

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

DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC  
Form N-Q  
October 31, 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 Dividend Fund, Inc.
Address of principal executive offices:	2005 Market Street Philadelphia, PA 19103
Name and address of agent for service:	David P. O'Connor, Esq. 2005 Market Street Philadelphia, PA 19103
Registrant's telephone number, including area code:	(800) 523-1918
Date of fiscal year end:	November 30
Date of reporting period:	August 31, 2005

ITEM 1. SCHEDULE OF INVESTMENTS.

SCHEDULE OF INVESTMENTS (Unaudited)  
DELAWARE INVESTMENTS DIVIDEND AND INCOME FUND, INC.  
AUGUST 31, 2005

COMMON STOCK - 80.13%  
Consumer Discretionary - 4.96%  
Gap  
+Great Wolf Resorts  
Limited Brands  
Mattel  
\*XM Satellite Radio Holdings Class A

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

Consumer Staples - 6.34%  
Archer-Daniels-Midland  
B&G Foods  
ConAgra Foods  
Kimberly-Clark  
Safeway

Energy - 4.94%  
Chevron  
ConocoPhillips  
Exxon Mobil  
\*+Petroleum Geo-Services ADR

Financials - 12.37%  
Allstate  
Aon  
\*Chubb  
Hartford Financial Services  
Huntington Bancshares  
Morgan Stanley  
Wachovia  
Washington Mutual

Health Care - 9.18%  
Abbott Laboratories  
Baxter International  
Bristol-Myers Squibb  
Merck  
Pfizer  
Wyeth

Healthcare REITs - 0.25%  
#Medical Properties Trust 144A

Industrials - 3.22%  
Boeing  
+Foster Wheeler  
Union Pacific

Industrial REITs - 1.68%  
AMB Property

Information Technology - 4.88%  
Hewlett-Packard  
International Business Machines  
+Xerox

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

Lodging/Resort REITs - 0.85%  
Strategic Hotel Capital

Mall REITs - 5.73%  
General Growth Properties  
Simon Property Group

Manufactured Housing REITs - 0.37%  
\*Equity Lifestyle Properties

Materials - 1.48%  
Weyerhaeuser

Mortgage REITs - 9.51%  
\*American Home Mortgage Investment  
\*Friedman Billings Ramsey Group Class A  
+JER Investors Trust  
KKR Financial  
+#KKR Financial 144A  
\*MortgageIT Holdings  
+#Peoples Choice 144A  
\*Saxon Capital

Multifamily REITs - 0.62%  
\*Education Realty Trust

Office/Industrial REITs - 1.65%  
\*Duke Realty

Office REITs - 5.23%  
Equity Office Properties Trust  
Prentiss Properties Trust  
\*Reckson Associates Realty

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

Retail Strip Centers REITs - 0.47%  
\*Ramco-Gershenson Properties Trust

Telecommunication Services - 4.80%  
\*Fairpoint Communications  
SBC Communications  
Verizon Communications

Utilities - 1.60%  
FPL Group

TOTAL COMMON STOCK (cost \$105,452,045)

CONVERTIBLE PREFERRED STOCK - 5.46%  
Consumer Products - 1.58%  
Newell Financial Trust I 5.25%

Diversified REITs - 0.90%  
Crescent Real Estate 6.75%

Environmental Services - 0.50%  
Allied Waste Industries 6.25%

Financials - 1.62%  
Chubb 7.00%  
\*Lehman Brothers Holdings 6.25%  
National Australia Bank Units 7.875%

Telecommunications - 0.86%  
Lucent Technologies Capital Trust I 7.75%

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

PREFERRED STOCK - 5.76%  
Leisure, Lodging & Entertainment - 1.03%  
WestCoast Hospitality Capital Trust 9.50%

Lodging/Resort REITs - 2.64%  
Equity Inns Series B 8.75%  
LaSalle Hotel Properties 10.25%

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

Office REITs - 1.37%  
SL Green Realty 7.625%

Retail Strip Centers REITs - 0.72%  
Ramco-Gershenson Properties 9.50%

TOTAL PREFERRED STOCK (cost \$8,172,500)

COMMERCIAL MORTGAGE-BACKED SECURITIES - 0.29%  
#Meristar Commercial Mortgage Trust Series 1999-C1 C 144A 8.29% 3/3/16

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

CONVERTIBLE BONDS - 4.13%  
Capital Goods - Manufacturing - 0.20%  
#Tyco International Group 144A 2.75% 1/15/18

Consumer Cyclical - 2.33%  
\*Dick's Sporting Goods 1.606% 2/18/24  
Meristar Hospitality 9.50% 4/1/10  
#Playboy Enterprises 144A 3.00% 3/15/25  
#Regal Entertainment Group 144A 3.75% 5/15/08  
#Saks 144A 2.00% 3/15/24

Technology - 0.71%  
#Mercury Interactive 144A 4.75% 7/1/07  
#Sybase 144A 1.75% 2/22/25

Transportation - 0.11%  
\*#ExpressJet Holdings 144A 4.25% 8/1/23

Utilities - 0.78%  
#CenterPoint Energy 144A 3.75% 5/15/23  
\*++Mirant 2.50% 6/15/21

TOTAL CONVERTIBLE BONDS (cost \$5,391,456)

CORPORATE BONDS - 31.13%

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

Basic Industry - 4.36%  
Bowater 9.50% 10/15/12  
Fort James 7.75% 11/15/23  
\*#Huntsman International 144A 7.375% 1/1/15  
#NewPage 144A 10.00% 5/1/12  
\*Norske Skog 8.625% 6/15/11  
#Novelis 144A 7.25% 2/15/15  
#Port Townsend Paper 144A 12.00% 4/15/11  
Potlatch 12.50% 12/1/09  
\*Rhodia  
    8.875% 6/1/11  
    10.25% 6/1/10  
Smurfit Capital Funding 7.50% 11/20/25  
\*++Solutia 6.72% 10/15/37  
Stone Container 9.75% 2/1/11  
Tembec Industries 8.625% 6/30/09  
\*Witco 6.875% 2/1/26

Brokerage - 0.72%  
\*E Trade Financial 8.00% 6/15/11  
LaBranche & Company  
    \*9.50% 5/15/09  
    11.00% 5/15/12

Capital Goods - 2.19%  
++Anchor Glass 11.00% 2/15/13  
\*Armor Holdings 8.25% 8/15/13  
\*Graham Packaging 9.875% 10/15/14  
Interline Brands 11.50% 5/15/11  
Intertape Polymer 8.50% 8/1/14  
@Mueller Holdings 14.75% 4/15/14  
Park-Ohio Industries 8.375% 11/15/14  
\*Pliant 11.125% 9/1/09  
Radnor Holdings  
    o10.349% 4/15/09  
    11.00% 3/15/10  
Trimas 9.875% 6/15/12

Consumer Cyclical - 2.01%  
Accuride 8.50% 2/1/15  
\*Advanced Accessory Systems 10.75% 6/15/11  
++Avado Brands 9.75% 6/1/06  
\*#Carrols 144A 9.00% 1/15/13  
Dana 5.85% 1/15/15  
Landry's Restaurant 7.50% 12/15/14  
\*#Metaldyne 144A 11.00% 11/1/13  
O'Charleys 9.00% 11/1/13  
#Uno Restaurant 144A 10.00% 2/15/11  
++Venture Holdings 12.00% 6/1/09

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

Visteon

\*7.00% 3/10/14

8.25% 8/1/10

Warnaco 8.875% 6/15/13

Consumer Non-Cyclical - 2.13%

#Commonwealth Brands 144A 10.625% 9/1/08

Constellation Brands 8.125% 1/15/12

Cott Beverages 8.00% 12/15/11

Great Atlantic & Pacific Tea 7.75% 4/15/07

#Le-Natures 144A 10.00% 6/15/13

\*National Beef Packing 10.50% 8/1/11

\*Pilgrim's Pride 9.625% 9/15/11

Pinnacle Foods 8.25% 12/1/13

#Warner Chilcott 144A 8.75% 2/1/15

Energy - 2.03%

\*Bluewater Finance 10.25% 2/15/12

\*El Paso Natural Gas 7.625% 8/1/10

\*El Paso Production Holding 7.75% 6/1/13

#Hilcorp Energy I 144A 10.50% 9/1/10

#Inergy Finance 144A 6.875% 12/15/14

Petroleum Geo-Services 10.00% 11/5/10

oSecunda International 11.599% 9/1/12

Tennessee Gas Pipeline 8.375% 6/15/32

Whiting Petroleum 7.25% 5/1/13

Finance/Investments - 0.24%

FINOVA Group 7.50% 11/15/09

#FTI Consulting 144A 7.625% 6/15/13

Industrial Machinery - 0.07%

\*#Nell AF SARL 144A 8.375% 8/15/15

Media - 3.81%

~Adelphia Communications 8.125% 7/15/06

\*American Media Operation 10.25% 5/1/09

Cenveo 9.625% 3/15/12

#Charter Communications 144A 5.875% 11/16/09

\*Charter Communications Holdings 10.75% 10/1/09

CSC Holdings

8.125% 7/15/09

\*10.50% 5/15/16

Dex Media West 9.875% 8/15/13

Insight Midwest 10.50% 11/1/10

\*Lodgenet Entertainment 9.50% 6/15/13

\*Mediacom Capital 9.50% 1/15/13

\*Nextmedia Operating 10.75% 7/1/11

Rogers Cablesystems 11.00% 12/1/15

Sheridan Acquisition Group 10.25% 8/15/11

\*#Sirius Satellite 144A 9.625% 8/1/13

Warner Music Group 7.375% 4/15/14

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

XM Satellite Radio  
12.00% 6/15/10  
14.00% 3/15/10

Real Estate - 0.83%  
#America Real Estate 144A 7.125% 2/15/13  
BF Saul REIT 7.50% 3/1/14  
Tanger Properties 9.125% 2/15/08

Services Cyclical - 3.74%  
\*Adesa 7.625% 6/15/12  
#Ashtead Holdings 144A 8.625% 8/1/15  
\*#CCM Merger Motor 144A 8.00% 8/1/13  
Corrections Corporation of America 7.50% 5/1/11  
Foster Wheeler 10.359% 9/15/11  
@#H-Lines Finance Holding 144A 11.00% 4/1/13  
Horizon Lines 9.00% 11/1/12  
Kansas City Southern Railway 9.50% 10/1/08  
#Knowledge Learning 144A 7.75% 2/1/15  
#MGM Mirage 144A 6.625% 7/15/15  
OMI 7.625% 12/1/13  
Penn National Gaming 8.875% 3/15/10  
Royal Caribbean Cruises 7.25% 3/15/18  
Seabulk International 9.50% 8/15/13  
Stena 9.625% 12/1/12  
@Town Sports International 11.00% 2/1/14  
Wheeling Island Gaming 10.125% 12/15/09

Services Non-cyclical - 1.68%  
Aleris International 9.00% 11/15/14  
Biovail 7.875% 4/1/10  
Casella Waste Systems 9.75% 2/1/13  
Geo Subordinate 11.00% 5/15/12  
NDCHealth 10.50% 12/1/12  
US Oncology 10.75% 8/15/14  
Vanguard Health 9.00% 10/1/14

Technology & Electronics - 0.37%  
\*Magnachip Semiconductor 8.00% 12/15/14  
#Sunguard Data 144A 10.25% 8/15/15

Telecommunications - 3.74%  
Alaska Communications Systems 9.875% 8/15/11  
American Cellular 10.00% 8/1/11  
American Tower 7.125% 10/15/12

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

Centennial Cellular Operating 10.125% 6/15/13  
Cincinnati Bell  
    7.00% 2/15/15  
    \*8.375% 1/15/14  
\*#Digicel Limited 144A 9.25% 9/1/12  
@Inmarsat Finance 10.375% 11/15/12  
iPCS 11.50% 5/1/12  
Iwo Escrow  
    o7.349% 1/15/12  
    @10.75% 1/15/15  
@PanAmSat 10.375% 11/1/14  
o#Qwest 144A 6.671% 6/15/13  
Qwest Service 13.50% 12/15/10  
\*Rural Cellular  
    9.625% 5/15/08  
    9.875% 2/1/10  
\*#Telcordia Technologies 144A 10.00% 3/15/13  
\*Time Warner Telecom 9.75% 7/15/08  
\*oUS LEC 11.89% 10/1/09  
US Unwired 10.00% 6/15/12  
#Valor Telecom Enterprises 144A 7.75% 2/15/15

Utilities - 3.21%  
\*Avista 9.75% 6/1/08  
Calpine  
    \*7.625% 4/15/06  
    10.50% 5/15/06  
o#Calpine 144A 9.349% 7/15/07  
#Dynegy Holdings 144A 10.125% 7/15/13  
Elwood Energy 8.159% 7/5/26  
Midwest Generation  
    8.30% 7/2/09  
    8.75% 5/1/34  
\*++Mirant Americas Generation 7.625% 5/1/06  
\*NRG Energy 8.00% 12/15/13  
Orion Power Holdings 12.00% 5/1/10  
PSE&G Energy Holdings 7.75% 4/16/07  
Reliant Energy 9.50% 7/15/13  
#Texas Genco 144A 6.875% 12/15/14  
=++#USGen New England 144A 7.459% 1/2/15

TOTAL CORPORATE BONDS (cost \$46,711,006)

U.S. TREASURY OBLIGATIONS - 3.63%  
\*^Treasury Bill 3.256% 9/1/05

TOTAL U.S. TREASURY OBLIGATIONS (cost \$5,515,000)

WARRANT - 0.00%

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

+#Solutia 144A, exercise price \$7.59, expiration date 7/15/09

TOTAL WARRANT (cost \$55,294)

TOTAL MARKET VALUE OF SECURITIES BEFORE SECURITIES LENDING COLLATERAL - 130.53%  
(cost \$180,638,320)

SECURITIES LENDING COLLATERAL\*\* - 17.19%

Short-Term Investments

Abbey National 3.59% 1/13/06

Australia New Zealand 3.60% 10/2/06

Bank of New York

3.54% 10/28/05

3.54% 4/4/06

Bank of the West 3.49% 3/2/06

Barclays London

3.55% 9/16/05

3.81% 11/28/05

Bayerische Landesbank 3.66% 8/25/06

Bear Stearns

3.60% 1/17/06

3.62% 2/28/06

Beta Finance 3.58% 4/18/06

Calyon

3.69% 11/3/05

3.77% 12/30/05

CDC Financial Product 3.66% 9/30/05

Citigroup Global Markets

3.60% 9/1/05

3.63% 9/7/05

Commonwealth Bank Australia 3.61% 10/2/06

Credit Swiss First Boston New York

3.49% 12/29/05

3.56% 4/18/06

Deutsche Bank London

3.55% 9/20/05

3.76% 12/27/05

Goldman Sachs 3.70% 8/31/06

Lehman Holdings 3.64% 12/23/05

Marshall & Ilsley Bank 3.44% 12/29/05

Merrill Lynch Mortgage Capital 3.66% 9/12/05

National City Bank Cleveland 3.56% 1/23/06

Nordea Bank Norge ASA 3.55% 10/2/06

Pfizer 3.52% 10/2/06

Proctor & Gamble 3.34% 10/2/06

Royal Bank of Canada 3.78% 11/18/05

Royal Bank of Scotland 3.58% 10/2/06

Sigma Finance

3.48% 9/30/05

3.55% 9/15/05

3.58% 3/16/06

Washington Mutual Bank 3.49% 9/19/05

Wells Fargo 3.56% 10/2/06

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

TOTAL SECURITIES LENDING COLLATERAL (cost \$26,150,384)

TOTAL MARKET VALUE OF SECURITIES - 147.72%

(cost \$206,788,704)

OBLIGATION TO RETURN SECURITIES LENDING COLLATERAL - (17.19%)\*\*

COMMERCIAL PAPER PAYABLE (PAR \$48,000,000) - (31.45%)

RECEIVABLES AND OTHER ASSETS NET OF LIABILITIES (SEE NOTES) - 0.92%

NET ASSETS APPLICABLE TO 11,588,670 SHARES OUTSTANDING

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

^U.S. Treasury bills are treated on a discount basis; the interest rate shown is the yield at the time of purchase.

\*Fully or partially on loan.

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

>Includes \$25,856,263 of securities loaned.

oVariable rate securities. The interest rate shown is the rate as of August 31, 2005.

+Non-income producing security for the period ended August 31, 2005.

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

@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 is currently in default. The issue has missed the maturity date. Bankruptcy proceedings are in the process to determine distribution of assets. The date listed is the estimate of when proceedings will be finalized.

=Security is being fair valued in accordance with the Fund's fair valuation policy. See Note 1 in "Notes." At August 31, 2005, one security was fair valued which represented 0.00% of the Fund's net assets.

### 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 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

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

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 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 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. 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 August 31, 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 August 31, 2005, the cost of investments and unrealized appreciation (depreciation) for the Fund was as follows:

Cost of investments	\$206,995,033
	-----
Aggregate unrealized appreciation	\$ 24,757,905
Aggregate unrealized depreciation	(7,082,670)
	-----
Net unrealized appreciation	\$ 17,675,235
	=====

For federal income tax purposes, at November 30, 2004, capital loss

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

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 August 31, 2005, \$48,000,000 (par value) of commercial paper was outstanding with an amortized cost of \$47,828,324. The weighted average discount rate of commercial paper outstanding at August 31, 2005, was 3.72%. The average daily balance of commercial paper outstanding during the period ended August 31, 2005, was \$53,187,738 at a weighted discount rate of 2.96%. 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. 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 August 31, 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 of the lending agent, replace the loaned securities. The Fund continues to record dividends on the securities loaned and is subject to change in value of the securities loaned that may occur during the term of the loan. The Fund has the right under the Lending Agreement to recover the securities from the borrower on demand. 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, 2005, the market value of securities on loan was \$25,856,263, 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/or Ba or lower by Moody's Investors Service, Inc. Investments in these higher yielding securities are generally accompanied by a greater degree of credit risk than higher rated securities. Additionally, lower rated securities may be more susceptible to adverse economic and competitive industry conditions than investment grade securities.

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

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 August 31, 2005, Rule 144A securities represented approximately 12.57% of total assets and no securities has been determined to be illiquid under the Fund's Liquidity Procedures. While maintaining oversight, the Board of Directors has delegated to Delaware Management Company the day-to-day functions of determining whether individual securities are liquid for purposes of the Fund's limitation on investments in illiquid assets.

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.

### 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

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

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):

(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: Chief Executive Officer  
Date: October 28, 2005

CERTIFICATION

I, Michael P. Bishof, certify that:

1. I have reviewed this report on Form N-Q of Delaware Investments Dividend

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

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):

(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

-----  
By: Michael P. Bishof  
Title: Chief Financial Officer

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

Date: October 28, 2005

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

-----  
By: Jude T. Driscoll  
Title: Chief Executive Officer  
Date: October 28, 2005

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: Chief Executive Officer  
Date: October 28, 2005

Michael P. Bishof

-----  
By: Michael P. Bishof  
Title: Chief Financial Officer  
Date: October 28, 2005