

DTF TAX-FREE INCOME INC
Form N-Q
March 22, 2010

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)

200 S. Wacker Drive, Suite 500, Chicago, Illinois 60606

(Address of principal executive offices) (Zip code)

Alan M. Meder
DTF Tax-Free Income Inc.
200 S. Wacker Drive, Suite 500
Chicago, Illinois 60606

(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: (800) 338-8214

Date of fiscal year end: October 31

Date of reporting period: January 31, 2010

Item 1 Schedule of Investments

DTF TAX-FREE INCOME INC.

Portfolio of Investments

As of 1/31/2010 (unaudited)

Principal Amount (000)	Description (a)	Value
	LONG-TERM INVESTMENTS	144.2%
	Arizona	1.6%
\$ 2,000	Arizona St. Trans Brd. Hwy. Rev., 5.00%, 7/1/30, Ser. B	\$ 2,134,380
	California	21.8%
2,000	Bay Area Toll Auth. Rev., 5.125%, 4/1/39, Ser. F-1	2,040,200
500	California St. Gen. Oblig., 5.50%, 3/1/26	512,100
1,000	6.00%, 4/1/38	1,014,690
	California Statewide Communities Dev. Auth. Rev.,	
2,000	5.75%, 7/1/47, FGIC	2,044,460
2,000	Fresno Swr. Rev. 6.25%, 9/1/14, Ser. A-1, AMBAC	2,221,280
3,000	Golden State Tobacco Securitization Corp. Rev., 5.75%, 6/1/47, Ser. A-1	2,279,340
2,000	Los Angeles Wastewtr. Sys. Rev., 5.00%, 6/1/26, Ser. A, NRE	2,035,520
1,000	Los Angeles Dept. Wtr. & Pwr. Rev., 5.25%, 7/1/21, Ser. A-A-1, AGM	1,044,470
1,000	5.375%, 7/1/21, Ser. A-A-2, NRE	1,060,370
220(b)	Pomona Sngl. Fam. Mtge. Rev., 7.375%, 8/1/10, Ser. B, Escrowed to maturity	223,485
2,500(b)	Riverside Cnty. Sngl. Fam. Rev., 7.80%, 5/1/21, Ser. A, Escrowed to maturity	3,474,350
7,840(b)	San Bernardino Cnty. Residential Mtge. Rev., 9.60%, 9/1/15, Escrowed to maturity	11,021,237
1,040	Saratoga Unified Sch. Dist., Gen. Oblig. Zero Coupon, 9/1/20, Ser. A, FGIC / NRE	629,366
		29,600,868
	Connecticut	2.4%
1,000	Connecticut St. Dev. Auth. Rev., 5.25%, 5/1/31	1,007,690
1,000	Connecticut St. Health & Edl. Facs. Auth. Rev., 5.00%, 7/1/25, Ser. C, RAD	884,610
2,500(c)	Mashantucket Western Pequot Tribe Spl. Rev., 144A, 5.75%, 9/1/18, Ser. B	1,399,750
		3,292,050

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District of Columbia		1.9%
	District of Columbia Wtr. & Swr. Auth. Rev.,	
1,500	5.00%, 10/1/33, FGIC / NRE	1,501,890
	Metropolitan Washington DC Airport	
1,000	5.00%, 10/1/18, Ser. A, AGM / AMBAC	1,042,290
		2,544,180
Florida		9.1%
	Broward Cnty. Port Fac. Rev.,	
1,500	6.00%, 9/1/23, Ser. A	1,638,525
	Escambia Cnty. Hlth. Fac. Auth. Rev.,	
1,190	5.125%, 10/1/19	1,172,721
1,000	6.00%, 8/15/36	970,290
	Florida Mun. Ln. Council Rev.,	
2,210	5.375%, 8/1/20, Ser. B, NRE	2,364,744
	Florida St. Bd. of Ed. Gen. Oblig.,	
2,000	5.00%, 6/1/21, Ser. A	2,175,080
	Highlands Cnty. Hlth. Fac. Auth. Rev.,	
70(b)	5.125%, 11/15/32, Ser. G	82,058
	Prerefunded 11/15/16 @ \$100	
1,930	5.125%, 11/15/32, Ser. G	1,905,566
	Orlando and Orange Cnty. Expwy. Auth. Rev.,	
2,000	5.00%, 7/1/35, Ser. B, BHAC / AMBAC	2,020,580
		12,329,564

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Principal Amount (000)	Description (a)	Value
Georgia		11.6%
	Atlanta Wtr. & Wastewtr. Rev., Ser. A,	
\$ 2,385	5.00%, 11/1/29, FGIC / NRE	\$ 2,314,881
715	5.00%, 11/1/38, FGIC / NRE	678,413
	Fulton Cnty. Sch. Dist., Gen. Oblig.	
2,000	5.375%, 1/1/16	2,344,680
	Georgia Mun. Elec. Auth. Pwr. Rev., Ser. Y,	
145(b)	6.40%, 1/1/13,	
	Escrowed to maturity	158,746
2,440	6.40%, 1/1/13, AMBAC	2,659,502
30(b)	6.40%, 1/1/13	
	Prerefunded 1/1/11 @ \$100	31,678
	Georgia Mun. Elec. Auth. Pwr. Rev.,	
5,500	6.50%, 1/1/20, Ser. X, AMBAC	6,533,065
	Metro. Atlanta Rapid Tran. Auth. Rev.,	
1,000	5.00%, 7/1/39, Ser. 3	1,034,910
		15,755,875
Idaho		0.2%
	Idaho Hsg. Agcy.,	
	Sngl. Fam. Mtge. Sr., Rev.,	
130	6.65%, 7/1/14, Ser. B	134,185
93	6.60%, 7/1/27, Ser. B	93,589
		227,774
Illinois		6.8%
	Chicago Bd. of Ed. Gen. Oblig.,	
1,000	5.50%, 12/1/30, Ser. A, AMBAC	1,105,500
	Chicago Gen. Oblig.,	
1,415	6.25%, 1/1/11, AMBAC	1,472,308
	Chicago Multi-Family Hsg. Rev.,	
500	4.90%, 3/20/44, FHA	474,365
	Chicago Park Dist., Gen. Oblig.,	
1,000	5.00%, 1/1/27, Ser. A, AMBAC	1,033,580
	Illinois Fin. Auth. Education Rev.,	
1,000(b)	5.375%, 9/1/32, Ser. C,	
	Prerefunded 9/1/17 @ \$100	1,197,590
	Illinois St. Gen. Oblig.,	
2,000	5.50%, 1/1/29	2,266,640
	Illinois St. Toll Hwy. Auth. Rev.,	
1,500	5.50%, 1/1/33, Ser. B	1,603,095
		9,153,078
Indiana		8.1%
	Indiana Fin. Auth. Hospital Rev.,	
1,000	5.875%, 5/1/29, Ser. A	1,020,790
	Indiana Mun. Pwr. Agcy., Pwr. Supply Sys. Rev.,	
5,000	6.00%, 1/1/13, Ser. B, NRE	5,604,250
	Indianapolis Local Pub. Impvt. Bond Bank Rev.,	
2,100(b)	5.25%, 7/1/33, Ser. A	

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	Prerefunded 7/1/12 @ \$100	2,325,855
2,000	5.00%, 2/1/38, Ser. A	2,067,160
		11,018,055

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Principal Amount (000)	Description (a)	Value
	Kentucky	1.4%
	Louisville & Jefferson Cnty. Met. Swr. Dist., Swr. & Drain Sys. Rev.,	
\$ 1,895	5.00%, 5/15/30, Ser. A, FGIC / NRE	\$ 1,897,937
	Massachusetts	11.0%
	Boston Wtr. & Swr. Comm. Rev.,	
2,000	5.00%, 11/1/28, Ser. D, FGIC / NRE	2,005,280
	Massachusetts Bay Trans. Auth. Rev.,	
3,000	5.50%, 7/1/29, Ser. B, NRE	3,590,010
	Massachusetts St. College Bldg. Auth. Rev.,	
2,000	5.00%, 5/1/40, Ser. B	2,063,040
	Massachusetts St. Dev. Finance Agency, Solid Waste Disp. Rev.	
1,500	5.00%, 2/1/36	1,352,865
	Massachusetts St. Gen. Oblig.,	
1,000	5.50%, 8/1/30, Ser. A, AMBAC	1,182,110
	Massachusetts St. Tpk. Auth., Metro. Highway Sys. Rev.,	
2,355	5.125%, 1/1/23, Ser. B, NRE	2,356,272
2,500	4.75%, 1/1/34, Ser. A, AMBAC	2,396,425
		14,946,002
	Michigan	3.0%
	Detroit Wtr. Supply Sys. Rev., Ser. A,	
2,000(b)	5.50%, 7/1/24, Prerefunded 7/1/11 @ \$100	2,138,560
2,000	5.00%, 7/1/30, FGIC / NRE	1,908,800
		4,047,360
	Nebraska	3.2%
	Omaha Pub. Pwr. Dist., Elec. Rev., Ser. B,	
1,270(b)	6.15%, 2/1/12 Escrowed to maturity	1,338,834
2,500(b)	6.20%, 2/1/17 Escrowed to maturity	2,966,150
		4,304,984
	Nevada	2.6%
	Las Vegas Valley Wtr. Dist., Gen. Oblig.,	
1,400	5.00%, 6/1/25, Ser. B, NRE	1,422,848
	Nevada St. Gen. Oblig.,	
2,000	5.00%, 12/1/24, Ser. F, AGM	2,098,120
		3,520,968
	New Jersey	4.8%
	New Jersey Econ. Dev. Auth. Rev.,	
1,025	4.95%, 3/1/47	900,606
	New Jersey St. Gen. Oblig.,	

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2,000	5.25%, 7/1/17, Ser. H	2,333,000
	New Jersey St. Tpk. Auth. Rev.,	
1,000	5.00%, 1/1/36, Ser. H	1,012,890
	New Jersey Trans. Trust Fund Auth. Rev.,	
2,000	5.25%, 12/15/22, Ser. A	2,207,140
		6,453,636
	New York	8.5%
	Albany Industrial Dev. Agy. Rev.,	
1,000	5.00%, 4/1/32, Ser. A	801,120
	Long Island Pwr. Auth. Elec.	
	Sys. Rev.,	
800	5.00%, 12/1/35, Ser. B	807,296
	Metro. Trans. Auth. Rev.,	
1,000	5.25%, 11/15/31, Ser. A, FGIC / NRE	1,014,960
	New York City Mun. Wtr. Fin. Auth.,	
	Wtr. & Swr. Sys. Rev.,	
5,000	5.00%, 6/15/29, Ser. B, AGM	5,035,900
	New York St. Dorm. Auth. Rev.,	
	Sch. Dist. Rev. Bond Financing Program	
1,500	7.25%, 10/1/28, Ser. C	1,780,320
	New York St. Dorm. Auth. Rev.,	
	State Personal Inc. Tax Rev.	
2,000	5.00%, 3/15/30, Ser. F	2,073,020
		11,512,616

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Principal Amount (000)	Description (a)	Value
	Ohio	5.9%
\$ 3,000	Buckeye Tobacco Settlement Financing Auth. Rev., 6.50%, 6/1/47, Ser. A-2	\$ 2,515,860
750	Deerfield Twp. Tax Increment Rev., 5.00%, 12/1/25	744,277
1,000	Hamilton Elec. Sys. Rev. 4.60%, 10/15/20, Ser. A, AGM	1,054,700
750	Ohio St. Air Quality Dev. Auth. Rev., 5.70%, 2/1/14, Ser. A	800,130
2,445	Ohio St. Wtr. Dev. Auth. Rev., 5.50%, 6/1/20, Ser. B, AGM	2,937,790
		8,052,757
	Pennsylvania	3.8%
2,000	Delaware Cnty. Auth. Rev., 5.00%, 6/1/21, Ser. A, RAD	2,009,160
1,000	East Stroudsburg Area Sch. Dist., Gen. Oblig. 7.75%, 9/1/27, Ser. A, FGIC / NRE	1,216,980
1,000	Pennsylvania Economic Dev. Fin. Auth. Res. Recov. Rev., 4.625%, 12/1/18, Ser. F, AMBAC	863,060
1,020	Pennsylvania St. Tpk. Comm. Oil Franchise Tax Rev., 5.00%, 12/1/23, Ser. A-2, AGT	1,101,549
		5,190,749
	Puerto Rico	0.7%
1,000	Puerto Rico Elec. Pwr. Auth. Rev., 5.00%, 7/1/25, Ser. PP, FGIC / NRE	1,002,710
	South Carolina	1.3%
1,500(b)	Spartanburg Waterworks Rev., 5.25%, 6/1/28 Prerefunded 6/1/14 @ \$100	1,738,275
	Tennessee	1.9%
1,500	Tennessee Energy Acquisition Corp. Rev., Ser. A, 5.25%, 9/1/20	1,508,400
1,000	5.25%, 9/1/21	998,230
		2,506,630
	Texas	18.4%
1,000	Alliance Airport Auth. Inc. Rev., 4.85%, 4/1/21	982,510
2,500	Bexar Met. Wtr. Dist. Waterworks Sys. Rev., 5.00%, 5/1/25, NRE	2,503,575
4,000	Coastal Wtr. Auth. Contract Rev., 5.00%, 12/15/25, AGM	4,009,120
1,000	Dallas Area Rapid Transit Rev., 5.25%, 12/1/48	1,029,710
2,000	Dallas Gen. Oblig. 4.50%, 2/15/23	2,033,880
	El Paso Wtr. & Swr. Rev.,	

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1,555	5.50%, 3/1/12, Ser. A, AGM Everman Indep. Sch. Dist. Gen. Oblig.,	1,703,254
1,000	5.00%, 2/15/36, PSF Harris Cnty. Gen. Oblig.,	1,042,710
1,650	7.00%, 8/15/10, Ser. A Houston Wtr. & Swr. Sys. Rev.,	1,709,400
1,500(b)	5.25%, 12/1/23, Ser. B Prerefunded 12/1/10 @ \$100 Klein Indep. Sch. Dist. Gen. Oblig.,	1,558,350
1,000	5.00%, 8/1/38, Ser. A, PSF Lower Colorado River Auth. Rev.,	1,041,470
2,000	5.00%, 5/15/31, AGM McLennan Cnty. Pub. Fac. Corp. Proj. Rev.,	2,009,300
2,000	6.625%, 6/1/35 Pharr-San Juan-Alamo Indep. Sch. Dist. Gen. Oblig.,	2,129,720
1,975	5.50%, 2/1/33, PSF Spring Branch Indep. Sch. Dist. Gen. Oblig.,	2,130,670
1,000	5.25%, 2/1/38, PSF	1,054,460
		24,938,129

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Principal Amount (000)	Description (a)		Value
	Virginia	4.4%	
\$2,000	Virginia College Bldg. Auth. Rev., 5.00%, 2/1/23, Ser. E-1		\$ 2,315,380
1,500	Virginia St. Hsg. Dev. Auth. Rev., 4.55%, 1/1/24		1,456,260
2,050	Virginia St. Pub. Bldg. Auth. Rev., 5.00%, 8/1/29, Ser. B		2,222,590
			5,994,230
	Washington	2.2%	
500	Energy Northwest Wind Proj. Rev., 4.75%, 7/1/21, NRE		512,600
2,500	King Cnty. Swr. Rev., 5.00%, 1/1/31, FGIC / NRE		2,531,875
			3,044,475
	West Virginia	1.0%	
1,500	Monongalia Cnty. Building Commission Hospital Rev. 5.00%, 7/1/30, Ser. A		1,417,380
	Wisconsin	3.2%	
2,000	Wisconsin St. Gen. Rev., 6.00%, 5/1/33, Ser. A		2,237,760
2,000	Wisconsin St. Health & Edl. Facs. Auth. Rev., 6.50%, 4/15/33		2,043,200
			4,280,960
	Wyoming	3.4%	
4,000	Wyoming St. Farm Loan Brd. Cap. Facs. Rev., 5.75%, 10/1/20		4,546,240
	Total long-term investments (cost \$185,120,609)		195,451,862
	Shares		
	SHORT-TERM INVESTMENT	2.8%	
3,750,989	State Street Institutional Tax-Free Money Market Fund (cost \$3,750,989)		\$ 3,750,989
	Total Investments (cost \$188,871,598)	147.0%	199,202,851
	Other assets in excess of liabilities	1.0%	1,291,320
	Liquidation value of remarketed preferred stock	(48.0)%	(65,000,000)
	Net Assets Applicable to Common Stock	100.0%	\$ 135,494,171
	Net asset value per share of common stock (\$135,494,171/ 8,507,456)		\$ 15.93

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

AGM - Assured Guaranty Municipal Corporation (formerly FSA).

AGT - Assured Guaranty Corp.

BHAC - Berkshire Hathaway Assurance Corporation.

FGIC - Financial Guaranty Insurance Company.

FHA - Federal Housing Authority.

NRE - National Public Finance Guarantee Corporation (formerly MBIA).

PSF - Texas Permanent School Fund.

RAD - 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 January 31, 2010, these securities amounted to a value of \$1,399,750 or 1.0% of net assets applicable to common stock.

Notes

The United States federal income tax basis of the Fund's investments and the net unrealized appreciation as of January 31, 2010 were as follows:

Tax Basis of Investment	Appreciation	Depreciation	Net Unrealized Appreciation
\$ 188,592,308	\$ 12,768,342	\$ 2,157,799	\$ 10,610,543

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 speeds, 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 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. Short-term investments having a maturity of 60 days or less at the time of purchase are valued on an amortized cost basis, which approximates market value.

Investments in mutual funds are valued at their net asset value as of the close of the New York Stock Exchange on the date of valuation.

The following is a summary of the inputs used to value each of the Fund's investments as of January 31, 2010:

Valuations Description	Level 1	Level 2	Level 3
Assets:			
Municipal Bonds	\$	\$ 195,451,862	\$
Money Market Fund		3,750,989	
Total	\$	\$ 199,202,851	\$

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.

(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 March 22, 2010

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 22, 2010

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

Date March 22, 2010