

DTF TAX-FREE INCOME INC  
Form N-Q  
March 30, 2005

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED**  
**MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number:	811-06416
Exact name of registrant as specified in charter:	DTF Tax-Free Income Inc.
Address of principal executive offices:	55 East Monroe Street, Suite 3600, Chicago, IL 60603
Name and address of agent for service:	Deborah A. Docs Gateway Center 3, 100 Mulberry Street, Newark, New Jersey 07102
Registrant's telephone number, including area code:	973-367-7521
Date of fiscal year end:	10/31/2005
Date of reporting period:	1/31/2005

**Item 1. Schedule of Investments [INSERT REPORT]**

## DTF TAX-FREE INCOME INC.

## STATEMENT OF NET ASSETS (UNAUDITED)

As of January 31, 2005

Moody s Rating	Principal Amount (000)	Description (a)	Value
		<b>LONG-TERM INVESTMENTS</b>	<b>140.3%</b>
		<b>Alabama</b>	<b>5.3%</b>
		Jefferson Cnty. Swr. Rev. Capital Impvt.	
Aaa	\$ 3,000(b)	5.125%, 2/1/29, Ser. A, F.G.I.C. Prerefunded 2/1/09 @ \$101	\$ 3,285,480
Aaa	2,100(b)	5.00%, 2/1/33, Ser. A, F.G.I.C. Prerefunded 2/1/09 @ \$101	2,289,966
Aaa	1,900(b)	5.00%, 2/1/33, Ser. A, F.G.I.C. Prerefunded 2/1/04 @ \$104	2,076,415
			<u>7,651,861</u>
		<b>Alaska</b>	<b>0.4%</b>
		Alaska St. Hsg. Fin. Corp., Rev., Ser. B-2	
Aaa	500	5.00%, 12/1/11	527,360
		<b>California</b>	<b>25.9%</b>
		Burbank Elec. Rev.,	
Aaa	1,380	5.375%, 6/1/18, M.B.I.A.	1,544,123
		Foothill/Eastern Trans. Corr. Agency Toll Road Rev.,	
Aaa	5,640(b)	6.00%, 1/1/34, Ser. A Prerefunded 1/1/07 @\$100	6,028,991
Aaa	3,030	Fresno Swr. Rev., 6.00%, 9/1/09, A.M.B.A.C.	3,467,259
Aaa	2,000	6.25%, 9/1/14, A.M.B.A.C.	2,447,560
		Los Angeles Wastewtr. Sys. Rev.,	
Aaa	2,000	5.00%, 6/1/26, Ser. A, M.B.I.A.	2,111,400
		Los Angeles Wtr. & Pwr. Rev., Ser. A,	
Aaa	1,000	5.25%, 7/1/21, F.S.A.	1,103,540
Aaa	1,000	5.375%, 7/1/21, F.S.A.	1,114,800
		Metro Wtr. Dist. Southern California Waterwork Rev.	
Aaa	1,500	5.00%, 10/1/29, M.B.I.A.	1,577,400
		Pomona Sngl. Fam. Mtge. Rev.,	
Aaa	2,170(b)	7.375%, 8/1/10 Escrowed to maturity	2,423,738
		Riverside Cnty. Sngl. Fam. Rev.,	
Aaa	2,500(b)	7.80%, 5/1/21, Ser. A, Escrowed to maturity	3,519,000
		San Bernardino Cnty. Residential Mtge. Rev.,	
Aaa	7,840(b)	9.60%, 9/1/15, Escrowed to maturity	11,863,488
		Saratoga Union Sch. Dist.,	

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Aaa	1,040	Zero Coupon, 9/1/20, Ser. A, F.G.I.C.	511,191
			<u>37,712,490</u>
<b>Connecticut</b>			<b>3.3%</b>
Aaa	1,000	Connecticut St. Tax Oblig. Rev., 5.25%, 7/1/17, Ser. B, A.M.B.A.C. Mashantucket Western Pequot Tribe Spl. Rev.,	1,157,490
Baa3	3,500	5.75%, 9/1/18, Ser. B	3,679,235
			<u>4,836,725</u>

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Moody s Rating	Principal Amount (000)	Description (a)	Value
<b>District of Columbia</b>			<b>1.1%</b>
Aaa	1,500	District of Columbia Wtr. & Swr. Rev., 5.00%, 10/1/33, F.G.I.C.	1,555,425
<b>Florida</b>			<b>9.7%</b>
Aaa	3,000	Dade Cnty. FL Wtr. & Swr. Sys. Rev., 5.25%, 10/1/26, F.G.I.C.	3,177,090
Aaa	2,000	Florida Mun. Ln. Council Rev. North Miami Beach Wtr. Proj., 5.375%, 8/1/20, Ser. B, M.B.I.A.	2,482,117
Aaa	2,000	Miami-Dade Cnty. FL Storm Wtr. Util Rev., 5.00%, 4/1/27, M.B.I.A.	2,127,780
Aaa	1,000	Sarasota Cnty. Util. Sys. Rev., 5.25%, 10/1/16, Ser C, F.G.I.C.	1,113,890
Aaa	5,000	St. Petersburg Public Util. Rev., 5.00%, 10/1/28, Ser. A, F.S.A.	5,166,450
			14,067,327
<b>Georgia</b>			<b>16.1%</b>
Aaa	2,385	Atlanta Wtr. & Wastewtr. Rev., Ser. A, 5.00%, 11/1/29, F.G.I.C.	2,466,138
Aaa	715	5.00%, 11/1/38, F.G.I.C.	735,399
Aaa	2,615(b)	5.00%, 11/1/29, F.G.I.C. Prerefunded 5/1/09 @ \$101	2,870,433
Aaa	785(b)	5.00%, 11/1/38, F.G.I.C. Prerefunded 5/1/09 @ \$101	861,679
Aa2	4,000	De Kalb Cnty. Wtr. & Swr. Rev., 5.00%, 10/1/24	4,258,960
Aa2	2,000	Fulton Cnty. Sch. Dist. Gen. Oblig. 5.375%, 1/1/16	2,304,400
Aaa	145(b)	Georgia Mun. Elec. Auth. Pwr. Rev., Ser. Y, 6.40%, 1/1/13, A.M.B.A.C. Escrowed to Maturity	172,025
Aaa	2,470	6.40%, 1/1/13, A.M.B.A.C.	2,900,817
Aaa	5,500	Georgia Mun. Elec. Auth. Rev., 6.50%, 1/1/20, Ser. X, A.M.B.A.C.	6,802,015
			23,371,866
<b>Hawaii</b>			<b>1.4%</b>
Aaa	2,000	Hawaii St. Dept. Budget & Fin. Rev., 4.80%, 1/1/25, Ser. A, F.G.I.C.	2,020,380
<b>Idaho</b>			<b>1.4%</b>
Aa1	1,260	Idaho Hsg. Agcy., Sngl. Fam. Mtge. Sr., Ser. B, 6.65%, 7/1/14	1,275,233
Aaa	718	6.60%, 7/1/27, F.H.A.	733,006
			2,008,239
<b>Illinois</b>			<b>4.6%</b>
Chicago Gen. Oblig.,			

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Aaa	4,000	6.25%, 1/1/11, A.M.B.A.C. Chicago Park Dist., Gen. Oblig.,	4,570,560
Aaa	1,000	5.00%, 1/1/27, Ser. A, A.M.B.A.C. Lake Cnty. Wtr. & Swr. Sys. Rev.,	1,052,910
Aaa	1,000	5.50%, 12/1/10, Ser. A, A.M.B.A.C.	1,127,580
			<u>6,751,050</u>

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Moody s Rating	Principal Amount (000)	Description (a)	Value
		<b>Indiana</b>	<b>5.6%</b>
		Indiana Mun. Pwr. Agcy., Pwr. Supply Sys. Rev.,	
Aaa	5,000	6.00%, 1/1/13, Ser. B, M.B.I.A.	5,872,750
		Indianapolis Local Pub. Impvt. Bond Bank Waterworks Proj.,	
Aaa	2,100	5.25%, 7/1/33, Ser. A, M.B.I.A.	2,245,635
			<u>8,118,385</u>
		<b>Kentucky</b>	<b>1.4%</b>
		Louisville & Jefferson Cnty. Met. Swr. Dist. Swr. & Drain Sys. Rev.,	
Aaa	2,000	5.00%, 5/15/30, Ser. A, F.G.I.C.	2,079,020
		<b>Louisiana</b>	<b>0.9%</b>
		St. Charles Parish, Solid Waste & Disp. Rev., (Louisiana Pwr. & Lt., Co.)	
Aaa	1,250	7.00%, 12/1/22, Ser. A, F.S.A.	1,254,200
		<b>Massachusetts</b>	<b>4.9%</b>
		Boston Wtr. & Swr. Comm. Rev.,	
Aaa	2,000	5.00%, 11/1/28, Ser. D, F.G.I.C.	2,091,020
		Massachusetts St. Tpk. Auth., Metro. Highway Sys. Rev.,	
Aaa	2,500	4.75%, 1/1/34, Ser. A, A.M.B.A.C.	2,517,325
Aaa	2,355	5.125%, 1/1/23, Ser. B, M.B.I.A.	2,491,967
			<u>7,100,312</u>
		<b>Michigan</b>	<b>3.0%</b>
		Detroit Wtr. Supply Sys. Rev., Sr. Lien, Ser. A,	
Aaa	2,000	5.50%, 7/1/24, F.G.I.C.	2,246,360
Aaa	2,000	5.00%, 7/1/30, F.G.I.C.	2,064,120
			<u>4,310,480</u>
		<b>Mississippi</b>	<b>1.2%</b>
		Mississippi Gulf Coast Reg. Wastewtr. Auth. Rev., Wastewtr. Treatment Facs.,	
AAA*	1,500(b)	7.00%, 7/1/12	1,793,955
		Escrowed to maturity	
		<b>Nebraska</b>	<b>4.8%</b>
		Lincoln San. Swr. Rev.,	
Aaa	1,000	5.00%, 6/15/16, M.B.I.A.	1,093,570
		Omaha Pub. Pwr. Dist., Elec. Rev., Ser. B,	
Aa2	2,500(b)	6.15%, 2/1/12	2,877,175
		Escrowed to maturity	
Aa2	2,500(b)	6.20%, 2/1/17	3,019,850
		Escrowed to maturity	
			<u>6,990,595</u>





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Moody s Rating	Principal Amount (000)	Description (a)	Value
		<b>Nevada</b>	<b>3.2%</b>
		Las Vegas Valley Wtr. Dist., Gen. Oblig.,	
Aaa	1,400	5.00%, 6/1/25, Ser. B, M.B.I.A.	1,486,744
Aaa	3,000	5.00%, 6/1/32, Ser. A, F.G.I.C.	3,099,930
			<u>4,586,674</u>
		<b>New Jersey</b>	<b>1.6%</b>
		New Jersey St. Gen. Oblig.,	
Aa3	2,000	5.25%, 7/1/17, Ser. H	2,276,360
			<u>2,276,360</u>
		<b>New York</b>	<b>8.8%</b>
		Long Island Pwr. Auth. Elec. Sys. Rev.,	
Aaa	4,000	5.25%, 12/1/26, Ser. A, M.B.I.A.	4,280,000
		Metro. Trans. Auth. Rev., Ser. A,	
Aaa	1,000	5.25%, 11/15/31, F.G.I.C.	1,073,670
		New York City Mun. Wtr. Fin. Auth., Wtr & Swr. Sys. Rev.,	
Aaa	5,000	5.00%, 6/15/29, Ser. B, F.S.A.	5,208,600
		New York St. Dorm. Auth. Rev., Comsewogue Pub. Lib. Insd.,	
Aaa	2,020	6.00%, 7/1/15, M.B.I.A.	2,090,619
		New York St. Envir. Fac. Corp., Poll. Ctrl. Rev.,	
Aaa	200	7.125%, 12/1/29, Ser. D	204,660
			<u>12,857,549</u>
		<b>Ohio</b>	<b>2.8%</b>
		Ohio St. Wtr. Dev. Auth. Rev.,	
Aaa	2,445	5.50%, 6/1/20, Ser. B, F.S.A.	2,890,039
		Springboro Swr. Sys. Rev.	
Aaa	1,045	5.00%, 6/1/26, M.B.I.A.	1,110,605
			<u>4,000,644</u>
		<b>Puerto Rico</b>	<b>0.7%</b>
		Puerto Rico Elec. Auth. Rev.	
Aaa	1,000	5.00%, 7/1/25, F.G.I.C.	1,075,350
			<u>1,075,350</u>
		<b>South Carolina</b>	<b>1.9%</b>
		Berkeley Cnty. Wtr. & Swr. Rev.,	
Aaa	1,000	5.25%, 6/1/16, M.B.I.A.	1,117,070
		Spartanburg Waterworks Rev., Jr. Lien.,	
Aaa	1,500	5.25%, 6/1/28, F.G.I.C.	1,625,310
			<u>2,742,380</u>

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Moody s Rating	Principal Amount (000)	Description (a)	Value
<b>Texas</b>			<b>17.3%</b>
		Bexar Met. Wtr. Dist. Waterworks Sys. Rev.,	
Aaa	2,500	5.00%, 5/1/25, M.B.I.A.	2,595,575
		Coastal Wtr. Auth. Contract Rev., City Of Houston Proj.,	
Aaa	4,000	5.00%, 12/15/25, F.S.A.	4,143,040
		El Paso Wtr. & Swr. Rev.,	
Aaa	1,555	5.50%, 3/1/12, Ser. A, F.S.A.	1,769,466
		Harris Cnty. Toll Road Sub. Lien, Gen. Oblig.,	
Aa1	1,650	7.00%, 8/15/10, Ser. A	1,974,060
		Houston Ind. Sch. Dist., Gen. Oblig.,	
Aaa	1,000	4.50%, 2/15/26, F.S.A.	1,003,670
		Houston Wtr. & Swr. Sys. Rev.,	
Aaa	3,500(b)	5.00%, 12/1/28, Ser. A, F.S.A.	3,834,076
		Prerefunded 12/1/09 @\$100	
Aaa	1,500(b)	5.25%, 12/1/23, Ser. B, F.G.I.C.	1,674,810
		Prerefunded 12/1/10 @\$100	
		Lower Colorado River Auth. Rev., Jr. Lien-Fifth Suppl.,	
Aaa	1,600(b)	5.25%, 1/1/15, M.B.I.A.	1,818,480
		Escrowed to maturity	
		Lower Colorado River Auth. Rev., Ref. & Impvmt., M.B.I.A.	
Aaa	2,000	5.00%, 5/15/31, F.S.A.	2,057,420
		San Antonio Elec. & Gas Rev.,	
Aa1	4,000	5.00%, 2/1/18, Ser. A	4,282,520
			<u>25,153,117</u>
<b>Virginia</b>			<b>2.8%</b>
		Henrico Cnty. Wtr & Swr. Rev.,	
Aa2	3,985	5.00%, 5/1/28	4,125,152
<b>Washington</b>			<b>5.5%</b>
		Energy Northwest Wind Proj. Rev.,	
Aaa	1,170	5.00%, 7/1/19, A.M.B.A.C.	1,246,729
Aaa	500	4.75%, 7/1/21, M.B.I.A.	520,795
		King Cnty. Swr. Rev.,	
Aaa	2,500	5.00%, 1/1/31, F.G.I.C.	2,575,000
		Seattle Wtr. Sys. Dev. Rev.,	
Aaa	1,000	5.00%, 9/1/18, M.B.I.A.	1,087,550
		Washington St. Pub. Pwr. Supply, Nuclear Proj. No. 2, Rev.,	
Aaa	2,400	6.00%, 7/1/07, Ser. A	2,588,712
			<u>8,018,786</u>
<b>Wisconsin</b>			<b>1.5%</b>
		Milwaukee Met. Swr. Dist., Gen. Oblig.,	
Aa1	2,000	5.25%, 10/1/18, Ser. D	2,223,180

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Moody s Rating	Principal Amount (000)	Description (a)	Value
		<b>Wyoming</b>	<b>3.2%</b>
		Wyoming St. Farm Loan Brd.	
AA*	4,000	Cap. Facs. Rev., 5.75%, 10/1/20	4,727,360
		<b>Total long-term investments</b> (cost \$181,723,769)	<b>203,936,222</b>
		<b>Shares</b>	
		<b>SHORT-TERM INVESTMENT</b>	<b>3.5%</b>
		Goldman Sachs Tax Exempt Money Market Fund	
NR	5,118,528	(cost \$5,118,528)	5,118,528
		<b>Total Investments</b> (cost \$186,842,297) (c)	<b>143.8%</b> 209,054,750
		Other assets in excess of liabilities -	<b>0.9%</b> 1,290,534
		Liquidation Value of Remarketed Preferred Stock	<b>(44.7)%</b> (65,000,000)
		<b>Net Assets Applicable to Common Stock</b>	<b>100.0%</b> \$ 145,345,284
		Net Asset Value per Common Share (\$145,345,284 / 8,507,456)	\$ 17.08

(a) The following abbreviations are used in portfolio descriptions:

A.M.B.A.C. - American Municipal Bond Assurance Corporation.

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

F.H.A. - Federal Housing Authority.

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

M.B.I.A. - Municipal Bond Insurance Association.

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

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(c) At January 31, 2005, the Fund's most recent recent fiscal quarter end, based on a tax cost of investments of \$186,388,399, the Fund had gross unrealized appreciation of \$22,765,771 and gross unrealized depreciation of \$99,420.

\* Standard & Poor's rating.

NR Not rated by Moody's or Standard & Poor's.

**DTF TAX-FREE INCOME, INC. (THE FUND )**

**NOTES TO STATEMENT OF NET ASSETS (UNAUDITED)**

*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.

*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](http://www.sec.gov)).*

**Item 2. Controls and Procedures**

- (a) It is the conclusion of the registrant's principal executive officer and principal financial officer that the effectiveness of the registrant's current disclosure controls and procedures (such disclosure controls and procedures having been evaluated within 90 days of the date of this filing) provide reasonable assurance that the information required to be disclosed by the registrant has been recorded, processed, summarized and reported within the time period specified in the Commission's rules and forms and that the information required to be disclosed by the registrant has been accumulated and communicated to the registrant's principal executive officer and principal financial officer in order to allow timely decisions regarding required disclosure.
  
- (b) There have been no significant changes in the registrant's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

**Item 3. Exhibits**

Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 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/ NATHAN I. PARTAIN  
**Nathan I. Partain**  
**President and Principal**  
**Executive Officer**

Date March 28, 2005

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 Principal**  
**Executive Officer**

Date March 28, 2005

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

Date March 28, 2005

\* Print the name and title of each signing officer under his or her signature.