

DTF TAX-FREE INCOME INC
Form N-Q
March 28, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-06416

DTF Tax-Free Income Inc.

(Exact name of registrant as specified in charter)

55 East Monroe Street, Suite 3600, Chicago, Illinois 60603

(Address of principal executive offices) (Zip code)

Alan M. Meder
DTF Tax-Free Income Inc.
55 East Monroe Street, Suite 3600
Chicago, Illinois 60603

John R. Sagan
Mayer, Brown, Rowe & Maw LLP
71 South Wacker Drive
Chicago, Illinois 60606

(Name and address of agents for service)

Registrant's telephone number, including area code: (312) 541-5555

Date of fiscal year end: October 31

Date of reporting period: January 31, 2007

Item 1 Schedule of Investments

DTF TAX FREE INCOME INC.

Portfolio of Investments

January 31, 2007 (unaudited)

Principal Amount (000)	Description (a)	Value
	LONG-TERM INVESTMENTS	145.0%
	Alabama	6.0%
	DCH Health Care Auth. Rev.	
\$ 1,000	5.125%, 6/1/36	\$ 1,046,370
	Jefferson Cnty. Swr. Rev.	
	Capital Impvt.	
3,000(b)	5.125%, 2/1/29, Ser. A, F.G.I.C.	
	Prerefunded 2/1/09 @ \$101	3,102,510
2,100(b)	5.00%, 2/1/33, Ser. A, F.G.I.C.	
	Prerefunded 2/1/09 @ \$101	2,166,759
1,900(b)	5.00%, 2/1/33, Ser. A, F.G.I.C.	
	Prerefunded 2/1/09 @ \$101	1,961,883
		8,277,522
	Arizona	1.1%
	Chandler Ariz Incl. Dev. Auth. Rev.	
1,500	4.375%, 12/1/35	1,517,610
	California	20.4%
	Fresno Swr. Rev., Ser. A-1,	
3,030	6.00%, 9/1/09, A.M.B.A.C.	3,203,680
2,000	6.25%, 9/1/14, A.M.B.A.C.	2,259,660
	Los Angeles Wastewtr. Sys. Rev.,	
2,000	5.00%, 6/1/26, Ser. A, M.B.I.A.	2,088,060
	Los Angeles Wtr. & Pwr. Rev.,	
1,000	5.25%, 7/1/21, Ser. A-A-1, F.S.A.	1,049,290
1,000	5.375%, 7/1/21, Ser. A-A-2, M.B.I.A.	1,062,620
	Metro Wtr. Dist. Southern California	
	Waterworks Rev.,	
1,500	5.00%, 10/1/29, Ser. B-3, M.B.I.A.	1,578,885
	Pomona Sngl. Fam. Mtge. Rev.,	
1,545(b)	7.375%, 8/1/10, Ser. B, GNMA Collateral	
	Escrowed to maturity	1,630,083
	Riverside Cnty. Sngl. Fam. Rev.,	
2,500(b)	7.80%, 5/1/21, Ser. A, GNMA Collateral	
	Escrowed to maturity	3,402,200
	San Bernardino Cnty. Residential	
	Mtge. Rev.,	
7,840(b)	9.60%, 9/1/15,	
	Escrowed to maturity	11,031,350
	Saratoga Unified Sch. Dist., Gen. Oblig.	
1,040	Zero Coupon, 9/1/20, Ser. A, F.G.I.C.	579,654
		27,885,482
	Connecticut	3.4%
	Connecticut St. Health & Edl. Facs. Auth. Rev.,	

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1,000	5.00%, 7/1/25, Ser. C, Radian Mashantucket Western Pequot	1,044,650
	Tribe Spl. Rev., 144A,	
3,500(c)	5.75%, 9/1/18, Ser. B	3,590,090
		4,634,740
	District of Columbia	1.1%
	District of Columbia Wtr. & Swr. Auth. Rev.,	
1,500	5.00%, 10/1/33, F.G.I.C.	1,558,455

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Principal Amount (000)	Description (a)	Value
	Florida	12.4%
\$ 1,005	Brevard Cnty. Hlth. Fac. Auth. Rev., 5.00%, 4/1/34	\$ 1,034,125
3,000	Dade Cnty. Wtr. & Swr. Sys. Rev., 5.25%, 10/1/26, F.G.I.C.	3,052,080
1,170	Escambia Cnty. Hlth. Fac. Auth. Rev., 5.125%, 10/1/19	1,191,271
2,210	Florida Mun. Ln. Council Rev., 5.375%, 8/1/20, Ser. B, M.B.I.A.	2,384,413
2,000	Hillsborough Cnty. Incl. Dev. Auth. Rev., 5.00%, 10/1/36	2,049,180
2,000	Miami-Dade Cnty. Stormwater Util. Rev., 5.00%, 4/1/27, M.B.I.A.	2,106,700
5,000(b)	St. Petersburg Public Util. Rev., 5.00%, 10/1/28, Ser. A, F.S.A. Prerefunded 10/1/09 @ \$101	5,206,100
		17,023,869
	Georgia	16.4%
2,385	Atlanta Wtr. & Wastewtr. Rev., Ser. A, 5.00%, 11/1/29, F.G.I.C.	2,436,277
2,615(b)	5.00%, 11/1/29, F.G.I.C. Prerefunded 5/1/09 @ \$101	2,692,796
715	5.00%, 11/1/38, F.G.I.C.	729,193
785(b)	5.00%, 11/1/38, F.G.I.C. Prerefunded 5/1/09 @ \$101	808,354
4,000(b)	De Kalb Cnty. Wtr. & Swr. Rev., 5.00%, 10/1/24 Prerefunded 10/1/09 @ \$101	4,164,880
2,000	Fulton Cnty. Sch. Dist., Gen. Oblig. 5.375%, 1/1/16	2,221,900
145(b)	Georgia Mun. Elec. Auth. Pwr. Rev., Ser. Y, 6.40%, 1/1/13, A.M.B.A.C. Escrowed to maturity	160,837
2,440	6.40%, 1/1/13, A.M.B.A.C.	2,690,930
30(b)	6.40%, 1/1/13, A.M.B.A.C. Prerefunded 1/1/11 @ \$100	32,852
5,500	Georgia Mun. Elec. Auth. Pwr. Rev., 6.50%, 1/1/20, Ser. X, A.M.B.A.C.	6,571,235
		22,509,254
	Hawaii	1.5%
2,000	Hawaii Dept. Budget & Fin. Rev., 4.80%, 1/1/25, Ser. A, F.G.I.C.	2,029,400
	Idaho	0.7%
535	Idaho Hsg. Agcy., Sngl. Fam. Mtge. Sr., Rev., 6.65%, 7/1/14, Ser. B	547,123
373	6.60%, 7/1/27, Ser. B, F.H.A.	381,292
		928,415

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Illinois		4.2%
	Chicago Gen. Oblig.,	
4,000	6.25%, 1/1/11, A.M.B.A.C.	4,256,720
	Chicago Multi-Family Hsg. Rev.,	
500	4.90%, 3/20/44, F.H.A.	495,575
	Chicago Park Dist., Gen. Oblig.,	
1,000	5.00%, 1/1/27, Ser. A, A.M.B.A.C.	1,047,250
		5,799,545
Indiana		5.7%
	Indiana Mun. Pwr. Agcy., Pwr.	
	Supply Sys. Rev.,	
5,000	6.00%, 1/1/13, Ser. B, M.B.I.A.	5,549,850
	Indianapolis Local Pub. Impvt.	
	Bond Bank Waterworks Proj. Rev.,	
2,100(b)	5.25%, 7/1/33, Ser. A, M.B.I.A.	
	Prerefunded 7/1/12 @ \$100	2,246,685
		7,796,535

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Principal Amount (000)	Description (a)	Value
	Iowa	0.7%
\$ 1,000	Des Moines Wtr. Rev., 4.375%, 12/1/26, M.B.I.A.	\$ 994,040
	Kentucky	2.3%
2,000	Louisville & Jefferson Cnty. Met. Swr. Dist., Swr. & Drain Sys. Rev., 5.00%, 5/15/30, Ser. A, F.G.I.C.	2,039,460
1,000	Louisville & Jefferson Cnty. Metro. Govt. Health Sys. Rev., 5.25%, 10/1/36	1,048,770
		3,088,230
	Massachusetts	6.2%
2,000	Boston Wtr. & Swr. Comm. Rev., 5.00%, 11/1/28, Ser. D, F.G.I.C.	2,043,100
1,500	Massachusetts St. Dev. Finance Agency, Solid Waste Disp. Rev. 5.00%, 2/1/36	1,548,090
2,355	Massachusetts St. Tpk. Auth., Metro. Highway Sys. Rev., 5.125%, 1/1/23, Ser. B, M.B.I.A.	2,401,158
2,500	4.75%, 1/1/34, Ser. A, A.M.B.A.C.	2,517,500
		8,509,848
	Michigan	3.1%
2,000(b)	Detroit Wtr. Supply Sys. Rev., Ser. A, 5.50%, 7/1/24, F.G.I.C.	2,137,820
2,000	Prerefunded 7/1/11 @ \$100 5.00%, 7/1/30, F.G.I.C.	2,056,520
		4,194,340
	Nebraska	4.1%
2,500(b)	Omaha Pub. Pwr. Dist., Elec. Rev., Ser. B, 6.15%, 2/1/12 Escrowed to maturity	2,685,250
2,500(b)	6.20%, 2/1/17 Escrowed to maturity	2,867,475
		5,552,725
	Nevada	3.3%
1,400	Las Vegas Valley Wtr. Dist., Gen. Oblig., 5.00%, 6/1/25, Ser. B, M.B.I.A.	1,461,754
3,000	5.00%, 6/1/32, Ser. A, F.G.I.C.	3,121,290
		4,583,044
	New Jersey	3.2%

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	New Jersey St. Gen. Oblig.,	
2,000	5.25%, 7/1/17, Ser. H	2,205,820
	New Jersey Trans. Trust Fund Auth. Rev.,	
2,000	5.25%, 12/15/22, Ser. A	2,226,620
		4,432,440

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Principal Amount (000)	Description (a)	Value
	New York	8.1%
	Long Island Pwr. Auth. Elec. Sys. Rev.,	
	5.25%, 12/1/26, Ser. A, M.B.I.A.	
\$ 4,000(b)	Prerefunded 6/1/08 @ \$101	\$ 4,123,640
800	5.00%, 12/1/35, Ser. B	838,872
	Metro. Trans. Auth. Rev.,	
1,000	5.25%, 11/15/31, Ser. A, F.G.I.C.	1,060,780
	New York City Mun. Wtr. Fin. Auth.,	
	Wtr. & Swr. Sys. Rev.,	
5,000	5.00%, 6/15/29, Ser. B, F.S.A.	5,135,400
		11,158,692
	Ohio	3.5%
	Hamilton Elec. Sys. Rev.	
1,000	4.60%, 10/15/20, Ser. A, F.S.A.	1,027,710
	Ohio St. Air Quality Dev. Auth. Rev.,	
1,000	4.80%, 9/1/36, Ser. A, F.G.I.C.	1,007,910
	Ohio St. Wtr. Dev. Auth. Rev.,	
2,445	5.50%, 6/1/20, Ser. B, F.S.A.	2,812,801
		4,848,421
	Pennsylvania	2.3%
	Delaware Cnty. Auth. Rev.,	
2,000	5.00%, 6/1/21, Ser. A, Radian	2,087,100
	Pennsylvania Economic Dev. Fin. Auth. Res. Recov. Rev.,	
1,000	4.625%, 12/1/18, Ser. F, A.M.B.A.C.	1,014,730
		3,101,830
	Puerto Rico	0.8%
	Puerto Rico Elec. Pwr. Auth. Rev.,	
1,000	5.00%, 7/1/25, Ser. PP, F.G.I.C.	1,057,020
	South Carolina	1.2%
	Spartanburg Waterworks Rev.,	
1,500(b)	5.25%, 6/1/28, F.G.I.C.	
	Prerefunded 6/1/14 @ \$100	1,605,270
	Tennessee	1.2%
	Tennessee Energy Acquisition Corp. Rev.,	
1,500	5.25%, 9/1/20, Ser. A	1,651,905
	Texas	19.7%
	Alliance Airport Auth. Inc. Rev.,	
1,000	4.85%, 4/1/21	1,010,780
	Bexar Met. Wtr. Dist. Waterworks Sys. Rev.,	
2,500	5.00%, 5/1/25, M.B.I.A.	2,556,950
	Brazos River Auth. Wtr. Rev.,	
500	4.30%, 2/15/23, M.B.I.A.	491,345
	Coastal Wtr. Auth. Contract Rev.,	
4,000	5.00%, 12/15/25, F.S.A.	4,077,960

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1,555	El Paso Wtr. & Swr. Rev., 5.50%, 3/1/12, Ser. A, F.S.A.	1,670,676
1,650	Harris Cnty. Gen. Oblig., 7.00%, 8/15/10, Ser. A	1,816,370
1,000	Harris Cnty. Toll Road Senior Lien Rev., 4.50%, 8/15/36, Ser. A, M.B.I.A.	987,100
1,500(b)	Houston Wtr. & Swr. Sys. Rev., 5.25%, 12/1/23, Ser. B, F.G.I.C.	
3,500(b)	Prerefunded 12/1/10 @ \$100	1,575,735
	5.00%, 12/1/28, Ser. A, F.S.A. Prerefunded 12/1/09 @ \$100	3,617,355
2,000	Lower Colorado River Auth. Rev., 5.00%, 5/15/31, F.S.A.	2,052,600
4,000	San Antonio Elec. & Gas Rev., 5.00%, 2/1/18, Ser. A	4,109,760
2,000	San Marcos Cons. Indept. Sch. Dist., Gen. Oblig., 4.375%, 8/1/24, P.S.F.	1,979,500
1,000	University North Texas Rev., 4.50%, 4/15/25, F.G.I.C.	999,940
		26,946,071

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Principal Amount (000)	Description (a)		Value
	Virginia	4.1%	
\$ 3,985	Henrico Cnty. Wtr. & Swr. Rev., 5.00%, 5/1/28		\$ 4,109,212
1,500	Virginia St. Hsg. Dev. Auth. Rev., 4.55%, 1/1/24		1,498,185
			5,607,397
	Washington	4.0%	
500	Energy Northwest Wind Proj. Rev., 4.75%, 7/1/21, M.B.I.A.		515,425
2,500	King Cnty. Swr. Rev., 5.00%, 1/1/31, F.G.I.C.		2,586,800
2,400	Washington St. Pub. Pwr. Supply, Nuclear Proj. No. 2 Rev., 6.00%, 7/1/07, Ser. A		2,422,680
			5,524,905
	West Virginia	1.1%	
1,500	Monongalia Cnty. Building Commission Hospital Rev. 5.00%, 7/1/30, Ser. A		1,525,710
	Wyoming	3.2%	
4,000	Wyoming St. Farm Loan Brd. Cap. Facs. Rev., 5.75%, 10/1/20		4,413,760
	Total long-term investments (cost \$182,844,553)		198,756,475
Shares	SHORT-TERM INVESTMENT	0.7%	
904,856	Goldman Sachs Tax Exempt Money Market Fund (cost \$904,856)		\$ 904,856
	Total Investments (cost \$183,749,409)	145.7%	199,661,331
	Other assets in excess of liabilities	1.7%	2,404,772
	Liquidation Value of Remarketed Preferred Stock	(47.4)%	(65,000,000)
	Net Assets Applicable to Common Stock	100.0%	\$ 137,066,103
	Net asset value per share of common stock (\$137,066,103 / 8,507,456)		\$ 16.11

(a) The following abbreviations are used in portfolio descriptions to indicate providers of credit support, in whole or in part:
A.M.B.A.C. - Ambac Assurance Corporation.

F.G.I.C. - Financial Guaranty Insurance Company.

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F.H.A. - Federal Housing Authority.

F.S.A. - Financial Security Assurance Inc.

M.B.I.A. - MBIA Insurance Corporation.

P.S.F. - Texas Permanent School Fund.

Radian - Radian Asset Assurance Inc.

(b) Prerefunded and escrowed to maturity issues are secured by escrowed cash, government obligations, or other securities.

(c) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At January 31, 2007, these securities amounted to a value of \$3,590,090 or 2.6% of net assets applicable to common stock.

The United States federal income tax basis of the Fund's investments and the net unrealized appreciation as of January 31, 2007 were as follows:

Tax Basis of Investment	Appreciation	Depreciation	Net Unrealized Appreciation
\$183,220,738	\$16,528,214	\$87,621	\$16,440,593

Item 2 Controls and Procedures

(a)The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the "1940 Act")) are effective, based on an evaluation of those controls and procedures made as of a date within 90 days of the filing date of this report as required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Exchange Act.

(b)There has been no change in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the first fiscal quarter of the fiscal half-year covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3 Exhibits

Exhibit 99.CERT- Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 Attached hereto

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) DTF TAX-FREE INCOME INC.

By (Signature and Title) /s/ Alan M. Meder
Alan M. Meder

Treasurer and Principal Financial Officer

Date March 28, 2007

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

By (Signature and Title) /s/ Nathan I. Partain
Nathan I. Partain

President and Chief Executive Officer

Date March 28, 2007

By (Signature and Title) /s/ Alan M. Meder
Alan M. Meder

Treasurer and Principal Financial Officer

Date March 28, 2007