

DELAWARE INVESTMENTS DIVIDEND & INCOME FUND, INC  
Form N-CSR  
February 03, 2012

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT  
INVESTMENT COMPANIES**

Investment Company Act file number:	811-07460
Exact name of registrant as specified in charter:	Delaware Investments® Dividend and Income Fund, Inc.
Address of principal executive offices:	2005 Market Street Philadelphia, PA 19103
Name and address of agent for service:	David F. Connor, Esq. 2005 Market Street Philadelphia, PA 19103
Registrant's telephone number, including area code:	(800) 523-1918
Date of fiscal year end:	November 30
Date of reporting period:	November 30, 2011

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Item 1. Reports to Stockholders

Annual Report

Delaware  
Investments<sup>®</sup>  
Dividend and  
Income Fund, Inc.

November 30, 2011

The figures in the annual report for Delaware Investments Dividend and Income Fund, Inc. represent past results, which are not a guarantee of future results. A rise or fall in interest rates can have a significant impact on bond prices. Funds that invest in bonds can lose their value as interest rates rise.

**Closed-end fund**

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Unless otherwise noted, views expressed herein are current as of Nov. 30, 2011, and subject to change.

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

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

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## Portfolio management review

**Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc.**  
December 6, 2011

### Performance preview (for the year ended Nov. 30, 2011)

Delaware Investments Dividend and Income Fund, Inc. @ market price	1-year return	-0.26%
Delaware Investments Dividend and Income Fund, Inc. @ NAV	1-year return	+9.30%
Lipper Closed-end Income and Preferred Stock Funds Average @ market price	1-year return	+7.23%
Lipper Closed-end Income and Preferred Stock Funds Average @ NAV	1-year return	+6.21%

Past performance does not guarantee future results.

For complete, annualized performance for Delaware Investments Dividend and Income Fund, Inc., please see the table on page 3.

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

Delaware Investments Dividend and Income Fund, Inc. returned +9.30% at net asset value and -0.26% at market price (both figures reflect all distributions reinvested) for its fiscal year ended Nov. 30, 2011. Complete annualized performance information for the Fund is shown in the table on page 3.

### An up-and-down year for investors

Financial markets were highly volatile during the Fund's fiscal year, but especially in the period's second half. Much of the turmoil came from the mounting debt crisis in Europe.

Greece remained at the center of the crisis, though other troubled countries shifted to the forefront of investors' minds. Italy emerged as the newest and most serious trouble spot so far given the nation's role as the euro zone's third-largest economy, coupled with its very high debt burden and low growth rate. Investors began to worry that the region's political and monetary institutions were not up to the challenge of repairing the damage. Although these serious issues remained unresolved at the close of the Fund's fiscal year in late November 2011, financial markets did respond favorably to several potentially productive steps taken by policy makers.

Financial markets were also affected by concerns about the health of the U.S. economy. In the first half of the Fund's fiscal year, evidence pointed to sluggish but steady economic growth. Against this backdrop, the S&P 500<sup>®</sup> Index, a measure of the broad U.S. stock market, continued to trend upward. Beginning in late July 2011, however, market conditions began to deteriorate, due in part to skepticism about whether U.S. political leaders would successfully handle the nation's own debt-related issues. In early August 2011, credit rating agency Standard & Poor's demonstrated this uncertainty by downgrading the U.S. sovereign credit rating for the first time in history. Although corporate earnings remained healthy, a weak patch of economic data, combined with mounting concerns about the budget, caused the S&P 500 Index to fall significantly between July 22 and Oct. 3, 2011, when it reached its lowest level in more than a year.

In the final months of the Fund's fiscal year, however, an increasing amount of data suggested an improving U.S. economy. Unemployment, although still high, drifted downward, and increased confidence in the direction of interest rates was another positive indicator for investors. The S&P 500 Index finished the Fund's fiscal year on a strong upswing with an overall gain of 7.84% for the 12 months.

Concern about credit risk weighed on the performance of other asset classes in which the Fund invests. High yield corporate bonds found a difficult environment during those periods when risk aversion appeared greatest, though they also benefited considerably during times of positive investor sentiment. During the Fund's fiscal year, the high yield bond market generated a modest gain of 3.63%, as measured by the BofA Merrill Lynch U.S. High Yield Constrained Index. Investment grade bonds, while not immune to credit-quality concerns, fared better than their lower-rated counterparts, as many investors preferred higher-quality, lower-risk investments during much of the year.

Despite the up-and-down nature of the market, U.S. real estate investment trusts (REITs) enjoyed solid gains overall during the Fund's fiscal year, as a favorable supply-demand balance, coupled with readily available financing

Unless otherwise noted, views expressed herein are current as of Nov. 30, 2011, and subject to change.

(continues) 1



## Portfolio management review

Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc.

at attractive prices, provided supportive conditions for property companies. The FTSE NAREIT Equity REITs Index, which tracks equity REITs traded on U.S. exchanges, advanced 8.29% for the Fund's fiscal year, outpacing the broad-market S&P 500 Index.

### **A shift toward large-cap value equities**

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

With a few notable exceptions, the Fund's positioning remained relatively stable throughout the fiscal year.

We increased the Fund's exposure to large-cap value securities, which offered stronger performance potential and increased defensiveness amid a difficult environment, in our opinion. As the fiscal year drew to a close, we believed valuations across U.S. equities were generally higher than they should be. Anticipating ongoing slow growth, we maintained the Fund's defensive positioning among large-cap value, geared to emphasize less-cyclical stocks. While circumstances can change quickly, we expect to maintain this less-cyclical positioning until we see more lasting improvements in market and economic conditions.

During the fiscal year, the Fund's allocation to high yield bonds was relatively stable. A number of companies in this asset class held up relatively well despite difficult market conditions, and the Fund maintained a significant allocation throughout the entire fiscal year. This positioning aided the Fund's return during the first several months of the fiscal year, as strong demand for yield gave the market a steady bid for high yield bonds. Our emphasis on higher-quality (less distressed) securities, however, slightly muted this positive effect. During the final months of the Fund's fiscal year, this same allocation to high yield bonds hindered the Fund's performance somewhat, as investors seemed to largely flee from risky securities. At this time, however, the relative higher quality of the Fund's allocation to this asset class helped diminish the negative effect of these holdings.

Among the Fund's REIT holdings, we tilted the portfolio for much of the Fund's fiscal year toward mall, apartment, and self-storage companies that we viewed as being of high quality. We believed these businesses would be well positioned to take advantage of the low interest rate environment (through lower financing costs), as well as the pricing power and increased occupancies made possible by tight property supplies.

### **Areas of potential opportunity**

Given recent market shifts, we believe that U.S. REITs are among market segments that have become attractively priced. Convertible securities, offering yields in the neighborhood of 4% at the end of the Fund's fiscal year, also strike us as relatively inexpensive (data: Barclays Capital). High yield bonds remain vulnerable to credit risk, though high yield issuers' balance sheets are stronger now than before the financial crisis, and we believe they are less vulnerable to serious credit-related challenges than they were in the past.

Against this backdrop, we continue to keep a close eye on market conditions and the relative value between asset types. In keeping with the Fund's investment objective, we will continue to seek to provide high current income, diversified across multiple asset classes.

## Performance summary

### Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc.

The performance quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted. Please obtain the performance data for the most recent month end by calling 800 523-1918.

#### Fund performance

Average annual total returns  
through Nov. 30, 2011

	1 year	5 years	10 years	Lifetime
At market price	-0.26%	-1.35%	+3.67%	+6.56%
At net asset value	+9.30%	-0.28%	+6.63%	+7.56%

Diversification may not protect against market risk.

Fixed income securities and bond funds can lose value, and investors can lose principal, as interest rates rise. They also may be affected by economic conditions that hinder an issuer's ability to make interest and principal payments on its debt.

The Fund may also be subject to prepayment risk, the risk that the principal of a fixed income security that is held by the Fund may be prepaid prior to maturity, potentially forcing the Fund to reinvest that money at a lower interest rate.

High yielding, noninvestment grade bonds (junk bonds) involve higher risk than investment grade bonds.

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

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

If and when the Fund invests in forward foreign currency contracts or uses other investments to hedge against currency risks, the Fund will be subject to special risks, including counterparty risk.

The Fund borrows through a line of credit for purposes of leveraging. Leveraging may result in higher degrees of volatility because the Fund's net asset value could be subject to fluctuations in short-term interest rates and changes in market value of portfolio securities attributable to leverage.

The Fund performance table and the Performance of a \$10,000 investment graph do not reflect the deduction of taxes the shareholder would pay on Fund distributions or redemptions of Fund shares.

Returns reflect the reinvestment of all distributions. Dividends and distributions, if any, are assumed, for the purpose of this calculation to be reinvested at prices obtained under the Fund's dividend reinvestment policy. Shares of the Fund were initially offered with a sales charge of 6%. Performance since inception does not include the sales charge or any other brokerage commission for purchases made since inception. Past performance is not a guarantee of future results.

#### Fund basics

As of Nov. 30, 2011

#### Fund objectives

The Fund's primary investment objective is to seek high current income. Capital appreciation is a secondary objective.

#### Total Fund net assets

\$72 million

**Number of holdings**

366

**Fund start date**

March 26, 1993

**NYSE symbol**

DDF



## Performance summary

Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc.

### Market price versus net asset value (see notes below)

Nov. 30, 2010, through Nov. 30, 2011

	Starting value (Nov. 30, 2010)	Ending value (Nov. 30, 2011)
Delaware Investments Dividend and Income Fund, Inc. @ NAV	\$7.68	\$7.67
Delaware Investments Dividend and Income Fund, Inc. @ Market price	\$7.56	\$6.89

Past performance is not a guarantee of future results.

### Performance of a \$10,000 investment

Average annual total returns from Nov. 30, 2001, through Nov. 30, 2011

	Starting value (Nov. 30, 2001)	Ending value (Nov. 30, 2011)
Delaware Investments Dividend and Income Fund, Inc. @ NAV	\$10,000	\$18,992
Lipper Closed-end Income and Preferred Stock Funds Average @ NAV	\$10,000	\$15,592
Lipper Closed-end Income and Preferred Stock Funds Average @ Market price	\$10,000	\$15,540
Delaware Investments Dividend and Income Fund, Inc. @ Market price	\$10,000	\$14,351

The Performance of a \$10,000 investment graph assumes \$10,000 invested in the Fund on Nov. 30, 2001, and includes the reinvestment of all distributions at market value. The graph assumes \$10,000 in the Lipper Closed-end Income and Preferred Stock Funds Average at market price and at NAV. Performance of the Fund and the Lipper class at market value is based on market performance during the period. Performance of the Fund and Lipper class at NAV is based on the fluctuations in NAV during the period. Delaware Investments Dividend and Income Fund, Inc. was initially offered with a sales charge of 6%. Performance shown in both graphs above does not include fees, the initial sales charge, or any brokerage commissions for purchases. Investments in the Fund are not available at NAV.

The Lipper Closed-end Income and Preferred Stock Funds Average represents the average return of closed-end funds that normally seek a high level of current income through investing in income-producing stocks, bonds, and money market instruments, or funds that invest primarily in preferred securities, often considering tax code implications (source: Lipper).

The BofA Merrill Lynch U.S. High Yield Constrained Index, mentioned on page 1, tracks the performance of U.S. dollar denominated high yield corporate debt publicly issued in the U.S. domestic market, but caps individual issuer exposure at 2% of the benchmark.

Market price is the price an investor would pay for shares of the Fund on the secondary market. NAV is the total value of one fund share, generally equal to a fund's net assets divided by the number of shares outstanding.

Past performance is not a guarantee of future results.



## Security type/sector allocation and top 10 equity holdings

### Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc.

As of November 30, 2011

Sector designations may be different than the sector designations presented in other Fund materials. The sector designations may represent the investment manager's internal sector classifications, which may result in the sector designations for one fund being different than another fund's sector designations.

Security Type/Sector	Percentage of Net Assets
<b>Common Stock</b>	<b>70.17%</b>
Consumer Discretionary	3.64%
Consumer Staples	8.39%
Diversified REITs	0.68%
Energy	6.47%
Financials	6.45%
Healthcare	10.00%
Healthcare REITs	2.51%
Hotel REITs	0.93%
Industrial REITs	0.83%
Industrials	4.72%
Information Technology	6.66%
Malls REITs	2.26%
Materials	1.52%
Mixed REITs	1.19%
Mortgage REITs	0.48%
Multifamily REITs	1.51%
Office REITs	0.35%
Real Estate Management & Development	0.05%
Self-Storage REITs	1.05%
Shopping Center REITs	1.17%
Single Tenant REIT	0.24%
Specialty REITs	1.89%
Telecommunications	3.73%
Utilities	3.45%
<b>Convertible Preferred Stock</b>	<b>2.54%</b>
<b>Convertible Bonds</b>	<b>10.31%</b>
Capital Goods	1.34%
Communications	1.63%
Consumer Cyclical	0.66%
Consumer Non-Cyclical	1.39%
Energy	0.40%
Financials	1.01%
Healthcare	0.47%
Industrials	0.16%
Real Estate	0.23%
Services	0.58%
Technology	2.44%
<b>Corporate Bonds</b>	<b>41.25%</b>
Automobiles	2.10%
Banking	1.27%
Basic Industry	5.81%
Capital Goods	2.41%
Consumer Cyclical	2.69%
Consumer Non-Cyclical	1.49%
Energy	5.36%
Financials	1.04%
Healthcare	2.24%

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Insurance	1.22%
Media	2.79%
Services	4.86%
Technology	2.97%
Telecommunications	3.91%
Utilities	1.09%
<b>Senior Secured Loans</b>	<b>0.95%</b>
<b>Limited Partnership</b>	<b>0.27%</b>
<b>Preferred Stock</b>	<b>1.88%</b>
<b>Warrants</b>	<b>0.00%</b>
<b>Short-Term Investment</b>	<b>0.03%</b>
<b>Securities Lending Collateral</b>	<b>7.52%</b>
<b>Total Value of Securities</b>	<b>134.92%</b>
<b>Obligation to Return Securities Lending Collateral</b>	<b>(7.74%)</b>
<b>Borrowing Under Line of Credit</b>	<b>(27.94%)</b>
<b>Receivables and Other Assets Net of Other Liabilities</b>	<b>0.76%</b>
<b>Total Net Assets</b>	<b>100.00%</b>

(continues) 5

## Security type/sector allocation and top 10 equity holdings

Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc.

Holdings are for informational purposes only and are subject to change at any time. They are not a recommendation to buy, sell, or hold any security.

Top 10 Equity Holdings	Percentage of Net Assets
Lowe s	1.89%
Quest Diagnostics	1.86%
Intel	1.85%
Merck	1.82%
Marsh & McLennan	1.78%
Williams	1.76%
CVS Caremark	1.75%
Motorola Solutions	1.72%
Safeway	1.70%
Pfizer	1.70%

## Statement of net assets

Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc.  
November 30, 2011

		Number of Shares	Value
<b>Common Stock</b>	<b>70.17%</b>		
Consumer Discretionary	3.64%		
	=Avado Brands	1,390	\$ 0
	Comcast Class A	52,600	1,192,442
	DIRECTV Class A	1,550	73,191
	Lowe s	57,000	1,368,570
			2,634,203
Consumer Staples	8.39%		
	Archer-Daniels-Midland	39,600	1,192,752
	CVS Caremark	32,600	1,266,184
	Kimberly-Clark	17,000	1,214,990
	Kraft Foods Class A	32,300	1,167,645
	*Safeway	61,700	1,234,000
			6,075,571
Diversified REITs	0.68%		
	*Fifth Street Finance	34,041	332,921
	Lexington Realty Trust	14,800	112,184
	Nieuwe Steen Investments	269	3,568
	Vornado Realty Trust	565	42,064
			490,737
Energy	6.47%		
	Chevron	11,800	1,213,276
	ConocoPhillips	15,700	1,119,724
	Marathon Oil	38,600	1,079,256
	Williams	39,500	1,275,060
			4,687,316
Financials	6.45%		
	Allstate	43,100	1,154,649
	Bank of New York Mellon	53,700	1,045,002
	Marsh & McLennan	42,700	1,289,113
	Travelers	21,000	1,181,250
			4,670,014
Healthcare	10.00%		
	Alliance HealthCare Services	7,323	8,934
	Baxter International	20,700	1,069,362
	Cardinal Health	27,000	1,146,420
	Johnson & Johnson	17,400	1,126,128
	Merck	36,900	1,319,175
	Pfizer	61,189	1,228,063
	*Quest Diagnostics	22,900	1,343,313
			7,241,395
Healthcare REITs	2.51%		
	Cogdell Spencer	16,800	63,000
	*HCP	4,550	175,858
	Health Care REIT	9,060	454,540
	LTC Properties	3,300	94,875
	*Omega Healthcare Investors	9,500	170,335
	Ventas	16,297	859,829
			1,818,437
Hotel REITs	0.93%		
	Ashford Hospitality Trust	10,700	85,172
	*DiamondRock Hospitality	14,500	127,310
	LaSalle Hotel Properties	3,700	86,617
	Summit Hotel Properties	44,500	374,690
			673,789
Industrial REITs	0.83%		

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	First Industrial Realty Trust	31,200	296,400
	ProLogis	1,280	35,610
	*STAG Industrial	25,700	269,593
			601,603
<b>Industrials</b>	<b>4.72%</b>		
	Delta Air Lines	24	195
	Flextronics International	4,400	26,268
	* Mobile Mini	1,651	29,768
	Northrop Grumman	20,600	1,175,642
	Raytheon	26,000	1,184,819
	*Waste Management	31,900	998,470
			3,415,162
<b>Information Technology</b>	<b>6.66%</b>		
	Cisco Systems	64,900	1,209,736
	Intel	53,700	1,337,667
	Motorola Solutions	26,642	1,243,382
	Xerox	126,200	1,028,530
			4,819,315
<b>Malls REITs</b>	<b>2.26%</b>		
	*General Growth Properties	5,229	73,624
	*Macerich	1,526	76,453
	*Pennsylvania Real Estate Investment Trust	29,100	271,503
	Simon Property Group	9,747	1,211,942
			1,633,522
<b>Materials</b>	<b>1.52%</b>		
	* duPont (E.I.) deNemours =PT Holdings	23,000	1,097,560
		350	4
			1,097,564
<b>Mixed REITs</b>	<b>1.19%</b>		
	*Digital Realty Trust	8,950	568,325
	Dupont Fabros Technology	4,900	110,397
	Liberty Property Trust	2,700	80,487
	PS Business Parks	1,900	100,130
			859,339
<b>Mortgage REITs</b>	<b>0.48%</b>		
	*Chimera Investment	23,800	63,546
	Starwood Property Trust	16,000	285,440
			348,986
<b>Multifamily REITs</b>	<b>1.51%</b>		
	Apartment Investment & Management	7,968	173,543
	Associated Estates Realty	7,200	116,208
	BRE Properties	5,000	243,300
	Camden Property Trust	3,450	199,169
	Equity Residential	6,600	364,254
			1,096,474
<b>Office REITs</b>	<b>0.35%</b>		
	Boston Properties	500	47,690
	Brandywine Realty Trust	11,500	100,165
	Government Properties Income Trust	4,800	104,400
			252,255

(continues) 7

## Statement of net assets

## Delaware Investments® Dividend and Income Fund, Inc.

	Number of Shares	Value
<b>Common Stock</b> (continued)		
Real Estate Management & Development □ 0.05%		
Howard Hughes	1	\$ 46
Mitsubishi Estate	2,000	33,391
		33,437
Self-Storage REITs □ 1.05%		
*Extra Space Storage	3,300	79,530
Public Storage	5,150	679,285
		758,815
Shopping Center REITs □ 1.17%		
Equity One	8,000	133,680
Federal Realty Investment Trust	300	26,529
First Capital Realty	14,058	234,874
Kimco Realty	20,430	322,181
*Ramco-Gershenson Properties Trust	6,200	52,638
*Weingarten Realty Investors	3,600	74,484
		844,386
Single Tenant REIT □ 0.24%		
*National Retail Properties	6,700	177,282
		177,282
Specialty REITs □ 1.89%		
*Entertainment Properties Trust	2,920	130,524
*Plum Creek Timber	6,885	253,643
Potlatch	4,825	155,172
Rayonier	3,000	121,920
Solar Capital	30,561	703,515
		1,364,774
Telecommunications □ 3.73%		
AT&T	39,600	1,147,608
=Century Communications	500,000	0
France Telecom ADR	6,000	103,620
*Frontier Communications	40,000	228,800
GeoEye	550	10,445
Verizon Communications	32,000	1,207,360
		2,697,833
Utilities □ 3.45%		
American Water Works	4,300	133,601
=Calpine Tracking	345,000	0
Edison International	30,900	1,214,679
GenOn Energy	535	1,455
Mirant (Escrow)	180,000	0
Progress Energy	21,100	1,147,418
		2,497,153
<b>Total Common Stock</b> (cost \$47,290,798)		<b>50,789,362</b>
<b>Convertible Preferred Stock</b> □ 2.54%		
*Apache 6.00%		
exercise price \$109.12, expiration date 8/1/13	1,700	96,696
Aspen Insurance Holdings 5.625% exercise price \$29.28, expiration date 12/31/49	8,800	471,350
#Chesapeake Energy 144A 5.75% exercise price \$27.94, expiration date 12/31/49	185	198,413



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El Paso Energy Capital Trust I 4.75%		
exercise price \$41.59,		
expiration date 3/31/28	5,250	241,342
HealthSouth 6.50%		
exercise price \$30.50,		
expiration date 12/31/49	288	252,072
Lucent Technologies Capital Trust I		
7.75% exercise price \$24.80,		
expiration date 3/15/17	305	190,625
PPL 9.50%		
exercise price \$28.80,		
expiration date 7/1/13	3,800	216,448
SandRidge Energy 8.50%		
exercise price \$8.01,		
expiration date 12/31/49	1,440	170,280
<b>Total Convertible Preferred Stock</b>		
(cost \$1,888,148)		<b>1,837,226</b>

	Principal	Amount
<b>Convertible Bonds □ 10.31%</b>		
Capital Goods □ 1.34%		
AAR		
1.75% exercise price \$29.27,		
expiration date 1/1/26	\$ 71,000	71,355
#144A 1.75% exercise price		
\$29.27, expiration date 2/1/26	260,000	261,300
L-3 Communications Holdings		
3.00% exercise price \$96.48,		
expiration date 8/1/35	301,000	289,713
#Owens-Brockway Glass		
Container 144A 3.00%		
exercise price \$47.47,		
expiration date 5/28/15	375,000	347,343
		969,711
Communications □ 1.63%		
#Alaska Communications Systems		
Group 144A 6.25%		
exercise price \$10.28,		
expiration date 4/27/18	189,000	149,546
#Clearwire Communications 144A		
8.25% exercise price \$7.08,		
expiration date 11/30/40	131,000	51,581
Leap Wireless International 4.50%		
exercise price \$93.21,		
expiration date 7/15/14	282,000	246,750
Level 3 Communications 3.50%		
exercise price \$81.90,		
expiration date 12/10/11	341,000	343,132

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	Principal Amount	Value
<b>Convertible Bonds (continued)</b>		
<b>Communications (continued)</b>		
Rovi 2.625% exercise price \$47.36, expiration date 2/10/40	\$ 80,000	\$ 81,000
SBA Communications 4.00% exercise price \$30.38, expiration date 10/1/14	208,000	305,500
		1,177,509
<b>Consumer Cyclical □ 0.66%</b>		
ArvinMeritor 4.00% exercise price \$26.73, expiration date 2/15/27	295,000	193,225
Pantry 3.00% exercise price \$50.09, expiration date 11/15/12	290,000	282,750
		475,975
<b>Consumer Non-Cyclical □ 1.39%</b>		
*Alere 3.00% exercise price \$43.98, expiration date 5/15/16	228,000	214,890
Dendreon 2.875% exercise price \$51.24, expiration date 1/13/16	67,000	47,403
LifePoint Hospitals 3.50% exercise price \$51.79, expiration date 5/14/14	300,000	312,374
Medtronic 1.625% exercise price \$54.00, expiration date 4/15/13	159,000	159,795
Mylan 3.75% exercise price \$13.32, expiration date 9/10/15	91,000	146,965
NuVasive 2.25% exercise price \$44.74, expiration date 3/15/13 2.75% exercise price \$42.13, expiration date 6/30/17	33,000 130,000	31,185 95,063
		1,007,675
<b>Energy □ 0.40%</b>		
James River Coal 4.50% exercise price \$25.78, expiration date 12/1/15	89,000	72,535
Transocean 1.50% exercise price \$164.09, expiration date 12/15/37	224,000	220,080
		292,615
<b>Financials □ 1.01%</b>		
#Ares Capital 144A 5.75% exercise price \$19.13, expiration date 2/1/16	189,000	179,550
#BGC Partners 144A 4.50% exercise price \$9.84, expiration date 7/13/16	122,000	110,715
Euronet Worldwide 3.50% exercise price \$40.48, expiration date 10/15/25	435,000	438,263
		728,528
<b>Healthcare □ 0.47%</b>		
Hologic 2.00% exercise price \$38.59, expiration date 12/15/37	358,000	340,100
		340,100

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<b>Industrials</b> □ 0.16%			
	#Altra Holdings 144A 2.75%		
	exercise price \$27.70, expiration date 2/27/31	49,000	45,509
	General Cable 4.50%		
	exercise price \$36.75, expiration date 11/15/29	75,000	73,781
			119,290
<b>Real Estate</b> □ 0.23%			
	#Lexington Master 144A 5.45%		
	exercise price \$19.49, expiration date 1/15/27	19,000	19,095
	#Lexington Realty Trust 144A 6.00%		
	exercise price \$7.09, expiration date 1/11/30	129,000	150,930
			170,025
<b>Services</b> □ 0.58%			
	Live Nation Entertainment 2.875%		
	exercise price \$27.14, expiration date 7/14/27	466,000	418,818
			418,818
<b>Technology</b> □ 2.44%			
	Advanced Micro Devices		
	5.75% exercise price \$20.13, expiration date 8/15/12	47,000	47,529
	6.00% exercise price \$28.08, expiration date 4/30/15	217,000	213,203
	#144A 6.00% exercise price \$28.08, expiration date 5/1/15	83,000	81,548
	Alcatel-Lucent USA 2.875%		
	exercise price \$15.35, expiration date 6/15/25	82,000	71,750
	#Ciena 144A 3.75%		
	exercise price \$20.17, expiration date 10/15/18	137,000	128,780
	Equinix 4.75%		
	exercise price \$84.32, expiration date 6/15/16	101,000	140,895
	Intel 3.25%		
	exercise price \$22.45, expiration date 8/1/39	124,000	158,410
	Linear Technology 3.00%		
	exercise price \$44.11, expiration date 5/1/27	425,000	437,218
	SanDisk 1.50%		
	exercise price \$52.37, expiration date 8/11/17	186,000	217,154
	VeriSign 3.25%		
	exercise price \$34.37, expiration date 8/15/37	235,000	268,193
			1,764,680
<b>Total Convertible Bonds</b>			<b>7,464,926</b>
(cost \$7,571,941)			

(continues) 9

## Statement of net assets

Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc.

	Principal Amount	Value
<b>Corporate Bonds</b> □ <b>41.25%</b>		
<b>Automobiles</b> □ <b>2.10%</b>		
American Axle & Manufacturing 7.75% 11/15/19	\$ 120,000	\$ 115,500
*7.875% 3/1/17	160,000	155,200
ArvinMeritor 8.125% 9/15/15	147,000	130,830
#Chrysler Group 144A 8.25% 6/15/21	430,000	363,350
Dana Holding 6.75% 2/15/21	140,000	141,225
Ford Motor Credit 12.00% 5/15/15	147,000	180,003
#International Automotive Components Group 144A 9.125% 6/1/18	115,000	109,825
#Jaguar Land Rover 144A 8.125% 5/15/21	170,000	161,500
Tomkins 9.00% 10/1/18	151,000	163,835
		1,521,268
<b>Banking</b> □ <b>1.27%</b>		
BAC Capital Trust VI 5.625% 3/8/35	290,000	235,327
Fifth Third Capital Trust IV 6.50% 4/15/37	235,000	227,950
MBOS Capital Funding 144A 6.071% 6/29/49	375,000	232,500
Regions Financing Trust II 6.625% 5/15/47	275,000	222,750
		918,527
<b>Basic Industry</b> □ <b>5.81%</b>		
*AK Steel 7.625% 5/15/20	224,000	204,960
#Algoma Acquisition 144A 9.875% 6/15/15	196,000	159,740
#APERAM 144A 7.75% 4/1/18	150,000	129,000
*Associated Materials 9.125% 11/1/17	120,000	102,150
#Cemex Espana Luxembourg 144A 9.25% 5/12/20	331,000	228,390
#Cemex Finance 144A 9.50% 12/14/16	150,000	121,125
#FMG Resources August 2006 144A 6.875% 2/1/18	82,000	75,645
7.00% 11/1/15	119,000	115,728
Headwaters 7.625% 4/1/19	170,000	145,775
Hexion US Finance 9.00% 11/15/20	100,000	79,000
#Ineos Group Holdings 144A 8.50% 2/15/16	205,000	160,925
Interface 7.625% 12/1/18	116,000	121,220
#International Wire Group Holdings 144A 9.75% 4/15/15	129,000	131,563
James River Coal 7.875% 4/1/19	150,000	114,750
#JMC Steel Group 144A 8.25% 3/15/18	170,000	160,650
#Kinove German Bondco 144A 9.625% 6/15/18	200,000	182,000
#Longview Fibre Paper & Packaging 144A 8.00% 6/1/16	170,000	171,700
#LyondellBasell Industries 144A		

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	6.00% 11/15/21	90,000	92,250
#MacDermid 144A	9.50% 4/15/17	204,000	195,840
#Masonite International 144A	8.25% 4/15/21	165,000	155,925
#Millar Western Forest Products	144A 8.50% 4/1/21	125,000	95,625
Momentive Performance Materials	9.00% 1/15/21	330,000	236,774
#Murray Energy 144A	10.25% 10/15/15	148,000	146,890
Norcraft	10.50% 12/15/15	186,000	168,330
#Nortek 144A	8.50% 4/15/21	180,000	148,950
Ply Gem Industries	13.125% 7/15/14	152,000	145,160
Polypore International	7.50% 11/15/17	159,000	163,770
=@Port Townsend	12.431% 8/27/12	107,160	48,758
Ryerson	7.804% 11/1/14	92,000	84,180
	12.00% 11/1/15	116,000	116,870
			4,203,643
<b>Capital Goods 2.41%</b>			
Berry Plastics	*9.75% 1/15/21	154,000	147,840
	10.25% 3/1/16	110,000	101,750
#DAE Aviation Holdings 144A	11.25% 8/1/15	164,000	171,380
Kratos Defense & Security	Solutions 10.00% 6/1/17	150,000	151,875
*Manitowoc	9.50% 2/15/18	143,000	148,363
Mueller Water Products	7.375% 6/1/17	169,000	148,931
Pregis	12.375% 10/15/13	163,000	152,405
#Reynolds Group Issuer 144A	9.00% 4/15/19	284,000	257,019
	9.875% 8/15/19	270,000	248,400
#Sealed Air 144A	8.125% 9/15/19	40,000	42,600
	8.375% 9/15/21	55,000	58,988
TriMas	9.75% 12/15/17	111,000	118,770
			1,748,321
<b>Consumer Cyclical 2.69%</b>			
Brown Shoe	7.125% 5/15/19	135,000	127,575
#Burlington Coat Factory Warehouse	144A 10.00% 2/15/19	265,000	256,388
*CKE Restaurants	11.375% 7/15/18	143,000	153,010
Dave & Buster's	11.00% 6/1/18	177,000	182,310
DineEquity	9.50% 10/30/18	229,000	238,160
Express	8.75% 3/1/18	92,000	97,060
#Icon Health & Fitness 144A	11.875% 10/15/16	62,000	50,220

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	Principal Amount	Value
<b>Corporate Bonds (continued)</b>		
Consumer Cyclical (continued)		
Michaels Stores		
11.375% 11/1/16	\$ 55,000	\$ 58,025
13.00% 11/1/16	105,000	111,825
#Needle Merger Sub 144A		
8.125% 3/15/19	140,000	129,500
OSI Restaurant Partners		
10.00% 6/15/15	165,000	170,775
Quiksilver 6.875% 4/15/15	185,000	172,975
Rite Aid 8.625% 3/1/15	40,000	37,400
Tops Holding 10.125% 10/15/15	156,000	161,850
		1,947,073
Consumer Non-Cyclical □ 1.49%		
#Armored Autogroup 144A		
9.25% 11/1/18	169,000	136,045
#Blue Merger Sub 144A		
7.625% 2/15/19	169,000	152,100
*Dean Foods 7.00% 6/1/16	124,000	120,900
NBTY 9.00% 10/1/18	207,000	221,490
Pinnacle Foods Finance		
10.625% 4/1/17	202,000	210,080
*Visant 10.00% 10/1/17	92,000	85,100
#Viskase 144A 9.875% 1/15/18	152,000	152,380
		1,078,095
Energy □ 5.36%		
American Petroleum Tankers Parent		
10.25% 5/1/15	134,000	137,350
Antero Resources Finance		
9.375% 12/1/17	151,000	160,060
#Calumet Specialty Products Partners		
144A 9.375% 5/1/19	245,000	236,424
Chaparral Energy 8.25% 9/1/21	250,000	247,499
Chesapeake Energy		
6.625% 8/15/20	134,000	139,360
6.875% 11/15/20	19,000	20,045
Comstock Resources 7.75% 4/1/19	170,000	161,500
Copano Energy 7.75% 6/1/18	96,000	96,000
Crosstex Energy 8.875% 2/15/18	119,000	127,330
#Helix Energy Solutions 144A		
9.50% 1/15/16	191,000	199,594
#Hercules Offshore 144A		
10.50% 10/15/17	143,000	137,995
#Hilcorp Energy I 144A		
8.00% 2/15/20	152,000	160,740
Holly 9.875% 6/15/17	112,000	123,480
#Kodiak Oil & Gas 144A		
8.125% 12/1/19	155,000	157,519
#Laredo Petroleum 144A		
9.50% 2/15/19	178,000	185,343
Linn Energy		
8.625% 4/15/20	147,000	154,350
#144A 6.50% 5/15/19	20,000	19,100
*#NFR Energy 144A 9.75% 2/15/17	294,000	254,310
#Oasis Petroleum 144A		
7.25% 2/1/19	130,000	133,250
Offshore Group Investments		
11.50% 8/1/15	136,000	146,540
PetroHawk Energy 7.25% 8/15/18	164,000	184,500
Petroleum Development		
12.00% 2/15/18	152,000	163,400
Pioneer Drilling		
9.875% 3/15/18	154,000	159,583

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	#144A 9.875% 3/15/18	50,000	51,813
	Quicksilver Resources 9.125% 8/15/19	150,000	158,063
	SandRidge Energy 7.50% 3/15/21	150,000	138,000
	8.75% 1/15/20	29,000	28,565
			3,881,713
Financials □ 1.04%			
	E Trade Financial PIK 12.50% 11/30/17	147,000	166,845
	HLFC E-Capital Trust I 144A 4.77% 12/21/65	100,000	60,469
	HLFC E-Capital Trust II 144A 6.25% 12/21/65	325,000	215,313
	Nuveen Investments 10.50% 11/15/15	250,000	240,000
	#144A 10.50% 11/15/15	72,000	68,400
			751,027
Healthcare □ 2.24%			
	Accellent 10.00% 11/1/17	92,000	72,680
	#AMGH Merger Sub 144A 9.25% 11/1/18	160,000	159,600
	Community Health Systems *8.875% 7/15/15	94,000	96,820
	#144A 8.00% 11/15/19	80,000	77,800
	HealthSouth 7.75% 9/15/22	35,000	34,125
	#Immucor 144A 11.125% 8/15/19	80,000	82,000
	#inVentiv Health 144A 10.00% 8/15/18	139,000	132,398
	#Kinetic Concepts 144A 10.50% 11/1/18	50,000	48,125
	Lantheus Medical Imaging 9.75% 5/15/17	209,000	173,993
	LVB Acquisition 11.625% 10/15/17	158,000	169,850
	#Multiplan 144A 9.875% 9/1/18	178,000	178,444
	*Radiation Therapy Services 9.875% 4/15/17	157,000	118,535
	Radnet Management 10.375% 4/1/18	138,000	122,820
	#STHI Holding 144A 8.00% 3/15/18	150,000	152,625
			1,619,815

(continues) 11

## Statement of net assets

Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc.

	Principal Amount	Value
<b>Corporate Bonds (continued)</b>		
Insurance □ 1.22%		
American International Group 8.175% 5/15/58	\$ 220,000	\$ 194,975
ING Groep 5.775% 12/29/49	445,000	300,375
Liberty Mutual Group 144A 7.00% 3/15/37	195,000	163,800
XL Group 6.50% 12/31/49	290,000	227,650
		886,800
Media □ 2.79%		
Affinion Group 7.875% 12/15/18	202,000	169,175
#AMC Networks 144A 7.75% 7/15/21	170,000	180,625
#AMO Escrow 144A 11.50% 12/15/17	78,000	71,370
*Cablevision Systems 8.00% 4/15/20	71,000	72,420
CCO Holdings 7.00% 1/15/19	14,000	14,158
8.125% 4/30/20	205,000	217,299
Clear Channel Communications 9.00% 3/1/21	174,000	144,420
Entravision Communications 8.75% 8/1/17	95,000	93,338
MDC Partners 11.00% 11/1/16	146,000	156,220
#144A 11.00% 11/1/16	70,000	74,200
Nexstar Broadcasting 8.875% 4/15/17	139,000	141,085
#Ono Finance II 144A 10.875% 7/15/19	159,000	132,765
#UPC Holding 144A 9.875% 4/15/18	189,000	195,615
Virgin Media Finance 8.375% 10/15/19	92,000	98,900
WMG Acquisition 9.50% 6/15/16	100,000	105,500
#XM Satellite Radio 144A 7.625% 11/1/18	145,000	150,075
		2,017,165
Services □ 4.86%		
#ARAMARK Holdings PIK 144A 8.625% 5/1/16	250,000	255,000
Beazer Homes USA 9.125% 6/15/18	46,000	30,590
9.125% 5/15/19	198,000	130,185
Cardtronics 8.25% 9/1/18	72,000	78,300
Casella Waste Systems 7.75% 2/15/19	173,000	169,108
11.00% 7/15/14	83,000	90,055
*#Delta Air Lines 144A 12.25% 3/15/15	129,000	137,385
#Equinox Holdings 144A 9.50% 2/1/16	143,000	145,145
Harrah's Operating 10.00% 12/15/18	398,000	256,709
Kansas City Southern de Mexico		



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6.125% 6/15/21	140,000	144,900
8.00% 2/1/18	32,000	35,200
M/I Homes 8.625% 11/15/18	246,000	217,095
*Marina District Finance		
9.875% 8/15/18	52,000	46,670
MGM Resorts International		
11.375% 3/1/18	463,000	501,197
Peninsula Gaming		
10.75% 8/15/17	165,000	169,950
PHH 9.25% 3/1/16	145,000	150,075
*Pinnacle Entertainment		
8.75% 5/15/20	155,000	151,125
RSC Equipment Rental		
8.25% 2/1/21	147,000	140,385
10.25% 11/15/19	13,000	13,715
#Seven Seas Cruises 144A		
9.125% 5/15/19	235,000	241,169
Standard Pacific 10.75% 9/15/16	69,000	70,725
*Swift Services Holdings		
10.00% 11/15/18	60,000	62,700
*#Swift Transportation 144A		
12.50% 5/15/17	66,000	70,290
#United Air Lines 144A		
12.00% 11/1/13	203,000	210,613
		3,518,286

Technology □ 2.97%

Advanced Micro Devices		
7.75% 8/1/20	245,000	247,450
Aspect Software 10.625% 5/15/17	143,000	145,860
Avaya		
9.75% 11/1/15	25,000	19,688
PIK 10.125% 11/1/15	105,000	83,475
#144A 7.00% 4/1/19	169,000	152,100
CDW 12.535% 10/12/17	190,000	189,050
*First Data 11.25% 3/31/16	501,000	410,819
GXS Worldwide 9.75% 6/15/15	163,000	151,183
#iGate 144A 9.00% 5/1/16	160,000	160,800
MagnaChip Semiconductor		
10.50% 4/15/18	101,000	103,778
#Seagate HDD Cayman 144A		
7.75% 12/15/18	164,000	169,740
#Telcordia Technologies 144A		
11.00% 5/1/18	253,000	316,250
		2,150,193

Telecommunications □ 3.91%

#Clearwire Communications 144A		
12.00% 12/1/15	297,000	252,449
#Columbus International 144A		
11.50% 11/20/14	130,000	135,200
Cricket Communications		
7.75% 10/15/20	172,000	135,450

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	Principal Amount	Value
<b>Corporate Bonds (continued)</b>		
Telecommunications (continued)		
#Digicel Group 144A		
9.125% 1/15/15	\$ 100,000	\$ 99,000
10.50% 4/15/18	96,000	96,480
#EH Holding 144A 7.625% 6/15/21	135,000	133,313
#Integra Telecom Holdings 144A		
10.75% 4/15/16	125,000	110,938
Intelsat Bermuda		
11.25% 2/4/17	401,000	369,922
PIK 11.50% 2/4/17	176,092	162,005
Level 3 Communications		
11.875% 2/1/19	95,000	98,800
Level 3 Financing 10.00% 2/1/18	162,000	166,859
NII Capital 7.625% 4/1/21	85,000	86,700
PAETEC Holding 9.875% 12/1/18	106,000	115,275
Qwest 8.375% 5/1/16	4,000	4,555
Qwest Communications		
International 7.50% 2/15/14	58,000	58,508
Satmex Escrow 9.50% 5/15/17	85,000	86,700
Sprint Capital 8.75% 3/15/32	194,000	151,805
Sprint Nextel 8.375% 8/15/17	145,000	125,063
Telesat Canada 12.50% 11/1/17	131,000	145,738
West 7.875% 1/15/19	165,000	165,825
#Wind Acquisition Finance 144A		
11.75% 7/15/17	150,000	130,125
		2,830,710
Utilities □ 1.09%		
AES 8.00% 6/1/20	50,000	54,313
#Calpine 144A		
7.50% 2/15/21	100,000	102,500
7.875% 1/15/23	65,000	67,438
Elwood Energy 8.159% 7/5/26	132,138	129,990
*GenOn Americas Generation		
8.50% 10/1/21	185,000	171,124
GenOn Energy		
*9.50% 10/15/18	76,000	77,140
9.875% 10/15/20	75,000	74,813
Puget Sound Energy		
6.974% 6/1/67	110,000	109,226
		786,544
<b>Total Corporate Bonds</b>		<b>29,859,180</b>
(cost \$31,135,514)		
<b>«Senior Secured Loans □ 0.95%</b>		
Brock Holdings III 10.00% 2/15/18	55,000	50,921
Clear Channel Communication		
Tranche B 3.89% 1/29/16	210,000	157,281
Dynergy Tranche 1st Lien		
9.25% 7/11/16	80,000	80,989
PQ 6.74% 7/30/15	170,000	150,946
Texas Competitive Electric		
Holdings 3.76% 10/10/14	335,000	244,550
<b>Total Senior Secured Loans</b>		<b>684,687</b>
(cost \$715,594)		
	Number of Shares	
<b>Limited Partnership □ 0.27%</b>		
Brookfield Infrastructure Partners	7,600	194,940
<b>Total Limited Partnership</b>		<b>194,940</b>
(cost \$144,435)		

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<b>Preferred Stock</b> □ <b>1.88%</b>		
#Ally Financial 144A 7.00%	500	350,313
@Cogdell Spencer 8.50%	29,600	640,248
GMAC Capital Trust I 8.125%	15,000	285,000
=PT Holdings	70	0
@W2007 Grace Acquisitions 8.75%	34,400	88,150
<b>Total Preferred Stock</b> (cost \$2,389,269)		<b>1,363,711</b>
<b>Warrants</b> □ <b>0.00%</b>		
=Nieuwe Steen Investments	300	0
[]=@Port Townsend	70	1
<b>Total Warrants</b> (cost \$1,680)		<b>1</b>
	Principal Amount	
<b>Short-Term Investment</b> □ <b>0.03%</b>		
≠Discount Note □ 0.03%		
Federal Home Loan Bank 0.01% 12/23/11	\$ 23,710	23,710
<b>Total Short-Term Investment</b> (cost \$23,710)		<b>23,710</b>
<b>Total Value of Securities Before Securities Lending Collateral</b> □ <b>127.40%</b> (cost \$91,161,089)		
	Number of Shares	
<b>Securities Lending Collateral**</b> □ <b>7.52%</b>		
Investment Companies		
BNY Mellon SL DBT II		
Liquidating Fund	90,773	87,741
Delaware Investments		
Collateral Fund No.1	5,357,996	5,357,996
@[]Mellon GSL Reinvestment Trust II	154,977	0
<b>Total Securities Lending Collateral</b> (cost \$5,603,746)		<b>5,445,737</b>
<b>Total Value of Securities</b> □ <b>134.92%</b> (cost \$96,764,835)		
		<b>97,663,480</b> Ⓒ
<b>Obligation to Return Securities Lending Collateral**</b> □ <b>(7.74%)</b> <b>(5,603,746)</b>		
<b>Borrowing Under Line of Credit</b> □ <b>(27.94%)</b> <b>(20,225,000)</b>		
<b>Receivables and Other Assets</b> <b>Net of Other Liabilities</b> □ <b>0.76%</b> <b>551,759</b>		
<b>Net Assets Applicable to 9,439,043</b> <b>Shares Outstanding; Equivalent to</b> <b>\$7.67 Per Share</b> □ <b>100.00%</b> <b>\$ 72,386,493</b>		

(continues) 13

# Statement of net assets

Delaware Investments® Dividend and Income Fund, Inc.

## Components of Net Assets at November 30, 2011:

Common stock, \$0.01 par value, 500,000,000 shares authorized to the Fund	\$ 92,774,388
Distributions in excess of net investment income	(316,561)
Accumulated net realized loss on investments	(20,972,556)
Net unrealized appreciation of investments and derivatives	901,222
Total net assets	\$ 72,386,493

Non income producing security.

Restricted Security. These investments are in securities not registered under the Securities Act of 1933, as amended, and have certain restrictions on resale which may limit their liquidity. At November 30, 2011, the aggregate amount of the restricted securities was \$5 or 0.00% of the Fund's net assets. See Note 10 in Notes to financial statements.

=Security is being fair valued in accordance with the Fund's fair valuation policy. At November 30, 2011, the aggregate value of fair valued securities was \$48,763, which represented 0.07% of the Fund's net assets. See Note 1 in Notes to financial statements.

\*Fully or partially on loan.

#Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. At November 30, 2011, the aggregate value of Rule 144A securities was \$13,734,411, which represented 18.97% of the Fund's net assets. See Note 10 in Notes to financial statements.

Step coupon bond. Coupon increases or decreases periodically based on a predetermined schedule. Stated rate in effect at November 30, 2011.

Variable rate security. The rate shown is the rate as of November 30, 2011. Interest rates reset periodically.

@Illiquid security. At November 30, 2011, the aggregate value of illiquid securities was \$777,157, which represented 1.07% of the Fund's net assets. See Note 10 in Notes to financial statements.

«Senior Secured Loans generally pay interest at rates which are periodically redetermined by reference to a base lending rate plus a premium. These base lending rates are generally: (i) the prime rate offered by one or more United States banks, (ii) the lending rate offered by one or more European banks such as the London Inter-Bank Offered Rate (LIBOR), and (iii) the certificate of deposit rate. Senior Secured Loans may be subject to restrictions on resale. Stated rate in effect at November 30, 2011.

≠The rate shown is the effective yield at the time of purchase.

\*\*See Note 9 in Notes to financial statements for additional information on securities lending collateral.

©Includes \$5,592,213 of securities loaned.

### Summary of Abbreviations:

ADR □ American Depositary Receipt

PIK □ Pay-in-kind

REIT □ Real Estate Investment Trust

See accompanying notes, which are an integral part of the financial statements.

# Statement of operations

**Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc.**  
Year Ended November 30, 2011

<b>Investment Income:</b>			
Dividends	\$ 1,933,137		
Interest	3,259,429		
Securities lending income	45,296		
Foreign tax withheld	(3,131)		\$ 5,234,731
<b>Expenses:</b>			
Management fees	530,608		
Reports to shareholders	98,845		
Dividend disbursing and transfer agent fees and expenses	70,532		
Legal fees	49,027		
Accounting and administration expenses	37,926		
Leverage expenses	25,137		
NYSE fees	23,750		
Audit and tax	14,108		
Dues and services	9,091		
Pricing fees	6,648		
Custodian fees	4,357		
Director[s] fees	4,063		
Insurance fees	2,953		
Registration fees	1,175		
Consulting fees	774		
Pa. franchise tax	270		
Director[s] expenses	260		
Total operating expenses (before interest expense)			879,524
Interest expense			274,386
Total operating expenses (after interest expense)			1,153,910
<b>Net Investment Income</b>			<b>4,080,821</b>
<b>Net Realized and Unrealized Gain (Loss):</b>			
Net realized gain (loss) on:			
Investments			3,635,603
Foreign currencies			1,138
Foreign currency exchange contracts			(2,171)
Options written			54,456
Net realized gain			3,689,026
Net change in unrealized appreciation (depreciation) on:			
Investments			(1,339,783)
Foreign currencies			(284)
Net change in unrealized appreciation (depreciation)			(1,340,067)
<b>Net Realized and Unrealized Gain</b>			<b>2,348,959</b>
<b>Net Increase in Net Assets Resulting from Operations</b>			<b>\$ 6,429,780</b>

See accompanying notes, which are an integral part of the financial statements.

# Statements of changes in net assets

## Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc.

	Year Ended	
	11/30/11	11/30/10
<b>Increase (Decrease) in Net Assets from Operations:</b>		
Net investment income	\$ 4,080,821	\$ 3,992,326
Net realized gain	3,689,026	3,448,267
Net change in unrealized appreciation (depreciation)	(1,340,067)	5,121,408
Net increase in net assets resulting from operations	6,429,780	12,562,001
<b>Dividends and Distributions to Shareholders from:<sup>1</sup></b>		
Net investment income	(6,512,940)	(6,512,940)
	(6,512,940)	(6,512,940)
<b>Net Increase (Decrease) in Net Assets</b>	<b>(83,160)</b>	<b>6,049,061</b>
<b>Net Assets:</b>		
Beginning of year	72,469,653	66,420,592
End of year (including distributions in excess of net investment income of \$316,561 and \$260,572, respectively)	\$ 72,386,493	\$ 72,469,653

<sup>1</sup>See Note 4 in □Notes to financial statements.□

See accompanying notes, which are an integral part of the financial statements.

# Statement of cash flows

**Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc.**  
Year Ended November 30, 2011

<b>Net Cash Provided by Operating Activities:</b>	
Net increase in net assets resulting from operations	\$ 6,429,780
Adjustments to reconcile net decrease in net assets from operations to cash provided by operating activities:	
Amortization of premium and discount on investments purchased	(74,387)
Purchase of investment securities	(43,510,975)
Proceeds from disposition of investment securities	45,719,143
Proceeds from disposition of short-term investment securities, net	482,446
Net realized gain from investment transactions	(3,559,103)
Net change in net unrealized appreciation/depreciation	1,340,067
Increase in receivable for investments sold	(426,533)
Increase in interest and dividends receivable and other assets	(16,734)
Decrease in payable for investments purchased	(338,405)
Decrease in interest payable	(270)
Decrease in accrued expenses and other liabilities	(56,805)
Total adjustments	(441,556)
Net cash provided by operating activities	5,988,224
<b>Cash Flows Used for Financing Activities:</b>	
Cash dividends and distributions paid	(6,512,940)
Net cash used for financing activities	(6,512,940)
Effect of exchange rates on cash	(282)
Net decrease in cash	(524,998)
Cash at beginning of year	13,586
Cash (overdraft) at end of year	\$ (511,412)
Cash paid for interest expense for leverage	\$ 274,656

See accompanying notes, which are an integral part of the financial statements.

# Financial highlights

## Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc.

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

	Year Ended				
	11/30/11	11/30/10	11/30/09	11/30/08	11/30/07
<b>Net asset value, beginning of period</b>	\$7.680	\$7.040	\$5.220	\$11.850	\$14.200
<b>Income (loss) from investment operations:</b>					
Net investment income <sup>1</sup>	0.432	0.423	0.413	0.490	0.408
Net realized and unrealized gain (loss)	0.248	0.907	2.120	(6.160)	(0.640)
Total from investment operations	0.680	1.330	2.533	(5.670)	(0.232)
<b>Less dividends and distributions from:</b>					
Net investment income	(0.690)	(0.690)	(0.410)	(0.558)	(0.553)
Net realized gain on investments					(0.912)
Return of capital			(0.303)	(0.402)	(0.653)
Total dividends and distributions	(0.690)	(0.690)	(0.713)	(0.960)	(2.118)
<b>Net asset value, end of period</b>	\$7.670	\$7.680	\$7.040	\$5.220	\$11.850
<b>Market value, end of period</b>	\$6.890	\$7.560	\$6.600	\$4.020	\$10.660
<b>Total return based on:<sup>2</sup></b>					
Net asset value	9.30%	19.61%	53.26%	(50.35%)	(0.94%)
Market value	(0.26%)	25.59%	86.93%	(57.51%)	(5.99%)
<b>Ratios and supplemental data:</b>					
Net assets, end of period (000 omitted)	\$72,386	\$72,470	\$66,421	\$51,831	\$123,928
Ratio of expenses to average net assets	1.51%	1.65%	1.83%	2.39%	2.71%
Ratio of expenses to adjusted average net assets (before interest expense) <sup>3</sup>	0.91%	0.95%	1.05%	0.88%	0.84%
Ratio of interest expense to adjusted average net assets <sup>3</sup>	0.28%	0.33%	0.30%	0.80%	1.25%
Ratio of net investment income to average net assets	5.35%	5.75%	7.06%	5.12%	2.92%
Ratio of net investment income to adjusted average net assets <sup>3</sup>	4.23%	4.45%	5.21%	3.59%	2.27%
Portfolio turnover	45%	62%	65%	64%	49%
<b>Leverage Analysis:</b>					
Debt outstanding at end of period at par (000 omitted)	\$20,225	\$20,225	\$20,225	\$20,225	\$44,000
Asset coverage per \$1,000 of debt outstanding at end of period	\$4,579	\$4,583	\$4,284	\$3,563	\$3,820

1 The average shares outstanding method has been applied for per share information.

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 purposes 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.

See accompanying notes, which are an integral part of the financial statements.



# Notes to financial statements

**Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc.**  
November 30, 2011

Delaware Investments Dividend and Income Fund, Inc. (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 (NYSE) 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 (U.S. GAAP) 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 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 ask prices will be used, which approximates fair value. Securities listed on a foreign exchange are valued at the last quoted sales price on the valuation date. Short-term debt securities are valued at market value. U.S. government and agency securities are valued at the mean between the bid and ask prices, which approximates fair value. Other debt securities are valued based upon valuations provided by an independent pricing service or broker and reviewed by management. To the extent current market prices are not available, the pricing service may take into account developments related to the specific security, as well as transactions in comparable securities. Investment company securities are valued at net asset value per share. Foreign currency exchange contracts are valued at the mean between the bid and ask prices, which approximates fair value. Interpolated values are derived when the settlement date of the contract is an interim date for which quotations are not available. Exchange-traded options are valued at the last reported sale prices or, if no sales are reported, at the mean between the bid and ask price, which approximates market value. Generally, 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 (Board). 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 suspension of trading in a security. The Fund may use fair value pricing more frequently for securities traded primarily in non-U.S. markets because, among other things, most foreign markets close well before the Fund values its securities, generally as of 4:00 p.m. Eastern time. The earlier close of these foreign markets gives rise to the possibility that significant events, including broad market moves, government actions or pronouncements, aftermarket trading, or news events may have occurred in the interim. To account for this, the Fund may frequently value foreign securities using fair value prices based on third-party vendor modeling tools (international fair value pricing).

**Federal Income Taxes** No provision for federal income taxes has been made as the Fund intends to continue to qualify for federal income tax purposes as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended, and make the requisite distributions to shareholders. The Fund evaluates tax positions taken or expected to be taken in the course of preparing the Fund's tax return to determine whether the tax positions are more-likely-than-not of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold are recorded as a tax benefit or expense in the current year. Management has analyzed the Fund's tax positions taken on federal income tax returns for all open tax years (November 30, 2008 - November 30, 2011), and has concluded that no provision for federal income tax is required in the Fund's financial statements.

**Distributions** The Fund has implemented a managed distribution policy. Under the policy, the Fund is managed with a goal of generating as much of the distribution as possible from net investment income and short-term capital gains. The balance of the distribution will then come from long-term capital gains to the extent permitted, and if necessary, a return of capital. Even though the Fund may realize current year capital gains, such gains may be offset, in whole or in part, by the Fund's capital loss carryovers from prior years. For federal income tax purposes, the effect of such capital loss carryovers may be to convert (to the extent of such current year gains) what would otherwise be returns of capital into distributions taxable as ordinary income. This tax effect can occur during times of extended market volatility. Under the Regulated Investment Company Modernization Act of 2010, this tax effect attributable to the Fund's capital loss carryovers (the conversion of returns of capital into distributions taxable as ordinary income) will no longer apply to net capital losses of the Fund arising in Fund tax years beginning after November 30, 2011. The actual determination of the source of the Fund's distributions can be made only at year end.

**Foreign Currency Transactions** Transactions denominated in foreign currencies are recorded at the prevailing exchange rates on the valuation date in accordance with the Fund's prospectus. The value of all assets and liabilities denominated in foreign currencies is translated into U.S. dollars at the exchange rate of such currencies against the U.S. dollar daily. Transaction gains or losses resulting from changes in exchange rates during the reporting period or upon settlement of the foreign currency transaction are reported in operations for the current period. The Fund generally isolates that portion of realized gains and losses on investments in debt securities, which is due to changes in foreign exchange rates from that which is due to changes in market prices of debt securities. For foreign equity securities, these changes are included in realized gains (losses) on investments. The Fund reports certain foreign currency related transactions as components of realized gains (losses) for financial reporting purposes, whereas such components are treated as ordinary income (loss) for federal income tax purposes.

**Use of Estimates** The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the fair value of investments, reported amounts of assets and liabilities and disclosure of contingent 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 and the differences could be material.



## Notes to financial statements

Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc.

### 1. Significant Accounting Policies (continued)

**Other** Expenses directly attributable to the Fund are charged directly to the Fund. Other expenses common to various funds within the Delaware Investments Family of Funds are generally allocated amongst such 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) for financial reporting purposes. 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 on non-convertible bonds are amortized to interest income over the lives of the respective securities. Distributions received from investments in Real Estate Investment Trusts (REITs) are recorded as dividend income on the ex-dividend date, subject to reclassification upon notice of the character of such distribution by the issuer. Foreign dividends are also recorded on the ex-dividend date or as soon after the ex-dividend date that the Fund is aware of such dividends, net of all non-rebatable tax withholdings. Withholding taxes on foreign dividends have been recorded in accordance with the Fund's understanding of the applicable country's tax rules and rates.

Subject to seeking best execution, the Fund may direct certain security trades to brokers who have agreed to rebate a portion of the related brokerage commission to the Fund in cash. In general, best execution refers to many factors, including the price paid or received for a security, the commission charged, the promptness and reliability of execution, the confidentiality and placement accorded the order, and other factors affecting the overall benefit obtained by the Fund on the transaction. There were no commission rebates for the year ended November 30, 2011. DMC, as defined below, and its affiliates have previously acted and may in the future act as an investment advisor to mutual funds or separate accounts affiliated with the administrator of the commission recapture program described above. In addition, affiliates of the administrator act as consultants in helping institutional clients choose investment advisors and may also participate in other types of business and provide other services in the investment management industry.

The Fund may receive earnings credits from its custodian when positive cash balances are maintained, which are used to offset custody fees. There were no earnings credits for the year ended November 30, 2011.

The Fund may receive earnings credits from its transfer agent when positive cash balances are maintained, which are used to offset transfer agent fees. There were no earnings credits for the year ended November 30, 2011.

### 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%, of the adjusted average daily net assets of the Fund. For purposes of the calculation of investment management fees, adjusted average daily net assets excludes the line of credit liability.

Delaware Service Company, Inc. (DSC), an affiliate of DMC, provides fund accounting and financial administration oversight services to the Fund. For these services, the Fund pays DSC fees based on the aggregate daily net assets, excluding the line of credit liability, of the Delaware Investments<sup>®</sup> Family of Funds at the following annual rate: 0.0050% of the first \$30 billion; and 0.0045% of the next \$10 billion; 0.0040% of the next \$10 billion; and 0.0025% of aggregate average daily net assets, excluding the line of credit liability, in excess of \$50 billion. The fees payable to DSC under the service agreement described above are allocated among all Funds in the Delaware Investments Family of Funds on a relative net asset value basis. For the year ended November 30, 2011, the Fund was charged \$4,773 for these services.

At November 30, 2011, the Fund had receivables due from or liabilities payable to affiliates as follows:

Investment management fee payable to DMC	\$(41,593)
Fees and expenses payable to DSC	(374)
Other expenses receivable from DMC and affiliates*	3,757

\* DMC, as part of its administrative services, pays operating expenses on behalf of the Fund and is reimbursed on a periodic basis. 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 and tax services, including internal legal and tax services provided to the Fund by DMC and/or its affiliates' employees. For the year ended November 30, 2011, the Fund was charged \$31,178 for internal legal and tax services provided by DMC and/or its affiliates' employees.

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Directors' fees include expenses accrued by the Fund for each Director's retainer and meeting fees. Certain officers of DMC and DSC are officers and/or directors of the Fund. These officers and directors are paid no compensation by the Fund.

### **3. Investments**

For the year ended November 30, 2011, the Fund made purchases of \$43,510,975 and sales of \$45,719,143 of investment securities other than short-term investments.

At November 30, 2011, the cost of investments for federal income tax purposes was \$97,408,785. At November 30, 2011, net unrealized appreciation was \$254,695, of which \$ 9,244,198 related to unrealized appreciation of investments and \$8,989,503 related to unrealized depreciation of investments.

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U.S. GAAP defines fair value as the price that the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. A three level hierarchy for fair value measurements has been established based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available under the circumstances. The Fund's investment in its entirety is assigned a level based upon the observability of the inputs which are significant to the overall valuation. The three level hierarchy of inputs is summarized below.

- Level 1 inputs are quoted prices in active markets for identical investments (e.g., equity securities, open-end investment companies, futures contracts, options contracts)
- Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs) (e.g., debt securities, government securities, swap contracts, foreign currency exchange contracts, foreign securities utilizing international fair value pricing)
- Level 3 inputs are significant unobservable inputs (including the Fund's own assumptions used to determine the fair value of investments) (e.g., broker-quoted securities, fair valued securities)

The following table summarizes the valuation of the Fund's investments by fair value hierarchy levels as of November 30, 2011:

	Level 1	Level 2	Level 3	Total
Common Stock	\$50,752,399	\$ 36,959	\$ 4	\$50,789,362
Corporate Debt	338,039	39,459,222	48,758	39,846,019
Short-Term Investment		23,710		23,710
Securities Lending Collateral		5,445,737		5,445,737
Other	1,120,188	438,463	1	1,558,652
<b>Total</b>	<b>\$52,210,626</b>	<b>\$45,404,091</b>	<b>\$48,763</b>	<b>\$97,663,480</b>

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value:

	Common Stock	Corporate Debt	Other	Total
Balance as of 11/30/10	\$ 4	\$ 313,397	\$ 24,082	\$ 337,483
Purchases		2,079		2,079
Sales	(2,363)	(240,465)	(1)	(242,829)
Net realized gain		1,465	1	1,466
Transfers out of Level 3			(860,000)	(860,000)
Net change in unrealized appreciation/depreciation	2,363	(27,718)	835,919	810,564
Balance as of 11/30/11	\$ 4	\$ 48,758	\$ 1	\$ 48,763
<b>Net change in unrealized appreciation/depreciation</b>				
from investments still held as of 11/30/11	\$ 2,363	\$ (27,700 )	\$ 835,920	\$ 810,583

During the year ended November 30, 2011, transfers out of Level 3 investments into Level 2 investments were made in the amount of \$860,000 for the Fund. This was due to the Fund's pricing vendor being able to supply a matrix price with market observable inputs for an investment that had been utilizing a broker quoted price. The Fund's policy is to recognize transfers between levels at the end of the reporting period.

During the year ended November 30, 2011, there were no transfers between Level 1 investments and Level 2 investments that had a material impact to the Fund. This does not include transfers between Level 1 investments and Level 2 investments due to the Fund utilizing international fair value pricing during the year.

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## Notes to financial statements

Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc.

### 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. GAAP. Additionally, distributions from net gains on foreign currency transactions and net short-term gains on sales of investment securities are treated as ordinary income for federal income tax purposes. The tax character of dividends and distributions paid during the years ended November 30, 2011 and 2010 was as follows:

	Year Ended	
	11/30/11	11/30/10
Ordinary income	\$6,512,940	\$6,512,940

### 5. Components of Net Assets on a Tax Basis

As of November 30, 2011, the components of net assets on a tax basis were as follows:

Shares of beneficial interest	\$ 92,774,388
Capital loss carryforwards	(20,645,167)
Unrealized appreciation	257,272
Net assets	\$ 72,386,493

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

For financial reporting purposes, capital accounts are adjusted to reflect the tax character of permanent book/tax differences. Reclassifications are primarily due to tax treatment of dividends and distributions, partnership income, market discount and premium on certain debt instruments and contingent payment debt instruments. Results of operations and net assets were not affected by these reclassifications. For the year ended November 30, 2011, the Fund recorded the following reclassifications:

Distributions in excess of net investment income	\$ 2,376,130
Accumulated net realized gain	(258,824)
Paid-in capital	(2,117,306)

For federal income tax purposes, capital loss carryforwards may be carried forward and applied against future capital gains. \$3,406,630 was utilized in 2011. Capital loss carryforwards remaining at November 30, 2011 will expire as follows: \$9,429,531 expires in 2016 and \$11,215,636 expires in 2017.

On December 22, 2010, the Regulated Investment Company Modernization Act of 2010 (the Act) was enacted, which changed various technical rules governing the tax treatment of regulated investment companies. The changes are generally effective for taxable years beginning after the date of enactment. Under the Act, the fund will be permitted to carry forward capital losses incurred in taxable years beginning after the date of enactment for an unlimited period. However, any losses incurred during those future taxable years will be required to be utilized prior to the losses incurred in pre-enactment taxable years, which carry an expiration date. As a result of this ordering rule, pre-enactment capital loss carryforwards may be more likely to expire unused. Additionally, post-enactment capital loss carryforwards will retain their character as either short-term or long-term capital losses rather than being considered all short-term as permitted under previous regulation.

### 6. Capital Stock

Shares obtained under the Fund's dividend reinvestment plan are purchased by the Fund's transfer agent, Computershare Shareowner Services LLC (formerly BNY Mellon Shareowner Services), in the open market. There were no shares issued under the Fund's dividend reinvestment plan for the years ended November 30, 2011 and 2010.

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The Fund did not repurchase shares under the Share Repurchase Program during the years ended November 30, 2011 and 2010.

### **7. Line of Credit**

For the year ended November 30, 2011, the Fund borrowed money pursuant to a \$30,000,000 Credit Agreement with The Bank of New York Mellon (BNY Mellon) that expires on November 12, 2012. Depending on market conditions, the amount borrowed by the Fund pursuant to the Credit Agreement may be reduced or possibly increased in the future.

At November 30, 2011, the par value of loans outstanding was \$20,225,000 at a variable interest rate of 1.33%. During the year ended November 30, 2011, the average daily balance of loans outstanding was \$20,225,000 at a weighted average interest rate of approximately 1.36%. Interest on borrowing is based on a variable short-term rate plus an applicable margin. The commitment fee is computed at a rate of 0.25% per annum on the unused balance. The loan is collateralized by the Fund's portfolio.

## 8. Derivatives

U.S. GAAP requires disclosures that enable investors to understand: 1) how and why an entity uses derivatives; 2) how they are accounted for; and 3) how they affect an entity's results of operations and financial position.

**Foreign Currency Exchange Contracts** The Fund may enter into foreign currency exchange contracts as a way of managing foreign exchange rate risk. The Fund may enter into these contracts to fix the U.S. dollar value of a security that it has agreed to buy or sell for the period between the date the trade was entered into and the date the security is delivered and paid for. The Fund may also use these contracts to hedge the U.S. dollar value of securities it already owns that are denominated in foreign currencies. The change in value is recorded as an unrealized gain or loss. When the contract is closed, a realized gain or loss is recorded equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

The use of foreign currency exchange contracts does not eliminate fluctuations in the underlying prices of the securities, but does establish a rate of exchange that can be achieved in the future. Although foreign currency exchange contracts limit the risk of loss due to an unfavorable change in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency change favorably. In addition, the Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts. The Fund's maximum risk of loss from counterparty credit risk is the value of its currency exchanged with the counterparty. The risk is generally mitigated by having a netting arrangement between the Fund and the counterparty and by the posting of collateral by the counterparty to the Fund to cover the Fund's exposure to the counterparty. No foreign currency exchange contracts were outstanding at November 30, 2011.

**Options Contracts** During the year ended November 30, 2011, the Fund entered into written call option contracts. In the normal course of pursuing its investment objective, the Fund may buy or write options contracts for any number of reasons, including without limitation: to manage the Fund's exposure to changes in securities prices and foreign currencies; to earn income as an efficient means of adjusting the Fund's overall exposure to certain markets; to protect the value of portfolio securities; and as a cash management tool. The Fund may buy or write call or put options on securities, financial indices, and foreign currencies. When the Fund buys an option, a premium is paid and an asset is recorded and adjusted on a daily basis to reflect the current market value of the options purchased. When the Fund writes an option, a premium is received and a liability is recorded and adjusted on a daily basis to reflect the current market value of the options written. Premiums received from writing options that expire unexercised are treated by the Fund on the expiration date as realized gains. The difference between the premium received and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is treated as realized gain or loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether the Fund has a realized gain or loss. If a put option is exercised, the premium reduces the cost basis of the securities purchased by the Fund. The Fund, as writer of an option, bears the market risk of an unfavorable change in the price of the security underlying the written option. When writing options, the Fund is subject to minimal counterparty risk because the counterparty is only obligated to pay premiums and does not bear the market risk of an unfavorable market change.

Transactions in written options during the year ended November 30, 2011 for the Fund were as follows:

	Number of contracts	Premium
Options outstanding at 11/30/10		\$
Options written	1,763	68,039
Options terminated in closing purchase transactions	(99)	(1,850)
Options expired	(1,563)	(54,456)
Options exercised	(101)	(11,733)
Options outstanding at 11/30/11		\$

**Derivatives Generally** The table below summarizes the average balance of derivative holdings by the Fund during the year ended November 30, 2011. The average balance of derivatives held is generally similar to the volume of derivative activity for the year ended November 30, 2011.

	Asset Derivative Volume	Liability Derivative Volume
Foreign Currency Exchange Contracts (Average Cost)	\$592	\$
Options Contracts (Average Notional Amount)		6,018

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## Notes to financial statements

Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc.

### 9. Securities Lending

The Fund, along with other funds in the Delaware Investments<sup>®</sup> Family of Funds, may lend its securities pursuant to a security lending agreement (Lending Agreement) with The Bank of New York Mellon (BNY Mellon). At the time a security is loaned, the borrower must post collateral equal to the required percentage of the market value of the loaned security, including any accrued interest. The required percentage is: (i) 102% with respect to U.S. securities and foreign securities that are denominated and payable in U.S. dollars; and (ii) 105% with respect to foreign securities. With respect to each loan, if on any business day the aggregate market value of securities collateral plus cash collateral held 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 by the end of the following business day which, together with the collateral already held, will be not less than the applicable initial collateral requirements for such security loan. If the aggregate market value of securities collateral and cash collateral held with respect to a security loan exceeds the applicable initial collateral requirement, upon request of the borrower BNY Mellon must return enough collateral to the borrower by the end of the following business day to reduce the value of the remaining collateral to the applicable initial collateral requirement for such security loan. As a result of the foregoing, the value of the collateral held with respect to a loaned security may be temporarily more or less than the value of the security on loan.

Cash collateral received is generally invested in the Delaware Investments Collateral Fund No. 1 (Collective Trust) established by BNY Mellon for the purpose of investment on behalf of funds managed by DMC that participate in BNY Mellon's securities lending program. The Collective Trust may invest in U.S. government securities and high quality corporate debt, asset-backed and other money market securities and in repurchase agreements collateralized by such securities, provided that the Collective Trust will generally have a dollar-weighted average portfolio maturity of 60 days or less.

Effective April 20, 2009, BNY Mellon transferred the assets of the Fund's previous collateral investment pool other than cash and assets with a maturity of one business day or less to the BNY Mellon SL DBT II Liquidating Fund (Liquidating Fund), effectively bifurcating the previous collateral investment pool. The Fund's exposure to the Liquidating Fund is expected to decrease as the Liquidating Fund's assets mature or are sold. In October 2008, BNY Mellon transferred certain distressed securities from the previous collateral investment pool into the Mellon GSL Reinvestment Trust II. The Fund can also accept U.S. government securities and letters of credit (non-cash collateral) in connection with securities loans. 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 or interest, as applicable, on the securities loaned and are subject to changes 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. With respect to security loans collateralized by non-cash collateral, the Fund receives loan premiums paid by the borrower. With respect to security loans collateralized by cash collateral, the earnings from the collateral investments are shared among the Fund, the security lending agent and the borrower. The Fund records security lending income net of allocations to the security lending agent and the borrower.

The Collective Trust used for the investment of cash collateral received from borrowers of securities seeks to maintain a net asset value per unit of \$1.00, but there can be no assurance that it will always be able to do so. The Fund may incur investment losses as a result of investing securities lending collateral in the Collective Trust or another collateral investment pool. This could occur if an investment in a collateral investment pool defaulted or if it were necessary to liquidate assets in the collateral investment pool to meet returns on outstanding security loans at a time when the collateral investment pool's net asset value per unit was less than \$1.00. Under those circumstances, the Fund may not receive an amount from the collateral investment pool that is equal in amount to the collateral the Fund would be required to return to the borrower of the securities and the Fund would be required to make up for this shortfall.

At November 30, 2011 the value of securities on loan was \$5,592,213, for which cash collateral was received and invested in accordance with the Lending Agreement. At November 30, 2011 the value of invested collateral was \$5,445,737. These investments are presented on the statement of net assets under the caption Securities Lending Collateral.

### 10. Credit and Market Risks

The Fund borrows through its line of credit for purposes of leveraging. Leveraging may result in higher degrees of volatility because the Fund's net asset value could be subject to fluctuations in short-term interest rates and changes in market value of portfolio securities attributable to the leverage.

The Fund invests a portion of its assets in high yield fixed income securities, which are securities rated BB or lower by Standard & Poor's and Ba or lower by Moody's Investor Services, or similarly rated by another nationally recognized statistical rating organization. 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.

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The Fund invests in REITs and is subject to some of the risks associated with that industry. If the Fund holds real estate directly as a result of defaults or receives rental income directly from real estate holdings, its tax status as a regulated investment company may be jeopardized. There were no direct real estate holdings during the year ended November 30, 2011. The Fund's REITs holdings are also affected by interest rate changes, particularly if the REITs it holds use floating rate debt to finance their ongoing operations.

The Fund may invest up to 10% of its net 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. While maintaining oversight, the Fund's Board has delegated to DMC the day-to-day functions of determining whether individual securities are liquid for purposes of the Fund's limitation on investments in illiquid securities. Securities eligible for resale pursuant to Rule 144A, which are determined to be liquid, are not subject to the 10% limit on investments in illiquid securities. Rule 144A and illiquid securities have been identified on the statement of net assets.

### 11. 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.

### 12. Subsequent Events

Effective January 3, 2012, Computershare Shareowner Services LLC acquired BNY Mellon Shareowner Services' transfer agency business that serviced the Fund (the Acquisition). Other than the Acquisition, Management has determined no material events or transactions occurred subsequent to November 30, 2011 that would require recognition or disclosure in the Fund's financial statements.

### 13. Tax Information (Unaudited)

The information set forth below is for the Fund's fiscal year as required by federal income tax laws. Shareholders, however, must report distributions on a calendar year basis for income tax purposes, which may include distributions for portions of two fiscal years of the Fund. Accordingly, the information needed by shareholders for income tax purposes will be sent to them in January of each year. Please consult your tax advisor for proper treatment of this information.

For the fiscal year ended November 30, 2011, the Fund designates distributions paid during the year as follows:

	(A) Ordinary Income	(B) Qualifying Dividends <sup>1</sup>
Distributions* (Tax Basis)	100.00%	29.34%

(A) is based on a percentage of the Fund's total distributions.

(B) is based on a percentage of the Fund's ordinary income distributions.

<sup>1</sup> Qualifying dividends represent dividends which qualify for the corporate dividends received deduction.

\* For the fiscal year ended November 30, 2011, certain dividends paid by the Fund may be subject to a maximum tax rate of 15%, as provided for by the Jobs and Growth Tax Relief Reconciliation Act of 2003 and as extended by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. The Fund intends to designate the \$1,915,456 to be taxed at a maximum rate of 15%. Complete information will be computed and reported in conjunction with your 2011 or 2010 Form 1099-DIV.

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## Report of independent registered public accounting firm

To the Board of Trustees and Shareholders of Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc.:

In our opinion, the accompanying statement of net assets and the related statements of operations, of changes in net assets and of cash flows and the financial highlights present fairly, in all material respects, the financial position of Delaware Investments Dividend and Income Fund, Inc. (the Fund ) at November 30, 2011, the results of its operations and cash flows for the year then ended and the changes in its net assets and the financial highlights for each of the two years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as financial statements ) are the responsibility of the Fund s management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at November 30, 2011 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion. The financial highlights for each of the three years in the period ended November 30, 2009 were audited by other independent accountants whose report dated January 21, 2010 expressed an unqualified opinion on those statements.

PricewaterhouseCoopers LLP  
Philadelphia, Pennsylvania  
January 23, 2012

## Other Fund information (Unaudited)

### Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc.

#### Proxy results

#### Annual meeting

The Fund held its Annual Meeting of Shareholders on August 17, 2011. At the Annual Meeting, the Fund's shareholders elected nine Directors. The results of the voting at the meeting were as follows:

Nominee	Shares Voted For	Shares Withheld	No Ballot Received
Patrick P. Coyne	8,631,126.587	218,009.929	589,905.642
Thomas L. Bennett	8,631,650.482	217,486.034	589,905.642
John A. Fry	8,636,455.587	212,680.929	589,905.642
Anthony D. Knerr	8,609,104.629	240,031.887	589,905.642
Lucinda S. Landreth	8,634,816.112	214,320.404	589,905.642
Ann R. Leven	8,599,791.412	249,345.104	589,905.642
Thomas F. Madison	8,605,543.188	243,593.328	589,905.642
Janet L. Yeomans	8,638,392.587	210,743.929	589,905.642
J. Richard Zecher	8,607,231.656	241,904.860	589,905.642

#### Fund management

Babak Bob Zenouzi

Senior Vice President, Chief Investment Officer Real Estate Securities and Income Solutions (RESIS)

Bob Zenouzi is the lead manager for the real estate securities and income solutions (RESIS) group at Delaware Investments, which includes the team, its process, and its institutional and retail products, which he created during his prior time with the firm. He also focuses on opportunities in Japan, Singapore, and Malaysia for the firm's global REIT product. Additionally, he serves as lead portfolio manager for the firm's Dividend Income products, which he helped to create in the 1990s. He is also a member of the firm's asset allocation committee, which is responsible for building and managing multi-asset class portfolios. He rejoined Delaware Investments in May 2006 as senior portfolio manager and head of real estate securities. In his first term with the firm, he spent seven years as an analyst and portfolio manager, leaving in 1999 to work at Chartwell Investment Partners, where from 1999 to 2006 he was a partner and senior portfolio manager on Chartwell's Small-Cap Value portfolio. He began his career with The Boston Company, where he held several positions in accounting and financial analysis. Zenouzi earned a master's degree in finance from Boston College and a bachelor's degree from Babson College. He is a member of the National Association of Real Estate Investment Trusts and the Urban Land Institute.

Damon J. Andres, CFA

Vice President, Senior Portfolio Manager

Damon J. Andres, who joined Delaware Investments in 1994 as an analyst, currently serves as a portfolio manager for the firm's real estate securities and income solutions (RESIS) group. He also serves as a portfolio manager for the firm's Dividend Income products. From 1991 to 1994, he performed investment-consulting services as a consulting associate with Cambridge Associates. Andres earned a bachelor's degree in business administration with an emphasis in finance and accounting from the University of Richmond.

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## Other Fund information (Unaudited)

Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc.

### Fund management (continued)

Wayne A. Anglace, CFA  
Vice President, Senior Portfolio Manager

Wayne A. Anglace currently serves as a senior portfolio manager for the firm's convertible bond strategies. Prior to joining the firm in March 2007 as a research analyst and trader, he spent more than two years as a research analyst at Gartmore Global Investments for its convertible bond strategy. From 2000 to 2004, Anglace worked in private client research at Deutsche Bank Alex. Brown in Baltimore where he focused on equity research, and he started his financial services career with Ashbridge Investment Management in 1999. Prior to moving to the financial industry, Anglace worked as a professional civil engineer. He earned his bachelor's degree in civil engineering from Villanova University and an MBA with a concentration in finance from Saint Joseph's University, and he is a member of the CFA Society of Philadelphia.

Kristen E. Bartholdson  
Vice President, Senior Portfolio Manager

Kristen E. Bartholdson is a senior portfolio manager for the firm's Large-Cap Value team. Prior to joining the firm in 2006 as an associate portfolio manager, she worked at Susquehanna International Group from 2004 to 2006, where she was an equity research salesperson. From 2000 to 2004 she worked in equity research at Credit Suisse, most recently as an associate analyst in investment strategy. Bartholdson earned her bachelor's degree in economics from Princeton University.

Thomas H. Chow, CFA  
Senior Vice President, Senior Portfolio Manager

Thomas H. Chow is a member of the firm's taxable fixed income portfolio management team, with primary responsibility for portfolio construction and strategic asset allocation in investment grade credit exposures. He is the lead portfolio manager for Delaware Corporate Bond Fund and Delaware Extended Duration Bond Fund, as well as several institutional mandates. His experience includes significant exposure to asset liability management strategies and credit risk opportunities. Prior to joining Delaware Investments in 2001 as a portfolio manager working on the Lincoln General Account, he was a trader of high grade and high yield securities, and was involved in the portfolio management of collateralized bond obligations (CBOs) and insurance portfolios at SunAmerica/AIG from 1997 to 2001. Before that, he was an analyst, trader, and portfolio manager at Consec Capital Management from 1989 to 1997. Chow received a bachelor's degree in business analysis from Indiana University, and he is a Fellow of Life Management Institute.

Roger A. Early, CPA, CFA, CFP  
Senior Vice President, Co-Chief Investment Officer - Total Return Fixed Income Strategy

Roger A. Early rejoined Delaware Investments in March 2007 as a member of the firm's taxable fixed income portfolio management team, with primary responsibility for portfolio construction and strategic asset allocation. During his previous time at the firm, from 1994 to 2001, he was a senior portfolio manager in the same area, and he left Delaware Investments as head of its U.S. investment grade fixed income group. In recent years, Early was a senior portfolio manager at Chartwell Investment Partners and Rittenhouse Financial and served as the chief investment officer for fixed income at Turner Investments. Prior to joining Delaware Investments in 1994, he worked for more than 10 years at Federated Investors where he managed more than \$25 billion in mutual fund and institutional portfolios in the short-term and investment grade markets. He left the firm as head of institutional fixed income management. Earlier in his career, he held management positions with the Federal Reserve Bank, PNC Financial, Touche Ross, and Rockwell International. Early earned his bachelor's degree in economics from The Wharton School of the University of Pennsylvania and an MBA with concentrations in finance and accounting from the University of Pittsburgh. He is a member of the CFA Society of Philadelphia.

Nikhil G. Lalvani, CFA  
Vice President, Senior Portfolio Manager

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Nikhil G. Lalvani is a senior portfolio manager for the firm's Large-Cap Value team. At Delaware Investments, Lalvani has served as both a fundamental and quantitative analyst. Prior to joining the firm in 1997 as an account analyst, he was a research associate with Bloomberg. Lalvani holds a bachelor's degree in finance from The Pennsylvania State University. He is a member of the CFA Institute and the CFA Society of Philadelphia.

Anthony A. Lombardi, CFA  
Vice President, Senior Portfolio Manager

Anthony A. Lombardi is a senior portfolio manager for the firm's Large-Cap Value team. Prior to joining the firm in 2004 in his current role, Lombardi was a director at Merrill Lynch Investment Managers. He joined Merrill Lynch Investment Managers' Capital Management Group in 1998 and last served as a portfolio manager for the U.S. Active Large-Cap Value team, managing mutual funds and separate accounts for institutions and private clients. From 1990 to 1997, he worked at Dean Witter Reynolds as a sell-side equity research analyst. He began his career as an investment analyst with Crossland Savings. Lombardi graduated from Hofstra University, receiving a bachelor's degree in finance and an MBA with a concentration in finance. He is a member of the New York Society of Security Analysts and the CFA Institute.

Kevin P. Loomer, CFA  
Senior Vice President, Senior Portfolio Manager, Head of High Yield Investments

Kevin P. Loomer is head of the High Yield fixed income team, responsible for portfolio construction and strategic asset allocation of all high yield fixed income assets. Prior to joining Delaware Investments in August 2007 in his current position, Loomer spent 11 years at T. Rowe Price, starting as an analyst and leaving the firm as a portfolio manager. He began his career with Morgan Stanley as a corporate finance analyst in the New York and London offices. Loomer received his bachelor's degree in commerce from the University of Virginia and earned an MBA from the Tuck School of Business at Dartmouth.

D. Tysen Nutt Jr.  
Senior Vice President, Senior Portfolio Manager, Team Leader

D. Tysen Nutt Jr. is senior portfolio manager and team leader for the firm's Large-Cap Value team. Before joining Delaware Investments in 2004 as senior vice president and senior portfolio manager, Nutt led the U.S. Active Large-Cap Value team within Merrill Lynch Investment Managers, where he managed mutual funds and separate accounts for institutions and private clients. He departed Merrill Lynch Investment Managers as a managing director. Prior to joining Merrill Lynch Investment Managers in 1994, Nutt was with Van Deventer & Hoch where he managed large-cap value portfolios for institutions and private clients. He began his investment career at Dean Witter Reynolds, where he eventually became vice president, investments. Nutt earned his bachelor's degree from Dartmouth College, and he is a member of the New York Society of Security Analysts and the CFA Institute.

Robert A. Vogel Jr., CFA  
Vice President, Senior Portfolio Manager

Robert A. Vogel Jr. is a senior portfolio manager for the firm's Large-Cap Value team. Prior to joining Delaware Investments in 2004 as vice president and senior portfolio manager, he worked at Merrill Lynch Investment Managers for more than seven years, where he rose to the position of director and portfolio manager within the U.S. Active Large-Cap Value team. He began his career in 1992 as a financial consultant at Merrill Lynch. Vogel graduated from Loyola University Maryland, earning both bachelor's and master's degrees in finance. He also earned an MBA with a concentration in finance from The Wharton School of the University of Pennsylvania. Vogel is a member of the New York Society of Security Analysts, the CFA Institute, and the CFA Society of Philadelphia.

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## Other Fund information (Unaudited)

Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc.

### Distribution information

Shareholders were sent monthly notices from the Fund that set forth estimates, on a book basis, of the source or sources from which monthly distributions were paid. Subsequently, certain of these estimates have been corrected in part. Listed below is a written statement of the sources of these monthly distributions on a book basis.

Month	Investment Income per Share	Return of Capital per Share	Long Term Capital Gain/(Loss) per Share	Total Distribution Amount per Share
December 2010	\$ 0.0426	\$ 0.0149	\$	\$ 0.0575
January 2011	\$ 0.0363	\$ 0.0212		\$ 0.0575
February 2011	\$ 0.0361	\$ 0.0214		\$ 0.0575
March 2011	\$ 0.0395	\$ 0.0180		\$ 0.0575
April 2011	\$ 0.0327	\$ 0.0248		\$ 0.0575
May 2011	\$ 0.0416	\$ 0.0159		\$ 0.0575
June 2011	\$ 0.0388	\$ 0.0187		\$ 0.0575
July 2011	\$ 0.0317	\$ 0.0258		\$ 0.0575
August 2011	\$ 0.0355	\$ 0.0220		\$ 0.0575
September 2011	\$ 0.0395	\$ 0.0180		\$ 0.0575
October 2011	\$ 0.0350	\$ 0.0225		\$ 0.0575
November 2011	\$ 0.0375	\$ 0.0200		\$ 0.0575
Total	\$ 0.4468	\$ 0.2432	\$	\$ 0.6900

Please note that the information in the preceding chart is for book purposes only. Shareholders should be aware the tax treatment of distributions may differ from their book treatment. The tax treatment of distributions will be set forth in a Form 1099-DIV.

### Dividend reinvestment plan

The Fund offers an automatic dividend reinvestment program ( Plan ). Shareholders who have shares registered in their own names are automatically considered participants in the Plan, unless they elect to withdraw from the Plan. Shareholders who hold their shares through a bank, broker, or other nominee should request the bank, broker, or nominee to participate in the Plan on their behalf. This can be done as long as the bank, broker, or nominee provides a dividend reinvestment service for the Fund. If the bank, broker, or nominee does not provide this service, such shareholders must have their shares taken out of street or nominee name and re-registered in their own name in order to participate in the Plan.

Computershare Shareowner Services LLC ( Computershare ) (formerly BNY Mellon Shareowner Services) will apply all cash dividends, capital gains and other distributions (collectively, Distributions ) on the Fund s shares of common stock which become payable to each Plan participant to the purchase of outstanding shares of the Fund s common stock for such participant. These purchases may be made on a securities exchange or in the over-the-counter market, and may be subject to such terms of price, delivery, and related matters to which Computershare may agree. The Fund will not issue new shares in connection with the Plan.

Distributions reinvested for participants are subject to income taxes just as if they had been paid directly to the shareholder in cash. Participants will receive a year-end statement showing distributions reinvested, and any brokerage commissions paid on such participant s behalf.

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Shareholders holding shares of the Fund in their own names who wish to terminate their participation in the Plan may do so by sending written instruction to Computershare so that Computershare receives such instructions at least 10 days prior to the Distribution record date. Shareholders with shares held in account by a bank, broker, or other nominee should contact such bank, broker, or other nominee to determine the procedure for withdrawal from the Plan.

If written instructions are not received by Computershare at least 10 days prior to the record date for a particular Distribution, that Distribution may be reinvested at the sole discretion of Computershare. After a shareholder's instructions to terminate participation in the Plan become effective, Distributions will be paid to shareholders in cash. Upon termination, a shareholder may elect to receive either stock or cash for all the full shares in the account. If cash is elected, Computershare will sell such shares at the then current market value and then send the net proceeds to the shareholder, after deducting brokerage commissions and related expenses. Any fractional shares at the time of termination will be paid in cash at the current market price, less brokerage commissions and related expenses, if any. Shareholders may at any time request a full or partial withdrawal of shares from the Plan, without terminating participation in the Plan. When shares outside of the Plan are liquidated, Distributions on shares held under the Plan will continue to be reinvested unless Computershare is notified of the shareholder's withdrawal from the Plan.

An investor holding shares that participate in the Plan in a brokerage account may not be able to transfer the shares to another broker and continue to participate in the Plan. Please contact your broker/dealer for additional details.

Computershare will charge participants their proportional share of brokerage commissions on market purchases. Participants may obtain a certificate or certificates for all or part of the full shares credited to their accounts at any time by making a request in writing to Computershare. A fee may be charged to the participant for each certificate issuance.

If you have any questions and shares are registered in your name, contact Computershare at 800 851-9677 or P.O. Box 358035, Pittsburgh, PA 15252-8035. If you have any questions and shares are registered in street name, contact the broker/ dealer holding the shares or your financial advisor.

Effective August 1, 2008, the Dividend Reinvestment Plan may be amended by the Fund upon twenty days written notice to the Plan's participants.

#### **Board consideration of Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc. investment advisory agreement**

At a meeting held on August 16-17, 2011 (the Annual Meeting), the Board of Directors (the Board), including a majority of disinterested or independent Directors, approved the renewal of the Investment Advisory Agreement for the Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc. (the Fund). In making its decision, the Board considered information furnished specifically in connection with the renewal of the Investment Advisory Agreement with Delaware Management Company (DMC), which included materials provided by DMC and its affiliates (Delaware Investments) concerning, among other things, the nature, extent and quality of services provided to the Fund, the costs of such services to the Fund, economies of scale and the financial condition and profitability of Delaware Investments. Reference was made to information furnished at regular quarterly Board meetings, including reports detailing Fund performance, investment strategies and expenses, as well as information prepared specifically in connection with the renewal of the investment advisory and sub-advisory contracts. In addition, in connection with the Annual Meeting, reports were provided in May 2011 and included independent historical and comparative reports provided by Lipper, Inc., an independent statistical compilation organization (Lipper). The Lipper reports compared the Fund's investment performance and expenses with those of other comparable mutual funds. The independent Directors reviewed and discussed the Lipper reports with independent legal counsel to the independent Directors. The Board requested and received information regarding DMC's policy with respect to advisory fee levels and its breakpoint philosophy; the structure of portfolio manager compensation; the investment manager's profitability; and any constraints or limitations on the availability of securities in certain investment styles, which had in the past year inhibited, or which were likely in the future to inhibit, DMC's ability to invest fully in accordance with Fund policies.

In considering information relating to the approval of the Fund's advisory agreement, the independent Directors received assistance and advice from and met separately with independent legal counsel to the independent Directors. Although the Board gave attention to all information furnished, the following discussion identifies, under separate headings, the primary factors taken into account by the Board during its contract renewal considerations.

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## Other Fund information (Unaudited)

Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc.

### Board consideration of Delaware Investments Dividend and Income Fund, Inc. investment advisory agreement (continued)

**Nature, Extent and Quality of Service.** The Board considered the services provided by Delaware Investments to the Fund and its shareholders. In reviewing the nature, extent and quality of services, the Board considered reports furnished to it throughout the year, which covered matters such as the relative performance of the Fund, compliance of portfolio managers with the investment policies, strategies and restrictions for the Fund, compliance by DMC personnel with the Code of Ethics adopted throughout the Delaware Investments Family of Funds complex and adherence to fair value pricing procedures as established by the Board. The Board was pleased with the current staffing of the Fund's investment advisor and the emphasis placed on research in the investment process. The Board gave favorable consideration to DMC's efforts to control expenditures while maintaining service levels committed to fund matters. The Board was satisfied with the nature, extent and quality of the overall services provided by Delaware Investments.

**Investment Performance.** The Board placed significant emphasis on the investment performance of the Fund in view of its importance to shareholders. Although the Board gave appropriate consideration to performance reports and discussions with portfolio managers at Board meetings throughout the year, the Board gave particular weight to the Lipper reports furnished for the Annual Meeting. The Lipper reports prepared for the Fund showed the investment performance of its shares in comparison to a group of similar funds as selected by Lipper (the Performance Universe). A fund with the highest performance ranked first, and a fund with the lowest ranked last. The highest/best performing 25% of funds in the Performance Universe make up the first quartile; the next 25%, the second quartile; the next 25%, the third quartile; and the lowest/worst performing 25% of funds in the Performance Universe make up the fourth quartile. Comparative annualized performance for the Fund was shown for the past one-, three-, five- and ten-year periods ended March 31, 2011. The Board's objective is that the Fund's performance for the periods considered be at or above the median of its Performance Universe. The following paragraph summarizes the performance results for the Fund and the Board's view of such performance.

The Performance Universe for the Fund consisted of the Fund and all leveraged closed-end income and preferred stock funds as selected by Lipper. The Lipper report comparison showed that the Fund's total return for the five- and ten-year periods was in the second quartile. The report further showed that the Fund's total return for the one- and three-year periods was in the first and third quartiles, respectively. The Board was satisfied with performance.

**Comparative Expenses.** The Board considered expense comparison data for the Delaware Investments Family of Funds. Management provided the Board with information on pricing levels and fee structures for the Fund as of its most recently completed fiscal year. The Board also focused on the comparative analysis of effective management fees and total expense ratios of the Fund versus effective management fees and expense ratios of a group of similar closed-end funds as selected by Lipper (the Expense Group). In reviewing comparative costs, the Fund's contractual management fee and the actual management fee incurred by the Fund were compared with the contractual management fees (assuming all funds in the Expense Group were similar in size to the Fund) and actual management fees (as reported by each fund) within the Expense Group, taking into account any applicable breakpoints and fee waivers. The Fund's total expenses were also compared with those of its Expense Group. The Board considered fees paid to Delaware Investments for non-management services. The Board's objective is to limit the Fund's total expense ratio to be competitive with that of the Expense Group. The following paragraph summarizes the expense results for the Fund and the Board's view of such expenses.

The expense comparisons for the Fund showed that its actual management fee was in the quartile with the lowest expenses of its Expense Group and its total expenses were in the quartile with the second lowest expenses of its Expense Group. The Board was satisfied with the management fee and total expenses of the Fund in comparison to those of its Expense Group.

**Management Profitability.** The Board considered the level of profits, if any, realized by Delaware Investments in connection with the operation of the Fund. In this respect, the Board reviewed the Investment Management Profitability Analysis that addressed the overall profitability of Delaware Investments' business in providing management and other services to each of the individual funds and the Delaware Investments' Family of Funds as a whole. Specific attention was given to the methodology followed in allocating costs for the purpose of determining profitability. Management stated that the level of profits of Delaware Investments, to a certain extent, reflects recent operational cost savings and efficiencies initiated by Delaware Investments. The Board considered Delaware Investments' efforts to improve services provided to fund shareholders and to meet additional regulatory and compliance requirements resulting from recent industry-wide Securities and Exchange Commission initiatives. The Board also considered the extent to which Delaware Investments might derive ancillary benefits from fund operations, including the potential for procuring additional business as a result of the prestige and visibility associated with its role as service provider to the Delaware Investments Family of Funds and the benefits from allocation of fund brokerage to improve trading efficiencies. The Board found that the management fees were reasonable in light of the services rendered and the profitability of Delaware Investments.

**Economies of Scale.** As a closed-end fund, the Fund does not issue shares on a continuous basis. Fund assets increase only to the extent that the values of the underlying securities in the Fund increase. Accordingly, the Board determined that the Fund was not likely to experience significant economies of scale due to asset growth and, therefore, a fee schedule with breakpoints to pass the benefit of economies of scale on to shareholders was not likely to provide the intended effect.

#### **Change in independent registered public accounting firm**

Due to independence matters under the Securities and Exchange Commission's auditor independence rules relating to the January 4, 2010 acquisition of Delaware Investments (including DMC and DSC) by Macquarie Group, Ernst & Young LLP (E&Y) has resigned as the independent registered public accounting firm for Delaware Investments Dividend and Income Fund, Inc. (the Fund) effective May 20, 2010. At a meeting held on May 20, 2010, the Board of Directors of the Fund, upon recommendation of the Audit Committee, selected PricewaterhouseCoopers LLP (PwC) to serve as the independent registered public accounting firm for the Fund for the fiscal year ending November 30, 2010. During the fiscal years ended November 30, 2009 and 2008, E&Y's audit reports on the financial statements of the Fund did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles. In addition, there were no disagreements between the Fund and E&Y on accounting principles, financial statements disclosures or audit scope, which, if not resolved to the satisfaction of E&Y, would have caused them to make reference to the disagreement in their reports. Neither the Fund nor anyone on its behalf has consulted with PwC at any time prior to their selection with respect to the application of accounting principles to a specified transaction, either completed or proposed or the type of audit opinion that might be rendered on the Fund's financial statements.

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## Board of trustees/directors and officers addendum

### Delaware Investments<sup>®</sup> Family of Funds

A fund is governed by a Board of Trustees/Directors ( Trustees ), which has oversight responsibility for the management of a fund's business affairs. Trustees establish procedures and oversee and review the performance of the investment manager and others who perform services for the fund. The independent fund trustees, in particular, are advocates for shareholder interests. Each trustee has served in that capacity since he or she was elected to or appointed to the Board of Trustees, and will continue to serve until his or her retirement or the election of a new trustee in his or her place. The following is a list of the Trustees and Officers with certain background and related information.

Name, Address, and Birth Date	Position(s) Held with Fund(s)	Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee or Officer	Other Directorships Held by Trustee or Officer
<b>Interested Trustees</b>					
<b>Patrick P. Coyne<sup>1</sup></b> 2005 Market Street Philadelphia, PA 19103 April 1963	Chairman, President, Chief Executive Officer, and Trustee	Chairman and Trustee since August 16, 2006  President and Chief Executive Officer since August 1, 2006	Patrick P. Coyne has served in various executive capacities at different times at Delaware Investments. <sup>2</sup>	74	Director and Audit Committee Member Kaydon Corp.  Board of Governors Member Investment Company Institute (ICI)  Finance Committee Member St. John Vianney Roman Catholic Church  Board of Trustees Agnes Irwin School  Member of Investment Committee Cradle of Liberty Council, BSA (2007-2010)
<b>Independent Trustees</b>					
<b>Thomas L. Bennett</b> 2005 Market Street Philadelphia, PA 19103 October 1947	Trustee	Since March 2005	Private Investor (March 2004-Present)  Investment Manager Morgan Stanley & Co. (January 1984-March 2004)	74	Chairman of Investment Committee Pennsylvania Academy of Fine Arts  Investment Committee and Governance Committee Member Pennsylvania Horticultural Society  Director Bryn Mawr Bank Corp. (BMTC) (2007-2011) Board of Governors Member NASDAQ OMX PHLX LLC
<b>John A. Fry</b> 2005 Market Street Philadelphia, PA 19103	Trustee	Since January 2001	President Drexel University (August 2010-Present)	74	

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May 1960

President  
Franklin & Marshall College  
(June 2002 July 2010)

Director and Audit  
Committee Member  
Community Health  
Systems

Director Ecore  
International  
(2009 2010)

Director Allied  
Barton Securities  
Holdings (2005 2008)

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Name, Address, and Birth Date	Position(s) Held with Fund(s)	Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee or Officer	Other Directorships Held by Trustee or Officer
<i>Independent Trustees (continued)</i>					
<b>Anthony D. Knerr</b> 2005 Market Street Philadelphia, PA 19103	Trustee	Since April 1990	Managing Director Anthony Knerr & Associates (Strategic Consulting) (1990 Present)	74	None
December 1938 <b>Lucinda S. Landreth</b> 2005 Market Street Philadelphia, PA 19103	Trustee	Since March 2005	Chief Investment Officer Assurant, Inc.  (Insurance) (2002 2004)	74	None
June 1947 <b>Ann R. Leven</b> 2005 Market Street Philadelphia, PA 19103	Trustee	Since October 1989	Consultant ARL Associates (Financial Planning) (1983 Present)	74	Director and Audit Committee Chair Systemax Inc. (2001 2009)
November 1940					Director and Audit Committee Chairperson Andy Warhol Foundation (1999 2007) Trust Manager Camden Property Trust (since August 2011)
<b>Frances A. Sevilla-Sacasa</b> 2005 Market Street Philadelphia, PA 19103	Trustee	Since September 2011	Executive Advisor to Dean (since August 2011) and Interim Dean (January 2011 July 2011) University of Miami School of Business Administration  President U.S. Trust, Bank of America Private Wealth Management (Private Banking) (July 2007 December 2008)  President and Director (November 2005 June 2007) and Chief Executive Officer (April 2007 June 2007) U.S. Trust Company (Private Banking)	74	Board of Trustees Thunderbird School of Global Management (2007 2011)  Board of Trustees Carrollton School of the Sacred Heart (since 2007)  Board Member Foreign Policy Association (since 2006)  Board of Trustees Georgetown Preparatory School (2005 2011)  Board of Trustees Miami City Ballet (2000 2011)
January 1956					Board of Trustees St. Thomas University (2005 2011) Director and Audit Committee Member Okabena Company
<b>Janet L. Yeomans</b> 2005 Market Street Philadelphia, PA 19103	Trustee	Since April 1999	Vice President and Treasurer (January 2006 Present)  Vice President Mergers & Acquisitions (January 2003 January 2006), and Vice President and Treasurer	74	Chair



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July 1948			(July 1995 January 2003)		3M Investment
<b>J. Richard Zecher</b>	Trustee	Since	3M Corporation	74	Management Company
2005 Market Street		March 2005	Founder		Director and Audit
Philadelphia, PA			Investor Analytics		Committee Member
19103			(Risk Management)		Investor Analytics
			(May 1999 Present)		
July 1940			Founder		Director
			Sutton Asset Management		Oxigene, Inc.
			(Hedge Fund)		(2003 2008)
			(September 1996 Present)		

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Name, Address, and Birth Date	Position(s) Held with Fund(s)	Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee or Officer	Other Directorships Held by Trustee or Officer
<b>Officers</b> <b>David F. Connor</b> 2005 Market Street Philadelphia, PA 19103  December 1963	Vice President, Deputy General Counsel, and Secretary	Vice President since September 2000 and Secretary since October 2005	David F. Connor has served as Vice President and Deputy General Counsel of Delaware Investments since 2000.	74	None <sup>3</sup>
<b>Daniel V. Geatens</b> 2005 Market Street Philadelphia, PA 19103  October 1972	Vice President and Treasurer	Treasurer since October 2007	Daniel V. Geatens has served in various capacities at different times at Delaware Investments.	74	None <sup>3</sup>
<b>David P. O Connor</b> 2005 Market Street Philadelphia, PA 19103  February 1966	Senior Vice President, General Counsel, and Chief Legal Officer	Senior Vice President, General Counsel, and Chief Legal Officer since October 2005	David P. O Connor has served in various executive and legal capacities at different times at Delaware Investments.	74	None <sup>3</sup>
<b>Richard Salus</b> 2005 Market Street Philadelphia, PA 19103  October 1963	Senior Vice President and Chief Financial Officer	Chief Financial Officer since November 2006	Richard Salus has served in various executive capacities at different times at Delaware Investments.	74	None <sup>3</sup>

<sup>1</sup> Patrick P. Coyne is considered to be an Interested Trustee because he is an executive officer of the Fund s(s ) investment advisor.

<sup>2</sup> Delaware Investments is the marketing name for Delaware Management Holdings, Inc. and its subsidiaries, including the Fund s(s ) investment advisor and its transfer agent.

<sup>3</sup> David F. Connor, Daniel V. Geatens, David P. O Connor, and Richard Salus serve in similar capacities for the six portfolios of the Optimum Fund Trust, which have the same investment advisor and transfer agent as the registrant.

## About the organization

This annual report is for the information of Delaware Investments® Dividend and Income Fund, Inc. shareholders. The figures in this report represent past results that 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. Your Fund's Board of Directors approved a share repurchase program in 1994 that authorizes the Fund to purchase up to 10% of its outstanding shares on the floor of the New York Stock Exchange.

### Board of Directors

**Patrick P. Coyne**

Chairman, President,  
and Chief Executive Officer  
Delaware Investments Family of Funds  
Philadelphia, PA

**Thomas L. Bennett**

Private Investor  
Rosemont, PA

**John A. Fry**

President  
Drexel University  
Philadelphia, PA

**Anthony D. Knerr**

Founder and Managing Director  
Anthony Knerr & Associates  
New York, NY

**Lucinda S. Landreth**

Former Chief Investment Officer  
Assurant Inc.  
Philadelphia, PA

**Ann R. Leven**

Consultant  
ARL Associates  
New York, NY

**Frances A. Sevilla-Sacasa**

Executive Advisor to Dean  
University of Miami School of  
Business Administration  
Coral Gables, FL

**Janet L. Yeomans**

Vice President and Treasurer  
3M Corporation  
St. Paul, MN

**J. Richard Zecher**

Founder  
Investor Analytics

### Affiliated officers

**David F. Connor**

Vice President, Deputy General Counsel,  
and Secretary  
Delaware Investments Family of Funds  
Philadelphia, PA

**Daniel V. Geatens**

Vice President and Treasurer  
Delaware Investments Family of Funds  
Philadelphia, PA

**David P. O Connor**

Senior Vice President, General Counsel,  
and Chief Legal Officer  
Delaware Investments Family of Funds  
Philadelphia, PA

**Richard Salus**

Senior Vice President and  
Chief Financial Officer  
Delaware Investments Family of Funds  
Philadelphia, PA

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q, as well as a description of the policies and procedures that the Fund uses to determine how to vote proxies (if any) relating to portfolio securities are available without charge (i) upon request, by calling 800 523-1918; (ii) on the Fund's website at [www.delawareinvestments.com](http://www.delawareinvestments.com); and (iii) on the SEC's website at [www.sec.gov](http://www.sec.gov). The Fund's Forms N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, DC; information on the operation of the Public Reference Room may be obtained by calling 800 SEC-0330.

Information (if any) regarding how the Fund voted proxies relating to portfolio securities during the most recently disclosed 12-month period ended June 30 is available without charge (i) through the Fund's website at [www.delawareinvestments.com](http://www.delawareinvestments.com); and (ii) on the SEC's website at [www.sec.gov](http://www.sec.gov).

### Contact information

**Investment manager**

Delaware Management Company  
a series of Delaware Management  
Business Trust  
Philadelphia, PA

**Principal office of the Fund**

2005 Market Street  
Philadelphia, PA 19103-7094

**Independent registered public  
accounting firm**

PricewaterhouseCoopers LLP  
Two Commerce Square  
Suite 1700  
2001 Market Street  
Philadelphia, PA 19103-7042

**Registrar and stock transfer  
agent**

Computershare Shareowner Services LLC  
(formerly BNY Mellon Shareowner Services)  
480 Washington Blvd.  
Jersey City, NJ 07310  
800 851-9677

**For securities dealers  
and financial institutions  
representatives**

800 362-7500

**Website**

[www.delawareinvestments.com](http://www.delawareinvestments.com)

*Delaware Investments, a member of Macquarie Group, refers to Delaware Management Holdings, Inc. and its subsidiaries. Macquarie Group refers to Macquarie Group Limited and its subsidiaries and affiliates worldwide.*

**Your reinvestment options**

Delaware Investments Dividend and Income Fund, Inc. offers an automatic dividend reinvestment program. If you would like to

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Scottsdale, AZ

reinvest dividends, and shares are registered in your name, contact Computershare Shareowner 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.

Audit committee member

Item 2. Code of Ethics

The registrant has adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party. A copy of the registrant's Code of Business Ethics has been posted on the Delaware Investments Internet Web site at [www.delawareinvestments.com](http://www.delawareinvestments.com). Any amendments to the Code of Business Ethics, and information on any waiver from its provisions granted by the registrant, will also be posted on this Web site within five business days of such amendment or waiver and will remain on the Web site for at least 12 months.

Item 3. Audit Committee Financial Expert

The registrant's Board of Trustees/Directors has determined that certain members of the registrant's Audit Committee are audit committee financial experts, as defined below. For purposes of this item, an audit committee financial expert is a person who has the following attributes:

- a. An understanding of generally accepted accounting principles and financial statements;
- b. The ability to assess the general application of such principles in connection with the accounting for estimates, accruals, and reserves;
- c. Experience preparing, auditing, analyzing, or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the registrant's financial statements, or experience actively supervising one or more persons engaged in such activities;
- d. An understanding of internal controls and procedures for financial reporting; and
- e. An understanding of audit committee functions.

An audit committee financial expert shall have acquired such attributes through:

- a. Education and experience as a principal financial officer, principal accounting officer, controller, public accountant, or auditor or experience in one or more positions that involve the performance of similar functions;
- b. Experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor, or person performing similar functions;
- c. Experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing, or evaluation of financial statements; or
- d. Other relevant experience.

The registrant's Board of Trustees/Directors has also determined that each member of the registrant's Audit Committee is independent. In order to be independent for purposes of this item, the Audit Committee member may not: (i) other than in his or her capacity as a member of the Board of Trustees/Directors or any committee thereof, accept directly or indirectly any consulting, advisory or other compensatory fee from the issuer; or (ii) be an interested person of the registrant as defined in Section 2(a)(19) of the Investment Company Act of 1940.

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The names of the audit committee financial experts on the registrant's Audit Committee are set forth below:

John A. Fry  
Frances A. Sevilla-Sacasa  
Janet L. Yeomans

Item 4. Principal Accountant Fees and Services

(a) Audit fees.

The aggregate fees billed for services provided to the registrant by its independent auditors for the audit of the registrant's annual financial statements and for services normally provided by the independent auditors in connection with statutory and regulatory filings or engagements were \$11,534 for the fiscal year ended November 30, 2011.

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The aggregate fees billed for services provided to the registrant by its independent auditors for the audit of the registrant's annual financial statements and for services normally provided by the independent auditors in connection with statutory and regulatory filings or engagements were \$12,000 for the fiscal year ended November 30, 2010.

(b) Audit-related fees.

The aggregate fees billed by the registrant's independent auditors for services relating to the performance of the audit of the registrant's financial statements and not reported under paragraph (a) of this Item were \$0 for the fiscal year ended November 30, 2011.

The aggregate fees billed by the registrant's independent auditors for services relating to the performance of the audit of the financial statements of the registrant's investment adviser and other service providers under common control with the adviser and that relate directly to the operations or financial reporting of the registrant were \$593,000 for the registrant's fiscal year ended November 30, 2011. The percentage of these fees relating to services approved by the registrant's Audit Committee pursuant to the de minimis exception from the pre-approval requirement in Rule 2-01(c)(7)(i)(C) of Regulation S-X was 0%. These audit-related services were as follows: year end audit procedures; reporting up and subsidiary statutory audits.

The aggregate fees billed by the registrant's independent auditors for services relating to the performance of the audit of the registrant's financial statements and not reported under paragraph (a) of this Item were \$0 for the fiscal year ended November 30, 2010.

The aggregate fees billed by the registrant's independent auditors for services relating to the performance of the audit of the financial statements of the registrant's investment adviser and other service providers under common control with the adviser and that relate directly to the operations or financial reporting of the registrant were \$84,000 for the registrant's fiscal year ended November 30, 2010. The percentage of these fees relating to services approved by the registrant's Audit Committee pursuant to the de minimis exception from the pre-approval requirement in Rule 2-01(c)(7)(i)(C) of Regulation S-X was 0%. These audit-related services were as follows: audit procedures performed on Delaware Investments for its consolidation into Macquarie's financial statements as of March 31, 2010.

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(c) Tax fees.

The aggregate fees billed by the registrant's independent auditors for tax-related services provided to the registrant were \$2,250 for the fiscal year ended November 30, 2011. The percentage of these fees relating to services approved by the registrant's Audit Committee pursuant to the de minimis exception from the pre-approval requirement in Rule 2-01(c)(7)(i)(C) of Regulation S-X was 0%. These tax-related services were as follows: review of income tax returns and review of annual excise distribution calculations.

The aggregate fees billed by the registrant's independent auditors for tax-related services provided to the registrant's investment adviser and other service providers under common control with the adviser and that relate directly to the operations or financial reporting of the registrant were \$0 for the registrant's fiscal year ended November 30, 2011.

The aggregate fees billed by the registrant's independent auditors for tax-related services provided to the registrant were \$2,150 for the fiscal year ended November 30, 2010. The percentage of these fees relating to services approved by the registrant's Audit Committee pursuant to the de minimis exception from the pre-approval requirement in Rule 2-01(c)(7)(i)(C) of Regulation S-X was 0%. These tax-related services were as follows: review of income tax returns and review of annual excise distribution calculations.

The aggregate fees billed by the registrant's independent auditors for tax-related services provided to the registrant's investment adviser and other service providers under common control with the adviser and that relate directly to the operations or financial reporting of the registrant were \$10,000 for the registrant's fiscal year ended November 30, 2010. The percentage of these fees relating to services approved by the registrant's Audit Committee pursuant to the de minimis exception from the pre-approval requirement in Rule 2-01(c)(7)(i)(C) of Regulation S-X was 0%. These tax-related services were as follows: state and local tax services.

(d) All other fees.

The aggregate fees billed for all services provided by the independent auditors to the registrant other than those set forth in paragraphs (a), (b) and (c) of this Item were \$0 for the fiscal year ended November 30, 2011.

The aggregate fees billed for all services other than those set forth in paragraphs (b) and (c) of this Item provided by the registrant's independent auditors to the registrant's adviser and other service providers under common control with the adviser and that relate directly to the operations or financial reporting of the registrant were \$25,000 for the registrant's fiscal year ended November 30, 2011. The percentage of these fees relating to services approved by the registrant's Audit Committee pursuant to the de minimis exception from the pre-approval requirement in Rule 2-01(c)(7)(i)(C) of Regulation S-X was 0%. These other services were as follows: attest examination of management's assertion to the controls in place at the transfer agent to be in compliance with Rule 17ad-13(a)(3) of the Securities Exchange Act of 1934.

The aggregate fees billed for all services provided by the independent auditors to the registrant other than those set forth in paragraphs (a), (b) and (c) of this Item were \$0 for the fiscal year ended November 30, 2010.

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The aggregate fees billed for all services other than those set forth in paragraphs (b) and (c) of this Item provided by the registrant's independent auditors to the registrant's adviser and other service providers under common control with the adviser and that relate directly to the operations or financial reporting of the registrant were \$0 for the registrant's fiscal year ended November 30, 2010.

(e) The registrant's Audit Committee has established pre-approval policies and procedures as permitted by Rule 2-01(c)(7)(i)(B) of Regulation S-X (the "Pre-Approval Policy") with respect to services provided by the registrant's independent auditors. Pursuant to the Pre-Approval Policy, the Audit Committee has pre-approved the services set forth in the table below with respect to the registrant up to the specified fee limits. Certain fee limits are based on aggregate fees to the registrant and other registrants within the Delaware Investments® Family of Funds.

Service	Range of Fees
<b>Audit Services</b>	
Statutory audits or financial audits for new Funds	up to \$25,000 per Fund
Services associated with SEC registration statements (e.g., Form N-1A, Form N-14, etc.), periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings (e.g., comfort letters for closed-end Fund offerings, consents), and assistance in responding to SEC comment letters	up to \$10,000 per Fund
Consultations by Fund management as to the accounting or disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards or interpretations by the SEC, FASB, or other regulatory or standard-setting bodies (Note: Under SEC rules, some consultations may be considered audit-related services rather than audit services )	up to \$25,000 in the aggregate
<b>Audit-Related Services</b>	
Consultations by Fund management as to the accounting or disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards or interpretations by the SEC, FASB, or other regulatory or standard-setting bodies (Note: Under SEC rules, some consultations may be considered audit services rather than audit-related services )	up to \$25,000 in the aggregate
<b>Tax Services</b>	
U.S. federal, state and local and international tax planning and advice (e.g., consulting on statutory, regulatory or administrative developments, evaluation of Funds' tax compliance function, etc.)	up to \$25,000 in the aggregate
U.S. federal, state and local tax compliance (e.g., excise distribution reviews, etc.)	up to \$5,000 per Fund
Review of federal, state, local and international income, franchise and other tax returns	up to \$5,000 per Fund

Under the Pre-Approval Policy, the Audit Committee has also pre-approved the services set forth in the table below with respect to the registrant's investment adviser and other entities controlling, controlled by or under common control with the investment adviser that provide ongoing services to the registrant (the "Control Affiliates") up to the specified fee limit. This fee limit is based on aggregate fees to the investment adviser and its Control Affiliates.

Service	Range of Fees
<p>Non-Audit Services</p> <p>Services associated with periodic reports and other documents filed with the SEC and assistance in responding to SEC comment letters</p>	<p>up to \$10,000 in the aggregate</p>

The Pre-Approval Policy requires the registrant's independent auditors to report to the Audit Committee at each of its regular meetings regarding all services initiated since the last such report was rendered, including those services authorized by the Pre-Approval Policy.

(f) Not applicable.

(g) The aggregate non-audit fees billed by the registrant's independent auditors for services rendered to the registrant and to its investment adviser and other service providers under common control with the adviser were \$5,228,766 and \$0 for the registrant's fiscal years ended November 30, 2011 and November 30, 2010, respectively.

(h) In connection with its selection of the independent auditors, the registrant's Audit Committee has considered the independent auditors provision of non-audit services to the registrant's investment adviser and other service providers under common control with the adviser that were not required to be pre-approved pursuant to Rule 2-01(c)(7)(ii) of Regulation S-X. The Audit Committee has determined that the independent auditors' provision of these services is compatible with maintaining the auditors' independence.

#### Item 5. Audit Committee of Listed Registrants

The registrant has a separately-designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The members of the registrant's Audit Committee are Thomas L. Bennett, John A. Fry, Frances A. Sevilla-Sacasa and Janet L. Yeomans.

Item 6. Investments

(a) Included as part of report to shareholders filed under Item 1 of this Form N-CSR.

(b) Divestment of securities in accordance with Section 13(c) of the Investment Company Act of 1940.

Not applicable.

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

The registrant has formally delegated to its investment adviser(s) (the "Adviser") the ability to make all proxy voting decisions in relation to portfolio securities held by the registrant. If and when proxies need to be voted on behalf of the registrant, the Adviser will vote such proxies pursuant to its Proxy Voting Policies and Procedures (the "Procedures"). The Adviser has established a Proxy Voting Committee (the "Committee") which is responsible for overseeing the Adviser's proxy voting process for the registrant. One of the main responsibilities of the Committee is to review and approve the Procedures to ensure that the Procedures are designed to allow the Adviser to vote proxies in a manner consistent with the goal of voting in the best interests of the registrant.

In order to facilitate the actual process of voting proxies, the Adviser has contracted with Institutional Shareholder Services ("ISS"), a wholly owned subsidiary of RiskMetrics Group ("RiskMetrics"), to analyze proxy statements on behalf of the registrant and other Adviser clients and vote proxies generally in accordance with the Procedures. The Committee is responsible for overseeing ISS/RiskMetrics's proxy voting activities. If a proxy has been voted for the registrant, ISS/RiskMetrics will create a record of the vote. By no later than August 31 of each year, information (if any) regarding how the registrant voted proxies relating to portfolio securities during the most recently disclosed 12-month period ended June 30 is available without charge (i) through the registrant's Web site at <http://www.delawareinvestments.com>; and (ii) on the Commission's Web site at <http://www.sec.gov>.

The Procedures contain a general guideline that recommendations of company management on an issue (particularly routine issues) should be given a fair amount of weight in determining how proxy issues should be voted. However, the Adviser will normally vote against management's position when it runs counter to its specific Proxy Voting Guidelines (the "Guidelines"), and the Adviser will also vote against management's recommendation when it believes that such position is not in the best interests of the registrant.

As stated above, the Procedures also list specific Guidelines on how to vote proxies on behalf of the registrant. Some examples of the Guidelines are as follows: (i) generally vote for shareholder proposals asking that a majority or more of directors be independent; (ii) generally vote against proposals to require a supermajority shareholder vote; (iii) votes on mergers and acquisitions should be considered on a case-by-case basis, determining whether the transaction enhances shareholder value; (iv) generally vote against proposals to create a new class of common stock with superior voting rights; (v) generally vote re-incorporation proposals on a case-by-case basis; (vi) votes with respect to equity-based compensation plans are generally determined on a case-by-case basis; and (vii) generally vote for proposals requesting reports on the level of greenhouse gas emissions from a company's operations and products.

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Because the registrant has delegated proxy voting to the Adviser, the registrant is not expected to encounter any conflict of interest issues regarding proxy voting and therefore does not have procedures regarding this matter. However, the Adviser does have a section in its Procedures that addresses the possibility of conflicts of interest. Most proxies which the Adviser receives on behalf of the registrant are voted by ISS/RiskMetrics in accordance with the Procedures. Because almost all registrant proxies are voted by ISS/RiskMetrics pursuant to the pre-determined Procedures, it normally will not be necessary for the Adviser to make an actual determination of how to vote a particular proxy, thereby largely eliminating conflicts of interest for the Adviser during the proxy voting process. In the very limited instances where the Adviser is considering voting a proxy contrary to ISS/RiskMetrics's recommendation, the Committee will first assess the issue to see if there is any possible conflict of interest involving the Adviser or affiliated persons of the Adviser. If a member of the Committee has actual knowledge of a conflict of interest, the Committee will normally use another independent third party to do additional research on the particular proxy issue in order to make a recommendation to the Committee on how to vote the proxy in the best interests of the registrant. The Committee will then review the proxy voting materials and recommendation provided by ISS/RiskMetrics and the independent third party to determine how to vote the issue in a manner which the Committee believes is consistent with the Procedures and in the best interests of the registrant.

Item 8. Portfolio Managers of Closed-End Management Investment Companies

**Other Accounts Managed**

The following chart lists certain information about types of other accounts for which each Fund manager is primarily responsible as of November 30, 2011. Any accounts managed in a personal capacity appear under Other Accounts along with the other accounts managed on a professional basis. The personal account information is current as of June 30, 2011.

	No. of Accounts	Total Assets Managed	No. of Accounts with Performance- Based Fees	Total Assets in Accounts with Performance- Based Fees
<b>Damon Andres</b>				
Registered Investment Companies	9	\$1.3 billion	0	\$0
Other Pooled Investment Vehicles	0	\$0	0	\$0
Other Accounts	7	\$244.4 million	0	\$0
<b>Wayne Anglace</b>				
Registered Investment Companies	3	\$706.8 million	0	\$0
Other Pooled Investment Vehicles	0	\$0	0	\$0
Other Accounts	27	\$301.4 million	0	\$0
<b>Kristen Bartholdson</b>				
Registered Investment Companies	7	\$2.4 billion	0	\$0
Other Pooled Investment Vehicles	0	\$0	0	\$0
Other Accounts	32	\$3.2 billion	1	\$1.1 billion
<b>Thomas Chow</b>				
Registered Investment Companies	12	\$16.5 billion	0	\$0
Other Pooled Investment Vehicles	0	\$0	0	\$0
Other Accounts	12	\$4.1 billion	0	\$0
<b>Roger Early</b>				
Registered Investment Companies	17	\$20.5 billion	0	\$0

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Companies				
Other Pooled	0	\$0	0	\$0
Investment Vehicles				
Other Accounts	44	\$6.1 billion	2	\$622.6 million
Nikhil Lalvani				
Registered Investment	7	\$2.4 billion	0	\$0
Companies				
Other Pooled	0	\$0	0	\$0
Investment Vehicles				
Other Accounts	27	\$3.2 billion	1	\$1.1 billion
Anthony Lombardi				
Registered Investment	7	\$2.4 billion	0	\$0
Companies				
Other Pooled	0	\$0	0	\$0
Investment Vehicles				
Other Accounts	29	\$3.2 billion	1	\$1.1 billion
Kevin Loomer				
Registered Investment	17	\$15.4 billion	0	\$0
Companies				
Other Pooled	0	\$0	0	\$0
Investment Vehicles				
Other Accounts	14	\$2.8 billion	0	\$0
D. Tysen Nutt				
Registered Investment	8	\$2.8 billion	0	\$0
Companies				
Other Pooled	0	\$0	0	\$0
Investment Vehicles				
Other Accounts	31	\$3.2 billion	1	\$1.1 billion
Robert Vogel				
Registered Investment	7	\$2.4 billion	0	\$0
Companies				
Other Pooled	0	\$0	0	\$0
Investment Vehicles				
Other Accounts	30	\$3.2 billion	1	\$1.1 billion
Babak Zenouzi				
Registered Investment	16	\$2.6 billion	0	\$0
Companies				
Other Pooled	0	\$0	0	\$0
Investment Vehicles				
Other Accounts	7	\$244.0 million	0	\$0

#### DESCRIPTION OF MATERIAL CONFLICTS OF INTEREST

Individual portfolio managers may perform investment management services for other funds or accounts similar to those provided to the Funds and the investment action for such other fund or account and the Funds may differ. For example, an account or fund may be selling a security, while another account or Fund may be purchasing or holding the same security. As a result, transactions executed for one fund or account may adversely affect the value of securities held by another fund, account or Fund. Additionally, the management of multiple other funds or accounts and the Funds may give rise to potential conflicts of interest, as a portfolio manager must allocate time and effort to multiple funds or accounts and the Funds. A portfolio manager may discover an investment opportunity that may be suitable for more than one account or fund. The investment opportunity may be limited, however, so that all funds or accounts for which the investment would be suitable may not be able to participate. The Manager has adopted procedures designed to allocate investments fairly across multiple funds or accounts.

Three of the accounts managed by the portfolio managers have a performance-based fee. This compensation structure presents a potential conflict of interest. The portfolio manager has an incentive to manage this account so as to enhance its performance, to the possible detriment of other accounts for which the investment manager does not receive a performance-based fee.



A portfolio manager's management of personal accounts also may present certain conflicts of interest. While Delaware's code of ethics is designed to address these potential conflicts, there is no guarantee that it will do so.

#### **Compensation Structure**

Each portfolio's manager's compensation consists of the following:

**Base Salary** - Each named portfolio manager receives a fixed base salary. Salaries are determined by a comparison to industry data prepared by third parties to ensure that portfolio manager salaries are in line with salaries paid at peer investment advisory firms.

**Bonus (Mr. Nutt, Ms. Bartholdson, Mr. Lalvani, Mr. Lombardi and Mr. Vogel only)** Each named portfolio manager is eligible to receive an annual cash bonus. The bonus pool is determined by the revenues associated with the products a portfolio manager manages. Delaware keeps a percentage of the revenues and the remaining percentage of revenues (minus appropriate expenses associated with relevant product and the investment management team) create the "bonus pool" for the product. Various members of the team have the ability to earn a percentage of the bonus pool with the most senior contributor generally having the largest share. The pool is allotted based on subjective factors and objective factors. The primary objective factor is the one-year, three-year and five-year performance of the funds managed relative to the performance of the appropriate Lipper peer groups and the performance of institutional composites relative to the appropriate indices. Three-year and five-year performance is weighted more heavily and there is no objective award for a fund whose performance falls below the 50th percentile for a given time period.

Individual allocations of the bonus pool are based on individual performance measurements, both objective and subjective, as determined by senior management.

**(Mr. Andres and Mr. Zenouzi only)** Each named portfolio manager is eligible to receive an annual cash bonus. The bonus pool is determined by the revenues associated with the products a portfolio manager manages. Delaware keeps a percentage of the revenues and the remaining percentage of revenues (minus appropriate expenses associated with relevant product and the investment management team) create the "bonus pool" for the product. Various members of the team have the ability to earn a percentage of the bonus pool with the most senior contributor generally having the largest share. The pool is allotted based on subjective factors (50%) and objective factors (50%). The primary objective factor is the one-year, three-year and five-year performance of the funds managed relative to the performance of the appropriate Lipper peer groups and the performance of institutional composites relative to the appropriate indices. Three-year and five-year performance is weighed more heavily and there is no objective award for a fund whose performance falls below the 50th percentile for a given time period.

Individual allocations of the bonus pool are based on individual performance measurements, both objective and subjective, as determined by senior management.

**(Mr. Anglace, Mr. Chow, Mr. Early and Mr. Loomer only)** An objective component is added to the bonus for each manager that is reflective of account performance relative to an appropriate peer group or database. The following paragraph describes the structure of the non-guaranteed bonus.

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Each portfolio manager is eligible to receive an annual cash bonus, which is based on quantitative and qualitative factors. There is one pool for bonus payments for the fixed income department. The amount of the pool for bonus payments is determined by assets managed (including investment companies, insurance product-related accounts and other separate accounts), management fees and related expenses (including fund waiver expenses) for registered investment companies, pooled vehicles, and managed separate accounts. Generally, 60%-75% of the bonus is quantitatively determined. For more senior portfolio managers, a higher percentage of the bonus is quantitatively determined. For investment companies, each manager is compensated according to the Fund's Lipper or Morningstar peer group percentile ranking on a one-year, three-year, and five-year basis, with longer-term performance more heavily weighted. For managed separate accounts the portfolio managers are compensated according to the composite percentile ranking against the Frank Russell and Callan Associates databases (or similar sources of relative performance data) on a one-year, three-year, and five-year basis, with longer term performance more heavily weighted. There is no objective award for a fund that falls below the 50<sup>th</sup> percentile, but incentives reach maximum potential at the 25<sup>th</sup>-30<sup>th</sup> percentile. There is a sliding scale for investment companies that are ranked above the 50<sup>th</sup> percentile. The remaining 25%-40% portion of the bonus is discretionary as determined by Delaware Investments and takes into account subjective factors.

For new and recently transitioned portfolio managers, the compensation may be weighted more heavily towards a portfolio manager's actual contribution and ability to influence performance, rather than longer-term performance. Management intends to move the compensation structure towards longer-term performance for these portfolio managers over time.

***Incentive Unit Plan*** - Portfolio managers may be awarded incentive unit awards ( Awards ) relating to the underlying shares of common stock of Delaware Management Holdings, Inc. issuable pursuant to the terms of the Delaware Investments Incentive Unit Plan (the Plan ) adopted on November 30, 2010. Awards are no longer granted under the Delaware Investments U.S., Inc. 2009 Incentive Compensation Plan or the Amended and Restated Delaware Investments U.S., Inc. Incentive Compensation Plan, which was established in 2001.

The Plan was adopted in order to: assist the Manager in attracting, retaining, and rewarding key employees of the company; enable such employees to acquire or increase an equity interest in the company in order to align the interest of such employees and the Manager; and provide such employees with incentives to expend their maximum efforts. Subject to the terms of the Plan and applicable award agreements, Awards typically vest in 25% increments on a four-year schedule, and shares of common stock underlying the Awards are issued after vesting. The fair market value of the shares of Delaware Management Holdings, Inc., is normally determined as of each March 31, June 30, September 30 and December 31 by an independent appraiser. Generally, a stockholder may put shares back to the company during the put period communicated in connection with the applicable valuation.

***Other Compensation*** - Portfolio managers may also participate in benefit plans and programs available generally to all employees.

#### Ownership of Securities

As of November 30, 2011, the portfolio managers did not own any shares of the Fund.

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Item 9. Purchases of Equity Securities by Closed-End Management Investment Companies and Affiliated Purchasers

Not applicable.

Item 10. Submission of Matters to a Vote of Security Holders

Not applicable.

Item 11. 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 second fiscal quarter of the period covered by the report to stockholders included herein (i.e., the registrant's fourth fiscal quarter) that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

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Item 12. 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.

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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.

Name of Registrant: DELAWARE INVESTMENTS® **DIVIDEND AND INCOME FUND, INC.**

/s/ PATRICK P. COYNE

By: Patrick P. Coyne

Title: Chief Executive Officer

Date: February 1, 2012

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.

/s/ PATRICK P. COYNE

By: Patrick P. Coyne

Title: Chief Executive Officer

Date: February 1, 2012

/s/ RICHARD SALUS

By: Richard Salus

Title: Chief Financial Officer

Date: February 1, 2012

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