

FORT DEARBORN INCOME SECURITIES INC

Form N-Q

February 29, 2008

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 (Americas) Inc.
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, 2007

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

December 31, 2007 (unaudited)

| | Face amount | Value |
|---------------------------------------------------------------------|------------------------|--------------|
| Bonds □ 97.57% | | |
| US bonds □ 93.11% | | |
| US corporate bonds □ 58.14% | | |
| Abbott Laboratories, 6.150%, due 11/30/37 | \$ 1,060,000 | \$ 1,118,479 |
| Allergan, Inc., 5.750%, due 04/01/16 | 2,370,000 | 2,427,534 |
| Allstate Corp., 5.950%, due 04/01/36 | 550,000 | 516,088 |
| Anadarko Petroleum Corp., 5.950%, due 09/15/16 | 350,000 | 356,380 |
| Anheuser-Busch Cos., Inc., 6.450%, due 09/01/37 | 400,000 | 433,562 |
| Apache Corp., 6.000%, due 01/15/37 | 575,000 | 570,298 |
| AT&T, Inc., 6.450%, due 06/15/34 | 995,000 | 1,025,516 |
| 6.500%, due 09/01/37 | 975,000 | 1,019,536 |
| Bank of America Corp., 5.420%, due 03/15/17 | 1,900,000 | 1,835,970 |
| Bear Stearns Cos., Inc., 5.550%, due 01/22/17 | 740,000 | 663,198 |
| BellSouth Corp., 6.550%, due 06/15/34 | 1,015,000 | 1,049,819 |
| Bristol-Myers Squibb Co., 5.875%, due 11/15/36 | 850,000 | 844,666 |
| Burlington Northern Santa Fe Corp., 7.082%, due 05/13/29 | 840,000 | 910,226 |
| Capital One Financial Corp., 5.500%, due 06/01/15 | 1,405,000 | 1,295,930 |
| 6.750%, due 09/15/17 | 1,370,000 | 1,313,996 |
| Citigroup, Inc., 5.625%, due 08/27/12 | 815,000 | 825,580 |
| 5.875%, due 05/29/37 | 515,000 | 480,630 |
| 6.125%, due 11/21/17 | 1,350,000 | 1,386,712 |
| Comcast Corp., 6.950%, due 08/15/37 | 2,250,000 | 2,428,362 |
| Countrywide Financial Corp., 5.128%, due 05/05/08 ⁽¹⁾ | 125,000 | 114,183 |
| Countrywide Home Loans, Inc., 3.250%, due 05/21/08 | 525,000 | 474,426 |
| CRH America, Inc., 6.000%, due 09/30/16 | 700,000 | 684,594 |
| CVS Caremark Corp., 6.250%, due 06/01/27 | 1,050,000 | 1,052,271 |
| Daimler Finance N.A. LLC, 8.500%, due 01/18/31 | 845,000 | 1,065,711 |
| Devon Financing Corp. ULC, 7.875%, due 09/30/31 | 865,000 | 1,046,178 |
| Dominion Resources, Inc., Series B, | | |

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| | | |
|-------------------------------------|-----------|-----------|
| 5.950%, due 06/15/35 | 495,000 | 462,603 |
| DTE Energy Co., | | |
| 6.350%, due 06/01/16 | 705,000 | 728,859 |
| Erac USA Finance Co., | | |
| 7.000%, due 10/15/37 ⁽²⁾ | 440,000 | 399,621 |
| 8.000%, due 01/15/11 ⁽²⁾ | 1,065,000 | 1,139,513 |
| Exelon Generation Co. LLC, | | |
| 5.350%, due 01/15/14 | 1,015,000 | 987,793 |
| Florida Power Corp., | | |
| 6.350%, due 09/15/37 | 215,000 | 226,524 |
| Ford Motor Credit Co. LLC, | | |
| 5.800%, due 01/12/09 | 6,090,000 | 5,780,598 |
| Fortune Brands, Inc., | | |
| 5.375%, due 01/15/16 | 1,090,000 | 1,038,392 |
| General Electric Capital Corp., | | |
| 5.625%, due 09/15/17 | 335,000 | 343,702 |
| 6.000%, due 06/15/12 | 1,730,000 | 1,813,625 |
| General Electric Co., | | |
| 5.250%, due 12/06/17 | 705,000 | 703,496 |
| GMAC LLC, | | |
| 6.875%, due 09/15/11 | 2,340,000 | 2,001,856 |
| Goldman Sachs Group, Inc., | | |
| 6.125%, due 02/15/33 | 440,000 | 432,423 |
| 6.875%, due 01/15/11 | 1,685,000 | 1,787,118 |

| | Face amount | Value |
|---------------------------------------------------------------|------------------------|--------------|
| Bonds (continued) | | |
| US bonds (continued) | | |
| US corporate bonds &#150 (continued) | | |
| HSBC Bank USA N.A., 5.625%, due 08/15/35 | \$ 855,000 | \$ 755,543 |
| HSBC Finance Corp., 6.750%, due 05/15/11 | 1,165,000 | 1,208,530 |
| ICI Wilmington, Inc., 5.625%, due 12/01/13 | 850,000 | 874,135 |
| JP Morgan Chase Capital XXV, 6.800%, due 10/01/37 | 540,000 | 519,194 |
| JPMorgan Chase & Co., 6.750%, due 02/01/11 | 955,000 | 1,002,743 |
| Kinder Morgan Energy Partners LP, 5.125%, due 11/15/14 | 580,000 | 565,122 |
| 5.800%, due 03/15/35 | 805,000 | 728,706 |
| 7.400%, due 03/15/31 | 265,000 | 285,335 |
| Kroger Co., 7.500%, due 04/01/31 | 650,000 | 724,770 |
| Lehman Brothers Holdings, Inc., 5.500%, due 04/04/16 | 300,000 | 287,053 |
| 5.750%, due 01/03/17 | 725,000 | 696,468 |
| 7.000%, due 09/27/27 | 680,000 | 690,168 |
| MBNA Corp., 7.500%, due 03/15/12 | 550,000 | 599,895 |
| Merck & Co., Inc., 6.400%, due 03/01/28 | 520,000 | 556,858 |
| Merrill Lynch & Co., Inc., 5.700%, due 05/02/17 | 400,000 | 381,238 |
| MidAmerican Energy Holdings Co., 5.950%, due 05/15/37 | 900,000 | 872,980 |
| Morgan Stanley, 5.950%, due 12/28/17 | 775,000 | 774,447 |
| 6.750%, due 04/15/11 | 1,675,000 | 1,755,638 |
| 7.250%, due 04/01/32 | 355,000 | 386,535 |
| National City Bank, 4.625%, due 05/01/13 | 360,000 | 336,083 |
| New Cingular Wireless Services, Inc., 8.750%, due 03/01/31 | 945,000 | 1,224,704 |
| News America, Inc., 6.200%, due 12/15/34 | 695,000 | 685,124 |
| Northrop Grumman Corp., 7.125%, due 02/15/11 | 425,000 | 452,942 |
| Pacific Gas & Electric Co., 6.050%, due 03/01/34 | 540,000 | 539,103 |
| Pitney Bowes, Inc., 4.625%, due 10/01/12 | 300,000 | 303,482 |
| PPL Energy Supply LLC, Series A, 6.000%, due 12/15/36 | 370,000 | 338,732 |
| Progressive Corp., 6.250%, due 12/01/32 | 275,000 | 283,479 |
| Prologis, 5.625%, due 11/15/15 | 825,000 | 789,168 |
| Prudential Financial, Inc., 6.625%, due 12/01/37 | 425,000 | 428,570 |
| PSEG Power LLC, | | |

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| | | |
|------------------------------------|-----------|-----------|
| 8.625%, due 04/15/31 | 695,000 | 855,130 |
| Residential Capital LLC, | | |
| 8.375%, due 06/30/15 | 660,000 | 399,300 |
| Safeway, Inc., | | |
| 7.250%, due 02/01/31 | 645,000 | 699,114 |
| Simon Property Group LP, | | |
| 5.375%, due 06/01/11 | 300,000 | 296,204 |
| Sprint Capital Corp., | | |
| 6.875%, due 11/15/28 | 1,500,000 | 1,422,544 |
| Target Corp., | | |
| 6.500%, due 10/15/37 | 290,000 | 291,479 |
| 7.000%, due 07/15/31 | 305,000 | 312,436 |
| Teva Pharmaceutical Finance LLC, | | |
| 5.550%, due 02/01/16 | 845,000 | 835,020 |
| Time Warner, Inc., | | |
| 7.625%, due 04/15/31 | 1,030,000 | 1,139,819 |
| Travelers Property Casualty Corp., | | |
| 6.375%, due 03/15/33 | 350,000 | 346,192 |
| Union Pacific Corp., | | |
| 6.650%, due 01/15/11 | 470,000 | 488,604 |
| United Technologies Corp., | | |
| 5.375%, due 12/15/17 | 355,000 | 358,098 |
| Valero Energy Corp., | | |
| 6.625%, due 06/15/37 | 360,000 | 362,546 |
| 7.500%, due 04/15/32 | 885,000 | 972,605 |
| Verizon New York, Inc., | | |
| Series B, | | |
| 7.375%, due 04/01/32 | 1,085,000 | 1,191,164 |

| | <u>Face amount</u> | <u>Value</u> |
|-----------------------------------------------------------------------------------------------|------------------------|--------------|
| Bonds ☐ (continued) | | |
| US bonds ☐ (continued) | | |
| US corporate bonds &#150 (concluded) | | |
| Wachovia Bank N.A., 7.800%, due 08/18/10 | \$ 1,620,000 | \$ 1,745,906 |
| Wachovia Bank N.A., 5.850%, due 02/01/37 | 700,000 | 630,794 |
| Wal-Mart Stores, Inc. 6.500%, due 08/15/37 | 900,000 | 947,713 |
| Washington Mutual Bank, 5.500%, due 01/15/13 | 1,350,000 | 1,197,843 |
| 6.750%, due 05/20/36 | 500,000 | 394,849 |
| Washington Mutual Preferred Funding, 9.750%, due 12/15/17 ^{(1),(2),(3)} | 1,300,000 | 1,040,000 |
| WellPoint, Inc., 5.850%, due 01/15/36 | 705,000 | 649,612 |
| Wells Fargo Bank N.A., 5.950%, due 08/26/36 | 1,380,000 | 1,296,556 |
| Weyerhaeuser Co., 7.375%, due 03/15/32 | 665,000 | 667,357 |
| | | <hr/> |
| Total US corporate bonds (cost \$80,686,381) | | 80,373,598 |
| | | <hr/> |
| Asset-backed securities ☐ 3.00% | | |
| Citibank Credit Card Issuance Trust, Series 07-A3, Class A3, 6.150%, due 06/15/39 | 390,000 | 403,490 |
| Conseco Finance Securitizations Corp., Series 00-5, Class A5, 7.700%, due 02/01/32 | 67,656 | 67,647 |
| CPL Transition Funding LLC, Series 02-1, Class A5, 6.250%, due 01/15/17 | 3,000,000 | 3,166,774 |
| Small Business Administration, Series 04-P10B, Class 1, 4.754%, due 08/10/14 | 517,160 | 512,938 |
| | | <hr/> |
| Total asset-backed securities (cost \$4,216,803) | | 4,150,849 |
| | | <hr/> |
| Mortgage & agency debt securities ☐ 8.25% | | |
| CS First Boston Mortgage Securities Corp., Series 03-8, Class 5A1, 6.500%, due 04/25/33 | 66,647 | 66,829 |
| Federal Home Loan Mortgage Corp., 4.750%, due 03/05/12 | 1,290,000 | 1,331,737 |
| 5.000%, due 01/30/14 | 30,000 | 31,389 |
| Federal Home Loan Mortgage Corp. Gold Pool, # E01127, 6.500%, due 02/01/17 | 151,378 | 156,712 |
| Federal National Mortgage Association, 5.250%, due 08/01/12 | 1,000,000 | 1,039,489 |
| 5.625%, due 07/15/37 | 1,500,000 | 1,662,405 |
| 6.070%, due 05/12/16 | 190,000 | 190,773 |

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| | | |
|----------------------------------------------------------------------------------------------------------|-----------|-------------------|
| Federal National Mortgage Association Grantor Trust, Series 02-T19, Class A1, 6.500%, due 07/25/42 | 341,529 | 358,148 |
| Federal National Mortgage Association Pools, # 688066, 5.500%, due 03/01/33 | 370,764 | 371,425 |
| # 793666, 5.500%, due 09/01/34 | 1,810,462 | 1,810,562 |
| # 802481, 5.500%, due 11/01/34 | 323,436 | 323,454 |
| # 596124, 6.000%, due 11/01/28 | 225,751 | 231,064 |
| # 253824, 7.000%, due 03/01/31 | 107,143 | 112,960 |
| Federal National Mortgage Association, REMIC, Series 93-106, Class Z, 7.000%, due 06/25/13 | 44,098 | 45,902 |
| Government National Mortgage Association Pool, # 781029, 6.500%, due 05/15/29 | 75,968 | 78,839 |
| GSR Mortgage Loan Trust, Series 06-2F, Class 3A4, 6.000%, due 02/25/36 | 1,300,000 | 1,273,593 |
| Residential Funding Mortgage Securitization I, Inc., Series 06-S6, Class M2, 6.000%, due 07/25/36 | 1,285,586 | 1,071,835 |
| Wells Fargo Mortgage Backed Securities Trust, Series 03-18, Class A2, 5.250%, due 12/25/33 | 1,278,213 | 1,246,818 |
| Total mortgage & agency debt securities (cost \$11,429,987) | | <u>11,403,934</u> |

| | Face amount | Value |
|-------------------------------------------------------------------------------------------------|------------------------|--------------|
| Bonds □ (concluded) | | |
| US bonds □ (concluded) | | |
| Municipal bonds □ 3.76% | | |
| Illinois State Taxable Pension, 5.100%, due 06/01/33 | \$ 2,350,000 | \$ 2,263,262 |
| New Jersey Economic Development Authority, Series B, 11.136%, due 02/15/18 ⁽⁴⁾ | 5,000,000 | 2,931,500 |
| Total municipal bonds (cost \$4,530,043) | | 5,194,762 |
| US government obligations □ 19.96% | | |
| US Treasury Bonds Principal STRIPS, PO 8.294%, due 11/15/26 ⁽⁴⁾ | 16,160,000 | 6,749,676 |
| US Treasury Bonds, 4.750%, due 02/15/37 | 5,125,000 | 5,363,630 |
| 6.250%, due 08/15/23 | 545,000 | 652,510 |
| 8.125%, due 08/15/19 | 750,000 | 1,010,977 |
| US Treasury Inflation Indexed Bonds, 2.375%, due 01/15/27 | 1,760,333 | 1,861,552 |
| US Treasury Notes, 3.625%, due 10/31/09 | 375,000 | 378,692 |
| 4.250%, due 11/15/13 | 1,190,000 | 1,233,788 |
| 4.625%, due 11/15/16 | 660,000 | 691,196 |
| 4.875%, due 06/30/09 | 795,000 | 815,372 |
| 4.875%, due 06/30/12 | 8,335,000 | 8,840,309 |
| Total US government obligations (cost \$26,835,298) | | 27,597,702 |
| Total US bonds (cost \$127,698,512) | | 128,720,845 |
| International bonds □ 4.46% | | |
| International corporate bonds □ 4.46% | | |
| Canada □ 0.69% | | |
| Canadian National Railway Co., 6.375%, due 11/15/37 | 625,000 | 639,560 |
| 6.900%, due 07/15/28 | 285,000 | 312,474 |
| | | 952,034 |
| Cayman Islands □ 0.75% | | |
| Transocean, Inc., 6.800%, due 03/15/38 | 355,000 | 362,224 |
| 7.500%, due 04/15/31 | 620,000 | 681,091 |
| | | 1,043,315 |
| Luxembourg □ 0.77% | | |
| Telecom Italia Capital SA, 6.375%, due 11/15/33 | 1,060,000 | 1,061,632 |

United Kingdom \square **2.25%**

| | | |
|------------------------------------------------------------------------------|---------|------------------|
| Abbey National PLC, 7.950%, due 10/26/29 | 750,000 | 889,335 |
| AstraZeneca PLC, 6.450%, due 09/15/37 | 745,000 | 816,279 |
| Royal Bank of Scotland Group PLC, 7.640%, due 09/29/17 ^{(1),(3)} | 700,000 | 719,665 |
| SABMiller PLC, 6.500%, due 07/01/16 ⁽²⁾ | 650,000 | 678,839 |
| | | <u>3,104,118</u> |

| | | |
|-------------------------------------------------|--|------------------|
| Total international bonds (cost \$6,015,782) | | <u>6,161,099</u> |
|-------------------------------------------------|--|------------------|

| | | |
|-------------------------------------|--|--------------------|
| Total bonds (cost \$133,714,294) | | <u>134,881,944</u> |
|-------------------------------------|--|--------------------|

Shares**Short-term investment** \square **2.03%****Other** \square **2.03%**

| | | |
|-------------------------------------------------------------------------------------------------------------------|-----------|------------------|
| UBS Supplementary Trust \square U.S. Cash Management Prime Fund, 4.76% ^{(5),(6)} (cost \$2,810,702) | 2,810,702 | <u>2,810,702</u> |
|-------------------------------------------------------------------------------------------------------------------|-----------|------------------|

| | | |
|---------------------------------------------------------------------------|--|--------------------|
| Total investments ⁽⁷⁾ \square 99.60% (cost \$136,524,996) | | <u>137,692,646</u> |
|---------------------------------------------------------------------------|--|--------------------|

| | | |
|---------------------------------------------------------|--|----------------|
| Cash and other assets, less liabilities \square 0.40% | | <u>550,060</u> |
|---------------------------------------------------------|--|----------------|

| | | |
|------------------------------|--|-----------------------|
| Net assets \square 100.00% | | <u>\$ 138,242,706</u> |
|------------------------------|--|-----------------------|

Notes to portfolio of investments

Aggregate cost for federal income tax purposes, which was the same for book purposes, was \$136,524,996; and net unrealized appreciation consisted of:

| | |
|-------------------------------|--------------|
| Gross unrealized appreciation | \$ 3,522,913 |
| Gross unrealized depreciation | (2,355,263) |
| | <hr/> |
| Net unrealized appreciation | \$ 1,167,650 |
| | <hr/> |

- (1) Floating rate security □ The interest rate shown is the current rate as of December 31, 2007.
- (2) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities are considered liquid, unless otherwise noted, and may be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2007, the value of these securities amounted to \$3,257,973 or 2.36% of net assets.
- (3) Perpetual bond security. The maturity date reflects the next call date.
- (4) Zero coupon bond. The rate shown is the annualized yield at December 31, 2007.
- (5) The table below details the Fund's investment in a security issued by a fund that is advised by the same advisor as the Fund. The advisor does not earn a management fee from UBS Supplementary Trust.

| Security description | Value 09/30/07 | Purchases during the three months ended 12/31/07 | Sales during the three months ended 12/31/07 | Income earned from affiliate | |
|-----------------------------------------------------------|-------------------|--------------------------------------------------------------------|----------------------------------------------------------------|---------------------------------------|-------------------|
| | | | | Value 12/31/07 | ended 12/31/07 |
| UBS Supplementary Trust □ U.S. Cash Management Prime Fund | \$1,247,850 | \$10,985,679 | \$2,422,809 | \$2,810,702 | \$22,712 |

- (6) The rate shown reflects the yield at December 31, 2007.
- (7) The Fund calculates its net asset value based on the current market value, where available, for its portfolio securities.
The Fund normally obtains market values for its securities from independent pricing sources. Independent pricing sources may use reported last sale prices, current market quotations or valuations from computerized □matrix□ systems that derive values based on comparable securities. Securities traded in the over-the-counter (□OTC□) market and listed on The NASDAQ Stock Market, Inc. (□NASDAQ□) normally are valued at the NASDAQ Official Closing Price. Other OTC securities are valued at the last bid price available prior to valuation. Securities which are listed on US and foreign stock exchanges normally are valued at the last sale price on the day the securities are valued or, lacking any sales on such day, at the last available bid price. Securities listed on foreign stock exchanges may be fair valued based on significant events that have occurred subsequent to the close of the foreign markets. The Fund may use a systematic fair valuation model provided by an independent third party to value securities principally traded in foreign markets in order to adjust for possible stale pricing that may occur between the close of the foreign exchanges and the time for valuation. If a security is valued at a □fair value,□ that value is likely to be different from the last quoted market price for the security. In cases where securities are traded on more than one exchange, the securities are valued on the exchange designated as the primary market by UBS Global Asset Management (Americas) Inc. (□UBS Global AM□), the investment manager of the Fund. UBS Global AM is an indirect wholly owned asset management subsidiary of UBS AG, an internationally diversified organization with headquarters in Zurich and Basel, Switzerland and operations in many areas of the financial services industry. If a market value is not readily available from an independent pricing source for a particular security, that security is valued at fair value as determined in good faith by or under the direction of the Fund's Board of Directors (the □Board□). Various factors may be reviewed in order to make a good faith determination of a security's fair value. These factors include, but are not limited to, fundamental analytical data relating to the investment; the nature and duration of restrictions on

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disposition of the securities; and the evaluation of forces which influence the market in which the securities are purchased and sold. Investments in open-end investment companies are valued at the daily closing net asset value of the respective investment company.

CS Credit Suisse

GMAC General Motors Acceptance Corp.

GSR Goldman Sachs Residential

PO Principal only security—This security entitles the holder to receive principal payments from an underlying pool of assets. High prepayments return principal faster than expected and cause the yield to increase. Low prepayments return principal slower than expected and cause the yield to decrease.

REMIC Real Estate Mortgage Investment Conduit

STRIPS Bonds that can be subdivided into a series of zero-coupon bonds.

For more information regarding the Fund's other significant accounting policies, please refer to the Fund's annual report to shareholders dated September 30, 2007.

Industry diversification

As a percentage of net assets as of December 31, 2007 (unaudited)

| | |
|----------------------------------------|-------|
| Bonds | |
| US bonds | |
| US corporate bonds | |
| Aerospace & defense | 0.59% |
| Automobiles | 0.77 |
| Beverages | 0.31 |
| Building products | 0.50 |
| Capital markets | 6.06 |
| Chemicals | 0.63 |
| Commercial banks | 3.45 |
| Commercial services & supplies | 0.22 |
| Consumer finance | 8.83 |
| Diversified financial services | 5.56 |
| Diversified telecommunication services | 4.13 |
| Electric utilities | 2.76 |
| Food & staples retailing | 2.48 |
| Health care providers & services | 0.47 |
| Household durables | 0.75 |
| Industrial conglomerates | 0.51 |
| Insurance | 1.14 |
| Media | 3.08 |
| Multiline retail | 0.44 |
| Multi-utilities | 0.86 |
| Oil, gas & consumable fuels | 3.53 |
| Paper & forest products | 0.48 |
| Pharmaceuticals | 4.18 |
| Real estate investment trusts (REITs) | 0.78 |
| Road & rail | 2.12 |
| Thriffs & mortgage finance | 2.62 |
| Wireless telecommunication services | 0.89 |
| | <hr/> |
| Total US corporate bonds | 58.14 |
| Asset-backed securities | 3.00 |
| Mortgage & agency debt securities | 8.25 |
| Municipal bonds | 3.76 |
| US government obligations | 19.96 |
| | <hr/> |
| Total US bonds | 93.11 |
| | <hr/> |
| International bonds | |
| International corporate bonds | |
| Beverages | 0.49 |
| Commercial banks | 0.52 |
| Diversified telecommunication services | 0.77 |
| Energy equipment & services | 0.76 |
| Pharmaceuticals | 0.59 |
| Road & rail | 0.69 |
| Thriffs & mortgage finance | 0.64 |
| | <hr/> |
| Total international bonds | 4.46 |
| | <hr/> |
| Total bonds | 97.57 |
| Short-term investment | 2.03 |
| | <hr/> |
| Total investments | 99.60 |

| | |
|-----------------------------------------|---------|
| Cash and other assets, less liabilities | 0.40 |
| | <hr/> |
| Net assets | 100.00% |
| | <hr/> |

Item 2. Controls and Procedures.

- (a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended ("Investment Company Act")) are effective based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of this document.
- (b) The registrant's principal executive officer and principal financial officer are aware of no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act) that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

- (a) Certifications of principal executive officer and principal financial officer of registrant pursuant to Rule 30a-2(a) under the Investment Company Act is attached hereto as Exhibit EX-99.CERT.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Fort Dearborn Income Securities, Inc.

By: /s/ Kai R. Sotorp
Kai R. Sotorp
President

Date: February 29, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Kai R. Sotorp
Kai R. Sotorp
President

Date: February 29, 2008

By: /s/ Thomas Disbrow
Thomas Disbrow
Treasurer & Principal Accounting Officer

Date: February 29, 2008