

LETTER TO SHAREHOLDERS

December 18, 2015

Dear
Shareholders:

THE CURRENT MUNICIPAL MARKET ENVIRONMENT AND YOUR FUND:

We begin our discussion of the performance of DTF Tax-Free Income Inc. (the “DTF Fund”) with a review of the municipal market environment in which the DTF Fund operates.

The municipal bond market experienced mixed performance over the twelve months ended October 31, 2015, as tax-free interest rates ended this time period relatively close to where they began. For the twelve months ended October 31, 2015, municipal bonds with maturities between 7 and 11 years experienced a decline in interest rates of 1 to 5 basis points while all other maturities up to 30 years saw rates unchanged or higher by up to 18 basis points. This modest movement in rates during these twelve months produced similarly modest returns for bonds with maturities of 5 years or longer as reported by various Barclays maturity-based indices. The range of returns for the Barclays indices for bonds with maturities of 5 years and longer was between 2.18% and 2.54%. This tight range of returns for the Barclays indexes was mostly due to the market’s uncertainty regarding the timing of a decision by the Federal Open Market Committee (the “Fed”), the committee within the Federal Reserve that sets domestic monetary policy, to raise the target federal funds rate. Over the twelve months ended October 31, 2015, the municipal market was influenced by several factors including:

- volatile U.S. Treasury bond yields driven by the increasing probability that the Fed will raise the target federal funds rate in 2015;
- higher issuance levels of municipal bonds compared to recent years due to increased use of refinancings by issuers; and
- flows in and out of open-end municipal bond mutual funds due to the general uncertainty regarding the direction of interest rates.

ELEVATED SUPPLY

The market experienced elevated new bond issuance in 2015 as municipalities continued to take advantage of low interest rates to refinance their outstanding, higher cost debt. The higher supply of new issuances was offset by strong demand from the reinvestment of coupon and maturities, resulting in more bonds maturing or being called than were being issued. In addition, less money was borrowed to finance new projects across the country. While significant spending is needed to repair or replace aging infrastructure, new municipal bond issuance remains muted, as there continues to be tepid support from taxpayers for municipalities to take on additional debt in order to pay for infrastructure projects. Despite this elevated pace of new issuance compared to recent history, municipals have still performed reasonably well.

MIXED DEMAND

Open-end municipal bond mutual funds experienced mixed flows [calendar year-to-date] through October 31, 2015. After experiencing strong inflows during the first four months of the year, outflows began to occur in May and persisted through the end of September. October saw this trend reverse as the Fed decided not to move the target federal funds rate at its September meeting. The odds for an initial tightening move by the Fed increased materially after the October employment report was released on November 6. According to the Bureau of Labor Statistics, both payroll and wage growth were better than

expected in October; November employment data released in early December reinforced this stronger trend. As a result, the Fed raised the federal funds rate target by 25 basis points at their meeting in mid-December. We expect that the members of the Fed will continue to analyze data released in coming months to decide on further policy actions that may be taken in 2016. Since flows in and out of open-end mutual funds influence the overall demand for municipal bonds, the near-term performance of the municipal bond market and future demand will likely be dependent on future Fed actions regarding interest rates, as interest rates tend to be the biggest driver of investor demand. Despite the varied demand from mutual fund investors, the market has benefited from increased demand from households through the use of separately managed accounts and from banks purchasing bonds on a proprietary basis. These additional sources of demand have helped stabilize the municipal market, especially during periods of weak mutual fund demand.

STEADY CREDIT

Setting aside recent headline news out of Puerto Rico and Chicago, the general credit picture for the municipal market is improving. State tax revenue collections continue to grow, with the latest numbers through the second quarter of 2015 showing year-over-year growth of 6.8%, marking the 22nd of the past 23 quarters of growth. That said, understanding the fundamental strength of each individual issuer is extremely important as the municipal market is no longer characterized as a homogenous commodity. In 2009, more than 50% of the bonds in the municipal market were rated “AAA.” Today, largely because of the demise of the “AAA” rated bond insurers, that number has dropped to only 11%. While tax collections have grown following the recession, municipalities continue to deal with challenges due to underfunded pensions and their ability to enact meaningful reform, growing capital improvement projects required to meet changing Federal regulations and industry changes, and variable economic conditions. Therefore, avoiding credit problems when selecting bonds for the portfolio continues to be important to portfolio performance.

In managing the DTF Fund, we continue to emphasize an investment strategy of owning mostly “AA” and “A” rated revenue bonds with coupons of 5% or higher. These higher-coupon bonds have provided the DTF Fund with an attractive level of income while also helping to insulate the portfolio from the potential impact of higher interest rates. As of October 31, 2015, the DTF Fund held over 90% of its total assets in municipal bonds rated “A” or higher across multiple sectors. Transportation, healthcare, water & sewer, general obligation and special tax bonds represented the DTF Fund’s top five exposures. However, the Fund’s allocation to general obligation bonds compared to revenue bonds remains lower, as we continue to favor the predictable revenue streams and more settled legal structure afforded by revenue bonds. The DTF Fund continues to be well diversified geographically, with exposure to 32 states and the District of Columbia. The DTF Fund continues to avoid bonds issued by the financially troubled Commonwealth of Puerto Rico or any of its agencies. We continue to be diversified across maturities in order to help moderate the portfolio’s risk from potential changes in interest rates and potential changes to the shape of the yield curve that could result from future Fed actions or changing investor sentiment.

In addition to the risk of disruptions in the broader credit market, the level of interest rates can be a primary driver of bond fund total returns, including the DTF Fund’s returns. For example, an extended environment of historically low interest rates adds an element of reinvestment risk, since the proceeds of maturing bonds may need to be reinvested in lower-yielding securities. Alternatively, a sudden or unexpected rise in interest rates would likely reduce the total return of bond funds, since higher interest rates could be expected to depress the valuations of fixed-rate bonds held in a portfolio.

Maturity and duration are measures of the sensitivity of a fund’s portfolio of investments to changes in interest rates. More specifically, duration refers to the percentage change in a bond’s price for a given change in rates (typically +/- 100 basis points). In general, the greater the average maturity and duration of a portfolio, the greater is the potential percentage price volatility for a given change in interest rates. As of October 31, 2015, the DTF Fund’s portfolio of investments had an average maturity of 15.8 years and duration of 7.17 years, while the Barclays Municipal Bond Index had an average maturity of 13.1 years and duration of 6.66 years.

As a practical matter, it is not possible for the DTF Fund to be completely insulated from turmoil in the global financial markets or unexpected moves in interest rates. However, management believes that over the long term the diversification of the portfolio across multiple states and sectors, in addition to the distribution of assets along the yield curve, positions the DTF Fund to take advantage of future opportunities while limiting volatility to some degree.

OUTLOOK

We expect the market's technical condition to remain positive over the next several months, due mostly to a slowdown in the issuance of municipal bonds from the elevated pace experienced in the first half of the year. Municipal bonds continue to offer reasonably good value, especially when compared to other asset classes on a taxable equivalent basis. The municipal market will likely track interest rate changes in U.S. Treasury bonds moving forward, but with far less volatility as demonstrated in the late summer months of 2015. Overall, we expect fundamentals to continue to improve as a result of higher tax collection revenues, especially given the steady increase seen in individual income taxes, which make up about half of state tax collections.

FUND PERFORMANCE:

The following table compares the DTF Fund's total return and the Barclays Municipal Bond Index:

Total Return¹			
For the period indicated through October 31, 2015			
	One Year	Three Years (annualized)	Five Years (annualized)
DTF Tax-Free Income Inc.			
Market Value ²	5.5%	-0.3%	4.5%
Net Asset Value ³	2.8%	3.1%	5.2%
Barclays Municipal Bond Index ⁴	2.9%	2.9%	4.3%

1. Past performance is not indicative of future results. Current performance may be lower or higher than the performance in historical periods.
2. Total return on market value assumes a purchase of common stock at the opening market price on the first business day and a sale at the closing market price on the last business day of each period shown in the table and assumes reinvestment of dividends at the actual reinvestment prices obtained under the terms of the DTF Fund's dividend reinvestment plan. In addition, when buying or selling stock, you would ordinarily pay brokerage expenses. Because brokerage expenses are not reflected in the above calculations, your total return net of brokerage expenses would be lower than the total returns on market value shown in the table. Source: Administrator of the DTF Fund.
3. Total return on NAV uses the same methodology as is described in note 2, but with use of NAV for beginning, ending and reinvestment values. Because the DTF Fund's expenses (detailed on page 12 of this report) reduce the DTF Fund's NAV, they are already reflected in the DTF Fund's total return on NAV shown in the table. NAV represents the underlying value of the DTF Fund's net assets, but the market price per share may be higher or lower than the NAV. Source: Administrator of the DTF Fund.
4. The index is a market capitalization-weighted index that is designed to measure the long-term tax-exempt bond market. The index is calculated on a total return basis with dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and it is not available for direct investment. Source: Barclays.

As presented in the performance chart above, the DTF Fund provided its shareholders with a solid return for the twelve months ended October 31, 2015 especially when compared to the overall municipal bond market as measured by the Barclays Municipal Bond Index. As of October 31, 2015, the DTF Fund was paying a \$0.84 per share annualized dividend and had a closing price of \$15.13 per share. This monthly dividend translates into a taxable equivalent yield of 9.8% for an individual subject to the top federal tax bracket of 39.6% and the 3.8% Medicare tax. This taxable equivalent yield equates to over 760 basis points above the yield available on a 10-year taxable U.S. Treasury bond as of October 31, 2015. The DTF Fund has maintained its \$0.07 per share monthly dividend since January 2012, despite generational low yields available in the tax-exempt bond market for extended periods over the past few years. The principal reason the Fund has been able to maintain this dividend is due to the benefit of leverage and use of undistributed net income. During this period, common shareholders have benefited from a steep municipal yield curve that has allowed the DTF Fund to pay a low rate on its leverage while investing the proceeds into higher-yielding bonds. However, the relationship between the cost of leverage and investment returns could change in the future, especially if the Fed begins raising the target federal funds rate, as it is expected to do. If leverage costs were to move higher, the Fund could see its balance of undistributed net income decline further, which could make it more difficult to maintain the current dividend rate, with the possibility that this rate could even decrease.

BOARD OF DIRECTORS MEETING

At the regular December 2015 meeting of the Fund’s Board of Directors (the “Board”), the Board declared the following monthly dividends:

<u>Cents Per Share</u>	<u>Record Date</u>	<u>Payable Date</u>
7.0	January 15	January 29
7.0	February 16	February 29
7.0	March 15	March 31

ABOUT YOUR FUND:

The Fund’s investment objective is current income exempt from regular federal income tax consistent with the preservation of capital. The fund seeks to achieve its investment objective by investing primarily (at least 80% of its total assets) in a diversified portfolio of investment-grade tax-exempt obligations. The Fund may not invest more than 25% of its total assets (taken at market value at the time of each investment) in the securities of issuers in a single industry; provided that, for purposes of this restriction, tax exempt securities of issuers that are states, municipalities or their political subdivisions are not considered to be the securities of issuers in any single industry.

The use of leverage enables the Fund to borrow at short-term rates and invest at longer-term rates. As of October 31, 2015, the Fund’s leverage consisted of \$65 million of Variable Rate MuniFund Term Preferred Shares (VMTP). On that date, the total amount of leverage represented approximately 32% of the Fund’s total assets. The amount and type of leverage used is reviewed by the Board of Directors based on the Fund’s expected earnings relative to the anticipated costs (including fees and expenses) associated with the leverage. In addition, the long-term expected benefits of leverage are weighed against the potential effect of increasing the volatility of both the Fund’s net asset value and the market value of its common stock. Historically, the tendency of the U.S. yield curve to exhibit a positive slope (i.e., long-term rates higher than short-term rates) has fostered an environment in which leverage can make a positive contribution to the earnings of the Fund. There is no assurance that this will continue to be the case in the future. A decline in the difference between short-term and long-term rates could have an adverse effect on the income provided from leverage. Prolonged periods of low longer-term interest rates can result in modest reinvestment opportunities for the fixed income portion of the portfolio and could also adversely affect the income provided from leverage. If the use of leverage were to cease being beneficial, the amount and type of leverage employed by the Fund could potentially be modified or eliminated.

We continue to appreciate your interest in the DTF Fund and look forward to being of continued service in the future.

Timothy M. Heaney, CFA
Chief Investment Officer

Nathan I. Partain, CFA
Director, President & Chief Executive Officer

Certain statements in this report are forward-looking statements. Discussions of specific investments are for illustration only and are not intended as recommendations of individual investments. The forward-looking statements and other views expressed herein, are those of the portfolio managers as of the date of this report. Actual future results or occurrences may differ significantly from those anticipated in any forward-looking statements, and the views expressed herein are subject to change at any time, due to numerous market and other factors. The DTF Fund disclaims any obligation to update publicly or revise any forward-looking statements or views expressed herein.

DTF TAX-FREE INCOME INC.
SCHEDULE OF INVESTMENTS
October 31, 2015

Principal Amount (000)	Description (a)	Value (Note 2)	Principal Amount (000)	Description (a)	Value (Note 2)
LONG-TERM INVESTMENTS—142.6%			\$3,000	Golden St. Tobacco Securitization Corp. Rev., 5.75%, 6/1/47, Ser. A-1	\$2,748,090
Alaska—0.2%			1,000	Los Angeles Cnty. Santn. Dists. Fin. Auth. Rev., 5.00%, 10/1/34, Ser. A	1,155,610
\$290	Anchorage Elec. Util. Rev., 5.00%, 12/1/36, Ser. A	\$326,726	1,000	Manteca City Wtr. Rev., 5.00%, 7/1/33	1,136,700
Arizona—6.3%			1,520	Oakland Unified School District 5.00%, 8/01/30	1,744,838
650	Arizona St. Hlth. Fac. Auth. Rev., Scottsdale Lincoln Hosp. Proj., 5.00%, 12/1/42, Ser. A	712,056	2,500	Riverside Cnty. Sngl. Fam. Rev., 7.80%, 5/1/21, Ser. A, Escrowed to maturity (b)	3,304,375
2,000	Arizona St. Hlth. Fac. Auth. Rev., Banner Hlth., 4.00%, 1/1/44, Ser. A	2,026,380	780	Sacramento Successor Agy. to Redev. Agy., Tax Allocation, 5.00%, 12/01/24, Ser. A	934,557
2,000	Arizona St. Trans. Brd. Hwy. Rev., 5.00%, 7/1/30, Ser. B, Prerefunded 7/1/18 @ \$100 (b)	2,220,840	1,215	San Marcos Successor Agy. to Redev. Agy. Tax Allocation, 5.00%, 10/01/32, Ser. A	1,400,713
500	Northern Arizona Univ. Rev., 5.00%, 6/1/40, Series 2014	557,385	2,000	San Mateo Successor Agy. to Redev. Agy. Tax Allocation, 5.00%, 8/1/30, Ser. A	2,256,540
1,000	Northern Arizona Univ. Speed Rev. Stimulus Plan for Econ. Edl. Dev., 5.00%, 8/1/38, Series 2013	1,111,070			<u>25,141,648</u>
2,000	Salt River Proj. Agric. Impvt. & Pwr. Dist. Rev., 5.00%, 1/1/38, Ser. A 2008	2,148,380			
		<u>8,776,111</u>			
California—18.1%			1,000	Colorado—0.8% Eagle River Wtr. & Sanitation Dist. Enterprise Wstwt. Rev., 5.00%, 12/1/42	1,099,310
2,000	Bay Area Toll Auth. Rev., 5.125%, 4/1/39, Ser. F-1, Prerefunded 4/1/19 @ \$100 (b)	2,285,740			
500	California St. Gen. Oblig., 5.50%, 3/1/26	553,840	1,000	Connecticut—3.3% Connecticut St. Hlth. & Edl. Facs. Auth. Rev., Eastern CT Hlth. Network, 5.00%, 7/1/25, Ser. C, AGT	1,001,580
1,000	California St. Gen. Oblig., 6.00%, 4/1/38	1,164,350	700	Connecticut St. Hlth. & Edl. Facs. Auth. Rev., Hartford HealthCare, 5.00%, 7/1/32, Ser. A	760,662
500	California St. Gen. Oblig., 5.50%, 3/1/40	576,145	1,000	Connecticut St. Hlth. & Edl. Facs. Auth. Rev., Hartford HealthCare, 5.00%, 7/1/41, Ser. A	1,083,440
100	California St. Muni. Fin. Auth. Student Hsg. Rev., Bowles Hall Foundation, 5.00%, 6/01/35, Ser. A	109,310	550	Connecticut St. Hlth. & Edl. Facs. Auth. Rev. Yale-New Haven Hospital, 5.00%, 7/1/48, Ser. N	604,417
1,000	California St. Gen. Oblig., 5.00% 10/1/28	1,185,780	1,000	South Central Connecticut Reg. Wtr. Auth. Rev., 5.00%, 8/1/41, Ser. 26	1,130,210
2,000	California St. Pub. Wks. Brd. Lease Rev. Dept. of Corrections and Rehab., 5.250%, 9/1/29, Ser. F	2,378,160			<u>4,580,309</u>
2,000	California Statewide Communities Dev. Auth. Rev., St. Joseph Hlth. Syst., 5.75%, 7/1/47, FGIC	2,206,900			

The accompanying notes are an integral part of these financial statements.

DTF TAX-FREE INCOME INC.
SCHEDULE OF INVESTMENTS—(Continued)
October 31, 2015

Principal Amount (000)	Description (a)	Value (Note 2)	Principal Amount (000)	Description (a)	Value (Note 2)
	District of Columbia—1.6%				
\$1,000	District of Columbia Inc. Tax Rev., 5.00%, 12/1/31, Ser. A	\$1,141,150	\$1,000	Reedy Creek Impvt. Dist. Gen. Oblig., 5.00%, 6/1/38, Ser. A	\$1,118,930
1,000	Metropolitan Washington D.C. Airport Auth. Rev., 5.00%, 10/1/18, Ser. A, AGM / AMBAC	<u>1,080,830</u> <u>2,221,980</u>	2,000	Seminole Cnty. Sales Tax Rev., 5.25%, 10/1/31, Ser. B, NRE	<u>2,496,860</u> <u>20,279,546</u>
	Florida—14.6%			Georgia—5.3%	
1,500	Broward Cnty. Port Fac. Rev., 6.00%, 9/1/23, Ser. A	1,747,845	300	Atlanta Wtr. & Wstwr. Rev., 5.00%, 11/1/26	362,379
1,000	Escambia Cnty. Hlth. Fac. Auth. Rev., Baptist Hosp., 6.00%, 8/15/36	1,131,490	500	Atlanta Arpt. Passenger Fac. Charge Gen. Rev., 5.00%, 1/1/32, Ser. A	567,690
2,000	Florida St. Brd. of Ed. Cap. Outlay Gen. Oblig., 5.00%, 6/1/41, Ser. F	2,218,380	2,000	Fulton Cnty. Sch. Dist. Gen. Oblig., 5.375%, 1/1/16	2,017,840
2,350	Florida St. Brd. of Gov. Florida State Univ. Dorm Rev., 5.00%, 5/1/33, Ser. A	2,648,521	1,970	Georgia St. Mun. Elec. Auth. Pwr. Rev., 6.50%, 1/1/20, Ser. X, AMBAC	2,166,232
70	Highlands Cnty. Hlth. Fac. Auth. Rev., Adventist Hlth., 5.125%, 11/15/32, Ser. G, Prerefunded 11/15/16 @ \$100 (b)	73,444	2,000	Metro. Atlanta Rapid Tran. Auth. Rev., 5.00%, 7/1/39, Ser. 3	<u>2,231,920</u> <u>7,346,061</u>
1,930	Highlands Cnty. Hlth. Fac. Auth. Rev., Adventist Hlth., 5.125%, 11/15/32, Ser. G Prerefunded 11/15/16 @ \$100 (b)	2,024,956		Idaho—0.8%	
1,000	Hillsborough Cnty. Aviation Auth., Tampa Int'l. Arpt., 5.00%, 10/1/44	1,078,260	1,065	Idaho St. Hlth. Fac. Auth. Rev. St. Lukes Hlth. Sys. Proj., 5.00%, 3/1/34, Ser. A	<u>1,161,883</u>
500	Lee Cnty. Tran. Fac. Ref. Rev., 5.00%, 10/1/35, AGM	565,615		Illinois—12.2%	
1,080	Miami Beach Hlth. Facs. Auth. Hosp. Rev. Ref., 5.00%, 11/15/39	1,170,623	500	Chicago Multi-Family Hsg. Rev., 4.90%, 3/20/44, FHA	507,800
250	Miami-Dade Cnty. Ed. Facs. Auth. Rev., 5.00%, 4/1/45	271,907	1,000	Chicago O'Hare Intl. Arpt. Rev. Customer Fac. Charge, 5.125%, 1/1/30, AGM	1,125,480
250	Miami-Dade Cnty. Aviation Rev., 5.00%, 10/1/32, Ser. A	273,085	250	Chicago Sales Tax Rev., 5.00%, 1/1/30	258,532
1,000	Miami-Dade Cnty. Wtr. & Swr. Rev., 5.00%, 10/01/26	1,209,370	1,500	Chicago Wstwr. Trans. Rev., 5.00%, 1/1/34, Ser. C	1,595,160
2,000	Orlando and Orange Cnty. Expwy. Auth. Rev., 5.00%, 7/1/35, Ser. A	2,250,260	500	Chicago Wtrwks. Rev., 5.00%, 11/1/44	522,480
			1,000	Illinois St. Fin. Auth. Ed. Rev., IL Charter School, 5.375%, 9/1/32, Ser. C, Prerefunded 9/1/17 @ \$100 (b)	1,087,500
			1,000	Illinois St. Fin. Auth. Rev., Swedish Covenant Hosp., 6.00%, 8/15/38, Ser. A	1,107,160
			1,225	Illinois St. Fin. Auth. Rev., Advocate HealthCare Network, 5.00%, 5/01/45	1,350,587

The accompanying notes are an integral part of these financial statements.

DTF TAX-FREE INCOME INC.
SCHEDULE OF INVESTMENTS—(Continued)
October 31, 2015

Principal Amount (000)	Description (a)	Value (Note 2)	Principal Amount (000)	Description (a)	Value (Note 2)
\$1,000	Illinois St. Fin. Auth. Rev., Rush Univ. Med. Ctr., 4.00%, 11/15/39, Ser. A	\$1,005,510	\$1,250	Louisiana Stadium & Exposition Dist., 5.00%, 7/1/30, Ser. A	\$1,412,775
520	Illinois St. Fin. Auth. Rev., Northwestern Memorial HealthCare, 5.00%, 8/15/37	571,043	500	Louisiana Stadium & Exposition Dist., 5.00%, 7/1/36, Ser. A	552,165
1,000	Illinois St. Fin. Auth. Rev., Rush Univ. Med. Ctr., 5.00%, 11/15/39	1,100,320	1,250	Louisiana St. Tran. Auth. Rev., 5.00%, 8/15/38, Ser. A	1,396,713
525	Illinois St. Fin. Auth. Rev., Centegra Hlth. Sys., 5.00%, 9/1/42, Ser. A	556,904	250	New Orleans Swr. Svc. Rev., 5.00%, 6/1/44	273,135
2,000	Illinois St. Gen. Oblig., 5.50%, 1/1/29	2,263,000	500	Port of New Orleans Board of Commissioners Port Fac. Rev., 5.00%, 4/1/33, Ser. B	541,150
1,500	Illinois St. Toll Hwy. Auth. Rev., 5.50%, 1/1/33, Ser. B	1,629,915	1,100	Regional Tran. Auth. Sales Tax Rev., 5.00%, 12/1/30, AGM	1,245,376
1,000	Railsplitter Tobacco Settlement Auth. Rev., 6.00%, 6/1/28	1,185,930	1,000	Terrebonne Parish Consol. Wtrwks. Dist. No. 1, 5.00%, 11/1/37, Ser. A	<u>1,107,500</u>
1,000	Univ. of Illinois Aux. Facs. Sys. Rev., 5.00%, 4/1/34, Ser. A	<u>1,101,640</u>			<u>7,552,414</u>
		<u>16,968,961</u>			
	Indiana—2.7%			Maine—2.1%	
180	Indiana St. Fin. Auth. Hospital Rev., Parkview Hlth. Sys., 5.875%, 5/1/29, Ser. A	180,585	1,000	Maine St. Hlth. & Hgr. Edl. Facs. Auth. Rev., 5.00%, 7/1/33, Ser. A	1,098,670
240	Indiana St. Fin. Auth. Hospital Rev., Indiana Univ. Hlth., 5.00%, 12/1/28, Ser. A	283,150	500	Maine St. Hlth. & Hgr. Edl. Facs. Auth. Rev., Eastern Maine Med. Ctr., 5.00%, 7/1/43	528,320
1,000	Indiana St. Fin. Auth. Rev. State Revolving Fund, 5.00%, 2/1/31, Ser. B	1,153,570	610	Portland, General Arpt. Rev., 5.00%, 7/1/31	661,655
2,000	Indianapolis Local Pub. Impvt. Bond Bank Rev., 5.00%, 2/1/38, Ser. A	<u>2,187,700</u>	540	Portland, General Arpt. Rev., 5.00%, 7/1/32	<u>584,226</u>
		<u>3,805,005</u>			<u>2,872,871</u>
	Louisiana—5.4%			Maryland—3.8%	
305	Louisiana St. Gasoline & Fuels Tax Rev., 5.00%, 5/1/41, Ser. A, Prerefunded 5/1/16 @ \$100 (b)	312,198	1,000	Maryland St. Hlth. & Hgr. Edl. Facs. Auth. Rev., Anne Arundel Hlth. Sys., 5.00%, 7/1/39	1,090,960
695	Louisiana St. Gasoline & Fuels Tax Rev., 5.00%, 5/1/41, Ser. A, Prerefunded 5/1/16 @ \$100 (b)	711,402	2,000	Maryland St. Hlth. & Hgr. Edl. Facs. Auth. Rev., MedStar Hlth., 4.00%, 8/15/45	1,979,280
			2,000	Maryland St. Trans. Auth. Rev., 5.00%, 7/1/37, AGM	<u>2,180,560</u>
					<u>5,250,800</u>
				Massachusetts—7.4%	
			3,000	Massachusetts Bay Trans. Auth. Rev., 5.50%, 7/1/29, Ser. B, NRE	3,930,600
			1,000	Massachusetts St. Gen. Oblig., 5.50%, 8/1/30, Ser. A, AMBAC	1,285,130

The accompanying notes are an integral part of these financial statements.

DTF TAX-FREE INCOME INC.
SCHEDULE OF INVESTMENTS—(Continued)
October 31, 2015

Principal Amount (000)	Description (a)	Value (Note 2)	Principal Amount (000)	Description (a)	Value (Note 2)
\$1,000	Massachusetts St. Gen. Oblig., 5.25%, 9/1/25, Ser. B	\$1,272,800	\$1,000	New York—8.4% Albany Incl. Dev. Agy. Rev., Brighter Choice Charter Sch., 5.00%, 4/1/32, Ser. A	\$858,950
2,000	Massachusetts St. College Bldg. Auth. Rev., 5.00%, 5/1/40, Ser. B	2,268,860	300	Buffalo and Erie Cnty. Incl. Land. Dev. Rev., Catholic Hlth. Sys., 5.250%, 7/1/35	336,717
1,500	Massachusetts St. Dev. Fin. Agcy. Solid Waste Disp. Rev., 5.00%, 2/1/36, Prerefunded 8/1/16 @ \$100 (b)	1,551,000	700	Long Island Pwr. Auth. Elec. Sys. Rev., 5.00%, 9/1/42, Ser. A	759,773
		<u>10,308,390</u>	1,000	New York City Mun. Wtr. Fin. Auth. Wtr. & Swr. Sys. Rev., 5.00%, 6/15/34, Ser. DD	1,144,170
	Michigan—1.4%		1,000	New York City Mun. Wtr. Fin. Auth. Rev., 5.375%, 6/15/43, Ser. EE	1,163,510
500	Detroit Dist. St. Aid Gen. Oblig., 5.25%, 11/1/35	535,570	1,000	New York City Mun. Wtr. Fin. Auth. Rev., 5.50%, 6/15/43, Ser. EE	1,172,230
1,000	Holland Elec. Util. Sys. Rev., 5.00%, 7/1/39, Ser. A	1,130,550	1,500	New York St. Dorm. Auth. Rev., 7.25%, 10/1/28, Ser. C Prerefunded 10/1/18 @100 (b)	1,772,145
225	Royal Oak Hosp. Fin. Auth. Rev. William Beaumont Hosp., 5.00%, 9/1/39, Ser. D	245,133	2,000	New York St. Dorm. Auth., Personal Inc. Tax Rev., 5.00%, 03/15/13, Ser. A	2,346,120
		<u>1,911,253</u>	900	Port Auth. of New York and New Jersey Rev., 5.00%, 6/1/33, Ser. 179	1,043,775
	Nebraska—3.0%		500	Triborough Bridge & Tunnel Auth. Rev., 5.00% 11/15/30, Ser. A	579,100
500	Nebraska St. Pub. Pwr. Dist. Gen. Rev., 5.00%, 1/1/34, Ser. A	559,505	400	Utility Debt Securitization Auth. Restructuring Rev., 5.00%, 12/15/31, Ser. TE	471,816
2,000	Omaha Gen. Oblig., 5.25%, 4/1/27	2,546,860			<u>11,648,306</u>
1,035	Omaha Pub. Pwr. Dist. Elec. Rev., 6.20%, 2/1/17, Ser. B, Escrowed to maturity (b)	1,077,497		Ohio—5.4%	
		<u>4,183,862</u>	750	Deerfield Twp. Tax Increment Rev., 5.00%, 12/1/25	793,365
	Nevada—1.6%		500	Ohio St. Gen. Oblig., 5.00%, 9/1/30, Ser. A	569,705
2,165	Clark Cnty. Gen. Oblig., 5.00%, 11/1/22, AMBAC	2,165,281	2,000	Ohio St. Hosp. Rev., Univ. Hops. Hlth. Sys., 4.00%, 1/15/44, Ser. A	1,993,200
20	Nevada St. Gen. Oblig., 5.00%, 12/1/24, Ser. F, AGM	20,043	1,040	Ohio St. Tpk. Comm. Rev., 5.00%, 2/15/31, Ser. A	1,171,737
		<u>2,185,324</u>	2,445	Ohio St. Wtr. Dev. Auth. Rev., 5.50%, 6/1/20, Ser. B, AGM	2,913,560
	New Jersey—2.6%				<u>7,441,567</u>
400	Camden Cnty. Impvt. Auth. Hlthcare. Redev. Rev., Cooper Hlth. Sys., 5.00%, 2/15/33, Ser. A	428,552			
2,000	New Jersey St. Gen. Oblig., 5.25%, 7/1/17, Ser. H	2,138,280			
1,000	New Jersey St. Tpk. Auth. Rev., 5.00%, 1/1/36, Ser. H	1,097,160			
		<u>3,663,992</u>			

The accompanying notes are an integral part of these financial statements.

DTF TAX-FREE INCOME INC.
SCHEDULE OF INVESTMENTS—(Continued)
October 31, 2015

Principal Amount (000)	Description (a)	Value (Note 2)	Principal Amount (000)	Description (a)	Value (Note 2)
	Oregon—0.5%			Tennessee—2.3%	
\$570	Port of Portland, Portland Intl. Arpt. Rev., 5.00%, 7/1/32, Ser. 22	\$642,059	\$250	Chattanooga-Hamilton Cnty. Hosp. Auth. Rev., Erlanger Hlth. Sys., 5.00%, 10/1/34, Ser. A	\$269,370
	Pennsylvania—5.4%		1,500	Tennessee Energy Acquisition Corp. Rev., 5.25%, 9/1/20, Ser. A	1,720,635
170	Butler Cnty. Hosp. Auth. Rev., Butler Hlth. Sys., 5.00%, 7/1/35, Ser. A	186,082	1,000	Tennessee Energy Acquisition Corp. Rev., 5.25%, 9/1/21, Ser. A	<u>1,169,740</u>
2,000	Delaware River Port Auth. Rev., 5.00%, 1/1/34	2,258,460			<u>3,159,745</u>
480	East Stroudsburg Area Sch. Dist., 7.750%, 9/1/27, Ser. A, Prerefunded 9/1/17 @ \$100 (b)	542,563		Texas—10.3%	
495	East Stroudsburg Area Sch. Dist., 7.750%, 9/1/27, Prerefunded 9/1/17 @ \$100 (b)	559,652	1,000	Alliance Airport Auth. Inc. Rev., 4.85%, 4/1/21	1,011,960
25	East Stroudsburg Area Sch. Dist., 7.750%, 9/1/27, NRE Prerefunded 9/1/17 @ \$100 (b)	28,265	1,000	Dallas Area Rapid Transit Rev., 5.25%, 12/1/48	1,104,710
500	Pennsylvania St. Higher Ed. Facs. Auth. Rev., 5.00%, 6/15/28, Ser. AL	568,845	815	Everman Indep. Sch. Dist. Gen. Oblig., 5.00%, 2/15/36, PSF	870,591
1,020	Pennsylvania St. Tpk. Comm. Oil Franchise Tax Rev., 5.00%, 12/1/23, Ser. A-2, AGT	1,154,038	185	Everman Indep. Sch. Dist. Gen. Oblig., 5.00%, 2/15/36, PSF Prerefunded 8/15/2017 @ \$100 (b)	199,545
2,000	Philadelphia Wtr. & Wastewater Rev., 5.00%, 1/1/41, Ser. A	<u>2,230,360</u>	500	Houston Arpt. Sys. Rev., 5.00%, 7/1/32, Ser. A	547,045
		<u>7,528,265</u>	1,000	Houston Hotel Occupancy Tax & Spl. Rev., 5.25%, 9/1/29, Ser. A	1,125,870
	Rhode Island—3.7%		1,410	Houston Util. Sys. Rev., 5.00%, 11/15/32, Ser. B	1,624,292
1,070	Rhode Island Clean Wtr. Fin. Agy. Wtr. Poll. Control Rev., Green Bonds, 5.00%, 10/01/32, Ser. A	1,243,629	1,060	Klein Indep. Sch. Dist. Gen. Oblig., 5.00%, 8/1/38, Ser. A, PSF	1,158,887
2,000	Rhode Island Hlth. & Edl. Bldg. Corp. Higher Ed. Facs. Rev., Brown University, 5.00%, 9/1/37	2,138,320	1,200	North Texas Twy. Auth. Rev., 5.75%, 1/1/40, Ser. A, BHAC	1,313,028
1,600	Rhode Island Hlth. & Edl. Bldg. Corp. Higher Ed. Facs. Rev., Providence College, 5.00%, 11/1/41	<u>1,764,432</u>	1,000	North Texas Twy. Auth. Rev., 5.00%, 1/1/31, Ser. A	1,132,670
		<u>5,146,381</u>	1,975	Pharr-San Juan-Alamo Indep. Sch. Dist. Gen. Oblig., 5.50%, 2/1/33, Prerefunded 2/1/17 @ \$100 (b)	2,098,220
	South Carolina—1.9%		1,000	Spring Branch Indep. Sch. Dist. Gen. Oblig., 5.25%, 2/1/38, PSF Prerefunded 2/1/17 @ \$100 (b)	1,060,180
2,000	Charleston Cnty. Spl. Source Rev., 5.00%, 12/1/32	2,286,800	1,000	Upper Trinity Reg. Wtr. Dist. Treated Wtr. Supply Sys. Rev. Ref. and Impvmt. Bonds, 4.00%, 8/1/37, Ser. A, AGM	<u>1,011,290</u>
290	Scago Edl. Facs. Corp. Rev., 5.00%, 12/1/24	348,029			<u>14,258,288</u>
		<u>2,634,829</u>			

The accompanying notes are an integral part of these financial statements.

DTF TAX-FREE INCOME INC.
SCHEDULE OF INVESTMENTS—(Continued)
October 31, 2015

Principal Amount (000)	Description (a)	Value (Note 2)
Utah—3.2%		
\$1,000	Utah Trans. Auth. Sales Tax Rev., 5.00%, 6/15/32, Ser. A, AGM Prerefunded 6/15/18 @ \$100 (b) . . .	\$1,108,840
1,000	Utah Trans. Auth. Sales Tax Rev., 5.00%, 6/15/36, Ser. A, AGM Prerefunded 6/15/18 @ \$100 (b) . . .	1,108,840
2,000	Utah Trans. Auth. Sub. Sales Tax Rev., 5.00%, 6/15/37, Ser. A	<u>2,248,500</u>
		<u>4,466,180</u>
Vermont—1.6%		
2,000	Univ. of Vermont & St. Agric. College Gen. Oblig., 5.00%, 10/1/38, Ser. A	<u>2,219,200</u>
Virginia—2.8%		
1,250	Riverside Regl. Jail Auth. Fac. Rev., 5.00%, 7/1/26	1,515,738
2,000	Virginia College Bldg. Auth. Rev., 5.00%, 2/1/23, Ser. E-1	<u>2,420,240</u>
		<u>3,935,978</u>
West Virginia—0.2%		
300	Monongalia Cnty. Bldg. Comm. Rev., 5.00%, 7/1/30	<u>339,525</u>
Wisconsin—1.7%		
2,000	Wisconsin St. Gen. Rev., 6.00%, 5/1/33, Ser. A	<u>2,314,200</u>
Wyoming—2%		
2,580	Wyoming St. Farm Loan Brd. Cap. Facs. Rev., 5.75%, 10/1/20	<u>2,824,971</u>
	Total Long-Term Investments (Cost \$185,012,203)	<u>\$198,195,940</u>
TOTAL INVESTMENTS—142.6%		
	(Cost \$185,012,203)	<u>\$198,195,940</u>
	Other assets less liabilities—(43.1%)	<u>(59,214,690)</u>
NET ASSETS APPLICABLE TO COMMON STOCK—100.0% . .		
		<u><u>\$138,981,250</u></u>

- (a) The following abbreviations are used in portfolio descriptions to indicate an obligation of credit support, in whole or in part:
- AMBAC—Ambac Assurance Corporation
 - AGM—Assured Guaranty Municipal Corp.
 - AGT—Assured Guaranty Corp.
 - BHAC—Berkshire Hathaway Assurance Corporation
 - FGIC—Financial Guaranty Insurance Company
 - FHA—Federal Housing Authority
 - NRE—National Public Finance Guarantee Corporation
 - PSF—Texas Permanent School Fund
 - RAD—Radian Asset Assurance Inc.
- (b) Prerefunded and escrowed to maturity issues are secured by escrowed cash, U.S. government obligations, or other securities.

The percentage shown for each investment category is the total value of that category as a percentage of the net assets applicable to common stock of the Fund.

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. For more information about the Fund's policy regarding the valuation of investments and other significant accounting policies, please refer to the Fund's most recent financial statements contained in its semi-annual report. The following is a summary of the inputs used to value each of the Fund's investments at October 31, 2015:

	<u>Level 2</u>
Municipal bonds	<u>\$198,195,940</u>

The accompanying notes are an integral part of these financial statements.

DTF TAX-FREE INCOME INC.
SCHEDULE OF INVESTMENTS—(Continued)
October 31, 2015

There were no Level 1 or Level 3 priced securities held at October 31, 2015.

Summary of State Diversification as a Percentage of Net Assets
Applicable to Common Shareholders

At October 31, 2015

<u>State</u>	<u>%</u>
California	18.1
Florida	14.6
Texas	10.3
Illinois	12.2
Pennsylvania	5.4
New York	8.4
Massachusetts	7.4
Arizona	6.3
Louisiana	5.4
Ohio	5.4
Georgia	5.3
Maryland	3.8
Connecticut	3.3
Utah	3.2
Nebraska	3.0
Nevada	1.6
Rhode Island	3.7
Virginia	2.8
Indiana	2.7
New Jersey	2.6
Wyoming	2.0
Tennessee	2.3
Maine	2.1
South Carolina	1.9
Wisconsin	1.7
District of Columbia	1.6
Vermont	1.6
Michigan	1.4
West Virginia	0.2
Colorado	0.8
Idaho	0.8
Oregon	0.5
Alaska	0.2
	<u>142.6</u>
Other liabilities in excess of assets	<u>(42.6)</u>
	<u>100.0</u>

Summary of Ratings as a Percentage of Long-Term Investments

(Unaudited)

At October 31, 2015

<u>Rating *</u>	<u>%</u>
AAA	7.3
AA	46.9
A	36.4
BBB	6.4
BB	0.0
B	1.4
NR	1.6
	<u>100.0</u>

*Individual ratings are grouped based on the lower rating of Standard & Poor's Financial Services LLC ("S&P") or Moody's Investors Service, Inc. ("Moody's") and are expressed using the S&P ratings scale. If a particular security is rated by either S&P or Moody's, but not both, then the single rating is used. If a particular security is not rated by either S&P or Moody's, then a rating from Fitch Ratings, Inc. is used, if available. The Fund does not evaluate these ratings but simply assigns them to the appropriate credit quality category as determined by the ratings agencies, as applicable. Securities that have not been rated by S&P, Moody's or Fitch totaled 1.6% of the portfolio at the end of the reporting period.

Portfolio Composition
(as a percentage of total investments)

At October 31, 2015

	<u>%</u>
Transportation	13.7
Healthcare	13.6
Water & Sewer	11.6
General Obligation	10.8
Special Tax	10.5
Pre-refunded	10.1
Education	9.7
Misc. Revenue	7.4
Electric & Gas	5.2
Airports	3.6
Tobacco	2.0
Cash	1.5
Housing	0.3
	<u>100.0</u>

The accompanying notes are an integral part of these financial statements.

DTF TAX-FREE INCOME INC.
STATEMENT OF ASSETS AND LIABILITIES
October 31, 2015

ASSETS:

Investments, at value (cost \$185,012,203)	\$198,195,940
Cash	3,041,372
Interest receivable	2,729,959
Prepaid expenses	<u>17,020</u>
Total assets	<u>203,984,291</u>

LIABILITIES:

Investment advisory fee (Note 3)	86,571
Administrative fee (Note 3)	16,511
Interest payable on Variable Rate MuniFund Term Preferred Shares (Note 7)	78,375
Accrued expenses	63,043
Variable Rate MuniFund Term Preferred Shares (650 shares issued and outstanding, liquidation preference \$100,000 per share net of deferred offering cost of \$241,459) (Note 7)	<u>64,758,541</u>
Total liabilities	<u>65,003,041</u>

NET ASSETS APPLICABLE TO COMMON STOCK \$138,981,250

CAPITAL:

Common stock (\$0.01 par value per share; 599,999,350 shares authorized, 8,519,010 issued and outstanding)	\$85,190
Additional paid-in capital	120,451,204
Undistributed net investment income	4,857,036
Accumulated net realized gain on investments	404,083
Net unrealized appreciation on investments	<u>13,183,737</u>
Net assets applicable to common stock	<u><u>\$138,981,250</u></u>

NET ASSET VALUE PER SHARE OF COMMON STOCK \$16.31

The accompanying notes are an integral part of these financial statements.

DTF TAX-FREE INCOME INC.
STATEMENT OF OPERATIONS
For the year ended October 31, 2015

INVESTMENT INCOME:

Interest	<u>\$8,519,310</u>
----------------	--------------------

EXPENSES:

Investment advisory fees (Note 3)	1,025,670
Interest expense and amortization of deferred offering costs on preferred shares (Note 7)	1,021,271
Administrative fees (Note 3)	196,188
Directors' fees	98,399
Professional fees	83,540
Custodian fees	56,347
Reports to shareholders	37,500
Transfer agent fees	27,735
Registration fees	23,751
Other expenses	<u>36,037</u>
Total expenses	<u>2,606,438</u>
Net investment income	<u>5,912,872</u>

REALIZED AND UNREALIZED GAIN (LOSS):

Net realized gain on investments	679,577
Net change in unrealized appreciation (depreciation) on investments	<u>(2,680,669)</u>
Net realized and unrealized loss	<u>(2,001,092)</u>

**NET INCREASE IN NET ASSETS APPLICABLE TO COMMON STOCK
RESULTING FROM OPERATIONS**

\$3,911,780

The accompanying notes are an integral part of these financial statements.

DTF TAX-FREE INCOME INC.
STATEMENTS OF CHANGES IN NET ASSETS

	<u>For the year ended October 31, 2015</u>	<u>For the year ended October 31, 2014</u>
OPERATIONS:		
Net investment income	\$5,912,872	\$6,233,028
Net realized gain	679,577	330,223
Net change in unrealized appreciation (depreciation)	<u>(2,680,669)</u>	<u>8,798,600</u>
Net increase in net assets applicable to common stock resulting from operations	<u>3,911,780</u>	<u>15,361,851</u>
DISTRIBUTIONS TO COMMON STOCKHOLDERS:		
Net investment income	<u>(7,155,967)</u>	<u>(7,243,629)</u>
Decrease in net assets from distributions to common stockholders (Note 5)	<u>(7,155,967)</u>	<u>(7,243,629)</u>
Total increase (decrease) in net assets	(3,244,187)	8,118,222
TOTAL NET ASSETS APPLICABLE TO COMMON STOCK:		
Beginning of year	<u>142,225,437</u>	<u>134,107,215</u>
End of year (including undistributed net investment income of \$4,857,036 and \$6,025,583, respectively)	<u>\$138,981,250</u>	<u>\$142,225,437</u>

The accompanying notes are an integral part of these financial statements.

DTF TAX-FREE INCOME INC.
STATEMENT OF CASH FLOWS
For the year ended October 31, 2015

INCREASE (DECREASE) IN CASH

Cash flows provided by (used in) operating activities:

Interest received	\$9,703,805
Expenses paid	(1,602,304)
Interest expense paid	(936,409)
Purchase of investment securities	(34,505,422)
Proceeds from sales and maturities of investment securities	<u>33,245,240</u>
Net cash provided by operating activities	\$5,904,910

Cash flows provided by (used in) financing activities:

Distributions paid	<u>(7,155,967)</u>
Net cash used in financing activities	<u>(7,155,967)</u>
Net decrease in cash	(1,251,057)
Cash—beginning of year	<u>4,292,429</u>
Cash—end of year	<u><u>\$3,041,372</u></u>

Reconciliation of net increase in net assets resulting from operations to net cash provided by operating activities:

Net increase in net assets resulting from operations	\$3,911,780
Purchase of investment securities	(34,505,422)
Proceeds from sales and maturities of investment securities	33,245,240
Net amortization and accretion of premiums and discounts on debt securities	1,058,915
Amortization of deferred offering costs	85,983
Net realized gain on investments	(679,577)
Net change in unrealized (appreciation) depreciation on investments	2,680,669
Decrease in interest receivable	125,580
Decrease in accrued interest payable on Variable Rate MuniFund Term Preferred Shares	(1,121)
Decrease in accrued expenses	<u>(17,137)</u>
Total adjustments	<u>1,993,130</u>

Net cash provided by operating activities	<u><u>\$5,904,910</u></u>
---	---------------------------

The accompanying notes are an integral part of these financial statements.

DTF TAX-FREE INCOME INC.

FINANCIAL HIGHLIGHTS—SELECTED PER SHARE DATA AND RATIOS

The table below provides information about income and capital changes for a share of common stock outstanding throughout the years indicated (excluding supplemental data provided below):

	For the year ended October 31,				
	2015	2014	2013	2012	2011
PER SHARE DATA:					
Net asset value, beginning of year	\$16.70	\$15.74	\$17.39	\$16.23	\$16.47
Net investment income	0.69	0.73	0.84	0.90	0.92
Net realized and unrealized gain (loss)	(0.24)	1.08	(1.64)	1.16	(0.25)
Distributions on remarketed preferred stock from net investment income ⁽¹⁾	—	0.00	(0.01)	(0.01)	(0.01)
Distributions on remarketed preferred stock from net realized gains ⁽¹⁾	—	—	—	— ⁽²⁾	— ⁽²⁾
Net increase (decrease) from investment operations applicable to common stock	0.45	1.81	(0.81)	2.05	0.66
Distributions on common stock:					
Net investment income	(0.84)	(0.85)	(0.84)	(0.84)	(0.80)
Net realized gains	—	—	—	(0.05)	(0.10)
Total distributions	(0.84)	(0.85)	(0.84)	(0.89)	(0.90)
Net asset value, end of year	\$16.31	\$16.70	\$15.74	\$17.39	\$16.23
Per share market value, end of year	\$15.13	\$15.15	\$14.16	\$17.99	\$15.54
RATIOS TO AVERAGE NET ASSETS APPLICABLE TO COMMON STOCK:					
Operating expenses	1.86%	1.89%	1.36%	1.21%	1.23%
Operating expenses, without leverage	1.11%	1.13%	1.14%	1.13%	1.14%
Net investment income	4.21%	4.51%	5.03%	5.35%	5.90%
SUPPLEMENTAL DATA:					
Total return on market value ⁽³⁾	5.55%	13.19%	(16.98)%	22.08%	2.73%
Total return on net asset value ⁽³⁾	2.77%	11.79%	(4.75)%	12.95%	4.36%
Portfolio turnover rate	16%	9%	15%	11%	6%
Asset coverage ratio on preferred stock, end of year	314%	319%	306%	328%	312%
Net assets applicable to common stock, end of year (000's omitted)	\$138,981	\$142,225	\$134,107	\$148,127	\$138,105

⁽¹⁾ The remarketed preferred stock was fully redeemed in 2013.

⁽²⁾ Amount per share is less than \$0.01.

⁽³⁾ Total return on market value assumes a purchase of common stock at the opening market price on the first business day and a sale at the closing market price on the last business day of each year shown in the table and assumes reinvestment of dividends at the actual reinvestment prices obtained under the terms of the Fund's dividend reinvestment plan. Total return on net asset value uses the same methodology, but with use of net asset value for beginning, ending and reinvestment values.

The accompanying notes are an integral part of these financial statements.

DTF TAX-FREE INCOME INC.
NOTES TO FINANCIAL STATEMENTS
October 31, 2015

Note 1. Organization

DTF Tax-Free Income Inc. (the “Fund”) was incorporated under the laws of the State of Maryland on September 24, 1991 as a diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”). The Fund’s investment objective is current income exempt from regular federal income tax consistent with preservation of capital.

Note 2. Significant Accounting Policies

The following are the significant accounting policies of the Fund.

A. Investment Valuation: Debt securities are generally valued based on the evaluated bid using process provided by one or more dealers regularly making a market in that security, an independent pricing service, or quotes from broker-dealers, when such prices are believed to reflect the fair value of such securities and are generally classified as Level 2. 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 for which it is determined that market prices are unavailable or inappropriate are valued at fair value using a procedure determined in good faith by the Board of Directors and are classified as Level 2 or 3 based on the valuation inputs.

B. Investment Transactions and Investment Income: Securities transactions are recorded on the trade date. Realized gains and losses on sales of securities are determined on the identified cost basis. Interest income is recorded on the accrual basis. The Fund amortizes premiums and accretes discounts on securities using the effective interest method.

C. Federal Income Taxes: It is the Fund’s intention to comply with requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable income and capital gains to its shareholders. Therefore, no provision for federal income or excise taxes is required. Management of the Fund has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements. Since tax authorities can examine previously filed tax returns, the Fund’s tax returns filed for the tax years 2012 to 2015 are subject to such review.

D. Dividends and Distributions: The Fund declares and pays dividends on its common stock monthly from net investment income. Net long-term capital gains, if any, in excess of loss carryforwards are expected to be distributed annually. Dividends and distributions are recorded on the ex-dividend date. Dividends on the Fund’s Variable Rate MuniFund Term Preferred Shares (“VMTP Shares”) are accrued on a daily basis and paid on a monthly basis and are determined as described in Note 8.

The amount and timing of distributions are generally determined in accordance with federal tax regulations, which may differ from U.S. generally accepted accounting principles.

E. Use of Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

F. Accounting Standards: The Fund adopted Accounting Standards Update (“ASU”) 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which requires that debt issuance costs related to a recognized debt liability be presented in the Statement of Assets and Liabilities as a direct deduction from the carrying amount of that debt liability.

DTF TAX-FREE INCOME INC.
NOTES TO FINANCIAL STATEMENTS—(Continued)
October 31, 2015

Note 3. Agreements and Management Arrangements

A. Adviser: The Fund has an Advisory Agreement with Duff & Phelps Investment Management Co. (the “Adviser”), an indirect, wholly owned subsidiary of Virtus Investment Partners, Inc. (“Virtus”). The investment advisory fee is payable monthly at an annual rate of 0.50% of the Fund’s average weekly managed assets, which is defined as the average weekly value of the total assets of the Fund minus the sum of all accrued liabilities of the Fund (other than the aggregate amount of any outstanding borrowings or other indebtedness constituting financial leverage).

B. Administrator: The Fund has an Administration Agreement with J.J.B. Hilliard, W.L. Lyons, LLC (“Hilliard”). The administration fee is payable quarterly at an annual rate of 0.14% of the Fund’s average weekly net assets, which is defined as the average weekly value of the total assets of the Fund minus the sum of all accrued liabilities of the Fund (including aggregate amount of any outstanding borrowings or other indebtedness constituting financial leverage).

C. Directors: The Fund pays each director not affiliated with the Adviser an annual fee plus a fee for certain meetings of the board or committees of the board attended. Total fees paid to directors for the twelve months ended October 31, 2015 were \$98,399.

D. Affiliated Shareholder: At October 31, 2015, Virtus Partners, Inc. (a wholly owned subsidiary of Virtus) held 30,643 shares of the Fund which represent 0.36% of shares of common stock outstanding. These shares may be sold at any time.

Note 4. Investment Transactions

Purchases and sales of investment securities (excluding short-term investments) for the year ended October 31, 2015 were \$31,761,484 and \$33,245,240, respectively.

Note 5. Distributions and Tax Information

At October 31, 2015, the federal tax cost and aggregate gross unrealized appreciation (depreciation) were as follows:

<u>Federal Tax Cost</u>	<u>Unrealized Appreciation</u>	<u>Unrealized Depreciation</u>	<u>Net Unrealized Appreciation</u>
\$184,958,600	\$13,590,273	\$(352,933)	\$13,237,340

The difference between the book-basis and tax-basis of unrealized appreciation (depreciation) is primarily attributable to the difference between book and tax amortization methods for premiums and discounts on fixed income securities.

The tax character of distributions paid during the fiscal year ended October 31, 2015 and 2014 was as follows:

	<u>2015</u>	<u>2014</u>
<i>Distributions paid from:</i>		
Tax-exempt income	\$8,092,377	\$8,101,607
Ordinary income	—	91,284
Long-term capital gains	—	—
Total distributions	<u>\$8,092,377</u>	<u>\$8,192,891</u>

DTF TAX-FREE INCOME INC.
NOTES TO FINANCIAL STATEMENTS—(Continued)
October 31, 2015

At October 31, 2015, the components of distributable earnings on a tax basis were as follows:

Undistributed net tax-exempt income	\$4,881,808
Undistributed net ordinary income	—
Other accumulated gain	404,083
Other ordinary timing differences	(78,375)
Unrealized net appreciation (depreciation)	13,237,340
	<u>\$18,444,856</u>

Note 6. Reclassification of Capital Accounts

Due to inherent differences in the recognition and distribution of income and realized gains (losses) under U.S. generally accepted accounting principles and for federal income tax purposes, permanent differences between book and tax basis reporting have been identified and appropriately reclassified on the Statement of Assets and Liabilities. At October 31, 2015, the following reclassifications were recorded:

<u>Paid-in Capital</u>	<u>Accumulated net realized loss on investments</u>	<u>Undistributed net investment income</u>
\$(85,983)	\$11,435	\$74,548

The reclassifications are attributable to expenses related to the VMTP Shares offering and deminimis market discount. These reclassifications have no impact on the net asset value of the fund.

Note 7. Variable Rate MuniFund Term Preferred Shares

On August 22, 2013, the Fund issued 650 shares of VMTP Shares with a liquidation preference of \$100,000 per share. Proceeds from the issuance of VMTP Shares were used to redeem all of the Fund's outstanding RP shares. VMTP Shares are a floating-rate form of preferred shares with a mandatory redemption date. The Fund is required to redeem all outstanding VMTP Shares on August 21, 2018, unless earlier redeemed, repurchased or extended. VMTP Shares are subject to optional and mandatory redemption in certain circumstances. The redemption price per share is equal to the sum of the liquidation value per share plus any accumulated but unpaid dividends and a redemption premium, if any.

Key terms of the series of VMTP Shares at October 31, 2015 are as follows:

Series	Shares Outstanding	Liquidation Preference	Quarterly Rate Reset	Rate	Mandatory Redemption Date
2018	650	\$65,000,000	SIFMA Municipal Swap Index + 1.40%	1.41%	8/21/2018

The Fund incurred costs in connection with the issuance of the VMTP Shares. These costs were recorded as a deferred charge and are being amortized over the 5 year life of the VMTP Shares. Amortization of these deferred offering costs of \$85,983 is included under the caption "Interest expense and amortization of deferred offering cost on preferred shares" on the Statement of Operations and the unamortized balance is deducted from the carrying amount of the VMTP shares under the caption "Variable Rate MuniFund Term Preferred Shares" on the Statement of Assets and Liabilities.

Dividends paid on the VMTP Shares (which are treated as interest expense for financial reporting purposes) are accrued daily and paid monthly. The dividend rate for each weekly period will be the sum of the Applicable Spread of 1.40% per annum (subject to adjustment in the event of a ratings downgrade of the VMTP Shares) plus the Securities

DTF TAX-FREE INCOME INC.
NOTES TO FINANCIAL STATEMENTS—(Continued)
October 31, 2015

Industry and Financial Markets Association Municipal Swap Index (the “SIFMA” Index). The average liquidation value outstanding and the average annualized dividend rate of the VMTP Shares during the year ended October 31, 2015, were \$65,000,000 and 1.44%, respectively.

The Fund is subject to certain restrictions relating to the VMTP Shares, such as maintaining certain asset coverage, effective leverage ratio and overcollateralization ratio requirements. Failure to comply with these restrictions could preclude the Fund from declaring any distributions to common shareholders or purchasing common shares and/or could trigger the mandatory redemption of the VMTP Shares at liquidation value.

For financial reporting purposes, the liquidation value of the VMTP Shares, which are considered debt of the Fund, is recorded as a liability under the caption “Variable Rate MuniFund Term Preferred Shares” on the Statement of Assets and Liabilities. Unpaid dividends on VMTP Shares are shown under the caption “Accrued interest payable on Variable Rate MuniFund Term Preferred Shares” on the Statement of Assets and Liabilities. Dividends paid on VMTP Shares are recognized as a component of “Interest expense and amortization of deferred offering cost on preferred shares” on the Statement of Operations.

Note 8. Indemnifications

Under the Fund’s organizational documents, its officers and directors are indemnified against certain liabilities arising out of the performance of their duties to the Fund. In addition, in the normal course of business, the Fund enters into contracts that provide general indemnifications to other parties. The Fund’s maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not occurred. However, the Fund has not had prior claims or losses pursuant to these arrangements and expects the risk of loss to be remote.

Note 9. Subsequent Events

Management has evaluated the impact all subsequent events on the Fund through the date the financial statements were issued and has determined that, other than those described above, there were no subsequent events requiring recognition or disclosure in these financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Shareholders and Board of Directors of
DTF Tax-Free Income Inc.:

We have audited the accompanying statement of assets and liabilities of DTF Tax-Free Income Inc. (the Fund), including the schedule of investments, as of October 31, 2015, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of October 31, 2015, by correspondence with the custodian. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of DTF Tax-Free Income Inc. at October 31, 2015, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

Chicago, Illinois
December 18, 2015

TAX INFORMATION (Unaudited)

The Fund did not pay ordinary income or long-term capital gains dividends during the taxable year ended October 31, 2015. All of the other net investment income distributions paid by the Fund qualify and are designated as tax-exempt interest dividends for Federal income tax purposes.

INFORMATION ABOUT PROXY VOTING BY THE FUND (Unaudited)

Although the Fund does not typically hold voting securities, a description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available without charge, upon request, by calling the Administrator toll-free at (888) 878-7845 or is available on the Fund's website www.dtffund.com or on the SEC's website www.sec.gov.

INFORMATION ABOUT THE FUND'S PORTFOLIO HOLDINGS (Unaudited)

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third fiscal quarters of each fiscal year (quarters ended January 31 and July 31) on Form N-Q. The Fund's Form N-Q is available on the SEC's web site at www.sec.gov and may be reviewed and copied at the SEC's Public Reference Room in Washington D.C. Information on the operation of the SEC's Public Reference Room may be obtained by calling (800) 732-0330. In addition, the Fund's Form N-Q is available without charge, upon request, by calling the Administrator toll-free at (888) 878-7845 or is available on the Fund's website at www.dtffund.com.

ADDITIONAL INFORMATION (Unaudited)

Since October 31, 2014: (i) there have been no material changes in the Fund's investment objectives or policies that have not been approved by the shareholders; (ii) there have been no changes in the Fund's charter or by-laws that would delay or prevent a change in control of the Fund which have not been approved by the shareholders; (iii) there have been no material changes in the principal risk factors associated with an investment in the Fund; and (iv) there have been no changes in the persons who are primarily responsible for the day-to-day management of the Fund's portfolio.

Additional information, if any, relating to the Fund's directors and officers, in addition to such information as is found elsewhere in the Annual Report, may be requested by contacting the Fund at the address provided in this report.

Notice is hereby given in accordance with Section 23(c) of the 1940 Act that the Fund may from time to time purchase its shares of common stock in the open market.

INFORMATION ABOUT DIRECTORS AND OFFICERS OF THE FUND (Unaudited)

Set forth below are the names and certain biographical information about the directors of the Fund. Directors are divided into three classes and are elected to serve staggered three-year terms. All of the directors are elected by the holders of the Fund's common stock, except for Mr. Pollard who is elected by the holders of the Fund's preferred stock. All of the current directors of the Fund, with the exception of Mr. Partain, are classified as independent directors because none of them are "interested persons" of the Fund, as defined in the 1940 Act. Mr. Partain is an "interested person" of the Fund by reason of his position as President and Chief Executive Officer of the Fund and President, Chief Investment Officer and employee of the Adviser. The term "Fund Complex" refers to the Fund and all the other investment companies advised by affiliates of Virtus.

The address for all directors is c/o Duff & Phelps Investment Management Co., 200 South Wacker Drive, Suite 500, Chicago, Illinois 60606. All of the Fund's directors currently serve on the Board of Directors of three other registered closed-end investment companies that are advised by Duff & Phelps Investment Management Co.: DNP Select Income Fund Inc. ("DNP"), Duff & Phelps Global Utility Income Fund Inc. ("DPG") and Duff & Phelps Utility and Corporate Bond Trust Inc. ("DUC").

DIRECTORS OF THE FUND (Unaudited)

Independent Directors

Name and Age	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships Held by the Director During Past 5 Years
Donald C. Burke Age: 55	Director	Term expires 2018; Director since 2014	Retired since 2009; Managing Director, BlackRock, Inc. 2006-2009; President and Chief Executive Officer, BlackRock U.S. Funds 2007-2009; Managing Director, Merrill Lynch Investment Managers 1990-2006	4	Director, Avista Corp. (energy company); Trustee, Goldman Sachs Fund Complex 2010-2014; BlackRock Luxembourg and Cayman Funds 2006-2010
Stewart E. Conner Age: 74	Director	Term expires 2015; Director since 2009	Retired since 2005; Attorney, Wyatt Tarrant & Combs LLP 1966-2005 (Chairman, Executive Committee 2000-2004; Managing Partner 1988-2000)	4	
Robert J. Genetski Age: 73	Director	Term expires 2016; Director since 2009	Co-owner, Good Industries, Inc. (branding company) since 2014; President, Robert Genetski & Associates, Inc. (economic and financial consulting firm) since 1991; Senior Managing Director, Chicago Capital Inc. (financial services firm) 1995-2001; former Senior Vice President and Chief Economist, Harris Trust & Savings Bank; author of several books	4	
Philip R. McLoughlin Age: 69	Director	Term expires 2016; Director since 1996	Private investor since 2010; Partner, CrossPond Partners, LLC (investment management consultant) 2006-2010; Managing Director, SeaCap Partners LLC (strategic advisory firm) 2009-2010	66	Chairman of the Board, The World Trust Fund (closed-end fund) since 2010 (Director since 1991)

Name and Age	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships Held by the Director During Past 5 Years
Geraldine M. McNamara Age: 64	Director	Term expires 2017; Director since 2003	Private investor since 2006; Managing Director, U.S. Trust Company of New York 1982-2006	56	
Eileen A. Moran Age: 61	Director	Term expires 2018; Director since 1996	Private investor since 2011; President and Chief Executive Officer, PSEG Resources L.L.C. (investment company) 1990-2011	4	
Christian H. Poindexter Age: 77	Director	Term expires 2017; Director since 2008	Retired since 2003; Executive Committee Chairman, Constellation Energy Group, Inc. (public utility holding company) 2002-2003 (Chairman of the Board 1999-2002; Chief Executive Officer 1999-2001; President 1999-2000); Chairman, Baltimore Gas and Electric Company 1993-2002 (Chief Executive Officer 1993-2000; President 1998-2000; Director 1988-2003)	4	Director, The Baltimore Life Insurance Company 1998-2011
Carl F. Pollard Age: 77	Director	Term expires 2017; Director since 2006	Owner, CFP Thoroughbreds LLC (f/k/a Hermitage Farm LLC) since 1995; Chairman, Columbia Healthcare Corporation 1993-1994; Chairman and Chief Executive Officer, Galen Health Care, Inc. March-August 1993; President and Chief Operating Officer, Humana Inc. 1991-1993 (previously Senior Executive Vice President, Executive Vice President and Chief Financial Officer)	4	Director, Churchill Downs Incorporated 1985-2011 (Chairman of the Board 2001-2011)
David J. Vitale Age: 69	Director and Chairman of the Board	Term expires 2018; Director since 2005	Chairman of the Board of the Fund, DNP and DUC since 2009 and DPG since 2011; Chairman, Urban Partnership Bank since 2010; President, Chicago Board of Education 2011-2015; Senior Advisor to the CEO, Chicago Public Schools 2007-2008 (Chief Administrative Officer 2003-2007); President and Chief Executive Officer, Board of Trade of the City of Chicago, Inc. 2001-2002; Vice Chairman and Director, Bank One Corporation 1998-1999; Vice Chairman and Director, First Chicago NBD Corporation, and President, The First National Bank of Chicago 1995-1998; Vice Chairman, First Chicago Corporation and The First National Bank of Chicago 1993-1998 (Director 1992-1998; Executive Vice President 1986-1993)	4	Director, United Continental Holdings, Inc. (airline holding company; f/k/a UAL Corporation), Urban Partnership Bank, Ariel Capital Management, LLC and Wheels, Inc. (automobile fleet management)

Interested Director

Name and Age	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships Held by the Director During Past 5 Years
Nathan I. Partain, CFA Age: 59	Director, President and Chief Executive Officer	Term expires 2016; Director since 2007	President and Chief Investment Officer of the Adviser since 2005 (Executive Vice President 1997-2005); Director of Utility Research, Duff & Phelps Investment Research Co. 1989-1996 (Director of Equity Research 1993-1996 and Director of Fixed Income Research 1993); President and Chief Executive Officer of the Fund and DUC since 2004 and of DPG since 2011; President and Chief Executive Officer of DNP since 2001 (Chief Investment Officer since 1998; Executive Vice President 1998-2001; Senior Vice President 1997-1998)	4	Chairman of the Board and Director, Otter Tail Corporation (manages diversified operations in the electric, plastics, manufacturing and other business operations sectors)

OFFICERS OF THE FUND (Unaudited)

The officers of the Fund are elected at the annual meeting of the board of directors of the Fund and serve until their respective successors are chosen and qualified. The Fund's officers receive no compensation from the Fund, but are also officers of the Adviser or Virtus and receive compensation in such capacities. Information pertaining to Nathan I. Par-tain, the President and Chief Executive Officer of the Fund, is provided above under the caption "Interested Director". Information pertaining to the other officers of the Fund is set forth below.

Name, Address and Age	Position(s) Held with Fund and Length of Time Served	Principal Occupation(s) During Past 5 Years
Timothy M. Heaney, CFA Virtus Investment Partners, Inc. 100 Pearl Street Hartford, CT 06103 Age: 50	Chief Investment Officer since 2004 (Vice President since 1997; Portfolio Manager 1997-2004)	Senior Managing Director of the Adviser since 2014 (Senior Vice President 2004-2014; Vice President 1997-2004); Senior Portfolio Manager, Fixed Income, Newfleet Asset Management, LLC since 2011; Senior Managing Director, Fixed Income, Virtus Investment Advisors, Inc. (and predecessor firms) 2006-2011 (Managing Director, Fixed Income 1997-2006; Director, Fixed Income Research 1996-1997; Investment Analyst 1992-1996)
Lisa H. Leonard Virtus Investment Partners, Inc. 100 Pearl Street Hartford, CT 06103 Age: 52	Vice President since 2006	Managing Director of the Adviser since 2014 (Vice President 2006-2014; Assistant Vice President 1998-2006); Portfolio Manager, Fixed Income, Newfleet Asset Management, LLC since 2011; Managing Director, Fixed Income, Virtus Investment Advisors, Inc. (and predecessor firms) 2006-2011 (Director, Fixed Income 1998-2006, Director, Investment Operations 1994-1998, Fixed Income Trader 1987-1994)
Alan M. Meder Duff & Phelps Investment Management Co. 200 South Wacker Drive, Suite 500 Chicago, IL 60606 Age: 56	Treasurer since 2000 and Principal Financial and Accounting Officers and Assistant Secretary since 2002	Chief Risk Officer of the Adviser since 2001 and Senior Managing Director since 2014 (Senior Vice President 1994-2014); Board of Governors of CFA Institute 2008-2014 (Chair of the Board of Governors of CFA Institute 2012-2013; Vice Chairman of the Board 2011-2012); Financial Accounting Standards Advisory Council Member 2011-2014
Daniel J. Petrisko, CFA Duff & Phelps Investment Management Co. 200 South Wacker Drive, Suite 500 Chicago, IL 60606 Age: 55	Assistant Secretary since October 2015	Senior Managing Director of the Adviser since 2014 (Senior Vice President 1997-2014; Vice President 1995-1997)
William J. Renahan Virtus Investment Partners, Inc. 100 Pearl Street Hartford, CT 06103 Age: 46	Vice President and Secretary since October 2015	Secretary of the Adviser since 2014 and General Counsel since 2015; Senior Legal Counsel and Vice President, Virtus Investment Partners, Inc. since 2012; Managing Director, Legg Mason, Inc. (and predecessor firms) 1999-2012
Joyce B. Riegel Duff & Phelps Investment Management Co. 200 South Wacker Drive, Suite 500 Chicago, IL 60606 Age: 61	Chief Compliance Officer since 2003	Chief Compliance Officer of the Adviser since 2002 and Senior Managing Director since 2014 (Senior Vice President 2004-2014; Vice President 2002-2004)
Dianna P. Wengler J.J.B. Hilliard, W.L. Lyons, LLC 500 West Jefferson Street Louisville, KY 40202 Age: 55	Vice President and Assistant Secretary since 2014	Vice President, J.J.B. Hilliard, W.L. Lyons, LLC since 1990; Senior Vice President, Hilliard-Lyons Government Fund, Inc. 2006-2010 (Vice President 1998-2006; Treasurer 1988-2010)

DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN (Unaudited)

Pursuant to the Fund's Dividend Reinvestment Plan (the "Plan"), common shareholders may elect to have all distributions of dividends and capital gains automatically reinvested by American Stock Transfer & Trust Company (the "Plan Agent") in shares of common stock of the Fund ("Fund Shares") pursuant to the Plan; provided that such election is subject to the power of the Board of Directors to declare capital gains distributions in the form of stock (if such a declaration is made by the Board of Directors, all shareholders who do not elect to receive cash will receive the distribution in the form of stock whether or not they elect to participate in the Plan). Common shareholders who do not participate in the Plan will receive all distributions in cash (except as described above) paid by check in United States dollars mailed directly to the shareholder of record (or if the shares are held in street or other nominee name, then to the nominee) by the Custodian, as dividend disbursing agent. Common shareholders who wish to participate in the Plan should contact the Fund at 6201 15th Avenue, Brooklyn, New York, 11219 or call toll free (800) 937-5449.

The Plan Agent serves as agent for the common shareholders in administering the Plan. After the Fund declares a dividend or determines to make a capital gain distribution, if (1) the market price is lower than net asset value, the participants in the Plan will receive the equivalent in Fund Shares valued at the market price determined as of the time of purchase (generally, the payment date of the dividend or distribution); or if (2) the market price of Fund Shares on the payment date of the dividend or distribution is equal to or exceeds their net asset value, participants will be issued Fund Shares at the higher of net asset value or 95% of the market price. This discount reflects savings in underwriting and other costs that the Fund otherwise will be required to incur to raise additional capital. If net asset value exceeds the market price of Fund Shares on the payment date or the Fund declares a dividend or other distribution payable only in cash (i.e., if the board of directors precludes reinvestment in Fund Shares for that purpose), the Plan Agent will, as agent for the participants, receive the cash payment and use it to buy Fund Shares in the open market, on the New York Stock Exchange, other national securities exchanges on which the Fund's common stock is listed or elsewhere, for the participants' accounts. If, before the Plan Agent has completed its purchases, the market price exceeds the net asset value of a Fund Share, the average per share purchase price paid by the Plan Agent may exceed the net asset value of Fund Shares, resulting in the acquisition of fewer shares than if the dividend or distribution had been paid in shares issued by the Fund. The Fund will not issue shares under the Plan below net asset value.

Participants in the Plan may withdraw from the Plan upon written notice to the Plan Agent and will receive certificates for whole Fund Shares and a cash payment will be made for any fraction of a Fund Share.

There is no charge to participants for reinvesting dividends or capital gain distributions, except for certain brokerage commissions, as described below. The Plan Agent's fees for the handling of the reinvestment of dividends and distributions will be paid by the Fund. There will be no brokerage commissions charged with respect to shares issued directly by the Fund. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent's open market purchases in connection with the reinvestment of dividends and distributions. The automatic reinvestment of dividends and distributions will not relieve participants of any federal income tax that may be payable on such dividends or distributions.

Experience under the Plan may indicate that changes are desirable. Accordingly, the Fund reserves the right to amend or terminate the Plan as applied to any dividend or distribution paid subsequent to written notice of the change sent to all shareholders of the Fund at least 90 days before the record date for the dividend or distribution. The Plan also may be amended or terminated by the Plan Agent upon at least 90 days written notice to all common shareholders of the Fund. All correspondence concerning the Plan should be directed to the Fund at the address on the front of this report.

The Plan permits Plan participants to periodically purchase additional shares of common stock through the Plan by delivering to the Plan Agent a check for at least \$100, but not more than \$5,000, in any month. The Plan Agent will use the funds to purchase shares in the open market or in private transactions as described above with respect to reinvestment of dividends and distributions. Purchases made pursuant to this feature of the Plan will be made commencing at the time of the first dividend or distribution payment following the second business day after receipt of the funds for additional purchases, and may be aggregated with purchases of shares for reinvestment of the dividends and distributions.

Shares will be allocated to the accounts of participants purchasing additional shares at the average price per share, plus a service charge imposed by the Plan Agent and brokerage commissions (or equivalent purchase costs) paid by the Plan Agent for all shares purchased by it, including for reinvestment of dividends and distributions. Checks drawn on a foreign bank are subject to collection and collection fees, and will be invested at the time of the next distribution after funds are collected by the Plan Agent.

The Plan Agent will make every effort to invest funds promptly, and in no event more than 30 days after the Plan Agent receives a dividend or distribution, except where postponement is deemed necessary to comply with applicable provisions of the federal securities laws.

Funds sent to the Plan Agent for voluntary additional share investment may be recalled by the participant by written notice received by the Plan Agent not later than two business days before the next distribution payment date. If for any reason a regular monthly distribution is not paid by the Fund, funds for voluntary additional share investment will be returned to the participant, unless the participant specifically directs that they continue to be held by the Plan Agent for subsequent investment.

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

Board of Directors

David J. Vitale, Chairman
Donald C. Burke
Stewart E. Conner
Robert J. Genetski
Philip R. McLoughlin
Geraldine M. McNamara
Eileen A. Moran
Nathan I. Partain, CFA
Christian H. Poindexter
Carl F. Pollard

Officers

Nathan I. Partain, CFA, *President & Chief Executive Officer*
Timothy M. Heaney, CFA, *Vice President & Chief Investment Officer*
Lisa H. Leonard, *Vice President*
William J. Renahan, *Vice President & Secretary*
Dianna P. Wengler, *Vice President & Assistant Secretary*
Alan M. Meder, CFA, CPA, *Treasurer & Assistant Secretary*
Joyce B. Riegel, *Chief Compliance Officer*
Daniel J. Petrisko, CFA, *Assistant Secretary*

Investment Adviser

Duff & Phelps Investment Management Co.
200 South Wacker Drive, Suite 500
Chicago, IL 60606
Call toll-free (800) 243-4361 ext. 4941
(860) 263-4941
www.dpimc.com

Administrator

J.J.B. Hilliard, W.L. Lyons, LLC
500 West Jefferson Street
Louisville, KY 40202
Call toll-free (888) 878-7845

Transfer Agent

American Stock Transfer & Trust Company
6201 15th Avenue
Brooklyn, NY 11219
Call toll-free (800) 937-5449

Custodian

State Street Bank and Trust Company

Legal Counsel

Mayer Brown LLP

Independent Registered Public Accounting Firm

Ernst & Young LLP

DTF Tax-Free Income Inc.

Annual Report October 31, 2015

