

# DNP Select Income Fund Inc.



4<sup>th</sup>

Annual Report

December 31, 2010

**Fund Distributions and Managed Distribution Plan:** Your Fund has been paying a regular 6.5 cent per share monthly distribution on its common stock since July 1997. In February 2007, the Board of Directors adopted a Managed Distribution Plan, which provides for the Fund to continue to make a monthly distribution on its common stock of 6.5 cents per share. Under the Managed Distribution Plan, the Fund will distribute all available investment income to shareholders, consistent with the Fund's primary investment objective. If and when sufficient investment income is not available on a monthly basis, the Fund will distribute long-term capital gains and/or return capital to its shareholders in order to maintain the 6.5 cent per share distribution level.

To the extent that the Fund uses capital gains and/or returns of capital to supplement its investment income, you should not draw any conclusions about the Fund's investment performance from the amount of the Fund's distributions or from the terms of the Fund's Managed Distribution Plan.

The Fund distributed more than its income and capital gains during the year 2010; therefore, a portion of your distribution was a return of capital. A return of capital may occur, for example, when some or all of the money that you invested in the Fund is paid back to you. A return of capital distribution does not necessarily reflect the Fund's investment performance and should not be confused with "yield" or "income".

The amounts and sources of distributions reported in monthly statements from the Fund are only estimates and are not provided for tax reporting purposes. The actual amounts and sources of the amounts for tax reporting purposes depend upon the Fund's investment experience during its fiscal year and may be subject to changes based on tax regulations. In early 2011, you received a Form 1099-DIV for the calendar year 2010 that tells you how to report these distributions for federal income tax purposes.

The Board may amend, suspend or terminate the Managed Distribution Plan without prior notice to shareholders if it deems such action to be in the best interests of the Fund and its shareholders. For example, the Board might take such action if the Plan had the effect of shrinking the Fund's assets to a level that was determined to be detrimental to Fund shareholders. The suspension or termination of the Plan could have the effect of creating a trading discount (if the Fund's stock is trading at or above net asset value), widening an existing trading discount, or decreasing an existing premium.

The Managed Distribution Plan is described in a Question and Answer format on your Fund's website <http://www.dnpselectincome.com>, and discussed in the section of management's letter captioned "About Your Fund's Distribution Policy".

**Dear Fellow Shareholders:**

**Performance Review:** Consistent with its primary objective of current income and its Managed Distribution Plan, the Fund declared twelve monthly distributions of 6.5 cents per share of common stock during 2010. The 6.5 cent per share monthly rate, without compounding, would be 78 cents annualized, which is equal to 8.53% of the December 31, 2010, closing price of \$9.14 per share. Please refer to the inside front cover of this report and the portion of this letter captioned “About Your Fund’s Distribution Policy” for important information about the Fund’s distributions and Managed Distribution Plan.

Your Fund had a total return (distributions plus change in market price) of 11.4% for the year ended December 31, 2010, outperforming the 6.4% return of the composite of the S&P 500 Utilities Index and the Barclays Capital Utility Bond Index, reflecting the stock and bond ratio of the Fund. In comparison, the S&P 500 Utilities Index – a stock-only index – had a total return of 5.4%.

On a longer-term basis, as of December 31, 2010, your Fund had a five-year cumulative total return of 35.4%, above that of the 27.8% return of the composite of the S&P 500 Utilities Index and the Barclays Capital Utility Bond Index, reflecting the stock and bond ratio of the Fund. In comparison, the S&P 500 Utilities Index had a total return during that period of 21.0%. It is important to note that the composite index includes no fees or expenses.

The table below compares the performance of your Fund to various market benchmarks.

For the period indicated through December 31, 2010	Cumulative Total Return*				
	DNP Select Income Fund Inc.		Composite Index	S&P Utilities Index	Barclays Capital Utility Bond Index
	Market	NAV			
One year	11.4%	15.7%	6.4%	5.4%	9.2%
Five years	35.4%	44.2%	27.8%	21.0%	40.4%

\* Total return includes dividends reinvested in the Fund or index, as applicable. The Composite Index is a composite of the returns of the S&P 500 Utilities Index and the Barclays Capital Utility Bond Index, weighted to reflect the stock and bond ratio of the Fund. Performance returns for the S&P 500 Utilities Index and Barclays Capital Utility Bond Index were obtained from Bloomberg L.P. Fund returns were obtained from the Administrator of the Fund. Past performance is not indicative of future results.

**Outlooks:** In November 2010 the International Energy Agency (IEA) released its Energy Outlook 2010. The Energy Outlook is an annual presentation of the IEA’s projections regarding energy demand, production, and investment regionally and globally out to the year 2050. It includes scenarios that anticipate future actions proposed by governments to meet the commitments they have made, but have not implemented, to address climate change and growing energy security concerns.

The Energy Outlook contains a wealth of interesting energy data points and intriguing speculations regarding the future. According to the IEA:

- Nearly 70% of global electricity is generated from fossil fuels, with coal being 42%, gas 21%, hydro 16%, nuclear 14%, oil 6%, and non-hydro-renewables 2%;
- Transportation accounts for about one quarter of global energy use, and transport energy use is projected to increase by nearly 50% by 2030 and by more than 80% by 2050;

- Industry accounts for approximately one-third of global final energy use;
- Information and communication technologies and consumer electronics now account for 15% of global residential electricity consumption and it is estimated that energy use by those devices will double by 2022 and increase threefold by 2030;
- The world's car fleet is expected to triple by 2050 with 80% of this growth occurring in developing economies;
- Beginning in 2007, Russia became the largest single exporter of natural gas, accounting for over 20% of global exports;
- China and India will account for 45% of the increase in global primary energy demand by 2030, with both countries more than doubling their energy use over that period; and
- If IEA recommendations to phase out incandescent light bulbs were implemented globally by 2012, the electricity savings would be equivalent to the output of 80 nuclear plants.

The Paris based IEA was created in 1974 as the result of the 1973 oil crisis, with a mandate of serving as an information resource about the international energy sectors and to coordinate crisis response in times of energy supply emergencies. IEA member countries, which are also members of the Organization for Economic Cooperation and Development (OECD), are required to hold oil stocks equivalent to at least 90 days of net oil imports and stand ready to take effective cooperative measures to meet any oil supply emergency. These measures include stock draw-downs and coordinated demand management. As an example of crisis response, when oil production and refining infrastructure in the Gulf of Mexico was destroyed by Hurricane Katrina in 2005, the IEA made 60 million barrels of emergency oil available to the market.

Over time, the scope of IEA concerns has expanded. Since electricity generation in the OECD countries, including the United States, has increased fourfold since 1960, while at the same time substantial new generating capacity will be required in the future, the IEA has broadened its focus beyond power fuel sources to the long-term global environmental aspects of electricity generation. That expansion of scope has opened the IEA to new challenges, and some criticisms. Long term forecasts are inherently unreliable. For example, the IEA predicted in 1998 that global wind electricity generation would total about 47 gigawatts by 2020. That level was actually achieved in 2004. A misestimation of that magnitude leads one to question the entire forecast output of a model.

Nonetheless, we believe that a global forum for energy and environmental issues is beneficial, particularly in providing a global perspective on the utilities industry. Your Fund managers can invest up to 20% of the portfolio in foreign utilities, so we seek to take advantage of as many global information resources as possible. (Fund holdings currently are well below the 20% limit.) In the United States, by contrast, domestic energy policies are critical to domestic economic conditions, and the speed with which energy and environmental policy measures are instituted hinges mostly on non-global domestic concerns. Currently, the United States does not have a long-term model of the energy sectors, nor does it have a well defined energy and environmental policy. Environmental issues have been so contentious that the U.S. Congress has not yet been able to pass legislation regarding green house gas emissions, for example.

It is the responsibility of the Fund's analysts and portfolio managers to consider the possible effects that both global and domestic policy initiatives could have on the universe of investments available to the Fund. Each year, at the February meeting of the Fund's Board of Directors, the Fund's analysts make a presentation to the Board regarding utility industry trends and outlooks. A review of specific issues highlighted in those presentations will appear in our next quarterly letter to you.

**Board of Directors Meeting:** At the regular February 2011 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 11
6.5	April 29	May 10
6.5	May 31	June 10

**About Your Fund’s Distribution Policy:** At the February 2008 Board of Directors meeting, the Board reaffirmed the current 6.5 cent per share monthly distribution rate and formalized the monthly distribution process by adopting a Managed Distribution Plan (MDP). The Board reviews the operation of the MDP on a quarterly basis, with the most recent review having been conducted in February 2011. The MDP is described in a Question and Answer format on your Fund’s web site: <http://www.dnpselectincome.com>.

From 2004 to 2008 and in 2010, the Fund made use of realized gains offset by tax loss carryforwards to supplement its investment income. When the Fund utilizes tax loss carryforwards, distributions to shareholders derived from realized gains are treated as ordinary income for tax purposes under the Internal Revenue Code. In the absence of tax loss carryforwards, some of the Fund’s monthly distributions could be made from either realized gains and treated as taxable gains rather than ordinary income, or return of capital and not taxed. Shareholders are required to reduce the cost basis of their shares by the amount of the return of capital so that, when the shares are ultimately sold, they will have properly accounted for the return of capital. In 2009 and 2010 there was a return of capital.

**About Your Fund—Leverage:** Fund management reports quarterly to the Board about the composition of the Fund’s leverage and its contribution to the income available for distribution to common shareholders. As of December 31, 2010 the Fund’s leverage consisted of \$200 million of Remarketed Preferred Stock (RP), \$200 million of Auction Preferred Stock (APS), and \$600 million of debt. On that date the total amount of leverage represented approximately 37% of the Fund’s total assets.

The use of leverage enables the Fund to borrow at short-term rates and invest at longer-term rates. Currently and historically, the term structure of interest rates is upward sloping (longer-term rates are higher than shorter-term rates). As a result, leverage is currently making a significant contribution to the earnings of the Fund. The use of leverage also can make the Fund’s share price more volatile than it would be otherwise.

Early in 2008, disruptions in the short-term fixed income markets resulted in failures in the periodic auctions and remarketings of all closed-end funds’ preferred shares, including the preferred shares of your Fund. After reviewing options for resolving preferred share illiquidity, in March 2009 management arranged a \$1 billion credit facility with a commercial bank. Subsequently, the Fund utilized the credit facility to redeem \$300 million of RP and \$300 million of APS.

Fund management is continuing to pursue the goal of ultimately redeeming the preferred stock that remains outstanding in a manner that is consistent with the interests of all shareholders, is long-term oriented, and would not lead to restrictions in the Fund’s investment process or reduce the pool of investment alternatives. The Fund is limited in its ability to use debt to refinance all of its outstanding preferred stock because of the asset coverage requirements of the Investment Company Act of 1940 and related Securities and Exchange Commission (“SEC”) rules, and by guidelines established by the rating agencies as a condition of maintaining the AAA rating of the preferred stock. Accordingly, the exact timing of any share redemptions is uncertain, and it is unlikely that all of the Fund’s outstanding preferred stock will be retired in the near future. The Fund will announce any redemption through press releases and postings to its website.

Please see the Fund's quarterly shareholder letter included in the Form N-Q filed with the SEC on November 8, 2010 for a discussion of certain changes S&P has recently proposed for public comment regarding its methodology for rating certain securities, including the preferred stock of closed-end investment companies like the Fund.

**Automatic Distribution Reinvestment Plan and Direct Deposit Service**—The Fund has a distribution 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 distribution check. These services are offered through BNY Mellon Shareowner Services. For more information and/or an authorization form on automatic distribution reinvestment or direct deposit, please contact BNY Mellon Shareowner Services (1-877-381-2537 or <http://stock.bankofny.com>). Information on these services is also available on the Fund's website at the address noted below.

**Visit us on the Web**—You can obtain the most recent shareholder financial reports and distribution information at our website, <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.

A handwritten signature in black ink, appearing to read 'N. Partain', written in a cursive style.

Nathan I. Partain, CFA  
Director, President, and Chief Executive Officer

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Shareholders 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, 2010, and the related statement 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 five 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.

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 included 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 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, 2010, by correspondence with the custodian. 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, 2010, the results of its operations and 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 five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

*Ernst + Young LLP*

Chicago, Illinois  
February 22, 2011

**DNP SELECT INCOME FUND INC.**  
**SCHEDULE OF INVESTMENTS**  
**December 31, 2010**

**COMMON STOCKS—108.7%**

<u>Shares</u>	<u>Description</u>	<u>Value (Note 1)</u>	<u>Shares</u>	<u>Description</u>	<u>Value (Note 1)</u>
	<b>■ ELECTRIC, GAS AND WATER—83.7%</b>		1,750,000	Westar Energy Inc. . . . .	\$ 44,030,000
500,000	AGL Resources Inc. . . . .	\$ 17,925,000	1,000,000	The Williams Companies, Inc. . . . .	24,720,000
1,500,000	Alliant Energy Corp. . . . .	55,155,000	700,000	Wisconsin Energy Corp. . .	41,202,000
1,000,000	Atmos Energy Corp.(a)(b) .	31,200,000	3,000,000	Xcel Energy Inc.(a)(b) . . .	<u>70,650,000</u>
2,500,000	CMS Energy Corp. . . . .	46,500,000			1,499,512,493
3,071,300	CenterPoint Energy Inc.(a)(b) . . . . .	48,280,836		<b>■ TELECOMMUNICATION—25.0%</b>	
1,100,000	DPL Inc. . . . .	28,281,000	2,508,260	AT&T Inc.(a)(b) . . . . .	73,692,679
1,400,000	Dominion Resources, Inc.(a)(b) . . . . .	59,808,000	1,200,000	CenturyLink Inc.(a)(b) . . .	55,404,000
800,000	Enbridge Inc. (Canada) . .	45,120,000	1,000,000	France Telecom SA (France) . . . . .	20,921,484
850,000	Entergy Corp.(a)(b) . . . . .	60,205,500	3,518,491	Frontier Communications Corp.(a)(b) . . . . .	34,234,917
1,185,000	FirstEnergy Corp.(a)(b) . .	43,868,700	998,000	SES (Luxembourg) . . . . .	23,851,928
500,000	Great Plains Energy Inc. . .	9,695,000	68,400	Swisscom AG (Switzerland) . . . . .	30,167,621
188,673	National Grid PLC ADR (United Kingdom) . . . . .	8,373,308	8,400,000	Telstra Corp. Ltd. (Australia) . . . . .	24,023,076
675,714	National Grid PLC (United Kingdom) . . . . .	5,850,365	757,900	Telus Corp. (Canada) . . . .	34,689,571
1,505,000	NextEra Energy, Inc.(a)(b) . . . . .	78,244,950	2,160,028	Verizon Communications Inc.(a)(b) . . . . .	77,285,802
2,000,000	Northeast Utilities Inc.(a)(b) . . . . .	63,760,000	1,121,640	Vodafone Group PLC ADR (United Kingdom) . . . . .	29,644,945
800,000	Northwest Natural Gas Co.(a)(b) . . . . .	37,176,000	3,128,360	Windstream Corp. . . . .	<u>43,609,338</u>
1,237,200	NSTAR(a)(b) . . . . .	52,197,468			447,525,361
3,000,000	NV Energy, Inc. . . . .	42,150,000		Total Common Stocks	
800,000	ONEOK, Inc. . . . .	44,376,000		(Cost—\$1,754,777,543) . .	<u>1,947,037,854</u>
2,000,000	Pepco Holdings Inc. . . . .	36,500,000		<b>PREFERRED STOCKS—8.0%</b>	
1,000,000	Piedmont Natural Gas Co. .	27,960,000		<b>■ UTILITY—1.2%</b>	
1,500,000	Pinnacle West Capital Corp.(a)(b) . . . . .	62,175,000	220,000	Southern California Edison 6% Perpetual . . . . .	<u>21,903,750</u>
1,296,700	Progress Energy Inc.(a)(b) .	56,380,516			21,903,750
1,800,000	Public Service Enterprise Group Inc.(a)(b) . . . . .	57,258,000		<b>■ NON-UTILITY—6.8%</b>	
1,000,000	Sempra Energy(a)(b) . . . . .	52,480,000	710,432	AMB Property Corp. 7% Series O Perpetual . . .	17,590,296
1,500,000	Southern Co.(a)(b) . . . . .	57,345,000	650,000	Duke Realty Corp. 6.95% Series M Perpetual	15,522,000
1,015,000	Spectra Energy Corp. . . . .	25,364,850	605,000	Kimco Realty Corp. 7% Series G Perpetual . .	15,972,000
3,000,000	TECO Energy Inc.(a)(b) . .	53,400,000			
1,000,000	TransCanada Corp. (Canada)(a) . . . . .	38,040,000			
1,500,000	Vectren Corp.(a)(b) . . . . .	38,070,000			
1,000,000	WGL Holdings Inc. . . . .	35,770,000			

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



**DNP SELECT INCOME FUND INC.**  
**SCHEDULE OF INVESTMENTS—(Continued)**  
**December 31, 2010**

<u>Par Value</u>	<u>Description</u>	<u>Value (Note 1)</u>	<u>Par Value</u>	<u>Description</u>	<u>Value (Note 1)</u>
\$25,000,000	Reliant Energy Resources Corp. 7¼%, due 2/15/11(a) . . . .	\$ 25,187,375	\$10,311,000	Rogers Wireless Inc. (Canada) 7½%, due 3/15/15 . . . . .	\$ 12,233,218
9,712,000	Sempra Energy 6½%, due 6/01/16 . . . . .	11,274,758	10,000,000	TCI Communications Inc. 8¾%, due 8/01/15 . . . . .	12,308,890
6,488,000	Southern Union Co. 7.60%, due 2/01/24 . . . . .	6,930,572	5,000,000	TCI Communications Inc. 7½%, due 2/15/28 . . . . .	5,607,555
8,850,000	Southern Union Co. 8¾%, due 11/15/29 . . . . .	9,558,885	5,500,000	Tele-Communications Inc. 7½%, due 8/01/13 . . . . .	6,288,914
2,615,000	Spectra Energy 6¾%, due 7/15/18 . . . . .	2,885,885	32,000,000	Telecom Italia Capital (Italy) 7.20%, due 7/18/36(a)(b)	30,049,984
9,140,000	TransCanada PipeLines Ltd. (Canada) 7½%, due 1/15/19(a) . . . .	11,188,046	5,000,000	Telefonica Europe BV (Spain) 8¾%, due 9/15/30 . . . . .	5,809,125
11,380,000	Williams Partners, LP 7¼%, due 2/01/17 . . . . .	<u>13,229,466</u> 417,225,670	6,535,000	Telus Corp. (Canada) 8%, due 6/01/11 . . . . .	6,713,209
	<b>■ TELECOMMUNICATION—11.7%</b>		23,304,000	Time Warner Cable Inc. 7½%, due 4/01/14 . . . . .	26,725,214
10,000,000	AT&T Wireless Services Inc. 8¾%, due 5/01/12 . . . . .	10,923,840	15,500,000	Verizon Global Funding Corp. 7¼%, due 12/01/30(a)(b) . . . . .	19,228,633
10,000,000	Alltel Corp. 7%, due 7/01/12 . . . . .	10,850,530	5,000,000	Vodafone Group PLC (United Kingdom) 7½%, due 2/15/30 . . . . .	<u>6,221,280</u> 209,130,017
10,000,000	BellSouth Capital Funding Corp. 7½%, due 2/15/30(a)(b) . . . .	12,048,600		<b>■ NON-UTILITY—1.4%</b>	
15,000,000	Centurytel Inc. 6¾%, due 1/15/28(a) . . . . .	14,452,980	14,790,000	CPG Partners LP 8¾%, due 2/01/11(a)(b) . . . .	14,858,064
8,900,000	Comcast Corp. 7.05%, due 3/15/33 . . . . .	10,167,235	8,000,000	Dayton Hudson Corp. 9%, due 7/01/20 . . . . .	<u>10,469,600</u> <u>25,327,664</u>
15,000,000	Koninklijke KPN NV (Netherlands) 8¾%, due 10/01/30(a) . . . .	19,500,810		Total Bonds (Cost—\$626,662,262) . . . . .	<u>651,683,351</u>
	<b>TOTAL INVESTMENTS—153.1% (Cost—\$2,525,500,794)</b> . . . . .				2,742,853,531
	<b>BORROWINGS—(33.5%)</b> . . . . .				<u>(600,000,000)</u>
	<b>OTHER ASSETS LESS LIABILITIES—(8.4%)</b> . . . . .				<u>(151,581,013)</u>
	<b>AUCTION PREFERRED STOCK—(11.2%)</b> . . . . .				<u>(200,000,000)</u>
	<b>NET ASSETS APPLICABLE TO COMMON STOCK—100.0%</b> . . . . .				<u>\$1,791,272,518</u>

(a) All or a portion of this security has been segregated and made available for loan.

(b) All or a portion of this security has been loaned.

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

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 Fund's investments are carried at fair value which is defined as the price that the Fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. The three-tier hierarchy of inputs established to classify fair value measurements for disclosure purposes is summarized in the three broad levels listed below.

Level 1—quoted prices in active markets for identical securities

Level 2—other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risks, etc.)

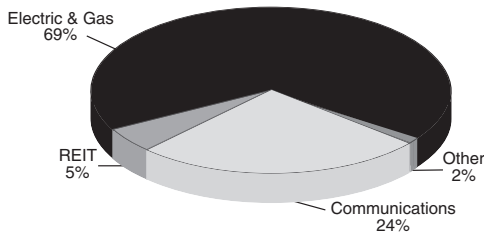
Level 3—significant unobservable inputs (including the Fund's own assumptions in determining fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in these securities. The following is a summary of the inputs used to value each of the Fund's investments at December 31, 2010.

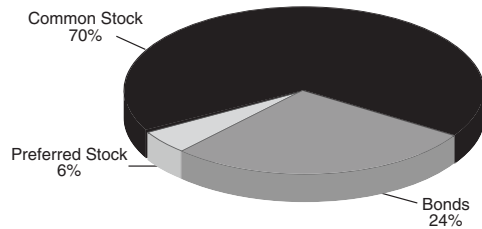
	<u>Level 1</u>	<u>Level 2</u>
Common stocks .....	\$1,947,037,854	—
Preferred stocks .....	144,132,326	—
Bonds .....	—	\$651,683,351
Total .....	<u>\$2,091,170,180</u>	<u>\$651,683,351</u>

There were no significant transfers between level 1 and level 2 during the year ended December 31, 2010.

**FUND INDUSTRY SECTORS\*  
(UNAUDITED)**



**FUND ASSET TYPE\*  
(UNAUDITED)**



\* Percentages are based on total investments rather than total net assets applicable to common stock and include securities pledged as collateral for the Fund's credit facility.

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

**DNP SELECT INCOME FUND INC.**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**December 31, 2010**

**ASSETS:**

Investments at value (cost \$2,525,500,794) including \$593,411,590 of securities loaned . . . . .	\$2,742,853,531
Cash . . . . .	51,190,104
Receivables:	
Interest . . . . .	12,419,675
Dividends . . . . .	5,702,144
Securities lending income . . . . .	1,618
Prepaid expenses . . . . .	95,008
Total Assets . . . . .	<u>\$2,812,262,080</u>

**LIABILITIES:**

Due to Adviser (Note 2) . . . . .	3,909,332
Due to Administrator (Note 2) . . . . .	958,304
Borrowings (Note 7) . . . . .	600,000,000
Dividends payable on common stock . . . . .	15,520,489
Interest payable on remarketed preferred stock . . . . .	11,918
Dividends payable on auction preferred stock . . . . .	25,067
Accrued expenses . . . . .	564,452
Remarketed preferred stock (2,000 shares issued and outstanding; liquidation preference \$100,000 per share)(Note 5) . . . . .	<u>200,000,000</u>
Total Liabilities . . . . .	<u>820,989,562</u>
Auction preferred stock (8,000 shares issued and outstanding; liquidation preference \$25,000 per share)(Note 5) . . . . .	<u>200,000,000</u>
<b>NET ASSETS APPLICABLE TO COMMON STOCK . . . . .</b>	<b><u>\$1,791,272,518</u></b>

**CAPITAL:**

Common stock (\$.001 par value; 300,000,000 shares authorized and 238,776,757 shares issued and outstanding) . . . . .	\$ 238,777
Paid-in surplus . . . . .	1,675,585,419
Accumulated net realized loss on investments . . . . .	(73,763,685)
Distributions in excess of net investment income . . . . .	(28,203,433)
Net unrealized appreciation on investments and foreign currency translation . . . . .	<u>217,415,440</u>
Net assets applicable to common stock (equivalent to \$7.50 per share based on 238,776,757 shares outstanding) . . . . .	<u>\$1,791,272,518</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, 2010**

**INVESTMENT INCOME:**

Dividends (less withholding tax of \$1,467,959) .....	\$102,693,080
Interest .....	37,064,502
Securities lending income, net .....	271,460
Total investment income .....	<u>140,029,042</u>

**EXPENSES:**

Management fees (Note 2) .....	14,959,349
Interest expense and fees (Note 7) .....	12,881,814
Administrative fees (Note 2) .....	3,725,157
Remarketed preferred stock interest expense (Note 5) .....	709,188
Shareholder reports and postage .....	1,335,500
Remarketing agent fees—remarketed preferred stock .....	304,165
Broker-dealer commissions—auction preferred stock .....	304,165
Directors' fees (Note 2) .....	511,750
Professional fees .....	428,750
Transfer agent fees .....	465,400
Custodian fees .....	355,800
Other expenses .....	481,356
Total expenses .....	<u>36,462,394</u>
Net investment income .....	103,566,648

**REALIZED AND UNREALIZED GAIN:**

Net realized gain on investments .....	66,195,630
Net change in unrealized appreciation (depreciation) on investments and foreign currency translation .....	<u>76,663,715</u>
Net realized and unrealized gain .....	142,859,345

**DISTRIBUTIONS ON AUCTION PREFERRED STOCK FROM:**

Net investment income (Note 5) .....	<u>(3,060,378)</u>
Total distributions .....	<u>(3,060,378)</u>
Net increase in net assets applicable to common stock resulting from operations .....	<u>\$243,365,615</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, 2010	For the year ended December 31, 2009
<b>FROM OPERATIONS:</b>		
Net investment income .....	\$ 103,566,648	\$ 106,626,542
Net realized gain (loss) on investments .....	66,195,630	(100,273,457)
Net change in unrealized appreciation (depreciation) on investments and foreign currency translation .....	76,663,715	327,291,247
Distributions on auction preferred stock from net investment income ..	(3,060,378)	(4,567,203)
Net increase in net assets applicable to common stock resulting from operations .....	243,365,615	329,077,129
<b>DISTRIBUTIONS TO COMMON STOCKHOLDERS:</b>		
From and in excess of net investment income (Note 4) .....	(157,862,424)	(124,991,307)
From return of capital (Note 4) .....	(27,221,564)	(57,345,712)
Total distributions to common stockholders .....	(185,083,988)	(182,337,019)
<b>FROM CAPITAL STOCK TRANSACTIONS:</b>		
Shares issued to common stockholders from dividend reinvestment of 3,308,284 shares and 2,684,918 shares, respectively .....	29,591,153	28,798,458
Offering cost incurred in the 2006 sale of shares of auction preferred stock .....	—	(120,000)
Net increase in net assets derived from capital share transactions .....	29,591,153	28,678,458
Total increase .....	87,872,780	175,418,568
<b>TOTAL NET ASSETS APPLICABLE TO COMMON STOCK:</b>		
Beginning of year .....	1,703,399,738	1,527,981,170
End of year (including distributions in excess of net investment income of \$28,203,433 and \$44,909,916, respectively) .....	\$1,791,272,518	\$1,703,399,738

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, 2010**

**INCREASE (DECREASE) IN CASH**

Cash flows provided by (used in) operating activities:	
Interest received .....	\$ 48,189,879
Income dividends received .....	103,367,210
Long-term capital gains dividends received .....	986,346
Securities lending income, net .....	271,116
Interest paid on borrowings .....	(8,777,525)
Expenses paid including distributions on remarketed preferred stock .....	(30,661,181)
Purchase of investment securities .....	(523,911,697)
Proceeds from sale/redemption of investment securities .....	<u>579,406,467</u>
Net cash provided by operating activities .....	\$ 168,870,615
Cash flows provided by (used in) financing activities:	
Dividends paid .....	(184,868,949)
Proceeds from issuance of common stock under dividend reinvestment plan .....	<u>29,591,153</u>
Net cash used in financing activities .....	(155,277,796)
Net increase in cash and cash equivalents .....	13,592,819
Cash and cash equivalents—beginning of year .....	37,597,285
Cash and cash equivalents—end of year .....	<u><u>\$ 51,190,104</u></u>
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 .....	\$ 243,365,615
Purchase of investment securities .....	(523,911,697)
Proceeds from sale/redemption of investment securities .....	579,406,467
Net realized gain on investments .....	(66,195,630)
Net change in unrealized appreciation (depreciation) on investments .....	(76,663,715)
Amortization of premiums and discounts on debt securities .....	10,503,209
Long-term capital gains dividends received .....	986,346
Decrease in interest receivable .....	622,167
Decrease in dividends receivable .....	674,130
Increase in accrued expenses .....	84,066
Increase in other receivable .....	<u>(343)</u>
Total adjustments .....	(74,495,000)
Net cash provided by operating activities .....	<u><u>\$ 168,870,615</u></u>

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,				
	2010	2009	2008	2007	2006
Net asset value:					
Beginning of year	\$ 7.23	\$ 6.60	\$ 10.19	\$ 10.00	\$ 8.51
Net investment income	0.54	0.50	0.45	0.48	0.47
Net realized gain (loss) and change in unrealized appreciation/(depreciation) on investments	0.52	0.93	(3.18)	0.61	1.89
Dividends on auction preferred stock from net investment income	(0.01)	(0.02)	(0.06)	(0.12)	(0.07)
Dividends on auction preferred stock from net realized gains on investment transactions	—	—	(0.02)	—	—
Total from investment operations applicable to common stock	1.05	1.41	(2.81)	0.97	2.29
Dividends on common stock from and in excess of net investment income	(0.67)	(0.54)	(0.53)	(0.78)	(0.78)
Dividends on common stock from net realized gains on investment transactions	—	—	(0.25)	—	—
Return of capital	(0.11)	(0.24)	—	—	—
Total distributions	(0.78)	(0.78)	(0.78)	(0.78)	(0.78)
Auction preferred stock offering costs	—	—	—	—	(0.02)
Net asset value:					
End of year	\$ 7.50	\$ 7.23	\$ 6.60	\$ 10.19	\$ 10.00
Per share market value:					
End of year	\$ 9.14	\$ 8.95	\$ 6.15	\$ 10.59	\$ 10.82
Ratio of expenses to average net assets applicable to common stock	2.20%	2.49%	2.46%	2.26%	2.40%
Ratio of net investment income to average net assets applicable to common stock	6.25%	7.14%	5.11%	4.43%	5.02%
Total investment return on market value (1)	11.35%	61.41%	(36.54%)	5.47%	12.50%
Net asset value total return (2)	15.65%	23.96%	(28.55%)	10.02%	28.11%
Portfolio turnover rate	19.82%	17.88%	15.38%	22.34%	29.60%
Net assets applicable to common stock, end of year (000's omitted)	\$1,791,273	\$1,703,400	\$1,527,981	\$2,331,774	\$2,264,202

- (1) Total investment return assumes a purchase of common stock at the current market price on the first day and a sale at the current market price on the last day of each year shown in the table and assumes reinvestment of dividends at the actual reinvestment prices obtained under the terms of the Fund's dividend reinvestment plan.
- (2) Net asset value total return assumes a purchase of common stock at the net asset value on the first day and a sale at the current net asset value on the last day of each year shown in the table and assumes reinvestment of dividends at the net asset value on each valuation date for each dividend reinvested under the terms of the Fund's dividend reinvestment plan.

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

**DNP SELECT INCOME FUND INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2010**

**(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 at time of purchase are valued on an amortized cost basis, which approximates fair value.

(b) 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 or excise taxes is required. The Fund incurred net capital losses associated with certain securities during the period November 1 through December 31, 2010 of \$7,874,412 which will be deferred for tax purposes and treated as if they were incurred on January 1, 2011. 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, 2010, the Fund had tax capital loss carryforwards of \$54,140,790 which will expire in 2017. These capital loss carryforwards will be reduced by future realized gains whether or not distributed. (See Note 4). At December 31, 2010, on a tax basis, the Fund had undistributed ordinary income of \$0 and undistributed long term capital gains of \$0 and based on a \$2,549,895,236 tax cost of investments, gross unrealized appreciation of \$264,308,100 and unrealized depreciation of \$71,349,805. The difference between the book basis and tax basis of distributable earnings and cost of investments is 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.

Management of the Fund has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements. Since tax authorities can examine previously filed tax returns, the Fund’s tax returns for each of the four years in the period ended December 31, 2010 are subject to such review.

**DNP SELECT INCOME FUND INC.**  
**NOTES TO FINANCIAL STATEMENTS—(Continued)**  
**December 31, 2010**

(c) 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.

(d) Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation at the mean of the quoted bid and asked prices of such currencies. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts at the rate of exchange prevailing on the respective dates of such transactions.

The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss on investments.

(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.

(f) The Fund adopted Accounting Standards Update, *Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements*, which provides guidance on how investment assets and liabilities are to be valued and disclosed.

**(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, LLC (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 Managed Assets of the Fund up to \$1.5 billion and .50% of Average Weekly Managed Assets in excess thereof. The Administrator receives a quarterly fee at annual rates of .20% of Average Weekly Managed Assets up to \$1 billion, and .10% of Average Weekly Managed Assets over \$1 billion. For purposes of the foregoing calculations, “Average Weekly Managed Assets” is defined as the average weekly value of the total assets of the Fund minus the sum of all accrued liabilities of the Fund (other than the aggregate amount of any outstanding borrowings or other indebtedness constituting financial leverage). The Fund pays each director not affiliated with the Adviser an annual fee plus a fee for certain meetings of the board or committees of the board attended. Total fees paid to directors for the year ended December 31, 2010 were \$511,750.

**DNP SELECT INCOME FUND INC.**  
**NOTES TO FINANCIAL STATEMENTS—(Continued)**  
**December 31, 2010**

**(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 arrangements and expects the risk of loss to be remote.

**(4) DIVIDENDS:**

The Fund declares and pays monthly dividends on its common shares of a stated amount per share. Subject to approval and oversight by the Fund’s Board of Directors, the Fund seeks to maintain a stable distribution level (a “Managed Distribution Plan”) consistent with the Fund’s primary investment objective of current income. If and when sufficient investment income is not available on a monthly basis, the Fund will distribute long-term capital gains and/or return capital in order to maintain the \$0.065 per common share distribution level. The amount and timing of distributions are determined in accordance with federal tax regulations, which may differ from U.S. generally accepted accounting principles. Ordinary income distributions for federal income tax purposes include distributions from realized gains, until the Fund utilizes all of its tax capital loss carryforwards.

The tax character of Fund distributions to common shareholders in 2010 and 2009 was comprised of the following components:

2010: Ordinary income — \$157,862,424 and return of capital — \$27,221,564  
 2009: Ordinary income — \$124,991,307 and return of capital — \$57,345,712

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. These reclassifications have no impact on the net asset value of the Fund. At December 31, 2010, 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>
\$(46,679,397)	\$(27,383,240)	\$74,062,637

**(5) 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. In 2006, the Fund issued 20,000 shares of Auction Preferred Stock (“APS”) in five series of 4,000 shares each at a public offering price of \$25,000 per share. The underwriting discount and other offering costs incurred in connection with the issuance of the RP and APS were recorded as a reduction of paid-in surplus on common stock.

**DNP SELECT INCOME FUND INC.**  
**NOTES TO FINANCIAL STATEMENTS—(Continued)**  
**December 31, 2010**

During the year ended December 31, 2009, the Fund redeemed \$600,000,000 of its outstanding preferred shares. All shares of Series A, Series B and Series C of RP were redeemed at a redemption price of \$100,000 per share plus accrued but unpaid dividends and all shares of Series M, Series T and Series W of APS were redeemed at a redemption price of \$25,000 per share plus accrued but unpaid dividends.

The 2,000 shares of RP outstanding on December 31, 2010 consist of two series, 1,000 shares each of Series D and Series E. The 8,000 shares of APS outstanding on December 31, 2010 consist of 4,000 shares each of Series TH and Series F.

Dividends on the RP and APS are cumulative at a rate which was initially established for each series at the time of its initial offering. Since the initial offering of each series of RP and APS, the dividend rate on each series of RP has been reset every 49 days by a remarketing process and the dividend rate on each series of APS has been reset every seven days by an auction process. Beginning in mid-February 2008, the remarketings and auctions for the RP and APS have experienced successive failures as a result of general dislocations affecting the auction rate securities markets. A failed remarketing or auction occurs when there are more sellers of RP or APS than buyers. The result is that the current holders retain their shares, and the dividend rate for the next dividend period is automatically set to the maximum dividend rate permitted by the Fund's charter. These maximum dividend rates ranged from 0.18% to 0.63% for the RP and 1.46% to 1.58% for the APS during the year ended December 31, 2010. A failed remarketing or auction is not an event of default for the Fund, but it is a liquidity problem for the holders of its preferred stock. It is impossible to predict how long this imbalance will last. A successful remarketing or auction of the Fund's preferred stock may not occur for a long period of time, if ever. Even if the RP and APS markets become more liquid, the holders of the Fund's preferred stock may not have the amount of liquidity they desire or the ability to sell the RP and APS at par.

The RP and APS are redeemable at the option of the Fund on any dividend payment date at a redemption price equal to \$100,000 per share for each share of RP and \$25,000 per share for each share of APS, plus accumulated and unpaid dividends in each case. The Fund is required to maintain certain asset coverage with respect to the RP and APS, and the RP and APS are 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; therefore, the RP is classified as a liability on the statement of assets and liabilities and the related dividends as interest expense on the statement of operations. The mandatory redemption dates are as follows: 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 and the holders of the APS are entitled to  $\frac{1}{4}$  vote per share. Since each share of APS represents a liquidation preference of \$25,000, and each share of RP represents a liquidation preference of \$100,000 per share, the allocation of  $\frac{1}{4}$  vote per share to the APS gives all holders of preferred stock equal voting power per dollar of liquidation preference. The holders of the RP and APS, voting together as a class, are entitled 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 APS and the Common Stock.

**DNP SELECT INCOME FUND INC.**  
**NOTES TO FINANCIAL STATEMENTS—(Continued)**  
**December 31, 2010**

**(6) INVESTMENT TRANSACTIONS:**

For the year ended December 31, 2010 purchases and sales of investment securities (excluding short-term securities) were \$523,911,697 and \$579,406,467 respectively.

**(7) BORROWINGS:**

On March 9, 2009, the Fund entered into a Committed Facility Agreement (the “Facility”) with a commercial bank (the “Bank”) that allows the Fund to borrow cash from the Bank, up to a limit of \$1,000,000,000 for the purpose of redeeming shares of preferred stock. Borrowings under the Facility are collateralized by certain assets of the Fund (the “Hypothecated Securities”). Interest is charged at 3 month LIBOR (London Inter-bank Offered Rate) plus an additional percentage rate on the amount borrowed and on the undrawn balance (the commitment fee). The Fund also incurred a one time arrangement fee that was paid in six equal installments based on a percentage of the total borrowing limit. Total commitment fees paid for the year ended December 31, 2010 were \$4,055,555 and are included in interest expense and fees on the Statement of Operations. The Bank has the ability to require repayment of outstanding borrowings under the Facility upon six months notice or following an event of default. For the year ended December 31, 2010, the average daily borrowings under the Facility and the weighted daily average interest rate were \$600,000,000 and 1.44%, respectively. As of December 31, 2010, the amount of such outstanding borrowings was \$600,000,000. The interest rate applicable to the borrowing on December 31, 2010 was 1.40%. The Bank has the ability to borrow the Hypothecated Securities (“Rehypothecated Securities”). The Fund is entitled to receive a fee from the Bank in connection with any borrowing of Rehypothecated Securities. The Fund can recall any Rehypothecated Security at any time and if the Bank fails to return it (or an equivalent security) in a timely fashion, the Bank will be liable to the Fund for the ultimate delivery of such security and certain costs associated with delayed delivery. In the event the Bank does not return the security or an equivalent security, the Fund will have the right to, among other things, apply and set off an amount equal to 100% of the then-current fair market value of such Rehypothecated Securities against any amounts owed to the Bank under the Facility. At December 31, 2010, Hypothecated Securities under the Facility had a market value of \$1,312,370,469 and Rehypothecated Securities had a market value of \$593,411,590.

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

Set forth below are the names and certain biographical information about the directors 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 current directors of the Fund, with the exception of Mr. Partain, are classified as independent directors because none of them are “interested persons” of the Fund, as defined in the 1940 Act. Mr. Partain is an “interested person” of the Fund by reason of his position as President and Chief Executive Officer of the Fund and President, Chief Investment Officer and employee of the Adviser. The term “Fund Complex” refers to the Fund and all the other investment companies advised by affiliates of Virtus Investment Partners, Inc.

<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>
<b>Independent Directors</b>					
Stewart E. Conner c/o Duff & Phelps Investment Management Co. 200 South Wacker Drive, Suite 500 Chicago, IL 60606 Age: 69	Director	Term expires 2012; Director since 2004	Attorney, Wyatt Tarrant & Combs LLP since 1966 (Chairman, Executive Committee 2000–2004, Managing Partner 1988–2000)	3	
Robert J. Genetski c/o Duff & Phelps Investment Management Co. 200 South Wacker Drive, Suite 500 Chicago, IL 60606 Age: 68	Director	Term expires 2013; Director since 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	3	
Nancy Lampton c/o Duff & Phelps Investment Management Co. 200 South Wacker Drive, Suite 500 Chicago, IL 60606 Age: 68	Director and Vice Chairman of the Board	Term expires 2012; Director since 1994	Vice Chairman of the Board of the Fund since February 2006, DTF Tax- Free Income Inc. (“DTF”) since May 2007 and Duff & Phelps Utility and Corporate Bond Trust Inc. (“DUC”) since May 2007; 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, CanAlaska Uranium Ltd.

<b>Name, Address and Age</b>	<b>Positions Held with Fund</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupation(s) During Past 5 Years</b>	<b>Number of Portfolios in Fund Complex Overseen by Director</b>	<b>Other Directorships Held by the Director</b>
Philip R. McLoughlin c/o Duff & Phelps Investment Management Co. 200 South Wacker Drive, Suite 500 Chicago, IL 60606 Age: 64	Director	Term expires 2013; Director since 2009	Partner, CrossPond Partners, LLC (investment management consultant) since 2006; Managing Director, SeaCap Partners LLC (strategic advisory firm) 2009–2010; Private investor 2004–2006; Consultant to Phoenix Investment Partners, Ltd. ("PXP") 2002–2004; Chief Executive Officer of PXP, 1995–2002 (Chairman 1997–2002, Director 1995–2002); Executive Vice President and Chief Investment Officer, The Phoenix Companies, Inc. 2000–2002	55	Director, The World Trust Fund (closed- end fund) since 1991 (Chairman since 2010); Director, Argo Group International Holdings, Ltd. (insurance holding company, formerly known as PXRE Group Ltd.) 1999–2009
Geraldine M. McNamara c/o Duff & Phelps Investment Management Co. 200 South Wacker Drive, Suite 500 Chicago, IL 60606 Age: 59	Director	Term expires 2011; Director since 2009	Private investor since July 2006; Managing Director, U.S. Trust Company of New York 1982–July 2006	47	
Eileen A. Moran c/o Duff & Phelps Investment Management Co. 200 South Wacker Drive, Suite 500 Chicago, IL 60606 Age: 56	Director	Term expires 2012; Director since 2008	President and Chief Executive Officer, PSEG Resources L.L.C. (investment company) since 1990	3	
Christian H. Poindexter c/o Duff & Phelps Investment Management Co. 200 South Wacker Drive, Suite 500 Chicago, IL 60606 Age: 72	Director	Term expires 2011; Director since 2003	Retired Executive Committee Chairman, Constellation Energy Group, Inc. (public utility holding company) since March 2003 (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)	3	Director, The Baltimore Life Insurance Company

<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>
Carl F. Pollard c/o Duff & Phelps Investment Management Co. 200 South Wacker Drive, Suite 500 Chicago, IL 60606 Age: 72	Director	Term expires 2011; Director since 2002	Owner, Hermitage Farm LLC (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)	3	Chairman of the Board and Director, Churchill Downs Incorporated
David J. Vitale c/o Duff & Phelps Investment Management Co. 200 South Wacker Drive, Suite 500 Chicago, IL 60606 Age: 64	Director and Chairman of the Board	Term expires 2012; Director since 2000	Chairman of the Board of the Fund, DTF and DUC since May 2009; Executive Chairman, Urban Partnership Bank since August 2010; Private investor, December 2008–August 2010; Senior Advisor to the CEO, Chicago Public Schools April 2007–December 2008; Chief Administrative Officer, Chicago Public Schools April 2003–April 2007; Private investor November 2002–April 2003; President and Chief Executive Officer, Board of Trade of the City of Chicago, Inc. March 2001–November 2002; Private investor 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), Urban Partnership Bank, Alion Science and Technology Corporation, ISO New England Inc. (not for profit independent system operator of New England’s electricity supply), Ariel Capital Management, LLC and Wheels, Inc. (automobile fleet management)

<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>
<b>Interested Director</b>					
Nathan I. Partain, CFA Duff & Phelps Investment Management Co. 200 South Wacker Drive, Suite 500 Chicago, IL 60606 Age: 54	Director	Term expires 2013; Director since 2007	President and Chief Executive Officer of the Fund since February 2001 (Chief Investment Officer since April 1998; Executive Vice President, April 1998–February 2001; Senior Vice President, January 1997–April 1998); President and Chief Executive Officer of DTF and DUC since 2004; President and Chief Investment Officer of the Adviser since April 2005 (Executive Vice President 1997–2005); Director of Utility Research, Duff & Phelps Investment Research Co. 1989–1996 (Director of Equity Research, 1993–1996 and Director of Fixed Income Research, 1993)	3	Director, Otter Tail Corporation (manages diversified operations in the electric, plastics, manufacturing, health services, food ingredient processing and other business operations sectors)

## Officers of the Fund

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 the Fund’s investment adviser or the Fund’s administrator and receive compensation in such capacities. Information about Nathan I. Partain, the President and Chief Executive Officer of the Fund, is provided above under the caption “Interested Director”.

<u>Name, Address and Age</u>	<u>Position(s) Held with Fund and Length of Time Served</u>	<u>Principal Occupation(s) During Past 5 Years</u>
T. Brooks Beittel, CFA Duff & Phelps Investment Management Co. 200 South Wacker Drive, Suite 500 Chicago, IL 60606 Age: 60	Secretary and Senior Vice President since 1995 (Treasurer 1995–2002)	Executive Vice President and Assistant Chief Investment Officer of the Adviser since 2008 (Senior Vice President 1993–2008, Vice President 1987–1993)
Joseph C. Curry, Jr. Hilliard Lyons Investment Management 500 West Jefferson Street Louisville, KY 40202 Age: 66	Treasurer since 2002; Senior Vice President (Vice President 1988–2006)	Senior Vice President, J.J.B. Hilliard, W.L. Lyons, LLC since 1994 (Vice President 1982–1994); President, Hilliard-Lyons Government Fund, Inc. 1986–2010; Vice President and Assistant Treasurer, Senbank Fund since 1999
Alan M. Meder, CFA, CPA Duff & Phelps Investment Management Co. 200 South Wacker Drive, Suite 500 Chicago, IL 60606 Age: 51	Assistant Treasurer since 2010	Senior Vice President of the Adviser since 1994
Joyce B. Riegel Duff & Phelps Investment Management Co. 200 South Wacker Drive, Suite 500 Chicago, IL 60606 Age: 56	Chief Compliance Officer since 2004	Senior Vice President and Chief Compliance Officer of the Adviser since 2004 (Vice President and Compliance Officer 2002–2004); Vice President and Chief Compliance Officer, Stein Roe Investment Counsel LLC 2001–2002
Dianna P. Wengler Hilliard Lyons Investment Management 500 West Jefferson Street Louisville, KY 40202 Age: 50	Vice President since 2006 (Assistant Vice President 2004–2006); Assistant Secretary since 1988	Vice President, J.J.B. Hilliard, W.L. Lyons, LLC since 1990; Treasurer, Hilliard-Lyons Government Fund, Inc. 1988–2010 (Vice President 1985–2010)

### **Information about Proxy Voting by the Fund—(unaudited)**

The Fund's Board of Directors has adopted proxy voting policies and procedures. These proxy voting policies and procedures may be changed at any time or from time to time by the Fund's Board of Directors. 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 website <http://www.dnpselectincome.com> or on the SEC's website <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 website at <http://www.dnpselectincome.com> or on the SEC's website 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 (800) 732-0330. In addition, the Fund's Form N-Q is available without charge, upon request, by calling the Administrator toll-free at (888) 878-7845 or is available on the Fund's website at <http://www.dnpselectincome.com>.

### **Tax Information—(unaudited)**

For federal income tax purposes, the following information is furnished with respect to the distributions paid by the Fund during its taxable year ended December 31, 2010. The Fund intends to designate up to a maximum of \$68,006,744 as qualifying for the dividends received deduction for corporate shareholders. The Fund designated and paid \$27,221,564 as return of capital distribution. Certain dividends paid by the Fund may be subject to a maximum tax rate of 15%. The Fund intends to designate up to a maximum of \$83,414,386 as taxed at the maximum of 15%. In February, the Fund provides tax information to shareholders for the preceding calendar year. A copy of the Fund's Tax Information Letter for 2010 is available on its website at <http://www.dnpselectincome.com>.

## **Board of Directors**

DAVID J. VITALE  
Chairman

NANCY LAMPTON  
Vice Chairperson

STEWART E. CONNER

ROBERT J. GENETSKI

PHILIP R. MCLOUGHLIN

GERALDINE M. MCNAMARA

EILEEN A. MORAN

NATHAN I. PARTAIN, CFA

CHRISTIAN H. POINDEXTER

CARL F. POLLARD

## **Officers**

NATHAN I. PARTAIN, CFA  
President, Chief Executive Officer and  
Chief Investment Officer

T. BROOKS BEITTEL, CFA  
Senior Vice President and Secretary

JOSEPH C. CURRY, JR.  
Senior Vice President and Treasurer

DIANNA P. WENGLER  
Vice President and Assistant Secretary

ALAN M. MEDER, CFA, CPA  
Assistant Treasurer and Assistant Secretary

JOYCE B. RIEGEL  
Chief Compliance Officer

## **DNP Select Income Fund Inc.**

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

200 South Wacker Drive, Suite 500  
Chicago, Illinois 60606  
(312) 368-5510

### **Shareholder inquiries please contact:**

**Transfer Agent,  
Dividend Disbursing  
Agent and Custodian**

**BNY Mellon  
Shareowner Services  
480 Washington Blvd.  
Jersey City, New Jersey 07310  
(877) 381-2537**

Investment Adviser

Duff & Phelps Investment  
Management Co.  
200 South Wacker Drive, Suite 500  
Chicago, Illinois 60606  
(312) 368-5510

Administrator

J.J.B. Hilliard, W.L. Lyons, LLC  
500 West Jefferson Street  
Louisville, Kentucky 40202  
(888) 878-7845

Legal Counsel

Mayer Brown LLP  
71 South Wacker Drive  
Chicago, Illinois 60606

Independent Registered Public Accounting Firm

Ernst & Young LLP  
155 North Wacker Drive  
Chicago, Illinois 60606