

DTF TAX-FREE INCOME INC  
Form N-Q  
March 27, 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)

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**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: January 31, 2008

**Item 1 Schedule of Investments**

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

As of 1/31/2008 (unaudited)

Principal Amount (000)	Description (a)	Value
	<b>LONG-TERM INVESTMENTS</b>	<b>144.9%</b>
	<b>Alabama</b>	<b>6.0%</b>
	DCH Health Care Auth. Rev.	
\$ 1,000	5.125%, 6/1/36	\$ 999,190
	Jefferson Cnty. Swr. Rev.	
	Capital Impvt.	
3,000 (b)	5.125%, 2/1/29, Ser. A, F.G.I.C.	
	Pre-refunded 2/1/09 @ \$101	3,118,620
2,100 (b)	5.00%, 2/1/33, Ser. A, F.G.I.C.	
	Pre-refunded 2/1/09 @ \$101	2,179,611
1,900 (b)	5.00%, 2/1/33, Ser. A, F.G.I.C.	
	Pre-refunded 2/1/09 @ \$101	1,973,378
		8,270,799
	<b>California</b>	<b>21.7%</b>
	California St. Gen. Oblig.,	
1,000	5.00%, 11/1/32	1,004,140
	Fresno Swr. Rev., Ser. A-1,	
3,030	6.00%, 9/1/09, A.M.B.A.C.	3,207,497
2,000	6.25%, 9/1/14, A.M.B.A.C.	2,266,480
	Golden State Tobacco Securitization Corp. Rev.,	
1,000	5.75%, 6/1/47, Ser. A-1	956,510
	Los Angeles Wastewtr. Sys. Rev.,	
2,000	5.00%, 6/1/26, Ser. A, M.B.I.A.	2,053,500
	Los Angeles Wtr. & Pwr. Rev.,	
1,000	5.25%, 7/1/21, Ser. A-A-1, F.S.A.	1,057,190
1,000	5.375%, 7/1/21, Ser. A-A-2, M.B.I.A.	1,067,160
	Metro Wtr. Dist. Southern California Waterworks Rev.,	
1,500	5.00%, 10/1/29, Ser. B-3, M.B.I.A.	1,554,930
	Pomona Sngl. Fam. Mtge. Rev.,	
1,200 (b)	7.375%, 8/1/10, Ser. B, GNMA Collateral	
	Escrowed to maturity	1,265,028
	Riverside Cnty. Sngl. Fam. Rev.,	
2,500 (b)	7.80%, 5/1/21, Ser. A, GNMA Collateral	
	Escrowed to maturity	3,454,400
	San Bernardino Cnty. Residential	
	Mtge. Rev.,	
7,840 (b)	9.60%, 9/1/15,	
	Escrowed to maturity	11,263,258
	Saratoga Unified Sch. Dist., Gen. Oblig.	
1,040	Zero Coupon, 9/1/20, Ser. A, F.G.I.C.	588,983
		29,739,076
	<b>Connecticut</b>	<b>3.3%</b>
	Connecticut St. Health & Edl. Facs. Auth. Rev.,	
1,000	5.00%, 7/1/25, Ser. C, Radian	1,018,560

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	Mashantucket Western Pequot Tribe Spl. Rev., 144A,	
3,500 (c)	5.75%, 9/1/18, Ser. B	3,524,500
		4,543,060
	<b>District of Columbia</b>	<b>1.1%</b>
	District of Columbia Wtr. & Swr. Auth. Rev.,	
1,500	5.00%, 10/1/33, F.G.I.C.	1,519,830

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Principal Amount (000)	Description (a)	Value
	<b>Florida</b>	<b>8.7%</b>
\$ 1,005	Brevard Cnty. Hlth. Fac. Auth. Rev., 5.00%, 4/1/34	\$ 981,985
1,190	Escambia Cnty. Hlth. Fac. Auth. Rev., 5.125%, 10/1/19	1,202,757
2,210	Florida Mun. Ln. Council Rev., 5.375%, 8/1/20, Ser. B, M.B.I.A.	2,411,640
2,000	Highlands Cnty. Hlth. Fac. Auth. Rev., 5.125%, 11/15/32, Ser. G	2,004,760
5,000 (b)	St. Petersburg Public Util. Rev., 5.00%, 10/1/28, Ser. A, F.S.A. Pre-refunded 10/1/09 @ \$101	5,283,550
		11,884,692
	<b>Georgia</b>	<b>16.6%</b>
2,385	Atlanta Wtr. & Wastewtr. Rev., Ser. A, 5.00%, 11/1/29, F.G.I.C.	2,406,012
2,615 (b)	5.00%, 11/1/29, F.G.I.C. Pre-refunded 5/1/09 @ \$101	2,725,745
715	5.00%, 11/1/38, F.G.I.C.	718,561
785 (b)	5.00%, 11/1/38, F.G.I.C. Pre-refunded 5/1/09 @ \$101	818,245
4,000 (b)	De Kalb Cnty. Wtr. & Swr. Rev., 5.00%, 10/1/24 Pre-refunded 10/1/09 @ \$101	4,226,840
2,000	Fulton Cnty. Sch. Dist., Gen. Oblig. 5.375%, 1/1/16	2,309,600
145 (b)	Georgia Mun. Elec. Auth. Pwr. Rev., 6.40%, 1/1/13, Ser. Y, A.M.B.A.C. Escrowed to maturity	163,296
2,440	6.40%, 1/1/13, A.M.B.A.C.	2,735,704
30 (b)	6.40%, 1/1/13 Pre-refunded 1/1/11 @ \$100	33,324
5,500	Georgia Mun. Elec. Auth. Pwr. Rev., 6.50%, 1/1/20, Ser. X, A.M.B.A.C.	6,637,235
		22,774,562
	<b>Hawaii</b>	<b>1.5%</b>
2,000	Hawaii Dept. Budget & Fin. Rev., 4.80%, 1/1/25, Ser. A, F.G.I.C.	1,984,820
	<b>Idaho</b>	<b>0.5%</b>
345	Idaho Hsg. Agcy., Sngl. Fam. Mtge. Sr., Rev., 6.65%, 7/1/14, Ser. B	358,296
258	6.60%, 7/1/27, Ser. B	266,271
		624,567
	<b>Illinois</b>	<b>4.8%</b>
4,000	Chicago Gen. Oblig., 6.25%, 1/1/11, A.M.B.A.C.	4,239,120
	Chicago Multi-Family Hsg. Rev.,	

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500	4.90%, 3/20/44, F.H.A. Chicago Park Dist., Gen. Oblig.,	467,170
1,000	5.00%, 1/1/27, Ser. A, A.M.B.A.C. Illinois Fin. Auth. Education Rev.,	1,033,190
1,000	5.375%, 9/1/32, Ser. C., A.C.A.	855,170
		6,594,650

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Principal Amount (000)	Description (a)	Value
	<b>Indiana</b>	<b>5.8%</b>
	Indiana Mun. Pwr. Agcy., Pwr. Supply Sys. Rev.,	
\$ 5,000	6.00%, 1/1/13, Ser. B, M.B.I.A.	\$ 5,622,400
	Indianapolis Local Pub. Impvt. Bond Bank Waterworks Proj. Rev.,	
2,100 (b)	5.25%, 7/1/33, Ser. A, M.B.I.A. Pre-refunded 7/1/12 @ \$100	2,326,107
		7,948,507
	<b>Kentucky</b>	<b>2.9%</b>
	Louisville & Jefferson Cnty. Met. Swr. Dist., Swr. & Drain Sys. Rev.,	
2,000	5.00%, 5/15/30, Ser. A, F.G.I.C.	2,017,480
	Louisville & Jefferson Cnty. Metro. Govt. Health Sys. Rev.,	
1,000	5.00%, 10/1/30	976,080
1,000	5.25%, 10/1/36	994,050
		3,987,610
	<b>Massachusetts</b>	<b>6.1%</b>
	Boston Wtr. & Swr. Comm. Rev.,	
2,000	5.00%, 11/1/28, Ser. D, F.G.I.C.	2,028,320
	Massachusetts St. Dev. Finance Agency, Solid Waste Disp. Rev.	
1,500	5.00%, 2/1/36	1,413,885
	Massachusetts St. Tpk. Auth., Metro. Highway Sys. Rev.,	
2,355	5.125%, 1/1/23, Ser. B, M.B.I.A.	2,381,282
2,500	4.75%, 1/1/34, Ser. A, A.M.B.A.C.	2,452,400
		8,275,887
	<b>Michigan</b>	<b>3.8%</b>
	Detroit Wtr. Supply Sys. Rev., Ser. A,	
2,000 (b)	5.50%, 7/1/24, F.G.I.C. Pre-refunded 7/1/11 @ \$100	2,196,660
2,000	5.00%, 7/1/30, F.G.I.C.	2,021,180
	Michigan Tobacco Settlement Finance Auth. Rev.,	
1,000	6.00%, 6/1/48, Ser. A	982,020
		5,199,860
	<b>Nebraska</b>	<b>4.1%</b>
	Omaha Pub. Pwr. Dist., Elec. Rev., Ser. B,	
2,500 (b)	6.15%, 2/1/12 Escrowed to maturity	2,705,950
2,500 (b)	6.20%, 2/1/17 Escrowed to maturity	2,945,850
		5,651,800

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<b>Nevada</b>		<b>3.3%</b>
	Las Vegas Valley Wtr. Dist., Gen. Oblig.,	
1,400	5.00%, 6/1/25, Ser. B, M.B.I.A.	1,457,792
3,000	5.00%, 6/1/32, Ser. A, F.G.I.C.	3,053,880
		4,511,672
<b>New Jersey</b>		<b>4.0%</b>
	New Jersey Econ. Dev. Auth. Rev., 4.95%, 3/1/47	938,880
1,025		
	New Jersey St. Gen. Oblig., 5.25%, 7/1/17, Ser. H	2,277,800
2,000		
	New Jersey Trans. Trust Fund Auth. Rev., 5.25%, 12/15/22, Ser. A	2,258,880
2,000		
		5,475,560

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Principal Amount (000)	Description (a)	Value
	<b>New York</b>	<b>8.7%</b>
\$ 1,000	Albany Industrial Dev. Agy. Rev., 5.00%, 4/1/32, Ser. A Long Island Pwr. Auth. Elec. Sys. Rev.,	\$ 878,970
4,000 (b)	5.25%, 12/1/26, Ser. A, M.B.I.A. Pre-refunded 6/1/08 @ \$101	4,082,560
800	5.00%, 12/1/35, Ser. B Metro. Trans. Auth. Rev.,	821,336
1,000	5.25%, 11/15/31, Ser. A, F.G.I.C. New York City Mun. Wtr. Fin. Auth., Wtr. & Swr. Sys. Rev.,	1,034,480
5,000	5.00%, 6/15/29, Ser. B, F.S.A.	5,141,000
		11,958,346
	<b>Ohio</b>	<b>6.2%</b>
3,000	Buckeye Tobacco Settlement Financing Auth., 6.00%, 6/1/42, Ser. A-2 Deerfield Twp. Tax Increment Rev.,	2,931,480
750	5.00%, 12/1/25 Hamilton Elec. Sys. Rev.	750,503
1,000	4.60%, 10/15/20, Ser. A, F.S.A. Ohio St. Air Quality Dev. Auth. Rev.,	1,049,760
1,000	4.80%, 9/1/36, Ser. A, F.G.I.C. Ohio St. Wtr. Dev. Auth. Rev.,	950,180
2,445	5.50%, 6/1/20, Ser. B, F.S.A.	2,860,577
		8,542,500
	<b>Pennsylvania</b>	<b>3.2%</b>
2,000	Delaware Cnty. Auth. Rev., 5.00%, 6/1/21, Ser. A, Radian East Stroudsburg Area Sch. Dist., Gen. Oblig.	2,080,760
1,000	7.75%, 9/1/27, Ser. A, F.G.I.C. Pennsylvania Economic Dev. Fin. Auth. Res. Recov. Rev.,	1,282,500
1,000	4.625%, 12/1/18, Ser. F, A.M.B.A.C.	992,040
		4,355,300
	<b>Puerto Rico</b>	<b>0.8%</b>
1,000	Puerto Rico Elec. Pwr. Auth. Rev., 5.00%, 7/1/25, Ser. PP, F.G.I.C.	1,018,080
	<b>South Carolina</b>	<b>1.3%</b>
1,500 (b)	Spartanburg Waterworks Rev., 5.25%, 6/1/28, F.G.I.C. Pre-refunded 6/1/14 @ \$100	1,702,830
	<b>Tennessee</b>	<b>1.1%</b>
1,500	Tennessee Energy Acquisition Corp. Rev., 5.25%, 9/1/20, Ser. A	1,561,275
	<b>Texas</b>	<b>18.7%</b>
	Alliance Airport Auth. Inc. Rev.,	

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1,000	4.85%, 4/1/21 Bexar Met. Wtr. Dist. Waterworks Sys. Rev.,	968,340
2,500	5.00%, 5/1/25, M.B.I.A. Coastal Wtr. Auth. Contract Rev.,	2,557,825
4,000	5.00%, 12/15/25, F.S.A. Dallas Gen. Oblig.	4,057,560
2,000	4.50%, 2/15/23 El Paso Wtr. & Swr. Rev.,	2,017,600
1,555	5.50%, 3/1/12, Ser. A, F.S.A. Harris Cnty. Gen. Oblig.,	1,723,064
1,650	7.00%, 8/15/10, Ser. A Houston Wtr. & Swr. Sys. Rev.,	1,836,928
1,500 (b)	5.25%, 12/1/23, Ser. B, F.G.I.C. Pre-refunded 12/1/10 @ \$100	1,618,215
3,500 (b)	5.00%, 12/1/28, Ser. A, F.S.A. Pre-refunded 12/1/09 @ \$100	3,678,920
2,000	Lower Colorado River Auth. Rev., 5.00%, 5/15/31, F.S.A.	2,031,340

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Principal Amount (000)	Description (a)	Value
<b>Texas (continued)</b>		
	San Antonio Elec. & Gas Rev.,	
\$ 2,595	5.00%, 2/1/18, Ser. A	\$ 2,666,259
1,405 (b)	5.00%, 2/1/18, Ser. A	
	Pre-refunded 2/1/09 @ 101	1,459,121
	University North Texas Rev.,	
1,000	4.50%, 4/15/25, F.G.I.C.	977,210
		25,592,382
<b>Virginia</b>		<b>4.1%</b>
	Henrico Cnty. Wtr. & Swr. Rev.,	
3,985	5.00%, 5/1/28	4,124,116
	Virginia St. Hsg. Dev. Auth. Rev.,	
1,500	4.55%, 1/1/24	1,456,920
		5,581,036
<b>Washington</b>		<b>2.2%</b>
	Energy Northwest Wind Proj. Rev.,	
500	4.75%, 7/1/21, M.B.I.A.	509,255
	King Cnty. Swr. Rev.,	
2,500	5.00%, 1/1/31, F.G.I.C.	2,534,475
		3,043,730
<b>West Virginia</b>		<b>1.1%</b>
	Monongalia Cnty. Building Commission	
	Hospital Rev.	
1,500	5.00%, 7/1/30, Ser. A	1,441,305
<b>Wyoming</b>		<b>3.3%</b>
	Wyoming St. Farm Loan Brd.	
	Cap. Facs. Rev.,	
4,000	5.75%, 10/1/20	4,534,880
Total long-term investments		
	(cost \$182,646,395)	198,318,616
<b>Shares</b>		
<b>SHORT-TERM INVESTMENT</b>		<b>0.3%</b>
478,944	Goldman Sachs Tax Exempt Money Market Fund	
	(cost \$478,944)	\$ 478,944
<b>Total Investments (cost \$183,125,339)</b>		<b>145.2%</b> 198,797,560
Other assets in excess of liabilities		<b>2.3%</b> 3,091,506
Liquidation value of remarketed preferred stock		<b>(47.5%)</b> (65,000,000)
<b>Net Assets Applicable to Common Stock</b>		<b>100.0%</b> \$ 136,889,066
Net asset value per share of common stock (\$136,889,066 / 8,507,456)		\$ 16.09

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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.C.A. - ACA Financial Guaranty Corporation.

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.

Radian - Radian Asset Assurance Inc.

(b) Pre-refunded 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 January 31, 2008, these securities amounted to a value of \$3,524,500 or 2.6% of net assets applicable to common stock.

**Notes**

*Securities Valuation:*

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 date of purchase are valued on an amortized cost basis, which approximates market value.

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

<b>Tax Basis of Investment</b>	<b>Appreciation</b>	<b>Depreciation</b>	<b>Net Unrealized Appreciation</b>
\$ 182,500,052	\$ 17,270,892	\$ 973,384	\$ 16,297,508

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) 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 most recent fiscal quarter 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

(Principal Financial and Accounting Officer)

Date March 26, 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 March 26, 2008

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

Treasurer

(Principal Financial and Accounting Officer)

Date March 26, 2008