, as the case may be.

---

Portfolio managers who do not participate in the Delaware Investments U.S., Inc. Stock Option Plan are eligible to participate in Lincoln's Long-Term Incentive Plan, which is designed to provide a long-term incentive to officers of Lincoln. Under the plan, a specified number of performance shares are allocated to each unit and are awarded to participants in the discretion of their managers in accordance with recommended targets related to the number of employees in a unit that may receive an award and the number of shares to be awarded. The performance shares have a three year vesting schedule and, at the end of the three years, the actual number of shares distributed to those who received awards may be equal to, greater than or less than the amount of the award based on Lincoln's achievement of certain performance goals relative to a predetermined peer group.

OTHER COMPENSATION - Portfolio managers may also participate in benefit plans and programs available generally to all employees.

---

#### OWNERSHIP OF SECURITIES

As of November 30, 2008, the portfolio managers of the Fund did not own any shares of the Fund.

#### 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.   |
|     | (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.

**Name of Registrant:** Delaware Investments® Dividend and Income Fund, Inc.

PATRICK P. COYNE

By: Patrick P. Coyne  
Title: Chief Executive Officer  
Date: January 30, 2009

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.

PATRICK P. COYNE

By: Patrick P. Coyne  
Title: Chief Executive Officer  
Date: January 30, 2009

RICHARD SALUS

By: Richard Salus  
Title: Chief Financial Officer  
Date: January 30, 2009

---