

Madison Strategic Sector Premium Fund
Form N-Q
November 26, 2010

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-21713

Madison Strategic Sector Premium Fund
(Exact name of registrant as specified in charter)

550 Science Drive, Madison, WI 53711
(Address of principal executive offices)(Zip code)

W. Richard Mason
Madison/Mosaic Legal and Compliance Department
8777 N. Gainey Center Drive, Suite 220
Scottsdale, AZ 85258
(Name and address of agent for service)

Registrant's telephone number, including area code: 608-274-0300

Date of fiscal year end: December 31

Date of reporting period: September 30, 2010

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (ss 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. s 3507.

Item 1. Schedule of Investments.

Madison Strategic Sector Premium Fund

Portfolio of Investments -- September 30, 2010 (unaudited)

| | Shares | Value (Note 1) |
|---------------------------------------|---------|-------------------|
| COMMON STOCK - 91.6% | | |
| Consumer Discretionary - 14.5% | | |
| American Eagle Outfitters Inc. | 30,900 | \$462,264 |
| Bed Bath & Beyond Inc.* | 30,000 | 1,302,300 |
| Best Buy Co. Inc. | 70,000 | 2,858,100 |
| Garmin Ltd. | 19,600 | 594,860 |
| Home Depot Inc. | 30,000 | 950,400 |
| Kohl's Corp.* | 11,500 | 605,820 |
| Lowe's Cos. Inc. | 110,000 | 2,451,900 |
| Target Corp. | 25,000 | 1,336,000 |
| Williams-Sonoma Inc. | 24,300 | 770,310 |
| | | 11,331,954 |
| Energy - 9.6% | | |
| Apache Corp. | 13,400 | 1,309,984 |
| Exxon Mobil Corp. | 28,392 | 1,754,342 |
| Schlumberger Ltd. | 22,000 | 1,355,420 |
| Transocean Ltd.* | 29,000 | 1,864,410 |
| Weatherford International Ltd.* | 70,000 | 1,197,000 |
| | | 7,481,156 |
| Financials - 20.2% | | |
| Affiliated Managers Group Inc.* | 25,000 | 1,950,250 |
| Aflac Inc. | 17,000 | 879,070 |
| Bank of America Corp. | 61,867 | 811,076 |
| Capital One Financial Corp. | 67,800 | 2,681,490 |
| Citigroup Inc.* | 190,000 | 741,000 |
| Goldman Sachs Group Inc./The | 16,000 | 2,313,280 |
| Marshall & Ilsley Corp. | 95,000 | 668,800 |
| MGIC Investment Corp.* | 25,000 | 230,750 |
| Morgan Stanley | 68,000 | 1,678,240 |
| State Street Corp. | 50,000 | 1,883,000 |
| T Rowe Price Group Inc. | 20,000 | 1,001,300 |
| Wells Fargo & Co. | 40,000 | 1,005,200 |
| | | 15,843,456 |
| Health Care - 20.8% | | |
| Biogen Idec Inc.* | 43,100 | 2,418,772 |
| Celgene Corp.* | 30,000 | 1,728,300 |
| Genzyme Corp.* | 23,600 | 1,670,644 |
| Gilead Sciences Inc.* | 55,000 | 1,958,550 |
| Medtronic Inc. | 35,000 | 1,175,300 |
| Mylan Inc./PA* | 70,000 | 1,316,700 |
| Pfizer Inc. | 109,800 | 1,885,266 |
| UnitedHealth Group Inc. | 86,000 | 3,019,460 |

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| | | |
|--|-----------|------------|
| Zimmer Holdings Inc.* | 21,000 | 1,098,930 |
| | | 16,271,922 |
| Information Technology - 23.8% | | |
| Adobe Systems Inc.* | 55,000 | 1,438,250 |
| Applied Materials Inc. | 60,000 | 700,800 |
| Cisco Systems Inc.* | 130,000 | 2,847,000 |
| Dell Inc.* | 100,000 | 1,296,000 |
| eBay Inc.* | 127,000 | 3,098,800 |
| EMC Corp./Massachusetts* | 30,000 | 609,300 |
| Flextronics International Ltd.* | 234,900 | 1,418,796 |
| Google Inc., Class A* | 3,500 | 1,840,265 |
| Microsoft Corp. | 50,000 | 1,224,500 |
| QUALCOMM Inc. | 32,000 | 1,443,840 |
| Symantec Corp.* | 25,000 | 379,250 |
| Visa Inc., Class A | 20,000 | 1,485,200 |
| Yahoo! Inc.* | 60,000 | 850,200 |
| | | 18,632,201 |
| Materials - 2.7% | | |
| Freeport-McMoRan Copper & Gold Inc. | 25,000 | 2,134,750 |
| Total Common Stock (Cost \$96,614,519) | | |
| | | 71,695,439 |
| INVESTMENT COMPANIES - 6.1% | | |
| Powershares QQQ Nasdaq 100 | 50,000 | 2,454,000 |
| SPDR S&P 500 ETF Trust | 20,000 | 2,282,400 |
| Total Investment Companies (Cost \$4,445,366) | | |
| | | 4,736,400 |
| U.S. GOVERNMENT AND AGENCY BONDS - 5.1% | | |
| U.S. Treasury Note - 5.1% | | |
| 0.875%, 2/28/2011 | 4,000,000 | 4,011,876 |
| Total U.S. Government and Agency Bonds (Cost \$4,008,942) | | |
| Repurchase Agreement - 2.3% | | |
| With U.S. Bank National Association issued 9/30/10 at 0.01%, due 10/01/10, collateralized by \$1,839,402 in Freddie Mac Pool #G11440 due 08/01/10. Proceeds Proceeds at maturity are \$1,803,223 (Cost \$1,803,223) | | |
| | | 1,803,223 |
| TOTAL INVESTMENTS - 105.1% (Cost \$106,872,049) | | |
| | | 82,246,938 |
| | | 3,360 |

NET OTHER ASSETS AND LIABILITIES

| | |
|---|--------------|
| - | |
| Total Call & Put Options Written - (5.1%) | (3,994,704) |
| TOTAL NET ASSETS - 100% | \$78,255,594 |

* Non-income Producing
ETF Exchange Traded Fund

| Call Options | Contracts | Expiration | Strike Price | Market Value |
|-------------------------------------|-----------|--------------|--------------|--------------|
| Underlying Security | | | | |
| Adobe Systems Inc. | 250 | January 2011 | 34.00 | \$4,000 |
| Adobe Systems Inc. | 300 | April 2011 | 33.00 | 15,900 |
| Affiliated Managers Group Inc. | 150 | January 2011 | 75.00 | 118,500 |
| Affiliated Managers Group Inc. | 100 | January 2011 | 85.00 | 31,500 |
| Aflac Inc. | 170 | January 2011 | 47.00 | 116,875 |
| American Eagle Outfitters Inc. | 165 | January 2011 | 15.00 | 21,450 |
| Apache Corp. | 134 | January 2011 | 105.00 | 42,210 |
| Applied Materials Inc. | 200 | October 2010 | 12.00 | 3,000 |
| Applied Materials Inc. | 200 | January 2011 | 12.50 | 9,000 |
| Applied Materials Inc. | 200 | January 2011 | 15.00 | 1,200 |
| Bank of America Corp. | 618 | October 2010 | 13.00 | 25,647 |
| Bed Bath & Beyond Inc. | 200 | January 2011 | 39.00 | 119,000 |
| Bed Bath & Beyond Inc. | 100 | January 2011 | 40.00 | 52,250 |
| Best Buy Co. Inc. | 100 | January 2011 | 40.00 | 33,750 |
| Biogen Idec Inc. | 431 | January 2011 | 60.00 | 102,363 |
| | | December | | |
| Capital One Financial Corp. | 278 | 2010 | 41.00 | 52,959 |
| Celgene Corp. | 300 | January 2011 | 57.50 | 124,500 |
| Cisco Systems Inc. | 300 | October 2010 | 25.00 | 150 |
| Cisco Systems Inc. | 500 | January 2011 | 25.00 | 18,000 |
| | | December | | |
| Citigroup Inc. | 500 | 2010 | 4.00 | 9,250 |
| | | November | | |
| Dell Inc. | 327 | 2010 | 13.00 | 22,563 |
| eBay Inc. | 300 | October 2010 | 21.00 | 105,000 |
| eBay Inc. | 370 | October 2010 | 25.00 | 11,470 |
| eBay Inc. | 300 | January 2011 | 24.00 | 59,550 |
| eBay Inc. | 300 | April 2011 | 26.00 | 50,400 |
| EMC Corp./Massachusetts | 300 | October 2010 | 19.00 | 42,750 |
| Exxon Mobil Corp. | 80 | January 2011 | 45.00 | 9,680 |
| Flextronics International Ltd. | 500 | October 2010 | 6.00 | 10,750 |
| Freeport-McMoRan Copper & Gold Inc. | 250 | January 2011 | 65.00 | 542,500 |
| Garmin Ltd. | 164 | January 2011 | 35.00 | 13,612 |
| Genzyme Corp. | 236 | January 2011 | 52.50 | 450,760 |
| | | November | | |
| Gilead Sciences Inc. | 150 | 2010 | 34.00 | 39,825 |
| Goldman Sachs Group Inc./The | 160 | January 2011 | 145.00 | 153,200 |
| Google Inc. | 35 | January 2011 | 530.00 | 106,925 |
| | | November | | |
| Home Depot Inc. | 300 | 2010 | 30.00 | 69,600 |
| Kohl's Corp. | 115 | January 2011 | 50.00 | 56,925 |

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| | | | | |
|---|-----|---------------|--------|-------------|
| Lowe's Cos. Inc. | 400 | October 2010 | 24.00 | 2,400 |
| Lowe's Cos. Inc. | 200 | January 2011 | 25.00 | 9,600 |
| | | December | | |
| Marshall & Ilsley Corp. | 300 | 2010 | 7.50 | 14,250 |
| Medtronic Inc. | 200 | January 2011 | 40.00 | 3,800 |
| Microsoft Corp. | 200 | April 2011 | 25.00 | 32,700 |
| Morgan Stanley | 280 | October 2010 | 33.00 | 280 |
| | | December | | |
| Pfizer Inc. | 400 | 2010 | 17.00 | 31,600 |
| | | December | | |
| Powershares QQQ Nasdaq 100 | 250 | 2010 | 48.00 | 70,625 |
| Powershares QQQ Nasdaq 100 | 250 | January 2011 | 47.00 | 98,625 |
| QUALCOMM Inc. | 200 | October 2010 | 40.00 | 103,500 |
| QUALCOMM Inc. | 120 | January 2011 | 38.00 | 94,800 |
| SPDR S&P 500 ETF Trust | 50 | October 2010 | 113.00 | 12,950 |
| SPDR S&P 500 ETF Trust | 150 | January 2011 | 112.00 | 103,725 |
| | | November | | |
| State Street Corp. | 500 | 2010 | 39.00 | 72,000 |
| T Rowe Price Group Inc. | 200 | January 2011 | 50.00 | 73,000 |
| Target Corp. | 250 | January 2011 | 55.00 | 48,750 |
| | | November | | |
| Transocean Ltd. | 90 | 2010 | 57.50 | 73,575 |
| Transocean Ltd. | 200 | January 2011 | 90.00 | 5,600 |
| | | December | | |
| UnitedHealth Group Inc. | 400 | 2010 | 34.00 | 98,600 |
| UnitedHealth Group Inc. | 260 | March 2011 | 35.00 | 74,490 |
| Visa Inc. | 200 | January 2011 | 80.00 | 48,200 |
| Weatherford International Ltd. | 580 | January 2011 | 17.50 | 73,660 |
| Weatherford International Ltd. | 120 | February 2011 | 17.00 | 20,820 |
| Wells Fargo & Co. | 200 | January 2011 | 30.00 | 10,100 |
| Williams-Sonoma Inc. | 243 | February 2011 | 30.00 | 104,490 |
| Yahoo! Inc. | 300 | January 2011 | 17.50 | 6,300 |
| Zimmer Holdings Inc. | 100 | January 2011 | 60.00 | 7,500 |
| Total Call Options (Premiums received \$3,891,240) | | | | \$3,942,954 |
| Put Options | | | | |
| Goldman Sachs Group Inc./The | 50 | January 2011 | 130.00 | 23,125 |
| Target Corp. | 250 | January 2011 | 47.50 | 28,625 |
| Total Put Options (Premiums received \$141,670) | | | | \$51,750 |

1. Portfolio Valuation: Securities traded on a national securities exchange are valued at their closing sale price. Repurchase agreements and other securities having maturities of 60 days or less are valued at amortized cost, which approximates market value. Securities having longer maturities, for which quotations are readily available, are valued at the mean between their closing bid and ask prices. Securities for which market quotations are not readily available are valued at their fair value as determined in good faith under procedures approved by the Board of Trustees.

2. Fair Value Measurements: The Fund has adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosures. Fair value is defined as the price that the Fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or

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most advantageous market of the investment. A three-tier hierarchy is used to maximize the use of observable market data “inputs” and minimize the use of unobservable “inputs” and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk (for example, the risk inherent in a particular valuation technique used to measure fair value including such a pricing model and/or the risk inherent in the inputs to the valuation technique). Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad Levels listed below:

Level 1 –quoted prices in active markets for identical investments

Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Fund’s own assumptions in determining the fair value of investments)

In April 2009, the FASB also issued guidance on how to determine the fair value of assets and liabilities when the volume and level of activity for the asset/liability have significantly decreased as well as guidance on identifying circumstances that indicate a transaction is not orderly. The valuation techniques used by the funds to measure fair value for the period ended September 30, 2010 maximized the use of observable inputs and minimized the use of unobservable inputs.

The following is a summary of the inputs used as of September 30, 2010 in valuing the funds’ investments carried at fair value:

| Fund | Quoted Prices in Active Markets for Identical Securities (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Value at 9/30/2010 |
|--|--|---|---|--------------------|
| Madison Strategic Sector Premium Fund | | | | |
| Assets: | | | | |
| Common Stocks | \$71,695,439 | \$ - | \$ - | \$71,695,439 |
| Investment Companies | 4,736,400 | | | 4,736,400 |
| U.S. Government and Agency Obligations | | 4,011,876 | | 4,011,876 |
| Repurchase Agreement | | 1,803,223 | | 1,803,223 |
| | 71,695,439 | 5,815,099 | - | 82,246,938 |
| Liabilities: | | | | |
| Written Options | 3,994,704 | - | - | 3,994,704 |
| | 3,994,704 | - | - | 3,994,704 |

At September 30, 2010 and for the year then ended, the Fund held no Level 3 securities. Please see the Portfolio of Investments for the listing of all securities within each category.

The Fund has adopted the Accounting Standard Update, Fair Value Measurements and Disclosures; Improving Disclosures about Fair Value Measurements which provides guidance on how investment assets and liabilities are to be valued and disclosed. Specifically, the amendment requires reporting entities to disclose i) the input and valuation techniques used to measure fair value for both recurring and nonrecurring fair value measurements, for Level 2 or Level 3

positions, ii) transfers between all levels (including Level 1 and Level 2) will be required to be disclosed on a gross basis (i.e. transfers out must be disclosed separately from transfers in) as well as the reason(s) for the transfer and iii) purchases, sales, issuances and settlements must be shown on a gross basis in the Level 3 rollforward rather than as one net number. The effective date of the amendment is for interim and annual periods beginning after December 15, 2009, however, the requirement to provide the Level 3 activity for purchases, sales, issuance and settlements on a gross basis will be effective for interim and annual period beginning after December 15, 2010. There were no transfers between classification levels during the period ended September 30, 2010.

Derivatives: In March 2008, FASB issued guidance intended to enhance financial statement disclosures for derivative instruments and hedging activities and enable investors to understand: a) how and why a fund uses derivative investments, b) how derivative instruments and related hedge fund items are accounted for, and c) how derivative instruments and related hedge fund items affect a fund's financial position, results of operations and cash flows

The following table presents the types of derivatives in the Madison Strategic Sector Premium Fund (i.e. MSP) and their effect:

| | Asset Derivatives | | Liability Derivatives |
|--|-------------------|--|-----------------------|
| Derivatives not accounted for as hedging instruments | Fair Value | Derivatives not accounted for as hedging instruments | Fair Value |
| Equity contracts | \$- | Options Written | \$3,994,704 |

Item 2. Controls and Procedures.

(a) The registrant's principal executive officer and principal financial officer determined that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the "Act")) are effective, based on their evaluation of these controls and procedures within 90 days of the date of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the Act. There were no significant changes in the Trust's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation. The officers identified no significant deficiencies or material weaknesses.

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 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.

Certifications of principal executive and principal financial officers as required by Rule 30a-2(a) under the Act.

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.

Madison Strategic Sector Premium Fund

By: (signature)

W. Richard Mason, CCO

Date: November 19, 2010

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: (signature)

Katherine L. Frank, Chief Executive Officer

Date: November 19, 2010

By: (signature)

Greg Hoppe, Chief Financial Officer

Date: November 19, 2010