

DTF TAX-FREE INCOME INC
Form N-Q
September 25, 2008

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

(Name and address of agents for service)

Lawrence R. Hamilton
Mayer Brown LLP
71 South Wacker Drive
Chicago, Illinois 60606

Registrant's telephone number, including area code: (312) 263-2610

Date of fiscal year end: October 31

Date of reporting period: July 31, 2008

Item 1 Schedule of Investments

DTF TAX-FREE INCOME INC.**Portfolio of Investments**

As of 7/31/2008 (unaudited)

Principal Amount (000)	Description (a)	Value (Note 1)
	LONG-TERM INVESTMENTS	146.4%
	Alabama	6.2%
	DCH Health Care Auth. Rev.	
\$ 1,000	5.125%, 6/1/36	\$ 932,000
	Jefferson Cnty. Swr. Rev. Capital Impvt.	
3,000 (b)	5.125%, 2/1/29, Ser. A, Prerefunded 2/1/09 @ \$101	3,078,000
2,100 (b)	5.00%, 2/1/33, Ser. A, Prerefunded 2/1/09 @ \$101	2,153,298
1,900 (b)	5.00%, 2/1/33, Ser. A, Prerefunded 2/1/09 @ \$101	1,948,222
		8,111,520
	California	22.6%
	California St. Gen. Oblig.,	
500	5.50%, 3/1/26	524,260
1,000	5.00%, 11/1/32	979,280
	California Statewide Communities Dev. Auth. Rev.,	
2,000	5.75%, 7/1/47, F.G.I.C.	2,048,620
	Fresno Swr. Rev., Ser. A-1,	
3,030	6.00%, 9/1/09, A.M.B.A.C.	3,161,260
2,000	6.25%, 9/1/14, A.M.B.A.C.	2,177,080
	Golden State Tobacco Securitization Corp. Rev.,	
1,000	5.75%, 6/1/47, Ser. A-1	817,980
	Los Angeles Wastewtr. Sys. Rev.,	
2,000	5.00%, 6/1/26, Ser. A, M.B.I.A.	2,016,940
	Los Angeles Wtr. & Pwr. Rev.,	
1,000	5.25%, 7/1/21, Ser. A-A-1, F.S.A.	1,039,360
1,000	5.375%, 7/1/21, Ser. A-A-2, M.B.I.A.	1,046,440
	Pomona Sngl. Fam. Mtge. Rev.,	
1,020 (b)	7.375%, 8/1/10, Ser. B, Escrowed to maturity	1,070,021
	Riverside Cnty. Sngl. Fam. Rev.,	
2,500 (b)	7.80%, 5/1/21, Ser. A, Escrowed to maturity	3,173,450
	San Bernardino Cnty. Residential Mtge. Rev.,	
7,840 (b)	9.60%, 9/1/15, Escrowed to maturity	10,853,304
	Saratoga Unified Sch. Dist., Gen. Oblig.	
1,040	Zero Coupon, 9/1/20, Ser. A, F.G.I.C.	567,258
		29,475,253
	Connecticut	3.3%

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	Connecticut St. Health & Edl. Facs. Auth. Rev.,	
1,000	5.00%, 7/1/25, Ser. C, Radian	927,680
	Mashantucket Western Pequot	
	Tribe Spl. Rev., 144A,	
3,500 (c)	5.75%, 9/1/18, Ser. B	3,322,690
		4,250,370
	District of Columbia	1.1%
	District of Columbia Wtr. & Swr. Auth. Rev.,	
1,500	5.00%, 10/1/33, F.G.I.C.	1,453,965

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Principal

Amount

(000)	Description (a)	Value
	Florida	8.8%
	Brevard Cnty. Hlth. Fac. Auth. Rev.,	
\$ 1,005	5.00%, 4/1/34	\$ 909,414
	Escambia Cnty. Hlth. Fac. Auth. Rev.,	
1,190	5.125%, 10/1/19	1,160,785
	Florida Mun. Ln. Council Rev.,	
2,210	5.375%, 8/1/20, Ser. B, M.B.I.A.	2,277,383
	Highlands Cnty. Hlth. Fac. Auth. Rev.,	
2,000	5.125%, 11/15/32, Ser. G	1,884,660
	St. Petersburg Public Util. Rev.,	
5,000 (b)	5.00%, 10/1/28, Ser. A,	
	Prerefunded 10/1/09 @ \$101	5,232,750
		11,464,992
	Georgia	16.9%
	Atlanta Wtr. & Wastewtr. Rev.,	
	Ser. A,	
2,385	5.00%, 11/1/29, F.G.I.C.	2,239,276
2,615 (b)	5.00%, 11/1/29,	
	Prerefunded 5/1/09 @ \$101	2,702,786
715	5.00%, 11/1/38, F.G.I.C.	671,535
785 (b)	5.00%, 11/1/38,	
	Prerefunded 5/1/09 @ \$101	811,352
	De Kalb Cnty. Wtr. & Swr. Rev.,	
4,000 (b)	5.00%, 10/1/24	
	Prerefunded 10/1/09 @ \$101	4,190,960
	Fulton Cnty. Sch. Dist., Gen. Oblig.	
2,000	5.375%, 1/1/16	2,234,720
	Georgia Mun. Elec. Auth. Pwr. Rev.,	
145 (b)	6.40%, 1/1/13, Ser. Y,	
	Escrowed to maturity	159,825
2,440	6.40%, 1/1/13, A.M.B.A.C.	2,688,246
30 (b)	6.40%, 1/1/13	
	Prerefunded 1/1/11 @ \$100	32,667
	Georgia Mun. Elec. Auth. Pwr. Rev.,	
5,500	6.50%, 1/1/20, Ser. X, A.M.B.A.C.	6,303,715
		22,035,082
	Hawaii	1.3%
	Hawaii Dept. Budget & Fin. Rev.,	
2,000	4.80%, 1/1/25, Ser. A, F.G.I.C.	1,759,460
	Idaho	0.4%
	Idaho Hsg. Agcy.,	
	Sngl. Fam. Mtge. Sr., Rev., F.H.A.	
245	6.65%, 7/1/14, Ser. B	253,430
213	6.60%, 7/1/27, Ser. B	220,016
		473,446
	Illinois	5.9%
	Chicago Gen. Oblig.,	

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4,000	6.25%, 1/1/11, A.M.B.A.C.	4,189,680
1,000	5.25%, 1/1/33, Ser. A	1,017,800
	Chicago Multi-Family Hsg. Rev.,	
500	4.90%, 3/20/44, F.H.A.	404,010
	Chicago Park Dist., Gen. Oblig.,	
1,000	5.00%, 1/1/27, Ser. A, A.M.B.A.C.	1,007,590
	Illinois Fin. Auth. Education Rev.,	
1,000 (b)	5.375%, 9/1/32, Ser. C,	
	Prerefunded 9/1/17 @ \$100	1,117,800
		7,736,880

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Principal Amount (000)	Description (a)	Value
	Indiana	5.9%
	Indiana Mun. Pwr. Agcy., Pwr. Supply Sys. Rev.,	
\$ 5,000	6.00%, 1/1/13, Ser. B, M.B.I.A.	\$ 5,460,200
	Indianapolis Local Pub. Impvt. Bond Bank Waterworks Proj. Rev.,	
2,100 (b)	5.25%, 7/1/33, Ser. A, Prerefunded 7/1/12 @ \$100	2,280,600
		7,740,800
	Kentucky	2.9%
	Louisville & Jefferson Cnty. Met. Swr. Dist., Swr. & Drain Sys. Rev.,	
2,000	5.00%, 5/15/30, Ser. A, F.G.I.C.	1,953,160
	Louisville & Jefferson Cnty. Metro. Govt. Health Sys. Rev.,	
1,000	5.00%, 10/1/30	893,950
1,000	5.25%, 10/1/36	898,560
		3,745,670
	Massachusetts	6.2%
	Boston Wtr. & Swr. Comm. Rev.,	
2,000	5.00%, 11/1/28, Ser. D, F.G.I.C.	2,004,880
	Massachusetts St. Dev. Finance Agency, Solid Waste Disp. Rev.	
1,500	5.00%, 2/1/36	1,317,435
	Massachusetts St. Tpk. Auth., Metro. Highway Sys. Rev.,	
2,355	5.125%, 1/1/23, Ser. B, M.B.I.A.	2,371,250
2,500	4.75%, 1/1/34, Ser. A, A.M.B.A.C.	2,328,900
		8,022,465
	Michigan	3.7%
	Detroit Wtr. Supply Sys. Rev., Ser. A,	
2,000 (b)	5.50%, 7/1/24, Prerefunded 7/1/11 @ \$100	2,157,180
2,000	5.00%, 7/1/30, F.G.I.C.	1,900,300
	Michigan Tobacco Settlement Finance Auth. Rev.,	
1,000	6.00%, 6/1/48, Ser. A	832,040
		4,889,520
	Nebraska	4.2%
	Omaha Pub. Pwr. Dist., Elec. Rev., Ser. B,	
2,500 (b)	6.15%, 2/1/12 Escrowed to maturity	2,676,650
2,500 (b)	6.20%, 2/1/17 Escrowed to maturity	2,866,425
		5,543,075

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Nevada		3.4%
	Las Vegas Valley Wtr. Dist., Gen. Oblig.,	
1,400	5.00%, 6/1/25, Ser. B, M.B.I.A.	1,423,338
3,000	5.00%, 6/1/32, Ser. A, F.G.I.C.	2,954,610
		4,377,948
New Jersey		4.0%
	New Jersey Econ. Dev. Auth. Rev.,	
1,025	4.95%, 3/1/47	861,902
	New Jersey St. Gen. Oblig.,	
2,000	5.25%, 7/1/17, Ser. H	2,207,180
	New Jersey Trans. Trust Fund Auth. Rev.,	
2,000	5.25%, 12/15/22, Ser. A	2,128,980
		5,198,062

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Principal Amount (000)	Description (a)	Value
	New York	5.9%
\$ 1,000	Albany Industrial Dev. Agy. Rev., 5.00%, 4/1/32, Ser. A Long Island Pwr. Auth. Elec. Sys. Rev., 5.00%, 12/1/35, Ser. B	\$ 854,190
800	Metro. Trans. Auth. Rev., 5.25%, 11/15/31, Ser. A, F.G.I.C.	783,600
1,000	New York City Mun. Wtr. Fin. Auth., Wtr. & Swr. Sys. Rev., 5.00%, 6/15/29, Ser. B, F.S.A.	1,002,580
5,000		5,014,750
		7,655,120
	Ohio	6.0%
3,000	Buckeye Tobacco Settlement Financing Auth., 6.00%, 6/1/42, Ser. A-2	2,490,150
1,000	6.50%, 6/1/47, Ser. A-2 Deerfield Twp. Tax Increment Rev., 5.00%, 12/1/25	888,930
750	Hamilton Elec. Sys. Rev. 4.60%, 10/15/20, Ser. A, F.S.A.	705,990
1,000	Ohio St. Wtr. Dev. Auth. Rev., 5.50%, 6/1/20, Ser. B, F.S.A.	1,016,610
2,445		2,728,693
		7,830,373
	Pennsylvania	3.1%
2,000	Delaware Cnty. Auth. Rev., 5.00%, 6/1/21, Ser. A, Radian	1,912,200
1,000	East Stroudsburg Area Sch. Dist., Gen. Oblig. 7.75%, 9/1/27, Ser. A, F.G.I.C.	1,189,240
1,000	Pennsylvania Economic Dev. Fin. Auth. Res. Recov. Rev., 4.625%, 12/1/18, Ser. F, A.M.B.A.C.	912,750
		4,014,190
	Puerto Rico	0.7%
1,000	Puerto Rico Elec. Pwr. Auth. Rev., 5.00%, 7/1/25, Ser. PP, F.G.I.C.	963,470
	South Carolina	1.3%
1,500 (b)	Spartanburg Waterworks Rev., 5.25%, 6/1/28, Prerefunded 6/1/14 @ \$100	1,654,410
	Tennessee	1.8%
1,500	Tennessee Energy Acquisition Corp. Rev., 5.25%, 9/1/20, Ser. A	1,438,635
1,000	5.25%, 9/1/21, Ser. A	949,120
		2,387,755
	Texas	20.1%
	Alliance Airport Auth. Inc. Rev.,	

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1,000	4.85%, 4/1/21 Bexar Met. Wtr. Dist. Waterworks Sys. Rev.,	866,220
2,500	5.00%, 5/1/25, M.B.I.A. Coastal Wtr. Auth. Contract Rev.,	2,494,175
4,000	5.00%, 12/15/25, F.S.A. Dallas Area Rapid Trans. Rev.,	4,008,680
1,000	5.25%, 12/1/48 Dallas Gen. Oblig.	1,018,130
2,000	4.50%, 2/15/23 El Paso Wtr. & Swr. Rev.,	1,997,840
1,555	5.50%, 3/1/12, Ser. A, F.S.A. Everman Indep. Sch. Dist. Gen. Oblig.	1,684,998
1,000	5.00%, 2/15/36, PSF-GTD Harris Cnty. Gen. Oblig.,	991,110
1,650	7.00%, 8/15/10, Ser. A Houston Wtr. & Swr. Sys. Rev.,	1,797,576
1,500 (b)	5.25%, 12/1/23, Ser. B, Prerefunded 12/1/10 @ \$100	1,594,740
3,500 (b)	5.00%, 12/1/28, Ser. A, Prerefunded 12/1/09 @ \$100	3,637,795
2,000	Lower Colorado River Auth. Rev., 5.00%, 5/15/31, F.S.A.	1,999,840

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Principal Amount (000)	Description (a)	Value
Texas (continued)		
	San Antonio Elec. & Gas Rev.,	
\$ 2,595	5.00%, 2/1/18, Ser. A	\$ 2,648,483
1,405 (b)	5.00%, 2/1/18, Ser. A	
	Prerefunded 2/1/09 @ 101	1,442,008
		26,181,595
Virginia 4.1%		
	Henrico Cnty. Wtr. & Swr. Rev.,	
3,985	5.00%, 5/1/28	4,006,041
	Virginia St. Hsg. Dev. Auth. Rev.,	
1,500	4.55%, 1/1/24	1,314,735
		5,320,776
Washington 2.3%		
	Energy Northwest Wind Proj. Rev.,	
500	4.75%, 7/1/21, M.B.I.A.	485,180
	King Cnty. Swr. Rev.,	
2,500	5.00%, 1/1/31, F.G.I.C.	2,503,775
		2,988,955
West Virginia 1.0%		
	Monongalia Cnty. Building Commission	
	Hospital Rev.	
1,500	5.00%, 7/1/30, Ser. A	1,357,290
Wyoming 3.3%		
	Wyoming St. Farm Loan Brd.	
	Cap. Facs. Rev.,	
4,000	5.75%, 10/1/20	4,366,920
	Total long-term investments	
	(cost \$182,421,451)	190,999,362
Shares		
	SHORT-TERM INVESTMENT 1.8%	
2,385,131	Goldman Sachs Tax Exempt Money Market Fund	
	(cost \$2,385,131)	\$ 2,385,131
Total Investments (cost \$184,806,582)		148.2% 193,384,493
Other assets in excess of liabilities		1.6% 2,055,827
Liquidation value of remarketed preferred stock		(49.8%) (65,000,000)
Net Assets Applicable to Common Stock		100.0% \$ 130,440,320
Net asset value per share of common stock (\$130,440,320 / 8,507,456)		\$ 15.33

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(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.

F.H.A. - Federal Housing Authority.

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

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

PSF-GTD - Permanent School Fund Guarantee.

Radian - Radian Asset Assurance Inc.

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

(c) Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A to qualified institutional buyers. At July 31, 2008, these securities amounted to a value of \$3,322,690 or 2.5% of net assets applicable to common stock.

Notes

Securities Valuation:

The Fund values its fixed income securities by using market quotations, prices provided by market makers or estimates of market values obtained from yield data relating to instruments or securities with similar characteristics in accordance with procedures established by the Board of Directors of the Fund. The relative liquidity of some securities in the Fund's portfolio may adversely affect the ability of the Fund to accurately value such securities. Any securities or other assets for which such current market quotations are not readily available are valued at fair value as determined in good faith under procedures established by and under the general supervision and responsibility of the Fund's Board of Directors.

Debt securities having a remaining maturity of 60 days or less when purchased and debt securities originally purchased with maturities in excess of 60 days but which currently have maturities of 60 days or less are valued at cost adjusted for amortization of premiums and accretion of discounts, which approximates market value.

The United States federal income tax basis of the Fund's investments and the net unrealized appreciation as of July 31, 2008 were as follows:

Tax Basis of			Net
Investment	Appreciation	Depreciation	Unrealized
\$184,130,950	\$13,071,293	\$3,817,750	\$9,253,543

Other information regarding the Fund is available in the Fund's most recent Report to Shareholders. This information is available on the Securities and Exchange Commission's website (www.SEC.gov).

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 Securities Exchange Act of 1934 (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 registrant's last fiscal quarter 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
(Principal Financial and Accounting Officer)

Date September 25, 2008

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 September 25, 2008

By (Signature and Title) /s/ ALAN M. MEDER
Alan M. Meder
Treasurer
(Principal Financial and Accounting Officer)

Date September 25, 2008