



# DTF Tax-Free Income Inc.

(NYSE: DTF)

## Fund Overview

### The Fund

DTF Tax-Free Income, Inc. (the "Fund") was organized in November, 1991 and is a diversified, closed-end management investment company. The Fund's charter authorizes the issuance of Remarketed Preferred Stock ("RP"). Accordingly, the Fund issued 1,300 shares of RP on February 4, 1992. The RP has a liquidation value of \$50,000 per share plus any accumulated but unpaid dividends.

### Investment Objective

The Fund's investment objective is current income exempt from regular federal income tax consistent with preservation of capital.

### Portfolio Contents

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. Effective on May 31, 2007, 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.

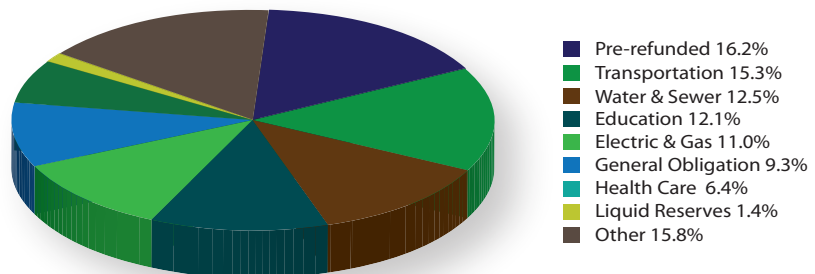
**There is no assurance that the Fund will achieve its investment objectives. Past performance is not indicative of future results.**

**This information does not represent an offer, or the solicitation of an offer, to buy or sell securities of the Fund. For additional information please see the Fund's most recent annual or semi-annual report.**

## Remarketed Preferred Stock ("RP") (as of 10/31/11)

Rating	Moody's Aaa/S&P AAA
1940 Act Coverage Ratio	312%
Shares Outstanding	1,300
Par Value	\$50,000
Outstanding	\$65 Million
Current Rate Period	7 days

## Sector Allocation as a Percentage of Total Investments (as of 10/31/11) (unaudited)<sup>1</sup>



## Summary of Ratings as a Percentage of Long-Term Investments (as of 10/31/11) (unaudited)<sup>1</sup>

Ratings <sup>2</sup>	%
AAA	9.0
AA	56.8
A	25.0
BBB	4.2
BB	0.5
B	2.4
NR	2.1

<sup>1</sup>Percentages based on total investments rather than total net assets.

<sup>2</sup>Individual ratings are grouped based on the lower rating of Standard & Poor's Financial Services LLC ("S&P") or Moody's Investor's 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 Ltd. is used, if available.

**About Duff & Phelps Investment Management Co.** Duff & Phelps is the Fund's investment adviser and is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940. The Adviser, together with its predecessor, has been in the investment advisory business for more than 70 years and has acted as the Fund's investment adviser since the Fund's inception in 1991.



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### Risks of Investing in the RP\*

**Remarketing risk:** The dividend rate for the RP normally is set through a remarketing process. In a remarketing, holders of RP may indicate that they wish to tender or hold their RP or purchase additional RP. The remarketing also provides liquidity for the RP. There can be no assurance that the Remarketing Agent will be able to remarket all the shares of RP tendered in a remarketing. If any shares of RP tendered in a remarketing are not remarketed, a holder of shares may be required to continue to hold some or all of its shares at least until the end of the next 49-day dividend period or to sell outside a remarketing. Also, the remarketing procedures may require an allocation of shares of RP on a pro rata basis, which may result in a holder selling a number of shares of RP that is less than the number of shares of RP specified in such holder's tender order.

Since February 2008, the short-term auction and remarketed preferred stock market has been ineffective at matching buyers with sellers. A remarketing fails when the remarketing agent is unable to set a dividend rate that will clear the market of all of the shares that current holders wish to sell in a remarketing. A failed remarketing means that the current holders retain their shares until the next periodic remarketing, and the dividend rate for the next dividend period is automatically set to the maximum dividend rate permitted by the Fund's charter. A failed remarketing is not an event of default for the Fund, but does result in impaired liquidity for the holders of the RP. It is impossible to predict how long the current remarketing imbalance will last. A successful remarketing of the RP may not occur for an extended period of time, if ever.

**Secondary market risk:** If you try to sell shares of your RP between remarketings, you may not be able to sell any or all of your RP or you may not be able to sell them for \$50,000 per share plus accumulated dividends. If the Fund has designated a special dividend period, changes in interest rates could affect the price you would receive if you sold your shares in the secondary market. Broker-dealers that maintain a secondary trading market for the RP are not required to maintain this market, and the Fund is not required to redeem shares if either a remarketing or an attempted secondary market sale fails because of a lack of buyers. The RP are not listed on a stock exchange or traded on the NASDAQ stock market. If you sell your RP to a broker-dealer between remarketings, you may receive less than the price you paid for them, especially if market interest rates have risen since the last remarketing.

**Ratings and asset coverage risk:** Moody's has assigned a rating of "Aaa" and S&P a rating of "AAA" to the RP. Such ratings do not eliminate or necessarily mitigate the risks of investing in the RP. Moody's or S&P could withdraw or downgrade the RP, which may make your shares less liquid at a remarketing or in the secondary market. If Moody's or S&P withdraws its rating or downgrades the RP, the Fund may alter its portfolio or redeem shares of RP in an effort to reinstate or improve, as the case may be, the rating, although there is no assurance that the Fund will be able to do so to the extent necessary to restore the prior rating. The Fund's ability to meet the asset coverage requirements of the Investment Company Act may be impaired by decreases in the market value of the Fund's total assets, including those assets attributable to the Fund's preferred stock and borrowings. The Fund also may voluntarily redeem RP under certain circumstances.

**Subordination risk:** As of October 31, 2011, the Fund has \$65 million in liquidation preference of RP outstanding. If the Fund were to issue additional series of preferred stock, holders of RP would have equal liquidation and distribution rights to the holders of such newly-issued preferred stock. The Fund currently has no senior indebtedness and, because of its investment objective of current income exempt from regular federal income tax, is unlikely to do so in the future. However, if the Fund were to issue senior indebtedness or enter into other types of borrowings or interest rate swaps or caps, then dividends, distributions and other payments to holders of RP in liquidation or otherwise would be subject to prior payments due to the lenders and counterparties in those transactions.

**Restrictions on dividends and other distributions:** Restrictions imposed on the declaration and payment of dividends or other distributions to the holders of the Fund's common stock or preferred stock, both by the Investment Company Act and by requirements imposed by rating agencies, might impair the Fund's ability to comply with minimum distribution requirements that it must satisfy to maintain its favorable tax treatment as a regulated investment company for U.S. federal income tax purposes.

**Interest rate risk:** The RP pays dividends based on short-term interest rates. If short-term interest rates rise, dividend rates on the RP will also rise. A sharp increase in short-term interest rates could cause a "negative arbitrage" situation, where the dividend rate on the RP would exceed the yield on the Fund's portfolio securities. In addition, rising market interest rates could negatively impact the value of the Fund's investment portfolio, reducing the amount of assets serving as asset coverage for the RP.

*\*Please see the prospectus for a more complete description of the RP and remarketing process*