

DELAWARE INVESTMENTS DIVIDEND & INCOME FUND, INC  
Form N-CSRS  
August 07, 2013

**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<br>Income Fund, Inc.               |
| Address of principal executive offices:             | 2005 Market Street<br>Philadelphia, PA 19103                          |
| Name and address of agent for service:              | David F. Connor, Esq.<br>2005 Market Street<br>Philadelphia, PA 19103 |
| Registrant's telephone number, including area code: | (800) 523-1918  |
| Date of fiscal year end:                            | November 30   |
| Date of reporting period:                           | May 31, 2013  |

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Item 1. Reports to Stockholders

Semiannual report

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

May 31, 2013

The figures in the semiannual 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 May 31, 2013, 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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## Security type/sector allocation and top 10 equity holdings

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

As of May 31, 2013 (Unaudited)

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>72.24%</b>            |
| Consumer Discretionary               | 3.98%                    |
| Consumer Staples                     | 7.10%                    |
| Diversified REITs                    | 1.76%                    |
| Energy                               | 8.69%                    |
| Financials                           | 7.47%                    |
| Healthcare                           | 10.39%                   |
| Healthcare REITs                     | 1.03%                    |
| Hotel REITs                          | 0.74%                    |
| Industrial REITs                     | 1.04%                    |
| Industrials                          | 5.84%                    |
| Information Technology               | 6.83%                    |
| Mall REITs                           | 2.27%                    |
| Manufactured Housing REIT            | 0.43%                    |
| Materials                            | 1.89%                    |
| Mixed REITs                          | 0.23%                    |
| Mortgage REIT                        | 0.37%                    |
| Multifamily REITs                    | 1.46%                    |
| Office REITs                         | 0.88%                    |
| Real Estate Management & Development | 0.00%                    |
| Self-Storage REITs                   | 0.41%                    |
| Shopping Center REITs                | 1.67%                    |
| Single Tenant REIT                   | 0.22%                    |
| Specialty REITs                      | 2.42%                    |
| Telecommunications                   | 3.33%                    |
| Utilities                            | 1.79%                    |
| <b>Convertible Preferred Stock</b>   | <b>2.27%</b>             |
| <b>Convertible Bonds</b>             | <b>9.96%</b>             |
| Basic Industry                       | 0.14%                    |
| Capital Goods                        | 0.81%                    |
| Communications                       | 1.36%                    |
| Consumer Cyclical                    | 1.99%                    |
| Consumer Non-Cyclical                | 1.75%                    |
| Energy                               | 0.62%                    |
| Financials                           | 0.63%                    |
| Industrials                          | 0.14%                    |
| Insurance                            | 0.18%                    |
| Real Estate                          | 0.28%                    |
| Technology                           | 2.06%                    |
| <b>Corporate Bonds</b>               | <b>38.39%</b>            |
| Automobiles                          | 0.94%                    |
| Banking                              | 0.94%                    |
| Basic Industry                       | 4.65%                    |
| Capital Goods                        | 2.32%                    |
| Communications                       | 3.33%                    |
| Consumer Cyclical                    | 3.14%                    |
| Consumer Non-Cyclical                | 1.30%                    |
| Energy                               | 5.93%                    |

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|   |          |
|---|----------|
| Financials  | 0.83%    |
| Healthcare  | 2.57%    |
| Insurance   | 1.73%    |
| Media   | 3.35%    |
| Services  | 4.23%    |
| Technology  | 2.31%    |
| Utilities   | 0.82%    |
| Senior Secured Loans                                  | 0.80%    |
| Exchange Traded Fund                                  | 0.26%    |
| Limited Partnerships                                  | 1.25%    |
| Preferred Stock                                       | 0.66%    |
| Short-Term Investments                                | 4.42%    |
| Securities Lending Collateral                         | 4.49%    |
| Total Value of Securities                             | 134.74%  |
| Obligation to Return Securities Lending Collateral    | (4.61%)  |
| Borrowing Under Line of Credit                        | (30.29%) |
| Receivables and Other Assets Net of Other Liabilities | 0.16%    |
| Total Net Assets                                      | 100.00%  |

(continues) 1

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

Delaware Investments® 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 |
|-------------------------|--------------------------|
| Cisco Systems           | 2.11%                    |
| Bank of New York Mellon | 2.00%                    |
| Raytheon                | 2.00%                    |
| Northrop Grumman        | 1.98%                    |
| Johnson Controls        | 1.94%                    |
| duPont (E.I.) deNemours | 1.89%                    |
| Allstate                | 1.86%                    |
| Occidental Petroleum    | 1.86%                    |
| Marathon Oil            | 1.85%                    |
| Waste Management        | 1.83%                    |

## Statement of net assets

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

May 31, 2013 (Unaudited)

|                                     | Number of<br>Shares | Value            |
|-------------------------------------|---------------------|------------------|
| <b>Common Stock 72.24%</b>          |                     |                  |
| <b>Consumer Discretionary 3.98%</b> |                     |                  |
| DIRECTV Class A                     | 1,550               | \$ 94,752        |
| Johnson Controls                    | 48,400              | 1,808,224        |
| Lowe's                              | 40,500              | 1,705,455        |
| United Rentals                      | 1,816               | 103,221          |
|                                     |                     | <b>3,711,652</b> |
| <b>Consumer Staples 7.10%</b>       |                     |                  |
| Archer-Daniels-Midland              | 49,400              | 1,592,162        |
| CVS Caremark                        | 29,200              | 1,681,336        |
| Kraft Foods Group                   | 30,933              | 1,705,336        |
| L Brands                            | 2,008               | 100,420          |
| Mondelez International Class A      | 36,600              | 1,078,236        |
| *Safeway                            | 19,900              | 457,899          |
|                                     |                     | <b>6,615,389</b> |
| <b>Diversified REITs 1.76%</b>      |                     |                  |
| Fibra Uno Administracion            | 129,600             | 449,890          |
| Fifth Street Finance                | 23,143              | 243,002          |
| Lexington Realty Trust              | 69,300              | 872,486          |
| *Nieuwe Steen Investments           | 269                 | 1,888            |
| Vornado Realty Trust                | 865                 | 69,157           |
|                                     |                     | <b>1,636,423</b> |
| <b>Energy 8.69%</b>                 |                     |                  |
| Chevron                             | 12,800              | 1,571,200        |
| ConocoPhillips                      | 24,700              | 1,515,098        |
| Halliburton                         | 37,200              | 1,556,820        |
| Marathon Oil                        | 50,000              | 1,719,500        |
| Occidental Petroleum                | 18,800              | 1,730,916        |
|                                     |                     | <b>8,093,534</b> |
| <b>Financials 7.47%</b>             |                     |                  |
| Allstate                            | 36,000              | 1,736,640        |
| Aspen Insurance Holdings            | 1,186               | 43,578           |
| Bank of New York Mellon             | 62,100              | 1,866,726        |
| Marsh & McLennan                    | 41,700              | 1,668,834        |
| Travelers                           | 19,600              | 1,640,912        |
|                                     |                     | <b>6,956,690</b> |
| <b>Healthcare 10.39%</b>            |                     |                  |
| * Alliance Healthcare Services      | 1,465               | 23,748           |
| Baxter International                | 23,000              | 1,617,590        |
| Cardinal Health                     | 35,900              | 1,685,865        |
| Johnson & Johnson                   | 20,000              | 1,683,600        |
| Merck                               | 34,000              | 1,587,800        |
| Pfizer                              | 61,189              | 1,666,176        |
| Quest Diagnostics                   | 22,900              | 1,416,136        |
|                                     |                     | <b>9,680,915</b> |
| <b>Healthcare REITs 1.03%</b>       |                     |                  |
| HCP                                 | 3,850               | 182,413          |
| Health Care REIT                    | 5,260               | 357,838          |
| Healthcare Trust of America         | 26,000              | 298,740          |
| LTC Properties                      | 2,800               | 116,508          |
|                                     |                     | <b>955,499</b>   |
| <b>Hotel REITs 0.74%</b>            |                     |                  |
| Ashford Hospitality Trust           | 9,000               | 118,890          |
| DiamondRock Hospitality             | 12,300              | 116,973          |
| LaSalle Hotel Properties            | 3,100               | 81,840           |
| Summit Hotel Properties             | 37,600              | 371,112          |

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|                           |                                    |       |         |           |
|---------------------------|------------------------------------|-------|---------|-----------|
| Industrial REITs          |                                    | 1.04% |         | 688,815   |
|                           | First Industrial Realty Trust      |       | 26,400  | 445,896   |
|                           | ProLogis                           |       | 1,080   | 43,524    |
|                           | STAG Industrial                    |       | 21,700  | 477,400   |
|                           |                                    |       |         | 966,820   |
| Industrials               |                                    | 5.84% |         |           |
|                           | Delta Air Lines                    |       | 24      | 432       |
|                           | Flextronics International          |       | 4,400   | 32,824    |
|                           | Northrop Grumman                   |       | 22,400  | 1,845,536 |
|                           | Raytheon                           |       | 27,900  | 1,859,256 |
|                           | Waste Management                   |       | 40,700  | 1,706,551 |
|                           |                                    |       |         | 5,444,599 |
| Information Technology    |                                    | 6.83% |         |           |
|                           | Cisco Systems                      |       | 81,700  | 1,967,336 |
|                           | Intel                              |       | 55,400  | 1,345,112 |
|                           | Motorola Solutions                 |       | 25,742  | 1,492,006 |
|                           | Xerox                              |       | 177,400 | 1,559,346 |
|                           |                                    |       |         | 6,363,800 |
| Mall REITs                |                                    | 2.27% |         |           |
|                           | CBL & Associates Properties        |       | 13,400  | 308,066   |
|                           | General Growth Properties          |       | 4,429   | 90,927    |
|                           | Macerich                           |       | 1,326   | 86,071    |
|                           | *Rouse Properties                  |       | 228     | 4,585     |
|                           | Simon Property Group               |       | 9,747   | 1,622,291 |
|                           |                                    |       |         | 2,111,940 |
| Manufactured Housing REIT |                                    | 0.43% |         |           |
|                           | Sun Communities                    |       | 8,100   | 404,757   |
|                           |                                    |       |         | 404,757   |
| Materials                 |                                    | 1.89% |         |           |
|                           | duPont (E.I.) deNemours            |       | 31,600  | 1,762,964 |
|                           |                                    |       |         | 1,762,964 |
| Mixed REITs               |                                    | 0.23% |         |           |
|                           | Liberty Property Trust             |       | 2,300   | 93,334    |
|                           | PS Business Parks                  |       | 1,600   | 122,096   |
|                           |                                    |       |         | 215,430   |
| Mortgage REIT             |                                    | 0.37% |         |           |
|                           | Starwood Property Trust            |       | 13,500  | 342,495   |
|                           |                                    |       |         | 342,495   |
| Multifamily REITs         |                                    | 1.46% |         |           |
|                           | Apartment Investment & Management  |       | 12,119  | 366,720   |
|                           | BRE Properties                     |       | 4,200   | 209,958   |
|                           | Camden Property Trust              |       | 2,950   | 204,288   |
|                           | Education Realty Trust             |       | 25,000  | 261,500   |
|                           | Equity Residential                 |       | 5,600   | 316,680   |
|                           |                                    |       |         | 1,359,146 |
| Office REITs              |                                    | 0.88% |         |           |
|                           | *Alstria Office REIT               |       | 23,400  | 282,943   |
|                           | Government Properties Income Trust |       | 4,100   | 99,671    |

(continues) 3



## Statement of net assets

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

|  | Number of<br>Shares | Value             |
|--|---------------------|-------------------|
| <b>Common Stock (continued)</b>  |                     |                   |
| Office REITs (continued)   |                     |                   |
| Parkway Properties   | 25,700              | \$ 441,526        |
|  |                     | 824,140           |
| Real Estate Management &   |                     |                   |
| Development 0.00%  |                     |                   |
| Howard Hughes  | 1                   | 100               |
|  |                     | 100               |
| Self-Storage REITs 0.41%   |                     |                   |
| Extra Space Storage  | 2,800               | 117,292           |
| Public Storage   | 1,750               | 265,650           |
|  |                     | 382,942           |
| Shopping Center REITs 1.67%  |                     |                   |
| Agree Realty   | 13,950              | 464,953           |
| Equity One   | 6,800               | 158,644           |
| Federal Realty Investment Trust  | 300                 | 32,325            |
| First Capital Realty   | 11,881              | 221,697           |
| *Kimco Realty  | 17,230              | 381,645           |
| Ramco-Gershenson Properties Trust  | 12,900              | 201,369           |
| Weingarten Realty Investors  | 3,000               | 95,640            |
|  |                     | 1,556,273         |
| Single Tenant REIT 0.22%   |                     |                   |
| *National Retail Properties  | 5,700               | 204,459           |
|  |                     | 204,459           |
| Specialty REITs 2.42%  |                     |                   |
| EPR Properties   | 2,420               | 126,856           |
| Gladstone Land   | 27,600              | 422,004           |
| Home Loan Servicing Solution   | 39,400              | 899,896           |
| Plum Creek Timber  | 5,785               | 275,945           |
| Rayonier   | 2,500               | 138,500           |
| Solar Capital  | 17,228              | 396,244           |
|  |                     | 2,259,445         |
| Telecommunications 3.33%   |                     |                   |
| AT&T   | 38,300              | 1,340,117         |
| = Century Communications   | 500,000             | 0                 |
| CenturyLink  | 2,699               | 92,171            |
| France Telecom ADR   | 5,100               | 51,510            |
| *Frontier Communications   | 33,800              | 139,932           |
| Verizon Communications   | 30,500              | 1,478,640         |
|  |                     | 3,102,370         |
| Utilities 1.79%  |                     |                   |
| American Water Works   | 3,600               | 143,784           |
| = Calpine Tracking   | 345,000             | 0                 |
| Edison International   | 31,100              | 1,428,734         |
| Mirant (Escrow)  | 180,000             | 0                 |
| NRG Energy   | 3,776               | 96,364            |
|  |                     | 1,668,882         |
| <b>Total Common Stock (cost \$50,775,319)</b>  |                     | <b>67,309,479</b> |
| <b>Convertible Preferred Stock 2.27%</b>   |                     |                   |
| #Chesapeake Energy 5.75% 144A<br>exercise price \$27.83,<br>expiration date 12/31/49 | 177                 | 194,700           |
| El Paso Energy Capital Trust I 4.75%<br>exercise price \$34.49                       |                     |                   |

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|  |       |                  |
|--|-------|------------------|
| expiration date 3/31/28  | 5,250 | 312,113          |
| HealthSouth 6.50%<br>exercise price \$30.50,<br>expiration date 12/31/49           | 288   | 351,792          |
| Huntington Bancshares 8.50%<br>exercise price \$11.95,<br>expiration date 12/31/49 | 182   | 241,152          |
| MetLife 5.00%<br>exercise price \$44.28,<br>expiration date 9/4/13                 | 4,725 | 251,417          |
| PPL 9.50%<br>exercise price \$28.80,<br>expiration date 7/1/13                     | 4,300 | 225,621          |
| SandRidge Energy<br>7.00% exercise price \$7.76,<br>expiration date 12/31/49       | 1,600 | 141,700          |
| 8.50% exercise price \$8.01,<br>expiration date 12/31/49                           | 780   | 75,371           |
| Wells Fargo 7.50%<br>exercise price \$156.71,<br>expiration date 12/31/49          | 259   | 325,045          |
| <b>Total Convertible Preferred Stock</b><br>(cost \$1,807,582)                     |       | <b>2,118,911</b> |

|  | Principal<br>Amount |         |
|--|---------------------|---------|
| <b>Convertible Bonds 9.96%</b>   |                     |         |
| Basic Industry 0.14%   |                     |         |
| Steel Dynamics 5.125%<br>exercise price \$17.25,<br>expiration date 6/15/14                              | \$ 122,000          | 134,963 |
|  |                     | 134,963 |
| Capital Goods 0.81%  |                     |         |
| L-3 Communications Holdings<br>3.00% exercise price \$90.24,<br>expiration date 8/1/35                   | 275,000             | 282,563 |
| #Owens-Brockway Glass<br>Container 144A 3.00%<br>exercise price \$47.47,<br>expiration date 5/28/15      | 459,000             | 471,048 |
|  |                     | 753,611 |
| Communications 1.36%   |                     |         |
| #Alaska Communications Systems<br>Group 144A 6.25%<br>exercise price \$10.28,<br>expiration date 4/27/18 | 213,000             | 170,267 |
| #Blucora 144A 4.25%<br>exercise price \$21.66,<br>expiration date 3/29/19                                | 111,000             | 125,638 |
| #Clearwire Communications 144A<br>8.25% exercise price \$7.08,<br>expiration date 11/30/40               | 223,000             | 248,506 |
| Leap Wireless International<br>4.50% exercise price \$93.21,<br>expiration date 7/10/14                  | 282,000             | 287,992 |
| Rovi 2.625%<br>exercise price \$47.36,<br>expiration date 2/10/40  | 179,000             | 185,489 |

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|                                      |                                  | Principal Amount | Value      |
|--------------------------------------|----------------------------------|------------------|------------|
| <b>Convertible Bonds (continued)</b> |                                  |                  |            |
| <b>Communications (continued)</b>    |                                  |                  |            |
|                                      | SBA Communications 4.00%         |                  |            |
|                                      | exercise price \$30.38,          |                  |            |
|                                      | expiration date 9/29/14          | \$ 101,000       | \$ 252,247 |
|                                      |                                  |                  | 1,270,139  |
| <b>Consumer Cyclical 1.99%</b>       |                                  |                  |            |
|                                      | ArvinMeritor 4.00%               |                  |            |
|                                      | exercise price \$26.73,          | 520,000          | 487,175    |
|                                      | expiration date 2/12/27          |                  |            |
|                                      | Iconix Brand Group 2.50%         |                  |            |
|                                      | exercise price \$30.75,          | 230,000          | 269,388    |
|                                      | expiration date 5/31/16          |                  |            |
|                                      | Live Nation Entertainment 2.875% |                  |            |
|                                      | exercise price \$27.14,          | 456,000          | 459,990    |
|                                      | expiration date 7/14/27          |                  |            |
|                                      | MGM Resorts International 4.25%  |                  |            |
|                                      | exercise price \$18.58,          | 278,000          | 316,746    |
|                                      | expiration date 4/10/15          |                  |            |
|                                      | Titan Machinery 3.75%            |                  |            |
|                                      | exercise price \$43.17,          | 327,000          | 320,869    |
|                                      | expiration date 4/30/19          |                  |            |
|                                      |                                  |                  | 1,854,168  |
| <b>Consumer Non-Cyclical 1.75%</b>   |                                  |                  |            |
|                                      | Alere 3.00%                      |                  |            |
|                                      | exercise price \$43.98,          | 228,000          | 229,140    |
|                                      | expiration date 5/15/16          |                  |            |
|                                      | Dendreon 2.875%                  |                  |            |
|                                      | exercise price \$51.24,          | 208,000          | 156,520    |
|                                      | expiration date 1/13/16          |                  |            |
|                                      | * Hologic 2.00%                  |                  |            |
|                                      | exercise price \$31.17,          | 214,000          | 221,490    |
|                                      | expiration date 2/27/42          |                  |            |
|                                      | #Illumina 144A 0.25%             |                  |            |
|                                      | exercise price \$83.55,          | 106,000          | 113,751    |
|                                      | expiration date 3/11/16          |                  |            |
|                                      | LifePoint Hospitals 3.50%        |                  |            |
|                                      | exercise price \$51.79,          | 300,000          | 330,563    |
|                                      | expiration date 5/14/14          |                  |            |
|                                      | Mylan 3.75%                      |                  |            |
|                                      | exercise price \$13.32,          | 65,000           | 151,531    |
|                                      | expiration date 9/15/15          |                  |            |
|                                      | NuVasive 2.75%                   |                  |            |
|                                      | exercise price \$42.13,          | 380,000          | 373,588    |
|                                      | expiration date 6/30/17          |                  |            |
|                                      | #Opko Health 144A 3.00%          |                  |            |
|                                      | exercise price \$7.07,           | 51,000           | 49,693     |
|                                      | expiration date 1/28/33          |                  |            |
|                                      |                                  |                  | 1,626,276  |
| <b>Energy 0.62%</b>                  |                                  |                  |            |
|                                      | *Chesapeake Energy 2.50%         |                  |            |
|                                      | exercise price \$50.90,          | 126,000          | 126,551    |
|                                      | expiration date 5/15/37          |                  |            |
|                                      | *Helix Energy Solutions Group    |                  |            |
|                                      | 3.25% exercise price \$25.02,    | 256,000          | 331,841    |
|                                      | expiration date 3/12/32          |                  |            |
|                                      | *Peabody Energy 4.75%            |                  |            |
|                                      | exercise price \$57.95,          | 135,000          | 116,859    |
|                                      | expiration date 12/15/41         |                  |            |
|                                      |                                  |                  | 575,251    |
| <b>Financials 0.63%</b>              |                                  |                  |            |
|                                      | Ares Capital 5.75%               |                  |            |
|                                      | exercise price \$19.13,          |                  |            |

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|             |  |         |         |
|-------------|--|---------|---------|
|             | expiration date 2/1/16                                   | 189,000 | 208,373 |
|             | BGC Partners 4.50%                                       |         |         |
|             | exercise price \$9.84,<br>expiration date 7/13/16        | 128,000 | 133,120 |
|             | PHH 4.00%  |         |         |
|             | exercise price \$25.80,<br>expiration date 8/27/14       | 227,000 | 245,727 |
|             |  |         | 587,220 |
| Industrials | 0.14%  |         |         |
|             | General Cable 4.50%                                      |         |         |
|             | exercise price \$36.75,<br>expiration date 11/15/29      | 107,000 | 133,081 |
|             |  |         | 133,081 |
| Insurance   | 0.18%  |         |         |
|             | #WellPoint 144A 2.75%                                    |         |         |
|             | exercise price \$75.47,<br>expiration date 10/15/42      | 136,000 | 166,770 |
|             |  |         | 166,770 |
| Real Estate | 0.28%  |         |         |
| #           | Lexington Realty Trust 144A 6.00%                        |         |         |
|             | exercise price \$6.93,<br>expiration date 1/11/30        | 139,000 | 258,279 |
|             |  |         | 258,279 |
| Technology  | 2.06%  |         |         |
|             | Advanced Micro Devices                                   |         |         |
|             | 6.00% exercise price \$28.08,<br>expiration date 4/30/15 | 185,000 | 190,781 |
|             | #144A 6.00%  |         |         |
|             | exercise price \$28.08,<br>expiration date 4/30/15       | 83,000  | 85,594  |
|             | #Ciena 144A 3.75%  |         |         |
|             | exercise price \$20.17,<br>expiration date 10/15/18      | 196,000 | 233,118 |
|             | Intel 3.25%  |         |         |
|             | exercise price \$21.94,<br>expiration date 8/1/39        | 155,000 | 202,566 |
|             | Linear Technology 3.00%                                  |         |         |
|             | exercise price \$41.46,<br>expiration date 4/30/27       | 190,000 | 202,469 |
|             | Nuance Communications 2.75%                              |         |         |
|             | exercise price \$32.30,<br>expiration date 11/1/31       | 160,000 | 166,600 |
|             | SanDisk 1.50%  |         |         |
|             | exercise price \$52.37,<br>expiration date 8/11/17       | 186,000 | 247,728 |
|             | TIBCO Software 2.25%                                     |         |         |
|             | exercise price \$50.57,<br>expiration date 4/30/32       | 354,000 | 350,238 |

(continues) 5

## Statement of net assets

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

|  | Principal<br>Amount | Value            |
|--|---------------------|------------------|
| <b>Convertible Bonds (continued)</b>                                 |                     |                  |
| Technology (continued)   |                     |                  |
| VeriSign 3.25%<br>exercise price \$34.37,<br>expiration date 8/15/37 | \$ 158,000          | \$ 236,013       |
|  |                     | 1,915,107        |
| <b>Total Convertible Bonds</b> (cost \$8,180,757)                    |                     | <b>9,274,865</b> |
| <b>Corporate Bonds 38.39%</b>  |                     |                  |
| Automobiles 0.94%  |                     |                  |
| American Axle & Manufacturing<br>7.75% 11/15/19                      | 103,000             | 117,935          |
| Chrysler Group 8.25% 6/15/21   | 230,000             | 261,050          |
| #International Automotive<br>Components Group 144A<br>9.125% 6/1/18  | 215,000             | 213,656          |
| #Jaguar Land Rover 144A<br>8.125% 5/15/21                            | 170,000             | 192,525          |
| Meritor 6.75% 6/15/21  | 90,000              | 89,325           |
|  |                     | 874,491          |
| Banking 0.94%  |                     |                  |
| Bank of America 5.20% 12/29/49                                       | 200,000             | 199,000          |
| *Barclays Bank 7.625% 11/21/22                                       | 200,000             | 201,500          |
| Fifth Third Bancorp<br>5.10% 12/31/49                                | 90,000              | 90,000           |
| #HBOS Capital Funding 144A<br>6.071% 6/29/49                         | 420,000             | 385,350          |
|  |                     | 875,850          |
| Basic Industry 4.65%   |                     |                  |
| AK Steel 7.625% 5/15/20  | 109,000             | 98,100           |
| #American Builders & Contractors<br>Supply 144A 5.625% 4/15/21       | 55,000              | 55,825           |
| #APERAM 144A 7.75% 4/1/18  | 150,000             | 150,000          |
| ArcelorMittal 6.125% 6/1/18  | 380,000             | 404,224          |
| #Builders FirstSource 144A<br>7.625% 6/1/21                          | 130,000             | 130,975          |
| #Cemex Espana Luxembourg 144A<br>9.25% 5/12/20                       | 186,000             | 200,415          |
| #Essar Steel Algoma 144A<br>9.375% 3/15/15                           | 100,000             | 93,500           |
| *#FMG Resources August 2006 144A<br>6.875% 2/1/18                    | 70,000              | 71,488           |
| 6.875% 4/1/22  | 115,000             | 116,581          |
| HD Supply<br>#144A 7.50% 7/15/20                                     | 195,000             | 207,188          |
| 10.50% 1/15/21   | 25,000              | 26,031           |
| Headwaters 7.625% 4/1/19   | 145,000             | 156,238          |
| #Inmet Mining 144A 8.75% 6/1/20                                      | 170,000             | 184,025          |
| #JMC Steel Group 144A<br>8.25% 3/15/18                               | 210,000             | 213,675          |
| #MacDermid 144A 9.50% 4/15/17  | 174,000             | 180,416          |
| #Masonite International 144A<br>8.25% 4/15/21                        | 210,000             | 234,149          |
| #New Gold 144A 6.25% 11/15/22  | 190,000             | 196,650          |
| Norcraft 10.50% 12/15/15   | 91,000              | 95,209           |

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|  |         |           |
|--|---------|-----------|
| Nortek 8.50% 4/15/21                                 | 154,000 | 169,400   |
| #Perstorp Holding 144A<br>8.75% 5/15/17              | 200,000 | 207,500   |
| Rockwood Specialties Group<br>4.625% 10/15/20        | 180,000 | 184,275   |
| #Ryerson 144A<br>9.00% 10/15/17                      | 120,000 | 130,050   |
|  | 50,000  | 53,375    |
| #Sappi Papier Holding 144A<br>8.375% 6/15/19         | 200,000 | 221,250   |
| #Taminco Global Chemical 144A<br>9.75% 3/31/20       | 137,000 | 155,838   |
| #TPC Group 144A<br>8.75% 12/15/20                    | 220,000 | 233,199   |
| *#US Coatings Acquisition 144A<br>7.375% 5/1/21      | 150,000 | 158,813   |
|  |         | 4,328,389 |
| <b>Capital Goods 2.32%</b>                           |         |           |
| #Ardagh Packaging Finance 144A<br>7.00% 11/15/20     | 200,000 | 205,499   |
| Berry Plastics 9.75% 1/15/21                         | 107,000 | 124,120   |
| #BOE Intermediate Holding PIK 144A<br>9.00% 11/1/17  | 70,000  | 69,300    |
| #BOE Merger PIK 144A<br>9.50% 11/1/17                | 182,000 | 190,645   |
| #Consolidated Container 144A<br>10.125% 7/15/20      | 171,000 | 193,658   |
| #Crown Americas 144A<br>4.50% 1/15/23                | 15,000  | 14,738    |
| #GenCorp 144A 7.125% 3/15/21                         | 85,000  | 91,375    |
| Kratos Defense & Security Solutions<br>10.00% 6/1/17 | 133,000 | 145,635   |
| #Milacron 144A 7.75% 2/15/21                         | 180,000 | 189,900   |
| Mueller Water Products<br>7.375% 6/1/17              | 169,000 | 174,070   |
| Reynolds Group Issuer<br>5.75% 10/15/20              | 85,000  | 86,488    |
|  | 270,000 | 295,312   |
| #Sealed Air 144A<br>8.125% 9/15/19                   | 34,000  | 38,675    |
|  | 132,000 | 153,120   |
| #Silver II Borrower 144A<br>7.75% 12/15/20           | 180,000 | 187,650   |
|  |         | 2,160,185 |
| <b>Communications 3.33%</b>                          |         |           |
| #Clearwire Communications 144A<br>12.00% 12/1/15     | 180,000 | 192,834   |
| #Columbus International 144A<br>11.50% 11/20/14      | 130,000 | 145,275   |
| #Digicel Group 144A<br>8.25% 9/30/20                 | 221,000 | 236,470   |
| Equinix<br>4.875% 4/1/20                             | 63,000  | 64,418    |
|  | 127,000 | 131,763   |

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|  | Principal Amount | Value      |
|--|------------------|------------|
| <b>Corporate Bonds (continued)</b>                     |                  |            |
| <b>Communications (continued)</b>                      |                  |            |
| Hughes Satellite Systems<br>7.625% 6/15/21             | \$ 160,000       | \$ 179,600 |
| #Intelsat Jackson Holdings 144A<br>5.50% 8/1/23        | 40,000           | 39,300     |
| #Intelsat Luxembourg 144A<br>7.75% 6/1/21              | 220,000          | 232,100    |
| *8.125% 6/1/23   | 235,000          | 252,330    |
| Level 3 Communications<br>*8.875% 6/1/19               | 80,000           | 87,100     |
| 11.875% 2/1/19   | 135,000          | 155,588    |
| Level 3 Financing 7.00% 6/1/20                         | 130,000          | 137,313    |
| #MetroPCS Wireless 144A<br>6.25% 4/1/21                | 85,000           | 89,356     |
| Sprint Capital 8.75% 3/15/32                           | 85,000           | 99,450     |
| Sprint Nextel<br>8.375% 8/15/17                        | 124,000          | 143,530    |
| 9.125% 3/1/17  | 167,000          | 196,225    |
| #Wind Acquisition Finance 144A<br>7.25% 2/15/18        | 200,000          | 209,500    |
| 11.75% 7/15/17   | 100,000          | 105,750    |
| Windstream 7.50% 6/1/22                                | 105,000          | 111,825    |
| Zayo Group 10.125% 7/1/20                              | 255,000          | 297,712    |
|  |                  | 3,107,439  |
| <b>Consumer Cyclical 3.14%</b>                         |                  |            |
| #BC Mountain 144A 7.00% 2/1/21                         | 55,000           | 58,438     |
| #Bon-Ton Department Stores 144A<br>8.00% 6/15/21       | 195,000          | 201,094    |
| Burlington Coat Factory Warehouse<br>10.00% 2/15/19    | 185,000          | 207,431    |
| #CDR DB Sub 144A 7.75% 10/15/20                        | 220,000          | 230,450    |
| CKE Restaurants 11.375% 7/15/18                        | 13,000           | 13,601     |
| *#Claire s Stores 144A 7.75% 6/1/20                    | 55,000           | 55,963     |
| Dave & Buster s 11.00% 6/1/18                          | 151,000          | 170,253    |
| ^#Dave & Buster s Entertainment 144A<br>8.621% 2/15/16 | 245,000          | 191,100    |
| Express 8.75% 3/1/18                                   | 79,000           | 85,814     |
| #Landry s 144A 9.375% 5/1/20                           | 220,000          | 240,349    |
| #LKQ 144A 4.75% 5/15/23                                | 200,000          | 200,000    |
| Michaels Stores 11.375% 11/1/16                        | 35,000           | 36,707     |
| Pantry 8.375% 8/1/20                                   | 195,000          | 214,256    |
| #Party City Holdings 144A<br>8.875% 8/1/20             | 210,000          | 236,775    |
| Quiksilver 6.875% 4/15/15                              | 185,000          | 185,233    |
| Rite Aid 9.25% 3/15/20                                 | 200,000          | 226,750    |
| #Tempur-Pedic International 144A<br>6.875% 12/15/20    | 140,000          | 151,725    |
| #Wok Acquisition 144A<br>10.25% 6/30/20                | 195,000          | 219,375    |
|  |                  | 2,925,314  |
| <b>Consumer Non-Cyclical 1.30%</b>                     |                  |            |
| #Alphabet Holding 144A<br>7.75% 11/1/17                | 70,000           | 72,450     |
| B&G Foods 4.625% 6/1/21                                | 105,000          | 105,000    |
| Constellation Brands<br>3.75% 5/1/21                   | 30,000           | 29,325     |
| 4.25% 5/1/23   | 130,000          | 128,050    |
| Del Monte 7.625% 2/15/19                               | 144,000          | 149,939    |
| #First Quality Finance 144A<br>4.625% 5/15/21          | 110,000          | 107,800    |
| #Heinz (H.J.) Finance 144A<br>7.125% 8/1/39            | 85,000           | 96,263     |
| #JBS USA 144A 8.25% 2/1/20                             | 165,000          | 181,912    |

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|        |                                     |         |           |
|--------|-------------------------------------|---------|-----------|
|        | Smithfield Foods 6.625% 8/15/22     | 60,000  | 68,400    |
|        | #Spectrum Brands Escrow 144A        |         |           |
|        | 6.375% 11/15/20                     | 35,000  | 37,669    |
|        | 6.625% 11/15/22                     | 135,000 | 146,138   |
|        | Visant 10.00% 10/1/17               | 92,000  | 88,550    |
|        |                                     |         | 1,211,496 |
| Energy | 5.93%                               |         |           |
|        | AmeriGas Finance                    |         |           |
|        | 7.00% 5/20/22                       | 105,000 | 114,450   |
|        | Antero Resources Finance            |         |           |
|        | 6.00% 12/1/20                       | 200,000 | 209,000   |
|        | #Athlon Holdings 144A               |         |           |
|        | 7.375% 4/15/21                      | 135,000 | 140,738   |
|        | Calumet Specialty Products Partners |         |           |
|        | 9.375% 5/1/19                       | 350,000 | 391,124   |
|        | Chaparral Energy                    |         |           |
|        | 7.625% 11/15/22                     | 90,000  | 97,650    |
|        | 8.25% 9/1/21                        | 105,000 | 116,550   |
|        | #CHC Helicopter 144A                |         |           |
|        | 9.375% 6/1/21                       | 100,000 | 102,875   |
|        | Chesapeake Energy                   |         |           |
|        | 5.375% 6/15/21                      | 40,000  | 40,800    |
|        | 5.75% 3/15/23                       | 60,000  | 62,550    |
|        | *6.125% 2/15/21                     | 26,000  | 28,470    |
|        | 6.625% 8/15/20                      | 145,000 | 162,038   |
|        | Comstock Resources                  |         |           |
|        | 7.75% 4/1/19                        | 176,000 | 187,000   |
|        | Copano Energy 7.125% 4/1/21         | 47,000  | 54,403    |
|        | Crosstex Energy                     |         |           |
|        | 7.125% 6/1/22                       | 68,000  | 73,100    |
|        | 8.875% 2/15/18                      | 102,000 | 110,160   |
|        | #Drill Rigs Holdings 144A           |         |           |
|        | 6.50% 10/1/17                       | 195,000 | 199,875   |
|        | #Exterran Partners 144A             |         |           |
|        | 6.00% 4/1/21                        | 195,000 | 200,850   |
|        | #Genesis Energy 144A                |         |           |
|        | 5.75% 2/15/21                       | 215,000 | 219,703   |
|        | #Halcon Resources 144A              |         |           |
|        | 8.875% 5/15/21                      | 210,000 | 214,725   |
|        | #Hercules Offshore 144A             |         |           |
|        | 10.50% 10/15/17                     | 276,000 | 298,079   |
|        | #Hilcorp Energy I 144A              |         |           |
|        | 8.00% 2/15/20                       | 130,000 | 144,300   |
|        | Kodiak Oil & Gas 8.125% 12/1/19     | 245,000 | 276,849   |

(continues) 7



## Statement of net assets

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

|                                    | Principal<br>Amount | Value     |
|------------------------------------|---------------------|-----------|
| <b>Corporate Bonds</b> (continued) |                     |           |
| Energy (continued)                 |                     |           |
| Laredo Petroleum                   |                     |           |
| 7.375% 5/1/22                      | \$ 45,000           | \$ 49,725 |
| 9.50% 2/15/19                      | 178,000             | 202,475   |
| Linn Energy                        |                     |           |
| 6.50% 5/15/19                      | 17,000              | 17,383    |
| 8.625% 4/15/20                     | 126,000             | 138,600   |
| #Midstates Petroleum 144A          |                     |           |
| 9.25% 6/1/21                       | 165,000             | 164,381   |
| Northern Oil and Gas 8.00% 6/1/20  | 175,000             | 182,875   |
| #Offshore Group Investment 144A    |                     |           |
| 7.125% 4/1/23                      | 90,000              | 93,375    |
| #PDC Energy 144A                   |                     |           |
| 7.75% 10/15/22                     | 185,000             | 202,575   |
| Pioneer Energy Services            |                     |           |
| 9.875% 3/15/18                     | 182,000             | 199,290   |
| Range Resources 5.00% 8/15/22      | 145,000             | 147,900   |
| #Regency Energy Partners 144A      |                     |           |
| 4.50% 11/1/23                      | 40,000              | 39,700    |
| Rosetta Resources 5.625% 5/1/21    | 120,000             | 120,450   |
| #Samson Investment 144A            |                     |           |
| 9.75% 2/15/20                      | 141,000             | 147,698   |
| SandRidge Energy                   |                     |           |
| 7.50% 3/15/21                      | 60,000              | 62,100    |
| 8.125% 10/15/22                    | 188,000             | 201,630   |
| *8.75% 1/15/20                     | 25,000              | 27,000    |
| #Targa Resources Partners 144A     |                     |           |
| 4.25% 11/15/23                     | 90,000              | 86,175    |
|                                    |                     | 5,528,621 |
| Financials 0.83%                   |                     |           |
| E Trade Financial 6.375% 11/15/19  | 190,000             | 200,450   |
| #ILFC E-Capital Trust II 144A      |                     |           |
| 6.25% 12/21/65                     | 225,000             | 212,625   |
| International Lease Finance        |                     |           |
| 4.625% 4/15/21                     | 90,000              | 89,494    |
| #Nuveen Investments 144A           |                     |           |
| 9.50% 10/15/20                     | 220,000             | 237,050   |
| #Provident Funding Associates 144A |                     |           |
| 6.75% 6/15/21                      | 35,000              | 35,875    |
|                                    |                     | 775,494   |
| Healthcare 2.57%                   |                     |           |
| Air Medical Group Holdings         |                     |           |
| 9.25% 11/1/18                      | 123,000             | 135,608   |
| #Alere 144A                        |                     |           |
| 6.50% 6/15/20                      | 110,000             | 110,963   |
| 7.25% 7/1/18                       | 95,000              | 103,550   |
| #Biomet 144A 6.50% 10/1/20         | 195,000             | 198,412   |
| #CDRT Holding PIK 144A             |                     |           |
| 9.25% 10/1/17                      | 95,000              | 98,088    |
| Community Health Systems           |                     |           |
| 7.125% 7/15/20                     | 145,000             | 159,319   |
| 8.00% 11/15/19                     | 124,000             | 137,020   |
| Immucor 11.125% 8/15/19            | 155,000             | 176,313   |
| Kinetic Concepts                   |                     |           |
| 10.50% 11/1/18                     | 124,000             | 134,850   |

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|                  |                                   |         |           |
|------------------|-----------------------------------|---------|-----------|
|                  | 12.50% 11/1/19                    | 103,000 | 107,120   |
|                  | #MultiPlan 144A 9.875% 9/1/18     | 208,000 | 233,999   |
|                  | Radnet Management                 |         |           |
|                  | 10.375% 4/1/18                    | 118,000 | 127,293   |
|                  | #Sky Growth Acquisition Holdings  |         |           |
|                  | 144A 7.375% 10/15/20              | 295,000 | 314,912   |
|                  | #STHI Holding 144A                |         |           |
|                  | 8.00% 3/15/18                     | 150,000 | 164,250   |
|                  | #Truven Health Analytics 144A     |         |           |
|                  | 10.625% 6/1/20                    | 70,000  | 79,450    |
|                  | #Valeant Pharmaceuticals          |         |           |
|                  | International 144A                |         |           |
|                  | 6.375% 10/15/20                   | 105,000 | 110,775   |
|                  |                                   |         | 2,391,922 |
| <b>Insurance</b> | <b>1.73%</b>                      |         |           |
|                  | American International Group      |         |           |
|                  | 8.175% 5/15/58                    | 205,000 | 269,575   |
|                  | #Hub International 144A           |         |           |
|                  | 8.125% 10/15/18                   | 225,000 | 243,000   |
|                  | *ING Groep 5.775% 12/29/49        | 405,000 | 396,900   |
|                  | #Liberty Mutual Group 144A        |         |           |
|                  | 7.00% 3/15/37                     | 190,000 | 199,500   |
|                  | #Onex USI Acquisition 144A        |         |           |
|                  | 7.75% 1/15/21                     | 190,000 | 196,175   |
|                  | XL Group 6.50% 12/29/49           | 305,000 | 307,288   |
|                  |                                   |         | 1,612,438 |
| <b>Media</b>     | <b>3.35%</b>                      |         |           |
|                  | AMC Networks 4.75% 12/15/22       | 100,000 | 100,250   |
|                  | CCO Holdings 5.25% 9/30/22        | 195,000 | 195,975   |
|                  | #Cequel Communications Escrow 1   |         |           |
|                  | 144A 6.375% 9/15/20               | 145,000 | 152,250   |
|                  | Clear Channel Communications      |         |           |
|                  | 9.00% 3/1/21                      | 315,000 | 314,212   |
|                  | Clear Channel Worldwide Holdings  |         |           |
|                  | 7.625% 3/15/20                    | 190,000 | 202,761   |
|                  | #Cogeco Cable 144A                |         |           |
|                  | 4.875% 5/1/20                     | 95,000  | 95,000    |
|                  | CSC Holdings 6.75% 11/15/21       | 130,000 | 146,250   |
|                  | DISH DBS 5.00% 3/15/23            | 275,000 | 261,250   |
|                  | #Griffey Intermediate 144A        |         |           |
|                  | 7.00% 10/15/20                    | 190,000 | 193,325   |
|                  | #MDC Partners 144A                |         |           |
|                  | 6.75% 4/1/20                      | 120,000 | 123,300   |
|                  | #Nara Cable Funding 144A          |         |           |
|                  | 8.875% 12/1/18                    | 200,000 | 212,000   |
|                  | #Nexstar Broadcasting 144A        |         |           |
|                  | 6.875% 11/15/20                   | 130,000 | 139,100   |
|                  | #Ono Finance II 144A              |         |           |
|                  | 10.875% 7/15/19                   | 234,000 | 248,625   |
|                  | Satelites Mexicanos 9.50% 5/15/17 | 95,000  | 103,075   |
|                  | #Sirius XM Radio 144A             |         |           |
|                  | 4.625% 5/15/23                    | 75,000  | 72,188    |

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|  | Principal<br>Amount           | Value                         |
|--|-------------------------------|-------------------------------|
| <b>Corporate Bonds (continued)</b>   |                               |                               |
| Media (continued)  |                               |                               |
| #Univision Communications 144A<br>8.50% 5/15/21                              | \$ 365,000                    | \$ 396,937                    |
| #UPCB Finance VI 144A<br>6.875% 1/15/22                                      | 150,000                       | 162,750                       |
|  |                               | 3,119,248                     |
| Services 4.23%   |                               |                               |
| #Algeco Scotsman Global<br>Finance 144A<br>8.50% 10/15/18<br>10.75% 10/15/19 | 165,000<br>280,000            | 172,425<br>278,599            |
| #Avis Budget Car Rental 144A<br>5.50% 4/1/23                                 | 170,000                       | 172,550                       |
| *#Beazer Homes USA 144A<br>7.25% 2/1/23                                      | 50,000                        | 53,188                        |
| Caesars Entertainment Operating<br>8.50% 2/15/20                             | 195,000                       | 186,347                       |
| #Carlson Wagonlit 144A<br>6.875% 6/15/19                                     | 200,000                       | 211,500                       |
| #DigitalGlobe 144A 5.25% 2/1/21  | 160,000                       | 162,000                       |
| #Geo Group 144A 5.125% 4/1/23  | 160,000                       | 163,600                       |
| H&E Equipment Services<br>7.00% 9/1/22                                       | 170,000                       | 184,450                       |
| M/I Homes 8.625% 11/15/18  | 210,000                       | 233,099                       |
| #Mattamy Group 144A<br>6.50% 11/15/20  | 190,000                       | 190,475                       |
| Meritage Homes 7.00% 4/1/22  | 35,000                        | 39,463                        |
| MGM Resorts International<br>7.75% 3/15/22<br>11.375% 3/1/18                 | 90,000<br>230,000             | 103,050<br>298,999            |
| NCL<br>#144A 5.00% 2/15/18<br>9.50% 11/15/18                                 | 61,000<br>20,000              | 62,525<br>22,650              |
| PHH<br>7.375% 9/1/19<br>9.25% 3/1/16   | 100,000<br>99,000             | 114,000<br>115,583            |
| Pinnacle Entertainment<br>7.75% 4/1/22<br>8.75% 5/15/20                      | 60,000<br>30,000              | 65,700<br>32,888              |
| Seven Seas Cruises 9.125% 5/15/19  | 175,000                       | 192,063                       |
| Swift Services Holdings<br>10.00% 11/15/18                                   | 180,000                       | 206,550                       |
| #Taylor Morrison Communities 144A<br>7.75% 4/15/20                           | 139,000                       | 155,680                       |
| Toll Brothers Finance<br>4.375% 4/15/23                                      | 210,000                       | 213,149                       |
| United Rentals North America<br>6.125% 6/15/23<br>7.625% 4/15/22             | 35,000<br>43,000              | 36,838<br>47,838              |
| #Watco 144A 6.375% 4/1/23  | 90,000                        | 95,175                        |
| #Wynn Las Vegas 144A<br>4.25% 5/30/23  | 135,000                       | 131,456                       |
|  |                               | 3,941,840                     |
| Technology 2.31%   |                               |                               |
| #Avaya 144A 10.50% 3/1/21  | 115,000                       | 97,175                        |
| CDW<br>8.50% 4/1/19<br>12.535% 10/12/17                                      | 110,000<br>88,000             | 122,238<br>95,040             |
| #Commscope Holdings PIK 144A<br>6.625% 6/1/20                                | 35,000                        | 34,738                        |
| First Data<br>#144A 8.25% 1/15/21<br>*11.25% 3/31/16<br>#144A 11.25% 1/15/21 | 180,000<br>195,000<br>130,000 | 191,700<br>196,950<br>133,575 |

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|                                   |   |         |                   |
|-----------------------------------|---|---------|-------------------|
|                                   | *#144A 11.75% 8/15/21                                     | 85,000  | 82,450            |
|                                   | GXS Worldwide 9.75% 6/15/15                               | 98,000  | 100,695           |
|                                   | iGate 9.00% 5/1/16  | 50,000  | 54,000            |
|                                   | Infor US 9.375% 4/1/19                                    | 214,000 | 242,355           |
|                                   | j2 Global 8.00% 8/1/20                                    | 285,000 | 307,799           |
|                                   | MagnaChip Semiconductor<br>10.50% 4/15/18                 | 73,000  | 81,213            |
|                                   | #Seagate HDD Cayman 144A<br>4.75% 6/1/23                  | 205,000 | 199,875           |
|                                   | #Viasystems 144A 7.875% 5/1/19                            | 195,000 | 209,625           |
|                                   |   |         | 2,149,428         |
| <b>Utilities</b>                  | <b>0.82%</b>  |         |                   |
|                                   | AES   |         |                   |
|                                   | 4.875% 5/15/23  | 100,000 | 98,500            |
|                                   | 7.375% 7/1/21   | 133,000 | 156,275           |
|                                   | 8.00% 6/1/20  | 43,000  | 51,815            |
|                                   | Elwood Energy 8.159% 7/5/26                               | 104,013 | 113,374           |
|                                   | GenOn Americas Generation<br>8.50% 10/1/21                | 115,000 | 133,400           |
|                                   | GenOn Energy 9.875% 10/15/20                              | 188,000 | 213,380           |
|                                   |   |         | 766,744           |
| <b>Total Corporate Bonds</b>      |   |         |                   |
|                                   | (cost \$33,646,271)                                       |         | <b>35,768,899</b> |
| <b>«Senior Secured Loans</b>      | <b>0.80%</b>  |         |                   |
|                                   | EquiPower Resources 2nd Lien<br>10.00% 5/23/19            | 75,000  | 77,250            |
|                                   | Hostess Brands 1st Lien<br>6.75% 3/12/20                  | 160,000 | 164,000           |
|                                   | JC Penney 1st Lien 6.00% 5/21/18                          | 100,000 | 101,563           |
|                                   | Panda Temple Power II Tranche B<br>1st Lien 7.25% 3/28/19 | 155,000 | 158,100           |
|                                   | Rite Aid 2nd Lien 5.75% 8/3/20                            | 97,000  | 100,577           |
|                                   | Smart & Final 2nd Lien<br>10.50% 11/8/20                  | 143,590 | 147,538           |
| <b>Total Senior Secured Loans</b> |   |         |                   |
|                                   | (cost \$734,200)  |         | <b>749,028</b>    |

(continues) 9

## Statement of net assets

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

|  | Number of<br>Shares | Value              |
|--|---------------------|--------------------|
| <b>Exchange Traded Fund 0.26%</b>  |                     |                    |
| * iPATH S&P 500 VIX Short-Term<br>Futures ETN  | 12,500              | \$ 239,750         |
| <b>Total Exchange Traded Fund</b><br>(cost \$589,000)  |                     | <b>239,750</b>     |
| <b>Limited Partnerships 1.25%</b>  |                     |                    |
| Brookfield Infrastructure Partners   | 10,300              | 374,096            |
| *Lehigh Gas Partners   | 31,800              | 788,958            |
| <b>Total Limited Partnerships</b><br>(cost \$897,682)  |                     | <b>1,163,054</b>   |
| <b>Preferred Stock 0.66%</b>   |                     |                    |
| #Ally Financial 144A 7.00%   | 200                 | 196,088            |
| GMAC Capital Trust I 8.125%  | 8,000               | 212,960            |
| *Regions Financial Series A 6.375%   | 8,000               | 202,640            |
| <b>Total Preferred Stock</b> (cost \$594,170)  |                     | <b>611,688</b>     |
|  | Principal<br>Amount |                    |
| <b>Short-Term Investments 4.42%</b>  |                     |                    |
| ≠Discount Notes 2.22%  |                     |                    |
| Fannie Mae 0.06% 9/16/13   | \$ 379,133          | 379,088            |
| Federal Home Loan Bank   |                     |                    |
| 0.045% 7/24/13   | 207,467             | 207,461            |
| 0.05% 7/26/13  | 119,501             | 119,498            |
| 0.06% 7/2/13   | 494,742             | 494,735            |
| 0.06% 8/14/13  | 498,986             | 498,955            |
| 0.06% 8/16/13  | 163,899             | 163,889            |
| 0.06% 8/21/13  | 207,467             | 207,454            |
|  |                     | 2,071,080          |
| Repurchase Agreements 2.20%  |                     |                    |
| Bank of America 0.03%, dated<br>5/31/13, to be repurchased<br>on 6/3/13, repurchase price<br>\$415,673 (collateralized<br>by U.S. Government obligations<br>0.75%-3.625% 6/15/14 8/15/19;<br>market value \$423,985) | 415,672             | 415,672            |
| BNP Paribas 0.05%, dated<br>5/31/13, to be repurchased<br>on 6/3/13, repurchase price<br>\$1,635,335 (collateralized by U.S.<br>Government obligations<br>0.00%-1.75% 8/29/13 1/31/18;<br>market value \$1,668,035)  | 1,635,328           | 1,635,328          |
|  |                     | 2,051,000          |
| <b>Total Short-Term Investments</b><br>(cost \$4,121,969)  |                     | <b>4,122,080</b>   |
| <b>Total Value of Securities Before</b>  |                     |                    |
| Securities Lending Collateral 130.25%<br>(cost \$101,346,950)  |                     | <b>121,357,754</b> |

Number of

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|  | Shares    |           |                                |
|--|-----------|-----------|--------------------------------|
| <b>**Securities Lending Collateral 4.49%</b>     |           |           |                                |
| Investment Companies                             |           |           |                                |
| Delaware Investments Collateral                  |           |           |                                |
| Fund No. 1                                       | 4,181,874 | \$        | 4,181,874                      |
| @ Mellon GSL Reinvestment Trust II               | 111,555   |           | 0                              |
| <b>Total Securities Lending Collateral</b>       |           |           |                                |
| (cost \$4,293,429)                               |           |           | <b>4,181,874</b>               |
| <b>Total Value of Securities 134.74%</b>         |           |           |                                |
| (cost \$105,640,379)                             |           |           | <b>125,539,628<sup>©</sup></b> |
| <b>**Obligation to Return Securities</b>         |           |           |                                |
| Lending Collateral (4.61%)                       |           |           | <b>(4,293,429)</b>             |
| <b>Borrowing Under Line of Credit (30.29%)</b>   |           |           | <b>(28,225,000)</b>            |
| <b>«Receivables and Other Assets</b>             |           |           |                                |
| Net of Other Liabilities 0.16%                   |           |           | <b>150,626</b>                 |
| <b>Net Assets Applicable to 9,439,043</b>        |           |           |                                |
| Shares Outstanding; Equivalent to                |           |           |                                |
| <b>\$9.87 Per Share 100.00%</b>                  |           | <b>\$</b> | <b>93,171,825</b>              |
| <b>Components of Net Assets at May 31, 2013:</b> |           |           |                                |
| Common stock, \$0.01 par value, 500,000,000      |           |           |                                |
| shares authorized to the Fund                    |           | \$        | 90,795,796                     |
| Distributions in excess of net investment income |           |           | (1,435,093)                    |
| Accumulated net realized loss on investments     |           |           | (16,087,189)                   |
| Net unrealized appreciation of investments       |           |           | 19,898,311                     |
| Total net assets                                 |           | \$        | 93,171,825                     |

Non income producing security.

\*Fully or partially on loan.

=Security is being fair valued in accordance with the Fund's fair valuation policy. At May 31, 2013, the aggregate value of fair valued securities was \$0, which represented 0.00% of the Fund's net assets. See Note 1 in Notes to financial statements.

#Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. At May 31, 2013, the aggregate value of Rule 144A securities was \$20,952,330, which represented 22.49% of the Fund's net assets. See Note 8 in Notes to financial statements.

Step coupon bond. Coupon increases or decreases periodically based on a predetermined schedule. Stated rate in effect at May 31, 2013.

Variable rate security. The rate shown is the rate as of May 31, 2013. Interest rates reset periodically.

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

«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 May 31, 2013.

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

\*\*See Note 7 in Notes to financial statements for additional information on securities lending collateral.

@Illiquid security. At May 31, 2013, the aggregate value of illiquid securities was \$0, which represented 0.00% of the Fund's net assets. See Note 8 in Notes to financial statements.

©Includes \$4,475,964 of securities loaned.

«Includes foreign currency valued at \$51,927 with a cost of \$52,865.

**Summary of Abbreviations:**

ADR American Depositary Receipt

ETN Exchange-Traded Note

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® Dividend and Income Fund, Inc.

Six Months Ended May 31, 2013 (Unaudited)

|   |              |                      |
|---|--------------|----------------------|
| <b>Investment Income:</b>                                   |              |                      |
| Interest  | \$ 1,593,001 |                      |
| Dividends   | 1,036,889    |                      |
| Securities lending income                                   | 31,192       |                      |
| Foreign tax withheld  | (1,529)      | \$ 2,659,553         |
| <b>Expenses:</b>  |              |                      |
| Management fees   | 321,025      |                      |
| Reports to shareholders                                     | 51,399       |                      |
| Dividend disbursing and transfer agent fees and expenses    | 39,159       |                      |
| Accounting and administration expenses                      | 22,623       |                      |
| Legal fees  | 16,767       |                      |
| Audit and tax   | 14,460       |                      |
| NYSE fees   | 12,500       |                      |
| Dues and services   | 6,464        |                      |
| Custodian fees  | 3,852        |                      |
| Pricing fees  | 2,949        |                      |
| Director s fees   | 2,309        |                      |
| Leverage expenses   | 1,963        |                      |
| Insurance fees  | 786          |                      |
| Pennsylvania franchise tax                                  | 533          |                      |
| Registration fees   | 470          |                      |
| Consulting fees   | 449          |                      |
| Director s expenses   | 149          |                      |
| Total operating expenses (before interest expense)          |              | 497,857              |
| Interest expense  |              | 153,940              |
| Total operating expenses (after interest expense)           |              | 651,797              |
| <b>Net Investment Income</b>                                |              | <b>2,007,756</b>     |
| <b>Net Realized and Unrealized Gain (Loss):</b>             |              |                      |
| Net realized gain (loss) on:                                |              |                      |
| Investments   |              | 3,675,850            |
| Foreign currencies  |              | (548)                |
| Foreign currency exchange contracts                         |              | (856)                |
| Options written   |              | 70,813               |
| Net realized gain   |              | 3,745,259            |
| Net change in unrealized appreciation (depreciation) of:    |              |                      |
| Investments   |              | 8,670,101            |
| Foreign currencies  |              | (985)                |
| Net change in unrealized appreciation (depreciation)        |              | 8,669,116            |
| <b>Net Realized and Unrealized Gain</b>                     |              | <b>12,414,375</b>    |
| <b>Net Increase in Net Assets Resulting from Operations</b> |              | <b>\$ 14,422,131</b> |

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



## Statements of changes in net assets

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

|  | Six Months<br>Ended<br>5/31/13<br>(Unaudited) | Year<br>Ended<br>11/30/12 |
|--|---|---------------------------|
| <b>Increase in Net Assets from Operations:</b>   |   |                           |
| Net investment income  | \$ 2,007,756                                  | \$ 4,145,871              |
| Net realized gain  | 3,745,259                                     | 1,234,009                 |
| Net change in unrealized appreciation (depreciation)   | 8,669,116                                     | 10,327,973                |
| Net increase in net assets resulting from operations   | 14,422,131                                    | 15,707,853                |
| <b>Dividends and Distributions to Shareholders from:</b>   |   |                           |
| Net investment income  | (2,973,298)                                   | (5,485,622)               |
| Return of capital  |   | (885,732)                 |
|  | (2,973,298)                                   | (6,371,354)               |
| <b>Net Increase in Net Assets</b>  | <b>11,448,833</b>                             | <b>9,336,499</b>          |
| <b>Net Assets:</b>   |   |                           |
| Beginning of period  | 81,722,992                                    | 72,386,493                |
| End of period (including distributions in excess of<br>net investment income of \$1,435,093 and \$469,551, respectively) | \$ 93,171,825                                 | \$ 81,722,992             |

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

## Statement of cash flows

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

Six Months Ended May 31, 2013 (Unaudited)

|  |               |
|--|---------------|
| <b>Net Cash Provided by (Used for) Operating Activities:</b>   |               |
| Net increase in net assets resulting from operations   | \$ 14,422,131 |
| Adjustments to reconcile net increase in net assets from operations to cash provided by (used for) operating activities: |               |
| Amortization of premium and discount on investments purchased  | (25,773)      |
| Purchase of investment securities  | (24,228,814)  |
| Proceeds from disposition of investment securities   | 26,713,154    |
| Purchase of short-term investment securities, net  | (1,057,600)   |
| Net realized gain  | (3,745,259)   |
| Premiums received for written options  | 100,785       |
| Premiums paid to close written options   | (16,306)      |
| Net change in net unrealized appreciation (depreciation)   | (8,669,116)   |
| Decrease in receivable for investments sold  | 875,085       |
| Decrease in interest and dividends receivable and other assets   | 45,876        |
| Decrease in payable for investments purchased  | (1,150,465)   |
| Decrease in interest payable   | (429)         |
| Decrease in accrued expenses and other liabilities   | (54,919)      |
| Total adjustments  | (11,213,781)  |
| Net cash provided by operating activities  | 3,208,350     |
| <b>Cash Flows Used for Financing Activities:</b>   |               |
| Cash dividends and distributions paid  | (2,973,298)   |
| Net cash used for financing activities   | (2,973,298)   |
| Effect of exchange rates on cash   | (985)         |
| Net increase in cash   | 234,067       |
| Cash at beginning of period  | (473,060)     |
| Cash at end of period  | \$ (238,993)  |
| Cash paid for interest expense for leverage  | \$ 154,369    |

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

# Financial highlights

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

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

|  | Six<br>Months<br>Ended              | Year Ended |          |          |          |          |
|--|-------------------------------------|------------|----------|----------|----------|----------|
|  | 5/31/13 <sup>1</sup><br>(Unaudited) | 11/30/12   | 11/30/11 | 11/30/10 | 11/30/09 | 11/30/08 |
| <b>Net asset value, beginning of period</b>  | \$8.660                             | \$7.670    | \$7.680  | \$7.040  | \$5.220  | \$11.850 |
| <b>Income (loss) from investment operations:</b>   |                                     |            |          |          |          |          |
| Net investment income <sup>2</sup>   | 0.219                               | 0.439      | 0.432    | 0.423    | 0.413    | 0.490    |
| Net realized and unrealized gain (loss)  | 1.306                               | 1.226      | 0.248    | 0.907    | 2.120    | (6.160)  |
| Total from investment operations   | 1.525                               | 1.665      | 0.680    | 1.330    | 2.533    | (5.670)  |
| <b>Less dividends and distributions from:</b>  |                                     |            |          |          |          |          |
| Net investment income  | (0.315)                             | (0.581)    | (0.690)  | (0.690)  | (0.410)  | (0.558)  |
| Return of capital  |                                     | (0.094)    |          |          | (0.303)  | (0.402)  |
| Total dividends and distributions  | (0.315)                             | (0.675)    | (0.690)  | (0.690)  | (0.713)  | (0.960)  |
| <b>Net asset value, end of period</b>  | \$9.870                             | \$8.660    | \$7.670  | \$7.680  | \$7.040  | \$5.220  |
| <b>Market value, end of period</b>   | \$9.120                             | \$7.920    | \$6.890  | \$7.560  | \$6.600  | \$4.020  |
| <b>Total return based on:<sup>3</sup></b>  |                                     |            |          |          |          |          |
| Net asset value  | 18.13%                              | 22.88%     | 9.30%    | 19.61%   | 53.26%   | (50.35%) |
| Market value   | 19.36%                              | 25.10%     | (0.26%)  | 25.59%   | 86.93%   | (57.51%) |
| <b>Ratios and supplemental data:</b>   |                                     |            |          |          |          |          |
| Net assets, end of period (000 omitted)  | \$93,172                            | \$81,723   | \$72,386 | \$72,470 | \$66,421 | \$51,831 |
| Ratio of expenses to average net assets  | 1.47%                               | 1.60%      | 1.51%    | 1.65%    | 1.83%    | 2.39%    |
| Ratio of expenses to adjusted average net assets<br>(before interest expense) <sup>4</sup> | 0.85%                               | 0.85%      | 0.91%    | 0.95%    | 1.05%    | 0.88%    |
| Ratio of interest expense to adjusted average net assets <sup>4</sup>                      | 0.26%                               | 0.36%      | 0.28%    | 0.33%    | 0.30%    | 0.80%    |
| Ratio of net investment income to average net assets                                       | 4.66%                               | 5.26%      | 5.35%    | 5.75%    | 7.06%    | 5.12%    |
| Ratio of net investment income to adjusted average net assets <sup>4</sup>                 | 3.54%                               | 3.97%      | 4.23%    | 4.45%    | 5.21%    | 3.59%    |
| Portfolio turnover   | 21%                                 | 39%        | 45%      | 62%      | 65%      | 64%      |
| <b>Leverage Analysis:</b>  |                                     |            |          |          |          |          |
| Debt outstanding at end of period at par (000 omitted)                                     | \$28,225                            | \$28,225   | \$20,225 | \$20,225 | \$20,225 | \$20,225 |
| Asset coverage per \$1,000 of debt outstanding at end of period                            | \$4,301                             | \$3,895    | \$4,579  | \$4,583  | \$4,284  | \$3,563  |

<sup>1</sup> Ratios have been annualized and total return and portfolio turnover have not been annualized.

<sup>2</sup> The average shares outstanding method has been applied for per share information.

<sup>3</sup> 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.

<sup>4</sup> 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® Dividend and Income Fund, Inc.**

May 31, 2013 (Unaudited)

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 normally valued at the last quoted sales price on the valuation date. 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. U.S. government and agency securities are valued at the mean between the bid and ask prices, which approximates fair value. Valuations for fixed income securities utilize matrix systems, which reflect such factors as security prices, yields, maturities, and ratings, and are supplemented by dealer and exchange quotations. Investment company securities are valued at net asset value per share, as reported by the underlying investment company. Foreign currency exchange contracts and foreign cross 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 price or, if no sales are reported, at the mean between the last reported bid and ask prices, which approximates fair 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 & Foreign 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 returns 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 for all open federal income tax years (Nov. 30, 2009 - Nov. 30, 2012), and has concluded that no provision for federal income tax is required in the Fund's financial statements. In regard to foreign taxes only, the Fund has open tax years in certain foreign countries it invests in that may date back to the inception of the Fund.

**Repurchase Agreements** The Fund may purchase certain U.S. government securities subject to the counterparty's agreement to repurchase them at an agreed upon date and price. The counterparty will be required on a daily basis to maintain the value of the collateral subject to the agreement at not less than the repurchase price (including accrued interest). The agreements are conditioned upon the collateral being deposited under the Federal Reserve book-entry system with the Fund's custodian or a third-party sub-custodian. In the event of default or bankruptcy by the other party to the agreement, retention of the collateral may be subject to legal proceedings. All open repurchase agreements as of the date of this report were entered into on May 31, 2013.

**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 (Act), 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 Nov. 30, 2012. 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 daily into U.S. dollars at the exchange rate of such currencies against the U.S. dollar. 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 bifurcates 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. That portion of gains (losses) is included in the statement of operations under the caption net realized gain (loss) on foreign currencies. For foreign equity securities, these changes are included in net realized and unrealized gain or loss 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.

**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 among 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 debt securities are amortized to interest income over the lives of the respective securities using the effective interest method. 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 tax withholdings, a portion of which may be reclaimable. Withholding taxes and reclaims 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 six months ended May 31, 2013. Delaware Management Company (DMC), a series of Delaware Management Business Trust, 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

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## Notes to financial statements

Delaware Investments® Dividend and Income Fund, Inc.

### 1. Significant Accounting Policies (continued)

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 six months ended May 31, 2013.

### 2. Investment Management, Administration Agreements and Other Transactions with Affiliates

In accordance with the terms of its investment management agreement, the Fund pays DMC and the investment manager, an annual fee of 0.55% of the adjusted average weekly net assets of the Fund. For purposes of the calculation of investment management fees, adjusted average weekly net assets exclude 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 Family of Funds at the following annual rate: 0.0050% of the first \$30 billion; 0.0045% of the next \$10 billion; 0.0040% of the next \$10 billion; and 0.0025% of aggregate average daily net assets 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 six months ended May 31, 2013, the Fund was charged \$2,828 for these services.

At May 31, 2013, the Fund had liabilities payable to affiliates as follows:

|   |          |
|---|----------|
| Investment management fee payable to DMC      | \$57,566 |
| Fees and expenses payable to DSC              | 505      |
| Other expenses payable to DMC and affiliates* | 1,739    |

\*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, 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 six months ended May 31, 2013, the Fund was charged \$ 6,332 for internal legal and tax services provided by DMC and/or its affiliates' employees.

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 six months ended May 31, 2013, the Fund made purchases of \$24,228,814 and sales of \$26,713,154 of investment securities other than short-term investments.

At May 31, 2013, the cost of investments for federal income tax purposes has been estimated since final tax characteristics cannot be determined until fiscal year end. At May 31, 2013, the cost of investments was \$105,920,171. At May 31, 2013, net unrealized appreciation was \$ 19,619,457, of which \$21,670,425 related to unrealized appreciation of investments and \$2,050,968 related to unrealized depreciation of investments.

For federal income tax purposes, capital loss carryforwards may be carried forward and applied against future capital gains. Capital loss carryforwards remaining at Nov. 30, 2012, if not utilized in future years, will expire as follows: \$8,385,175 expires in 2016 and \$11,215,636 expires in 2017.

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On Dec. 22, 2010, the Act was enacted, which changed various technical rules governing the tax treatment of regulated investment companies. The changes were generally effective for taxable years beginning after the date of enactment. Under the Act, the Fund is 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.

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, exchange-traded 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, broker-quoted securities, fair valued securities)
- 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)

Level 3 investments are valued using significant unobservable inputs. The Fund may also use an income-based valuation approach in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Valuations may also be based upon current market prices of securities that are comparable in coupon, rating, maturity and industry. The derived value of a Level 3 investment may not represent the value which is received upon disposition and this could impact the results of operations.

The following table summarizes the valuation of the Fund's investments by fair value hierarchy levels as of May 31, 2013:

|  | Level 1             | Level 2              | Level 3   | Total                 |
|--|---------------------|----------------------|-----------|-----------------------|
| Common Stock <sup>1</sup>                | \$67,024,648        | \$ 284,831           | \$        | \$ 67,309,479         |
| Convertible Preferred Stock <sup>2</sup> | 1,129,727           | 989,184              |           | 2,118,911             |
| Corporate Debt                           |                     | 45,792,792           |           | 45,792,792            |
| Exchange-Traded Fund                     | 239,750             |                      |           | 239,750               |
| Limited Partnerships                     | 1,163,054           |                      |           | 1,163,054             |
| Preferred Stock <sup>3</sup>             | 415,600             | 196,088              |           | 611,688               |
| Short-Term Investments                   |                     | 4,122,080            |           | 4,122,080             |
| Securities Lending Collateral            |                     | 4,181,874            |           | 4,181,874             |
| <b>Total</b>                             | <b>\$69,972,779</b> | <b>\$ 55,566,849</b> | <b>\$</b> | <b>\$ 125,539,628</b> |

<sup>1</sup>Security type is valued across multiple levels. The amounts attributed to level 1 securities and level 2 securities represent 99% and 1%, respectively, of the total market value of this security type.

<sup>2</sup>Security type is valued across multiple levels. The amounts attributed to level 1 securities and level 2 securities represent 53% and 47%, respectively, of the total market value of this security type.

<sup>3</sup>Security type is valued across multiple levels. The amounts attributed to level 1 securities and level 2 securities represent 68% and 32%, respectively, of the total market value of this security type.

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## Notes to financial statements

Delaware Investments® Dividend and Income Fund, Inc.

### 3. Investments (continued)

The securities that have been deemed worthless on the statement of net assets are considered to be Level 3 securities in this table.

During the six months ended May 31, 2013, there were no transfers between Level 1 investments, Level 2 investments or Level 3 investments that had a significant 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 period. In accordance with the fair valuation procedures described in Note 1, international fair value pricing uses other observable market-based inputs in place of the closing exchange price due to the events occurring after the close of the exchange or market on which the investment is principally traded, causing a change in classification between levels. The Fund's policy is to recognize transfers between levels at the beginning of the reporting period.

A reconciliation of Level 3 investments is presented when the Fund has a significant amount of Level 3 investments at the beginning, interim or end of the period in relation to net assets. Management has determined not to provide additional disclosure on Level 3 inputs under ASU No. 2011-04 since the Level 3 investments are not considered significant to the Fund's net assets at the end of the period.

### 4. Capital Stock

Shares obtained under the Fund's dividend reinvestment plan are purchased by the Fund's transfer agent, Computershare Shareowner Services LLC, in the open market. There were no shares issued under the Fund's dividend reinvestment plan for the six months ended May 31, 2013 and the year ended Nov. 30, 2012.

The Fund did not repurchase shares under the Share Repurchase Program during the six months ended May 31, 2013 and the year ended Nov. 30, 2012.

### 5. Line of Credit

For the six months ended May 31, 2013, the Fund borrowed money pursuant to a \$30,000,000 Credit Agreement with The Bank of New York Mellon (BNY Mellon) that expires on Nov. 11, 2013. 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 May 31, 2013, the par value of loans outstanding was \$28,225,000 at a variable interest rate of 1.08%. During the six months ended May 31, 2013, the average daily balance of loans outstanding was \$28,225,000 at a weighted average interest rate of approximately 1.09%. Interest on borrowing is based on a variable short-term rate plus an applicable margin. The commitment fee is computed at a rate of 0.20% per annum on the unused balance and is reflected in leverage expenses on the statement of operations. The loan is collateralized by the Fund's portfolio.

### 6. 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 and foreign cross 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 and foreign cross 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

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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 May 31, 2013.

**Options Contracts** During the six months ended May 31, 2013, the Fund entered into options 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, futures, swaps, swaptions, 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 options written during the six months ended May 31, 2013 for the Fund were as follows:

|   | Number<br>of<br>Contracts | Premiums<br>\$ |
|---|---------------------------|----------------|
| Options outstanding at Nov. 30, 2012                | -                         | -              |
| Options written                                     | 575                       | 100,785        |
| Options expired                                     | (412)                     | (70,813)       |
| Options exercised                                   | (100)                     | (13,666)       |
| Options terminated in closing purchase transactions | (63)                      | (16,306)       |
| Options outstanding at May 31, 2013                 |                           | \$             |

**Derivatives Generally.** The table below summarizes the average balance of derivative holdings by the Fund during the six months ended May 31, 2013.

|  | Long<br>Derivative<br>Volume | Short<br>Derivative<br>Volume |
|--|------------------------------|-------------------------------|
| Foreign currency exchange contracts (average cost) | USD 9,084                    | USD                           |
| Options contracts (average notional value)         |                              | 4,475                         |

## 7. Securities Lending

The Fund, along with other funds in the Delaware Investments® Family of Funds, may lend its securities pursuant to a security lending agreement (Lending Agreement) with 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

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## Notes to financial statements

Delaware Investments® Dividend and Income Fund, Inc.

### 7. Securities Lending (continued)

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. In Oct. 2008, BNY Mellon transferred certain distressed securities from the Fund's 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 is 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 May 31, 2013 the value of securities on loan was \$4,475,964, for which the Fund received collateral, comprised of non-cash collateral valued at \$353,124 and cash collateral of \$4,293,429. At May 31, 2013 the value of invested collateral was \$4,181,874. Investments purchased with cash collateral are presented on the statement of net assets under the caption Securities Lending Collateral.

### 8. 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 Investors Service, 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.

The Fund invests in certain obligations held by the Fund that may have liquidity protection to ensure that the receipt of payments due on the underlying security is timely. Such protection may be provided through guarantees, insurance policies or letters of credit obtained by the issuer or sponsor through third parties, through various means of structuring the transaction or through a combination of such approaches. The Fund will not pay any additional fees for such credit support, although the existence of credit support may increase the price of a security.

The Fund invests in REITs and is subject to 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 six months ended May 31, 2013. The Fund's REIT holdings are also affected by interest rate changes, particularly if the REITs it holds use floating rate debt to finance their ongoing operations.

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.

#### **9. Contractual Obligations**

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

#### **10. Subsequent Events**

Management has determined no material events or transactions occurred subsequent to May 31, 2013, that would require recognition or disclosure in the Fund's financial statements.

## Other Fund information (Unaudited)

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

#### Fund management

##### Changes to portfolio management team

Paul A. Matlack, Craig C. Dembek, and John P. McCarthy were appointed co-portfolio managers of the Fund on December 4, 2012. Messrs. Matlack, Dembek, and McCarthy joined Babak Zenouzi, Damon J. Andres, Wayne A. Anglace, D. Tysen Nutt Jr., Anthony A. Lombardi, Robert Vogel Jr., Nikhil G. Lalvani, Kristen E. Bartholdson, Roger A. Early, and Thomas H. Chow in making day-to-day decisions for the Fund.

On December 4, 2012, the Fund announced that Kevin P. Loomer would no longer serve as a co-portfolio manager of the Fund.

**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.

**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.

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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 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 including high yield mutual funds and strategies. 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 high yield 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 Conseco 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.

Craig C. Dembek, CFA  
Senior Vice President, Co-Head of Credit Research, Senior Research Analyst

Craig C. Dembek is a senior research analyst on the firm's taxable fixed income team with primary responsibility for banks, brokers, insurance companies, and real estate investment trusts (REITs), as well as oversight for other sectors. He rejoined the firm in March 2007. During his previous time at Delaware Investments, from April 1999 to January 2001, he was a senior investment grade credit analyst. Most recently, he spent four years at Chartwell Investment Partners as a senior fixed income analyst and Turner Investment Partners as a senior fixed income analyst and portfolio manager. Dembek also spent two years at Stein, Roe & Farnham as a senior fixed income analyst. Earlier in his career, he worked for two years as a lead bank analyst at the Federal Reserve Bank of Boston. Dembek earned a bachelor's degree in finance from Michigan State University and an MBA with a concentration in finance from the University of Vermont.

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 was 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.

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## Other Fund information (Unaudited)

Delaware Investments® Dividend and Income Fund, Inc.

### Fund management (continued)

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

Nikhil G. Lalvani is a senior portfolio manager for the firm's Large-Cap Value team. At Delaware Investments, Lalvani has worked 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 worked as a director and 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, last serving as a vice president. 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.

Paul A. Matlack, CFA  
Senior Vice President, Senior Portfolio Manager, Fixed Income Strategist

Paul A. Matlack is a strategist and senior portfolio manager for the firm's fixed income team. Matlack rejoined the firm in May 2010. During his previous time at Delaware Investments, from September 1989 to October 2000, he was senior credit analyst, senior portfolio manager, and left the firm as co-head of the high yield group. Most recently, he worked at Chartwell Investment Partners from September 2003 to April 2010 as senior portfolio manager in fixed income, where he managed core, core plus, and high yield strategies. Prior to that, Matlack held senior roles at Turner Investment Partners, PNC Bank, and Mellon Bank. He earned a bachelor's degree in international relations from the University of Pennsylvania and an MBA with a concentration in finance from George Washington University.

John P. McCarthy, CFA  
Senior Vice President, Co-Head of Credit Research, Senior Research Analyst

John P. McCarthy is a senior research analyst on the firm's taxable fixed income team, responsible for industrials, autos, auto parts, metals, and mining. He rejoined Delaware Investments in March 2007 after he worked in the firm's fixed income area from 1990 to 2000 as a senior high yield analyst and high yield trader, and from 2001 to 2002 as a municipal bond trader. Most recently, he was a senior high yield analyst/trader at Chartwell Investment Partners. McCarthy earned a bachelor's degree in business administration from Babson College, and he is a member of the CFA Society of Philadelphia.

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.

## About the organization

This semiannual 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

**Joseph W. Chow**

Former Executive Vice President  
State Street Corporation  
Brookline, MA

**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

**Frances A. Sevilla-Sacasa**

Chief Executive Officer  
Banco Itaú Europa International  
Miami, FL

**Thomas K. Whitford**

Former Vice Chairman  
PNC Financial Services Group  
Pittsburgh, PA

**Janet L. Yeomans**

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

### Affiliated officers

**David F. Connor**

Senior 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**

Executive 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 866 437-0252; (ii) on the Fund's website at delawareinvestments.com; and (iii) on the SEC's website at 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 delawareinvestments.com; and (ii) on the SEC's website at sec.gov.

**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  
2001 Market Street  
Philadelphia, PA 19103-7042

**Registrar and stock transfer  
agent**

Computershare Shareowner Services LLC  
480 Washington Blvd.  
Jersey City, NJ 07310  
866 437-0252

**Website**

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 reinvest dividends, and shares are registered in your name, contact Computershare Shareowner Services LLC at 866 437-0252. 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.

**J. Richard Zecher**

Founder

Investor Analytics

Scottsdale, AZ

Audit committee member

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Item 2. Code of Ethics

Not applicable.

Item 3. Audit Committee Financial Expert

Not applicable.

Item 4. Principal Accountant Fees and Services

Not applicable.

Item 5. Audit Committee of Listed Registrants

Not applicable.

Item 6. 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

Not applicable.

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

Applicable to Form N-CSRs filed after fiscal years ending on or after December 31, 2005.

Not applicable.

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.

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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 second fiscal quarter) that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

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: August 2, 2013

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: August 2, 2013

/s/ RICHARD SALUS  
By: Richard Salus  
Title: Chief Financial Officer  
Date: August 2, 2013

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