

FORT DEARBORN INCOME SECURITIES INC
Form N-Q
February 28, 2006

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 (US) 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, 2005

Item 1. Schedule of Investments

**Fort Dearborn Income Securities, Inc.
Portfolio of Investments □ December 31, 2005 (Unaudited)**

| | <u>Face Amount</u> | <u>Value</u> |
|---|------------------------|--------------|
| Bonds □ 98.37% | | |
| U.S. Bonds □ 91.47% | | |
| U.S. Corporate Bonds □ 52.71% | | |
| Albertson's, Inc. 8.000%, due 05/01/31 | \$ 165,000 | \$ 162,335 |

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| | | |
|--------------------------------------|-----------|-----------|
| Allstate Corp. | | |
| 6.750%, due 05/15/18 | 195,000 | 215,739 |
| Altria Group, Inc. | | |
| 7.750%, due 01/15/27 | 310,000 | 368,023 |
| American General Finance Corp. | | |
| 5.375%, due 10/01/12 | 370,000 | 371,881 |
| AT&T Corp. | | |
| 9.750%, due 11/15/31 | 860,000 | 1,080,267 |
| AT&T, Inc. | | |
| 6.450%, due 06/15/34 | 995,000 | 1,035,371 |
| Avon Products, Inc. | | |
| 7.150%, due 11/15/09 | 1,270,000 | 1,363,892 |
| Bank of America Corp. | | |
| 7.400%, due 01/15/11 | 1,915,000 | 2,109,418 |
| Bank One Corp. | | |
| 7.875%, due 08/01/10 | 815,000 | 904,756 |
| BellSouth Corp. | | |
| 6.000%, due 10/15/11 | 315,000 | 327,456 |
| 6.550%, due 06/15/34 | 890,000 | 947,994 |
| Bristol-Myers Squibb Co. | | |
| 5.750%, due 10/01/11 | 395,000 | 407,948 |
| Burlington Northern Santa Fe Corp. | | |
| 6.875%, due 12/01/27 | 120,000 | 139,164 |
| 7.082%, due 05/13/29 | 740,000 | 879,676 |
| C.S. First Boston USA, Inc. | | |
| 6.500%, due 01/15/12 | 1,105,000 | 1,182,106 |
| Capital One Financial Corp. | | |
| 5.500%, due 06/01/15 | 700,000 | 695,904 |
| Caterpillar, Inc. | | |
| 6.550%, due 05/01/11 | 720,000 | 776,866 |
| CBS Corp. | | |
| 6.625%, due 05/15/11 | 825,000 | 859,233 |
| Cendant Corp. | | |
| 7.375%, due 01/15/13 | 340,000 | 379,856 |
| Centex Corp. | | |
| 7.875%, due 02/01/11 | 300,000 | 329,353 |
| CIT Group, Inc. | | |
| 7.750%, due 04/02/12 | 140,000 | 158,778 |
| Citigroup, Inc. | | |
| 5.000%, due 09/15/14 | 1,882,000 | 1,852,556 |
| 5.625%, due 08/27/12 | 815,000 | 840,030 |
| Citizens Communications Co. | | |
| 9.000%, due 08/15/31 | 585,000 | 592,312 |
| Comcast Corp. | | |
| 7.050%, due 03/15/33 | 1,300,000 | 1,403,460 |
| ConAgra Foods, Inc. | | |
| 6.750%, due 09/15/11 | 420,000 | 447,373 |
| Coors Brewing Co. | | |
| 6.375%, due 05/15/12 | 350,000 | 370,888 |
| DaimlerChrysler N.A. Holding Corp. | | |
| 8.500%, due 01/18/31 | 845,000 | 1,022,464 |
| Devon Financing Corp. ULC | | |
| 6.875%, due 09/30/11 | 985,000 | 1,077,427 |
| Dominion Resources, Inc. | | |
| 5.950%, due 06/15/35 | 495,000 | 483,163 |
| Duke Energy Field Services LLC | | |
| 8.125%, due 08/16/30 | 590,000 | 750,492 |
| EOP Operating LP | | |
| 7.250%, due 06/15/28 | 700,000 | 773,888 |
| Erac U.S.A. Finance Co., <u>144A</u> | | |
| 8.000%, due 01/15/11 | 1,065,000 | 1,189,857 |
| FirstEnergy Corp., Series B | | |

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| | | |
|---------------------------------|-----------|-----------|
| 6.450%, due 11/15/11 | 650,000 | 688,998 |
| Ford Motor Credit Co. | | |
| 5.800%, due 01/12/09 | 6,090,000 | 5,312,545 |
| General Dynamics Corp. | | |
| 4.250%, due 05/15/13 | 730,000 | 698,271 |
| General Electric Capital Corp. | | |
| 6.000%, due 06/15/12 | 1,730,000 | 1,822,020 |
| 6.750%, due 03/15/32 | 1,150,000 | 1,349,929 |
| General Motors Acceptance Corp. | | |
| 6.875%, due 09/15/11 | 2,340,000 | 2,133,951 |
| Goldman Sachs Group, Inc. | | |
| 6.125%, due 02/15/33 | 440,000 | 461,788 |
| 6.875%, due 01/15/11 | 1,685,000 | 1,815,203 |
| HSBC Bank USA N.A. | | |
| 5.625%, due 08/15/35 | 855,000 | 836,257 |
| HSBC Finance Corp. | | |
| 6.750%, due 05/15/11 | 1,165,000 | 1,250,244 |

| | <u>Face Amount</u> | <u>Value</u> |
|---|------------------------|--------------|
| U.S. Corporate Bonds □ (continued) | | |
| ICI Wilmington, Inc. | | |
| 5.625%, due 12/01/13 | \$ 850,000 | \$ 846,064 |
| JPMorgan Chase & Co. | | |
| 6.750%, due 02/01/11 | 955,000 | 1,022,879 |
| Kinder Morgan Energy Partners LP | | |
| 5.800%, due 03/15/35 | 355,000 | 339,595 |
| Kraft Foods, Inc. | | |
| 5.625%, due 11/01/11 | 760,000 | 779,758 |
| Kroger Co. | | |
| 7.500%, due 04/01/31 | 650,000 | 725,644 |
| Lincoln National Corp. | | |
| 6.200%, due 12/15/11 | 390,000 | 413,989 |
| Lockheed Martin Corp. | | |
| 8.500%, due 12/01/29 | 255,000 | 347,557 |
| Marathon Oil Corp. | | |
| 6.125%, due 03/15/12 | 325,000 | 344,623 |
| Marsh & McLennan Cos., Inc. | | |
| 6.250%, due 03/15/12 | 705,000 | 734,506 |
| MBNA Corp. | | |
| 7.500%, due 03/15/12 | 550,000 | 619,483 |
| McKesson Corp. | | |
| 7.750%, due 02/01/12 | 600,000 | 675,382 |
| Mellon Funding Corp. | | |
| 5.000%, due 12/01/14 | 195,000 | 194,343 |
| Merck & Co., Inc. | | |
| 6.400%, due 03/01/28 | 520,000 | 563,701 |
| Miller Brewing Co., 144A | | |
| 5.500%, due 08/15/13 | 350,000 | 356,757 |
| Morgan Stanley | | |
| 6.750%, due 04/15/11 | 1,675,000 | 1,803,183 |
| 7.250%, due 04/01/32 | 355,000 | 426,090 |
| National City Bank | | |
| 4.625%, due 05/01/13 | 360,000 | 349,991 |
| New Cingular Wireless Services, Inc. | | |
| 8.750%, due 03/01/31 | 945,000 | 1,251,953 |
| Newell Rubbermaid, Inc. | | |
| 6.750%, due 03/15/12 | 235,000 | 249,526 |

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| | | |
|---|-----------|-----------|
| News America, Inc. 6.200%, due 12/15/34 | 810,000 | 804,573 |
| Northrop Grumman Corp. 7.125%, due 02/15/11 | 425,000 | 463,120 |
| Occidental Petroleum Corp. 8.450%, due 02/15/29 | 265,000 | 367,425 |
| Pacific Gas & Electric Co. 6.050%, due 03/01/34 | 670,000 | 693,423 |
| Pitney Bowes, Inc. 4.625%, due 10/01/12 | 300,000 | 293,692 |
| Progress Energy, Inc. 7.000%, due 10/30/31 | 520,000 | 577,053 |
| Progressive Corp. 6.250%, due 12/01/32 | 275,000 | 300,084 |
| PSEG Power LLC 8.625%, due 04/15/31 | 290,000 | 381,601 |
| Qwest Capital Funding, Inc. 7.900%, due 08/15/10 | 830,000 | 859,050 |
| Safeway, Inc. 7.250%, due 02/01/31 | 645,000 | 696,005 |
| Sempra Energy 7.950%, due 03/01/10 | 480,000 | 527,267 |
| Simon Property Group LP <u>REIT, 144A</u> 5.375%, due 06/01/11 | 300,000 | 300,717 |
| SLM Corp. 5.125%, due 08/27/12 | 115,000 | 115,167 |
| Sprint Capital Corp. 8.750%, due 03/15/32 | 1,330,000 | 1,765,016 |
| Target Corp. 7.000%, due 07/15/31 | 305,000 | 369,715 |
| Time Warner, Inc. 7.625%, due 04/15/31 | 995,000 | 1,108,081 |
| Travelers Property Casualty Corp. 6.375%, due 03/15/33 | 350,000 | 372,706 |
| TXU Energy Co. LLC 7.000%, due 03/15/13 | 800,000 | 852,531 |
| U.S. Bank N.A. 6.375%, due 08/01/11 | 500,000 | 533,916 |
| Union Oil Co. of California 7.500%, due 02/15/29 | 300,000 | 383,714 |
| Union Pacific Corp. 6.650%, due 01/15/11 | 470,000 | 500,639 |
| UST, Inc. 6.625%, due 07/15/12 | 475,000 | 493,923 |
| Valero Energy Corp. 7.500%, due 04/15/32 | 470,000 | 571,187 |
| Verizon New York, Inc., Series B 7.375%, due 04/01/32 | 1,085,000 | 1,140,671 |
| Wachovia Bank N.A. 7.800%, due 08/18/10 | 1,620,000 | 1,818,338 |
| Washington Mutual Bank FA 5.500%, due 01/15/13 | 1,050,000 | 1,066,393 |

| | <u>Face Amount</u> | <u>Value</u> |
|---|------------------------|--------------|
| U.S. Corporate Bonds (concluded) | | |
| Wells Fargo Bank N.A. 6.450%, due 02/01/11 | \$ 1,025,000 | \$ 1,092,377 |

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| | | |
|--|---------|------------|
| Weyerhaeuser Co. 7.375%, due 03/15/32 | 665,000 | 739,286 |
| Wyeth 5.500%, due 03/15/13 | 700,000 | 709,638 |
| | | 73,811,464 |

Asset-Backed Securities □ **6.81%**

| | | |
|--|-----------|-----------|
| CenterPoint Energy Transition Bond Co., LLC 01-1, Class A4 5.630%, due 09/15/15 | 3,200,000 | 3,312,575 |
| Conseco Finance Securitizations Corp., 00-2, Class A4 8.480%, due 12/01/30 | 533,351 | 540,029 |
| Conseco Finance Securitizations Corp., 00-5, Class A4 7.470%, due 02/01/32 | 220,073 | 221,491 |
| Conseco Finance Securitizations Corp., 00-5, Class A5 7.700%, due 02/01/32 | 1,500,000 | 1,489,214 |
| CPL Transition Funding LLC, 02-1, Class A5 6.250%, due 01/15/17 | 3,000,000 | 3,277,387 |
| Small Business Administration, 04-P10B, Class 1 4.754%, due 08/10/14 | 709,238 | 696,985 |
| | | 9,537,681 |

Mortgage and Agency Debt Securities □ **9.68%**

| | | |
|---|-----------|------------|
| C.S. First Boston Mortgage Securities Corp., 03-8, Class 5A1 6.500%, due 04/25/33 | 188,519 | 189,179 |
| Federal Home Loan Mortgage Corp. 5.000%, due 01/30/14 | 30,000 | 29,568 |
| 5.750%, due 01/15/12 | 1,315,000 | 1,379,714 |
| Federal Home Loan Mortgage Corp., Gold 5.500%, due 10/01/19 | 802,871 | 807,862 |
| 6.500%, due 02/01/17 | 249,490 | 256,393 |
| Federal National Mortgage Association 5.000%, <u>TBA</u> | 555,000 | 537,656 |
| 4.625%, due 10/15/13 | 785,000 | 775,611 |
| 5.500%, due 03/01/33 | 503,863 | 500,315 |
| 5.500%, due 09/01/34 | 2,491,566 | 2,469,554 |
| 5.500%, due 11/01/34 | 405,656 | 402,072 |
| 6.000%, due 06/01/23 | 229,722 | 233,575 |
| 6.000%, due 11/01/28 | 331,278 | 335,604 |
| 6.250%, due 02/01/11 | 1,370,000 | 1,446,871 |
| 6.625%, due 11/15/30 | 1,500,000 | 1,849,548 |
| 7.000%, due 03/01/31 | 179,488 | 187,807 |
| Federal National Mortgage Association Grantor Trust, 02-T19, Class A1 6.500%, due 07/25/42 | 545,436 | 560,372 |
| Federal National Mortgage Association, 93-106, Class Z, <u>REMIC</u> 7.000%, due 06/25/13 | 44,098 | 45,848 |
| Government National Mortgage Association 6.500%, due 05/15/29 | 119,373 | 124,916 |
| Wells Fargo Mortgage Backed Securities Trust, 03-18, Class A2 5.250%, due 12/25/33 | 1,467,920 | 1,419,479 |
| | | 13,551,944 |

Municipal Notes and Bonds □ **3.59%**

| | | |
|--|-----------|-----------|
| Illinois State Taxable Pension 5.100%, due 06/01/33 | 2,350,000 | 2,309,862 |
| New Jersey Economic Development Authority, Series B* 2.954%, due 02/15/18 | 5,000,000 | 2,724,050 |
| | | |

| | | |
|--|-----------|-------------|
| | | 5,033,912 |
| U.S. Government Obligations □ 18.68% | | |
| U.S. Treasury Bonds | | |
| 6.250%, due 05/15/30 | 8,900,000 | 11,053,382 |
| 8.000%, due 11/15/21 | 1,510,000 | 2,080,319 |
| 8.750%, due 05/15/17 | 4,515,000 | 6,200,011 |
| U.S. Treasury Inflation Indexed Bonds <u>TIPS</u> | | |
| 2.000%, due 01/15/14□ | 4,031,458 | 4,008,624 |
| U.S. Treasury Notes | | |
| 3.875%, due 07/31/07 | 75,000 | 74,391 |
| 3.875%, due 02/15/13 | 320,000 | 310,163 |
| 4.125%, due 05/15/15 | 320,000 | 312,987 |
| U.S. Treasury <u>Strips</u> * | | |
| 1.705%, due 02/15/27 | 5,620,000 | 2,124,332 |
| | | 26,164,209 |
| Total U.S. Bonds | | 128,099,210 |

International Bonds □ **6.90%****International Corporate Bonds** □ **6.55%****Canada** □ **2.34%**

| | | |
|----------------------------------|------------|-----------|
| Anadarko Finance Co., Series B | | |
| 7.500%, due 05/01/31 | \$ 745,000 | 913,082 |
| Bombardier, Inc., <u>144A</u> | | |
| 6.750%, due 05/01/12 | 1,020,000 | 943,500 |
| Burlington Resources Finance Co. | | |
| 6.680%, due 02/15/11 | 370,000 | 398,938 |
| Canadian National Railway Co. | | |
| 6.900%, due 07/15/28 | 285,000 | 339,237 |
| Conoco Funding Co. | | |
| 7.250%, due 10/15/31 | 275,000 | 342,635 |
| Telus Corp. | | |
| 8.000%, due 06/01/11 | 305,000 | 341,923 |
| | | 3,279,315 |

| | <u>Face Amount</u> | <u>Value</u> |
|---|------------------------|--------------|
| International Corporate Bonds □ (concluded) | | |
| Cayman Islands □ 2.36% | | |
| Augusta Funding VI, <u>144A</u> | | |
| 7.375%, due 04/15/13 | \$ 2,500,000 | \$ 2,568,825 |
| Transocean, Inc. | | |
| 7.500%, due 04/15/31 | 585,000 | 737,075 |
| | | 3,305,900 |
| Luxembourg □ 0.60% | | |
| Telecom Italia Capital S.A. | | |
| 6.375%, due 11/15/33 | \$ 835,000 | 844,633 |
| United Kingdom □ 1.25% | | |

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| | | |
|--|------------|--------------------|
| Abbey National PLC 7.950%, due 10/26/29 | \$ 750,000 | 972,290 |
| Barclays Bank PLC, 144A | | |
| 8.550%, due 06/15/11 | 290,000 | 334,567 |
| Royal Bank of Scotland Group PLC | | |
| 9.118%, due 03/31/10 | 385,000 | 441,056 |
| | | <u>1,747,913</u> |
| Total International Corporate Bonds | | <u>9,177,761</u> |
| Sovereign/SupraNational Bonds 0.35% | | |
| PEMEX Project Funding Master Trust | | |
| 8.000%, due 11/15/11 | 440,000 | 492,360 |
| | | <u>9,670,121</u> |
| Total International Bonds | | <u>9,670,121</u> |
| Total Bonds (Cost \$133,098,050) | | <u>137,769,331</u> |

Short-Term Investment 0.95%
Other 0.95%**

| | <u>Shares</u> | |
|---|---------------|-----------------------|
| UBS Supplementary Trust U.S. Cash Management Prime Fund, yield of 4.357%*** (Cost \$1,325,130) | 1,325,130 | 1,325,130 |
| | | <u>139,094,461</u> |
| Total Investments (Cost \$134,423,180) 99.32%# | | <u>139,094,461</u> |
| Cash and other assets, less liabilities 0.68% | | <u>953,320</u> |
| Net Assets 100.00% | | <u>\$ 140,047,781</u> |

NOTES TO SCHEDULE OF INVESTMENTS

Aggregate cost for federal income tax purposes, which was substantially the same for book purposes, \$134,423,180; and net unrealized appreciation consisted of:

| | |
|------------------------------------|---------------------|
| Gross unrealized appreciation | \$ 6,041,082 |
| Gross unrealized depreciation | (1,369,801) |
| | <u>4,671,281</u> |
| Net unrealized appreciation | <u>\$ 4,671,281</u> |

- All or a portion of this security is segregated for □to be announced□ (□TBA□) securities.
- Floating rate securities □ The interest rates shown are the current rates as of December 31, 2005.
- * Reflects annualized yield at December 31, 2005 on zero coupon bonds.
- ** Security is issued by a fund that is advised by a related entity of UBS Global Asset Management (Americas) Inc., Fort Dearborn Income Securities, Inc.'s advisor.
- *** Interest rate reflects yield at December 31, 2005.
- # 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 and broker-dealers. 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. A matrix system incorporates parameters such as security quality, maturity and coupon, and/or research and evaluations by its staff, including review of broker-dealer market price quotations, if available, in determining the valuation of the portfolio 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 on the valuation date available prior to valuation. Securities which are listed on U.S. 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. In cases where securities are traded on more than one exchange, the securities are valued on the

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exchange designated as the primary market by UBS Global Asset Management (Americas) Inc. (the "UBS Global AM" or the "Advisor"), the investment advisor 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 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"). The amortized cost method of valuation, which approximates market value, generally is used to value short-term debt instruments with sixty days or less remaining to maturity, unless the Board determines that this does not represent fair value.

144A Securities exempt from registration under Rule 144A of the Securities Act of 1933. These securities are considered liquid and may be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2005, the value of these securities amounted to \$5,694,223 or 4.07% of net assets.

REIT Real Estate Investment Trust.

REMIC Real Estate Mortgage Investment Conduit.

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

TBA (To Be Announced) Security is purchased on a forward commitment basis with an approximate principal amount (generally +/-1.0%) and no definite maturity date. The actual principal amount and maturity date will be determined upon settlement when the specific mortgage pools are assigned.

TIPS Treasury Inflation Protected Security. Inflation protected securities are debt securities whose principal and/or interest payments are adjusted for inflation, unlike debt securities that make fixed principal and interest payments. Inflation-protected securities include Treasury Inflation Protected Securities ("TIPS"), which are securities issued by the U.S. Treasury. The interest rate paid by the TIPS is fixed, while the principal value rises or falls based on changes in a published Consumer Price Index ("CPI"). Thus, if inflation occurs, the principal and interest payments on the TIPS are adjusted accordingly to protect investors from inflationary loss. During a deflationary period, the principal and interest payments decrease, although the TIPS principal amounts will not drop below their face amounts at maturity. In exchange for the inflation protection, the TIPS generally pay lower interest rates than typical U.S. Treasury securities. Only if inflation occurs will TIPS offer a higher real yield than a conventional Treasury bond of the same maturity.

1) Transactions with Affiliates

The Fund invests in shares of UBS Supplementary Trust - U.S. Cash Management Prime Fund (the "Supplementary Trust"). Supplementary Trust is managed by UBS Global Asset Management (Americas) Inc. (the "Advisor") and is offered as a cash management option only a business trust to mutual funds and other accounts managed by Advisor. Distributions from Supplementary Trust are reflected as affiliated interest income. Amounts relating to those investments at December 31, 2005 and for the period ended are summarized as follows:

| Fund | Purchases | Sales Proceeds | Interest Income | Value | % of Net Assets |
|---|-------------|----------------|-----------------|-------------|-----------------|
| UBS Supplementary Trust - U.S. Cash Management Prime Fund | \$7,712,539 | \$8,325,732 | \$22,870 | \$1,325,130 | 0.95% |

For more information regarding the Fund's other significant policies, please refer to the Fund's annual report dated September 30, 2005.

Fort Dearborn Income Securities, Inc.

Industry Diversification

As a Percent of Net Assets

As of December 31, 2005 (unaudited)

BONDS

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| | |
|--|-------|
| U.S. BONDS | |
| U.S. CORPORATE BONDS | |
| Aerospace & Defense | 1.08% |
| Automobiles | 0.73 |
| Beverages | 0.52 |
| Capital Markets | 4.09 |
| Chemicals | 0.60 |
| Commercial Banks | 5.46 |
| Commercial Services & Supplies | 0.96 |
| Consumer Finance | 3.26 |
| Diversified Financial Services | 9.38 |
| Diversified Telecommunication Services | 5.53 |
| Electric Utilities | 2.01 |
| Food & Staples Retailing | 1.13 |
| Food Products | 0.88 |
| Gas Utilities | 0.38 |
| Household Durables | 0.41 |
| Insurance | 1.46 |
| Machinery | 0.56 |
| Media | 2.98 |
| Multiline Retail | 0.26 |
| Multi-Utilities & Unregulated Power | 1.15 |
| Oil & Gas | 2.20 |
| Paper & Forest Products | 0.53 |
| Personal Products | 0.97 |
| Pharmaceuticals | 1.20 |
| Real Estate | 0.77 |
| Road & Rail | 1.94 |
| Thriffs & Mortgage Finance | 0.76 |
| Tobacco | 0.62 |
| Wireless Telecommunication Services | 0.89 |
| | <hr/> |
| Total U.S. Corporate Bonds | 52.71 |
| | <hr/> |
| Asset-Backed Securities | 6.81 |
| Mortgage and Agency Debt Securities | 9.68 |
| Municipal Notes and Bonds | 3.59 |
| U.S. Government Obligations | 18.68 |
| | <hr/> |
| Total U.S. Bonds | 91.47 |
| | <hr/> |
| INTERNATIONAL BONDS | |
| International Corporate Bonds | |
| Aerospace & Defense | 0.67 |
| Commercial Banks | 1.25 |
| Diversified Financial Services | 1.83 |
| Diversified Telecommunication Services | 0.85 |
| Energy Equipment & Services | 0.53 |
| Oil & Gas | 1.18 |
| Road & Rail | 0.24 |
| | <hr/> |
| Total International Corporate Bonds | 6.55 |
| Sovereign/SupraNational Bonds | 0.35 |
| | <hr/> |
| Total International Bonds | 6.90 |
| | <hr/> |
| TOTAL BONDS | 98.37 |
| SHORT-TERM INVESTMENT | 0.95 |
| | <hr/> |
| TOTAL INVESTMENTS | 99.32 |

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| | |
|---|---------|
| CASH AND OTHER ASSETS, LESS LIABILITIES | 0.68 |
| NET ASSETS | 100.00% |

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/ W. Douglas Beck
W. Douglas Beck
President

Date: February 28, 2006

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/ W. Douglas Beck
W. Douglas Beck
President

Date: February 28, 2006

By: /s/ Joseph T. Malone
Joseph T. Malone
Treasurer

Date: February 28, 2006