

Dear Fellow Shareholders:

Performance Review: Consistent with its primary objective of current income, the Fund declared twelve monthly dividends of 6.5 cents per share during 2005. The Fund also included an additional one-half cent per share in the final dividend of the year (a 7 cent per share dividend paid in January 2006). This was the fourteenth “extra” dividend in the last eighteen years. Please refer to the portion of this letter captioned “Board of Directors Meeting” for more information about the Fund’s dividends.

The 6.5 cent per share monthly rate, without compounding, would be 78 cents annualized, or a 7.51% common stock dividend yield based on the December 30, 2005, closing price of \$10.39 per share. That yield compares favorably with the year-end yields of 3.18% on the Dow Jones Utility Index and 3.33% on the S&P Utilities Index.

Your Fund had a total return (income plus change in market price) of -6.2% for the year ended December 31, 2005. In comparison, the S&P Utilities Index had a total return of 16.8%. A composite of the S&P Utilities Index and the Lehman Utility Bond Index, reflecting the stock and bond ratio of the Fund, had a total return of 13.8%.

On a longer-term basis, as of December 31, 2005, your Fund had a five -year cumulative total return of 45.4%. In comparison, the S&P Utilities Index had a total return during that period of -10.7 %, while a composite of the S&P Utilities Index and the Lehman Utility Bond Index, reflecting the stock and bond ratio of the Fund, had a total return of -1.0 %.

Why was the Fund’s performance different from the S&P Utilities Index last year? One reason for the divergence is a consequence of the Fund’s focus on income. Your Fund’s primary investment objectives are current income and long-term growth of income. Therefore, the Fund’s yield relative to other types of fixed-income investments plays an important role in investor demand for Fund shares and in setting its market price. This means your Fund’s share price is affected by the interest rate environment and the fixed income markets. From mid-year 2004 through January 2006, the Federal Reserve (Fed) has raised short-term rates 14 times. These increases have had the effect of increasing the yield available on 1-month Treasury Bills, for example, from a multi-decade low of just less than 1% to over 4%. This, in turn, raises the attractiveness of shorter-term yields relative to longer-term yields and investor expectations for further increases in rates. Utility equities with higher yields, and to some extent the Fund itself, are viewed by many investors as having longer-term yield characteristics. Although the yield of your Fund remains well above many alternative investments, rising interest rates on fixed income vehicles tends to reduce the linkage between Fund performance and the Utilities Index. Our outlook for Fed policy and interest rates can be found in the section below.

Another reason your Fund has performed differently from the S&P Utilities Index during the past year is related to energy prices, particularly natural gas. The interaction of supply and demand conditions has led to a sharp rise in the price of natural gas. Supply is less abundant due to declining conventional gas reserves and production, as well as interruptions in the flow of gas out of the Gulf of Mexico after hurricanes Katrina and Rita. At the same time, demand has risen due to higher usage of gas in the generation of electricity for residential use and industrial production. In turn, high commodity prices have driven up electricity prices, which benefits those utilities that have excess low-cost coal and nuclear capacity or own uncommitted generating capacity that can be sold into the current high-priced unregulated wholesale market. Cyclical growth investors have gravitated

to these commodity-exposed, unregulated utility companies, providing those companies greater share price gains than a typical dividend-paying, regulated utility. Commodity prices have had similar impacts in the past, for example in 2000, when higher commodity prices and other factors benefited the equities of utilities involved in unregulated generation and power trading, while higher-yielding distribution utilities lagged.

Most utilities with significant exposure to high commodity prices pay lower than average or no dividends. Your Fund managers view commodity-sensitive companies as a very cyclical component of the utility sector that in the current environment is enjoying peak earnings that may not be sustainable and do not represent high-quality earnings available for dividends. For this reason, the Fund has steered away from companies that are exposed to volatile commodity prices. However, those companies are well-represented in the S&P Utilities Index, which is a further reason for the divergence between the Fund and the Index.

The Economic Environment and Expectations: The U.S. economy continued its multi-year string of solid economic growth during 2005. Gross Domestic Product over the four quarters averaged 3.1%—below the pace of 2004, but above the long-term average. Corporate profits continued to expand at a robust pace, a strong housing market enhanced the net worth of individuals, and the employment situation was sound and inspired consumer confidence.

Strong economic fundamentals did not translate into high capital market returns, however. The S&P 500 had a total return of only 4.9% and the Merrill Lynch Domestic Master Bond Index only 2.6%. One factor affecting returns was a concern on the part of investors that the regional impact of hurricanes and high energy prices might curtail the ability of consumers to continue spending on other goods and services, thus slowing the national economy. In addition, investors had to consider the potential negative effects of geopolitical turmoil and expanding budget and trade deficits.

Probably the biggest worry for investors was the Fed's ongoing actions to remove the stimulative monetary policy that prevailed from 2001 to mid-2004. Although the most recent monetary policy action was widely anticipated, investors were anxious to see whether the language accompanying the rate increase would suggest a change in the outlook for further Fed action on interest rates. The statement did include significant changes but made it clear that "some further measured policy firming was likely." Differences from prior release language, however, indicate that the Fed feels the tightening cycle is mature and that future actions will be dependent on upcoming inflation data. The source of inflation, according to the Fed, could be elevated energy prices and high resource utilization. In other words, the Fed is concerned that the economy is operating near full capacity, which puts upward pressure on input prices. The Fed's approach to controlling inflation is to slow economic activity by increasing its cost through higher interest rates.

Fed policy actions affect the shape as well as the level of the Treasury yield curve—the graphical representation of interest rates on government obligations of increasingly longer maturity. Under "normal" conditions the yield curve is upward-sloping—longer maturity investments earn higher yields. Upward-sloping yield curves are sometimes explained by the "investor preference" or "bond risk premium" theory. Investors require a higher return on longer maturities because they are more volatile in price and have more liquidity risk.

The investor preference explanation of yield curve shape is intuitively appealing; it is only a small step further to consider whether the yield curve might represent a specific forecast for interest rates. For example, a rational investor who desires to invest his funds for two years might forego 2% annual interest on a two-year note but

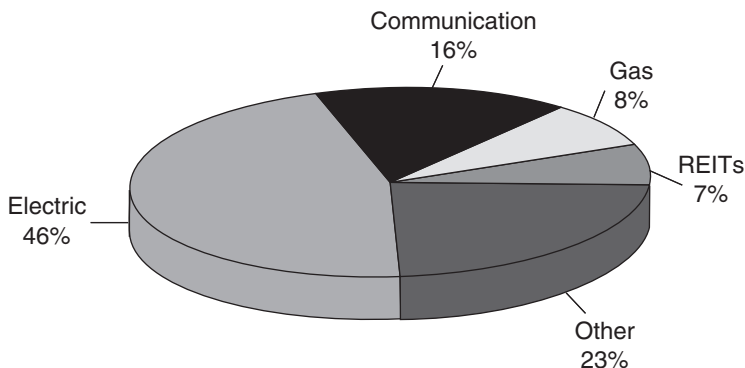
accept 1% for one year if he expected that after one year he could reinvest for the subsequent year at 3% or higher. This is sometimes referred to as the “pure expectations” theory of yield curve shape. This approach implies that when the yield curve is upward-sloping, investors expect rates to rise by a specific amount in the future. Likewise, when the yield curve takes the relatively infrequent downward-sloping or inverted shape, investors expect rates to fall. Finally, when the yield curve is flat, investors anticipate rates will not change in the future.

A great deal of research has shown that the shape of the yield curve is a very poor tool for forecasting specific future interest rates. However, research also shows that there is a strong relationship between an inverted yield curve and future economic growth. Every recession since 1960 has been preceded by an inverted yield curve. As of January 23, 2006, the yield curve was very flat. The three-month Treasury bill, 2-year Treasury note, and 10-year Treasury note all had a 4.35% yield. During the 1990’s there were two times when the yield curve became very flat but did not invert, and economic activity continued without pause.

Your Fund managers believe that the Fed’s monetary tightening cycle will likely draw to a close near mid-year and, although the yield curve is flying warning flags, we do not believe there is a recession on the horizon. Some utilities may be behaving like cyclical growth stocks due to high energy prices but, more importantly, we expect selected traditional regulated utilities to consistently pay and grow their dividends in almost any economic environment. It is from the latter group that stocks will be selected for your Fund.

At the February Board meeting each year, the Fund’s analysts present utility and REIT industry trends and outlooks. A review of specific issues affecting those industries based on those presentations will appear in our next quarterly letter to you. The graph below is a presentation of your Fund’s investments summarized by sector as of December 30, 2005.

DNP SELECT INCOME FUND INC.
SECTOR ALLOCATION*
December 31, 2005



* Sector allocation is based on total investments rather than total net assets applicable to common stock and includes securities purchased with the cash collateral for securities loaned.

Board of Directors Meeting: At the regular December 2005 Board of Directors' meeting, the Board declared the following monthly dividends:

<u>Cents Per Share</u>	<u>Record Date</u>	<u>Payable Date</u>
7.0	December 30	January 10
6.5	January 31	February 10
6.5	February 28	March 10

At the regular February 2006 Board of Directors' meeting, the Board declared the following monthly dividends:

<u>Cents Per Share</u>	<u>Record Date</u>	<u>Payable Date</u>
6.5	March 31	April 10
6.5	April 28	May 10
6.5	May 31	June 12

The determination of the character of all Fund distributions (specifying which portion is ordinary income, qualifying dividend income, short or long term capital gains, or return of capital) is made each year-end and is reported to shareholders on Form 1099-DIV, which is mailed every year in late January or early February.

Your Fund's Form 1099-DIV was mailed in early February. All companies, including mutual fund companies, send Form 1099s to investors to furnish certain information necessary to prepare their tax returns. A Form 1099 includes many items of information, such as ordinary dividends, capital gains, qualified dividends, non-taxable distributions, federal income tax withheld, foreign tax paid and foreign source income, if any. The calculations underlying the form have become quite complex and need to be completely accurate.

Because a mutual fund is a company that invests in other companies, it can only produce its 1099s after it receives tax information from all of the companies in which it invests. Since the same January 31st deadline for sending out 1099s applies to all companies, unless every company in which the Fund invests sends us its tax information early, we cannot send an accurate form to you by January 31st. This year, because of the timing of the tax information received by the Fund, your Fund managers were unable to send you a complete 1099 by January 31st. We were faced with the choice of mailing you an incomplete 1099 by January 31st and then mailing a corrected 1099 later, or filing for an extension with the IRS and mailing you a single accurate 1099 as soon as it was ready. Your Fund managers, feeling that you would prefer receiving a completely accurate form, took the latter approach. We apologize for any inconvenience the delay might have caused.

At the February 2006 meeting, the Board reviewed the Fund's dividend policy and reaffirmed the current 6.5 cents per share per month dividend rate. Interest rates remain historically low, despite recent Federal Reserve actions, and utility common stock dividends are well below their long-term average. Since 2004, the Fund has made increased use of realized gains to supplement its investment income and has reduced its use of short-term trading strategies designed to capture dividend income. Until the Fund utilizes all of its tax loss carryforwards, realized gains distributed to shareholders are treated as ordinary income for tax purposes.

In recent years, we have mentioned the possibility that a portion of the Fund's common stock distributions might be characterized as return of capital distributions rather than ordinary dividend income for tax purposes.

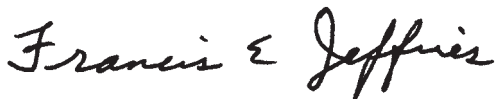
Mutual funds sometimes make dividend payments that do not represent either investment earnings or capital gains. When you receive this type of distribution, you are considered to be getting back some of the money you invested. That is why these payments are called *return of capital distributions*. Many investors, and the IRS, also refer to return of capital distributions as *nontaxable distributions* because they are nontaxable. Return of capital distributions appear in box 3 of Form 1099-DIV, labeled “Nontaxable distributions.” During fiscal year 2005, the Fund made a small return of capital.

When you receive a return of capital, you are getting some of your investment back, so the cost basis of your shares goes down. Your cost basis is important because it is a measure of how much you have invested in your shares and it is used to measure how much gain or loss you have if you sell shares. Typically, a cost basis adjustment is made by taking the amount in box 3 of Form 1099-DIV and subtracting that amount from the total cost basis of your shares. Since every shareholder situation is unique you should contact a tax consultant with questions.

Automatic Dividend Reinvestment Plan and Direct Deposit Service—The Fund has a dividend reinvestment plan available as a benefit to all registered shareholders and also offers direct deposit service through electronic funds transfer to all registered shareholders currently receiving a monthly dividend check. These services are offered through The Bank of New York. For more information and/or an authorization form on automatic dividend reinvestment or direct deposit, please contact The Bank of New York (1-877-381-2537 or <http://stock.bankofny.com>). Information on these services is also available on the Fund’s web site at the address noted below.

Visit us on the Web—You can obtain the most recent shareholder financial reports and dividend information at our web site, <http://www.dnpselectincome.com>.

We appreciate your interest in DNP Select Income Fund Inc., and we will continue to do our best to be of service to you.



Francis E. Jeffries, CFA
Chairman of the Board



Nathan I. Partain, CFA
President and Chief
Executive Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of
DNP Select Income Fund Inc.:

We have audited the accompanying statement of assets and liabilities of DNP Select Income Fund Inc. (the "Fund"), including the schedule of investments, as of December 31, 2005, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the four years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. The financial highlights for the period ended December 31, 2001 were audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on those financial highlights in their report dated February 5, 2002.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audits include consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2005, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of DNP Select Income Fund Inc. at December 31, 2005, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the four years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Ernst + Young LLP

Chicago, Illinois
February 15, 2006

DNP SELECT INCOME FUND INC.
SCHEDULE OF INVESTMENTS
December 31, 2005

COMMON STOCKS—98.3%

<u>Shares</u>	<u>Description</u>	<u>Market Value (Note 1)</u>
■ ELECTRIC—65.4%		
982,300	Ameren Corp.	\$ 50,333,052
860,245	Cinergy Corp.	36,526,003
1,125,000	Consolidated Edison Inc.	52,121,250
1,013,650	Dominion Resources Inc.	78,253,780
977,193	DTE Energy Co.	42,204,966
1,100,000	Energy East Corp.	25,080,000
1,464,000	Exelon Corp.	77,796,960
1,535,000	FirstEnergy Corp.	75,199,650
1,735,000	FPL Group Inc.	72,106,600
800,000	Great Plains Energy Inc.	22,368,000
1,080,000	Iberdrola S.A. (Spain)	29,414,672
188,673	National Grid PLC ADR	9,186,488
675,714	National Grid PLC (United Kingdom)	6,594,782
2,000,000	NiSource Inc.	41,720,000
565,300	Northeast Utilities Inc.	11,130,757
2,237,200	NSTAR	64,207,640
1,000,000	OGE Energy Corp.	26,790,000
1,350,000	PG&E Corp.	50,112,000
1,200,000	PPL Corp.	35,280,000
1,500,000	Pinnacle West Capital Corp.	62,025,000
1,375,000	Progress Energy Inc.	60,390,000
1,000,000	Puget Energy, Inc.	20,420,000
600,000	SCANA Corp.	23,628,000
1,000,000	Scottish & Southern Energy ADR	17,407,700
850,000	Scottish & Southern Energy PLC (United Kingdom)	14,796,668
409,500	Sempra Energy	18,361,980
2,000,000	Southern Co.	69,060,000
293,702	TXU Corp.	14,740,903
1,500,000	Vectren Corp.	40,740,000
581,000	WPS Resources Corp.	32,135,110
3,499,304	Xcel Energy Inc.	64,597,152
		<u>1,244,729,113</u>

The accompanying notes are an integral part of these financial statements.

DNP SELECT INCOME FUND INC.
SCHEDULE OF INVESTMENTS—(Continued)
December 31, 2005

<u>Shares</u>	<u>Description</u>	<u>Market Value (Note 1)</u>
■ GAS—6.9%		
1,076,000	AGL Resources Inc.	\$ 37,455,560
1,000,000	Atmos Energy Corp.	26,160,000
1,043,055	Keyspan Corp.	37,226,633
1,000,000	WGL Holdings Inc.	30,060,000
		<u>130,902,193</u>
■ TELECOMMUNICATION—14.1%		
1,402,230	AT&T Inc.	34,340,613
177,100	Alltel Corp.	11,175,010
1,600,000	BCE Inc.	38,320,000
475,000	Belgacom S.A.	15,435,885
565,000	BT Group PLC ADR	21,684,700
1,006,500	BellSouth Corp.	27,276,150
1,350,000	Chunghwa Telecom Co. Ltd.	24,772,500
2,500,000	Citizens Communications Co.	30,575,000
856,250	Telecom Corp of New Zealand Ltd. ADR	27,982,250
1,244,492	Verizon Communications Inc.	37,484,099
		<u>269,046,207</u>
■ NON-UTILITY—11.9%		
109,938	AMB Property Corp.	5,405,651
70,294	Alexandria Real Estate Equities Inc.	5,658,667
193,367	Archstone Smith Trust	8,100,143
65,823	AvalonBay Communities Inc.	5,874,703
122,218	Boston Properties Inc.	9,060,020
69,863	Camden Property Trust	4,046,465
159,970	CenterPoint Properties Trust	7,915,316
213,251	Corporate Office Properties Trust	7,578,940
194,689	Developers Diversified Realty Corp.	9,154,277
89,481	Digital Realty Trust Inc.	2,024,955
222,680	Equity Residential	8,711,242
70,954	Essex Property Trust Inc.	6,541,959

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DNP SELECT INCOME FUND INC.
SCHEDULE OF INVESTMENTS—(Continued)
December 31, 2005

<u>Shares</u>	<u>Description</u>	<u>Market Value (Note 1)</u>
211,041	Extra Space Storage Inc.	\$ 3,250,031
275,942	General Growth Properties Inc.	12,966,515
61,318	Hospitality Properties Trust	2,458,852
321,440	Host Marriott Corp.	6,091,288
149,583	Innkeepers USA Trust	2,393,328
80,958	Kilroy Realty Corp.	5,011,300
195,886	Kimco Realty Corp.	6,284,023
103,475	LaSalle Hotel Properties	3,799,602
137,026	The Macerich Co.	9,199,926
80,637	Pan Pacific Retail Properties Inc.	5,393,809
275,382	ProLogis	12,865,847
91,078	Public Storage, Inc.	6,167,802
186,480	Reckson Associates Realty Corp.	6,709,550
74,061	Regency Centers Corp.	4,365,896
138,611	SL Green Realty Corp.	10,588,494
224,131	Simon Property Group Inc.	17,175,159
51,485	Starwood Hotels & Resorts Worldwide, Inc.	3,287,832
214,243	Sunstone Hotel Investors Inc.	5,692,437
198,225	United Dominion Realty Trust Inc.	4,646,394
131,000	U-Store-It Trust	2,757,550
138,205	Ventas Inc.	4,425,324
133,459	Vornado Realty Trust	11,139,823
		<u>226,743,120</u>
	Total Common Stocks (Cost—\$1,612,442,659)	<u>1,871,420,633</u>

The accompanying notes are an integral part of these financial statements.

DNP SELECT INCOME FUND INC.
SCHEDULE OF INVESTMENTS—(Continued)
December 31, 2005

PREFERRED STOCKS—10.0%

<u>Shares</u>	<u>Description</u>	<u>Market Value (Note 1)</u>
■ UTILITY—8.9%		
600,000	Entergy Corp. 7 5/8% due 2/17/09	\$ 29,850,000
1,200,000	Great Plains Energy Inc. 8% due 2/16/07	29,868,000
1,070,000	Oneok Inc. 8 1/2% due 2/16/06	34,753,600
220,000	Southern California Edison 6 1/8% Perpetual	22,268,136
172,700	Southern Union Co. 5 3/4% due 8/16/06	12,417,130
500,000	TXU Corp. 8 1/8% due 5/16/06	40,340,000
		169,496,866
■ NON-UTILITY—1.1%		
400,000	Federal National Mortgage Association 7% Perpetual	21,900,000
	Total Preferred Stocks (Cost—\$168,201,532)	191,396,866

BONDS—30.0%

<u>Par Value</u>	<u>Description</u>	<u>Ratings*</u>		<u>Market Value (Note 1)</u>
		<u>Moody's</u>	<u>Standard and Poor's</u>	
■ ELECTRIC—9.1%				
\$18,050,000	Comed Financing II 8½%, due 1/15/27	Baa3	BBB-	\$ 19,460,644
9,304,000	Commonwealth Edison Co. 8%, due 5/15/08	Baa1	A-	9,929,880
24,000,000	Dominion Resources Capital Trust I 7.83%, due 12/01/27	Baa2	BB+	25,705,392
9,431,000	FPL Group Capital Inc. 7½%, due 9/15/06	A2	A-	9,604,323
22,500,000	Illinois Power Co. 7½%, due 6/15/09	Baa2	BBB+	24,051,937
15,825,000	Niagara Mohawk Power Corp. 8½%, due 5/15/07	Baa1	A-	16,664,279

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DNP SELECT INCOME FUND INC.
SCHEDULE OF INVESTMENTS—(Continued)
December 31, 2005

<u>Par Value</u>	<u>Description</u>	<u>Ratings*</u>		<u>Market Value (Note 1)</u>
		<u>Moody's</u>	<u>Standard and Poor's</u>	
\$ 5,000,000	NSTAR 8% due 2/15/10	A2	A-	\$ 5,544,545
9,000,000	PSEG Power LLC 8%%, due 4/15/31	Baa1	BBB	11,878,317
22,750,000	Puget Capital Trust 8.231%, due 6/01/27	Ba1	BB	22,747,111
12,915,000	Sempra Energy 7.95%, due 3/01/10	Baa1	BBB+	14,199,397
13,000,000	Southern Co. Capital Trust II 8.14%, due 2/15/27	Baa1	BBB+	13,870,636
				173,656,461
	■ GAS—3.7%			
5,000,000	KN Energy Inc. 7¼%, due 3/01/28	Baa2	BBB	5,613,600
7,000,000	Keyspan Corp. 7½%, due 11/15/10	A3	A	7,789,418
10,000,000	Northern Border Partners LP 8%, due 6/15/10	Baa2	BBB	11,405,040
6,488,000	Southern Union Co. 7.60%, due 2/01/24	Baa3	BBB	7,450,391
8,850,000	Southern Union Co. 8¼%, due 11/15/29	Baa3	BBB	10,874,535
10,000,000	TE Products Pipeline Co. 7.51%, due 1/15/28	Baa3	BBB-	10,673,800
15,500,000	Trans-Canada Pipeline 9%, due 4/20/06	A3	BBB+	15,687,193
				69,493,977
	■ TELECOMMUNICATION—12.7%			
8,301,000	AT&T Wireless Services Inc. 7.35% due 3/01/06	Baa2	A	8,336,279

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DNP SELECT INCOME FUND INC.
SCHEDULE OF INVESTMENTS—(Continued)
December 31, 2005

<u>Par Value</u>	<u>Description</u>	<u>Ratings*</u>		<u>Market Value (Note 1)</u>
		<u>Moody's</u>	<u>Standard and Poor's</u>	
\$ 15,200,000	AT&T Wireless Services Inc. 7½%, due 5/01/07	Baa2	A	\$ 15,717,226
5,098,000	BellSouth Capital Funding Corp. 7¾%, due 2/15/10	A2	A	5,582,677
22,000,000	British Telecom PLC 8¾%, due 12/15/10	Baa1	A-	25,069,638
15,000,000	Centurytel Inc. 8¾%, due 10/15/10	Baa2	BBB+	16,634,445
10,000,000	Centurytel Inc. 6%, due 1/15/28	Baa2	BBB+	10,233,450
5,645,000	Comcast Cable Communications Inc. 8¾%, due 5/01/07	Baa2	BBB+	5,888,508
10,000,000	France Telecom SA 7.20%, due 3/01/06	A3	A-	10,040,510
10,000,000	France Telecom SA 7¾%, due 3/01/11	A3	A-	11,181,370
17,625,000	GTE Corp. 7.90%, due 2/01/27	Baa1	A+	18,673,934
5,000,000	GTE North Inc., Series C 7¾%, due 5/15/26	A3	A+	5,170,455
17,000,000	Koninklijke KPN NV 8%, due 10/01/10	Baa1	A-	18,688,763
10,000,000	Sprint Capital Corp. 8¾%, due 3/15/12	Baa2	A-	11,603,930
10,000,000	TCI Communications Inc. 8¾%, due 8/01/15	Baa2	BBB+	12,137,470
11,500,000	Telefonica Europe BV 7¾%, due 9/15/10	Baa1	A-	12,605,150
12,295,000	360 Communications Co. 7.60%, due 4/01/09	A2	A	13,207,449
10,500,000	Verizon Global Funding Corp. 7¾%, due 12/01/30	A3	A+	12,518,562

The accompanying notes are an integral part of these financial statements.

DNP SELECT INCOME FUND INC.
SCHEDULE OF INVESTMENTS—(Continued)
December 31, 2005

<u>Par Value</u>	<u>Description</u>	<u>Ratings*</u>		<u>Market Value (Note 1)</u>
		<u>Moody's</u>	<u>Standard and Poor's</u>	
\$ 20,000,000	Vodaphone Group PLC 7¾%, due 2/15/10	A2	A+	\$ 21,924,700
5,000,000	Vodaphone Group PLC 7¾%, due 2/15/30	A2	A+	6,260,555
				241,475,071
	■ NON-UTILITY—4.5%			
# 16,000,000	CIT Group Inc. 4.43%, due 6/07/06	A2	A	16,017,936
8,000,000	Dayton Hudson Corp. 9¾%, due 7/01/20	A2	A+	11,398,584
10,000,000	EOP Operating LP 7¾%, due 11/15/07	Baa2	BBB	10,479,760
# 25,000,000	Liquid Funding Ltd. 4.43%, due 4/24/06	Aaa	AAA	25,005,000
# 22,000,000	Whistlejacket Capital LLC 4.28%, due 3/03/06	Aaa	AAA	22,002,684
				84,903,964
	Total Bonds (Cost—\$560,172,682)			569,529,473

The accompanying notes are an integral part of these financial statements.

DNP SELECT INCOME FUND INC.
SCHEDULE OF INVESTMENTS—(Continued)
December 31, 2005

<u>Par Value/ Shares</u>	<u>Description</u>	<u>Market Value (Note 1)</u>
SHORT-TERM INSTRUMENTS—34.4%		
# \$ 766,345	AIM STIC Liquid Assets Portfolio	\$ 766,345
# 9,420,000	Altius I Funding Corp. 4.35%, due 1/03/06	9,416,585
# 19,000,000	Banc of America Securities LLC Repurchase Agreement, 4.29%, dated 12/30/05, due 1/03/06, with a repurchase price of \$19,009,057 and collateralized by \$19,380,001 market value of corporate bonds and medium term notes having an average coupon rate of 6.41% and an original weighted average maturity of 8/01/16	19,000,000
# 50,000,000	Bear Stearns Inc. Master Note 4.37%, due 1/03/06	50,000,000
# 75,000,000	Credit Suisse First Boston LLC Repurchase Agreement, 4.30%, dated 12/30/05, due 1/03/06, with a repurchase price of \$75,035,833 and collateralized by \$76,504,802 market value of collateralized mortgage obligations (CMOs) and asset backed securities (ABS) having an average coupon rate of 6.17% and an original weighted average maturity of 5/03/33	75,000,000
# 125,000,000	Dresdner Kleinwort Wasserstein Securities LLC Repurchase Agreement, 4.30%, dated 12/30/05, due 1/03/06, with a repurchase price of \$125,059,722 and collateralized by \$127,501,361 market value of ABS and CMOs having an average coupon rate of 4.94% and an original weighted average maturity of 11/25/36	125,000,000
35,000,000	GE Capital Corp. 3.95%, due 1/03/06	34,992,319
# 50,000,000	Goldman Sachs & Co. Repurchase Agreement, 4.32%, dated 12/30/05, due 1/03/06, with a repurchase price of \$50,024,000 and collateralized by \$51,000,001 market value of ABS and CMOs having an average coupon rate of 5.54% and an original weighted average maturity of 4/15/34	50,000,000
# 50,000,000	Greenwich Capital Markets Inc. Repurchase Agreement, 4.33%, dated 12/30/05, due 1/03/06, with a repurchase price of \$50,024,056 and collateralized by \$51,000,869 market value of CMOs and municipal bonds having an average coupon rate of of 6.65% and an original weighted average maturity of 12/27/28	50,000,000

The accompanying notes are an integral part of these financial statements.

DNP SELECT INCOME FUND INC.
SCHEDULE OF INVESTMENTS—(Continued)
December 31, 2005

<u>Par Value/ Shares</u>	<u>Description</u>	<u>Market Value (Note 1)</u>
# \$26,220,000	Harwood Street Funding I LLC 4.30%, due 1/03/06	\$ 26,210,605
# 49,000,000	Lehman Brothers Inc. Repurchase Agreement, 4.30%, dated 12/30/05, due 1/03/06, with a repurchase price of \$49,023,411 and collateralized by \$49,979,700 market value of ABS and CMOs having an average coupon rate of 5.37% and an original weighted average maturity of 6/04/32	49,000,000
# 40,000,000	Merrill Lynch Government Securities Inc. Repurchase Agreement, 4.32%, dated 12/30/05, due 1/03/06, with a repurchase price of \$40,019,200 and collateralized by \$42,002,317 market value of ABS and CMOs having an average coupon rate of 5.79% and an original weighted average maturity of 4/24/35	40,000,000
# 47,000,000	Morgan Stanley & Co., Inc. Repurchase Agreement, 4.30%, dated 12/30/05, due 1/03/06, with a repurchase price of \$47,022,456 and collateralized by \$47,941,226 market value of ABS and CMOs having an average coupon rate of 5.31% and an original weighted average maturity of 7/12/34	47,000,000
# 50,000,000	Nomura Securities International Inc. Repurchase Agreement, 4.30%, dated 12/30/05, due 1/03/06, with a repurchase price of \$50,023,889 and collateralized by \$51,000,001 market value of mortgage-backed pass-through securities having an average coupon rate of 5.48% and an original weighted average maturity of 4/02/21	50,000,000
# 30,000,000	Stanfield Victoria Funding LLC 4.40%, due 4/10/06	29,633,340
	Total Short-Term Instruments (Amortized Cost—\$656,019,194)	<u>656,019,194</u>
	TOTAL INVESTMENTS—172.7% (Cost—\$2,996,836,067)	<u>3,288,366,166</u>
	OTHER ASSETS LESS LIABILITIES— (72.7%)	<u>(1,384,159,258)</u>
	NET ASSETS APPLICABLE TO COMMON STOCK—100.0%	<u>\$ 1,904,206,908</u>

* Bond ratings are not covered by the report of independent registered public accounting firm.

This security was purchased with the cash proceeds from securities loans.

The percentage shown for each investment category is the total value of that category as a percentage of the net assets applicable to common stock of the Fund.

The accompanying notes are an integral part of these financial statements.

DNP SELECT INCOME FUND INC.
STATEMENT OF ASSETS AND LIABILITIES
December 31, 2005

ASSETS:

Investments at market value (cost \$2,996,836,067) including \$505,000,000 of repurchase agreements and \$659,052,519 of securities loaned.	\$3,288,366,166
Cash	6,917,147
Receivables:	
Interest	9,371,483
Dividends	5,257,250
Securities lending income	117,723
Prepaid expenses	69,474
Total Assets	<u>\$3,310,099,243</u>

LIABILITIES:

Payable for securities purchased.	996,830
Due to Adviser (Note 2)	3,687,756
Due to Administrator (Note 2)	926,592
Dividends payable on common stock	15,668,494
Interest payable on remarketed preferred stock	1,335,918
Payable for securities lending broker rebates	418,711
Accrued expenses	2,131,432
Commercial paper outstanding (Note 6)	197,255,382
Payable upon return of securities on loan	683,471,220
Remarketed preferred stock (\$.001 par value; 100,000,000 shares authorized and 5,000 shares issued and outstanding, liquidation preference \$100,000 per share) (Note 5)	<u>500,000,000</u>
Total Liabilities	<u>\$1,405,892,335</u>

NET ASSETS \$1,904,206,908

CAPITAL:

Common stock (\$.001 par value; 250,000,000 shares authorized and 223,835,635 shares issued and outstanding) (Note 4)	\$ 223,836
Paid-in surplus (Note 4)	1,893,950,922
Accumulated net realized loss on investments	(248,087,764)
Distributions in excess of net investment income	(33,403,581)
Net unrealized appreciation (depreciation) on investments and foreign currency translation	<u>291,523,495</u>
Net assets applicable to common stock (equivalent to \$8.51 per share based on 223,835,635 shares outstanding)	<u>\$1,904,206,908</u>

The accompanying notes are an integral part of these financial statements.

DNP SELECT INCOME FUND INC.
STATEMENT OF OPERATIONS
For the year ended December 31, 2005

INVESTMENT INCOME:

Interest	\$ 31,611,313
Dividends (less withholding tax of \$1,541,656)	98,881,487
Securities lending income, net	<u>1,257,371</u>
Total investment income	131,750,171

EXPENSES:

Management fees (Note 2)	14,771,365
Remarketed preferred stock interest expense (Note 5)	13,932,718
Commercial paper interest expense (Note 6)	6,661,979
Administrative fees (Note 2)	3,704,273
Transfer agent fees	575,000
Custodian fees	487,500
Remarketing agent fees	1,267,360
Shareholder reports	582,300
Professional fees	527,475
Directors' fees (Note 2)	387,400
Other expenses	<u>841,876</u>
Total expenses	<u>43,739,246</u>
Net investment income	88,010,925

REALIZED AND UNREALIZED GAIN (LOSS):

Net realized gain on investments	87,747,926
Net change in unrealized appreciation (depreciation) on investments and foreign currency translation	<u>(58,948,531)</u>
Net realized and unrealized gain	<u>28,799,395</u>
Net increase in net assets applicable to common stock resulting from operations	<u><u>\$116,810,320</u></u>

The accompanying notes are an integral part of these financial statements.

DNP SELECT INCOME FUND INC.
STATEMENTS OF CHANGES IN NET ASSETS

	For the year ended December 31, 2005	For the year ended December 31, 2004
FROM OPERATIONS:		
Net investment income	\$ 88,010,925	\$100,309,637
Net realized gain	87,747,926	80,322,132
Net change in unrealized appreciation/(depreciation) on investments and foreign currency translation	<u>(58,948,531)</u>	<u>165,202,888</u>
Net increase in net assets applicable to common stock resulting from operations	116,810,320	345,834,657
DISTRIBUTIONS TO COMMON STOCKHOLDERS:		
From and in excess of net investment income—(Note 4)	(167,196,945)	(175,074,595)
Return of capital—(Note 4)	<u>(7,616,135)</u>	<u>—</u>
Total distributions to common stockholders	(174,813,080)	(175,074,595)
FROM CAPITAL STOCK TRANSACTIONS:		
Shares issued to common stockholders from dividend reinvestment of 2,504,518 shares and 2,536,362 shares, respectively	<u>26,772,937</u>	<u>26,390,530</u>
Net increase in net assets derived from capital share transactions	<u>26,772,937</u>	<u>26,390,530</u>
Total increase (decrease)	(31,229,823)	197,150,592
TOTAL NET ASSETS APPLICABLE TO COMMON STOCK:		
Beginning of year	<u>1,935,436,731</u>	<u>1,738,286,139</u>
End of year (including distributions in excess of net investment income of \$33,403,581 and \$32,930,964, respectively)	<u>\$1,904,206,908</u>	<u>\$1,935,436,731</u>

The accompanying notes are an integral part of these financial statements.

DNP SELECT INCOME FUND INC.
STATEMENT OF CASH FLOWS
For the year ended December 31, 2005

INCREASE (DECREASE) IN CASH

Cash flows provided by (used for) operating activities:

Interest received	\$ 32,858,536	
Income dividends received	97,509,333	
Return of capital on investments	1,214,748	
Long-term capital gains dividends received	2,181,614	
Securities lending income, net	1,213,690	
Expenses paid (excluding interest)	(36,284,650)	
Interest paid on commercial paper	(6,045,375)	
Purchase of investment securities	(808,951,812)	
Proceeds from sale/redemption of investment securities	854,587,206	
Amortization of premiums and discounts on debt securities	<u>8,995,144</u>	
Net cash provided by operating activities		147,278,434

Cash flows provided by (used for) financing activities

Dividends paid	(176,851,076)	
Proceeds from issuance of common stock under dividend reinvestment plan	26,772,937	
Net cash used for commercial paper issuance	<u>(1,105,993)</u>	
Net cash used in financing activities		<u>(151,184,132)</u>

Net decrease in cash and cash equivalents (3,905,698)

Cash and cash equivalents—beginning of year 10,822,845

Cash and cash equivalents—end of year \$ 6,917,147

Reconciliation of net increase in net assets resulting from operations to net cash provided by operating activities:

Net increase in net assets resulting from operations.		\$ 116,810,320
Change in investments	45,635,394	
Net realized gain on investments	(87,747,926)	
Return of capital on investments	1,214,748	
Long-term capital gains dividends received	2,181,614	
Net change in unrealized appreciation (depreciation) on investments	58,948,531	
Amortization of premiums and discounts on debt securities	8,995,144	
Decrease in interest receivable	1,247,223	
Increase in dividends receivable	(1,372,154)	
Increase in accrued expenses	1,409,221	
Increase in other receivable	<u>(43,681)</u>	

Total adjustments 30,468,114

Net cash provided by operating activities \$ 147,278,434

The accompanying notes are an integral part of these financial statements.

DNP SELECT INCOME FUND INC.

FINANCIAL HIGHLIGHTS—SELECTED PER SHARE DATA AND RATIOS

The table below provides information about income and capital changes for a share of common stock outstanding throughout the years indicated:

	For the year ended December 31				
	2005	2004	2003	2002	2001
Net asset value:					
Beginning of year	\$ 8.75	\$ 7.94	\$ 7.37	\$ 9.18	\$ 10.51
Net investment income(1)(2)	0.41	0.54	0.75	0.79	0.77
Net realized gain (loss) and change in unrealized appreciation/(depreciation) on investments	0.14	1.06	0.62	(1.78)	(1.23)
Dividends on preferred stock from net investment income(1)	—	—	—	(0.04)	(0.08)
Total from investment operations applicable to common stock	0.55	1.60	1.37	(1.03)	(0.54)
Dividends on common stock from and in excess of net investment income	(0.75)	(0.79)	(0.80)	(0.78)	(0.79)
Return of capital	(0.04)	—	—	—	—
Total distributions	(0.79)	(0.79)	(0.80)	(0.78)	(0.79)
Net asset value:					
End of year	<u>\$ 8.51</u>	<u>\$ 8.75</u>	<u>\$ 7.94</u>	<u>\$ 7.37</u>	<u>\$ 9.18</u>
Per share market value:					
End of year	\$ 10.39	\$ 11.92	\$ 10.96	\$ 9.90	\$ 11.06
Ratio of expenses to average net assets applicable to common stock(1)	2.24%	1.86%	1.89%	1.44%	1.57%
Ratio of net investment income to average net assets applicable to common stock(1)(2)	4.51%	5.63%	9.88%	9.63%	8.63%
Total investment return on market value . .	(6.16%)	17.35%	19.82%	(3.04%)	13.67%
Portfolio turnover rate (2)	27.99%	43.71%	242.69%	197.27%	213.48%
Net assets applicable to common stock, end of year (000s omitted)	\$1,904,206	\$1,935,437	\$1,738,286	\$1,592,970	\$1,959,697

(1) Upon the adoption of FAS 150 in 2003, dividends on preferred stock are included in interest expense and are part of net investment income. Absent this change in accounting, per share net investment income and dividends on preferred stock would have been \$.47 and \$.06, respectively in 2005, \$.58 and \$.03, respectively in 2004 and \$.78 and \$.03, respectively in 2003.

(2) Beginning in 2004, the Fund reduced its use of short-term trading strategies designed to capture dividend income and made increased use of realized gains to supplement its investment income. Until the Fund utilizes all of its tax loss carryforwards, distributions to shareholders derived from such realized gains will be treated as ordinary income for tax purposes. In addition, the reduced use of short-term trading strategies reduced the Fund's portfolio turnover rate during 2004 and 2005.

The accompanying notes are an integral part of these financial statements.

DNP SELECT INCOME FUND INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2005

(1) SIGNIFICANT ACCOUNTING POLICIES:

DNP SELECT INCOME FUND INC. (the "Fund") was incorporated under the laws of the State of Maryland on November 26, 1986. The Fund commenced operations on January 21, 1987, as a closed-end diversified management investment company registered under the Investment Company Act of 1940. The primary investment objectives of the Fund are current income and long-term growth of income. Capital appreciation is a secondary objective.

The following are the significant accounting policies of the Fund:

(a) Equity securities traded on a national or foreign securities exchange or traded over-the-counter and quoted on the NASDAQ System are valued at the last reported sale price or, if there was no sale on the pricing date, then the security is valued at the mean of the bid and ask prices as obtained on that day from one or more dealers regularly making a market in that security. Fixed income securities are valued at the mean of bid and ask prices provided by an independent pricing service when such prices are believed to reflect the fair market value of such securities. Such bid and ask prices are determined taking into account securities prices, yields, maturities, call features, ratings, and institutional size trading in similar securities and developments related to specific securities. Any securities for which it is determined that market prices are unavailable or inappropriate are valued at a fair value using a procedure determined in good faith by the Board of Directors. Short-term investments having a maturity of 60 days or less are valued on an amortized cost basis, which approximates market value.

(b) Repurchase agreements are fully collateralized by U.S. Treasury, U.S. Government Agency and other investment grade securities. All collateral is held by an independent third-party custodian bank on behalf of the Fund until maturity of the repurchase agreement. Provisions of the agreement provide that the market value of the collateral plus accrued interest on the collateral is greater than or equal to the repurchase price plus accrued interest at all times. In the event of a default or bankruptcy by the other party to the agreements, the Fund maintains the right to sell the underlying collateral securities at market value; however realization and/or retention of the collateral may be subject to legal proceedings.

(c) It is the Fund's policy to comply with requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders. Therefore, no provision for Federal income taxes is required. The Fund intends to utilize provisions of Federal income tax laws which allow a realized capital loss to be carried forward for eight years following the year of loss. At December 31, 2005, the Fund had tax capital loss carry forwards of \$251,042,613 of which \$38,794,764 will expire in 2010 and \$212,247,849 will expire in 2011. These capital loss carryforwards will be reduced by future realized gains, whether or not distributed (see Note 4). The Fund incurred net losses associated with certain securities in November and December of \$147,908 which will be deferred for tax purposes and treated as if they were incurred on January 1, 2006.

At December 31, 2005, on a tax basis, the Fund had undistributed net investment income of \$0 and based on a \$3,010,132,491 tax cost of investments, gross unrealized appreciation of \$362,153,165 and unrealized depreciation of \$83,919,490. The difference between the book basis and tax basis of distributable earnings and cost of investments are primarily a result of tax deferral of wash sale losses, the accretion of market discount and amortization of premiums and alternative tax treatment of certain securities.

DNP SELECT INCOME FUND INC.
NOTES TO FINANCIAL STATEMENTS—(Continued)
December 31, 2005

(d) Security transactions are recorded on the trade date. Realized gains or losses from sales of securities are determined on the specific identified cost basis. Dividend income is recognized on the ex-dividend date. Interest income and expense are recognized on the accrual basis. Discounts and premiums on securities are amortized over the lives of the respective securities for financial reporting purposes. Discounts and premiums are not amortized for tax purposes.

(e) The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

(2) MANAGEMENT ARRANGEMENTS:

The Fund has engaged Duff & Phelps Investment Management Co. (the “Adviser”) to provide professional investment management services for the Fund and has engaged J. J. B. Hilliard, W. L. Lyons, Inc. (the “Administrator”) to provide administrative and management services for the Fund. The Adviser receives a quarterly fee at an annual rate of .60% of the average weekly net assets of the Fund up to \$1.5 billion and .50% of average weekly net assets in excess thereof. The Administrator receives a quarterly fee at annual rates of .25% of average weekly net assets up to \$100 million, .20% of average weekly net assets from \$100 million to \$1 billion, and .10% of average weekly net assets over \$1 billion. For purposes of the foregoing calculations, “average weekly net assets” is defined as the sum of (i) the aggregate net asset value of the Fund’s common stock (ii) the aggregate liquidation preference of the Fund’s preferred stock and (iii) the aggregate proceeds to the Fund of commercial paper issued by the Fund. Directors of the Fund not affiliated with the Adviser receive a fee of \$25,000 per year plus \$2,000 per board meeting, plus \$1,500 per committee meeting attended. Committee Chairmen receive an additional fee of \$5,000 per year. The chairman of the board receives an additional fee of \$50,000 per year. Total fees paid to directors for the year ended December 31, 2005 were \$396,393.

(3) INDEMNIFICATIONS:

Under the Fund’s organizational documents, its Officers and Directors are indemnified against certain liabilities arising out of the performance of their duties to the Fund. In addition, in the normal course of business, the Fund enters into contracts that provide general indemnifications to other parties. The Fund’s maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

(4) DIVIDENDS:

The Fund declares and pays dividends monthly. The amount and timing of distributions are determined in accordance with federal income tax regulations, which may differ from U.S. generally accepted accounting principles. Distributions from and in excess of net investment income on the Statements of Changes in Net Assets consists of ordinary income distributions for federal income tax purposes. Ordinary income distributions for federal income tax purposes include distributions from net investment income and distributions derived from realized gains, until the Fund utilizes all of its tax loss carry forwards.

DNP SELECT INCOME FUND INC.
NOTES TO FINANCIAL STATEMENTS—(Continued)
December 31, 2005

The tax character of all Fund distributions to common shareholders in 2004 and 2005 was as follows:

	<u>Ordinary Income</u>	<u>Return of Capital</u>
2004	\$175,074,595	\$ 0
2005	\$167,196,945	\$7,616,135

Due to inherent differences in the recognition and distribution of income and realized gains/losses under U.S. generally accepted accounting principles and for federal income tax purposes, permanent differences between book and tax basis reporting have been identified and appropriately reclassified on the Statement of Assets and Liabilities. The reclassifications primarily relate to premium amortization and capital loss carryforwards utilized for current year distributions. These reclassifications have no impact on the net asset value of the Fund. At December 31, 2005 the following reclassifications were recorded:

<u>Paid-in Surplus</u>	<u>Accumulated net realized loss on investments</u>	<u>Distributions in excess of net investment income</u>
\$(45,026,020)	\$(41,303,518)	\$86,329,538

(5) REMARKETED PREFERRED STOCK:

In 1988, the Fund issued 5,000 shares of Remarketed Preferred Stock (“RP”) in five series of 1,000 shares each at a public offering price of \$100,000 per share. The underwriting discount and other expenses incurred in connection with the issuance of the RP were recorded as a reduction of paid-in surplus on common stock. Dividends on the RP are cumulative at a rate which was initially established for each series at its offering. Since the initial offering of each series, the dividend rate on each series has been reset every 49 days by a remarketing process. Dividend rates ranged from 2.00% to 3.70% during the year ended December 31, 2005.

The RP is redeemable at the option of the Fund on any dividend payment date at a redemption price equal to \$100,000 per share, plus accumulated and unpaid dividends. The Fund is required to maintain certain asset coverage with respect to the RP, and the RP is subject to mandatory redemption if that asset coverage is not maintained. Each series of RP is also subject to mandatory redemption on a date certain as follows: Series A—November 28, 2012; Series B—November 18, 2015; Series C—November 7, 2018; Series D—December 22, 2021; and Series E—December 11, 2024.

In general, the holders of the RP and of the Common Stock have equal voting rights of one vote per share, except that the holders of the RP, as a class, vote to elect two members of the Board of Directors, and separate class votes are required on certain matters that affect the respective interests of the RP and the Common Stock. The RP has a liquidation preference of \$100,000 per share plus accumulated and unpaid dividends.

(6) COMMERCIAL PAPER:

The Board of Directors has authorized the Fund to issue up to \$200,000,000 of Commercial Paper Notes (the “Notes”) in minimum denominations of \$100,000 with maturities up to 270 days. The Notes generally will be sold on a discount basis, but may be sold on an interest-bearing basis. The Notes are not redeemable by the Fund nor are they subject to voluntary prepayment prior to maturity. The aggregate amount of Notes outstanding changes from time to time. The Notes are unsecured, general obligations of the Fund. The Fund has entered into

DNP SELECT INCOME FUND INC.
NOTES TO FINANCIAL STATEMENTS—(Continued)
December 31, 2005

a credit agreement to provide liquidity. The Fund is able to request loans under the credit agreement of up to \$100,000,000 at any one time, subject to certain restrictions. Interest rates on the Notes ranged from 2.60% to 4.54% during the year ended December 31, 2005. At December 31, 2005 the Fund had Notes outstanding with a par value of \$200,000,000 and had received proceeds of \$197,255,382.

(7) INVESTMENT TRANSACTIONS:

For the year ended December 31, 2005 purchases and sales of investment securities (excluding short-term securities) were \$734,242,683 and \$790,912,215, respectively

The Fund may lend portfolio securities to a broker/dealer. Loans are required to be secured at all times by collateral at least equal to the market value of securities loaned. The Fund receives a portion of the income earned on the securities held as collateral and continues to earn income on the loaned securities. Security loans are subject to the risk of failure by the borrower to return the loaned securities in which case the Fund could incur a loss. At December 31, 2005 the Fund had loaned portfolio securities with a market value of \$659,052,519 and received \$683,471,220 of cash collateral. This cash was invested in securities as shown in the Schedule of Investments.

(8) SUBSEQUENT EVENT:

On December 22, 2005, the Fund filed a registration statement with the Securities and Exchange Commission for the registration of one or more additional series of preferred stock having an aggregate liquidation preference of \$300,000,000.

Information about Directors and Officers of the Fund—(unaudited)

Set forth below are the names and certain biographical information about the directors and officers of the Fund. Directors are divided into three classes and are elected to serve staggered three-year terms. All of the directors are elected by the holders of the Fund’s common stock, except for Mr. Genetski and Ms. Lampton, who are elected by the holders of the Fund’s preferred stock. All of the directors of the Fund are classified as independent directors because none of them are “interested persons” of the Fund, as defined in the Investment Company Act of 1940. The term “Fund Complex” refers to the Fund and all other investment companies advised by affiliates of Phoenix Investment Partners, Ltd. (“PXP”).

Independent Directors

<u>Name, Address and Age</u>	<u>Positions Held with Fund</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupation(s) During Past 5 Years</u>	<u>Number of Portfolios in Fund Complex Overseen by Director</u>	<u>Other Directorships Held by the Director</u>
Francis E. Jeffries c/o Duff & Phelps Investment Management Co. 55 East Monroe Street Suite 3600 Chicago, IL 60603 Age: 75	Director and Chairman of the Board	Term expires 2007; Director since January 1987	Chairman of the Board of the Fund since May 2005 (Vice Chairman April 2004-May 2005); Chairman of the Board of DTF Tax-Free Income Inc. (“DTF”) since September 1991 and Duff & Phelps Utility and Corporate Bond Trust Inc. (“DUC”) since November 1992 (President of DTF and DUC, January 2000-February 2004); Chairman of the Board of PXP, November 1995-May 1997; Chairman and Chief Executive Officer, Duff & Phelps Corporation, June 1993-November 1995 (President and Chief Executive Officer, January 1992-June 1993); Chairman of the Board, Duff & Phelps Investment Management Co. (“DPIM”) 1988-1993	28	
Stewart E. Conner c/o Duff & Phelps Investment Management Co. 55 East Monroe Street Suite 3600 Chicago, IL 60603 Age: 64	Director	Term expires 2007; Director since April 2004	Attorney, Wyatt Tarrant & Combs LLP since 1966 (Chairman, Executive Committee 2000-2004, Managing Partner 1988-2000)	1	

<u>Name, Address and Age</u>	<u>Positions Held with Fund</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupation(s) During Past 5 Years</u>	<u>Number of Portfolios in Fund Complex Overseen by Director</u>	<u>Other Directorships Held by the Director</u>
Connie K. Duckworth c/o Duff & Phelps Investment Management Co. 55 East Monroe Street Suite 3600 Chicago, IL 60603 Age 51	Director	Term expires 2008; Director since April 2002	Founder, Chairman and President, Arzu, Inc. (nonprofit corporation created to assist Afghan women through sale of homemade rugs) since August 2003; Member, Eight Wings Enterprises LLC (investor in early-stage businesses) 2002-2004; Advisory Director, Goldman, Sachs & Company, 2000-2001 (Managing Director, 1996-2000, Partner 1990-1996, Chief Operating Officer of Firmwide Diversity Committee 1990-1995)	1	Director, Smurfit-Stone Container Corporation (packaging manufacturer) and Nuveen Investments, Inc.; Trustee, Northwestern Mutual Life Insurance Company; Director and Vice Chairman, Evanston Northwestern Health Care Corporation; Board of Overseers, Wharton School of the University of Pennsylvania
Robert J. Genetski c/o Duff & Phelps Investment Management Co. 55 East Monroe Street Suite 3600 Chicago, IL 60603 Age 63	Director	Term expires 2007; Director since April 2001	President, Robert Genetski & Associates, Inc. (economic and financial consulting firm) since 1991; Senior Managing Director, Chicago Capital, Inc. (financial services firm) 1995-2001; former Senior Vice President and Chief Economist, Harris Trust & Savings Bank; author of several books; regular contributor to the Nikkei Financial Daily	1	Director, Midwest Banc Holdings, Inc.
Nancy Lampton c/o Duff & Phelps Investment Management Co. 55 East Monroe Street Suite 3600 Chicago, IL 60603 Age 63	Director	Term expires 2006; Director since October 1994	Chairman and Chief Executive Officer, Hardscuffle Inc. (insurance holding company) since January 2000; Chairman and Chief Executive Officer, American Life and Accident Insurance Company of Kentucky since 1971	3	Director, Constellation Energy Group, Inc. (public utility holding company); Advisory Board Member, Thorium Power, Inc. (designer of non-proliferative fuel for nuclear energy needs)

<u>Name, Address and Age</u>	<u>Positions Held with Fund</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupation(s) During Past 5 Years</u>	<u>Number of Portfolios in Fund Complex Overseen by Director</u>	<u>Other Directorships Held by the Director</u>
Christian H. Poindexter c/o Duff & Phelps Investment Management Co. 55 East Monroe Street Suite 3600 Chicago, IL 60603 Age: 67	Director	Term expires 2006; Director since May 2003	Retired Chairman and Chief Executive Officer, Constellation Energy Group, Inc. (public utility holding company) (Executive Committee Chairman, July 2002-March 2003; Chairman of the Board, April 1999-July 2002; Chief Executive Officer, April 1999-October 2001; President, April 1999-October 2000); Chairman, Baltimore Gas and Electric Company, January 1993-July 2002 (Chief Executive Officer, January 1993-July 2000; President, March 1998-October 2000; Director, 1988-2003)	1	Director, Mercantile Bankshares Corporation (bank holding company); Director, The Baltimore Life Insurance Company; Member, Finance and Investment Committee, National Executive Board, Boy Scouts of America; Chairman, Investment Committee, U.S. Naval Academy Foundation
Carl F. Pollard c/o Duff & Phelps Investment Management Co. 55 East Monroe Street Suite 3600 Chicago, IL 60603 Age 67	Director	Term expires 2008; Director since April 2002	Owner, Hermitage Farm L.L.C. (thoroughbred breeding) since January 1995; Chairman, Columbia Healthcare Corporation 1993-1994; Chairman and Chief Executive Officer, Galen Health Care, Inc. March-August 1993; President and Chief Operating Officer, Humana Inc. 1991-1993 (previously Senior Executive Vice President, Executive Vice President and Chief Financial Officer)	1	Chairman of the Board and Director, Churchill Downs Incorporated
David J. Vitale c/o Duff & Phelps Investment Management Co. 55 East Monroe Street Suite 3600 Chicago, IL 60603 Age 59	Director	Term expires 2006; Director since April 2000	Chief Administrative Officer, Chicago Public Schools since April 2003; Private investor November 2002-April 2003; President and Chief Executive Officer, Board of Trade of the City of Chicago, Inc. March 2001-November 2002; Retired executive 1999-2001; Vice Chairman and Director, Bank One Corporation, 1998-1999; Vice Chairman and Director, First Chicago NBD Corporation, and President, The First National Bank of Chicago, 1995-1998; Vice Chairman, First Chicago Corporation and The First National Bank of Chicago, 1993-1998 (Director, 1992-1998; Executive Vice President, 1986-1993)	3	Director, UAL Corporation (airline holding company), ISO New England Inc. (not for profit independent system operator of New England's electricity supply), Ariel Capital Management, LLC, Ark Investment Corp. and Wheels, Inc. (automobile fleet management)

Additional information about the Fund's directors is contained in the Statement of Additional Information ("SAI") constituting Part B of the Fund's Registration Statement on Form N-2 filed with the SEC. The most recent post-effective amendment to that Registration Statement is available electronically at the SEC's Internet web site, <http://www.sec.gov>. The Fund will also furnish a copy of the SAI portion of the Registration Statement, without charge, to any shareholder who so requests by calling the Administrator at (888) 878-7845 (toll-free).

Officers

The officers of the Fund are elected at the annual meeting of the board of directors of the Fund. The officers receive no compensation from the Fund, but are also officers of DPIM or PXP and receive compensation in such capacities.

<u>Name, (Age) and Address</u>	<u>Position(s) Held with Fund and Length of Time Served</u>	<u>Principal Occupation(s) During Past 5 Years</u>
Nathan I. Partain Duff & Phelps Investment Management Co. 55 East Monroe Street Suite 3600 Chicago, IL 60603 Age: 49	President and Chief Executive Officer since February 2001; Chief Investment Officer since January 1998; Executive Vice President, April 1998-February 2001; Senior Vice President January 1997-April 1998	President and Chief Investment Officer of DPIM since April 2005 (Executive Vice President 1997-2005); President, Chief Executive Officer and Chief Investment Officer of DTF and DUC since February 2004; Director of Utility Research, Duff & Phelps Investment Research Co., 1989-1996 (Director of Equity Research, 1993-1996 and Director of Fixed Income Research, 1993); Director, Otter Tail Corporation (1993- present)
T. Brooks Beittel Duff & Phelps Investment Management Co. 55 East Monroe Street Suite 3600 Chicago, IL 60603 Age: 55	Secretary and Senior Vice President since January 1995; Treasurer, January 1995-September 2002	Senior Vice President of DPIM since 1993 (Vice President 1987-1993); Secretary of DUC and DTF since May 2005
Joseph C. Curry, Jr. J.J.B. Hilliard, W.L. Lyons, Inc. Hilliard Lyons Center Louisville, KY 40202 Age: 61	Treasurer since September 2002; Vice President since April 1988	Senior Vice President, J.J.B. Hilliard, W.L. Lyons, Inc. since 1994 (Vice President 1982-1994); Vice President, Hilliard Lyons Trust Company; President, Hilliard-Lyons Government Fund, Inc.; Vice President and Assistant Treasurer, Senbanc Fund
Joyce B. Riegel Duff & Phelps Investment Management Co. 55 East Monroe Street Suite 3600 Chicago, IL 60603 Age: 51	Chief Compliance Officer since February 2004	Senior Vice President and Chief Compliance Officer of DPIM since 2004; Vice President and Compliance Officer of DPIM 2002-2004, Chief Compliance Officer of DTF and DUC since 2003. Vice President and Chief Compliance Officer, Stein Roe Investment Counsel LLC 2001-2002, Vice President and Compliance Officer, Stein Roe & Farnham Incorporated 1996-2000

<u>Name, (Age) and Address</u>	<u>Position(s) Held with Fund and Length of Time Served</u>	<u>Principal Occupation(s) During Past 5 Years</u>
Michael Schatt Duff & Phelps Investment Management Co. 55 East Monroe Street Suite 3600 Chicago, IL 60603 Age: 55	Senior Vice President since April 1998 (Vice President, January 1997-April 1998)	Senior Vice President of DPIM since January 1997; Managing Director of PXP 1994-1996
Dianna P. Wengler J.J.B. Hilliard, W.L. Lyons, Inc. Hilliard Lyons Center Louisville, KY 40202 Age: 45	Assistant Vice President since April 2004; Assistant Secretary since April 1988	Vice President, J.J.B. Hilliard, W.L. Lyons, Inc. since 1990; Vice President, Hilliard-Lyons Government Fund, Inc.

Information about Proxy Voting by the Fund—(unaudited)

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available without charge, upon request, by calling the Administrator toll-free at (888) 878-7845 or is available on the Fund's web site at <http://www.dnpselectincome.com> or on the SEC's web site at <http://www.sec.gov>.

Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12 month period ended June 30 is available without charge, upon request, by calling the Administrator toll-free at (888) 878-7845 or is available on the Fund's web site at <http://www.dnpselectincome.com> or the SEC's web site at <http://www.sec.gov>.

Information about the Fund's Portfolio Holdings—(unaudited)

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third fiscal quarters of each fiscal year (quarters ended March 31 and September 30) on Form N-Q. The Fund's Form N-Q is available on the SEC's web site at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room in Washington D.C. Information on the operation of the SEC's Public Reference Room may be obtained by calling 1-800-SEC-0330. In addition, the Fund's Form N-Q is available on the Fund's web site at <http://www.dnpselectincome.com>.

CEO and CFO Certifications—(unaudited)

In 2005, the Fund's chief executive officer ("CEO") provided to the New York Stock Exchange the annual CEO certification regarding the Fund's compliance with the New York Stock Exchange's corporate governance listing standards. In addition, the Fund's CEO and the Fund's chief financial officer ("CFO") filed with the SEC all required certifications regarding the quality of the Fund's public disclosures in its reports filed with the SEC during 2005.

Board of Directors

STEWART E. CONNER
CONNIE K. DUCKWORTH
ROBERT J. GENETSKI
FRANCIS E. JEFFRIES
Chairman
NANCY LAMPTON
CHRISTIAN H. POINDEXTER
CARL F. POLLARD
DAVID J. VITALE

Officers

NATHAN I. PARTAIN, CFA
President, Chief Executive Officer
and Chief Investment Officer
JOYCE B. RIEGEL
Chief Compliance officer
T. BROOKS BEITTEL, CFA
Senior Vice President and Secretary
MICHAEL SCHATT
Senior Vice President
JOSEPH C. CURRY, JR.
Vice President and Treasurer
DIANNA P. WENGLER
Assistant Vice President and
Assistant Secretary

DNP Select Income Fund Inc.

Common stock listed on the New York
Stock Exchange under the Symbol DNP

55 East Monroe Street
Chicago, Illinois 60603
(312) 368-5510

Shareholder inquiries please contact

Transfer Agent Dividend Disbursing Agent and Custodian

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P.O. Box 11258
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Investment Adviser

Duff & Phelps Investment
Management Co.
55 East Monroe Street
Chicago, Illinois 60603

Administrator

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Louisville, Kentucky 40202
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Legal Counsel

Mayer, Brown, Rowe & Maw LLP
71 South Wacker Drive
Chicago, Illinois 60606

Independent Registered Public Accounting Firm

Ernst & Young LLP
233 South Wacker Drive
Chicago, Illinois 60606

DNP Select Income Fund Inc.



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Annual Report

December 31, 2005