

DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC
Form N-CSR
February 02, 2004

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT
INVESTMENT COMPANIES

Investment Company Act file number: 811-7460

Exact name of registrant as specified in charter:
Delaware Investments Dividend and Income Fund, Inc.

Address of principal executive offices:

2005 Market Street
Philadelphia, PA 19103

Name and address of agent for service:

Richelle S. Maestro, Esq.
2005 Market Street
Philadelphia, PA 19103

Registrant's telephone number, including area code: (800) 523-1918

Date of fiscal year end: November 30

Date of reporting period: November 30, 2003

Item 1. Reports to Stockholders

Delaware
Investments (SM)

A member of Lincoln Financial Group(R)

CLOSED-END

Annual Report 2003

DELAWARE INVESTMENTS
DIVIDEND AND INCOME FUND, INC.

[LOGO] POWERED BY RESEARCH. (SM)

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

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

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Portfolio
MANAGEMENT REVIEW

Delaware Investments Dividend and Income Fund, Inc.
December 10, 2003

Fund Managers

Damon J. Andres
Senior Portfolio Manager
Equities

Nancy M. Crouse
Senior Portfolio Manager
Equities

Timothy L. Rabe
Senior Portfolio Manager
Fixed Income

Q: How did the Fund perform relative to its benchmark for the 12-month period ended November 30, 2003?

A: Delaware Investments Dividend and Income Fund, Inc. gained +27.13% (at net asset value with distributions reinvested) for the fiscal year. In comparison, its benchmark, the Standard & Poor's (S&P) 500 Index, gained +15.08% for the same time period. The Fund's peer group, as measured by the Lipper Closed-End Income and Preferred Stock Funds Average, rose +23.93% for the fiscal year.

Q: How would you describe your equity outlook at the beginning of the fiscal year?

A: Our outlook for common stocks (excluding real estate investment trusts, or REITs), which represents 58% of net assets at the onset of the fiscal year, was generally optimistic. We believed the economic recovery would likely gather steam in 2003, to the benefit of corporate profitability. We also experienced an environment marked by attractive stock valuations, which favors our value-oriented style of investing.

Q: How would you describe your equity investment strategy during the fiscal year?

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A: We favored market sectors such as financials. We viewed J.P. Morgan Chase as a sound holding, given its strong balance sheet and a dividend yield that we believe was both robust and durable. We also leaned our security weightings toward economically-sensitive companies, such as Weyerhaeuser. The producer of wood-related products also generated an attractive income stream and was well positioned, in our opinion, to benefit from the economy's improvement.

Q: Did any common stocks within the Fund underperform relative to your expectations?

A: Some of our healthcare positions turned in performances that we believe did not reflect the quality of their underlying companies. We credit this circumstance, in part, to investor uncertainty regarding proposed changes in Medicare legislation, as well as concerns regarding patent expirations.

Q: How might the passage of new tax legislation in May 2003 impact the Fund's stock holdings?

A: Beyond the relatively immediate effect of lowering the tax rate assessed against dividends for most taxpayers, we believe the legislation dovetails nicely into the trend among corporate leaders for greater managerial and fiscal discipline, as well as their attempt to re-orient how investors are rewarded. The 1990s saw companies use earnings to buy back their stock, in an attempt to increase price through reduced supply. Of late, we have witnessed more companies turning to dividends -- either by starting a dividend or increasing an existing dividend -- as a primary means of returning profits to investors.

Q: What caused high-yield bonds to perform as they did for the 12-month period?

A: A primary cause for the high-yield bond market rebound was the Federal Reserve's push to add liquidity to the economy. By lowering short-term interest rates, the Fed attempted to provide incentive for greater bank lending, which in turn puts more money to work in the economy and tends to foster economic expansion. When the prospects for a stronger economy became apparent, investors directed their assets toward securities that particularly benefit from such an environment, including high-yield corporate bonds -- and high-yield bond mutual funds. High-yield bonds also benefited from generally improving operational conditions throughout the business community. Companies issuing high-yield bonds tended to extend their debt and experienced declining default rates, from as high as double-digit levels to roughly the five-to-six percent range of late.

Q: How did you manage the Fund's high-yield bond allocation during the fiscal year?

A: We saw no reason to alter the manner in which we strategically managed the portfolio during the 12-month period. We continued to focus on the lower-rated securities within this asset class, given the availability of attractive yields, as well as the general prospect for rising bond prices. Compared to our high-yield benchmark, the Citigroup High Yield Cash Pay Index, we tended to hold a greater weighting in utility bonds, due in part to the presence of "fallen angels" -- high-grade bonds that were downgraded to high-yield status. Given Delaware's strong commitment to fundamental research capabilities, we believe we could identify attractive candidates for acquisition among such bonds.

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Q: Please describe some high-yield securities that impacted Fund performance during the 12-month period.

A: High-yield issues that provided sound positive performance for the Fund included Charter Communications. While our overall return was strong, we held some underperforming securities, too. One was DiGiorgio Foods, which declined in value after losing one of its larger customers.

Q: How did real estate investment trusts (REITs) impact Fund performance during the fiscal year?

A: As an asset class, REITs turned in a strong performance. Specifically, the

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Fund benefitted from its exposure to the retail sector, which included General Growth Properties. We also gained a measure of performance versus our REIT benchmark by being less heavily weighted in the multi-family sector, where apartment vacancies rose during the 12-month period. Conversely, the Fund lost performance with its overweighting in the travel sector, a position we developed in anticipation of speedy economic recovery but which suffered from industry volatility. Performance was also impeded somewhat from an overweighting in the office sector. Like the multi-family sector, this area of the REIT market suffered from falling occupancy rates.

Q: What role did convertible securities play for the 12-month period?

A: As a percentage of net assets, convertible securities represent a smaller portion of your Fund. However, we believe they play a beneficial role in adding diversification to the portfolio, as well as generating income and offering capital appreciation potential. Our approach to managing the portfolio's convertible securities did not change over the 12-month period. Our research focused on identifying companies selling at attractive valuations that feature strong cash flows and balance sheets. Convertible securities' performance within the Fund was in line with the broad equity market, yet with less volatility and a greater income stream.

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Delaware

INVESTMENTS DIVIDEND AND INCOME FUND, INC.

Fund Basics

As of November 30, 2003

Fund Objectives:

The Fund seeks to achieve high current income. Capital appreciation is a secondary objective.

Total Fund Net Assets:

\$150.59 million

Number of Holdings:

244

Fund Start Date:

March 26, 1993

Your Fund Managers:

Damon J. Andres earned a bachelor's degree in business administration with an emphasis in finance and accounting from the University of Richmond. Prior to joining Delaware Investments in 1994, Mr. Andres performed investment-consulting services with Cambridge Associates, Inc. in Arlington, Virginia. Mr. Andres is a CFA charterholder.

Nancy M. Crouse has a bachelor's degree from Lafayette College and an MBA from the University

Fund Performance

Average Annual Total Returns
Through November 30, 2003

	Lifetime	10
At Market Price	+8.59%	+
At Net Asset Value	+9.15%	+

Returns reflect reinvestment of all distributions initially offered with a sales charge of 6.0%. Not include the sales charge or any brokerage since inception. Past performance is not a guarantee.

The performance table and graphs on the following pages are based on the net asset value after deduction of taxes the shareholder would pay on redemptions of Fund shares.

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of Pittsburgh. She is the consumer growth and consumer staples team leader, a member of the portfolio review team and a co-manager of open- and closed-end mutual funds. Ms. Crouse began her career in finance at Philadelphia National Bank. Before joining Delaware Investments in 1993, she served as Vice President at CoreStates Investment Advisers, where she performed securities analysis and managed balanced portfolios. Ms. Crouse is a CFA charterholder and a member of the Philadelphia Society of Financial Analysts.

Timothy L. Rabe is Senior Vice-President/Senior Portfolio Manager of Delaware's high-yield funds. Mr. Rabe received a bachelor's degree in finance from the University of Illinois. Prior to joining Delaware Investments in 2000, Mr. Rabe was a high-yield portfolio manager for Conseco Capital Management. Before that, he worked as a tax analyst for The Northern Trust Company. Mr. Rabe is a CFA charterholder.

 NYSE Symbol:
 DDF

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Market Price vs. Net Asset Value
 November 30, 2002 through November 30, 2003

-- Delaware Investments Dividend and Income Fund, Inc. @ Market Price
 -- Delaware Investments Dividend and Income Fund, Inc. @ NAV

	Delaware Investments Dividend & Income Fund, Inc.- Market Price	Delaware Investments Dividend & Income Fund, Inc.- NAV
11/30/02	\$10.02	\$10.14
12/31/02	\$11.15	\$9.94
1/31/03	\$10.59	\$9.72
2/28/03	\$10.71	\$9.52
3/31/03	\$10.78	\$9.72
4/30/03	\$12.05	\$10.49
5/31/03	\$12.20	\$10.83
6/30/03	\$12.95	\$10.99
7/31/03	\$13.40	\$11.09
8/31/03	\$11.76	\$11.11
9/30/03	\$11.18	\$11.21
10/31/03	\$11.65	\$11.50
11/30/03	\$11.84	\$11.78

Past performance is not a guarantee of future results.

Performance of a \$10,000 Investment
 November 30, 1993 through November 30, 2003

-- Delaware Investments Dividend and Income Fund, Inc. @ Market Price
 -- Delaware Investments Dividend and Income Fund, Inc. @ NAV
 -- Lipper Closed-End Income and Preferred Stock Funds Average @ NAV

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-- Lipper Closed-End Income and Preferred Stock Funds Average @ Market Price

Delaware Investments Dividend & Income Fund - Performance of \$10,000 investment chart

	Delaware Investments Dividend & Income Fund, Inc. @ NAV	Delaware Investments Dividend & Income Fund, Inc. @ Market Price	Lipper Closed-end Income & Preferred stock funds avg @ (NAV)	Lip Inco stock fu
11/30/93	\$10,000	\$10,000	\$10,000	
11/30/94	\$ 9,540	\$ 9,277	\$ 9,562	
11/30/95	\$11,517	\$11,940	\$11,509	
11/30/96	\$13,948	\$15,603	\$12,892	
11/30/97	\$17,744	\$18,464	\$14,980	
11/30/98	\$17,723	\$19,997	\$16,130	
11/30/99	\$16,341	\$14,691	\$15,363	
11/30/00	\$16,532	\$17,597	\$16,544	
11/30/01	\$18,519	\$22,912	\$17,798	
11/30/02	\$18,082	\$18,563	\$16,665	
11/30/03	\$22,595	\$24,169	\$18,864	

Chart assumes \$10,000 invested on November 30, 1993, and reflects the reinvestment of all distributions at market value. Performance of the Fund and the Lipper peer group at market value are based on market performance during the period. Performance of the Fund and the Lipper peer group at net asset value are based on the fluctuations in net asset value during the period. The chart also assumes \$10,000 invested in the Lipper Closed-End Income and Preferred Stock Funds Average at Market Price and at Net Asset Value. Returns plotted were as of the last day of each month shown. Delaware Investments Dividend and Income Fund, Inc. was initially offered with a sales charge of 6.0%. Performance since inception does not include fees, the initial sales charge or any brokerage commissions for purchases made since inception. Investments in the Fund are not available at net asset value. The Lipper Closed-End Income and Preferred Stock Funds Average represents the average return of closed-end income and preferred stock mutual funds tracked by Lipper (Source: Lipper Inc.). You cannot invest directly in an index. Past performance is not a guarantee of future results.

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Statement
OF NET ASSETS

Delaware Investments Dividend and Income Fund, Inc.
November 30, 2003

	Number of Shares	Market Value (U.S.\$)
Common Stock - 77.15%		
Aerospace & Defense - 1.10%		
Raytheon	59,800	\$ 1,657,058

		1,657,058

Automobiles & Automotive Parts - 1.13%		
General Motors	39,900	1,706,922

		1,706,922

Banking, Finance & Insurance - 11.47%		
Bank of America	34,100	2,572,163
Friedman Billings Ramsey Group	98,995	2,113,543

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J.P. Morgan Chase	44,700	1,580,592
Keycorp	72,300	2,009,217
Mellon Financial	85,100	2,450,880
Morgan Stanley	57,300	3,167,544
Wells Fargo	41,900	2,402,127
XL Capital Ltd. Class A	13,000	977,600

		17,273,666

Business Services - 1.10%		
+++Fieldstone Investments 144A	100,000	1,650,000

		1,650,000

Cable, Media & Publishing - 1.21%		
Gannett	21,100	1,827,260

		1,827,260

Chemicals - 3.93%		
Air Products & Chemicals	45,200	2,166,888
Dow Chemical	100,000	3,755,000

		5,921,888

Computers & Technology - 1.06%		
Pitney Bowes	40,000	1,590,000

		1,590,000

Consumer Products - 2.49%		
Kimberly-Clark	39,000	2,114,580
Procter & Gamble	17,000	1,636,080

		3,750,660

Electronics & Electrical Equipment - 1.01%		
Emerson Electric	25,000	1,526,000

		1,526,000

Energy - 4.55%		
ChevronTexaco	28,000	2,102,800
ConocoPhillips	23,385	1,326,865
Exxon Mobil	40,000	1,446,800
Kerr-McGee	45,300	1,902,147
++Petro Geo Services ADR	1,989	73,604

		6,852,216

Food, Beverage & Tobacco - 6.23%		
General Mills	58,900	2,651,089
Heinz (H.J.)	60,700	2,191,270
Kellogg	61,500	2,199,855
PepsiCo	48,600	2,338,632

		9,380,846

Healthcare & Pharmaceuticals - 6.20%		
Abbott Laboratories	35,000	1,547,000
Biomet	62,100	2,221,317
Bristol-Myers Squibb	91,500	2,411,025

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	Number of Shares	Market Value (U.S.\$)
Common Stock (continued)		
Healthcare & Pharmaceuticals (continued)		
++Medco Health Solutions	3,714	\$ 135,301
Merck & Co.	30,800	1,250,480
Wyeth	45,100	1,776,940

		9,342,063

Industrial Machinery - 1.62%		
Caterpillar	32,000	2,433,600

		2,433,600

Investment Companies - 1.71%		
Gladstone Capital	120,300	2,578,029

		2,578,029

Paper & Forest Products - 1.75%		
International Paper	40,000	1,488,400
Weyerhaeuser	20,000	1,140,000

		2,628,400

Real Estate - 24.11%		
AMB Property	65,600	2,063,776
Apartment Investment & Management	55,200	1,879,560
AvalonBay Communities	22,300	1,065,940
Camden Property Trust	54,900	2,307,996
Duke Realty	87,000	2,679,600
*Equity Office Properties Trust	95,800	2,656,534
Equity One	2,700	46,305
General Growth Properties	37,844	3,050,226
Liberty Property Trust	62,470	2,363,240
Pan Pacific Retail Properties	61,400	2,852,030
Prentiss Properties Trust	76,272	2,421,636
Ramco-Gershenson Properties	118,500	3,086,925
Reckson Associates Realty	91,520	2,196,480
Simon Property Group	92,500	4,389,125
Starwood Hotels & Resorts Worldwide	76,200	2,626,614
Sun Communities	16,600	622,998

		36,308,985

Retail - 0.16%		
***Kmart Holdings	7,768	236,536

		236,536

Telecommunications - 1.73%		
BellSouth	60,000	1,561,800
Verizon Communications	31,720	1,039,464

		2,601,264

Transportation & Shipping - 1.52%		

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Union Pacific	36,000	2,292,480

		2,292,480

Utilities - 3.07%		
Dominion Resources	36,600	2,205,882
FPL Group	38,000	2,414,900

		4,620,782

Total Common Stock (cost \$102,126,002)		116,178,655

Convertible Preferred Stock - 6.09%		
Aerospace & Defense - 0.71%		
Northrop Grumman 7.25%	10,500	1,075,305

		1,075,305

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Statement Delaware Investments Dividend and Income Fund, Inc.
OF NET ASSETS (CONTINUED)

	Number of Shares	Market Value (U.S.\$)
Convertible Preferred Stock (continued)		
Banking, Finance & Insurance - 3.35%		
Chubb 7.00%	15,000	\$ 412,500
National Australia Bank Units 7.875%	40,000	1,465,600
Newell Financial Trust 5.25%	52,600	2,386,725
Travelers Property Casualty 4.50%	32,200	766,682

		5,031,507

Environmental Services - 0.76%		
Allied Waste Industries 6.25%	16,200	1,144,368

		1,144,368

Real Estate - 0.93%		
*Crescent Real Estate 6.75%	62,600	1,402,240

		1,402,240

Transportation & Shipping - 0.34%		
Union Pacific Capital Trust 6.25%	2,322	118,132
+Union Pacific Capital Trust TIDES 144A 6.25%	7,818	397,741

		515,873

Total Convertible Preferred Stock (cost \$9,134,779)		9,169,293

Preferred Stock - 4.78%		
Cable, Media & Publishing - 0.27%		
*CSC Holdings 11.75%	3,775	399,206

		399,206

Real Estate - 3.46%		

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Equity Inns Series B 8.75%	37,000	986,050
LaSalle Hotel Properties 10.25%	113,200	3,141,315
Ramco-Gershenson Properties 9.50%	40,000	1,101,000

		5,228,365

Utilities - 1.05%		
Public Service Enterprise Group 10.25%	27,200	1,577,600

		1,577,600

Total Preferred Stock (cost \$6,472,996)		7,205,171

	Principal	
	Amount (U.S.\$)	
Convertible Bonds - 6.77%		
Automobiles & Automotive Parts - 0.26%		
+Tower Automotive 144A 5.00% 8/1/04	\$ 400,000	396,000

		396,000

Computers & Technology - 0.37%		
+Mercury Interactive 144A 4.75% 7/1/07	550,000	554,125

		554,125

Consumer Products - 0.11%		
Eastman Kodak 3.375% 10/15/33	150,000	162,750

		162,750

Leisure, Lodging & Entertainment - 0.41%		
+Regal Entertainment 144A 3.75% 5/15/08	550,000	620,125

		620,125

Miscellaneous - 0.19%		
+Tyco International Group 144A		
2.75% 1/15/18	250,000	291,250

		291,250

	Principal	Market
	Amount (U.S.\$)	Value (U.S.\$)
Convertible Bonds (continued)		
Real Estate - 2.02%		
Malan Realty Investors 9.50% 7/15/04	\$ 1,755,000	\$ 1,763,775
Meristar Hospitality 9.50% 4/1/10	1,100,000	1,274,625

		3,038,400

Retail - 1.78%		
+Gap 144A 5.75% 3/15/09	1,825,000	2,675,906

		2,675,906

Telecommunications - 0.91%		
+Nextel Partners 144A 1.50% 11/15/08	800,000	1,371,000

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		1,371,000

Transportation & Shipping - 0.15%		
+Expressjet Holdings 144A 4.25% 8/1/23	200,000	229,500

		229,500

Utilities - 0.57%		
+Centerpoint Energy 144A 3.75% 5/15/23	800,000	853,000

		853,000

Total Convertible Bonds (cost \$8,205,238)		10,192,056

Bonds - 38.55%		
Aerospace & Defense - 0.36%		
+Armor Holdings 144A 8.25% 8/15/13	500,000	535,000

		535,000

Automobiles & Automotive Parts - 1.16%		
+Advanced Accessory Systems 144A		
10.75% 6/15/11	200,000	217,000
*General Motors 8.375% 7/15/33	325,000	355,064
+Metaldyne 144A 10.00% 11/1/13	250,000	241,250
+UIS 144A 9.375% 6/15/13	875,000	936,250
*[CHECK MARK]Venture Holdings Trust 12.00% 6/1/09	425,000	2,125

		1,751,689

Banking, Finance & Insurance - 1.14%		
+Crum & Forster 144A 10.375% 6/15/13	325,000	355,875
+Eircum Funding 144A 8.25% 8/15/13	200,000	218,000
+Farmers Exchange Capital 144A		
7.20% 7/15/48	350,000	306,445
Finova Group 7.50% 11/15/09	200,000	112,000
+Poster Financial Group 144A		
8.75% 12/1/11	300,000	308,625
*Qwest Capital Funding 5.875% 8/3/04	225,000	226,125
TIG Holdings 8.125% 4/15/05	175,000	178,719

		1,705,789

Building & Materials - 1.78%		
+Beazer Homes USA 144A 6.50% 11/15/13	100,000	100,000
DR Horton 9.75% 9/15/10	250,000	295,625
+Lone Star Industries 144A 8.85% 6/15/05	300,000	314,625
Schuler Homes 10.50% 7/15/11	575,000	660,531
*Standard Pacific 9.25% 4/15/12	375,000	418,125
*Technical Olympic USA 10.375% 7/1/12	525,000	585,375
WCI Communities 10.625% 2/15/11	275,000	309,375

		2,683,656

Business Services - 0.21%		
Brickman Group 11.75% 12/15/09	275,000	317,625

		317,625

Cable, Media & Publishing - 4.76%		
Charter Communications 10.75% 10/1/09	1,575,000	1,354,499

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Statement Delaware Investments Dividend and Income Fund, Inc.
OF NET ASSETS (CONTINUED)

	Principal Amount (U.S.\$)	Market Value (U.S.\$)
Bonds (continued)		
Cable, Media & Publishing (continued)		
*CSC Holdings 10.50% 5/15/16	\$ 750,000	\$ 832,500
+Hollinger 144A 11.875% 3/1/11	200,000	220,000
*#Insight Communications 12.25% 2/15/10	1,050,000	838,688
*Insight Midwest 10.50% 11/1/10	50,000	54,750
*Lodgenet Entertainment 9.50% 6/15/13	575,000	628,188
*Mediacom Broadband 11.00% 7/15/13	600,000	646,500
*PanAmSat 8.50% 2/1/12	425,000	464,313
PEI Holdings 11.00% 3/15/10	225,000	262,406
Rogers Cable Systems 10.00% 3/15/05	500,000	545,000
+Sheridan Acquisition 144A 10.25% 8/15/11	325,000	344,500
Vertis		
10.875% 6/15/09	225,000	231,750
13.50% 12/7/09	125,000	117,500
XM Satellite Radio 12.00% 6/15/10	550,000	616,000
		----- 7,156,594 -----
Chemicals - 1.87%		
*Huntsman International		
9.875% 3/1/09	250,000	269,375
10.125% 7/1/09	350,000	350,875
#**+Johnsondiversey 144A 10.67% 5/15/13	450,000	343,125
*Lyondell Chemical 9.625% 5/1/07	325,000	336,375
*+Rhodia SA 144A 8.875% 6/1/11	775,000	689,750
Solutia		
*6.72% 10/15/37	975,000	755,625
11.25% 7/15/09	75,000	67,875
		----- 2,813,000 -----
Computers & Technology - 1.39%		
*Amkor Technologies 7.75% 5/15/13	200,000	215,000
*ChipPac International 12.75% 8/1/09	150,000	167,250
Cooperative Computing 10.50% 6/15/11	225,000	245,250
Lone Star Technologies 9.00% 6/1/11	150,000	146,250
Northern Telecom Capital 7.875% 6/15/26	900,000	886,500
+Stratus Technologies 144A 10.375% 12/1/08	425,000	437,750
		----- 2,098,000 -----
Consumer Products - 1.36%		
*American Greetings 11.75% 7/15/08	610,000	710,650
*+Hines Nurseries 144A 10.25% 10/1/11	200,000	217,500
Jafra Cosmetics 10.75% 5/15/11	350,000	376,250
*Remington Arms 10.50% 2/1/11	225,000	235,125
Salton 10.75% 12/15/05	500,000	515,000
		----- 2,054,525 -----
Consumer Services - 0.49%		
*Alderwoods Group 12.25% 1/2/09	475,000	534,375

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Corrections Corporation of America		
*7.50% 5/1/11	50,000	52,625
+144A 7.50% 5/1/11	150,000	157,875

		744,875

Energy - 2.24%		
*Bluewater Finance 10.25% 2/15/12	325,000	332,313
*Citgo Petroleum 11.375% 2/1/11	475,000	550,999
*+Dynegey Holdings 144A 10.125% 7/15/13	900,000	996,749
Hanover Equipment Trust 8.50% 9/1/08	250,000	256,250
+Hilcorp Energy/Finance 144A		
10.50% 9/1/10	225,000	246,375
+Massey Energy 144A 6.625% 11/15/10	300,000	304,500
	Principal	Market
	Amount (U.S.\$)	Value (U.S.\$)
Bonds (continued)		
Energy (continued)		
Petro Gas Services		
8.00% 11/5/06	\$ 35,159	\$ 35,863
*10.00% 11/5/10	254,910	268,930
*Sonat 7.625% 7/15/11	175,000	152,250
*Transcontinental Gas Pipeline		
6.25% 1/15/08	225,000	233,438

		3,377,667

Environmental Services - 0.58%		
*Casella Waste 9.75% 2/1/13	225,000	253,125
IESI 10.25% 6/15/12	575,000	626,750

		879,875

Food, Beverage & Tobacco - 2.75%		
B&G Foods 9.625% 8/1/07	725,000	750,375
+Commonwealth Brands 144A		
10.625% 9/1/08	625,000	678,125
*DiGiorgio Foods 10.00% 6/15/07	475,000	450,063
+Le-Natures 144A 9.00% 6/15/13	300,000	312,000
+National Beef Packing 144A		
10.50% 8/1/11	475,000	522,500
*+Pinnacle Foods 144A 8.25% 12/1/13	1,025,000	1,055,749
+Semini's Vegetable 144A 10.25% 10/1/13	350,000	373,188

		4,142,000

Foreign Government - 0.21%		
Republic of Peru 8.75% 11/21/33	325,000	322,238

		322,238

Healthcare & Pharmaceuticals - 0.60%		
*Alliance Imaging 10.375% 4/15/11	325,000	338,813
Team Health 12.00% 3/15/09	525,000	570,937

		909,750

Industrial Machinery - 0.21%		
*Foster Wheeler 6.75% 11/15/05	525,000	315,000

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		315,000

Leisure, Lodging & Entertainment - 1.43%		
+Gaylord Entertainment 144A		
8.00% 11/15/13	275,000	287,375
+Hard Rock Hotel 144A 8.875% 6/1/13	300,000	318,000
Herbst Gaming 10.75% 9/1/08	325,000	365,625
+Host Marriott 144A 7.125% 11/1/13	125,000	124,375
+Imax 144A 9.625% 12/1/10	300,000	312,000
Royal Caribbean Cruises		
6.875% 12/1/13	175,000	175,438
7.50% 10/15/27	600,000	575,250

		2,158,063

Metals & Mining - 0.34%		
*AK Steel 7.75% 6/15/12	350,000	238,000
*United States Steel 10.75% 8/1/08	250,000	279,375

		517,375

Packaging & Containers - 1.00%		
*AEP Industries 9.875% 11/15/07	275,000	275,000
Portola Packaging 10.75% 10/1/05	175,000	174,125
*Radnor Holdings 11.00% 3/15/10	300,000	275,250
+Silgan Holdings 144A 6.75% 11/15/13	425,000	427,125
+Tekni-Plex 144A 8.75% 11/15/13	350,000	359,625

		1,511,125

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Statement Delaware Investments Dividend and Income Fund, Inc.
OF NET ASSETS (CONTINUED)

	Principal Amount (U.S.\$)	Market Value (U.S.\$)
Bonds (continued)		
Paper & Forest Products - 2.24%		
Ainsworth Lumber		
*12.50% 7/15/07	\$ 475,000	\$ 553,375
13.875% 7/15/07	100,000	115,500
Consolidated Container 10.125% 7/15/09	475,000	287,375
Georgia Pacific		
8.125% 6/15/23	350,000	345,625
*8.625% 4/30/25	275,000	280,500
9.875% 11/1/21	225,000	234,000
+Millar Western 144A 7.75% 11/15/13	625,000	638,280
Pacifica Papers 10.00% 3/15/09	175,000	185,938
Smurfit Capital 7.50% 11/20/25	575,000	552,000
Tembec Industries 8.625% 6/30/09	175,000	174,563

		3,367,156

Real Estate - 0.26%		
Tanger Properties 9.125% 2/15/08	350,000	384,125

		384,125

Restaurants - 0.46%		

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Avado Brands 9.75% 6/1/06	230,000	100,050
*Denny's 12.75% 9/30/07	250,000	258,750
+O'Charleys 144A 9.00% 11/1/13	325,000	327,438

		686,238

Retail - 0.87%		
*J Crew 10.375% 10/15/07	485,000	503,188
*Office Depot 10.00% 7/15/08	480,000	576,000
Petco Animal Supplies 10.75% 11/1/11	195,000	231,075

		1,310,263

Telecommunications - 2.78%		
+Alaska Communications Systems		
144A 9.875% 8/15/11	500,000	527,499
+American Tower 144A 7.25% 12/1/11	300,000	302,250
*+Centennial Cellular Operating 144A		
10.125% 6/15/13	475,000	503,500
+Cincinnati Bell 144A		
7.25% 7/15/13	225,000	235,125
8.375% 1/15/14	125,000	131,563
Crown Castle International		
*10.75% 8/1/11	200,000	225,000
+144A 7.50% 12/1/13	250,000	248,750
+Level 3 Finance 144A 10.75% 10/15/11	375,000	393,750
+MetroPCS 144A 10.75% 10/1/11	400,000	392,000
Nextel Partners 12.50% 11/15/09	150,000	174,000
*+Qwest Services 144A 13.50% 12/15/10	350,000	413,438
*Time Warner Telecommunications		
9.75% 7/15/08	425,000	431,375
Western Wireless 9.25% 7/15/13	200,000	209,000

		4,187,250

Textiles, Apparel & Furniture - 0.34%		
+Warnaco 144A 8.875% 6/15/13	500,000	510,000

		510,000

Transportation & Shipping - 2.03%		
Hornbeck Offshore Services		
10.625% 8/1/08	250,000	275,625
Kansas City Southern Railway		
9.50% 10/1/08	425,000	478,656
Ocean Rig Norway 10.25% 6/1/08	325,000	297,375
+OMI 144A 7.625% 12/1/13	300,000	303,000

Principal Market
Amount (U.S.\$) Value (U.S.\$)

Bonds (continued)

Transportation & Shipping (continued)

Overseas Shipholding Group		
8.25% 3/15/13	\$ 475,000	\$ 508,844
+Seabulk International 144A		
9.50% 8/15/13	500,000	523,750
Stena AB 9.625% 12/1/12	600,000	672,000

		3,059,250

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Utilities - 5.69%		
+Allegheny Energy Supply Statutory Trust		
2001 144A Series A 10.25% 11/15/07	385,000	400,400
Aquila 7.95% 2/1/11	300,000	321,000
*Avista 9.75% 6/1/08	500,000	587,500
Calpine		
8.25% 8/15/05	200,000	188,000
+144A 8.75% 7/15/13	600,000	556,500
*10.50% 5/15/06	550,000	514,250
Cogentrix Energy 8.75% 10/15/08	425,000	430,844
Edison Mission 9.875% 4/15/11	200,000	203,000
El Paso Natural Gas		
7.625% 8/1/10	325,000	328,250
*7.875% 6/15/12	300,000	265,500
Elwood Energy 8.159% 7/5/26	165,449	168,137
+Gemstone Investor 144A		
7.71% 10/31/04	225,000	226,406
Homer City Fund 8.137% 10/1/19	200,000	211,750
Illinois Power 7.50% 6/15/09	500,000	545,000
*Midland Funding II 11.75% 7/23/05	160,377	174,009
Midwest Generation 8.30% 7/2/09	500,000	510,000
[CHECK MARK]Mirant Americas Generation		
7.625% 5/1/06	400,000	340,000
*+MSW Energy Holdings/Finance II 144A		
7.375% 9/1/10	300,000	310,500
Orion Power Holdings 12.00% 5/1/10	375,000	438,750
PSEG Energy Holdings 7.75% 4/16/07	250,000	259,063
+Reliant Resource 144A 9.50% 7/15/13	250,000	253,750
Southern Natural Gas 8.875% 3/15/10	200,000	221,500
Tennessee Gas Pipeline 8.375% 6/15/32	350,000	366,625
+USGen New England 144A 7.459% 1/2/15	250,000	110,923
*Williams Companies 8.125% 3/15/12	575,000	623,874

		8,555,531

Total Bonds		
(cost \$55,940,450)		58,053,659

Municipal Bonds - 0.17%		
New Jersey Economic Development		
Authority Continental Airlines Project		
6.25% 9/15/29	300,000	255,339

Total Municipal Bonds (cost \$254,422)		255,339

	Number of	
	Shares	
Warrants - 0.13%		
+++Solutia 144A	650	12,025
++XM Satellite Radio	100	180,000

Total Warrants (cost \$75,794)		192,025

Statement Delaware Investments Dividend and Income Fund, Inc.
OF NET ASSETS (CONTINUED)

	Principal	Market
	Amount (U.S.\$)	Value (U.S.\$)
Short-Term Securities - 3.16%		

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**U.S. Treasury Bills 0.905% 1/8/04	\$ 4,765,000	\$ 4,760,624

Total Short-Term Securities (cost \$4,760,624)		4,760,624

Total Market Value of Securities Before Securities Lending Collateral- 136.80% (cost \$186,970,305)		206,006,822

Securities Lending Collateral*** - 13.08%		
Short-Term Investments		
ABN AMRO Bank Chicago		
1.06% 6/07/04	748,078	748,039
ABN AMRO Bank Tokyo 1.10% 1/13/04	213,742	213,742
Allied Irish Dublin 1.12% 1/20/04	854,951	854,968
Credit Suisse First Boston		
1.60% 12/13/04	854,968	854,968
Deutsche Bank Financial		
1.071% 1/16/04	855,109	855,270
FHLMC 1.12% 1/15/04	482,769	484,016
FNMA 1.035% 1/29/04	5,343,755	5,343,482
General Electric Capital		
1.13% 10/04/04	320,892	321,439
Goldman Sachs Group LP		
1.193% 12/15/03	748,090	748,097
HBOS Treasury Services PLC		
1.09%12/12/03	854,961	854,968
Keybank NA 1.146% 1/26/04	427,554	427,698
Marsh & McLennan 1.291% 6/15/04	549,796	565,446
Merrill Lynch Mortgage Capital		
1.163% 12/08/03	854,968	854,968
Morgan Stanley Dean Witter		
1.10% 12/01/03	3,576,574	3,576,574
1.22% 12/28/04	213,395	213,742
1.30% 3/19/04	534,011	534,355
Swiss Re Financial 1.103% 1/15/04	533,597	532,869
Wachovia Bank NA 1.127% 11/15/04	854,985	855,729
Wilmington Trust 1.11% 1/22/04	854,951	854,968

Total Securities Lending Collateral (cost \$19,695,338)		19,695,338

Total Market Value of Securities - 149.88% (cost \$206,665,643)		\$ 225,702,160
Obligation to Return Securities		
Lending Collateral - (13.08%)**		(19,695,338)
Commercial Paper Payable (par \$55,000,000) - (36.46%)		(54,898,141)
Liabilities Net of Receivables and Other Assets - (0.34%)		(513,764)

Net Assets Applicable to 12,876,300 Shares Outstanding; Equivalent to \$11.70 per share - 100.00%		\$ 150,594,917
		=====

Components of Net Assets at November 30, 2003:

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Common stock, \$0.01 par value,	
500,000,000 shares authorized to the Fund	\$ 172,861,161
Treasury stock, 1,430,700 shares at cost	(17,411,619)
Accumulated net realized loss on investments	(23,891,142)
Net unrealized appreciation of investments	19,036,517

Total net assets	\$ 150,594,917
	=====

++Non-income producing security for the year ended November 30, 2003.

[CHECK MARK]Non-income producing security. Security is currently in default.

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

#Step coupon bond.

*Fully or partially on loan.

**U.S. Treasury bills are traded on a discount basis; the interest rate shown is the effective yield at the time of purchase by the Fund.

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

+++Includes \$19,339,198 of securities loaned.

Summary of Abbreviations:

ADR - American Depositary Receipts

FHLMC - Federal Home Loan Mortgage Corporation

FNMA - Federal National Mortgage Association

TIDES - Term Income Deferred Equity Securities

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Statement	Delaware Investments Dividend and Income Fund, Inc.
OF OPERATIONS	Year Ended November 30, 2003

Investment Income:

Interest	\$6,241,858	
Dividends	5,106,615	
Securities lending income	38,405	\$11,386,878
	-----	-----

Expenses:

Management fees	1,052,526	
Commercial paper fees	116,680	
Accounting and administration expenses	95,916	
Reports to shareholders	61,420	
Professional fees	52,679	
Transfer agent fees	46,680	
NYSE fees	35,040	
Custodian fees	14,040	
Directors' fees	10,880	
Other	32,620	

Total operating expenses (before interest expense)		1,518,481
Interest expense		715,597

Total operating expenses (after interest expense)		2,234,078
Less expenses paid indirectly		(3,276)

Total expenses		2,230,802

Net Investment Income		9,156,076

Net Realized and Unrealized Gain (Loss) on Investments:

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Net realized loss on investments	(1,708,967)
Net change in unrealized appreciation/depreciation of investments	27,267,999

Net Realized and Unrealized Gain on Investments	25,559,032

Net Increase in Net Assets Resulting from Operations	\$34,715,108
	=====

See accompanying notes

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Statements Delaware Investments Dividend and Income Fund, Inc.
OF CHANGES IN NET ASSETS

Increase (Decrease) in Net Assets from Operations:
 Net investment income
 Net realized loss on investments
 Net change in unrealized appreciation/depreciation of investments

 Net increase (decrease) in net assets resulting from operations

Dividends and Distributions to Shareholders from:
 Net investment income
 Return of capital

Net Increase (Decrease) in Net Assets

Net Assets:
 Beginning of year

 End of year

See accompanying notes

Statement Delaware Investments Dividend and Income Fund, Inc.
OF CASH FLOWS Year Ended November 30, 2003

Net Cash Provided by Operating Activities:
 Net increase in net assets resulting from operations

Adjustments to reconcile net increase in net assets from operations to cash provided by operations:
 Amortization of premium and discount on investments
 Net proceeds from investment transactions
 Net realized loss on investment transactions
 Change in net unrealized appreciation/depreciation of investments
 Decrease in receivable for investments sold

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Increase in interest and dividends receivable
 Increase in distribution payable
 Decrease in payable for investments purchased
 Decrease in interest payable
 Increase in accrued expenses and other liabilities

Total adjustments

Net cash provided by operating activities

Cash Flows Used for Financing Activities:

Cash provided by issuance of commercial paper
 Repayment of commercial paper upon maturity
 Cash dividends and distributions paid

Net cash used for financing activities

Net decrease in cash

Cash at beginning of year

Cash (overdraft) at end of year

Cash paid for interest

See accompanying notes

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Financial
 HIGHLIGHTS

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

	Delaware Investments Divide		
	11/30/03	11/30/02 (3)	Year End 11/30/0
Net asset value, beginning of period	\$10.140	\$11.630	\$11.59
Income (loss) from investment operations:			
Net investment income(4)	0.711	0.635	0.61
Net realized and unrealized gain (loss) on investments	1.989	(0.650)	0.92
	-----	-----	-----
Total from investment operations	2.700	(0.015)	1.54
	-----	-----	-----
Less dividends and distributions from:			
Net investment income	(0.714)	(0.660)	(0.61)
Net realized gain on investments	--	--	(0.08)
Return of capital	(0.426)	(0.815)	(0.80)
	-----	-----	-----
Total dividends and distributions	(1.140)	(1.475)	(1.50)
	-----	-----	-----
Net asset value, end of period	\$11.700	\$10.140	\$11.63

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	=====	=====	=====
Market value, end of period	\$11.840	\$10.020	\$13.85
	=====	=====	=====
Total return based on: (1)			
Market value	30.20%	(18.98%)	30.20
Net asset value	27.13%	(2.36%)	12.02
Ratios and supplemental data:			
Net assets, end of period (000 omitted)	\$150,595	\$130,560	\$149,71
Ratio of expenses to average net assets	1.63%	1.86%	2.77
Ratio of expenses to adjusted average net assets (before interest expense) (2)	0.79%	0.80%	0.83
Ratio of interest expense to adjusted average net assets(2)	0.37%	0.54%	1.22
Ratio of net investment income to average net assets	6.70%	5.69%	5.07
Ratio of net investment income to adjusted average net assets(2)	4.78%	4.12%	3.75
Portfolio turnover	175%	107%	61
Leverage analysis:			
Debt outstanding (at par) at end of period (000 omitted)	\$55,000	\$55,000	\$55,00
Average daily balance of debt outstanding (000 omitted)	\$54,882	\$54,857	\$54,72
Average daily balance of shares outstanding (000 omitted)	12,876	12,876	12,87
Average debt per share	\$4.262	\$4.260	\$4.25
Asset coverage per \$1,000 of debt outstanding at end of period	\$3,743	\$3,379	\$3,73

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

(2) Adjusted average net assets excludes debt outstanding.

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

(4) The average shares outstanding method has been applied for per share information.

See accompanying notes

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TO FINANCIAL STATEMENTS November 30, 2003

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

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

1. Significant Accounting Policies

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

Security Valuation -- All equity securities are valued at the last quoted sales price as of the time of the regular close of the New York Stock Exchange (NYSE) on the valuation date. Securities traded on the Nasdaq Stock Market, Inc. (NASDAQ) are valued in accordance with the NASDAQ Official Closing Price, which may not be the last sales price. If on a particular day an equity security does not trade, then the mean between the bid and the asked prices will be used. U.S. government and agency securities are valued at the mean between the bid and asked prices. Long-term debt securities are valued by an independent pricing service and such prices are believed to reflect the fair value of such securities. Short-term debt securities having less than 60 days to maturity are valued at amortized cost, which approximates market value. Other securities and assets for which market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of the Fund's Board of Directors. In determining whether market quotations are readily available or fair valuation will be used, various factors will be taken into consideration, such as market closures, or with respect to foreign securities, aftermarket trading or significant events after local market trading (e.g., government actions or pronouncements, trading volume or volatility on markets, exchanges among dealers, or news events).

Federal Income Taxes -- The Fund intends to continue to qualify for federal income tax purposes as a regulated investment company and make the requisite distributions to shareholders. Accordingly, no provision for federal income taxes has been made in the financial statements.

Distributions -- The Fund has a managed distribution policy. Under the policy, the Fund declares and pays monthly distributions and is managed with a goal of generating as much of the distribution as possible from ordinary income (net investment income and short-term capital gains). The balance of the distribution then comes from long-term capital gains, and, if necessary, a return of capital. Effective September 1, 2003, the current annualized rate is \$0.96 per share. The Fund continues to evaluate its monthly distribution in light of ongoing economic and market conditions and may change the amount of the monthly distributions in the future.

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

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

Other -- Expenses common to all funds within the Delaware Investments Family of

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Funds are allocated amongst the funds on the basis of average net assets. Security transactions are recorded on the date the securities are purchased or sold (trade date). Costs used in calculating realized gains and losses on the sale of investment securities are those of the specific securities sold. Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis. Discounts and premiums are amortized to interest income over the lives of the respective securities. Distributions received from investments in Real Estate Investment Trusts are recorded as dividend income on ex-dividend date, subject to reclassification upon notice of the character of such distribution by the issuer.

Certain expenses of the Fund are paid through commission arrangements with brokers. The amount of these expenses was approximately \$3,276 for the year ended November 30, 2003. In addition, the Fund may receive earnings credits from its custodian when positive cash balances are maintained, which are used to offset custody fees. There were no earnings credits for the year ended November 30, 2003. The expenses paid under the above arrangements are included in their respective expense captions on the Statement of Operations with the corresponding expense offset shown as "expenses paid indirectly."

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

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

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

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

At November 30, 2003, the Fund had liabilities payable to affiliates as follows:

Investment management fee payable to DMC	\$18,567
Accounting, administration and other expenses payable to DSC	11,401
Other expense payable to DMC and affiliates*	28,127

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

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

3. Investments

For the year ended November 30, 2003, the Fund made purchases of \$312,330,161 and sales of \$316,857,252 of investment securities other than U.S. government securities and short-term investments.

At November 30, 2003, the cost of investments for federal income tax purposes was \$186,754,577. At November 30, 2003, the net unrealized appreciation was \$19,252,245, of which \$29,180,798 related to unrealized appreciation of

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investments and \$9,928,553 related to unrealized depreciation of investments.

4. Dividend and Distribution Information

Income and long-term capital gain distributions are determined in accordance with federal income tax regulations, which may differ from accounting principles generally accepted in the United States. The tax

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Notes Delaware Investments Dividend and Income Fund, Inc.
TO FINANCIAL STATEMENTS (CONTINUED)

4. Dividend and Distribution Information (continued)

character of dividends and distributions paid during the years ended November 30, 2003 and 2002 were as follows:

	2003	2002
Ordinary income	\$ 9,189,360	\$ 8,496,926
Return of capital	5,490,473	10,496,508
	-----	-----
Total	\$14,679,833	\$18,993,434
	=====	=====

As of November 30, 2003, the components of net assets on a tax basis were as follows:

Shares of beneficial interest	\$155,449,542
Capital loss carryforwards	(24,106,870)
Unrealized appreciation of investments	19,252,245

Net assets	\$150,594,917
	=====

For federal income tax purposes, capital loss carryforwards may be carried forward and applied against future capital gains. Such capital loss carryforwards expire as follows: \$6,557,294 expires in 2009, \$15,759,675 expires in 2010 and \$1,789,901 expires in 2011.

5. Capital Stock

The Fund did not have any transactions in common shares during the year ended November 30, 2003.

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

6. Commercial Paper

As of November 30, 2003, \$55,000,000 (par value) of commercial paper was outstanding with an amortized cost of \$54,898,141. The weighted average discount rate of commercial paper outstanding at November 30, 2003 was 1.17%. The average daily balance of commercial paper outstanding during the year ended November 30, 2003 was \$54,882,329 at a weighted average discount rate of 1.29%. The maximum amount of commercial paper outstanding at any time during the period was \$55,000,000. In conjunction with the issuance of the commercial paper, the Fund entered into a line of credit arrangement with J.P. Morgan Chase for \$30,000,000 with a scheduled termination date of January 6, 2005. Interest on borrowings is based on market rates in effect at the time of borrowing. The commitment fee is computed at the rate of 0.15% per annum on the unused balance. For the year ended November 30, 2003, the Fund was charged a commitment fee of \$45,000, which is included in "commercial paper fees" on the Statement of Operations. During the year ended November 30, 2003, there were no borrowings under this arrangement.

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 J.P. Morgan Chase. Initial security loans made pursuant to the Lending Agreement are required to be secured by U.S. Treasury obligations and/or cash collateral not less than 102% of the market value of the securities issued in the United States. With respect to each loan, if the aggregate market value of the collateral held on any business day is less than the aggregate market value of the securities which are the subject of such loan, the borrower will be notified to provide additional collateral not less than the applicable collateral requirements.

Cash collateral received is invested in fixed-income securities, with a weighted average maturity not to exceed 90 days, rated in one of the top two tiers by Standard & Poor's Ratings Group or Moody's Investors Service, Inc. or repurchase agreements collateralized by such securities. However, in the event of default or bankruptcy by the lending agent, realization and/or retention of the collateral may be subject to legal proceedings. In the event the borrower fails to return loaned securities and the collateral received is insufficient to cover the value of the loaned securities and provided such collateral shortfall is not the result of investment losses, the lending agent has agreed to pay the amount of the shortfall to the Fund, or at the discretion of the lending agent, replace the loaned securities. The Fund continues to record dividends on the securities loaned and is subject to change in fair value of the securities loaned that may occur during the term of the loan. The Fund has the right under the Lending Agreement to recover the securities from the borrower on demand. The security lending agent and the borrower retain a portion of the earnings from the collateral investments. The Fund records security lending income net of such allocation.

At November 30, 2003, the market value of securities on loan was \$19,339,198, for which cash collateral was received and invested in accordance with the Lending Agreement. Such investments are presented on the Statement of Net Assets under the caption "Securities Lending Collateral."

8. Credit and Market Risks

The Fund invests in high-yield fixed income securities, which carry ratings of BB or lower by Standard & Poor's Rating Group and/or Ba or lower by Moody's Investor's Services, Inc. Investments in these higher yielding securities are generally accompanied by a greater degree of credit risk than higher rated securities. Additionally, lower rated securities may be more susceptible to adverse economic and competitive industry conditions than investment grade securities.

The Fund may invest up to 10% of its total assets in illiquid securities, which may include securities with contractual restrictions on resale, securities exempt from registration under Rule 144A of the Securities Act of 1933, as amended, and other securities which may not be readily marketable. The relative illiquidity of these securities may impair the Fund from disposing of them in a timely manner and at a fair price when it is necessary or desirable to do so.

The Fund invests in real estate investment trusts (REITs) and is subject to some of the risks associated with that industry. If the Fund holds real estate directly as a result of defaults or receives rental income directly from real estate holdings, its tax status as a regulated investment company may be jeopardized. There were no direct holdings during the year ended November 30, 2003. 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.

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9. Tax Information (Unaudited)

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

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Notes Delaware Investments Dividend and Income Fund, Inc.
TO FINANCIAL STATEMENTS (CONTINUED)

9. Tax Information (Unaudited) (continued)

For the fiscal year ended November 30, 2003, the Fund designates distributions paid during the year as follows:

(A) Long-Term Capital Gains Distributions (Tax Basis)	(B) Ordinary Income Distributions (Tax Basis)	(C) Return of Capital (Tax Basis)	Total Distribution (Tax Basis)	(D) Qualifying Dividends(1)
--	63%	37%	100%	25%

(A) (B) and (C) are based on a percentage of the Fund's total distributions.
(D) is based on a percentage of ordinary income of the Fund.

(1) Qualifying dividends represent dividends which qualify for the corporate dividends received deductions.

For the fiscal year ended November 30, 2003 certain dividends may be subject to a maximum tax rate of 15%, as provided for by the Jobs and Growth Tax Relief Reconciliation Act of 2003. The Fund intends to designate \$1,665,421 to be taxed at a maximum rate of 15%. Complete information will be computed and reported in conjunction with your 2003 Form 1099-DIV.

10. Proxy Results (Unaudited)

The Fund held its Annual Meeting of Shareholders on August 14, 2003. At the Annual Meeting, the Fund's shareholders elected nine Directors. The results of the voting at the meeting were as follows:

Nominee	Shares Voted For	Shares Voted Against	Shares Voted Abstain
Jude T. Driscoll	11,536,093	140,867	--
David K. Downes	11,540,950	136,010	--
Walter P. Babich	11,523,777	153,183	--
John H. Durham	11,541,247	135,713	--
John A. Fry	11,536,078	140,882	--
Anthony D. Knerr	11,535,935	141,025	--
Ann R. Leven	11,535,064	141,896	--
Thomas F. Madison	11,541,410	135,550	--

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interests. The following is a list of the Directors/Officers and certain background and related information.

Name, Address and Birthdate	Position(s) Held with Fund(s)	Length of Time Served	Principal Occupation(s) During Past 5 Years

INTERESTED TRUSTEES			
Jude T. Driscoll(2) 2005 Market Street Philadelphia, PA 19103 March 10, 1963	Chairman and Director(4)	3 Years - Executive Officer Director since May 15, 2003	Since August 2000, Mr. Driscoll has served in various executive capacities at different times at Delaware Investments(1) Senior Vice President and Director of Fixed-Income Proce Conseco Capital Management (June 1998 - August 2000) Managing Director - NationsBanc Capital Markets (February 1996 - June 1998)

INDEPENDENT TRUSTEES			
Walter P. Babich 2005 Market Street Philadelphia, PA 19103 October 1, 1927	Director	15 Years	Board Chairman - Citadel Construction Corporati (1989 - Present)
John H. Durham 2005 Market Street Philadelphia, PA 19103 August 7, 1937	Director	24 Years(3)	Private Investor
John A. Fry 2005 Market Street Philadelphia, PA 19103 May 28, 1960	Director(4)	2 Years	President - Franklin & Marshall Colleg (June 2002 - Present) Executive Vice President University of Pennsylvani (April 1995 - June 2002)
Anthony D. Knerr 2005 Market Street Philadelphia, PA 19103	Director	10 Years	Founder/Managing Director - Anthony Knerr & Associates (Strategic Consulting) (1990 - Present)

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December 7, 1938

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Name, Address and Birthdate	Position(s) Held with Fund(s)	Length of Time Served	Principal Occupation(s) During Past 5 Years

INDEPENDENT TRUSTEES (CONTINUED)			
Ann R. Leven 2005 Market Street Philadelphia, PA 19103 November 1, 1940	Director	14 Years	Treasurer/Chief Fiscal Officer National Gallery of Art (1994 - 1999)
Thomas F. Madison 2005 Market Street Philadelphia, PA 19103 February 25, 1936	Director	9 Years	President/Chief Executive Officer - MLM Partners, Inc. (Small Business Investing and Consulting) (January 1993 - Present)
Janet L. Yeomans 2005 Market Street Philadelphia, PA 19103 July 31, 1948	Director	4 Years	Vice President/Mergers & Acquisitions - 3M Corporati (January 2003 - Present) Ms. Yeomans has held various management positions at 3M Corporatio since 1983.

OFFICERS			
Joseph H. Hastings 2005 Market Street Philadelphia, PA 19103 December 19, 1999	Executive Vice President and Chief Financial Officer	Executive Vice President and Chief Financial Officer since August 21, 2003	Mr. Hastings has served in various executive capacities at different times at Delaware Investments.
Richelle S. Maestro 2005 Market Street Philadelphia, PA	Senior Vice President, Chief Legal Officer and Secretary	Chief Legal Officer since March 17, 2003	Ms. Maestro has served in various executive capacities at different times at

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19103

Delaware Investments.

November 26, 1957

Michael P. Bishof
2005 Market Street
Philadelphia, PA
19103

Senior Vice President 7 Years
and Treasurer

Mr. Bishof has served in various executive capacities at different times at Delaware Investments.

August 18, 1962

- (1) Delaware Investments is the marketing name for Delaware Management Holdings, Inc. and its subsidiaries, including the Registrant's investment advisor.
- (2) Mr. Driscoll is considered to be an "Interested Director" because he is an executive officer of the Fund's manager.
- (3) Mr. Durham served as a Director Emeritus from 1995 through 1998.
- (4) Mr. Driscoll and Mr. Fry are not Trustees of the portfolios of Voyageur Insured Funds, Voyageur Intermediate Tax Free Funds, Voyageur Investment Trust, Voyageur Mutual Funds, Voyageur Mutual Funds II, Voyageur Mutual Funds III and Voyageur Tax Free Funds.

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Delaware
Investments (SM)

DDF
List
NYSE

A member of Lincoln Financial Group(R)

THE NEW YORK STOCK EXCHANGE

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

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

Board of Directors	Affiliated Officers	Contact Information
Jude T. Driscoll Chairman Delaware Investments Family of Funds Philadelphia, PA	Joseph H. Hastings Executive Vice President and Chief Financial Officer Delaware Investments Family of Funds Philadelphia, PA	Investment Manager Delaware Management Philadelphia, PA
Walter P. Babich Board Chairman Citadel Construction Corporation King of Prussia, PA	Richelle S. Maestro Senior Vice President, Chief Legal Officer and Secretary Delaware Investments Family of Funds Philadelphia, PA	International Affairs Delaware International London, England
John H. Durham Private Investor Gwynedd Valley, PA	Michael P. Bishof Senior Vice President and Treasurer Delaware Investments Family of Funds Philadelphia, PA	Principal Office 2005 Market Street Philadelphia, PA
John A. Fry President Franklin & Marshall College Lancaster, PA		Independent Auditor Ernst & Young LLP 2001 Market Street Philadelphia, PA
Anthony D. Knerr Managing Director		Registrant and Sponsor Mellon Investor Services Overpeck Centre 85 Challenger Road

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Anthony Knerr & Associates
New York, NY

Ridgefield, NJ 07
800 851-9677

Ann R. Leven+
Former Treasurer/Chief Fiscal Officer
National Gallery of Art
Washington, DC

For Securities De
Institutions Repr
800 362-7500

Thomas F. Madison+
President and Chief Executive Officer
MLM Partners, Inc.
Minneapolis, MN

Web site
www.delawareinves

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

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

+Audit Committee Member

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Item 2. Code of Ethics

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

Item 3. Audit Committee Financial Expert

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

a. An understanding of generally accepted accounting principles and financial statements;

b. The ability to assess the general application of such principles in connection with the accounting for estimates, accruals, and reserves;

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c. Experience preparing, auditing, analyzing, or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the registrant's financial statements, or experience actively supervising one or more persons engaged in such activities;

d. An understanding of internal controls and procedures for financial reporting; and

e. An understanding of audit committee functions.

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

a. Education and experience as a principal financial officer, principal accounting officer, controller, public accountant, or auditor or experience in one or more positions that involve the performance of similar functions;

b. Experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor, or person performing similar functions;

c. Experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing, or evaluation of financial statements; or

d. Other relevant experience.

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

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

Ann R. Leven
Thomas F. Madison
Janet L. Yeomans(1)

Item 4. Principal Accountant Fees and Services

Required only for fiscal years ending after December 15, 2003.

Not applicable.

Item 5. Audit Committee of Listed Registrants

The registrant has a separately-designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The members of the registrant's Audit Committee are Ann R. Leven, Thomas F. Madison and Janet L. Yeomans.

(1) The instructions to Form N-CSR require disclosure on the relevant experience

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of persons who qualify as audit committee financial experts based on "other relevant experience." The Board of Trustees/Directors has determined that Ms. Yeomans qualifies as an audit committee financial expert by virtue of her education and experience as the Treasurer of a large global corporation.

Item 6. [Reserved]

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

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

In order to facilitate the actual process of voting proxies, the Adviser has contracted with Institutional Shareholder Services ("ISS") to analyze proxy statements on behalf of the registrant and other Adviser clients and vote proxies generally in accordance with the Procedures. The Committee is responsible for overseeing ISS's proxy voting activities. If a proxy has been voted for the registrant, ISS will create a record of the vote. Beginning no later than August 31, 2004, information (if any) regarding how the registrant voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge (i) through the registrant's website at <http://www.delawareinvestments.com>; and (ii) on the Commission's website at <http://www.sec.gov>.

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

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

Because the registrant has delegated proxy voting to the Adviser, the

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

Item 8. [Reserved]

Item 9. Controls and Procedures

The registrant's principal executive officer and principal financial officer have evaluated the registrant's disclosure controls and procedures within 90 days of the filing of this report and have concluded that they are effective in providing reasonable assurance that the information required to be disclosed by the registrant in its reports or statements filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission.

There were no significant changes in the registrant's internal control over financial reporting that occurred during the registrant's last fiscal half-year (the registrant's second fiscal half-year in the case of an annual report) that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 10. 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.

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

SIGNATURES

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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.

JUDE T. DRISCOLL

By: Jude T. Driscoll

Title: Chairman

Date: 2/2/04

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

JUDE T. DRISCOLL

By: Jude T. Driscoll

Title: Chairman

Date: 2/2/04

JOSEPH H. HASTINGS

By: Joseph H. Hastings

Title: Chief Financial Officer

Date: 2/2/04
