

FORT DEARBORN INCOME SECURITIES INC

Form N-Q

March 02, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number: 811-02319

Fort Dearborn Income Securities, Inc.

(Exact name of registrant as specified in charter)
51 West 52nd Street, New York, New York 10019-6114

(Address of principal executive offices) (Zip code)

Mark F. Kemper, Esq.
UBS Global Asset Management
51 West 52nd Street
New York, NY 10019-6114

(Name and address of agent for service)

Copy to:

Bruce G. Leto, Esq.
Stradley Ronon Stevens & Young LLP
2600 One Commerce Square
Philadelphia, PA 19103

Registrant's telephone number, including area code: 212-882 5000

Date of fiscal year end: September 30

Date of reporting period: December 31, 2008

Item 1. Schedule of Investments**Fort Dearborn Income Securities, Inc. Portfolio of investments**

December 31, 2008 (unaudited)

Security description	Face amount	Value
Bonds 98.43%		
Corporate bonds 61.49%		
Canada 1.69%		
Anadarko Finance Co., Series B, 7.500%, due 05/01/31	\$ 380,000	\$ 336,025
Canadian National Railway Co., 6.375%, due 11/15/37	625,000	685,565
6.900%, due 07/15/28	285,000	320,018
Canadian Natural Resources Ltd., 6.750%, due 02/01/39	1,020,000	847,198
Total Canada corporate bonds		2,188,806
Cayman Islands 0.82%		
Transocean Ltd., 6.800%, due 03/15/38	535,000	477,192
7.500%, due 04/15/31	620,000	583,004
Total Cayman Islands corporate bonds		1,060,196
Luxembourg 0.57%		
Telecom Italia Capital SA, 6.375%, due 11/15/33	1,060,000	742,000
Netherlands 1.73%		
Deutsche Telekom International Finance BV, 6.750%, due 08/20/18	520,000	527,285
E. ON International Finance BV, 6.650%, due 04/30/38 ⁽¹⁾	725,000	673,411
Shell International Finance BV, 6.375%, due 12/15/38	925,000	1,040,615
Total Netherlands corporate bonds		2,241,311
Spain 0.34%		
Telefonica Emisiones SAU, 6.221%, due 07/03/17	440,000	433,487
Switzerland 0.83%		
Credit Suisse, 6.000%, due 02/15/18	1,165,000	1,069,849
United Kingdom 2.02%		
Abbey National PLC, 7.950%, due 10/26/29	750,000	653,273
AstraZeneca PLC, 6.450%, due 09/15/37	745,000	846,827

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British Telecommunications PLC, 9.125%, due 12/15/30	365,000	387,974
Royal Bank of Scotland Group PLC, 7.640%, due 09/29/17 ^{(2),(3)}	700,000	278,799
Vodafone Group PLC, 5.625%, due 02/27/17	480,000	452,279

Total United Kingdom corporate bonds		2,619,152
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United States 53.49%

Abbott Laboratories, 6.150%, due 11/30/37	635,000	749,240
Allergan, Inc., 5.750%, due 04/01/16	1,300,000	1,243,739
Allstate Corp., 5.950%, due 04/01/36	550,000	465,627
Altria Group, Inc., 9.700%, due 11/10/18	460,000	497,182
9.950%, due 11/10/38	175,000	190,542
American Honda Finance Corp., 7.625%, due 10/01/18 ⁽¹⁾	225,000	221,105
American International Group, Inc., 5.850%, due 01/16/18	1,180,000	790,936
Anheuser-Busch Cos., Inc., 6.450%, due 09/01/37	400,000	360,224
Apache Corp., 6.000%, due 01/15/37	575,000	557,563
Archer-Daniels-Midland Co., 6.450%, due 01/15/38	350,000	354,605

Fort Dearborn Income Securities, Inc. Portfolio of investments

December 31, 2008 (unaudited)

Security description	Face amount	Value
Bonds (continued)		
Corporate bonds (continued)		
United States (continued)		
AT&T, Inc., 6.450%, due 06/15/34	\$ 995,000	\$ 1,041,382
6.500%, due 09/01/37	975,000	1,050,065
Bank of America Corp., 5.420%, due 03/15/17	2,200,000	1,955,521
Bear Stearns Cos., 7.250%, due 02/01/18	1,310,000	1,435,571
BellSouth Corp., 6.550%, due 06/15/34	1,015,000	1,029,209
Bristol-Myers Squibb Co., 5.875%, due 11/15/36	850,000	903,932
Burlington Northern Santa Fe Corp., 7.082%, due 05/13/29	745,000	751,481
Caterpillar Financial Services Corp., 5.450%, due 04/15/18	340,000	318,337
Citigroup, Inc., 6.125%, due 05/15/18	1,535,000	1,552,072
6.875%, due 03/05/38	1,195,000	1,359,775
Comcast Corp., 6.950%, due 08/15/37	2,250,000	2,369,367
ConocoPhillips, 5.900%, due 05/15/38	395,000	387,938
Consolidated Edison Co. of New York, Inc., Series 2008-B, 6.750%, due 04/01/38	340,000	363,278
7.125%, due 12/01/18	400,000	430,109
CRH America, Inc., 6.000%, due 09/30/16	310,000	193,066
CVS Caremark Corp., 6.250%, due 06/01/27	1,050,000	976,292
Daimler Finance North America LLC, 8.500%, due 01/18/31	845,000	617,883
Dominion Resources, Inc., Series B, 5.950%, due 06/15/35	495,000	422,946
Dow Chemical Co., 5.700%, due 05/15/18	155,000	137,703
DTE Energy Co., 6.350%, due 06/01/16	500,000	448,092
Duke Energy Carolinas LLC, 6.050%, due 04/15/38	350,000	383,954
ERAC USA Finance Co., 7.000%, due 10/15/37 ⁽¹⁾	440,000	242,341
8.000%, due 01/15/11 ⁽¹⁾	1,065,000	999,065
Exelon Generation Co. LLC, 5.350%, due 01/15/14	1,015,000	927,091
Florida Power & Light Co., 5.650%, due 02/01/35	355,000	378,333
Florida Power Corp., 6.350%, due 09/15/37	215,000	238,298

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Fortune Brands, Inc., 5.375%, due 01/15/16	765,000	638,969
General Electric Capital Corp., 5.625%, due 05/01/18	330,000	332,392
5.875%, due 01/14/38	1,820,000	1,781,525
GlaxoSmithKline Capital, Inc., 6.375%, due 05/15/38	800,000	903,868
GMAC LLC, 6.875%, due 09/15/11 ⁽¹⁾	202,000	165,491
Goldman Sachs Group, Inc., 6.150%, due 04/01/18	815,000	783,183
6.750%, due 10/01/37	1,085,000	880,877
Hartford Financial Services Group, Inc., 6.000%, due 01/15/19	510,000	370,669
HSBC Bank USA N.A., 5.625%, due 08/15/35	855,000	804,361
ICI Wilmington, Inc., 5.625%, due 12/01/13	850,000	819,482
Johnson & Johnson, 5.850%, due 07/15/38	175,000	211,426
JP Morgan Chase Capital XXV, Series Y, 6.800%, due 10/01/37	1,100,000	1,013,523
JPMorgan Chase & Co., 6.400%, due 05/15/38	555,000	656,543

Fort Dearborn Income Securities, Inc. Portfolio of investments

December 31, 2008 (unaudited)

Security description	Face amount	Value
Bonds (continued)		
Corporate bonds (continued)		
United States (continued)		
Kimberly-Clark Corp., 7.500%, due 11/01/18	\$ 350,000	\$ 412,146
Kinder Morgan Energy Partners LP, 5.125%, due 11/15/14	580,000	505,294
5.800%, due 03/15/35	1,130,000	786,703
Kraft Foods Inc., 6.875%, due 01/26/39	440,000	440,790
Kroger Co., 6.900%, due 04/15/38	650,000	681,127
Lehman Brothers Holdings, Inc., 6.750%, due 12/28/17 ⁽⁴⁾	585,000	58
6.875%, due 05/02/18 ⁽⁴⁾	785,000	74,575
McDonald's Corp., 6.300%, due 03/01/38	275,000	303,326
Merck & Co., Inc., 6.400%, due 03/01/28	520,000	573,864
Merrill Lynch & Co., Inc., 5.700%, due 05/02/17	400,000	354,382
6.875%, due 04/25/18	365,000	381,799
MetLife Inc., Series A, 6.817%, due 08/15/18	665,000	633,347
MidAmerican Energy Holding Co., 5.950%, due 05/15/37	900,000	816,078
Morgan Stanley, 6.625%, due 04/01/18	845,000	741,310
7.250%, due 04/01/32	355,000	304,568
Mosaic Co., 7.375%, due 12/01/14 ⁽¹⁾	950,000	779,000
National Rural Utilities Cooperative Finance Corp., 10.375%, due 11/01/18	315,000	368,679
New Cingular Wireless Services, Inc., 8.750%, due 03/01/31	945,000	1,181,331
News America, Inc., 6.200%, due 12/15/34	695,000	634,220
Norfolk Southern Corp., 5.750%, due 04/01/18	340,000	330,836
Northrop Grumman Systems Corp., 7.125%, due 02/15/11	425,000	441,900
Nustar Logistics, 7.650%, due 04/15/18	575,000	527,088
Oncor Electric Delivery Co., 6.800%, due 09/01/18 ⁽¹⁾	425,000	407,573
Oracle Corp., 6.500%, due 04/15/38	550,000	605,527
Pacific Gas & Electric Co., 6.050%, due 03/01/34	540,000	573,512
8.250%, due 10/15/18	275,000	330,402
Pemex Project Funding Master Trust,		

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5.750%, due 03/01/18 ⁽¹⁾	685,000	604,512
PepsiCo Inc.,		
7.900%, due 11/01/18	260,000	318,668
Philip Morris International, Inc.,		
6.375%, due 05/16/38	695,000	722,845
PPL Energy Supply LLC,		
6.000%, due 12/15/36	370,000	239,164
Progressive Corp.,		
6.250%, due 12/01/32	275,000	236,305
Prologis,		
5.625%, due 11/15/15	825,000	410,574
Prudential Financial, Inc.,		
6.625%, due 12/01/37	425,000	289,768
PSEG Power LLC,		
8.625%, due 04/15/31	695,000	707,878
Safeway Inc.,		
7.450%, due 09/15/27	725,000	726,336
San Diego Gas & Electric Co.,		
Series FFF,		
6.125%, due 09/15/37		