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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 (833) 604-3163

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, 2017



LETTER TO SHAREHOLDERS

December 14, 2017

Dear Fellow
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” or the “Fund”) with a review of the municipal market environment in which the DTF Fund operates.

The municipal bond market experienced uneven performance over the fiscal year ended October 31, 2017. The market produced a sharply negative return in November of 2016, as political concerns surrounding the presidential election sent interest rates and credit risk spreads higher. However, beginning in December 2016, the trends of higher municipal interest rates and wider credit risk spreads reversed and continued to narrow throughout most of the fiscal year, thereby helping the market to generate a positive return of 2.19% for the fiscal year, as measured by the Bloomberg Barclays Municipal Bond Index. For the fiscal year, longer maturity bonds outperformed shorter and intermediate maturity bonds, as investors were attracted to the higher yields available further out on the yield curve. Additionally, lower quality bonds outperformed higher quality bonds for the entire fiscal year, as investors were willing to take additional risk in their quest for yield. Below investment grade securities (excluding Puerto Rico bonds) generated the best relative performance among credit quality tiers for the year.

Positive technical conditions—a combination of manageable supply and good demand—have mostly driven performance in 2017. However, the technical conditions weakened somewhat as the end of the fiscal year approached. U.S. Treasury yields began to rise, and tax-free interest rates followed, as the markets began to price in the possibility of another interest rate hike by the Federal Open Market Committee (FOMC) in December. Additionally, U.S. Treasury yields were pressured higher as the markets began to anticipate the Federal Reserve initiating a program to reduce the size of its approximate \$4.5 trillion balance sheet. The end of the summer also marked the end of a negative net supply period in the municipal market, which had been highly supportive of market performance. The coming months will tell how the market reacts in a period typically marked by higher issuance and lower coupon/redemption income.

As the fiscal year came to a close, Republicans in Congress released long-awaited, comprehensive plans for major changes to the tax code. The Senate and House Republicans have drafted tax bills that address major areas of the current federal tax law, including lowering the corporate tax rate from 35 percent to 20 percent, changing the personal-income tax brackets, increasing the standard personal-income deduction, limiting the amount of itemized deductions, eliminating the alternative minimum tax and placing limitations on the deductibility of state and local tax income taxes. Additionally, both bills would eliminate the ability of municipal issuers to advance refund outstanding debt, while the House bill also would eliminate private activity bonds from being issued as federally tax exempt. If issuers were no longer able to advance refund older, higher cost debt until reaching the bond’s first call date and/or if private activity bonds would not qualify as federally tax-exempt, future issuance of tax-exempt municipal bonds would likely decline. In addition, demand from growing segments of the market such as banks and insurance companies would most likely be negatively impacted if the corporate tax rate were lowered to 20%. Clearly, the proposed tax legislation has the potential to affect the municipal bond market if passed as currently written. However, given the amount of negotiations expected to occur and the wide variety of possible outcomes, anticipating the ultimate impact on the municipal bond market with any certainty is difficult at this time.

LOOKING AHEAD

Our outlook for municipal bonds remains cautious, as we monitor developments out of Washington and assess their potential impact on the municipal bond market. The challenges faced by the Republican-controlled Congress in its attempts to repeal Obamacare suggest that enacting changes to the tax code and other fiscal policies may be equally arduous and slow. We thus expect the municipal market to mostly track U.S. Treasury yields as we move into 2018. Given the compression of spreads (i.e., between high quality and lower rated municipal bonds) driven by yield-seeking investors, our focus is on higher quality investments because we do not believe in many cases that there is adequate compensation for assuming additional risk. Finally, a self-sustaining economic recovery, rising inflation expectations and growing budget deficits could set the stage for a sustained and meaningful rise in borrowing costs. If that happens, the total return of leveraged bond funds, including the DTF Fund, would likely be reduced, possibly substantially.

THE FUND

In managing the DTF Fund, we continue to emphasize an investment strategy of investing mostly in “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. While 5% coupon bonds represent the lion’s share of the Fund’s holdings, we continue to selectively purchase bonds with coupons below 5% in an effort to add incremental yield without increasing credit risk. As of October 31, 2017, the DTF Fund held over 90% of its total assets in municipal bonds rated “A” or higher across multiple sectors. Pre-refunded, healthcare, water & sewer, general obligation, and education bonds represented the DTF Fund’s top five industry exposures. The DTF Fund continues to favor revenue bonds compared to general obligation bonds, as we prefer the predictable revenue streams and more settled legal structure afforded by revenue bonds. The DTF Fund remains well diversified geographically, with exposure to 31 states and the District of Columbia. The Fund continues to avoid bonds issued by the financially troubled Commonwealth of Puerto Rico or any of its agencies. The Fund remains 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 FOMC 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, 2017, the DTF Fund’s portfolio of investments had an average maturity of 14.7 years and duration of 6.4 years, while the Bloomberg Barclays Municipal Bond Index had an average maturity of 13.0 years and duration of 6.2 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. 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 credit risk and volatility to some degree. However, a sustained and meaningful rise in interest rates from current levels would have the potential to significantly reduce the total return of leveraged bond funds, including the DTF Fund, and would likely put downward pressure on both the net asset value and market prices of such funds.

Despite the challenges facing the municipal market, we believe that higher quality municipal bonds still offer reasonably good relative value and that owning the lowest-rated bonds does not adequately compensate for the risk. The strong demand for lower-rated issues has decreased the yield advantage of taking on the additional credit risk. In addition, we have also limited new purchases of bonds with the very longest maturities as the municipal yield curve remains flat by historical standards. For example, as of October 31, 2017, a 15-year maturity municipal bond yields only 35 basis points less than a comparable bond with a 30-year maturity and has less interest rate risk.

FUND PERFORMANCE

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

Total Return¹			
For the period indicated through October 31, 2017			
	One Year	Three Years (annualized)	Five Years (annualized)
DTF Tax-Free Income Inc.			
Market Value ²	-1.2%	3.2%	0.6%
Net Asset Value ³	1.0%	3.0%	3.1%
Bloomberg Barclays Municipal Bond Index ⁴	2.2%	3.0%	3.0%

- 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 (ratios detailed on page 17 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 Bloomberg Barclays Municipal Bond Index (formerly known as the Barclays Municipal Bond 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: Bloomberg.

As of October 31, 2017, the DTF Fund was paying a \$0.60 per share annualized dividend and had a closing price of \$14.16 per share. After more than 10 years of either maintaining or increasing the Fund's common dividend, the monthly dividend was reduced to \$0.05 per share beginning with the April 2017 dividend. As noted above, an extended environment of historically low interest rates has added a significant element of reinvestment risk to bond funds, including the DTF Fund. When bonds held in a portfolio mature or are called for redemption during a period of low interest rates, the proceeds generally need to be reinvested in lower yielding securities. Due to the DTF Fund's investment policies, which allow it to purchase only investment grade bonds, a prolonged period of relatively low interest rates and modest reinvestment opportunities has reduced the availability of earnings to the DTF Fund. In addition, an increase in the cost of leverage relative to investment yields has further reduced the availability of earnings. The recent dividend cut was intended to better align the DTF Fund's monthly distribution with its current and projected earnings and is subject to re-evaluation as the interest rate and credit environment changes. If the Fund's net earnings continue to fall short of its dividend payout, the Fund could see its balance of undistributed net income decline further, possibly necessitating further dividend reductions.

BOARD OF DIRECTORS MEETING

At the regular September 2017 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>
5.0	October 16	October 31
5.0	November 15	November 30
5.0	December 15	December 29

At the regular December 2017 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>
5.0	January 16	January 31
5.0	February 15	February 28
5.0	March 15	March 29

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, 2017, 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 33% 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 DTF Fund’s portfolio and could also adversely affect the income provided from leverage. If the DTF Fund were to conclude that the use of leverage was likely to cease being beneficial, it could modify the amount and type of leverage it uses or eliminate the use of leverage entirely.

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
Vice President and Chief Investment Officer

Nathan I. Partain, CFA
Director, President and 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, 2017

Principal Amount (000)	Description (a)	Value	Principal Amount (000)	Description (a)	Value
LONG-TERM INVESTMENTS—146.5%			\$500	California St. Gen. Oblig., 5.50%, 3/01/40	\$548,285
Alaska—0.2%			2,000	California St. Pub. Wks. Brd. Lease Rev., Dept. of Corrections and Rehab., 5.25%, 9/01/29	2,364,440
\$290	Anchorage Elec. Util. Rev., 5.00%, 12/01/36	\$337,183	2,000	California Statewide Communities Dev. Auth. Rev., St. Joseph Hlth. Sys., 5.75%, 7/01/47, FGIC, Prerefunded 7/01/18 @ \$100 (b)	2,062,940
Arizona—5.3%			575	Contra Costa Cnty. Successor Agy. to Redev. Agy., Tax Allocation, 5.00%, 8/01/35, BAM	673,664
1,350	Arizona St. Univ. Rev., 5.00%, 7/01/37	1,575,896	1,000	Garden Grove Successor Agy. to Agy. Cmty. Dev., Tax Allocation, 5.00%, 10/01/31, BAM	1,174,520
650	Arizona St. Hlth. Fac. Auth. Rev., Scottsdale Lincoln Hosp. Proj., 5.00%, 12/01/42	726,771	2,000	Gilroy Unified Sch. Dist. Gen. Oblig., 4.00%, 8/01/41	2,085,440
1,000	Maricopa Cnty. Incl. Dev. Auth. Rev., 4.00%, 1/01/34	1,064,710	2,825	Golden St. Tobacco Securitization Corp. Rev., 5.75%, 6/01/47	2,824,915
500	Northern Arizona Univ. Rev., 5.00%, 6/01/40	571,815	280	Lancaster Successor Agy. to Redev. Agy., Tax Allocation, 5.00%, 8/01/33, AGM	327,961
1,000	Northern Arizona Univ. SPEED Rev., (Stimulus Plan for Econ. and Edl. Dev.), 5.00%, 8/01/38	1,129,600	1,000	Los Angeles Cnty. Santn. Dists. Fin. Auth. Rev., 5.00%, 10/01/34	1,181,620
2,000	Salt River Proj. Agric. Impvt. & Pwr. Dist. Rev., 5.00%, 1/01/38, Prerefunded 1/01/18 @ \$100 (b)	2,013,200	1,000	Manteca City Wtr. Rev., 5.00%, 7/01/33	1,137,230
		<u>7,081,992</u>	250	Palm Desert Successor Agy. to Redev. Agy., Tax Allocation, 5.00%, 10/01/28, BAM	302,833
California—23.6%			2,500	Riverside Cnty. Sngl. Fam. Rev., 7.80%, 5/01/21, Escrowed to maturity (b)	3,041,350
2,000	Bay Area Toll Auth. Rev., 5.125%, 4/01/39, Prerefunded 4/01/19 @ \$100 (b)	2,115,520	780	Sacramento Successor Agy. to Redev. Agy., Tax Allocation, 5.00%, 12/01/24, BAM	937,755
1,500	California St. Hlth. Facs. Fin. Auth. Rev., Sutter Hlth., 5.00%, 11/15/46	1,713,945	1,215	San Marcos Successor Agy. to Redev. Agy., Tax Allocation, 5.00%, 10/01/32	1,441,440
275	California St. Hlth. Facs. Fin. Auth. Rev., Providence St. Joseph Hlth., 4.00%, 10/01/36	289,776	2,000	San Mateo Successor Agy. to Redev. Agy., Tax Allocation, 5.00%, 8/01/30	2,315,000
1,000	California St. Hlth. Facs. Fin. Auth. Rev., Kaiser Permanente, 4.00%, 11/01/44	1,049,670	1,000	Temple City Unified Sch. Dist. Gen. Oblig., 4.00%, 8/01/43	1,044,260
100	California St. Muni. Fin. Auth. Student Hsg. Rev., Bowles Hall Foundation, 5.00%, 6/01/35	109,979			<u>31,517,758</u>
500	California St. Gen. Oblig., 5.50%, 3/01/26 Prerefunded 3/01/18 @ \$100 (b)	507,585			
1,000	California St. Gen. Oblig., 5.00% 10/01/28	1,199,230			
1,000	California St. Gen. Oblig., 6.00%, 4/01/38	1,068,400			

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

DTF TAX-FREE INCOME INC.
SCHEDULE OF INVESTMENTS—(Continued)
October 31, 2017

Principal Amount (000)	Description (a)	Value	Principal Amount (000)	Description (a)	Value
Colorado—2%			\$1,000	Hillsborough Cnty. Aviation Auth. Rev., Tampa Int'l. Arpt., 5.00%, 10/01/44	\$1,100,400
\$400	Denver Conv. Center & Hotel Auth. Rev., 5.00%, 12/01/27	\$471,876	500	Lee Cnty. Tran. Fac. Rev., 5.00%, 10/01/35, AGM	580,625
1,000	Eagle River Wtr. & Santn. Dist. Enterprise Wstwtr. Rev., 5.00%, 12/01/42	1,125,680	1,080	Miami Beach Hlth. Facs. Auth. Hosp. Rev. Ref., 5.00%, 11/15/39	1,167,653
880	Public Auth. for Colorado Energy, Natural Gas Purch. Rev., 6.25%, 11/15/28	1,126,946	500	Miami Beach Redev. Agy. Rev., 5.00%, 2/01/40, AGM	568,145
		<u>2,724,502</u>	500	Miami-Dade Cnty. Expwy. Auth. Rev., 5.00%, 7/01/33	578,670
Connecticut—2.6%			1,065	Miami-Dade Cnty. Ed. Facs. Auth. Rev., 5.00%, 4/01/45	1,193,588
700	Connecticut St. Hlth. & Edl. Facs. Auth. Rev., Hartford HlthCare., 5.00%, 7/01/32	758,037	2,220	Miami-Dade Cnty. Sch. Brd. Ref. COP, 5.00%, 2/01/34	2,536,927
1,000	Connecticut St. Hlth. & Edl. Facs. Auth. Rev., Hartford HlthCare., 5.00%, 7/01/41	1,070,210	250	Miami-Dade Cnty. Aviation Rev., 5.00%, 10/01/32	277,747
550	Connecticut St. Hlth. & Edl. Facs. Auth. Rev., Yale-New Haven Hosp., 5.00%, 7/01/48	599,599	2,000	Orlando and Orange Cnty. Expwy. Auth. Rev., 5.00%, 7/01/35	2,270,380
1,000	South Central Connecticut Reg. Wtr. Auth. Rev., 5.00%, 8/01/41	1,113,500	1,000	Reedy Creek Impvt. Dist. Gen. Oblig., 5.00%, 6/01/38	1,142,880
		<u>3,541,346</u>	2,000	Seminole Cnty. Sales Tax Rev., 5.25%, 10/01/31, NRE	2,572,640
District of Columbia—0.8%			2,190	Seminole Cnty. Sch. Brd. COP, 5.00%, 7/01/33	2,541,845
1,000	District of Columbia Inc. Tax Rev., 5.00%, 12/01/31	1,090,920	830	S. Florida Wtr. Mgmt. Dist. COP, 5.00%, 10/01/35	955,944
		<u>1,090,920</u>	200	Tallahassee Hlth. Facs. Rev., Tallahassee Memorial Hlthcare., 5.00%, 12/01/41	217,720
Florida—20.8%			470	Tampa-Hillsborough Cnty. Expwy. Auth. Rev., 5.00%, 7/01/47	539,828
755	Brevard Cnty. Sch. Brd. Ref. COP, 5.00%, 7/01/32	887,759			<u>27,834,952</u>
1,500	Broward Cnty. Port Fac. Rev., 6.00%, 9/01/23	1,628,520	Georgia—2.3%		
1,000	Central Florida Expwy. Auth. Rev., 4.00%, 7/01/36	1,059,300	500	Atlanta Arpt. Passenger Fac. Charge Gen. Rev., 5.00%, 1/01/32	584,670
1,000	Escambia Cnty. Hlth. Fac. Auth. Rev., Baptist Hosp., 6.00%, 8/15/36	1,096,320	300	Atlanta Wtr. & Wstwtr. Rev., 5.00%, 11/01/26	363,534
2,000	Florida St. Brd. of Ed. Cap. Outlay Gen. Oblig., 5.00%, 6/01/41	2,223,880	2,000	Metro. Atlanta Rapid Tran. Auth. Rev., 5.00%, 7/01/39 Prerefunded 7/01/19 @ \$100 (b)	2,126,500
2,350	Florida St. Brd. of Gov. Florida State Univ. Dorm Rev., 5.00%, 5/01/33	2,694,181			<u>3,074,704</u>

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

DTF TAX-FREE INCOME INC.
SCHEDULE OF INVESTMENTS—(Continued)
October 31, 2017

Principal Amount (000)	Description (a)	Value	Principal Amount (000)	Description (a)	Value
	Illinois—13.4%				
\$500	Chicago Multi-Family Hsg. Rev., 4.90%, 3/20/44, FHA	\$521,805	\$1,000	Univ. of Illinois Aux. Facs. Sys. Rev., 5.00%, 4/01/34	\$1,107,880
1,000	Chicago O'Hare Intl. Arpt. Rev., Customer Fac. Charge, 5.125%, 1/01/30, AGM	1,137,820			<u>17,928,863</u>
620	Chicago O'Hare Intl. Arpt. Rev., 5.25%, 1/01/42	727,762	240	Indiana—2.6% Indiana St. Fin. Auth. Hosp. Rev., Indiana Univ. Hlth., 5.00%, 12/01/28	280,404
250	Chicago Sales Tax Rev., 5.00%, 1/01/30	275,900	1,000	Indiana St. Fin. Auth. Rev. State Revolving Fund, 5.00%, 2/01/31	
250	Chicago Wtrwks. Rev., 5.00%, 11/01/30	286,835		Prerefunded 2/01/21 @ \$100 (b)	1,119,630
650	Chicago Wtrwks. Rev., 5.25%, 11/01/32, AGM	771,810	2,000	Indianapolis Local Pub. Impvt. Bond Bank Rev., 5.00%, 2/01/38, Prerefunded 8/01/18 @ \$100 (b)	<u>2,058,300</u>
500	Chicago Wtrwks. Rev., 5.00%, 11/01/44	542,315			<u>3,458,334</u>
1,225	Illinois St. Fin. Auth. Rev., Advocate Hlthcare. Network, 5.00%, 5/01/45	1,354,801		Louisiana—4.9%	
525	Illinois St. Fin. Auth. Rev., Centegra Hlth. Sys., 5.00%, 9/01/42	550,956	1,250	Louisiana Stadium & Exposition Dist. Rev., 5.00%, 7/01/30	1,427,512
520	Illinois St. Fin. Auth. Rev., Northwestern Memorial Hlthcare., 5.00%, 8/15/37	566,634	500	Louisiana Stadium & Exposition Dist. Rev., 5.00%, 7/01/36	563,925
1,000	Illinois St. Fin. Auth. Rev., Rush Univ. Med. Ctr., 4.00%, 11/15/39	1,014,980	1,250	Louisiana St. Tran. Auth. Rev., 5.00%, 8/15/38	1,429,638
1,000	Illinois St. Fin. Auth. Rev., Rush Univ. Med. Ctr., 5.00%, 11/15/39	1,101,520	300	New Orleans Swr. Svc. Rev., 5.00%, 6/01/44	330,684
1,000	Illinois St. Fin. Auth. Rev., Swedish Covenant Hosp., 6.00%, 8/15/38, Prerefunded 2/15/20 @ \$100 (b)	1,107,180	500	Port of New Orleans Brd. of Commissioners Port Fac. Rev., 5.00%, 4/01/33	536,430
1,000	Illinois St. Gen. Oblig., 5.00%, 2/01/27	1,092,770	1,100	Regional Tran. Auth. Sales Tax Rev., 5.00%, 12/01/30, AGM	1,202,234
2,000	Illinois St. Gen. Oblig., 5.50%, 1/01/29	2,275,620	1,000	Terrebonne Parish Consol. Wtrwks. Dist. No. 1 Rev., 5.00%, 11/01/37	<u>1,116,260</u>
1,500	Illinois St. Toll Hwy. Auth. Rev., 5.50%, 1/01/33, Prerefunded 1/01/18 @ \$100 (b)	1,510,995			<u>6,606,683</u>
750	Illinois St. Toll Hwy. Auth. Rev., 5.00%, 1/01/41	854,460		Maine—1.8%	
1,000	Railsplitter Tobacco Settlement Auth. Rev., 6.00%, 6/01/28	1,126,820	95	Maine Hlth. & Hgr. Edl. Facs. Auth. Rev., 5.00%, 7/01/33, Prerefunded 7/1/23 @ \$100 (b)	112,139
			905	Maine Hlth. & Hgr. Edl. Facs. Auth. Rev., 5.00%, 7/01/33	1,000,306
			610	Portland General Arpt. Rev., 5.00%, 7/01/31	668,096

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

DTF TAX-FREE INCOME INC.
SCHEDULE OF INVESTMENTS—(Continued)
October 31, 2017

Principal Amount (000)	Description (a)	Value	Principal Amount (000)	Description (a)	Value
\$540	Portland General Arprt. Rev., 5.00%, 7/01/32	\$589,232			
		<u>2,369,773</u>			
	Maryland—1.8%			New Jersey—1.3%	
250	Baltimore Convention Center Hotel Rev., 5.00%, 9/01/36	285,647	\$400	Camden Cnty. Impvt. Auth. Hlthcare. Redev. Rev., Cooper Hlth. Sys., 5.00%, 2/15/33	\$437,824
1,000	Maryland St. Hlth. & Hgr. Edl. Facs. Auth. Rev., Anne Arundel Hlth. Sys., 5.00%, 7/01/39	1,126,380	240	New Jersey St. Tpk. Auth. Rev., 4.00%, 1/01/35	258,266
1,000	Maryland St. Trans. Auth. Rev., 5.00%, 7/01/37, AGM	1,026,190	350	New Jersey St. Tpk. Auth. Rev., 5.00%, 1/01/36 Prerefunded 1/01/19 @ \$100 (b)	365,488
		<u>2,438,217</u>	650	New Jersey St. Tpk. Auth. Rev., 5.00%, 1/01/36	674,368
					<u>1,735,946</u>
	Massachusetts—6.8%			New York—11.8%	
3,000	Massachusetts St. Bay Trans. Auth. Rev., 5.50%, 7/01/29, NRE	3,916,200	1,000	Albany Incl. Dev. Agy. Rev., Brighter Choice Charter Sch., 5.00%, 4/01/32	918,850
1,000	Massachusetts St. Gen. Oblig., 5.25%, 9/01/25, AGM	1,242,650	300	Buffalo and Erie Cnty. Incl. Land. Dev. Rev., Catholic Hlth. Sys., 5.25%, 7/01/35	338,016
1,000	Massachusetts St. Gen. Oblig., 5.50%, 8/01/30, AMBAC	1,313,900	700	Long Island Pwr. Auth. Elec. Sys. Rev., 5.00%, 9/01/42	770,434
2,000	Massachusetts St. College Bldg. Auth. Rev., 5.00%, 5/01/40	2,169,400	300	New York Cntys. Tobacco Trust VI Rev., 5.00%, 6/01/45	315,360
410	Massachusetts Port Auth. Rev., 5.00%, 7/01/47	468,712	1,250	New York City Gen. Oblig., Adjustable Rate Bond, 0.90%, 1/01/36	1,250,000
		<u>9,110,862</u>	1,000	New York City Transitional Fin. Auth. Rev., 5.00%, 2/01/34	1,170,600
	Michigan—1.9%		1,300	New York City Mun. Wtr. Fin. Auth., Wtr. & Swr. Sys. Rev., Adjustable Rate Bond, 0.95%, 6/15/44	1,300,000
1,000	Holland Elec. Util. Sys. Rev., 5.00%, 7/01/39	1,117,850	1,000	New York City Mun. Wtr. Fin. Auth., Wtr. & Swr. Sys. Rev., 5.00%, 6/15/34	1,157,530
550	Michigan St. Fin. Auth. Rev., Beaumont Hlth. Credit Group, 5.00%, 11/01/44	612,882	1,000	New York City Mun. Wtr. Fin. Auth., Wtr. & Swr. Sys. Rev., 5.375%, 6/15/43	1,118,620
500	Michigan St. Bldg. Auth. Rev., 4.00%, 10/15/36	526,930	1,000	New York City Mun. Wtr. Fin. Auth., Wtr. & Swr. Sys. Rev., 5.50%, 6/15/43	1,123,070
225	Royal Oak Hosp. Fin. Auth. Rev., William Beaumont Hosp., 5.00%, 9/01/39	248,350	1,500	New York St. Dorm. Auth. Rev., 7.25%, 10/01/28, Prerefunded 10/01/18 @ \$100 (b)	1,584,345
		<u>2,506,012</u>			
	Nebraska—2.2%				
500	Nebraska St. Pub. Pwr. Dist. Gen. Rev., 5.00%, 1/01/34	560,265			
1,900	Omaha Gen. Oblig., 5.25%, 4/01/27	2,390,295			
		<u>2,950,560</u>			

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

DTF TAX-FREE INCOME INC.
SCHEDULE OF INVESTMENTS—(Continued)
October 31, 2017

Principal Amount (000)	Description (a)	Value	Principal Amount (000)	Description (a)	Value
\$2,000	New York St. Dorm. Auth., Personal Inc. Tax Rev., 5.00%, 03/15/31	\$2,380,500	\$170	Pennsylvania—4.7% Butler Cnty. Hosp. Auth. Rev., Butler Hlth. Sys., 5.00%, 7/01/35	\$189,196
900	Port Auth. of New York and New Jersey Rev., 5.00%, 6/01/33	1,043,784	2,000	Delaware River Port Auth. Rev., 5.00%, 1/01/34	2,295,000
500	Triborough Bridge & Tunnel Auth. Rev., 5.00% 11/15/30	579,940	500	Pennsylvania St. Higher Ed. Facs. Auth. Rev., 5.00%, 6/15/28	544,915
195	TSASC Inc. Tobacco Settlement Rev., 5.00%, 6/01/34	219,137	1,020	Pennsylvania St. Tpk. Comm. Oil Franchise Tax Rev., 5.00%, 12/01/23, AGC, Prerefunded 12/01/19 @ \$100 (b)	1,100,060
400	Utility Debt Securitization Auth. Restructuring Rev., 5.00%, 12/15/31	474,100	2,000	Philadelphia Wtr. & Wstwtr. Rev., 5.00%, 1/01/41	2,191,400
		<u>15,744,286</u>			<u>6,320,571</u>
	Ohio—5.8%			Rhode Island—2.3%	
750	Deerfield Twp. Tax Increment Rev., 5.00%, 12/01/25	752,355	1,070	Rhode Island Clean Wtr. Fin. Agy. Wtr. Poll. Control Rev., Green Bonds, 5.00%, 10/01/32	1,267,950
555	Northeast Ohio Regl. Swr. Dist. Rev., 4.00%, 11/15/43	592,390	1,600	Rhode Island Hlth. & Edl. Bldg. Corp. Higher Ed. Facs. Rev., Providence College, 5.00%, 11/01/41	1,777,664
500	Ohio St. Gen. Oblig., 5.00%, 9/01/30	547,725			<u>3,045,614</u>
2,000	Ohio St. Hosp. Rev., Univ. Hosp. Hlth. Sys., 4.00%, 1/15/44	2,023,700		South Carolina—2%	
1,040	Ohio St. Tpk. Comm. Rev., 5.00%, 2/15/31 Prerefunded 2/15/20 @ \$100 (b)	1,129,326	2,000	Charleston Cnty. Spl. Source Rev., 5.00%, 12/01/32	2,329,440
2,445	Ohio St. Wtr. Dev. Auth. Rev., 5.50%, 6/01/20, AGM	2,712,654	290	SCAGO Edl. Facs. Corp. Rev., Pickens Cnty. Sch. Dist., 5.00%, 12/01/24	344,430
		<u>7,758,150</u>			<u>2,673,870</u>
	Oklahoma—0.5%			Tennessee—4.6%	
700	Oklahoma St. Tpk. Auth. Rev., Adjustable Rate Bond, 0.90%, 1/01/28	700,000	250	Chattanooga-Hamilton Cnty. Hosp. Auth. Rev., Erlanger Hlth. Sys., 5.00%, 10/01/34	274,455
		<u>700,000</u>	1,500	Tennessee Energy Acquisition Corp. Rev., 5.25%, 9/01/20	1,649,145
	Oregon—1.6%		1,000	Tennessee Energy Acquisition Corp. Rev., 5.25%, 9/01/21	1,129,100
500	Oregon St. Gen. Oblig., 5.00%, 5/01/41	583,080	745	Tennessee Hsg. Dev. Agy., Residential Fin. Prog. Rev., 3.625%, 7/01/32	768,229
570	Port of Portland Intl. Arpt. Rev., 5.00%, 7/01/32	649,070			
800	Washington Cnty. Sch. Dist. 48J (Beaverton), Gen. Oblig. Convertible CAB, 0.00%, 6/15/36	907,016			
		<u>2,139,166</u>			

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

DTF TAX-FREE INCOME INC.
SCHEDULE OF INVESTMENTS—(Continued)
October 31, 2017

Principal Amount (000)	Description (a)	Value	Principal Amount (000)	Description (a)	Value
\$2,000	Tennessee St. Sch. Bond Auth. Rev., 5.00%, 11/01/42	<u>\$2,366,040</u>	\$500	Vermont Edl. and Hlth. Bldg. Fin. Agy. Rev. Ref., Univ. of Vermont Med. Center, 5.00%, 12/01/35	<u>\$567,050</u>
		<u>6,186,969</u>			<u>2,791,970</u>
	Texas—8.7%			Virginia—2.9%	
850	Austin Indep. Sch. Dist. Gen. Oblig., 4.00%, 8/01/36, PSF	916,300	1,250	Riverside Regl. Jail Auth. Fac. Rev., 5.00%, 7/01/26	1,495,563
1,000	Dallas Area Rapid Transit Rev., 5.25%, 12/01/48, Prerefunded 12/01/18 @ \$100 (b)	1,044,670	2,000	Virginia College Bldg. Auth. Rev., 5.00%, 2/01/23	<u>2,341,980</u>
650	Dallas Area Rapid Transit Rev., 5.00%, 12/01/41	752,252			<u>3,837,543</u>
500	Houston Arpt. Sys. Rev., 5.00%, 7/01/32	552,830		Washington—0.9%	
1,000	Houston Hotel Occupancy Tax & Spl. Rev., 5.25%, 9/01/29	1,107,540	1,000	King Cnty. Wtr. Rev., 5.00%, 7/01/41	<u>1,154,860</u>
1,410	Houston Util. Sys. Rev., 5.00%, 11/15/32	1,640,662		West Virginia—0.3%	
955	Klein Indep. Sch. Dist. Gen. Oblig., 5.00%, 8/01/38, PSF, Prerefunded 8/01/18 @ \$100 (b)	983,211	300	Monongalia Cnty. Bldg. Comm. Rev., 5.00%, 7/01/30	<u>343,182</u>
105	Klein Indep. Sch. Dist. Gen. Oblig., 5.00%, 8/01/38, PSF	108,005		Wisconsin—2.8%	
1,000	North Texas Twy. Auth. Rev., 5.00%, 1/01/31	1,152,380	1,180	Wisconsin Pub. Fin. Auth., Hosp. Rev., 5.00%, 6/01/40	1,309,446
605	North Texas Twy. Auth. Rev., 5.75%, 1/01/40, BHAC, Prerefunded 1/01/18 @ \$100 (b)	609,683	250	Wisconsin Pub. Fin. Auth., Solid Waste Disp. Rev., 2.875%, 5/01/27	251,033
450	North Texas Twy. Auth. Rev., 5.75%, 1/01/40, BHAC, Prerefunded 1/01/18 @ \$100 (b)	453,483	190	Wisconsin St. Gen. Rev., 6.00%, 5/01/33, Prerefunded 5/01/19 @ \$100 (b)	203,699
145	North Texas Twy. Auth. Rev., 5.75%, 1/01/40, BHAC	146,083	1,810	Wisconsin St. Gen. Rev., 6.00%, 5/01/33 Prerefunded 5/01/19 @ \$100 (b)	<u>1,940,501</u>
300	North Texas Twy. Auth. Rev., 4.00%, 1/01/43	312,465			<u>3,704,679</u>
700	San Antonio Indep. Sch. Dist. Sch. Bldg. Gen. Oblig., 5.00%, 8/15/38, PSF	819,777	1,490	Wyoming St. Farm Loan Brd. Cap. Facs. Rev., 5.75%, 10/01/20	<u>1,577,731</u>
1,000	Upper Trinity Reg. Wtr. Dist. Rev., 4.00%, 8/01/37, AGM	<u>1,033,600</u>		Total Long-Term Investments (Cost \$184,557,014)	<u>195,920,139</u>
		<u>11,632,941</u>			
	Vermont—2.1%				
2,000	Univ. of Vermont & St. Agric. College Gen. Oblig., 5.00%, 10/01/38	2,224,920			

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

DTF TAX-FREE INCOME INC.
SCHEDULE OF INVESTMENTS—(Continued)
October 31, 2017

Principal Amount (000)	Description (a)	Value
TOTAL INVESTMENTS—146.5%		
	(Cost \$184,557,014)	\$195,920,139
	Variable Rate MuniFund Term Preferred Shares at liquidation value—(48.6)%	(65,000,000)
	Other assets less other liabilities—2.1%	2,767,941
NET ASSETS APPLICABLE TO COMMON STOCK—100.0%		
		<u>\$133,688,080</u>

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 following is a summary of the inputs used to value each of the Fund’s investments at October 31, 2017:

	Level 2
Municipal bonds	<u>\$195,920,139</u>

There were no Level 1 or Level 3 priced securities held at October 31, 2017.

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

- AGC—Assured Guaranty Corp.*
- AGM—Assured Guaranty Municipal Corp.*
- AMBAC—Ambac Assurance Corporation*
- BAM—Build America Mutual Assurance Company*
- BHAC—Berkshire Hathaway Assurance Corporation*
- CAB—Capital Appreciation Bond
- COP—Certificate of Participation
- FGIC—Financial Guaranty Insurance Company*
- FHA—Federal Housing Authority*
- NRE—National Public Finance Guarantee Corporation*
- PSF—Texas Permanent School Fund*

* Indicates an obligation of credit support, in whole or in part.

(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.).

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

DTF TAX-FREE INCOME INC.
SCHEDULE OF INVESTMENTS—(Continued)
October 31, 2017

Summary of Ratings as a Percentage of Long-Term Investments
(Unaudited)

<u>Rating *</u>	<u>%</u>
AAA	4.3
AA	54.6
A	31.3
BBB	7.3
BB	0.3
B	1.9
NR	0.3
	<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 0.3% of the portfolio at the end of the reporting period.

Portfolio Composition
as a Percentage of Total Investments
(Unaudited)

	<u>%</u>
Education	13.7
Pre-Refunded	13.7
Healthcare	11.8
General Obligation	11.6
Transportation	11.5
Water & Sewer	11.5
Special Tax	10.7
Misc. Revenue	5.4
Electric & Gas	3.9
Airports	3.2
Tobacco	2.3
Housing	0.7
	<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, 2017

ASSETS:

Investments, at value (cost \$184,557,014)	\$195,920,139
Cash	515,632
Interest receivable	2,617,899
Prepaid expenses	<u>12,773</u>
Total assets	<u>199,066,443</u>

LIABILITIES:

Payable for securities purchased	312,726
Investment advisory fee (Note 3)	84,460
Administrative fee (Note 3)	15,920
Accrued expenses	69,528
Variable Rate MuniFund Term Preferred Shares (650 shares issued and outstanding, liquidation preference \$100,000 per share, net of deferred offering cost of \$104,271) (Note 7)	<u>64,895,729</u>
Total liabilities	<u>65,378,363</u>

NET ASSETS APPLICABLE TO COMMON STOCK \$133,688,080

CAPITAL:

Common stock (\$0.01 par value per share; 599,997,400 shares authorized, 8,520,685 issued and outstanding)	\$85,207
Additional paid-in capital	120,177,584
Undistributed net investment income	1,682,918
Accumulated net realized gain on investments	379,246
Net unrealized appreciation on investments	<u>11,363,125</u>
Net assets applicable to common stock	<u>\$133,688,080</u>

NET ASSET VALUE PER SHARE OF COMMON STOCK \$15.69

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, 2017

INVESTMENT INCOME:

Interest	<u>\$7,615,340</u>
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EXPENSES:

Interest expense and amortization of deferred offering costs on preferred shares (Note 7)	1,495,858
Investment advisory fees (Note 3)	991,339
Administrative fees (Note 3)	186,575
Directors' fees	95,715
Professional fees	91,645
Custodian fees	70,300
Reports to shareholders	33,700
Transfer agent fees	29,555
Other expenses	<u>63,842</u>
Total expenses	<u>3,058,529</u>
Net investment income	<u>4,556,811</u>

REALIZED AND UNREALIZED GAIN (LOSS):

Net realized gain on investments	365,427
Net change in unrealized appreciation (depreciation) on investments	<u>(3,831,922)</u>
Net realized and unrealized loss on investments	<u>(3,466,495)</u>

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

.....	<u><u>\$1,090,316</u></u>
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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, 2017</u>	<u>For the year ended October 31, 2016</u>
OPERATIONS:		
Net investment income	\$4,556,811	\$4,885,908
Net realized gain	365,427	571,727
Net change in unrealized appreciation (depreciation)	<u>(3,831,922)</u>	<u>2,011,310</u>
Net increase in net assets applicable to common stock resulting from operations	<u>1,090,316</u>	<u>7,468,945</u>
DISTRIBUTIONS TO COMMON STOCKHOLDERS:		
Net investment income	(5,964,011)	(7,155,967)
Net realized gains	<u>(436,949)</u>	<u>(321,467)</u>
Decrease in net assets from distributions to common stockholders (Note 5)	<u>(6,400,960)</u>	<u>(7,477,434)</u>
CAPITAL STOCK TRANSACTIONS:		
Shares issued to common stockholders from dividend reinvestment of 1,675 shares and -0- shares, respectively	<u>25,963</u>	<u>—</u>
Net increase in net assets derived from capital stock transactions	<u>25,963</u>	<u>—</u>
Total decrease in net assets	(5,284,681)	(8,489)
TOTAL NET ASSETS APPLICABLE TO COMMON STOCK:		
Beginning of year	<u>138,972,761</u>	<u>138,981,250</u>
End of year (including undistributed net investment income of \$1,682,918 and \$2,931,176, respectively)	<u>\$133,688,080</u>	<u>\$138,972,761</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, 2017

INCREASE (DECREASE) IN CASH

Cash flows provided by (used in) operating activities:	
Interest received	\$8,944,474
Expenses paid	(1,711,225)
Interest expense paid	(1,323,098)
Purchase of investment securities	(35,838,279)
Proceeds from sales and maturities of investment securities	<u>32,958,433</u>
Net cash provided by operating activities	\$3,030,305
Cash flows provided by (used in) financing activities:	
Distributions paid	(6,400,960)
Proceeds from issuance of common stock under dividend reinvestment plan	<u>25,963</u>
Net cash used in financing activities	<u>(6,374,997)</u>
Net decrease in cash	(3,344,692)
Cash-beginning of year	<u>3,860,324</u>
Cash-end of year	<u><u>\$515,632</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	\$1,090,316
Purchase of investment securities	(35,838,279)
Proceeds from sales and maturities of investment securities	32,958,433
Net amortization and accretion of premiums and discounts on debt securities	1,297,375
Amortization of deferred offering costs	32,036
Net realized gain on investments	(365,427)
Net change in unrealized (appreciation) depreciation on investments	3,831,922
Decrease in interest receivable	31,759
Decrease in accrued expenses	<u>(7,830)</u>
Total adjustments	<u>1,939,989</u>
Net cash provided by operating activities	<u><u>\$3,030,305</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,				
	2017	2016	2015	2014	2013
PER SHARE DATA:					
Net asset value, beginning of year	\$16.31	\$16.31	\$16.70	\$15.74	\$17.39
Net investment income	0.54	0.57	0.69	0.73	0.84
Net realized and unrealized gain (loss)	(0.41)	0.30	(0.24)	1.08	(1.64)
Distributions on remarketed preferred stock from net investment income ⁽¹⁾	—	—	—	—	(0.01)
Net increase (decrease) from investment operations applicable to common stock	0.13	0.87	0.45	1.81	(0.81)
Distributions on common stock:					
Net investment income	(0.70)	(0.84)	(0.84)	(0.85)	(0.84)
Net realized gains	(0.05)	(0.03)	—	—	—
Total distributions	(0.75)	(0.87)	(0.84)	(0.85)	(0.84)
Net asset value, end of year	\$15.69	\$16.31	\$16.31	\$16.70	\$15.74
Per share market value, end of year	\$14.16	\$15.08	\$15.13	\$15.15	\$14.16
RATIOS TO AVERAGE NET ASSETS APPLICABLE TO COMMON STOCK:					
Operating expenses	2.29%	2.16%	1.86%	1.89%	1.36%
Operating expenses, without leverage	1.15%	1.13%	1.11%	1.13%	1.14%
Net investment income	3.42%	3.45%	4.21%	4.51%	5.03%
SUPPLEMENTAL DATA:					
Total return on market value ⁽²⁾	(1.21)%	5.31%	5.55%	13.19%	(16.98)%
Total return on net asset value ⁽²⁾	0.95%	5.41%	2.77%	11.79%	(4.75)%
Portfolio turnover rate	17%	14%	16%	9%	15%
Asset coverage ratio on preferred stock, end of year	306%	314%	314%	319%	306%
Net assets applicable to common stock, end of year (000's omitted)	\$133,688	\$138,973	\$138,981	\$142,225	\$134,107

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

⁽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 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, 2017

Note 1. Organization

DTF Tax-Free Income Inc. (the “Fund”) was incorporated under the laws of the State of Maryland on September 24, 1991. The Fund commenced operations on November 29, 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 prices 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 2014 to 2017 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 capital 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 7.

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.

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).

DTF TAX-FREE INCOME INC.
NOTES TO FINANCIAL STATEMENTS—(Continued)
October 31, 2017

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 the 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. Total fees paid to directors for the year ended October 31, 2017 were \$95,715.

D. Affiliated Shareholder: At October 31, 2017, Virtus Partners, Inc. (a wholly owned subsidiary of Virtus) held 34,030 shares of the Fund which represent 0.4% 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, 2017 were \$32,433,261 and \$32,958,433, respectively.

Note 5. Distributions and Tax Information

At October 31, 2017, 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>
\$184,504,785	\$11,862,705	\$(447,351)	\$11,415,354

The difference between the book basis and tax basis of unrealized appreciation (depreciation) and cost of investments 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 to common shareholders during the years ended October 31, 2017 and 2016 was as follows:

	<u>10/31/2017</u>	<u>10/31/2016</u>
<i>Distributions paid from:</i>		
Tax-exempt income	\$5,964,011	\$7,155,967
Ordinary income	218,402	—
Long-term capital gains	218,547	321,467
Total distributions	\$6,400,960	\$7,477,434

At October 31, 2017, the components of distributable earnings on a tax basis were as follows:

Undistributed net tax-exempt income	\$1,628,900
Undistributed net ordinary income	1,789
Undistributed realized long-term capital gain	379,246
Net unrealized appreciation (depreciation)	11,415,354
	\$13,425,289

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, 2017, the following reclassifications were recorded:

<u>Paid-in Capital</u>	<u>Accumulated net realized gain on investments</u>	<u>Undistributed net investment income</u>
\$(32,036)	\$(126,906)	\$158,942

DTF TAX-FREE INCOME INC.
NOTES TO FINANCIAL STATEMENTS—(Continued)
October 31, 2017

Note 7. Variable Rate MuniFund Term Preferred Shares

The Fund has issued and outstanding 650 shares of Series 2021 Variable Rate MuniFund Term Preferred Shares (VMTP Shares) each with a liquidation preference of \$100,000. The 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 January 31, 2021, 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, 2017 are as follows:

Series	Shares Outstanding	Liquidation Preference	Weekly Rate Reset	Rate	Mandatory Redemption Date
2021	650	\$65,000,000	SIFMA Municipal Swap Index + 1.40%	2.32%	1/31/2021

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 five year life of the VMTP Shares. Amortization of these deferred offering costs of \$32,036 is included under the caption “Interest expense and amortization of deferred offering costs 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 on the VMTP Shares (which are treated as interest expense for financial reporting purposes) are accrued daily and paid monthly. The average daily liquidation value outstanding and the weighted daily average dividend rate of the VMTP Shares during the year ended October 31, 2017, were \$65,000,000 and 2.16%, respectively.

The VMTP Shares are not listed on any exchange or automated quotation system. The fair value of the VMTP Shares is estimated to be their liquidation preference. The VMTP Shares are categorized as Level 2 within the fair value hierarchy. 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.

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 Board of Directors and Shareholders 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, 2017, 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, 2017, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. 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, 2017, 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 14, 2017

TAX INFORMATION (Unaudited)

Taxable distributions of ordinary income of \$70,340 were paid to preferred shareholders, and \$218,402 were paid to common shareholders during the taxable year ended October 31, 2017. The Fund designated and paid long-term capital gains dividends of \$70,385 to preferred shareholders and \$218,547 to common shareholders during the taxable year ended October 31, 2017. 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 (833) 604-3163 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 (833) 604-3163 or is available on the Fund's website at www.dtffund.com.

ADDITIONAL INFORMATION (Unaudited)

Since October 31, 2016: (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. Genetski and Ms. McNamara 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: 57	Director	Term expires 2018; Director since 2014	Retired since 2009; President and Chief Executive Officer, BlackRock U.S. Funds 2007-2009; Managing Director, BlackRock Inc. 2006-2009; Managing Director, Merrill Lynch Investment Managers 1990-2006	91	Director, Avista Corp. (energy company); Trustee, Goldman Sachs Fund Complex 2010-2014; Director, BlackRock Luxembourg and Cayman Funds 2006-2010
Robert J. Genetski Age: 75	Director	Term expires 2019; 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	
Clifford W. Hoffman Age: 67	Director	Term expires 2018; Director since 2016	Retired since 2012; Audit Partner, Deloitte & Touche LLP 1985-2012 (Audit Manager 1974-1985)	4	The Goodman Group LLC (non-profit senior living facility provider)
Philip R. McLoughlin Age: 71	Director	Term expires 2019; 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	95	Chairman of the Board, The World Trust Fund (closed-end fund) since 2010 (Director since 1991)
Geraldine M. McNamara Age: 66	Director	Term expires 2020; Director since 2003	Private investor since 2006; Managing Director, U.S Trust Company of New York 1982-2006	91	

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
Eileen A. Moran Age: 63	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	
David J. Vitale Age: 71	Director and Chairman of the Board	Term expires 2020; 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

Nathan I. Partain, CFA Age: 61	Director, President and Chief Executive Officer	Term expires 2019; 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 DTF since 2004 and of DPG since 2011; President and Chief Executive Officer of DNP since 2001 and 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)
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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. Partain, the President and Chief Executive Officer of the Fund, is provided under the caption "Interested Director". Information pertaining to the other officers of the Fund is set forth below. The address for all officers noted below is c/o Duff & Phelps Investment Management Co., 200 South Wacker Drive, Suite 500, Chicago, Illinois 60606, except as noted.

Name, Address and Age	Positions(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: 52	Chief Investment Officer since 2004 and 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: 54	Vice President since 2006	Managing Director of the Adviser since 2014 (Vice President 2006-2014; Assistant Vice President 1998-2006); Portfolio Manager, Virtus Tax-Exempt Bond Fund since 2012; 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, CFA, CPA Age: 58	Treasurer since 2000; Principal Financial and Accounting Officer and Assistant Secretary since 2002	Chief Risk Officer of the Adviser since 2001 and Senior Managing Director since 2014 (Senior Vice President 1994-2014); Member, 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 Age: 57	Senior Vice President since January 2017 and Assistant Secretary since 2015	Executive Managing Director of the Adviser since March 2017 (Senior Managing Director 2014-February 2017; Senior Vice President 1997-2014; Vice President 1995-1997)
William J. Renahan Age: 48	Vice President and Secretary since 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 Age: 63	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: 57	Vice President and Assistant Secretary since 2014	Senior Vice President, J.J.B. Hilliard, W.L. Lyons, LLC since 2016 (Vice President 1990-2015); 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.