

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

DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC  
Form N-Q  
April 28, 2005

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 Divid  
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: February 28, 2005

ITEM 1. SCHEDULE OF INVESTMENTS.

SCHEDULE OF INVESTMENTS (Unaudited)

DELAWARE INVESTMENTS DIVIDEND AND INCOME FUND, INC.  
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February 28, 2005

	NUMBER OF SHARES	MARKET VALUE
COMMON STOCK- 77.60%		
Automobiles & Automotive Parts - 2.50%		
*General Motors	39,900	\$ 1,423,233
Goodrich (B.F.)	76,400	2,829,092
		-----
		4,252,325
		-----
Banking, Finance & Insurance - 8.30%		
Bank of America	53,400	2,491,110

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J.P. Morgan Chase	44,700	1,633,785
MBNA	108,100	2,742,497
Mellon Financial	85,100	2,440,668
Morgan Stanley	57,300	3,235,730
Wells Fargo	26,400	1,567,632
		-----
		14,111,422
		-----
Building & Materials - 0.09%		
*+Foster Wheeler	8,434	151,388
		-----
		151,388
		-----
Chemicals - 4.19%		
Dow Chemical	63,700	3,513,055
duPont (E.I.) deNemours	67,700	3,608,410
		-----
		7,121,465
		-----
Computers & Technology - 3.40%		
Intel	74,200	1,779,316
+Intuit	50,700	2,169,960
Pitney Bowes	40,000	1,834,400
		-----
		5,783,676
		-----
Consumer Products - 1.06%		
Procter & Gamble	34,000	1,805,060
		-----
		1,805,060
		-----
Electronics & Electrical Equipment - 2.32%		
Emerson Electric	25,000	1,658,000
General Electric	65,100	2,291,520
		-----
		3,949,520
		-----
Energy - 5.69%		
ChevronTexaco	56,000	3,476,480
Exxon Mobil	40,000	2,532,400
Kerr-McGee	45,300	3,517,998
*+Petroleum Geo-Services ADR	1,989	142,943
		-----
		9,669,821
		-----
Food, Beverage & Tobacco - 5.98%		
Anheuser-Busch	49,900	2,367,755
General Mills	58,900	3,084,593
Kellogg	47,500	2,090,000
PepsiCo	48,600	2,617,596
		-----
		10,159,944
		-----
Healthcare REIT's - 0.21%		
+#Medical Properties Trust 144A	35,000	350,000
		-----
		350,000
		-----
Healthcare & Pharmaceuticals - 4.66%		
Abbott Laboratories	35,000	1,609,650
Pfizer	75,200	1,977,008
+Tenet Healthcare	177,400	1,935,434

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Wyeth	58,800	2,400,216
		-----
		7,922,308
		-----
Industrial REIT's - 1.45%		
AMB Property	63,300	2,457,306
		-----
		2,457,306
		-----
Investment Companies - 1.74%		
*Gladstone Capital	120,300	2,959,380
		-----
		2,959,380
		-----
Leisure, Lodging & Entertainment - 1.61%		
Starwood Hotels & Resorts Worldwide	47,900	2,741,796
		-----
		2,741,796
		-----
Mall REIT's - 4.42%		
General Growth Properties	113,538	3,962,476
Simon Property Group	57,300	3,550,308
		-----
		7,512,784
		-----
Manufactured Housing REIT's - 0.33%		
Sun Communities	16,000	560,640
		-----
		560,640
		-----
Media - 0.07%		
*+XM Satellite Radio Holdings Class A	3,500	115,360
		-----
		115,360
		-----
Mortgage REIT's - 8.60%		
*American Home Mortgage Investment	98,400	3,065,160
Fieldstone Investment	100,000	1,500,000
*Friedman Billings Ramsey Group Class A	95,495	1,771,432
+#KKR Financial 144A	182,600	1,917,300
*MortgageIT Holdings	187,000	3,225,750
+#Peoples Choice 144A	176,700	1,767,000
Saxon Capital	30,100	540,596
Sunset Financial Resources	84,800	826,800
		-----
		14,614,038
		-----
Multifamily REIT's - 1.26%		
BRE Properties Class A	32,500	1,274,000
*+Education Realty Trust	50,900	860,210
		-----
		2,134,210
		-----
Office/Industrial REIT's - 3.04%		
Duke Realty	83,900	2,657,952
Liberty Property Trust	60,270	2,498,794
		-----

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		5,156,746
		-----
Office REIT's - 4.73%		
Equity Office Properties Trust	92,400	2,787,709
Prentiss Properties Trust	73,572	2,581,641
Reckson Associates Realty	87,420	2,670,681
		-----
		8,040,031
		-----
Paper & Forest Products - 0.88%		
International Paper	40,000	1,494,000
		-----
		1,494,000
		-----
Retail - 0.09%		
*+Kmart Holding	1,550	151,079
		-----
		151,079
		-----
Retail Strip Centers REIT's - 1.61%		
Ramco-Gershenson Properties	96,400	2,728,120
		-----
		2,728,120
		-----
Telecommunications - 6.04%		
Alltel	63,500	3,632,200
*BCE	148,900	3,490,216
+Fairpoint Communications	180,000	3,132,000
		-----
		10,254,416
		-----
Utilities - 3.33%		
Dominion Resources	36,600	2,636,298
*FPL Group	38,000	3,015,300
		-----
		5,651,598
		-----
TOTAL COMMON STOCK (COST \$105,987,765)		131,848,433
		=====
CONVERTIBLE PREFERRED STOCK- 4.97%		
Banking, Finance & Insurance - 1.43%		
Chubb 7.00%	15,000	446,850
Lehman Brothers Holdings 6.25%	16,000	452,000
National Australia Bank Units 7.875%	40,000	1,532,000
		-----
		2,430,850
		-----
Consumer Products - 1.45%		
Newell Financial Trust I 5.25%	52,600	2,452,475
		-----
		2,452,475
		-----
Environmental Services - 0.45%		
Allied Waste Industries 6.25%	16,200	771,768
		-----
		771,768
		-----
Diversified REIT's - 0.82%		
Crescent Real Estate 6.75%	62,600	1,392,850
		-----
		1,392,850

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Telecommunications - 0.82%  
Lucent Technologies Capital Trust I 7.75%

TOTAL CONVERTIBLE PREFERRED STOCK (COST \$8,895,050)

PREFERRED STOCKS- 6.29%  
Leisure, Lodging & Entertainment - 0.91%  
WestCoast Hospitality Capital Trust 9.50%

Lodging REIT's - 2.40%  
Equity Inns Series B 8.75%  
LaSalle Hotel Properties 10.25%

Office REIT's - 1.21%  
SL Green Realty 7.625%

Retail Strip Center REIT's - 0.66%  
Ramco-Gershenson Properties 9.50%

Utilities - 1.11%  
Public Service Enterprise Group 10.25%

TOTAL PREFERRED STOCKS (COST \$9,564,868)

COMMERCIAL MORTGAGE-BACKED SECURITIES - 0.26%  
#Meristar Commercial Mortgage Trust Series 1999-C1 C 144A 8.29% 3/3/16

TOTAL COMMERCIAL MORTGAGE-BACKED SECURITIES (COST \$445,969)

CONVERTIBLE BONDS- 4.42%  
Capital Goods - Manufacturing - 0.22%  
#Tyco International Group 144A 2.75% 1/15/18

Consumer Cyclical - 2.92%  
#Gap 144A 5.75% 3/15/09

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Meristar Hospitality 9.50% 4/1/10  
 #Regal Entertainment Group 144A 3.75% 5/15/08  
 #Saks 144A 2.00% 3/15/24

Computers & Technology - 0.63%  
 #Mercury Interactive 144A 4.75% 7/1/07  
 #Sybase Convertible 144A 1.75% 2/22/25

Transportation & Shipping - 0.11%  
 #ExpressJet Holdings 144A 4.25% 8/1/23

Utilities - 0.54%  
 \*#CenterPoint Energy 144A 3.75% 5/15/23

TOTAL CONVERTIBLE BONDS (COST \$6,205,188)

CORPORATE BONDS- 36.81%  
 Basic Materials - 4.85%  
 Abitibi-Consolidated 6.95% 12/15/06  
 \*#BCP Caylux Holdings 144A 9.625% 6/15/14  
 #Boise Cascade 144A 7.125% 10/15/14  
 Bowater 9.50% 10/15/12  
 Fort James 7.75% 11/15/23  
 \*#Huntsman 144A 7.375% 1/1/15  
 \*Lyondell Chemical 9.875% 5/1/07  
 MDP Acquisitions 9.625% 10/1/12  
 \*Nalco 8.875% 11/15/13  
 #Novelis 144A 7.25% 2/15/15  
 #Port Townsend Paper 144A 11.00% 4/15/11  
 Potlatch 12.50% 12/1/09  
 #PQ 144A 7.50% 2/15/13  
 \*Rhodia 8.875% 6/1/11  
 Smurfit Capital Funding 7.50% 11/20/25  
 +Solutia 6.72% 10/15/37  
 Tembec Industries 8.50% 2/1/11  
 Witco 6.875% 2/1/26

Capital Goods - Manufacturing - 3.55%		
Aearo 8.25% 4/15/12	200,000	211,000
*AEP Industries 9.875% 11/15/07	375,000	382,969
Allied Waste North America 9.25% 9/1/12	375,000	416,250
Anchor Glass 11.00% 2/15/13	275,000	285,313
Armor Holdings 8.25% 8/15/13	400,000	446,000
#Buhrmann US 144A 7.875% 3/1/15	125,000	126,563
*Cenveo 7.875% 12/1/13	225,000	210,375
#DRS Technologies 144A 6.875% 11/1/13	100,000	105,500

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*Foster Wheeler 10.359% 9/15/11	206,250	227,391
Geo Subordinate 11.00% 5/15/12	450,000	469,124
*#Graham Packaging 144A 9.875% 10/15/14	305,000	330,163
#Hydrochem Industrial Services 144A 9.25% 2/15/13	445,000	454,456
#IMCO Recycling 144A 9.00% 11/15/14	425,000	448,375
Interline Brands 11.50% 5/15/11	421,000	477,834
Moog 6.25% 1/15/15	200,000	206,000
@Mueller Holdings 14.75% 4/15/14	550,000	400,125
*#Owens-Brockway 144A 6.75% 12/1/14	200,000	206,000
#Park-Ohio Industries 144A 8.375% 11/15/14	225,000	225,000
Radnor Holdings		
[CHECK MARK]9.41% 4/15/09	235,000	241,463
*11.00% 3/15/10	175,000	154,875
		-----
		6,024,776
		-----
Consumer Cyclical - 6.42%		
#Accuride 144A 8.50% 2/1/15	300,000	310,500
Adesa 7.625% 6/15/12	250,000	266,875
@Advanced Accessory Holdings 13.25% 12/15/11	250,000	101,250
*Advanced Accessory Systems 10.75% 6/15/11	450,000	418,500
Ameristar Casinos 10.75% 2/15/09	670,000	747,887
Argosy Gaming 9.00% 9/1/11	75,000	83,813
+Avado Brands 9.75% 6/1/06	230,000	58,650
Boyd Gaming 9.25% 8/1/09	761,000	816,172
Caesars Entertainment 9.375% 2/15/07	150,000	164,250
*#Carrols 144A 9.00% 1/15/13	300,000	318,000
*Collins & Aikman Products 10.75% 12/31/11	360,000	343,800
*#Cooper-Standard 144A 7.00% 12/15/12	100,000	99,000
*#Denny's 144A 10.00% 10/1/12	300,000	327,750
Gaylord Entertainment 8.00% 11/15/13	325,000	353,844
Interface 10.375% 2/1/10	350,000	407,750
#Landry's Restaurant 144A 7.50% 12/15/14	520,000	522,600
#Loehmanns Capital 144A 13.00% 10/1/11	75,000	74,625
#Lone Star Industries 144A 8.85% 6/15/05	300,000	303,919
*Mandalay Resort Group 10.25% 8/1/07	35,000	39,550
MGM MIRAGE 9.75% 6/1/07	275,000	305,938
O'Charleys 9.00% 11/1/13	430,000	471,925
Penn National Gaming		
8.875% 3/15/10	850,000	927,562
11.125% 3/1/08	600,000	636,359
Perkins Family Restaurants 10.125% 12/15/07	20,000	20,500
*Royal Caribbean Cruises 7.25% 3/15/18	350,000	393,750
#Six Flags 144A 9.625% 6/1/14	65,000	61,263
@Town Sports International 11.00% 2/1/14	320,000	184,000
#Uno Restaurant 144A 10.00% 2/15/11	300,000	307,500
+Venture Holdings 12.00% 6/1/09	425,000	531
Warnaco 8.875% 6/15/13	500,000	553,750
Wheeling Island Gaming 10.125% 12/15/09	525,000	572,250
#Wynn Las Vegas 144A 6.625% 12/1/14	700,000	701,749
		-----
		10,895,813
		-----
Consumer Non-Cyclical - 3.94%		
*Ameripath 10.50% 4/1/13	295,000	308,275
#Commonwealth Brands 144A 10.625% 9/1/08	460,000	492,200
Corrections Corporation of America 9.875% 5/1/09	175,000	193,594
Cott Beverages 8.00% 12/15/11	75,000	80,906
*Great Atlantic & Pacific Tea 7.75% 4/15/07	225,000	227,531

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#Knowledge Learn 144A 7.75% 2/1/15	215,000	217,150
#Le-Natures 144A 10.00% 6/15/13	550,000	610,500
National Beef Packing 10.50% 8/1/11	325,000	341,250
Pilgrims Pride 9.625% 9/15/11	410,000	457,150
Province Healthcare 7.50% 6/1/13	875,000	979,999
#Rite Aid 144A 7.50% 1/15/15	350,000	348,250
Seminis Vegetable Seeds 10.25% 10/1/13	375,000	450,938
*True Temper Sports 8.375% 9/15/11	395,000	382,163
Universal Hospital Services 10.125% 11/1/11	420,000	436,800
#US Oncology 144A 10.75% 8/15/14	440,000	508,200
*@Vanguard Health 11.25% 10/1/15	545,000	399,213
#Warner Chilcott 144A 8.75% 2/1/15	250,000	261,250
		-----
		6,695,369
		-----
Energy - 2.88%		
Bluewater Finance 10.25% 2/15/12	390,000	432,900
CMS Energy 9.875% 10/15/07	250,000	280,625
#Dynegy Holdings 144A 10.125% 7/15/13	900,000	1,030,500
El Paso Natural Gas 7.625% 8/1/10	200,000	218,000
El Paso Production Holding 7.75% 6/1/13	550,000	592,625
#Hilcorp Energy 144A 10.50% 9/1/10	400,000	457,000
#Inergy Finance 144A 6.875% 12/15/14	250,000	255,000
Petroleum Geo-Services		
8.00% 11/5/06	200,159	204,913
10.00% 11/5/10	524,909	608,894
[CHECK MARK]#Secunda International 144A 10.66% 9/1/12	245,000	245,000
#Stone Energy 144A 6.75% 12/15/14	150,000	151,500
Tennessee Gas Pipeline 8.375% 6/15/32	350,000	413,875
		-----
		4,890,832
		-----
Finance - 1.39%		
#America Real Estate 144A 7.125% 2/15/13	325,000	330,688
BF Saul REIT 7.50% 3/1/14	125,000	130,156
*#E*Trade Financial 144A 8.00% 6/15/11	475,000	515,374
#Farmers Exchange Capital 144A 7.20% 7/15/48	250,000	263,320
FINOVA Group 7.50% 11/15/09	835,500	373,886
LaBranche & Company 11.00% 5/15/12	275,000	297,688
Midland Funding II 11.75% 7/23/05	60,226	62,092
Tanger Properties 9.125% 2/15/08	350,000	393,750
		-----
		2,366,954
		-----
Media - 5.36%		
+Adelphia Communications 8.125% 7/15/06	525,000	446,250
American Media Operation 10.25% 5/1/09	200,000	209,000
Avalon Cable 11.875% 12/1/08	504,168	526,225
#Charter Communications 144A 5.875% 11/16/09	165,000	162,525
Charter Communications Holdings 10.75% 10/1/09	1,425,000	1,236,187
CSC Holdings		
7.25% 7/15/08	245,000	262,456
8.125% 8/15/09	215,000	240,263
*10.50% 5/15/16	550,000	618,750
Dex Media West 9.875% 8/15/13	125,000	144,063
Insight Midwest 10.50% 11/1/10	850,000	928,624
*Lodgenet Entertainment 9.50% 6/15/13	425,000	473,875
Mediacom Capital		
*8.50% 4/15/08	750,000	766,875



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9.50% 1/15/13	325,000	340,438
Nextmedia Operating 10.75% 7/1/11	275,000	307,313
PEI Holdings 11.00% 3/15/10	500,000	594,375
Rogers Cablesystems 10.00% 3/15/05	700,000	707,000
Sheridan Acquisition 10.25% 8/15/11	325,000	353,438
#Warner Music Group 144A 7.375% 4/15/14	190,000	202,350
XM Satellite Radio 12.00% 6/15/10	500,000	593,750
		-----
		9,113,756
		-----
Technology - 0.33%		
#Magnachip Semiconductor 144A 8.00% 12/15/14	300,000	317,250
Stratus Technologies 10.375% 12/1/08	250,000	250,000
		-----
		567,250
		-----
Telecommunications - 3.77%		
[CHECK MARK]#AirGate PCS 144A 6.41% 10/15/11	175,000	182,438
*Alaska Communications Systems Holdings 9.875% 8/15/11	324,000	352,350
Centennial Cellular Operating 10.125% 6/15/13	315,000	366,975
*Cincinnati Bell 8.375% 1/15/14	625,000	649,218
@Inmarsat Finance 10.375% 11/15/12	450,000	342,563
#Intelsat Bermuda 144A 8.625% 1/15/15	500,000	536,250
iPCS 11.50% 5/1/12	200,000	233,000
#Iwo Escrow 144A		
[CHECK MARK]6.32% 1/15/12	75,000	78,000
@10.75% 1/15/15	75,000	49,500
MCI		
6.908% 5/1/07	250,000	256,250
7.688% 5/1/09	500,000	528,125
MetroPCS 10.75% 10/1/11	225,000	243,000
*#New Skies Satellite 144A 9.125% 11/1/12	325,000	339,625
#Qwest 144A 7.875% 9/1/11	115,000	126,213
#Qwest Services 144A 14.00% 12/15/10	525,000	626,062
Rural Cellular 9.875% 2/1/10	100,000	106,000
#Telcordia Technologies 144A 8.875% 3/1/13	200,000	207,500
*#UbiquiTel Operating 144A 9.875% 3/1/11	200,000	227,000
[CHECK MARK]US LEC 10.67% 10/1/09	225,000	226,688
US Unwired 10.00% 6/15/12	500,000	569,999
#Valor Telecom 144A 7.75% 2/15/15	145,000	151,163
		-----
		6,397,919
		-----
Transportation - 1.59%		
@#H-Lines Finance Holding 144A 11.00% 4/1/13	395,000	297,731
#Horizon Lines 144A 9.00% 11/1/12	175,000	190,094
*Kansas City Southern Railway 9.50% 10/1/08	400,000	447,000
OMI 7.625% 12/1/13	430,000	446,125
Seabulk International 9.50% 8/15/13	500,000	553,750
Stena AB 9.625% 12/1/12	350,000	399,000
#Ultrapetrol 144A 9.00% 11/24/14	375,000	364,219
		-----
		2,697,919
		-----
Utilities - 2.73%		
Avista 9.75% 6/1/08	500,000	574,536
*Calpine 10.50% 5/15/06	365,000	361,350

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[CHECK MARK]#Calpine 144A 8.41% 7/15/07	221,625	199,463
Elwood Energy 8.159% 7/5/26	219,203	249,259
Midwest Generation		
8.30% 7/2/09	500,000	535,000
8.75% 5/1/34	425,000	489,813
+Mirant Americas Generation 7.625% 5/1/06	400,000	457,000
*#NRG Energy 144A 8.00% 12/15/13	430,000	477,300
Orion Power Holdings 12.00% 5/1/10	250,000	313,750
PSE&G Energy Holdings 7.75% 4/16/07	250,000	264,375
Reliant Energy 9.50% 7/15/13	250,000	282,500
#Texas Genco 144A 6.875% 12/15/14	250,000	268,125
+#USGen New England 144A 7.459% 1/2/15	250,000	169,375
		-----
		4,641,846
		-----
TOTAL CORPORATE BONDS (COST \$60,441,620)		62,529,958
		=====
MUNICIPAL BONDS- 0.08%		
New Jersey Economic Development Authority Special Facility		
Revenue (Continental Airlines Project) 6.25% 9/15/29 (AMT)	170,000	135,335
		-----
TOTAL MUNICIPAL BONDS (COST \$144,267)		135,335
		-----
U.S. TREASURY OBLIGATIONS- 0.74%		
^U.S. Treasury Bill 2.282% 3/24/05	1,265,000	1,263,046
		-----
TOTAL U.S. TREASURY OBLIGATIONS (COST \$1,263,046)		1,263,046
		=====
	NUMBER OF	
	SHARES	
WARRANTS- 0.00%		
+#Solutia144A, exercise price \$7.59, expiration date 7/15/09	650	7
		-
TOTAL WARRANTS (COST \$55,294)		7
		-
TOTAL MARKET VALUE OF SECURITIES BEFORE SECURITIES		
LENDING COLLATERAL - 131.17% (COST \$193,003,067)		222,840,516
		=====

	PRINCIPAL	
	AMOUNT	
SECURITIES LENDING COLLATERAL - 14.40%***		
Short-Term Investments		
Abbey National 2.64% 1/13/06	\$598,806	599,1
ABN AMRO Amsterdam 2.55% 3/22/05	807,123	807,1
Bank of Nova Scotia 2.69% 3/29/05	242,126	242,1
Bank of the West 2.57% 3/2/06	807,240	807,1
Barclays London 2.54% 3/10/05	813,296	813,1
Barclays New York 2.62% 6/1/05	80,690	80,6
Bayerische Landesbank 2.61% 3/31/06	806,853	807,1
Bear Stearns		
2.65% 1/17/06	161,406	161,5
2.68% 3/18/05	726,697	726,8
Beta Finance 2.51% 3/21/05	177,047	176,8

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Calyon 2.57% 4/19/05	807,087	807,0
Citigroup Global Markets 2.70% 3/7/05	871,680	871,6
Credit Swiss First Boston New York 2.56% 12/29/05	169,456	169,5
Fortis Bank 2.54% 3/22/05	807,125	807,1
Goldman Sachs 2.77% 2/28/06	887,648	887,8
IXIS Corporate & Investment Bank 2.55% 3/22/05	807,123	807,1
Lehman Holdings 2.70% 12/23/05	807,184	808,0
Marshall & Ilsley Bank 2.51% 12/29/05	807,197	807,1
Merrill Lynch Mortgage Capital		
2.73% 4/5/05	64,569	64,5
2.73% 4/12/05	807,114	807,1
Morgan Stanley		
2.65% 3/1/05	2,144,412	2,144,4
2.71% 3/10/05	645,687	645,6
2.71% 3/31/06	161,145	161,4
2.81% 2/28/06	80,711	80,7
Nordea Bank New York 2.57% 5/13/05	807,097	807,0
Pfizer 2.55% 3/31/06	774,829	774,8
Proctor & Gamble 2.42% 3/31/06	807,114	807,1
Rabobank, New York 2.63% 3/2/05	807,064	807,0
Royal Bank of Canada 2.61% 6/27/05	807,150	807,0
Sigma Finance 2.57% 9/30/05	758,703	758,5
Societe Generale London 2.43% 3/7/05	161,424	161,4
Societe Generale New York 2.56% 6/14/05	729,049	728,9
Sun Trust Bank 2.61% 8/5/05	403,608	403,5
UBS Securities 2.64% 3/1/05	1,614,228	1,614,2
Washington Mutual 2.60% 4/1/05	887,852	887,8
Wells Fargo 2.56% 3/31/06	807,157	807,1
TOTAL SECURITIES LENDING COLLATERAL (COST \$24,455,897)		----- 24,455,8 =====
TOTAL MARKET VALUE OF SECURITIES - 145.57% (COST \$217,458,964)		247,296,413
OBLIGATION TO RETURN SECURITIES LENDING COLLATERAL - (14.40%)* **		(24,455,89
COMMERCIAL PAPER PAYABLE (PAR \$55,000,000) - (32.30%)		(54,877,01
RECEIVABLES AND OTHER ASSETS NET OF LIABILITIES (SEE NOTES) - 1.13%		----- 1,921,0
NET ASSETS APPLICABLE TO 12,876,300 SHARES OUTSTANDING; EQUIVALENT TO \$13.19 PER SHARE - 100.00%		----- \$169,884,5 =====

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

#Security 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 February 28, 2005.

^Zero coupon bond. The interest rate shown is the yield at the time of purchase.

\*Fully or partially on loan.

\*\*Includes \$24,010,320 of securities loaned.

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

[CHECK MARK]Variable Rate Notes. The interest rate shown is the rate as of February 28, 2005.

\*\*\*See Note #4 in "Notes."

### SUMMARY OF ABBREVIATIONS:

ADR - American Depositary Receipts

AMT - Subject to Alternative Minimum Tax

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 the Delaware Investments Dividend and Income Fund, Inc. (the "Fund").

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

**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).

**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

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basis. Discounts and premiums are amortized to interest income over the lives of the respective securities. Premiums and discounts on non-convertible debt securities are amortized to interest income over the lives of the respective securities. Distributions received from investments in Real Estate Investment Trusts are recorded as dividend income on ex-dividend date, subject to reclassification upon notice of the character of such distribution by the issuer.

### 2. INVESTMENTS

At February 28, 2005, 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 February 28, 2005, 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	\$193,040,057
	-----
Aggregate unrealized appreciation	36,183,087
Aggregate unrealized depreciation	(6,382,628)
	-----
Net unrealized appreciation	\$ 29,800,459
	-----

For federal income tax purposes, at November 30, 2004, capital loss carryforwards of \$15,214,564 may be carried forward and applied against future capital gains. Such capital loss carryforwards expire as follows: \$13,424,663 expires in 2010 and \$1,789,901 expires in 2011.

### 3. COMMERCIAL PAPER

As of February 28, 2005, \$55,000,000 (par value) of commercial paper was outstanding with an amortized cost of \$54,877,014. The weighted average discount rate of commercial paper outstanding at February 28, 2005, was 2.59%. The average daily balance of commercial paper outstanding during the period ended February 28, 2005, was \$54,830,788 at a weighted discount rate of 1.69%. 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 5, 2006. Interest on borrowings is based 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 February 28, 2005 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. 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

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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 February 28, 2005, the market value of securities on loan was \$24,010,320 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 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 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. At February 28, 2005, 144A securities represented approximately 16.78% of total assets. 144A securities comprising 0.00% of total assets have been determined to be illiquid securities under the Fund's Liquidity Procedures. While maintaining oversight, the Board of Trustees has delegated to the investment adviser the day-to-day functions of determining whether individual Rule 144A securities are liquid for purposes of a fund's limitation on investments in illiquid assets. Illiquid securities, if any, have been denoted on the Schedule of Investments.

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. 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.

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### 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 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):

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- (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

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By: Jude T. Driscoll  
Title: Chairman  
Date: 4/26/05

CERTIFICATION

I, Michael P. Bishof, 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 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



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- (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.

MICHAEL P. BISHOF

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By: Michael P. Bishof  
Title: Chief Financial Officer  
Date: 4/25/05

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DELAWARE INVESTMENTS DIVIDEND AND INCOME FUND, INC.

JUDE T. DRISCOLL

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By: Jude T. Driscoll  
Title: Chairman  
Date: 4/26/05

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

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By: Jude T. Driscoll  
Title: Chairman  
Date: 4/26/05

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MICHAEL P. BISHOF

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By: Michael P. Bishof  
Title: Chief Financial Officer  
Date: 4/25/05