FORT DEARBORN INCOME SECURITIES INC
Form N-CSRS
May 29, 2009

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES

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 Leto, Esq.
Stradley Ronon Stevens & Young, LLP
2600 One Commerce Square
Philadelphia, PA 19103-7098

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

Date of fiscal year end: September 30

Date of reporting period: March 31, 2009

Item 1. Reports to Stockholders.

Fort Dearborn Income Securities, Inc.

Semiannual Report
March 31, 2009

Fort Dearborn Income Securities, Inc.

May 15, 2009

Dear shareholder,
We present you with the semiannual report for Fort Dearborn Income Securities, Inc. (the Fund) for the six months ended March 31, 2009.

Performance
Over the six-month period, the Fund gained 5.09% on a net asset value (NAV) basis, and gained 4.86% on a market price basis. Over the same period, the Funds Lipper Corporate Debt Funds BBB-Rated peer group median declined 3.98% on an NAV basis, and gained 8.05% on a market price basis, while the Funds benchmark, the Investment Grade Bond Index (the Index), gained 3.29%. (For more information on the Index and performance, please refer to Performance at a glance on page 7.)

The Fund outperformed both its peer group (on an NAV basis), as well as its benchmark during the reporting period. During the period, neither the Fund nor the Index used leverage, though some funds in its Lipper peer group may use leverage. (Leverage magnifies returns on both the upside and on the downside, creating a wider range of returns.)

The Fund traded at a discount to its NAV per share during the six-month reporting period. During that time, the Funds average discount was 8.67%, which was greater than the median discount of 5.07% of its Lipper peer group over the same period, according to data provided by Lipper, Inc. As of March 31, 2009, the Fund was trading at a discount of 6.86%, while the median discount of its Lipper peer group was 5.33%.
A fund trades at a discount when the market price at which its shares trade is less than its NAV. Alternately, a fund trades at a premium when the market price at which its shares trade is more than its NAV per share. The market price is the price the market is willing to pay for shares of a fund at a given time, and may be influenced by a range of factors, including supply and demand and market conditions. NAV per share is determined by dividing

Fort Dearborn Income Securities, Inc.

Investment goal:
Current income consistent with external interest rate conditions and total return

Portfolio Manager:
Michael Dow
UBS Global Asset Management (Americas) Inc.

Commencement:
December 19, 1972

NYSE symbol:
FDI

Dividend payments:
Quarterly

Fort Dearborn Income Securities, Inc.

the value of the Fund's securities, cash and other assets, less all liabilities, by the total number of common shares outstanding.

An interview with Portfolio Manager Michael Dow

Q. How would you describe the economic environment during the reporting period?

A. When the reporting period began, there continued to be hope that if the US fell into a recession, it would be modest and brief. By the end of the period, the question was no longer if a recession would occur, it was how long it would last and how severe it would be.

Economic growth weakened significantly in the third quarter of 2008. A sharp decline in personal spending, the intensification of the credit crunch and ongoing housing market weakness resulted in gross domestic product (GDP) declining 0.5%. The slump continued into the fourth quarter, when GDP declined 6.3%. The economy remained weak to start 2009, with the advance estimate for first quarter GDP showing a decline of 6.1%.

Near the end of 2008, the National Bureau of Economic Research (NBER) formally declared that the US economy was in a recession, placing its start back in December 2007. The NBER defines a recession as "a significant decline in economic activity, lasting more than a few months, normally visible in production, employment, real income and other indicators."

Q. How did the Federal Reserve Board (the "Fed") and US Treasury Department react to the challenging economic and market environment?

A. The Fed has been aggressive in attempting to stabilize the markets, adding billions of dollars into the financial system in an attempt to keep the US economy from falling into a prolonged recession. The US Treasury Department was actively involved as well, as it took over mortgage finance companies Fannie Mae and Freddie Mac and began to implement its Troubled Asset Relief Program (TARP).

The new administration in Washington has put the revival of the economy on the front burner. In February, President Obama signed a $787 billion stimulus package into law. More recently, the Treasury introduced the Public-Private Partnership Investment Program (PPIP), which aims to facilitate the purchase of $500 billion to $1 trillion of toxic mortgage assets from bank balance sheets.

Fort Dearborn Income Securities, Inc.

In further support of the economy, the Fed reduced the fed funds rate on several occasions during the reporting period. (The federal funds rate, or “fed funds” rate, is the rate that banks charge one another for funds they borrow on an overnight basis.) Prior to the start of the reporting period, the Fed had left rates on hold for several months, citing inflationary pressures triggered by soaring oil and food prices. When the reporting period began, the fed funds rate was 2.00%.

However, with the global financial crisis rapidly escalating and oil prices falling sharply, the Fed moved into action, lowering the rate on October 8, 2008 in a coordinated interest rate cut with other central banks from around the world. This was followed by another rate reduction at the Fed’s regularly scheduled meeting on October 29, 2008. Together, these moves brought the federal funds rate to 1.00%. Then, at its December 16, 2008 meeting, the Fed aggressively cut the rate, bringing it to a range of 0.00% to 0.25%—a record low. This rate was subsequently maintained at the Fed meetings that took place in January, March and April 2009.

Q. How did the bond market perform in this environment?

A. As was the case with the stock market, the fixed income market experienced periods of extreme volatility during the reporting period. Treasury yields fluctuated in response to a stream of news regarding the economy and the government’s attempts to restore order to the financial markets and stimulate economic growth. Treasury yields ultimately moved lower (and their prices moved higher) given the Fed’s numerous interest rate cuts and periods of extreme investor risk aversion.

During the six-month reporting period, two-year Treasury yields fell from 2.00% to 0.81%, while 10-year Treasury yields moved from 3.85% to 2.71%. During the six months ended March 31, 2009, the overall bond market, as measured by the Barclays Capital US Aggregate Index (formerly known as the Lehman Brothers US Aggregate Index), returned 4.70%.

Q. How did you manage the Fund’s duration during the reporting period?

A. We kept the Fund’s duration, which measures a portfolio’s sensitivity to changes in interest rates, largely in line with that of its benchmark throughout the reporting period. From a yield curve perspective, we maintained a modest steepening bias in the portfolio. This benefited performance when the yield curve steepened as the difference between short- and long-term interest rates increased.

Fort Dearborn Income Securities, Inc.

Q. How did you position the Fund's portfolio during the reporting period?

A. We proactively managed the Fund's portfolio as we sought to take advantage of what we believed to be pricing dislocations in the fixed income market.

- **An underweight to the corporate bond sector benefited Fund performance.** Periods of heightened investor risk aversion triggered several flights to quality throughout the reporting period. During these times, investors flocked to the safety of US Treasuries, while spreads on corporate bonds—the difference between the yields paid on these securities versus those paid on US Treasuries—moved to historically wide levels. In this environment, the Fund's underweight to the corporate bond sector enhanced its relative results.

- **The Fund maintained a near-neutral allocation to the agency mortgage-backed sector.** Exposure to nonagency mortgage-backed securities was minimal, and did not affect performance materially. However, an overweight to government agency securities benefited performance during the period.

- **An overweight to asset-backed securities (ABS) produced mixed results.** Early in the reporting period, the Fund's minimal exposure to ABS backed by home equity loans was a small drag on performance as mortgage foreclosures and defaults moved sharply higher. However, the overall ABS sector rallied as the reporting period progressed. This was, in part, a reaction to the Fed's plans to support certain ABS through the Fed's Term Asset-Backed Securities Loan Facility, created to revive consumer lending by facilitating issuance of consumer and small business ABS.

- **The Fund's modest holdings in commercial mortgage-backed securities (CMBS) performed poorly during the reporting period.** While we favored AAA-rated CMBS, they too were negatively impacted by increased risk aversion and fears that the weakening economy would adversely affect the commercial real estate market. CMBS spreads—the difference between the yields paid on these securities versus those paid on US Treasury bonds—reached historically wide levels during the fourth quarter of 2008, and they remained elevated at the end of the reporting period.

  Despite this, we selectively added to the Fund's exposure to AAA-rated CMBS during the period, as we believed that these securities offered high-quality cash flows and that their long-term appreciation potential

Fort Dearborn Income Securities, Inc.

was compelling. Recent government support from the Treasury's Public-Private Partnership Investment Program has caused these securities to rally from their distressed levels.

- **The Fund's out-of-index exposure to inflation-linked bonds produced mixed results.** During the first half of the reporting period, Treasury inflation-protected securities (TIPS) performed poorly as inflationary pressures receded. However, TIPS rallied during the first quarter of 2009, as inflationary fears increased following the government's aggressive actions to stimulate the economy. Overall, the Fund's exposure to TIPS was slightly positive for performance.

Q. What factors do you believe will affect the Fund over the coming months?

A. At UBS Global Asset Management, we have taken steps to face the ongoing challenges in the marketplace and to take advantage of what we feel will be compelling opportunities in the future. These include building a team of investment professionals who we believe have track records of success in addressing some of the issues existing in today's marketplace, and increasing the depth of our analyst teams, including doubling headcount to create a stronger analytical platform.

In terms of the economy, we believe that the key uncertainty going forward is the extent and impact of further government intervention for the financial and housing markets, as well as the future path of inflation or deflation. While we believe that the government's aggressive intervention was necessary, we think it is possible that, over the longer term, unintended consequences may outweigh the near-term benefits.

Looking ahead, we plan to continue to purchase high-quality securities and maintain liquidity while incrementally adding to certain non-Treasury securities that we believe are attractively valued. We continue to be mindful of the continued stress in corporate, residential and commercial real estate markets.

Fort Dearborn Income Securities, Inc.

We thank you for your continued support and welcome any comments or questions you may have. For additional information regarding the Fund, please contact your Financial Advisor, or visit us at www.ubs.com/globalam-us.

Sincerely,

Kai R. Sotorp
President
Fort Dearborn Income Securities, Inc.
Head—Americas
UBS Global Asset Management (Americas) Inc.

Michael Dow
Portfolio Manager
Fort Dearborn Income Securities, Inc.
Head of US Long Duration Fixed Income
UBS Global Asset Management (Americas) Inc.

This letter is intended to assist shareholders in understanding how the Fund performed during the six months ended March 31, 2009. The views and opinions in the letter were current as of May 15, 2009. They are not guarantees of performance or investment results and should not be taken as investment advice. Investment decisions reflect a variety of factors, and we reserve the right to change our views about individual securities, sectors and markets at any time. As a result, the views expressed should not be relied upon as a forecast of the Fund's future investment intent. We encourage you to consult your financial advisor regarding your personal investment program.

Fort Dearborn Income Securities, Inc.

Performance at a glance (unaudited)

Average annual total returns for periods ended 03/31/09

Net asset value returns	**6 months**	**1 year**	**5 years**	**10 years**
Fort Dearborn Income Securities, Inc.	5.09%	(4.38)%	2.12%	4.83%
Lipper Corporate Debt Funds BBB-Rated median	(3.98)%	(10.29)%	0.39%	3.96%
Market price returns				
Fort Dearborn Income Securities, Inc.	4.86%	(2.78)%	3.16%	4.93%
Lipper Corporate Debt Funds BBB-Rated median	8.05%	(5.77)%	(0.62)%	3.60%
Index returns				
Investment Grade Bond Index[1]	3.29%	(3.79)%	2.28%	5.30%

Past performance does not predict future performance. The return and value of an investment will fluctuate so that an investor's shares, when sold, may be worth more or less than their original cost. The Fund's net asset value ("NAV") returns assume, for illustration only, that dividends and other distributions, if any, were reinvested at the NAV on the payable dates. The Fund's market price returns assume that all dividends and other distributions, if any, were reinvested at prices obtained under the Fund's Dividend Reinvestment Plan. NAV and market price returns for the period of less than one year have not been annualized. Returns do not reflect the deduction of taxes that a shareholder would pay on Fund dividends and other distributions, if any, or the sale of Fund shares.

Lipper peer group data calculated by Lipper Inc.; used with permission. The Lipper median is the return of the fund that places in the middle of the peer group.

[1] The Investment Grade Bond Index is an unmanaged index compiled by the Advisor, constructed as follows: From 12/31/81 to present—5% Barclays Capital US Agency Index (formerly known as Lehman Brothers US Agency Index) (7+ years), 75% Barclays Capital US Credit Index (formerly known as Lehman Brothers US Credit Index) (7+ years), 10% Barclays Capital US MBS Fixed Rate Index (formerly known as Lehman Brothers US MBS Fixed Rate Index) (all maturities) and 10% Barclays Capital US Treasury Index (formerly known as Lehman Brothers US Treasury Index) (7+ years). Investors should note that indices do not reflect fees, expenses or taxes.

Fort Dearborn Income Securities, Inc.

Portfolio statistics (unaudited)

Characteristics*	**03/31/09**	**09/30/08**	**03/31/08**
Net assets (mm)	$124.1	$121.2	$136.9
Weighted average maturity (yrs.)	18.0	15.9	15.2
Modified duration	7.9%	8.3%	8.6%

Credit quality**	**03/31/09**	**09/30/08**	**03/31/08**
AAA	37.8%	40.0%	34.7%
AA	7.2	8.0	7.1
A	29.8	24.5	22.9
BBB	22.7	23.6	20.0
BB	0.5	0.7	1.6
B	0.1	0.8	5.5
CCC	0.1	0.4	2.0
Non-rated	0.4	0.6	3.1
Cash equivalents	1.0	4.7	3.7
Other assets, less liabilities	0.4	(3.3)	(0.6)
Total	100.0%	100.0%	100.0%

* Characteristics will vary over time.

** Weightings represent percentages of net assets as of the dates indicated. The Funds portfolio is actively managed and its composition will vary over time. Credit quality ratings shown are based on those assigned by Standard & Poors, a division of the McGraw-Hill Companies, Inc. (S&P), to individual portfolio holdings. S&P is an independent ratings agency.

 Modified duration is the change in price, expressed as a percentage, expected in response to each 1% change in yield of the portfolios holdings.

Fort Dearborn Income Securities, Inc.

Industry diversification
As a percentage of net assets
As of March 31, 2009 (unaudited)

Bonds	
Corporate bonds	
Aerospace & defense	0.62%
Automobiles	0.61
Beverages	0.53
Biotechnology	0.25
Capital markets	3.09
Chemicals	1.41
Commercial banks	3.33
Commercial services & supplies	0.53
Communications equipment	0.87
Computers & peripherals	0.46
Construction materials	0.18
Diversified consumer services	0.88
Diversified financial services	7.80
Diversified telecommunication services	6.20
Electric utilities	6.62
Energy equipment & services	0.83
Food & staples retailing	2.26
Food products	0.63
Health care providers & services	1.08
Hotels, restaurants & leisure	0.23
Household durables	0.49
Household products	0.33
Insurance	2.00
Machinery	0.41
Media	3.62
Metals & mining	0.40
Multiline retail	0.45
Multi-utilities	0.69
Office electronics	0.32
Oil, gas & consumable fuels	5.62
Pharmaceuticals	2.80
Real estate investment trusts (REITs)	0.56
Road & rail	1.81
Software	0.44
Tobacco	1.01
Total corporate bonds	59.36
Asset-backed securities	5.90
Commercial mortgage-backed securities	3.51
Mortgage & agency debt securities	19.58
Municipal bonds	4.00

Fort Dearborn Income Securities, Inc.

Industry diversification (concluded)
As a percentage of net assets
As of March 31, 2009 (unaudited)

Bonds (concluded)	
US government obligations	5.57%
Non US-government obligation	0.68
Total bonds	98.60
Preferred stock	0.01
Short-term investment	1.04
Total investments	99.65
Cash and other assets, less liabilities	0.35
Net assets	100.00%

Fort Dearborn Income Securities, Inc.

Portfolio of investments—March 31, 2009 (unaudited)

Security description	Face amount	Value
Bonds—98.60%		
Corporate bonds—59.36%		
Australia—0.25%		
BHP Billiton Finance USA Ltd., 6.500%, due 04/01/19	$305,000	$309,008
Bermuda—0.15%		
Ingersoll-Rand Global Holding Co., Ltd., 9.500%, due 04/15/14	185,000	184,985
Canada—2.23%		
Anadarko Finance Co., Series B, 7.500%, due 05/01/31	380,000	296,799
Barrick Gold Corp., 6.950%, due 04/01/19	180,000	180,821
Canadian National Railway Co., 6.375%, due 11/15/37	625,000	659,472
6.900%, due 07/15/28	285,000	303,568
Canadian Natural Resources Ltd., 6.750%, due 02/01/39	1,020,000	807,466
TransCanada Pipelines Ltd., 7.125%, due 01/15/19	500,000	521,706
Total Canada corporate bonds		2,769,832
Cayman Islands—0.84%		
Transocean Ltd., 6.800%, due 03/15/38	535,000	470,015
7.500%, due 04/15/31	620,000	566,108
Total Cayman Islands corporate bonds		1,036,123
France—0.31%		
Electricite de France, 6.950%, due 01/26/39[1]	390,000	386,554

Luxembourg—0.62%		
Telecom Italia Capital SA, 6.375%, due 11/15/33	1,060,000	772,322
Netherlands—1.41%		
Deutsche Telekom International Finance BV, 6.750%, due 08/20/18	520,000	522,239
E.ON International Finance BV, 6.650%, due 04/30/38(1)	725,000	696,202

Fort Dearborn Income Securities, Inc.

Portfolio of investments—March 31, 2009 (unaudited)

Security description	Face amount	Value
Bonds—(continued)		
Corporate bonds—(continued)		
Netherlands—(concluded)		
Shell International Finance BV, 6.375%, due 12/15/38	$500,000	$526,512
Total Netherlands corporate bonds		1,744,953
Spain—0.36%		
Telefonica Emisiones SAU, 6.221%, due 07/03/17	440,000	450,919
Switzerland—0.61%		
Credit Suisse, 6.000%, due 02/15/18	865,000	754,454
United Kingdom—1.41%		
Abbey National PLC, 7.950%, due 10/26/29	550,000	477,045
AstraZeneca PLC, 6.450%, due 09/15/37	470,000	487,523
British Telecommunications PLC, 9.125%, due 12/15/30	365,000	331,753
Royal Bank of Scotland Group PLC, 7.640%, due 09/29/17[(2),(3)]	600,000	135,000
Vodafone Group PLC, 6.150%, due 02/27/37	340,000	320,578
Total United Kingdom corporate bonds		1,751,899
United States—51.17%		
Alabama Power Co., 6.000%, due 03/01/39	310,000	304,903
Allergan, Inc., 5.750%, due 04/01/16	675,000	659,787
Allstate Corp., 5.350%, due 06/01/33	575,000	389,775

Alltel Corp., 7.875%, due 07/01/32	300,000	304,932
Altria Group, Inc., 9.700%, due 11/10/18	460,000	500,710
9.950%, due 11/10/38	175,000	174,634
American Honda Finance Corp., 7.625%, due 10/01/18[1]	225,000	211,855

Fort Dearborn Income Securities, Inc.

Portfolio of investments—March 31, 2009 (unaudited)

Security description	Face amount	Value
Bonds—(continued)		
Corporate bonds—(continued)		
United States—(continued)		
American International Group, Inc., 5.850%, due 01/16/18	$1,180,000	$461,975
Amgen, Inc., 6.400%, due 02/01/39	325,000	312,429
Anheuser-Busch Cos., Inc., 6.450%, due 09/01/37	400,000	331,959
Apache Corp., 6.000%, due 01/15/37	575,000	554,629
Appalachian Power Co., 7.950%, due 01/15/20	300,000	307,891
Archer-Daniels-Midland Co., 6.450%, due 01/15/38	350,000	349,047
AT&T, Inc., 6.500%, due 09/01/37	975,000	879,861
6.550%, due 02/15/39	1,030,000	934,191
Bank of America Corp., 5.420%, due 03/15/17	2,200,000	1,337,081
Bank of America N.A., 6.000%, due 10/15/36	500,000	330,762
Bear Stearns Cos., 7.250%, due 02/01/18	1,310,000	1,352,855
Boeing Co., 5.000%, due 03/15/14	300,000	307,517
Bristol-Myers Squibb Co., 5.875%, due 11/15/36	350,000	334,135
Burlington Northern Santa Fe Corp., 7.082%, due 05/13/29	745,000	751,461

Caterpillar Financial Services Corp., 5.450%, due 04/15/18	340,000	291,702
Chevron Corp., 4.950%, due 03/03/19	505,000	516,102
Cisco Systems, Inc., 5.900%, due 02/15/39	1,180,000	1,084,204
Citigroup, Inc., 6.125%, due 05/15/18	2,730,000	2,356,364
Comcast Corp., 6.950%, due 08/15/37	2,250,000	2,095,227

Fort Dearborn Income Securities, Inc.

Portfolio of investments—March 31, 2009 (unaudited)

Security description	Face amount	Value
Bonds—(continued)		
Corporate bonds—(continued)		
United States—(continued)		
ConocoPhillips, 6.500%, due 02/01/39	$1,040,000	$1,014,495
Consolidated Edison Co. of New York, Inc., 7.125%, due 12/01/18	400,000	425,469
CRH America, Inc., 6.000%, due 09/30/16	310,000	218,581
CVS Caremark Corp., 6.250%, due 06/01/27	500,000	460,763
Daimler Finance North America LLC, 8.500%, due 01/18/31	845,000	755,613
Dominion Resources, Inc., Series B, 5.950%, due 06/15/35	495,000	418,900
DTE Energy Co., 6.350%, due 06/01/16	500,000	432,598
Duke Energy Carolinas LLC, 6.050%, due 04/15/38	350,000	351,423
ERAC USA Finance Co., 7.000%, due 10/15/37(1)	440,000	256,107
8.000%, due 01/15/11(1)	915,000	828,769
Exelon Generation Co. LLC, 5.350%, due 01/15/14	1,015,000	950,608
Florida Power & Light Co., 5.650%, due 02/01/35	355,000	344,648
Florida Power Corp., 6.350%, due 09/15/37	215,000	223,099
Fortune Brands, Inc., 5.375%, due 01/15/16	700,000	603,980

General Electric Capital Corp., 5.625%, due 05/01/18	330,000	286,942
5.875%, due 01/14/38	1,445,000	1,032,143
6.875%, due 01/10/39	745,000	607,615
GlaxoSmithKline Capital, Inc., 6.375%, due 05/15/38	600,000	605,916
GMAC LLC, 6.875%, due 09/15/11[1]	202,000	143,545

Fort Dearborn Income Securities, Inc.

Portfolio of investments—March 31, 2009 (unaudited)

Security description	Face amount	Value
Bonds—(continued)		
Corporate bonds—(continued)		
United States—(continued) Goldman Sachs Group, Inc., 6.150%, due 04/01/18	$1,026,000	$937,167
6.750%, due 10/01/37	770,000	520,783
Hartford Financial Services Group, Inc., 5.950%, due 10/15/36	590,000	295,500
Hewlett-Packard Co., 4.750%, due 06/02/14	570,000	576,228
HSBC Bank USA N.A., 5.625%, due 08/15/35	855,000	706,941
ICI Wilmington, Inc., 5.625%, due 12/01/13	850,000	816,466
Illinois Tool Works, Inc., 6.250%, due 04/01/19[1]	325,000	327,639
JP Morgan Chase Capital XXV, Series Y, 6.800%, due 10/01/37	1,100,000	728,498
Kimberly-Clark Corp., 7.500%, due 11/01/18	350,000	413,589
Kinder Morgan Energy Partners LP, 5.800%, due 03/15/35	900,000	667,749
Kraft Foods, Inc., 6.875%, due 01/26/39	440,000	432,013
Kroger Co., 6.900%, due 04/15/38	650,000	656,513
Lehman Brothers Holdings, Inc., 6.750%, due 12/28/17[4]	585,000	58
6.875%, due 05/02/18[4]	785,000	94,200

McDonald□s Corp., 6.300%, due 03/01/38	275,000	283,171
Merck & Co., Inc., 6.400%, due 03/01/28	520,000	536,242
Merrill Lynch & Co., Inc., 5.700%, due 05/02/17	400,000	236,846
6.875%, due 04/25/18	365,000	285,464
Metlife Inc., Series A, 6.817%, due 08/15/18	665,000	570,932

Fort Dearborn Income Securities, Inc.

Portfolio of investments—March 31, 2009 (unaudited)

Security description	Face amount	Value
Bonds—(continued)		
Corporate bonds—(continued)		
United States—(continued)		
MidAmerican Energy Holding Co., 5.950%, due 05/15/37	$900,000	$777,556
Morgan Stanley, 1.950%, due 06/20/12	645,000	644,041
6.625%, due 04/01/18	845,000	805,713
7.250%, due 04/01/32	355,000	316,348
Mosaic Co., 7.375%, due 12/01/14(1)	950,000	931,000
National Rural Utilities Cooperative Finance Corp., 10.375%, due 11/01/18	160,000	185,233
New Cingular Wireless Services, Inc., 8.750%, due 03/01/31	945,000	1,036,341
News America, Inc., 6.200%, due 12/15/34	695,000	499,955
Nisource Finance Corp., 10.750%, due 03/15/16	200,000	202,470
Norfolk Southern Corp., 5.750%, due 04/01/18	340,000	337,882
Northrop Grumman Systems Corp., 7.125%, due 02/15/11	425,000	453,486
Nustar Logistics, 7.650%, due 04/15/18	575,000	473,830
Oncor Electric Delivery Co., 6.800%, due 09/01/18(1)	425,000	416,717
ONEOK Partners LP, 8.625%, due 03/01/19	440,000	443,987

Oracle Corp., 6.500%, due 04/15/38	550,000	548,557
Pacific Gas & Electric Co., 6.050%, due 03/01/34	540,000	528,414
8.250%, due 10/15/18	275,000	324,111
Pemex Project Funding Master Trust, 5.750%, due 03/01/18	685,000	571,975
PepsiCo Inc., 7.900%, due 11/01/18	260,000	319,451
Pfizer, Inc., 6.200%, due 03/15/19	305,000	325,044

Fort Dearborn Income Securities, Inc.

Portfolio of investments—March 31, 2009 (unaudited)

Security description	Face amount	Value
Bonds—(continued)		
Corporate bonds—(continued)		
United States—(continued)		
Philip Morris International, Inc., 6.375%, due 05/16/38	$600,000	$581,071
Progressive Corp., 6.250%, due 12/01/32	275,000	238,331
Prologis, 5.625%, due 11/15/15	825,000	420,509
Prudential Financial, Inc., 5.750%, due 07/15/33	425,000	210,517
PSEG Power LLC, 8.625%, due 04/15/31	695,000	698,719
Safeway Inc., 7.450%, due 09/15/27	725,000	754,637
San Diego Gas & Electric Co., Series FFF, 6.125%, due 09/15/37	450,000	465,761
Schering-Plough Corp., 6.550%, due 09/15/37	525,000	533,845
Simon Property Group LP, 5.375%, due 06/01/11	300,000	270,768
South Carolina Electric & Gas Co., 6.500%, due 11/01/18	105,000	115,306
Southern California Edison Co., 6.050%, due 03/15/39	375,000	373,955
Sprint Capital Corp., 6.875%, due 11/15/28	1,035,000	631,350
Target Corp., 6.500%, due 10/15/37	290,000	256,977
7.000%, due 07/15/31	305,000	292,829

Time Warner Cable, Inc., 7.300%, due 07/01/38	600,000	542,142
8.750%, due 02/14/19	410,000	435,349
Time Warner, Inc., 7.625%, due 04/15/31	1,030,000	920,331
Travelers Property Casualty Corp., 6.375%, due 03/15/33	350,000	326,296
Unilever Capital Corp., 4.800%, due 02/15/19	450,000	448,366

Fort Dearborn Income Securities, Inc.

Portfolio of investments March 31, 2009 (unaudited)

Security description	Face amount	Value
Bonds (continued)		
Corporate bonds (concluded)		
United States (concluded)		
Union Electric Co., 6.700%, due 02/01/19	$340,000	$323,857
Union Pacific Corp., 7.875%, due 01/15/19	180,000	198,507
UnitedHealth Group, Inc., 6.875%, due 02/15/38	865,000	767,307
Valero Energy Corp., 6.625%, due 06/15/37	360,000	254,476
7.500%, due 04/15/32	400,000	313,776
Verizon Communications, Inc., 6.900%, due 04/15/38	520,000	502,932
Verizon New York, Inc., Series B, 7.375%, due 04/01/32	1,085,000	1,006,702
Virginia Electric and Power Co., 8.875%, due 11/15/38	400,000	489,021
Wachovia Bank N.A., 5.850%, due 02/01/37	1,175,000	852,641
Wal-Mart Stores, Inc., 6.500%, due 08/15/37	900,000	935,756
Washington Mutual Bank, 5.500%, due 01/15/13[(4),(5)]	750,000	75
Washington Mutual Preferred Funding LLC, 9.750%, due 12/15/17[(2),(3),(4),(5),(6)]	1,300,000	130
Waste Management, Inc., 6.100%, due 03/15/18	700,000	661,250
WellPoint, Inc., 5.850%, due 01/15/36	705,000	570,022

Wells Fargo Bank N.A., 5.950%, due 08/26/36	1,180,000	870,051
Wisconsin Power & Light Co., 7.600%, due 10/01/38	175,000	198,358
Xerox Corp., 6.350%, due 05/15/18	540,000	402,300
Total United States corporate bonds		63,489,532
Total corporate bonds (cost$86,050,267)		73,650,581

Fort Dearborn Income Securities, Inc.

Portfolio of investments—March 31, 2009 (unaudited)

Security description	Face amount	Value
Bonds—(continued)		
Asset-backed securities—5.90%		
United States—5.90%		
Ameriquest Mortgage Securities, Inc., Series 2005-R6, Class A2, 0.674%, due 08/25/35(2)	$186,796	$159,781
Asset Backed Funding Certificates, Series 2006-OPT3, Class A3A, 0.582%, due 11/25/36(2)	364,640	346,636
Bank of America Credit Card Trust, Series 2007-B1, Class B1, 0.636%, due 06/15/12(2)	850,000	778,844
Citibank Credit Card Issuance Trust, Series 2002-A8, Class A8, 0.723%, due 11/07/11(2)	750,000	738,282
Series 2007-A3, Class A3, 6.150%, due 06/15/39	390,000	385,758
CPL Transition Funding LLC, Series 2002-1, Class A5, 6.250%, due 01/15/17	3,000,000	3,321,751
Ford Credit Auto Owner Trust, Series 2007-B, Class A3A, 5.150%, due 11/15/11	320,000	315,762
MBNA Credit Card Master Note Trust, Series 2004-A7, Class A7, 0.561%, due 12/15/11(2)	250,000	248,254
Series 2006-B1, Class B1, 0.776%, due 07/15/15(2)	500,000	307,497
MBNA Master Credit Card Trust, Series 2001-B, Class C, 7.250%, due 08/15/13(1)	300,000	225,285
Small Business Administration, Series 2004-P10B, Class 1, 4.754%, due 08/10/14	341,823	353,020

Structured Asset Investment Loan Trust, Series 2005-7, Class A4, 0.664%, due 08/25/35[2]	146,868	141,639
Total asset-backed securities (cost$7,143,246)		7,322,509

Fort Dearborn Income Securities, Inc.

Portfolio of investments—March 31, 2009 (unaudited)

Security description	Face amount	Value
Bonds—(continued)		
Commercial mortgage-backed securities—3.51%		
United States—3.51%		
Bear Stearns Commercial Mortgage Securities Trust, Series 2005-PWR7, Class A2, 4.945%, due 02/11/41	$679,291	$573,704
Series 2006-PW12, Class A4, 5.718%, due 09/11/38[2]	600,000	511,569
Citigroup/Deutsche Bank Commercial Mortgage Trust, Series 2006-CD3, Class A2, 5.560%, due 10/15/48	500,000	438,842
Greenwich Capital Commercial Funding Corp., Series 2007-GG9, Class A4, 5.444%, due 03/10/39	1,000,000	720,366
GS Alternative Mortgage Product II, Series 2006-GG8, Class A2, 5.479%, due 11/10/39	320,000	282,414
Series 2007-GG10, Class A2, 5.778%, due 08/10/45[2]	575,000	484,947
Series 2007-GG10, Class A4, 5.799%, due 08/10/45[2]	1,000,000	682,443
Wachovia Bank Commercial Mortgage Trust, Series 2006-C27, Class A2, 5.624%, due 07/15/45	750,000	664,009
Total commercial mortgage-backed securities (cost—$4,082,805)		4,358,294
Mortgage & agency debt securities—19.58%		
United States—19.58%		
Federal Home Loan Mortgage Corp., 3.500%, due 05/29/13	890,000	935,137
4.875%, due 06/13/18	1,610,000	1,785,416
5.000%, due 01/30/14	30,000	33,288

Federal Home Loan Mortgage Corp. Gold Pool, #E01127, 6.500%, due 02/01/17	112,585	118,294
Federal National Mortgage Association, 2.750%, due 03/13/14	795,000	804,490
2.875%, due 10/12/10	5,000,000	5,138,490
2.875%, due 12/11/13	545,000	557,116
3.500%, due 04/28/11	190,000	