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DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC
Form N-CSR
August 06, 2004

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-7460

Exact name of registrant as specified in charter:
Delaware Investments Dividend & 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: May 31, 2004

Item 1. Reports to Stockholders

CLOSED END

Delaware
Investments (SM)

A member of Lincoln Financial Group(R)

Semiannual Report MAY 31, 2004

DELAWARE INVESTMENTS
DIVIDEND AND INCOME FUND, INC.

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[LOGO] POWERED BY RESEARCH. (SM)

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

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

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STATEMENT
OF NET ASSETS

DELAWARE INVESTMENTS DIVIDEND AND INCOME FUND, INC.
May 31, 2004 (Unaudited)

	Number of Shares	Market Value
COMMON STOCK - 77.30%		
Automobiles & Automotive Parts - 2.57%		
General Motors	39,900	\$ 1,811,061
Goodrich (B.F.)	76,400	2,141,492

		3,952,553

Banking, Finance & Insurance - 15.27%		
*American Home Mortgage Investment	102,000	2,601,000

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Bank of America	34,100	2,834,733
+++Fieldstone Investments 144A	100,000	1,725,000
*Friedman Billings Ramsey Group Class A	98,995	1,930,403
J.P. Morgan Chase	44,700	1,646,748
MBNA	108,100	2,745,740
Mellon Financial	85,100	2,505,344
Morgan Stanley	57,300	3,066,122
++Sunset Financial Resources	97,900	1,021,097
Wells Fargo	41,900	2,463,720
XL Capital Limited Class A	13,000	970,450

		23,510,357

Cable, Media & Publishing - 0.12%		
++XM Satellite Radio Class A	7,503	188,926

		188,926

Chemicals - 2.59%		
Dow Chemical	100,000	3,990,000

		3,990,000

Computers & Technology - 2.44%		
++Intuit	50,700	1,986,426
Pitney Bowes	40,000	1,773,200

		3,759,626

Consumer Products - 1.19%		
Procter & Gamble	17,000	1,832,940

		1,832,940

Electronics & Electrical Equipment - 2.29%		
Emerson Electric	25,000	1,492,500
General Electric	65,100	2,025,912

		3,518,412

Energy - 4.27%		
ChevronTexaco	28,000	2,531,200
Exxon Mobil	40,000	1,730,000
Kerr-McGee	45,300	2,231,025
++Petroleum Geo-Services ADR	1,989	73,202

		6,565,427

Food, Beverage & Tobacco - 6.87%		
Anheuser-Busch	49,900	2,658,173
General Mills	58,900	2,712,345
Kellogg	61,500	2,607,600
PepsiCo	48,600	2,593,782

		10,571,900

Healthcare & Pharmaceuticals - 5.73%		
Abbott Laboratories	35,000	1,442,350
++Hospira	3,500	89,740
Merck & Co.	30,800	1,456,840
Pfizer	59,400	2,099,196
++Tenet Healthcare	177,400	2,114,608

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Wyeth	45,100	1,623,600

		8,826,334

	Number of	Market
	Shares	Value
COMMON STOCK (continued)		
Investment Companies - 1.57%		
*Gladstone Capital	120,300	\$ 2,418,030

		2,418,030

Paper & Forest Products - 1.88%		
International Paper	40,000	1,677,200
Weyerhaeuser	20,000	1,209,600

		2,886,800

Real Estate - 23.76%		
AMB Property	65,600	2,168,080
Apartment Investment & Management	55,200	1,594,176
BRE Properties Class A	40,900	1,415,140
Camden Property Trust	16,300	761,373
Duke Realty	87,000	2,815,320
Equity Office Properties Trust	95,800	2,581,810
General Growth Properties	113,538	3,335,746
Liberty Property Trust	62,470	2,491,928
+++Medical Properties Trust 144A	35,000	350,000
Pan Pacific Retail Properties	61,400	2,824,400
Prentiss Properties Trust	76,272	2,516,976
Ramco-Gershenson Properties	118,500	2,867,700
Reckson Associates Realty	86,520	2,251,250
Simon Property Group	92,500	4,770,225
Starwood Hotels & Resorts Worldwide	76,200	3,214,116
Sun Communities	16,600	613,868

		36,572,108

Retail - 0.21%		
*++Kmart Holdings	6,068	318,267

		318,267

Technology/Semiconductors - 1.38%		
Intel	74,200	2,118,410

		2,118,410

Telecommunications - 2.09%		
Alltel	63,500	3,215,005

		3,215,005

Utilities - 3.07%		
Dominion Resources	36,600	2,304,702
FPL Group	38,000	2,422,500

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		4,727,202

TOTAL COMMON STOCK (cost \$101,151,024)		118,972,297

CONVERTIBLE PREFERRED STOCK - 6.84%		
Aerospace & Defense - 0.71%		
Northrop Grumman 7.25%	10,500	1,093,050

		1,093,050

Banking, Finance & Insurance - 2.06%		
Chubb 7.00%	15,000	416,850
*National Australia Bank Units 7.875%	40,000	1,440,000
Travelers Property Casualty 4.50%	32,200	768,292
XL Capital 6.50%	22,000	550,880

		3,176,022

Consumer Products - 1.50%		
Newell Financial Trust I 5.25%	52,600	2,307,825

		2,307,825

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

	Number of Shares	Market Value
CONVERTIBLE PREFERRED STOCK (continued)		
Environmental Services - 0.76%		
Allied Waste Industries 6.25%	16,200	\$ 1,169,478

		1,169,478

Real Estate - 0.84%		
Crescent Real Estate 6.75%	62,600	1,292,690

		1,292,690

Telecommunications - 0.97%		
Lucent Technologies Capital Trust I 7.75%	1,300	1,490,697

		1,490,697

TOTAL CONVERTIBLE PREFERRED STOCK (cost \$10,900,050)		10,529,762

PREFERRED STOCK - 6.73%		
Leisure, Lodging & Entertainment - 0.95%		

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WestCoast Hospitality Capital Trust 9.50%	58,000	1,466,240

		1,466,240

Real Estate - 4.55%		
Equity Inns Series B 8.75%	37,000	925,000
LaSalle Hotel Properties 10.25%	113,200	3,032,628
Ramco-Gershenson Properties 9.50%	40,000	1,061,000
SL Green Realty 7.625%	80,000	1,970,000

		6,988,628

Utilities - 1.23%		
Public Service Enterprise Group 10.25%	27,200	1,570,800
TNP Enterprises PIK 14.50%	2,841	328,802

		1,899,602

TOTAL PREFERRED STOCK (cost \$9,927,972)		10,354,470

	Principal Amount	
CONVERTIBLE BONDS - 6.36%		
Automobiles & Automotive Parts - 0.26%		
+Tower Automotive 144A 5.00% 8/1/04	\$ 400,000	402,000

		402,000

Computers & Technology - 0.35%		
+Mercury Interactive 144A 4.75% 7/1/07	550,000	544,500

		544,500

Leisure, Lodging & Entertainment - 0.41%		
*+Regal Entertainment Group 144A 3.75% 5/15/08	550,000	633,875

		633,875

Miscellaneous - 0.23%		
+Tyco International Group 144A 2.75% 1/15/18	250,000	356,250

		356,250

Real Estate - 1.10%		
Malan Realty Investors 9.50% 7/15/04	379,000	379,000
Meristar Hospitality 9.50% 4/1/10	1,100,000	1,318,625

		1,697,625

Retail - 2.13%		
+Gap 144A 5.75% 3/15/09	1,825,000	2,842,438
+Saks 144A 2.00% 3/15/24	425,000	429,781

		3,272,219

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	Principal Amount	Market Value
CONVERTIBLE BONDS (continued)		
Telecommunications - 1.18%		
+Nextel Partners 144A 1.50% 11/15/08	\$ 800,000	\$1,809,000

		1,809,000

Transportation & Shipping - 0.13%		
+ExpressJet Holdings 144A 4.25% 8/1/23	200,000	193,000

		193,000

Utilities - 0.57%		
+Centerpoint Energy 144A 3.75% 5/15/23	800,000	884,000

		884,000

TOTAL CONVERTIBLE BONDS (cost \$7,239,590)		9,792,469

BONDS - 32.84%		
Aerospace & Defense - 0.24%		
Armor Holdings 8.25% 8/15/13	350,000	375,375

		375,375

Automobiles & Automotive Parts - 0.50%		
*#+Advanced Accessory Holdings 144A		
13.25% 12/15/11	600,000	321,000
Advanced Accessory Systems		
10.75% 6/15/11	200,000	202,000
*Collins & Aikman Products		
11.50% 4/15/06	250,000	243,750

		766,750

Banking, Finance & Insurance - 1.17%		
BF Saul 7.50% 3/1/14	125,000	123,438
Bluewater Finance 10.25% 2/15/12	325,000	334,750
+Farmers Exchange Capital 144A		
7.20% 7/15/48	350,000	326,200
+LaBranche 144A 11.00% 5/15/12	375,000	384,375
Stena 9.625% 12/1/12	425,000	478,125
*+UGS 144A 10.00% 6/1/12	150,000	158,250

		1,805,138

Buildings & Materials - 0.99%		
+Aearo 144A 8.25% 4/15/12	200,000	203,000
Interface 10.375% 2/1/10	350,000	390,250
Interline Brands 11.50% 5/15/11	350,000	374,500
+Lone Star Industries 144A 8.85% 6/15/05	300,000	313,530
Standard Pacific 7.75% 3/15/13	250,000	250,000

		1,531,280

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Business Services - 0.20%		
Brickman Group 11.75% 12/15/09	275,000	314,875

		314,875

Cable, Media & Publishing - 4.09%		
+Atlantic Broadband Finance 144A		
9.375% 1/15/14	600,000	564,000
*Charter Communications Holdings		
10.75% 10/1/09	1,175,000	1,028,125
*CSC Holdings 10.50% 5/15/16	650,000	736,125
*Dex Media East 12.125% 11/15/12	325,000	378,625
+Echostar DBS 144A 5.75% 10/1/08	550,000	540,375
+Hollinger 144A 11.875% 3/1/11	200,000	228,250
*Lodgenet Entertainment 9.50% 6/15/13	425,000	465,375
PanAmSat 8.50% 2/1/12	375,000	421,875
PEI Holdings 11.00% 3/15/10	400,000	462,000
Rogers Cablesystems 10.00% 3/15/05	500,000	527,500

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

	Principal Amount	Market Value
BONDS (continued)		
Cable, Media & Publishing (continued)		
+Sheridan Acquisition 144A 10.25% 8/15/11	\$325,000	\$ 342,875
XM Satellite Radio 12.00% 6/15/10	525,000	590,625

		6,285,750

Chemicals - 1.39%		
*Huntsman International		
9.875% 3/1/09	250,000	271,250
10.125% 7/1/09	425,000	437,750
**Nalco 144A 8.875% 11/15/13	275,000	288,750
*Resolution Performance Products		
8.00% 12/15/09	300,000	309,750
**Rhodia 144A 8.875% 6/1/11	525,000	404,250
*[Check Mark]Solutia 6.72% 10/15/37	875,000	424,375

		2,136,125

Computers & Technology - 1.04%		
Activant Solutions 10.50% 6/15/11	225,000	237,375
*Amkor Technology 9.25% 2/15/08	400,000	423,000
*ChipPac International 12.75% 8/1/09	275,000	301,125
*Northern Telecom Capital		
7.875% 6/15/26	400,000	348,000
**Stratus Technologies 144A		
10.375% 12/1/08	300,000	295,500

		1,605,000

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10.75% 5/1/11	250,000	245,000
*+VWR International 144A 8.00% 4/15/14	125,000	125,938

		774,938

Industrial Machinery - 0.36%		
*Foster Wheeler 6.75% 11/15/05	275,000	250,250
+MAAX 144A 9.75% 6/15/12	300,000	309,000

		559,250

Leisure, Lodging & Entertainment - 3.23%		
Ameristar Casinos 10.75% 2/15/09	375,000	429,375
+Aztar 144A 7.875% 6/15/14	700,000	705,249
Felcor Lodging 10.00% 9/15/08	286,000	306,735
Hard Rock Hotel 8.875% 6/1/13	275,000	279,125
Herbst Gaming 10.75% 9/1/08	325,000	375,375
+Herbst Gaming 144A 8.125% 6/1/12	625,000	629,688
Mandalay Resort Group 10.25% 8/1/07	75,000	84,375
Penn National Gaming 8.875% 3/15/10	400,000	430,000
*Royal Caribbean Cruises 7.25% 3/15/18	450,000	432,000
Station Casinos 6.50% 2/1/14	175,000	164,063
+Warner Music Group 144A 7.375% 4/15/14	675,000	661,500
Wheeling Island Gaming		
10.125% 12/15/09	450,000	475,875

		4,973,360

Metals & Mining - 0.68%		
AK Steel 7.75% 6/15/12	350,000	308,000
+Autocam 144A 10.875% 6/15/14	250,000	246,875
+Ispat Inland 144A 9.75% 4/1/14	475,000	488,063

		1,042,938

Packaging & Containers - 1.32%		
*AEP Industries 9.875% 11/15/07	275,000	281,875
*Consolidated Container 10.125% 7/15/09	375,000	331,875
#+Consolidated Container 144A		
10.75% 6/15/09	375,000	281,250
*Pliant 11.125% 9/1/09	275,000	292,875
*+Portola Packaging 144A 8.25% 2/1/12	375,000	315,000
*Radnor Holdings 11.00% 3/15/10	300,000	259,500
^+Radnor Holdings 144A 7.92% 4/15/09	275,000	276,375

		2,038,750

Paper & Forest Products - 2.65%		
Abitibi-Consolidated 6.95% 12/15/06	275,000	282,962
+Ainsworth Lumber 144A 6.75% 3/15/14	300,000	278,250
Bowater 9.00% 8/1/09	500,000	543,971
*Buckeye Technologies 8.00% 10/15/10	450,000	420,750
Fort James 7.75% 11/15/23	1,125,000	1,158,750
*+Newark Group 144A 9.75% 3/15/14	450,000	427,500
+Port Townsend Paper 144A		
11.00% 4/15/11	400,000	396,000
Potlatch 12.50% 12/1/09	475,000	571,037

		4,079,220

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

	Principal Amount	Market Value
BONDS (continued)		
Real Estate - 0.45%		
Tanger Properties		
7.875% 10/24/04	\$300,000	\$ 304,500
9.125% 2/15/08	350,000	385,875

		690,375

Restaurants - 0.69%		
[Check Mark]Avado Brands 9.75% 6/1/06	230,000	92,000
Denny's 12.75% 9/30/07	300,000	316,500
+O'Charleys 144A 9.00% 11/1/13	375,000	386,250
+VICORP Restaurants 144A 10.50% 4/15/11	275,000	273,625

		1,068,375

Retail - 0.82%		
*J Crew Operating 10.375% 10/15/07	485,000	487,425
*Office Depot 10.00% 7/15/08	480,000	556,800
Petco Animal Supplies 10.75% 11/1/11	195,000	221,325

		1,265,550

Telecommunications - 1.69%		
Alaska Communications Systems		
9.875% 8/15/11	400,000	410,000
*Centennial Cellular Operating		
10.125% 6/15/13	475,000	486,875
*Cincinnati Bell 8.375% 1/15/14	275,000	247,500
Citizens Communications 8.50% 5/15/06	75,000	80,097
+Inmarsat Finance 144A 7.625% 6/30/12	175,000	173,688
+iPCS Escrow 144A 11.50% 5/1/12	200,000	203,000
MetroPCS 10.75% 10/1/11	400,000	428,000
*+Qwest Services 144A 13.50% 12/15/10	500,000	578,749

		2,607,909

Textiles, Apparel & Furniture - 0.35%		
Warnaco 8.875% 6/15/13	500,000	531,250

		531,250

Transportation & Shipping - 1.28%		
Hornbeck Offshore Services		
10.625% 8/1/08	250,000	273,750
*Kansas City Southern Railway		
9.50% 10/1/08	250,000	273,750
Ocean Rig Norway 10.25% 6/1/08	325,000	323,375
OMI 7.625% 12/1/13	400,000	390,000
Overseas Shipholding Group		
8.25% 3/15/13	175,000	188,344

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Seabulk International 9.50% 8/15/13	500,000	515,625

		1,964,844

Utilities - 4.20%		
Avista 9.75% 6/1/08	500,000	595,299
Calpine		
8.25% 8/15/05	125,000	108,750
*10.50% 5/15/06	550,000	426,250
*+Calpine 144A 8.75% 7/15/13	530,000	443,875
Cogentrix Energy 8.75% 10/15/08	425,000	443,063
*+Dynergy Holdings 144A 10.125% 7/15/13	900,000	958,499
*Edison Mission Energy 9.875% 4/15/11	200,000	202,000
El Paso Natural Gas 7.625% 8/1/10	200,000	203,000
Elwood Energy 8.159% 7/5/26	160,202	161,804
Midland Funding II 11.75% 7/23/05	160,377	165,991
Midwest Generation 8.30% 7/2/09	500,000	500,000
*+Midwest Generation 144A 8.75% 5/1/34	425,000	420,750

Principal Amount Market Value

BONDS (continued)

Utilities (continued)

[Check Mark]Mirant Americas Generation		
7.625% 5/1/06	\$400,000	\$ 286,000
+NRG Energy 144A 8.00% 12/15/13	75,000	75,188
Orion Power Holdings 12.00% 5/1/10	250,000	308,750
PSEG Energy Holdings 7.75% 4/16/07	250,000	261,250
Reliant Energy 9.50% 7/15/13	250,000	266,250
*Sonat 6.875% 6/1/05	175,000	175,000
Tennessee Gas Pipeline 8.375% 6/15/32	350,000	339,500
[Check Mark]+USGen New England 144A 7.459% 1/2/15	250,000	106,250

		6,447,469

TOTAL BONDS (cost \$50,876,190) 50,554,245

MUNICIPAL BONDS - 0.14%

New Jersey Economic Development		
Authority Special Facility Revenue		
Continental Airlines Project		
6.25% 9/15/29	300,000	220,026

TOTAL MUNICIPAL BONDS (cost \$254,498) 220,026

Number of Shares

WARRANTS - 0.00%		
+++Solutia 144A	650	7

TOTAL WARRANTS (cost \$55,294) 7

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	Principal Amount	-----
U.S. TREASURY OBLIGATIONS - 6.27%		
*[Solid Box]U.S. Treasury Bills 0.90% 7/22/04	\$9,665,000	9,652,616

TOTAL U.S. TREASURY OBLIGATIONS (cost \$9,652,616)		9,652,616

TOTAL MARKET VALUE OF SECURITIES BEFORE SECURITIES LENDING COLLATERAL - 136.48% (cost \$190,057,234)		210,075,892

SECURITIES LENDING COLLATERAL - 12.93%		
Abbey National		
1.10% 6/07/04	368,277	368,269
1.190% 10/15/04	340,467	349,048
ABN AMRO Bank Chicago 1.07% 6/07/04	514,765	514,765
ABN AMRO Bank Tokyo 1.10% 7/20/04	367,702	367,699
Barclays 1.10% 8/19/04	559,003	558,930
Bayerische Landesbank 1.154% 8/30/04	294,092	294,112
CDC IXIS 1.485% 11/12/04	588,244	588,318
Citibank 1.06% 7/06/04	588,317	588,318
Citigroup Global Markets 1.04% 6/01/04	6,029,849	6,029,849
Credit Suisse First Boston 1.60% 12/13/04	588,165	588,318
Deutsche Bank Financial 1.33% 2/22/05	147,054	147,191
Fortis Bank 1.10% 7/26/04	740,438	740,623
General Electric Capital		
1.103% 10/25/04	250,143	250,424
1.118% 2/3/05	220,624	220,928
1.132% 10/04/04	220,649	220,831
Goldman Sachs Group		
1.14% 7/20/04	588,290	588,318
1.245% 12/08/04	345,637	345,637
ING Bank Geneva 1.10% 9/30/04	588,716	588,318
ING Bank Singapore 1.06% 6/03/04	294,158	294,159

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

	Principal Amount	Market Value
SECURITIES LENDING COLLATERAL (continued)		
Marsh & McLennan 1.291% 6/15/04	\$376,631	\$ 377,422
Merrill Lynch Mortgage Capital 1.163% 7/12/04	588,318	588,318
Morgan Stanley Dean Witter 1.22% 6/28/05	147,079	147,079
Rabobank 1.065% 3/02/05	735,388	735,212
Royal Bank of Scotland 1.06% 7/02/04	735,632	735,627

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Societe Generale New York 1.148% 12/08/04	588,207	588,207
Societe Generale Singapore 1.06% 6/03/04	294,158	294,159
Svenska Stockholm 1.10% 8/09/04	735,476	735,397
Union Bank of Switzerland 1.13% 12/20/04	737,094	735,398
Wachovia Bank NA 1.127% 11/15/04	588,332	588,571
Wells Fargo Bank 1.04% 6/30/04	735,396	735,398

TOTAL SECURITIES LENDING COLLATERAL (cost \$19,904,843)		19,904,843

TOTAL MARKET VALUE OF SECURITIES - 149.41% (cost \$209,962,077)		229,980,735**
OBLIGATION TO RETURN SECURITIES LENDING COLLATERAL - (12.93%)		(19,904,843)
COMMERCIAL PAPER PAYABLE (PAR \$55,000,000) - (35.65%)		(54,883,034)
LIABILITIES NET OF RECEIVABLES AND OTHER ASSETS - (0.83%)		(1,272,974)

NET ASSETS APPLICABLE TO 12,876,300 SHARES OUTSTANDING; EQUIVALENT TO \$11.95 PER SHARE - 100.00%		\$153,919,884
		=====

COMPONENTS OF NET ASSETS AT MAY 31, 2004(a):

Common stock, \$0.01 par value, 500,000,000 shares authorized to the Fund	\$170,660,039
Treasury stock, 1,430,700 shares at cost	(17,411,619)
Accumulated net realized loss on investments	(19,347,194)
Net unrealized appreciation of investments	20,018,658

Total net assets	\$153,919,884
	=====

*Fully or partially on loan.

**Includes \$28,232,652 of securities loaned.

+Security exempt from registration under Rule 144A of the Securities Act of 1933. See Note 8 in "Notes to Financial Statements."

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

+++See Note 7 in "Notes to Financial Statements."

[Check Mark]Non-income producing security. Security is currently in default.

#Step coupon bond.

[Solid Box]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.

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

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(a) See Note 4 in "Notes to Financial Statements."

SUMMARY OF ABBREVIATIONS:

ADR - American Depositary Receipts

PIK - Pay-in-kind

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STATEMENT OF OPERATIONS	DELAWARE INVESTMENTS DIVIDEND AND INCOME FUND, INC. Six Months Ended May 31, 2004 (Unaudited)
----------------------------	--

INVESTMENT INCOME:

Dividends	\$2,100,303
Interest	2,740,350
Securities lending income	15,892

EXPENSES:

Management fees	584,553
Commercial paper fees	68,719
Accounting and administration expenses	53,141
Legal and professional fees	28,042
Reports to shareholders	25,700
Transfer agent fees	24,234
Taxes (other than taxes on income)	7,640
NYSE fees	7,443
Directors' fees	6,520
Custodian fees	3,960
Other	7,821

Total operating expenses (before interest expense)

Interest expense

Total operating expenses (after interest expense)

Less expenses paid indirectly

Total expenses

NET INVESTMENT INCOME

NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FOREIGN CURRENCIES:

Net realized gain (loss) on:

Investments

Foreign currencies

Net realized gain

Net change in unrealized appreciation/depreciation of investments

NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS AND FOREIGN CURRENCIES

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS

See accompanying notes

6

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

	Six M End 5/31 (Unau
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS:	
Net investment income	\$ 3,71
Net realized gain (loss) on investments and foreign currencies	4,80
Net change in unrealized appreciation/depreciation of investments	98

Net increase in net assets resulting from operations	9,50

DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS FROM(1):	
Net investment income	(3,97
Return of capital	(2,20

	(6,18

NET INCREASE IN NET ASSETS	3,32
NET ASSETS:	
Beginning of period	150,59

End of period (there is no undistributed net investment income at each period end)	\$153,91
	=====

(1) See Note 4 in "Notes to Financial Statements."

See accompanying notes

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STATEMENT OF CASH FLOWS DELAWARE INVESTMENTS DIVIDEND AND INCOME FUND, INC.
Six Months Ended May 31, 2004 (Unaudited)

NET CASH PROVIDED BY OPERATING ACTIVITIES:

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Net increase in net assets resulting from operations	\$ 9,505,974

Adjustments to reconcile net increase in net assets from operations to cash provided by operating activities:	
Amortization of premium and discount on investments	(150,711)
Net proceeds from investment transactions	1,870,397
Net realized gain from investment transactions	(4,806,615)
Net realized loss on foreign currencies	2,299
Change in net unrealized appreciation/depreciation of investments	(982,141)
Decrease in receivable for investments sold	66,738
Decrease in interest and dividends receivable	314,439
Decrease in distribution payable	(1,030,173)
Increase in payable for investments purchased	374,386
Increase in interest payable	6,882
Increase in accrued expenses and other liabilities	76,834

Total adjustments	(4,257,665)

Net cash provided by operating activities	5,248,309

CASH FLOWS USED FOR FINANCING ACTIVITIES:	
Cash provided by issuance of commercial paper	137,664,372
Cash used to liquidate commercial paper	(137,686,361)
Cash dividends and distributions paid	(6,181,007)

Net cash used for financing activities	(6,202,996)

Effect of exchange rates on cash	(2,299)

Net decrease in cash	(956,986)
Cash (overdraft) at beginning of period	(63,582)
Cash (overdraft) at end of period	\$ (1,020,568)
=====	
Cash paid for interest	\$ 314,639
=====	

See accompanying notes

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FINANCIAL
HIGHLIGHTS

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

	----- Delaware Investments Divide -----		
	Six Months Ended		
	5/31/04(1)	11/30/03	11/30/02(4)
	(Unaudited)		
NET ASSET VALUE, BEGINNING OF PERIOD	\$11.700	\$10.140	\$11.630

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INCOME (LOSS) FROM INVESTMENT OPERATIONS:			
Net investment income(5)	0.289	0.711	0.635
Net realized and unrealized gain (loss) on investments and foreign currencies	0.441	1.989	(0.650)
	-----	-----	-----
Total from investment operations	0.730	2.700	(0.015)
	-----	-----	-----
LESS DIVIDENDS AND DISTRIBUTIONS FROM(6):			
Net investment income	(0.309)	(0.714)	(0.660)
Net realized gain on investments	--	--	--
Return of capital	(0.171)	(0.426)	(0.815)
	-----	-----	-----
Total dividends and distributions	(0.480)	(1.140)	(1.475)
	-----	-----	-----
NET ASSET VALUE, END OF PERIOD	\$11.950	\$11.700	\$10.140
	=====	=====	=====
MARKET VALUE, END OF PERIOD	\$11.080	\$11.840	\$10.020
	=====	=====	=====
TOTAL RETURN BASED ON:(2)			
Market value	(2.58%)	30.20%	(18.98%)
Net asset value	6.33%	27.13%	(2.36%)
RATIOS AND SUPPLEMENTAL DATA:			
Net assets, end of period (000 omitted)	\$153,920	\$150,595	\$130,560
Ratio of expenses to average net assets	1.44%	1.63%	1.86%
Ratio of expenses to adjusted average net assets (before interest expense) (3)	0.77%	0.79%	0.80%
Ratio of interest expense to adjusted average net assets(3)	0.30%	0.37%	0.54%
Ratio of net investment income to average net assets	4.72%	6.70%	5.69%
Ratio of net investment income to adjusted average net assets(3)	3.50%	4.78%	4.12%
Portfolio turnover	101%	175%	107%
LEVERAGE ANALYSIS:			
Debt outstanding (at par) at end of period (000 omitted)	\$55,000	\$55,000	\$55,000
Average daily balance of debt outstanding (000 omitted)	\$54,901	\$54,882	\$54,857
Average daily balance of shares outstanding (000 omitted)	12,876	12,876	12,876
Average debt per share	\$4.264	\$4.262	\$4.260
Asset coverage per \$1,000 of debt outstanding at end of period	\$3,805	\$3,743	\$3,379

(1) Ratios and portfolio turnover have been annualized and total return has not been annualized.

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

(3) Adjusted average net assets excludes debt outstanding.

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- (4) As required, effective December 1, 2001, the Fund adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies that requires amortization of all premium and discounts on debt securities. The effect of this change for the year ended November 30, 2002 was a decrease in net investment income per share of \$0.025, an increase in net realized and unrealized gain (loss) per share of \$0.025, a decrease in the ratio of net investment income to average net assets of 0.22%, and a decrease in the ratio of net investment income to adjusted net assets of 0.16%. Per share data and ratios for the periods prior to December 1, 2001 have not been restated to reflect this change in accounting.
- (5) The average shares outstanding method has been applied for per share information.
- (6) See Note 4 in "Notes to Financial Statements."

See accompanying notes

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NOTES TO FINANCIAL STATEMENTS

DELAWARE INVESTMENTS DIVIDEND AND INCOME FUND, INC.
May 31, 2004 (Unaudited)

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

Other -- Expenses common to all funds within the Delaware Investments Family of Funds are allocated amongst the funds on the basis of average net assets. Management fees and 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.

Through March 31, 2004 certain expenses of the Fund were paid through commission arrangements with brokers. The amount of these expenses was approximately \$1,266 for the six months ended May 31, 2004. The expense paid under the above arrangement is included in "other" on the Statement of Operations with the corresponding expense offset shown as "expenses paid indirectly."

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

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

The Fund has engaged Delaware Service Company, Inc. (DSC), an affiliate of DMC, to provide accounting and administration services. The Fund pays DSC a monthly fee computed at the annual rate of 0.05% of the Fund's adjusted average weekly net assets, subject to an annual minimum of \$85,000.

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

At May 31, 2004, the Fund had liabilities payable to affiliates as follows:

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Investment management fee payable to DMC	\$93,938
Accounting and administration fees and other expenses payable to DSC	47,795
Other expense payable to DMC and affiliates*	6,461

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

As provided in the investment management agreement, the Fund bears the cost of certain legal services expenses, including in house legal services provided to the Fund by DMC employees. For the six months ended May 31, 2004, the Fund had costs of \$5,104.

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

3. INVESTMENTS

For the six months ended May 31, 2004, the Fund made purchases of \$103,477,139 and sales of \$109,420,798 of investment securities other than U.S. government securities and short-term investments.

At May 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 May 31, 2004, the cost of investments was \$190,038,925. At May 31, 2004, the net unrealized appreciation was \$20,036,967, of which \$27,634,358 related to unrealized appreciation of investments and \$7,597,391 related to unrealized depreciation of investments.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. DIVIDEND AND DISTRIBUTION INFORMATION

Income and long-term capital gain distributions are determined in accordance with federal income tax regulations, which may differ from U.S. generally accepted accounting principles. The tax character of dividends and distributions paid during the six months ended May 31, 2004 and year ended November 30, 2003 were as follows:

	Six Months Ended 5/31/04*	Year Ended 11/30/03
	-----	-----
Ordinary income	\$3,979,884	\$9,189,360
Return of capital	2,201,123	5,490,473
	-----	-----
Total	\$6,181,007	\$14,679,833
	=====	=====

*Tax information for the six months ended May 31, 2004 is an estimate and the tax character of dividends and distributions may be redesignated at fiscal year end.

The components of net assets for federal income tax purposes are estimated since final tax characteristics cannot be determined until fiscal year end. As of May 31, 2004, the estimated components of net assets on a tax basis were as follows:

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Shares of beneficial interest	\$153,248,420
Capital loss carryforwards	(19,365,503)
Unrealized appreciation of investments	20,036,967

Net assets	\$153,919,884
	=====

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

For financial reporting purposes, capital accounts and distributions to shareholders are adjusted to reflect the tax character of book/tax differences. For the six months ended May 31, 2004, the Fund recorded an estimate of these differences since the final tax characteristics cannot be determined until fiscal year end. Reclassifications are primarily due to tax treatment of gain (loss) on foreign currency transactions and market discount and premium on certain debt instruments. Results of operations and net assets were not affected by these reclassifications.

Undistributed net investment income	\$2,463,789
Accumulated realized gain (loss)	(262,667)
Paid in capital	(2,201,122)

At November 30, 2003, for federal income tax purposes, the Fund had capital loss carryforwards of \$24,106,870 which may be carried forward and applied against future capital gains. Such capital loss carryforwards expire as follows: \$6,557,294 expires in 2009, \$15,759,675 expires in 2010 and \$1,789,901 expires in 2011.

For the six months ended May 31, 2004, the Fund had capital gains of \$4,741,367, which may be offset by the capital loss carryforwards.

5. CAPITAL STOCK

The Fund did not have any transactions in common shares during the six months ended May 31, 2004.

Shares issuable under the Fund's dividend reinvestment plan are purchased by the Fund's transfer agent, Mellon Investor Services, LLC, in the open market.

6. COMMERCIAL PAPER

As of May 31, 2004, \$55,000,000 (par value) of commercial paper was outstanding with an amortized cost of \$54,883,034. The weighted average discount rate of commercial paper outstanding at May 31, 2004, was 1.16%. The average daily balance of commercial paper outstanding during the six months ended May 31, 2004, was \$54,901,101 at a weighted discount rate of 1.16%. The maximum amount of commercial paper outstanding at any time during the six months 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 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. For the six months ended May 31, 2004, the Fund was charged a commitment fee of \$22,875, which is included in "commercial paper fees" on the Statement of Operations. During the six months ended May 31, 2004, there were no borrowings under this arrangement.

7. SECURITIES LENDING

The Fund, along with other funds in the Delaware Investments Family of Funds,

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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 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 Funds records security lending income net of such allocation.

At May 31, 2004, the market value of securities on loan was \$28,232,652 for which the Fund received securities collateral, comprised of U.S. government obligations valued at \$8,834,651 and cash collateral of \$19,904,843. Investments purchased with the cash collateral are presented on the Statement of Net Assets under the caption "Securities Lending Collateral."

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NOTES

TO FINANCIAL STATEMENTS (CONTINUED)

DELAWARE INVESTMENTS DIVIDEND AND INCOME FUND, INC.

8. CREDIT AND MARKET RISKS

The Fund invests in high-yield fixed income securities, which carry ratings of BB or lower by Standard & Poor's 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

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estate holdings, its tax status as a regulated investment company may be jeopardized. There were no direct holdings during the six months ended May 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.

9. CONTRACTUAL OBLIGATIONS

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

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Delaware
Investments (SM)

[Graphic Omitted]

A member of Lincoln Financial Group (R)

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

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

BOARD OF DIRECTORS

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

WALTER P. BABICH
Board Chairman
Citadel Construction Corporation
King of Prussia, PA

JOHN H. DURHAM
Private Investor
Gwynedd Valley, PA

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

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

ANN R. LEVEN+
Former Treasurer/Chief Fiscal Officer

AFFILIATED OFFICERS

JOSEPH H. HASTINGS
Executive Vice President and
Chief Financial Officer
Delaware Investments Family of Funds
Philadelphia, PA

RICHELLE S. MAESTRO
Executive Vice President,
Chief Legal Officer and Secretary
Delaware Investments Family of Funds
Philadelphia, PA

MICHAEL P. BISHOP
Senior Vice President and Treasurer
Delaware Investments Family of Funds
Philadelphia, PA

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National Gallery of Art
Washington, DC

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

JANET L. YEOMANS+
Vice President/Mergers & Acquisitions
3M Corporation
St. Paul, MN

YOUR REINVESTMENT OPTIONS

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

A description of the policies and procedures that the Fund uses to determine how to vote proxies (if any) relating to portfolio securities is available without charge (i) upon request, by calling 800 523-1918; (ii) on the Fund's website at <http://www.delawareinvestments.com>; and (iii) on the Commission's website at <http://www.sec.gov>; and beginning no later than August 31, 2004, information (if any) regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge (i) through the Fund's website at <http://www.delawareinvestments.com>; and (ii) on the Commission's website at <http://www.sec.gov>.

+Audit Committee Member
(8781)
SA-DDF [5/04] IVES 7/04

Printed in the USA
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Item 2. Code of Ethics

Not applicable.

Item 3. Audit Committee Financial Expert

Not applicable.

Item 4. Principal Accountant Fees and Services

Not applicable.

Item 5. Audit Committee of Listed Registrants

Not applicable.

Item 6. [Reserved]

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

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Not applicable.

Item 8. Purchases of Equity Securities by Closed-End Management Investment Companies and Affiliated Purchasers

Required only for periods ending on or after June 15, 2004.

Item 9. Submission of Matters to a Vote of Security Holders

Not applicable.

Item 10. 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 half-year that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 11. Exhibits

(a) (1) Code of Ethics

Not applicable.

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

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

Not applicable.

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

SIGNATURES

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

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NAME OF REGISTRANT: Delaware Investments Dividend & Income Fund, Inc.

JUDE T. DRISCOLL

By: Jude T. Driscoll
Title: Chairman
Date: 8/5/04

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: 8/5/04

JOSEPH H. HASTINGS

By: Joseph H. Hastings
Title: Chief Financial Officer
Date: 8/5/04