

DELAWARE INVESTMENTS DIVIDEND & INCOME FUND, INC
Form N-CSR
February 04, 2010

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, 2009

Item 1. Reports to Stockholders

Annual Report

Delaware
Investments®
Dividend and
Income Fund, Inc.

November 30, 2009

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

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On January 4, 2010, Delaware Management Holdings, Inc. and its subsidiaries (collectively known by the marketing name of Delaware Investments) were sold by a subsidiary of Lincoln National Corporation to Macquarie Group Limited, a global provider of banking, financial, advisory, investment and funds management services. Please see recent press releases for more complete information.

Investments in Delaware Investments® Dividend and Income Fund, Inc. are not and will not be deposits with or liabilities of Macquarie Bank Limited ABN 46 008 583 542 and its holding companies, including subsidiaries or related companies, and are subject to investment risk, including possible delays in repayment and loss of income and capital invested. No Macquarie Group company guarantees or will guarantee the performance of the Fund, the repayment of capital from the Fund, or any particular rate of return.

Views expressed herein are current as of Dec. 8, 2009, and are subject to change.

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

Mutual fund advisory services are provided by Delaware Management Company, a series of Delaware Management Business Trust, which is a registered investment advisor. Delaware Investments is the marketing name of Delaware Management Holdings, Inc. and its subsidiaries. Macquarie Group refers to Macquarie Group Limited and its subsidiaries and affiliates worldwide.

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Portfolio management review

Delaware Investments® Dividend and Income Fund, Inc.

Dec. 8, 2009

Performance preview (for the period ended Nov. 30, 2009)

Delaware Investments Dividend and Income Fund, Inc. @ market price	1-year return	+86.93%
Delaware Investments Dividend and Income Fund, Inc. @ NAV	1-year return	+53.26%
Lipper Closed-end Income and Preferred Stock Funds Average @ market price	1-year return	+72.45%
Lipper Closed-end Income and Preferred Stock Funds Average @ NAV	1-year return	+54.38%

Past performance does not guarantee future results.

For complete, annualized performance for Delaware Investments Dividend and Income Fund, Inc., please see the table on page 4.

Index performance returns do not reflect any management fees, transaction costs, or expenses. Indices are unmanaged and one cannot invest directly in an index.

Delaware Investments Dividend and Income Fund, Inc. returned + 53.26% at net asset value and +86.93% at market price (both figures reflect all distributions reinvested) for the fiscal year ended Nov. 30, 2009. Complete, annualized performance information for Delaware Investments Dividend and Income Fund, Inc. is shown in the table on page 4.

Prices of risky assets fell steeply before recovery

The fiscal year was largely a story in two parts. The period began amid the worst economic and financial markets that the portfolio management team has ever witnessed. The latter part of the period, however, featured a considerable recovery, with what the team viewed as attractive opportunities within both the fixed income and equity markets.

At the start of the fiscal period, financial markets were still reacting to the jolt received when storied Wall Street investment bank Lehman Brothers declared bankruptcy in September 2008. The bankruptcy, followed soon after by the federal bailout of insurance giant American International Group (AIG), sent the financial markets into a near panic. Risk aversion had become extreme by late 2008 and investors generally fled “risk” assets for the relative safety of securities issued by the U.S. government and other sovereign entities. Signs of the fallout from the financial crisis were abundant, both in the economy and in the securities markets.

The S&P 500 Index, a measure of the broad stock market in the United States, dropped by March 2009 to its lowest level since September 1996. Meanwhile, high yield bond spreads (which are used to measure a bond’s perceived level of risk) in the U.S. peaked in December 2008 at 21.0% as measured by J.P. Morgan, a level not seen since January 1995. (Source: Bloomberg.)

The prices of energy and commodities also fell sharply during the first half of the year, before starting to recover during the latter half. In early March 2009, the broad-based Thomson Reuters/Jefferies CRB Commodity Index dropped to its lowest level since January 2002 (source: Bloomberg). The price of crude oil also sank, with the West Texas Intermediate (a type of crude oil used as a benchmark in oil pricing) hitting a low of \$31 a barrel in late December 2008, a full 78% below its all-time peak price of \$145 in early July 2008 (source: Bloomberg).

Global equity and fixed income markets touched lows in March, and then began to recover vigorously for much of the rest of the period. Governments and central banks around the world stressed their intentions of continuing to provide support for economic recovery for as long as necessary, which helped investors become more willing to accept risk. At first, many investors began to reach for risk at the expense of quality, within both the equity and fixed income markets. Lower-rated bonds, for example, significantly outperformed their higher-rated peers during the spring and summer months, while stocks of many companies with questionable fundamentals outpaced those of fundamentally solid companies. As the market recovery matured, however, it broadened to include almost every corner of the market, including higher-quality securities.

Importantly, economies around the world began to show early signs of stabilization and cyclical recovery. During the third calendar quarter of 2009, in fact, the

The views expressed are current as of the date of this report and are subject to change.

(continues) 1

Portfolio management review

Delaware Investments® Dividend and Income Fund, Inc.

U.S. economy expanded by an estimated 2.8%, according to the U.S. Commerce Department's reading of GDP released in November. It was the fastest growth in the past two years.

Fund positioning

The Fund's primary objective is to seek high current income, with a secondary objective of capital appreciation. In managing the Fund, we pursue these goals by investing broadly in a range of income-generating securities. These include core fixed income holdings (such as Treasury and agency securities) as well as investment grade and high yield corporate bonds, convertible bonds, real estate investment trusts (REITs), and large-cap value stocks.

Broadly speaking, we positioned the Fund defensively as the period began. When determining the Fund's asset allocation at a portfolio level, for instance, we placed an emphasis on fixed income securities and convertible bonds over equities and REITs. From a risk-reward perspective, we tended to find fixed income asset classes as more appropriate for the Fund.

Among corporate bonds, for example, yields rose to historically high levels during the opening months of the period. Because prices decline as yields rise, the high yields on corporate bonds reflected the extreme risk aversion by investors at that time, and also highlighted some extraordinary value opportunities in our opinion. Although corporate bonds were affected by the difficult investment climate early in the period, both high yield and investment grade corporate bond positions within the Fund ultimately contributed performance for the fiscal year. Both asset classes performed well during the market's recovery, and high yield bonds' rebound was particularly notable.

Within high yield, the Fund generally carried a heavy position in speculative B-rated securities because we believed that the most favorable risk and reward opportunities existed there. Conversely, we maintained less exposure to bonds with a higher BB rating, which is just below investment grade.

Our limited exposure to BB-rated bonds moderated Fund returns, however, because these bonds were among the better-performing bonds within the high yield asset class. (Credit ratings based on Standard & Poor's opinion.)

The Fund's increased exposure to convertible bonds also added to its overall performance. We added to convertible bond exposure because we believed the combination of yield, capital structure positioning, and potential upside made them attractive.

Among our REIT holdings, we continued to employ our "bottom up" security selection strategy, in which we evaluate potential investments one by one, based on our assessment of each company's growth prospects, relative valuation, and balance-sheet quality (among other factors). Given the highly volatile conditions of the fiscal year, however, our approach was more opportunistic than usual, as we sought to take advantage of shifting opportunities in the marketplace.

Early on, as the investment environment deteriorated, we made our REIT holdings more defensive by focusing on companies with longer lease terms, including healthcare and "triple net" REITs. Triple-net leases, in which tenants pay all property maintenance costs in addition to rent, tend to be relatively defensive because they provide a greater income stream to landlords. Simultaneously, we limited our exposure to companies with shorter-duration leases, such as hotel companies, which tend to have uncertain cash flows relative to other sectors. We also looked to avoid stocks of companies with what we believed were significant balance-sheet problems.

This defensive stance was generally beneficial to Fund performance during the downturn. Nonetheless, we calculated that the recovery would be much shorter than it turned out to be when credit markets loosened and the REIT market advanced. In actuality, credit conditions continued to improve, and by summer it was evident that a longer-lived improvement was taking place. Our maintenance of cautious positioning for a time caused the Fund's REIT positions to trail the broader market gains during some of the rally.

The gains made during the fiscal year by the Fund's large-cap value equity holdings were more subdued than those of its high yield fixed income or REIT holdings. Much of the performance gains (versus the broader equity markets) from this equity allocation relative to the S&P 500 Index came in periods of market decline, such as the first several months of the period and again in October 2009.

This trend has been consistent with the aim of our management approach; through our value-oriented, defensive style, we seek to do well in relative terms in down markets by minimizing losses. The biggest positive for the Fund's large-cap value holdings came from de-emphasizing the financial sector, the hardest-hit group in the marketplace during the downturn. Fund returns were negatively affected by our holdings in both the materials and industrials sectors, two groups in which our security selection proved disappointing.

We recognize that the recent environment, one in which investors could be rewarded for simply increasing the amount of risk within their portfolios, cannot last forever. With this in mind, the Fund continued at the portfolio level to be positioned generally defensively at fiscal year end, based on our opinion of relative value opportunities among asset classes.

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, 2009

	1 year	5 years	10 years	Lifetime
At market price	86.93%	0.13%	5.96%	5.94%
At net asset value	53.26%	-0.53%	5.14%	3.80%

Instances of high double-digit returns are unusual, cannot be sustained, and were primarily achieved during favorable market conditions.

Diversification may not protect against market risk.

Fixed income securities and bond funds can lose value, and investors can lose principal, as interest rates rise. They also may be affected by economic conditions that hinder an issuer's ability to make interest and principal payments on its debt. The Fund may also be subject to prepayment risk, the risk that the principal of a fixed income security that is held by the Fund may be prepaid prior to maturity, potentially forcing the Fund to reinvest that money at a lower interest rate. High yielding, noninvestment grade bonds (junk bonds) involve higher risk than investment grade bonds.

Narrowly focused investments may exhibit higher volatility than investments in multiple industry sectors. REIT investments are subject to many of the risks associated with direct real estate ownership, including changes in economic conditions, credit risk, and interest rate fluctuations.

The Fund may invest in derivatives, which may involve additional expenses and are subject to risk, including the risk that an underlying security or securities index moves in the opposite direction from what the portfolio manager anticipated. A derivative transaction depends upon the counterparties' ability to fulfill their contractual obligations.

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, 2009

Fund objectives

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

Total Fund net assets

\$66 million

Number of holdings

427

Fund start date

March 26, 1993

NYSE symbol

DDF

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Market price versus net asset value (see notes below)
Nov. 30, 2008, through Nov. 30, 2009

	Starting value (Nov. 30, 2008)	Ending value (Nov. 30, 2009)
■ Delaware Investments® Dividend and Income Fund, Inc. @ NAV	\$5.22	\$7.04
■ Delaware Investments Dividend and Income Fund, Inc. @ Market price	\$4.02	\$6.60

Past performance is not a guarantee of future results.

Performance of a \$10,000 Investment

Average annual total returns from Nov. 30, 1999, through Nov. 30, 2009

	Starting value (Nov. 30, 1999)	Ending value (Nov. 30, 2009)
■ Delaware Investments Dividend and Income Fund, Inc. @ Market price	\$10,000	\$17,867
■ Delaware Investments Dividend and Income Fund, Inc. @ NAV	\$10,000	\$16,463
■ Lipper Closed-end Income and Preferred Stock Funds Average @ Market price	\$10,000	\$15,411
■ Lipper Closed-end Income and Preferred Stock Funds Average @ NAV	\$10,000	\$13,327

The chart assumes \$10,000 invested in the Fund on Nov. 30, 1999, 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.

The Lipper Closed-end Income and Preferred Stock Funds Average represents the average return of closed-end income and preferred stock mutual funds tracked by Lipper (source: 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.

Security type and top 10 equity holdings

Delaware Investments® Dividend and Income Fund, Inc.

As of November 30, 2009

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.

Security Type	Percentage of Net Assets
Common Stock	66.34%
Consumer Discretionary	3.42%
Consumer Staples	10.08%
Diversified REITs	0.75%
Energy	6.16%
Financials	5.18%
Health Care	10.84%
Health Care REITs	2.76%
Hotel REITs	0.37%
Industrial REITs	0.34%
Industrials	3.50%
Information Technology	6.86%
Mall REITs	1.60%
Materials	1.67%
Mortgage REITs	0.50%
Multifamily REITs	1.39%
Office REITs	1.37%
Office/Industrial REITs	0.53%
Real Estate Operating REITs	0.47%
Self-Storage REITs	0.62%
Shopping Center REITs	0.59%
Specialty REITs	0.87%
Telecommunications	3.12%
Utilities	3.35%
Convertible Preferred Stock	2.64%
Preferred Stock	0.25%
Convertible Bonds	14.05%
Aerospace & Defense	0.77%
Automobiles	0.26%
Banking, Finance & Insurance	0.16%
Basic Materials	1.01%
Building & Materials	0.15%
Cable, Media & Publishing	0.24%
Computers & Technology	2.31%
Electronics & Electrical Equipment	0.13%
Energy	0.39%
Health Care & Pharmaceuticals	2.59%
Leisure, Lodging & Entertainment	0.61%
Real Estate	1.74%
Retail	0.23%
Telecommunications	2.57%
Transportation	0.39%
Utilities	0.50%
Corporate Bonds	43.08%
Banking	2.11%
Basic Industry	4.76%
Brokerage	0.56%
Capital Goods	3.29%
Consumer Cyclical	5.34%
Consumer Non-Cyclical	3.03%
Energy	3.99%
Finance & Investments	1.26%

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Media	3.09%
Real Estate	0.23%
Services Cyclical	4.24%
Services Non-Cyclical	1.70%
Technology & Electronics	1.34%
Telecommunications	6.27%
Utilities	1.87%
Senior Secured Loans	0.57%
Exchange Traded Fund	0.03%
Limited Partnerships	0.24%
Warrant	0.00%
Discount Note	2.39%
Securities Lending Collateral	6.11%
Total Value of Securities	135.70%
Obligation to Return Securities Lending Collateral	(6.39%)
Borrowing Under Line of Credit	(30.45%)
Receivables and Other Assets Net of Liabilities	1.14%
Total Net Assets	100.00%

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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.

Top 10 Equity Holdings	Percentage of Net Assets
Pfizer	2.10%
Merck	2.09%
Travelers	2.00%
International Business Machines	1.98%
Cardinal Health	1.93%
Kimberly-Clark	1.92%
Intel	1.82%
Heinz (H.J.)	1.75%
Edison International	1.74%
Archer-Daniels-Midland	1.72%

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Statement of net assets

Delaware Investments® Dividend and Income Fund, Inc.

November 30, 2009

	Number of Shares	Value
Common Stock – 66.34%		
Consumer Discretionary – 3.42%		
= †Avado Brands	1,390	\$ 0
*†DIRECTV Class A	1,550	49,027
Lowe's	51,200	1,116,672
Mattel	56,800	1,105,328
		2,271,027
Consumer Staples – 10.08%		
Archer-Daniels-Midland	37,100	1,143,051
CVS Caremark	35,900	1,113,259
Heinz (H.J.)	27,400	1,163,130
Kimberly-Clark	19,300	1,273,221
Kraft Foods Class A	37,000	983,460
Safeway	45,400	1,021,500
		6,697,621
Diversified REITs – 0.75%		
Vornado Realty Trust	7,638	499,983
		499,983
Energy – 6.16%		
Chevron	12,600	983,304
ConocoPhillips	19,500	1,009,515
Marathon Oil	32,500	1,060,150
National Oilwell Varco	24,200	1,041,084
		4,094,053
Financials – 5.18%		
Allstate	36,600	1,039,806
Bank of New York Mellon	36,700	977,688
†Global Brands Acquisition	9,100	89,271
Travelers	25,400	1,330,706
		3,437,471
Health Care – 10.84%		
†Alliance HealthCare Services	5,127	30,352
†Bristol-Myers Squibb	42,200	1,068,082
Cardinal Health	39,800	1,282,754
Johnson & Johnson	17,000	1,068,280
Merck	38,384	1,389,890
Pfizer	76,789	1,395,255
Quest Diagnostics	16,700	967,598
		7,202,211
Health Care REITs – 2.76%		
HCP	15,650	489,845
Health Care REIT	9,060	403,623
LTC Properties	3,800	97,698
Nationwide Health Properties	8,800	299,288
*Omega Healthcare Investors	7,900	142,911
Ventas	9,375	402,469
		1,835,834
Hotel REITs – 0.37%		
Host Hotels & Resorts	23,100	243,012
		243,012
Industrial REITs – 0.34%		
AMB Property	1,280	30,144
ProLogis	15,000	196,200
		226,344
Industrials – 3.50%		
†Delta Air Lines	4	33

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	†Flextronics International	4,400	31,108
	†Foster Wheeler	2	60
	*Grupo Aeroportuario del Centro Norte ADR	5,800	70,818
	*†Mobile Mini	1,651	25,112
	Northrop Grumman	19,900	1,090,520
	=†PT Holdings	350	4
	Waste Management	33,700	1,106,707
			2,324,362
Information Technology – 6.86%			
	Intel	63,100	1,211,520
	International Business Machines	10,400	1,314,040
	†Motorola	124,800	999,648
	Xerox	134,200	1,033,340
			4,558,548
Mall REITs – 1.60%			
	†General Growth Properties	6	39
	*Macerich	8,265	245,966
	Simon Property Group	11,278	819,460
			1,065,465
Materials – 1.67%			
	duPont (E.I.) deNemours	32,100	1,110,018
			1,110,018
Mortgage REITs – 0.50%			
	Annaly Capital Management	2,300	42,343
	Chimera Investment	23,800	95,914
	Cypress Sharpridge Investments	14,800	193,880
			332,137
Multifamily REITs – 1.39%			
	Apartment Investment & Management	7,968	107,648
	BRE Properties	4,600	144,118
	Camden Property Trust	3,450	133,688
	Equity Residential	16,600	534,685
			920,139
Office REITs – 1.37%			
	*Alexandria Real Estate Equities	3,090	174,183
	*Boston Properties	3,000	200,940
	Brandywine Realty Trust	11,500	112,930
	Government Properties Income Trust	4,800	119,856
	Highwoods Properties	5,700	174,477
	Mack-Cali Realty	4,250	130,433
			912,819
Office/Industrial REITs – 0.53%			
	*Digital Realty Trust	5,550	270,063
	Liberty Property Trust	2,700	80,028
			350,091
Real Estate Operating REITs – 0.47%			
	Starwood Property Trust	16,000	310,400
			310,400

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	Number of Shares	Value
Common Stock (continued)		
Self-Storage REITs – 0.62%		
Public Storage	5,150	\$ 409,837
		409,837
Shopping Center REITs – 0.59%		
Cedar Shopping Centers	5,700	34,428
*Federal Realty Investment Trust	300	19,296
Kimco Realty	20,430	251,698
Ramco-Gershenson Properties Trust	9,200	83,720
		389,142
Specialty REITs – 0.87%		
Entertainment Properties Trust	6,320	199,649
*Plum Creek Timber	6,885	237,463
*Potlatch	4,825	142,048
		579,160
Telecommunications – 3.12%		
AT&T	33,200	894,408
=†Century Communications	500,000	0
Frontier Communications	24,400	192,760
†GeoEye	550	17,144
Verizon Communications	30,700	965,822
		2,070,134
Utilities – 3.35%		
Edison International	33,900	1,154,295
†Mirant	189	2,691
NorthWestern	3,300	85,107
Progress Energy	25,100	981,159
		2,223,252
Total Common Stock (cost \$47,571,627)		44,063,060
Convertible Preferred Stock – 2.64%		
Banking, Finance & Insurance – 0.71%		
Aspen Insurance 5.625% exercise price \$29.28, expiration date 12/31/49	8,800	470,800
@Fannie Mae 8.75% exercise price \$32.45, expiration date 5/13/11	3,500	4,900
		475,700
Cable, Media & Publishing – 0.37%		
#Interpublic Group 144A 5.25% exercise price \$13.66, expiration date 12/31/49	360	246,690
		246,690
Energy – 0.46%		
El Paso Energy Capital Trust I 4.75% exercise price \$41.59, expiration date 3/31/28	5,250	176,715
Whiting Petroleum 6.25% exercise price \$43.42, expiration date 12/31/49	800	128,768
		305,483
Health Care & Pharmaceuticals – 0.37%		
Mylan 6.50% exercise price \$17.08, expiration date 11/15/10	220	245,630
		245,630
Telecommunications – 0.73%		
Crown Castle International 6.50% exercise price \$36.88, expiration date 8/15/12	4,450	256,988
Lucent Technologies Capital Trust I 7.75% exercise price \$24.80, expiration date 3/15/17	305	225,776
		482,764
Total Convertible Preferred Stock		

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(cost \$1,963,794)

1,756,267

Preferred Stock – 0.25%		
Banking, Finance & Insurance – 0.22%		
Bank of America		
8.00%	150,000	130,834
-8.125%	15,000	13,084
		143,918
Industrials – 0.00%		
†=Port Townsend	70	0
		0
Real Estate – 0.03%		
W2007 Grace Acquisitions I 8.75%	34,400	20,640
		20,640
Total Preferred Stock (cost \$1,079,051)		
		164,558

	Principal Amount	
Convertible Bonds – 14.05%		
Aerospace & Defense – 0.77%		
#AAR 144A 1.75% exercise price		
\$29.43, expiration date 1/1/26	\$ 260,000	240,825
#L-3 Communications Holdings 144A		
3.00% exercise price \$100.14, expiration date 8/1/35	265,000	272,288
		513,113
Automobiles – 0.26%		
Ford Motor 4.25% exercise price		
\$9.30, expiration date 11/15/16	150,000	171,563
		171,563
Banking, Finance & Insurance – 0.16%		
Jefferies Group 3.875% exercise price \$39.20, expiration date 11/1/29	115,000	107,238
		107,238
Basic Materials – 1.01%		
Century Aluminum 1.75% exercise price \$30.54, expiration date 8/1/24	20,000	18,575
Rayonier TRS Holdings 3.75% exercise price \$54.82, expiration date 10/15/12	345,000	361,387
#Sino-Forest 144A 5.00% exercise price \$20.29, expiration date 8/1/13	255,000	290,063
		670,025

(continues) 9

Statement of net assets

Delaware Investments® Dividend and Income Fund, Inc.

	Principal Amount	Value
Convertible Bonds (continued)		
Building & Materials – 0.15%		
Beazer Homes USA 4.625% exercise price \$49.64, expiration date 6/15/24	\$ 110,000	\$ 100,925
		100,925
Cable, Media & Publishing – 0.24%		
Interpublic Group 4.25% exercise price \$12.42, expiration date 3/15/23	75,000	73,313
VeriSign 3.25% exercise price \$34.37, expiration date 8/15/37	105,000	87,937
		161,250
Computers & Technology – 2.31%		
Advanced Micro Devices 6.00% exercise price \$28.08, expiration date 5/1/15	70,000	61,775
#144A 6.00% exercise price \$28.08, expiration date 5/1/15	450,000	397,125
Euronet Worldwide 3.50% exercise price \$40.48, expiration date 10/15/25	435,000	402,918
Hutchinson Technology 3.25% exercise price \$36.43, expiration date 1/14/26	340,000	257,975
#Intel 144A 3.25% exercise price \$22.68, expiration date 8/1/39	70,000	77,788
Linear Technology 3.125% exercise price \$47.33, expiration date 5/1/27	120,000	117,150
SanDisk 1.00% exercise price \$82.35, expiration date 5/15/13	280,000	220,500
		1,535,231
Electronics & Electrical Equipment – 0.13%		
Flextronics International 1.00% exercise price \$15.53, expiration date 8/1/10	85,000	83,831
		83,831
Energy – 0.39%		
Chesapeake Energy 2.25% exercise price \$85.89, expiration date 12/15/38	220,000	164,175
Peabody Energy 4.75% exercise price \$58.44, expiration date 12/15/41	100,000	98,500
		262,675
Health Care & Pharmaceuticals – 2.59%		
#Allergan 144A 1.50% exercise price \$63.33, expiration date 4/1/26	415,000	466,874
Amgen 0.375% exercise price \$79.48, expiration date 2/1/13	235,000	235,000
#144A 0.375% exercise price \$79.48, expiration date 2/1/13	165,000	165,000
Hologic 2.00% exercise price \$38.59, expiration date 12/15/37	280,000	228,200
Inverness Medical Innovations 9.00% Series B exercise price \$43.98, expiration date 5/15/16	215,000	246,981

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	LifePoint Hospitals 3.50% exercise price \$51.79, expiration date 5/14/14	110,000	98,863
	Medtronic 1.65% exercise price \$55.41, expiration date 4/15/13	275,000	280,844
			1,721,762
Leisure, Lodging & Entertainment – 0.61%			
	#Gaylord Entertainment 144A 3.75% exercise price \$27.25, expiration date 9/29/14	220,000	208,450
	#International Game Technology 144A 3.25% exercise price \$19.97, expiration date 5/1/14	160,000	196,400
			404,850
Real Estate – 1.74%			
	#Corporate Office Properties 144A 3.50% exercise price \$53.12, expiration date 9/15/26	195,000	184,763
	Developers Diversified Realty 3.00% exercise price \$74.75, expiration date 3/15/12	65,000	59,719
	*#Digital Realty Trust 144A 5.50% exercise price \$43.00, expiration date 4/15/29	220,000	282,974
	@MeriStar Hospitality 9.50% exercise price \$10.18, expiration date 4/1/10	230,000	236,095
	National Retail Properties 5.125% exercise price \$25.42, expiration date 6/15/28	210,000	216,038
	Vornado Realty Trust 2.85% exercise price \$159.04, expiration date 3/15/27	175,000	175,875
			1,155,464
Retail – 0.23%			
	Pantry 3.00% exercise price \$50.09, expiration date 11/15/12	180,000	151,425
			151,425
Telecommunications – 2.57%			
	Alaska Communications System Group 5.75% exercise price \$12.90, expiration date 3/1/13	260,000	235,300
	Leap Wireless International 4.50% exercise price \$93.21, expiration date 7/15/14	120,000	94,800
	Level 3 Communications 5.25% exercise price \$3.98, expiration date 12/15/11	180,000	164,250
	NII Holdings 3.125% exercise price \$118.32, expiration date 6/15/12	410,000	372,587
	Qwest Communications International 3.50% exercise price \$5.01, expiration date 11/15/25	400,000	401,499
	#SBA Communications 144A 4.00% exercise price \$30.38, expiration date 10/1/14	165,000	207,488

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	Principal Amount	Value
Convertible Bonds (continued)		
Telecommunications (continued)		
#Virgin Media 144A 6.50% exercise price \$19.22, expiration date 11/15/16	\$ 198,000	\$ 231,165
		1,707,089
Transportation – 0.39%		
Bristow Group 3.00% exercise price \$77.34, expiration date 6/14/38	300,000	259,500
		259,500
Utilities – 0.50%		
Dominion Resources 2.125% exercise price \$36.14, expiration date 12/15/23	290,000	329,150
		329,150
Total Convertible Bonds		
(cost \$9,073,391)		9,335,091
Corporate Bonds – 43.08%		
Banking – 2.11%		
·BAC Capital Trust XIV 5.63% 12/31/49	215,000	143,513
Capital One Capital V 10.25% 8/15/39	135,000	148,870
·Citigroup Capital XXI 8.30% 12/21/57	65,000	58,175
#GMAC 144A		
6.00% 12/15/11	71,000	67,539
6.625% 5/15/12	85,000	81,281
6.875% 9/15/11	174,000	169,215
6.875% 8/28/12	196,000	187,670
JPMorgan Chase Capital XXV		
6.80% 10/1/37	20,000	19,788
@Popular North America Capital Trust I		
6.564% 9/15/34	70,000	51,479
·#Rabobank 144A 11.00% 12/29/49	150,000	185,984
USB Capital IX 6.189% 10/29/49	115,000	90,850
Zions Bancorporation		
5.50% 11/16/15	57,000	39,661
6.00% 9/15/15	141,000	98,232
7.75% 9/23/14	65,000	57,906
		1,400,163
Basic Industry – 4.76%		
#Algoma Acquisition 144A		
9.875% 6/15/15	115,000	98,325
California Steel Industries		
6.125% 3/15/14	113,000	105,655
Century Aluminum 7.50% 8/15/14	115,000	106,375
·#Cognis GmbH 144A 2.299% 9/15/13	75,000	69,000
#Drummond 144A 9.00% 10/15/14	145,000	148,625
#Evraz Group 144A 9.50% 4/24/18	195,000	196,462
#FMG Finance 144A 10.625% 9/1/16	90,000	98,550
Freeport McMoRan Copper & Gold		
8.25% 4/1/15	120,000	128,839
8.375% 4/1/17	10,000	10,802
*Hexion US Finance 9.75% 11/15/14	121,000	116,765
#Innophos Holdings 144A		
9.50% 4/15/12	115,000	115,575
International Coal Group		
10.25% 7/15/14	163,000	158,925
#MacDermid 144A 9.50% 4/15/17	188,000	187,059
#Momentive Performance Material		
144A 12.50% 6/15/14	70,000	77,000
#Murray Energy 144A 10.25% 10/15/15	115,000	113,275
#NewPage144A 11.375% 12/31/14	145,000	143,550
·Noranda Aluminum Acquisition		

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PIK 5.274 % 5/15/15	151,023	110,247
Norske Skog Canada 8.625% 6/15/11	61,000	45,598
Novelis		
7.25% 2/15/15	50,000	45,375
#144A 11.50% 2/15/15	72,000	75,240
=@Port Townsend 7.32% 8/27/12	102,592	74,379
Potlatch 12.50% 12/1/09	250,000	249,999
Ryerson		
-7.656% 11/1/14	99,000	87,863
12.25% 11/1/15	40,000	40,900
#Sappi Papier Holding 144A		
6.75% 6/15/12	101,000	94,036
#Steel Capital 144A 9.75% 7/29/13	100,000	101,125
#Steel Dynamics 144A 8.25% 4/15/16	127,000	128,905
#Teck Resources 144A		
10.25% 5/15/16	38,000	43,130
10.75% 5/15/19	75,000	87,938
#Vedanta Resources 144A		
9.50% 7/18/18	100,000	99,750
		3,159,267
Brokerage – 0.56%		
E Trade Financial PIK		
12.50% 11/30/17	116,875	132,069
LaBranche 11.00% 5/15/12	252,000	243,180
		375,249
Capital Goods – 3.29%		
AMH Holdings 11.25% 3/1/14	60,000	56,550
Associated Materials		
9.75% 4/15/12	42,000	42,683
#144A 9.875% 11/15/16	15,000	15,750
Building Materials Corporation of America 7.75% 8/1/14	104,000	103,480
#BWAY 144A 10.00% 4/15/14	123,000	129,458
#C8 Capital 144A 6.64% 12/31/49	100,000	70,715
#CPM Holdings 144A 10.625% 9/1/14	28,000	29,400
Eastman Kodak 7.25% 11/15/13	99,000	79,200
*Graham Packaging Capital I		
9.875% 10/15/14	123,000	125,460
#Graphic Packaging International 144A 9.50% 6/15/17	126,000	133,560
Intertape Polymer 8.50% 8/1/14	100,000	78,500
JSG Funding 7.75% 4/1/15	210,000	201,599
#Plastipak Holdings 144A		
8.50% 12/15/15	66,000	66,248
10.625% 8/15/19	71,000	78,455

(continues) 11

Statement of net assets

Delaware Investments® Dividend and Income Fund, Inc.

	Principal Amount	Value
Corporate Bonds (continued)		
Capital Goods (continued)		
Pregis 13.375% 10/15/13	\$ 222,000	\$ 212,009
*RBS Global/Rexnord 11.75% 8/1/16	183,000	180,254
#Reynolds Group Issuer 144A 7.75% 10/15/16	100,000	101,500
*Sally Holdings Capital 10.50% 11/15/16	75,000	80,625
*Solo Cup 8.50% 2/15/14	134,000	129,645
Thermadyne Holdings 10.50% 2/1/14	137,000	119,875
USG 6.30% 11/15/16	127,000	110,808
#144A 9.75% 8/1/14	35,000	36,838
		2,182,612
Consumer Cyclical – 5.34%		
#Allison Transmission 144A 11.00% 11/1/15	220,000	228,799
*ArvinMeritor 8.125% 9/15/15	165,000	150,975
Beazer Homes USA 8.625% 5/15/11	138,000	134,550
Burlington Coat Factory Investment Holdings 14.50% 10/15/14	225,000	226,687
*Burlington Coat Factory Warehouse 11.125% 4/15/14	70,000	72,800
Carrols 9.00% 1/15/13	33,000	33,330
Denny's Holdings 10.00% 10/1/12	57,000	58,425
Ford Motor 7.45% 7/16/31	174,000	148,988
Ford Motor Credit 12.00% 5/15/15	260,000	299,935
Goodyear Tire & Rubber 10.50% 5/15/16	2,000	2,160
Interface 9.50% 2/1/14	19,000	18,929
#144A 11.375% 11/1/13	50,000	54,938
#Invista 144A 9.25% 5/1/12	118,000	120,360
K Hovnanian Enterprises 6.25% 1/15/15	40,000	29,000
7.50% 5/15/16	70,000	50,750
#144A 10.625% 10/15/16	70,000	71,750
#Landry's Restaurants 144A 11.625% 12/1/15	220,000	224,399
M/I Homes 6.875% 4/1/12	75,000	70,125
Macy's Retail Holdings 6.375% 3/15/37	110,000	93,500
6.70% 7/15/34	15,000	12,750
7.875% 8/15/36	50,000	44,000
Meritage Homes 6.25% 3/15/15	24,000	21,960
7.00% 5/1/14	108,000	103,140
Mobile Mini 6.875% 5/1/15	119,000	111,860
Navistar International 8.25% 11/1/21	145,000	143,188
Norcraft Holdings Capital 9.75% 9/1/12	150,000	143,250
OSI Restaurant Partners 10.00% 6/15/15	83,000	72,210
Quiksilver 6.875% 4/15/15	200,000	154,000
Rite Aid 9.375% 12/15/15	190,000	160,075
#Standard Pacific Escrow 144A 10.75% 9/15/16	75,000	74,625

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*Tenneco Automotive 8.625% 11/15/14	146,000	143,810
#Toys R Us Property 144A 10.75% 7/15/17	66,000	70,785
*#TRW Automotive 144A 7.00% 3/15/14	210,000	199,763
		3,545,816
Consumer Non-Cyclical – 3.03%		
Accellent 10.50% 12/1/13	105,000	101,588
#Alliance One International 144A 10.00% 7/15/16	133,000	140,315
Bausch & Lomb 9.875% 11/1/15	137,000	141,453
#Cott Beverages 144A 8.375% 11/15/17	90,000	90,225
DJO Finance 10.875% 11/15/14	80,000	84,600
#Dole Food 144A 8.00% 10/1/16 13.875% 3/15/14	30,000 62,000	30,450 73,160
#Ingles Markets 144A 8.875% 5/15/17 Inverness Medical Innovations 9.00% 5/15/16	75,000 104,000	77,438 105,820
#JBS USA Finance 144A 11.625% 5/1/14	113,000	126,136
#JohnsonDiversey Holdings 144A 10.50% 5/15/20	305,000	301,187
LVB Acquisition PIK 10.375% 10/15/17 11.625% 10/15/17	57,000 75,000	61,418 81,938
#M-Foods Holdings 144A 9.75% 10/1/13	42,000	43,890
Smithfield Foods 7.75% 5/15/13 #144A 10.00% 7/15/14	155,000 38,000	144,537 39,995
#Tops Markets 144A 10.125% 10/15/15	140,000	144,200
Universal Hospital Services PIK 8.50% 6/1/15	80,000	79,200
Yankee Acquisition 9.75% 2/15/17	150,000	144,000
		2,011,550
Energy – 3.99%		
#Antero Resources Finance 144A 9.375% 12/1/17	115,000	115,863
Chesapeake Energy 9.50% 2/15/15	24,000	25,260
Complete Production Service 8.00% 12/15/16	77,000	75,845
Copano Energy Finance 7.75% 6/1/18	94,000	94,000
Denbury Resources 7.50% 4/1/13 9.75% 3/1/16	15,000 66,000	15,075 70,125
Dynegy Holdings 7.75% 6/1/19	162,000	133,245
El Paso 6.875% 6/15/14 7.00% 6/15/17	47,000 52,000	46,530 51,220
#El Paso Performance-Linked Trust 144A 7.75% 7/15/11	33,000	33,700

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	Principal Amount	Value
Corporate Bonds (continued)		
Energy (continued)		
-Enterprise Products Operating 8.375% 8/1/66	\$ 30,000	\$ 29,249
Forest Oil 7.25% 6/15/19	94,000	89,535
*#Headwaters 144A 11.375% 11/1/14	145,000	148,987
#Helix Energy Solutions Group 144A 9.50% 1/15/16	156,000	158,729
#Hercules Offshore 144A 10.50% 10/15/17	145,000	147,175
#Hilcorp Energy I 144A 7.75% 11/1/15	47,000	45,473
9.00% 6/1/16	94,000	94,705
#Holly 144A 9.875% 6/15/17	121,000	126,143
*Key Energy Services 8.375% 12/1/14	141,000	138,356
Mariner Energy 8.00% 5/15/17	118,000	112,100
MarkWest Energy Partners/Finance 8.75% 4/15/18	130,000	131,625
OPTI Canada 7.875% 12/15/14	116,000	92,800
8.25% 12/15/14	67,000	53,935
PetroHawk Energy 7.875% 6/1/15	80,000	80,200
9.125% 7/15/13	52,000	54,210
Petroleum Development 12.00% 2/15/18	118,000	119,770
Plains Exploration & Production 8.625% 10/15/19	40,000	40,300
Quicksilver Resources 7.125% 4/1/16	115,000	104,363
11.75% 1/1/16	33,000	36,836
Regency Energy Partners 8.375% 12/15/13	57,000	58,853
#SandRidge Energy 144A 9.875% 5/15/16	123,000	126,690
		2,650,897
Finance & Investments – 1.26%		
#C5 Capital 144A 6.196% 12/31/49	100,000	69,663
Cardtronics 9.25% 8/15/13	130,000	132,926
International Lease Finance 5.25% 1/10/13	85,000	68,553
5.35% 3/1/12	15,000	12,801
5.55% 9/5/12	50,000	40,295
5.625% 9/20/13	120,000	94,515
6.375% 3/25/13	25,000	20,139
6.625% 11/15/13	70,000	56,547
#MetLife Capital Trust X 144A 9.25% 4/8/38	100,000	105,000
@#Nuveen Investments 144A 10.50% 11/15/15	269,000	238,064
		838,503
Media – 3.09%		
Affinion Group I 11.50% 10/15/15	70,000	73,150
#Cablevision Systems 144A 8.625% 9/15/17	80,000	82,400
#Cengage Learning Acquisitions 144A 10.50% 1/15/15	85,000	79,263
#Charter Communications Operating 144A 10.00% 4/30/12	33,000	33,743
10.375% 4/30/14	66,000	67,485
12.875% 9/15/14	273,000	305,418
#Columbus International 144A 11.50% 11/20/14	135,000	138,888

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#DISH DBS 144A 7.875% 9/1/19	150,000	151,874
#MDC Partners 144A 11.00% 11/1/16	70,000	70,350
#Mediacom Capital 144A 9.125% 8/15/19	95,000	96,900
Nielsen Finance		
W12.50% 8/1/16	66,000	58,080
10.00% 8/1/14	75,000	77,813
11.50% 5/1/16	35,000	37,800
11.625% 2/1/14	2,000	2,160
#144A 11.625% 2/1/14	40,000	43,200
*#Sinclair Television Group 144A 9.25% 11/1/17	110,000	112,063
#Terremark Worldwide 144A 12.00% 6/15/17	66,000	72,353
#Univision Communications 144A 12.00% 7/1/14	103,000	112,528
#UPC Holding 144A 9.875% 4/15/18	100,000	104,500
#XM Satellite Radio 144A 13.00% 8/1/13	130,000	135,525
XM Satellite Radio Holdings PIK 10.00% 6/1/11	203,000	194,879
		2,050,372
Real Estate – 0.23%		
Developers Diversified Realty 9.625% 3/15/16	25,000	26,062
#Felcor Lodging 144A 10.00% 10/1/14	130,000	127,400
		153,462
Services Cyclical – 4.24%		
*ARAMARK 8.50% 2/1/15	87,000	87,653
#Ashtead Capital 144A 9.00% 8/15/16	100,000	98,500
Avis Budget Car Rental 7.625% 5/15/14	190,000	175,750
7.75% 5/15/16	80,000	72,000
Delta Air Lines 7.92% 11/18/10	61,000	61,000
#144A 9.50% 9/15/14	65,000	66,300
#Galaxy Entertainment Finance 144A 9.875% 12/15/12	240,000	242,399
Gaylord Entertainment 6.75% 11/15/14	66,000	60,060
#General Maritime 144A 12.00% 11/15/17	85,000	88,613
Global Cash Access 8.75% 3/15/12	41,000	40,334

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Statement of net assets

Delaware Investments® Dividend and Income Fund, Inc.

	Principal Amount	Value
Corporate Bonds (continued)		
Services Cyclical (continued)		
#Harrah's Operating 144A 10.00% 12/15/18	\$ 289,000	\$ 221,084
*Hertz 10.50% 1/1/16	91,000	95,095
#Kansas City Southern de Mexico 144A 12.50% 4/1/16	100,000	114,500
MGM MIRAGE		
*6.625% 7/15/15	42,000	31,500
7.50% 6/1/16	42,000	32,025
*7.625% 1/15/17		