

DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC
Form N-Q
October 27, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF
REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number:	811-7460
Exact name of registrant as specified in charter:	Delaware Investments Dividend and Income Fund, Inc.
Address of principal executive offices:	2005 Market Street Philadelphia, PA 19103
Name and address of agent for service:	Richelle S. Maestro, 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:	August 31, 2004

ITEM 1. SCHEDULE OF INVESTMENTS.

SCHEDULE OF INVESTMENTS (UNAUDITED)

DELAWARE INVESTMENTS DIVIDEND AND INCOME FUND, INC.

August 31, 2004

COMMON STOCK - 82.10%
Automobiles & Automotive Parts - 2.58%
General Motors
Goodrich (B.F.)

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

Banking, Finance & Insurance - 13.72%

*American Home Mortgage Investment
Bank of America
+#Fieldstone Investments 144A
*Friedman Billings Ramsey Group Class A
J.P. Morgan Chase
MBNA
Mellon Financial
Morgan Stanley
Sunset Financial Resources
Wells Fargo

Cable, Media & Publishing - 0.11%

+XM Satellite Radio Class A

Chemicals - 2.71%

Dow Chemical

Computers & Technology - 2.46%

+Intuit
Pitney Bowes

Consumer Products - 1.21%

Procter & Gamble

Electronics & Electrical Equipment - 2.34%

Emerson Electric
General Electric

Energy - 4.46%

ChevronTexaco
Exxon Mobil
Kerr-McGee
*+Petroleum Geo-Services ADR

Food, Beverage & Tobacco - 6.23%

Anheuser-Busch
General Mills
Kellogg
PepsiCo

Healthcare & Pharmaceuticals - 5.56%

Abbott Laboratories
Merck & Co.
Pfizer

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

+Tenet Healthcare
Wyeth

Investment Companies - 1.79%
*Gladstone Capital

Leisure, Lodging & Entertainment - 1.58%
+Jameson Inns

Mortgage REIT's - 1.96%
+HomeBanc Corporate
*+MortgageIT Holdings

Paper & Forest Products - 1.81%
International Paper
Weyerhaeuser

Real Estate - 25.12%
AMB Property
Apartment Investment & Management
BRE Properties Class A
Camden Property Trust
Duke Realty
Equity Office Properties Trust
General Growth Properties
+#KKR Financial 144A
Liberty Property Trust
+#Medical Properties Trust 144A
Pan Pacific Retail Properties
Prentiss Properties Trust
Ramco-Gershenson Properties
Reckson Associates Realty
Simon Property Group
Starwood Hotels & Resorts Worldwide
Sun Communities

Retail - 0.13%
*+Kmart Holdings

Technology/Semiconductors - 1.00%
Intel

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

Telecommunications - 4.16%
Alltel
BCE

Utilities - 3.17%
Dominion Resources
FPL Group

TOTAL COMMON STOCK (cost \$108,627,822)

CONVERTIBLE PREFERRED STOCK - 5.60%
Aerospace & Defense - 0.68%
Northrop Grumman 7.25%

Banking, Finance & Insurance - 1.11%
Chubb 7.00%
National Australia Bank Units 7.875%

Consumer Products - 1.47%
Newell Financial Trust I 5.25%

Environmental Services - 0.59%
Allied Waste Industries 6.25%

Real Estate - 0.84%
Crescent Real Estate 6.75%

Telecommunications - 0.91%
Lucent Technologies Capital Trust I 7.75%

TOTAL CONVERTIBLE PREFERRED STOCK (cost \$9,545,050)

PREFERRED STOCK - 6.52%
Leisure, Lodging & Entertainment - 0.95%
WestCoast Hospitality Capital Trust 9.50%

Real Estate - 4.58%
*Equity Inns Series B 8.75%
LaSalle Hotel Properties 10.25%
Ramco-Gershenson Properties 9.50%
*SL Green Realty 7.625%

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

Utilities - 0.99%
Public Service Enterprise Group 10.25%

TOTAL PREFERRED STOCK (cost \$9,564,940)

CONVERTIBLE BONDS - 5.22%
Computers & Technology - 0.35%
#Mercury Interactive 144A 4.75% 7/1/07

Leisure, Lodging & Entertainment - 0.43%
#Regal Entertainment 144A 3.75% 5/15/08

Miscellaneous - 0.23%
#Tyco International Group 144A 2.75% 1/15/18

Real Estate - 0.81%
Meristar Hospitality 9.50% 4/1/10

Retail - 1.68%
#Gap 144A 5.75% 3/15/09
#Saks 144A 2.00% 3/15/24

Telecommunications - 1.02%
#Nextel Partners 144A 1.50% 11/15/08

Transportation & Shipping - 0.12%
#Expressjet Holdings 144A 4.25% 8/1/23

Utilities - 0.58%
#Centerpoint Energy 144A 3.75% 5/15/23

TOTAL CONVERTIBLE BONDS (cost \$6,498,688)

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

BONDS - 33.52%
Aerospace & Defense - 0.24%
Armor Holdings 8.25% 8/15/13

Automobiles & Automotive Parts - 0.73%
Adesa 7.625% 6/15/12
*++Advanced Accessory Holdings 13.25% 12/15/11
Advanced Accessory Systems 10.75% 6/15/11
*#Collins & Aikman Products 144A 12.875% 8/24/12
&Venture Holdings Trust 12.00% 6/1/09

Banking, Finance & Insurance - 0.99%
*#E*TRADE Financial 144A 8.00% 6/15/11
#Farmers Exchange Capital 144A 7.20% 7/15/48
Finova Group 7.50% 11/15/09
#LaBranche 144A 11.00% 5/15/12
#Refco Finance 144A 9.00% 8/1/12

Building & Materials - 0.59%
Interline Brands 11.50% 5/15/11
#Lone Star Industries 144A 8.85% 6/15/05
*Standard Pacific 7.75% 3/15/13

Business Services - 0.30%
Brickman Group 11.75% 12/15/09
#Language Line 144A 11.125% 6/15/12

Cable, Media & Publishing - 4.75%
American Media Operation 10.25% 5/1/09
#Atlantic Broadband Finance 144A 9.375% 1/15/14
++Avalon Cable 11.875% 12/1/08
#Cablevision Systems 144A 8.00% 4/15/12

++Charter Communications 12.125% 1/15/12
Charter Communications Holdings 10.75% 10/1/09
*CSC Holdings 10.50% 5/15/16
Dex Media West/Finance 9.875% 8/15/13
*#Hollinger 144A 12.875% 3/1/11
*Lodgenet Entertainment 9.50% 6/15/13
Mediacom Broadband 11.00% 7/15/13
PEI Holdings 11.00% 3/15/10
Rogers Cablesystems 10.00% 3/15/05
#Sheridan Acquisition 144A 10.25% 8/15/11
#Warner Music Group 144A 7.375% 4/15/14
XM Satellite Radio 12.00% 6/15/10

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

Chemicals - 1.93%

*#BCP Caylux Holdings 144A 9.625% 6/15/14
#Borden US Finance/Nova Scotia Finance 144A 9.00% 7/15/14
*#Huntsman 144A 11.50% 7/15/12
Huntsman International 10.125% 7/1/09
*Lyondell Chemical 9.875% 5/1/07
*#Nalco 144A 8.875% 11/15/13
*Rhodia 8.875% 6/1/11
&Solutia 6.72% 10/15/37
Witco 6.875% 2/1/26

Computers & Technology - 0.61%

Activant Solutions 10.50% 6/15/11
*Chippac International 12.75% 8/1/09
#Stratus Technologies 144A 10.375% 12/1/08

Consumer Services - 0.09%

Corrections Corporation of America 9.875% 5/1/09

Energy - 1.66%

Bluewater Finance 10.25% 2/15/12
#Dynergy Holdings 144A 10.125% 7/15/13
#Hilcorp Energy/Finance 144A 10.50% 9/1/10
Petroleum Geo-Services
8.00% 11/5/06
10.00% 11/5/10
#^Secunda International 144A 9.76% 9/1/12

Environmental Services - 0.77%

*#Clean Harbors 144A 11.25% 7/15/12
#Geo Sub 144A 11.00% 5/15/12
IESI 10.25% 6/15/12

Food, Beverage & Tobacco - 1.90%

B&G Foods 9.625% 8/1/07
Chiquita Brands International 10.56% 3/15/09
#Commonwealth Brands 144A 10.625% 9/1/08
#Gold Kist 144A 10.25% 3/15/14
#Le-Natures 144A 10.00% 6/15/13
#Standard Commercial 144A 8.00% 4/15/12

Healthcare & Pharmaceuticals - 1.16%

*Ameripath 10.50% 4/1/13
Province Healthcare 7.50% 6/1/13
Universal Hospital Service 10.125% 11/1/11
#US Oncology 144A 10.75% 8/15/14

Industrial Machinery - 0.30%

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

Aearo 8.25% 4/15/12
*Foster Wheeler 6.75% 11/15/05

Leisure, Lodging & Entertainment - 2.50%
Ameristar Casinos 10.75% 2/15/09
Boyd Gaming 9.25% 8/1/09
*Mandalay Resort Group 10.25% 8/1/07
MGM Mirage 9.75% 6/1/07
Penn National Gaming 8.875% 3/15/10

Prime Hospitality 8.375% 5/1/12
Royal Caribbean Cruises 7.25% 3/15/18
++#Town Sports International 144A 11.00% 2/1/14
Wheeling Island Gaming 10.125% 12/15/09

Metals & Mining - 0.51%
AK Steel 7.75% 6/15/12
*#Ispat Inland 144A 9.75% 4/1/14

Packaging & Containers - 0.94%
*AEP Industries 9.875% 11/15/07
++#Consolidated Container 144A 10.75% 6/15/09
Pliant 11.125% 9/1/09
*Portola Packaging 8.25% 2/1/12
Radnor Holdings 11.00% 3/15/10
*#^Radnor Holdings 144A 8.35% 4/15/09

Paper & Forest Products - 3.03%
Abitibi-Consolidated 6.95% 12/15/06
*Bowater 9.00% 8/1/09
*Buckeye Technologies 8.00% 10/15/10
Fort James 7.75% 11/15/23
*#Newark Group 144A 9.75% 3/15/14
#Port Townsend Paper 144A 11.00% 4/15/11
Potlatch 12.50% 12/1/09
Smurfit Capital Funding 7.50% 11/20/25

Real Estate - 0.52%
BF Saul 7.50% 3/1/14
Tanger Properties
7.875% 10/24/04
9.125% 2/15/08

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

Restaurants - 0.78%

&Avado Brands 9.75% 6/1/06
Denny's 12.75% 9/30/07
O'Charleys 9.00% 11/1/13
Perkins Family Restaurants 10.125% 12/15/07
*#VICORP Restaurants 144A 10.50% 4/15/11

Retail - 1.11%

J Crew Operating 10.375% 10/15/07
*#Jean Coutu Group 144A 8.50% 8/1/14
*Office Depot 10.00% 7/15/08
*Petco Animal Supplies 10.75% 11/1/11
Remington Arms 10.50% 2/1/11

Telecommunications - 2.17%

Alaska Communications Systems 9.875% 8/15/11
*Centennial Cellular Operating 10.125% 6/15/13
*Cincinnati Bell 8.375% 1/15/14
Citizens Communications 8.50% 5/15/06
#iPCS Escrow 144A 11.50% 5/1/12
MCI
 5.908% 5/1/07
 6.688% 5/1/09
MetroPCS 10.75% 10/1/11
#Qwest Services 144A 14.00% 12/15/10
US Unwired 10.00% 6/15/12

Textiles, Apparel & Furniture - 0.60%

Interface 10.375% 2/1/10
Warnaco 8.875% 6/15/13

Transportation & Shipping - 1.62%

#Horizon Lines 144A 9.00% 11/1/12
*Hornbeck Offshore Services 10.625% 8/1/08
*Kansas City Southern Railway 9.50% 10/1/08
Ocean Rig Norway 10.25% 6/1/08
OMI 7.625% 12/1/13
Seabulk International 9.50% 8/15/13
Stena 9.625% 12/1/12

Utilities - 3.72%

Avista 9.75% 6/1/08
*Calpine
 8.25% 8/15/05

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

10.50% 5/15/06
#Calpine 144A 8.75% 7/15/13
*Edison Mission Energy 9.875% 4/15/11
El Paso Natural Gas 7.625% 8/1/10
El Paso Production Holding 7.75% 6/1/13
Elwood Energy 8.159% 7/5/26
Midland Funding II 11.75% 7/23/05
Midwest Generation
 8.30% 7/2/09
 8.75% 5/1/34
&Mirant Americas Generation 7.625% 5/1/06
*#NRG Energy 144A 8.00% 12/15/13
Orion Power Holdings 12.00% 5/1/10
PSEG Energy Holdings 7.75% 4/16/07
Reliant Resources 9.50% 7/15/13
Tennessee Gas Pipeline 8.375% 6/15/32
#&USGen New England 144A 7.459% 1/2/15

TOTAL BONDS (cost \$52,107,774)

MUNICIPAL BONDS - 0.14%

New Jersey Economic Development Authority Special Facility
 Authority Continental Airlines Project 6.25% 9/15/29

TOTAL MUNICIPAL BONDS (cost \$254,528)

WARRANTS - 0.00%

*+#Solutia 144A

TOTAL WARRANTS (cost \$55,294)

U.S. TREASURY OBLIGATIONS - 0.68%

@U.S. Treasury Bills 1.22% 9/9/04

TOTAL U.S. TREASURY OBLIGATIONS (cost \$1,069,683)

TOTAL MARKET VALUE OF SECURITIES BEFORE
SECURITIES LENDING COLLATERAL - 133.78%
(cost \$187,723,706)

SECURITIES LENDING COLLATERAL+++ - 13.13%

Abbey National 1.19% 10/15/04
Banc of America Securities 1.58% 9/1/04
Bank of America 1.65% 10/29/04
Barclays 1.92% 1/31/05
CDC IXIS 1.49% 11/12/04
Citicorp 1.55% 9/21/04
Credit Suisse First Boston 1.60% 12/13/04
Deutsche Bank Financial 1.63% 2/22/05
Fifth Third Bank 1.53% 9/15/04
General Electric Capital

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

1.59% 10/25/04
1.62% 2/3/05
1.63% 10/4/04
Goldman Sachs Group
1.74% 12/8/04
1.80% 12/21/04
HBOS Treasury Services PLC 1.62% 10/29/04
ING Bank Geneva 1.10% 9/30/04
Merrill Lynch Mortgage Capital 1.66% 10/12/04
Morgan Stanley
1.64% 3/10/05
1.72% 9/30/05

Proctor & Gamble 1.53% 9/30/05
Rabobank 1.62% 3/2/05
Royal Bank of Canada 1.57% 6/27/05
Societe Generale New York
1.57% 6/14/05
1.65% 12/8/04
Union Bank of Switzerland 1.13% 12/20/04
Wachovia Bank NA 1.63% 11/15/04
Wells Fargo Bank 1.57% 9/30/05
Wilmington Trust 1.44% 9/8/04

TOTAL SECURITIES LENDING COLLATERAL (cost \$20,727,440)

TOTAL MARKET VALUE OF SECURITIES - 146.91%
(cost \$208,451,146)

OBLIGATION TO RETURN SECURITIES LENDING COLLATERAL - (13.13%)+

COMMERCIAL PAPER PAYABLE (PAR \$55,000,000) - (34.76)

RECEIVABLES AND OTHER ASSETS NET OF LIABILITIES (SEE NOTES) - 0.98%

NET ASSETS APPLICABLE TO 12,876,300 SHARES OUTSTANDING - 100.00%

*Fully or partially on loan.

**Includes \$20,510,171 of securities loaned.

#Securities exempt from registration under Rule 144A of the Securities Act of 1933. See Note 5 in "Notes."

+Non-income producing security for the period ended August 31, 2004.

++Step coupon bond.

+++See Note 3 in "Notes."

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

^Variable Rate Notes - the interest rate shown is the rate as of August 31, 2004.

@U.S. Treasury Bills are traded on a discount basis; the interest rate shown is the effective yield at the time of purchase by the Fund.

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

SUMMARY OF ABBREVIATIONS:

ADR - American Depositary Receipts
REIT - Real Estate Investment Trust

NOTES

1. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are in accordance with U.S. generally accepted accounting principals and are consistently followed by Delaware Investments Dividend and Income Fund, Inc. (the "Fund"). The Fund's shares trade on the New York Stock Exchange under the symbol DDF.

SECURITY VALUATION - Equity securities, except those traded on the Nasdaq Stock Market, Inc. (NASDAQ), are valued at the last quoted sales price as of the time of the regular close of the New York Stock Exchange (NYSE) on the valuation date. Securities traded on the NASDAQ are valued in accordance with the NASDAQ Official Closing Price, which may not be the last sales price. If on a particular day an equity security does not trade, then the mean between the bid and the asked prices will be used. U.S. Government and agency securities are valued at the mean between the bid and asked prices. Long-term debt securities are valued by an independent pricing service and such prices are believed to reflect the fair value of such securities. Short-term debt securities having less than 60 days to maturity are valued at amortized cost, which approximates market value. Other securities and assets for which market quotations are not readily available are valued at fair value as determined in good faith under the direction of the Fund's Board of Directors. In determining whether market quotations are readily available or fair valuation will be used, various factors will be taken into consideration, such as market closures, or with respect to foreign securities, aftermarket trading or significant events after local market trading (e.g., government actions or pronouncements, trading volume or volatility on markets, exchanges among dealers, or news events).

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

DISTRIBUTIONS - The Fund has a managed distribution policy. Under the policy, the Fund declares and pays monthly distributions and is managed with a goal of generating as much of the distribution as possible from ordinary income (net investment income and short-term capital gains). The balance of the distribution then comes from long-term capital gains and, if necessary, a return of capital. The current annualized rate is \$0.96 per share. The Fund continues to evaluate its monthly distribution in light of ongoing economic and market conditions and may change the amount of the monthly distributions in the future. For the eight months ended August 31, 2004, the Fund paid dividends totaling \$0.64 per share and as of August 31, 2004, it is estimated that 35.6% of the dividends represent a return of capital. The actual determination of the source of the Fund's dividends can be made only at year-end.

BORROWINGS - The Fund issues short-term commercial paper at a discount from par. The discount is amortized as interest expense over the life of the commercial paper using the straight-line method (See Note 3).

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

USE OF ESTIMATES - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

OTHER - Expenses common to all funds within the Delaware Investments Family of Funds are allocated amongst the funds on the basis of average net assets. Management fees and some other expenses are paid monthly. Security transactions are recorded on the date the securities are purchased or sold (trade date). 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 are amortized to interest income over the lives of the respective securities. Distributions received from investments in Real Estate Investment Trusts are recorded as dividend income on ex-dividend date, subject to reclassification upon notice of the character of such distribution by the issuer.

2. INVESTMENTS

At August 31, 2004, the cost of investments for federal income tax purposes has been estimated since the final tax characteristics cannot be determined until fiscal year end. At August 31, 2004, the aggregate cost of investments and gross unrealized appreciation (depreciation) for the Fund for federal income tax purposes was as follows:

AGGREGATE COST OF INVESTMENTS	\$187,863,528

Aggregate unrealized appreciation	30,798,587
Aggregate unrealized depreciation	(7,419,379)

Net unrealized appreciation	\$ 23,379,208

For federal income tax purposes, at November 30, 2003, capital loss carryforwards of \$24,106,870 may be carried forward and applied against future capital gains. Such capital loss carryforwards expire as follows:

Year of expiration	Amount
-----	-----
2009	\$ 6,557,294
2010	15,759,675
2011	1,789,901

3. COMMERCIAL PAPER

As of August 31, 2004, \$55,000,000 (par value) of commercial paper was outstanding with an amortized cost of \$54,890,167. The weighted average discount rate of commercial paper outstanding at August 31, 2004, was 1.41%. The average daily balance of commercial paper outstanding during the period ended August 31, 2004, was \$54,893,405 at a weighted discount rate of 1.18%. The maximum amount of commercial paper outstanding at any time during the period was \$55,000,000. In conjunction with the issuance of the commercial paper, the Fund entered into a line of credit arrangement with J.P. Morgan Chase for \$30,000,000 with a scheduled termination date of January 6, 2005. Interest on borrowings is based

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

on market rates in effect at the time of borrowing. The commitment fee is computed at the rate of 0.15% per annum on the unused balance. During the period ended August 31, 2004, there were no borrowings under this arrangement.

4. 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 J.P. Morgan Chase. Initial security loans made pursuant to the Lending Agreement are required to be secured by U.S. government obligations and/or cash collateral not less than 102% of the market value of the securities issued in the United States and 105% of the market value of securities issued outside the United States. With respect to each loan, if the aggregate market value of the collateral held on any business day is less than the aggregate market value of the securities which are the subject of such loan, the borrower will be notified to provide additional collateral not less than the applicable collateral requirements. Cash collateral received is invested in fixed income securities, with a weighted average maturity not to exceed 90 days, rated in one of the top two tiers by Standard & Poor's Ratings Group or Moody's Investors Service, Inc. or repurchase agreements collateralized by such securities. However, in the event of default or bankruptcy by the lending agent, realization and/or retention of the collateral may be subject to legal proceedings. In the event the borrower fails to return loaned securities and the collateral received is insufficient to cover the value of the loaned securities and provided such collateral shortfall is not the result of investment losses, the lending agent has agreed to pay the amount of the shortfall to the Fund, or at the discretion of the lending agent, replace the loaned securities. The Fund continues to record dividends on the securities loaned and is subject to change in fair value of the securities loaned that may occur during the term of the loan. The Fund has the right under the Lending Agreement to recover the securities from the borrower on demand. The security lending agent and the borrower retain a portion of the earnings from the collateral investments. The Fund records security lending income net of such allocation.

At August 31, 2004, the market value of securities on loan was \$20,510,171, for which cash collateral was received and invested in accordance with the Lending Agreement. Such investments are presented on the Schedule of Investments under the caption "Securities Lending Collateral."

5. CREDIT AND MARKET RISKS

The Fund invests in high-yield fixed income securities, which carry ratings of BB or lower by Standard & Poor's Ratings Group and 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 may invest up to 10% of its total assets in illiquid securities, which may include securities with contractual restrictions on resale, securities exempt from registration under Rule 144A of the Securities Act of 1933, as amended, and other securities which may not be readily marketable. The relative illiquidity of these securities may impair the Fund from disposing of them in a timely manner and at a fair price when it is necessary or desirable to do so.

The Fund invests in real estate investment trusts (REITs) and is subject to some of the risks associated with that industry. If the Fund holds real estate directly as a result of defaults or receives rental income directly from real estate holdings, its tax status as a regulated investment company may be jeopardized. There were no direct holdings during the period ended August 31, 2004. 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.

ITEM 2. 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 registrant's last fiscal quarter (the registrant's second fiscal half-year in the case of an annual report) that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

File as exhibits as part of this Form a separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the Act (17 CFR 270.30a-2(a)), exactly as set forth below:

CERTIFICATION

I, Jude T. Driscoll, certify that:

1. I have reviewed this report on Form N-Q of Delaware Investments Dividend and Income Fund, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the schedules of investments included in this report fairly present in all material respects the investments of the registrant as of the end of the fiscal quarter for which the report is filed;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) and internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused

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

such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report, based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

JUDE T. DRISCOLL

By: Jude T. Driscoll
Title: Chairman
Date: 10/29/04

CERTIFICATION

I, Joseph H. Hastings, certify that:

- 1. I have reviewed this report on Form N-Q of Delaware Investments Dividend and Income Fund, Inc.;
- 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3. Based on my knowledge, the schedules of investments included in this report fairly present in all material respects the investments of the registrant as of the end of the fiscal quarter for which the report is filed;

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

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) and internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) for the registrant and have:
- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report, based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

JOSEPH H. HASTINGS

By: Joseph H. Hastings
Title: Chief Financial Officer
Date: 10/29/04

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and

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

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

DELAWARE INVESTMENTS DIVIDEND AND INCOME FUND, INC.

JUDE T. DRISCOLL

By: Jude T. Driscoll
Title: Chairman
Date: 10/29/04

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

JUDE T. DRISCOLL

By: Jude T. Driscoll
Title: Chairman
Date: 10/29/04

JOSEPH H. HASTINGS

By: Joseph H. Hastings
Title: Chief Financial Officer
Date: 10/29/04
