

GLOBAL HIGH INCOME FUND INC
Form DEF 14A
December 29, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Under Rule 14a-12

Global High Income Fund Inc.

(Name of Registrant as Specified In Its Charter)

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

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Global High Income Fund Inc.

(New York Stock Exchange Trading Symbol: GHI)

Notice of annual meeting of shareholders

February 18, 2010

To the shareholders:

The annual meeting of shareholders of Global High Income Fund Inc., a Maryland corporation (the "Fund"), will be held on February 18, 2010 at 10:00 a.m., Eastern time, on the 14th Floor of the UBS Building located at 1285 Avenue of the Americas, New York, New York 10019-6028 for the following purposes:

- (1) To elect six (6) directors to serve until the annual meeting of shareholders in 2011 and until their successors are elected and qualify; and
- (2) To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

You are entitled to vote at the meeting and any adjournment or postponement thereof if you owned Fund shares at the close of business on December 18, 2009. If you attend the meeting, you may vote your shares in person. **If you do not expect to attend the meeting, please complete, date, sign and return the enclosed proxy card in the enclosed postage paid envelope.**

By order of the board of directors,

Mark F. Kemper
Vice President and Secretary

December 29, 2009
1285 Avenue of the Americas
New York, New York 10019-6028

Your vote is important no matter how many shares you own

Please indicate your voting instructions on the enclosed proxy card, date and sign it, and return it in the postage paid envelope provided. *If you sign, date and return the proxy card but give no voting instructions, your shares will be voted "FOR" the nominees for director named in the attached proxy statement and, in the proxies' discretion, either "FOR" or "AGAINST" any other business that may properly arise at the annual meeting. In order to avoid the additional expense to the Fund of further solicitation, we ask your cooperation in mailing in your proxy card promptly.*

Instructions for signing proxy cards

The following general guidelines for signing proxy cards may be of assistance to you and avoid the time and expense to the Fund of validating your vote if you fail to sign your proxy card properly.

- 1. Individual accounts:** Sign your name exactly as it appears in the registration on the proxy card.
- 2. Joint accounts:** Either party may sign, but the name of the party signing should conform exactly to the name shown in the registration on the proxy card.
- 3. All other accounts:** The capacity of the individual signing the proxy card should be indicated unless it is reflected in the form of registration. For example:

Registration

Valid signature

Corporate accounts

- (1) ABC Corp.
- (2) ABC Corp.
- (3) ABC Corp. c/o John Doe, treasurer
- (4) ABC Corp. profit sharing plan

ABC Corp.
John Doe, treasurer
John Doe, treasurer
John Doe
John Doe, trustee

Partnership accounts

- (1) The XYZ partnership
- (2) Smith and Jones, limited partnership

Jane B. Smith, partner
Jane B. Smith, general partner

Trust accounts

- (1) ABC trust account
- (2) Jane B. Doe, trustee u/t/d 12/18/78

Jane B. Doe, trustee
Jane B. Doe

Custodial or estate accounts

- (1) John B. Smith, Cust. f/b/o
John B. Smith, Jr. UGMA/UTMA
- (2) Estate of John B. Smith

John B. Smith
John B. Smith, Jr., executor

Global High Income Fund Inc.

1285 Avenue of the Americas
New York, New York 10019-6028

Proxy statement

Annual meeting of shareholders to be held on February 18, 2010

This proxy statement is furnished to the shareholders of Global High Income Fund Inc. (the "Fund") in connection with the solicitation by the board of directors of proxies to be exercised at the annual meeting of the shareholders of the Fund to be held on February 18, 2010, at 10:00 a.m. Eastern time, on the 14th Floor of the UBS Building located at 1285 Avenue of the Americas, New York, New York 10019-6028, or any adjournment or postponement thereof. This proxy statement and the related proxy card will first be mailed to shareholders on or about December 30, 2009.

The presence of a majority of the shares outstanding on December 18, 2009, represented in person or by proxy, is necessary to constitute a quorum for the transaction of business at the meeting. In the event that a quorum is not present at the annual meeting, or if a quorum is present at the annual meeting but sufficient votes to approve any of the proposals are not received, the chairman of the meeting or, if a proposal to adjourn is submitted to a vote of shareholders, the holders of a majority of the shares present in person or by proxy (or by a majority of votes cast on the adjournment if a quorum is present) will have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until the requisite number of shares entitled to vote at the meeting is present. A shareholder vote may be taken on one or more of the proposals in this proxy statement prior to any such adjournment if sufficient votes have been received and it is otherwise appropriate.

Broker non-votes are proxies for shares held in street name for which the broker indicates that instructions have not been received from the beneficial owners or other persons entitled to vote and for which the broker does not have discretionary voting authority. Abstentions and broker non-votes will be counted as shares present for purposes of determining whether a quorum is present but will not be voted for or against any proposal. Abstentions and broker non-votes will have no effect on Proposal 1, for which the required vote is a plurality of the votes cast on the matter.

The individuals named as proxies on the enclosed proxy card will vote in accordance with your direction as indicated thereon if your proxy card is received properly executed by you or by your duly appointed agent or attorney-in-fact. If you give no voting instructions, your shares will be voted FOR the six nominees for directors named herein and, in the proxies' discretion, either FOR or AGAINST any other business that may properly be presented at the annual meeting. You may revoke any proxy card by giving another proxy or by submitting a written notice of revocation to the Fund's Secretary care of UBS Global Asset Management (Americas) Inc., UBS Tower, One North Wacker Drive, Chicago, IL 60606. To be effective, your revocation must be received by the Fund prior to the meeting and must indicate your name and account number. In addition, if you attend the annual meeting in person you may, if you wish, vote by ballot at the meeting, thereby cancelling any proxy previously given.

As of the record date, December 18, 2009, the Fund had 21,591,836 shares of common stock outstanding. The solicitation of proxies, the cost of which will be borne by the Fund, will be made primarily by mail

but also may include telephone or oral communications by regular employees of UBS Global Asset Management (Americas) Inc. (UBS Global AM) or UBS Financial Services Inc., who will not receive any compensation therefore from the Fund. Each full share of the Fund outstanding is entitled to one vote, and each fractional share of the Fund outstanding is entitled to a proportionate share of one vote.

UBS Global AM serves as the Fund's investment advisor and administrator. UBS Global AM is an indirect wholly owned asset management subsidiary of UBS AG. UBS AG is an internationally diversified organization with headquarters in Zurich and Basel, Switzerland. UBS AG operates in many areas of the financial services industry. Principal business offices of UBS Global AM are located at 1285 Avenue of the Americas, New York, New York 10019-6028 and at One North Wacker Drive, Chicago, Illinois 60606. The principal business address of UBS AG is Bahnhofstrasse 45, Zurich, Switzerland.

The Fund's annual report containing financial statements for the fiscal year ended October 31, 2009, is being mailed to shareholders concurrently with this proxy statement.

Proposal 1. Election of directors

Proposal 1 relates to the election of directors of the Fund. Management proposes the election of the six nominees named in the table below. Each nominee has indicated his or her willingness to serve if elected. If elected, each nominee will hold office until the next annual meeting of shareholders and until his or her successor is elected and qualifies, or until he or she resigns or is otherwise removed. Each of the nominees was last elected director at an Annual Meeting of Shareholders held on February 19, 2009. If you properly execute and return the enclosed proxy card, unless you give contrary instructions on the proxy card, then your shares will be voted FOR the election of all six nominees. If any of the nominees should withdraw or otherwise become unavailable for election, your shares will be voted FOR such other nominee or nominees as management may recommend.

Directors, including those who are not "interested persons" of the Fund as that term is defined in the Investment Company Act of 1940, as amended ("1940 Act") ("Independent Directors"), shall be elected by the affirmative vote of the holders of a plurality of votes cast in person or by proxy and entitled to vote thereon, provided a quorum is present. Proxies cannot be voted for a greater number of persons than the number of nominees named. None of the current directors and executive officers (20 persons) beneficially owned any shares of the Fund on November 30, 2009.

Listed in the table below, for each nominee, is a brief description of the nominee's experience as a director of the Fund and as a director or trustee of other funds, as well as other recent professional experience.

Name, address, and age	Position(s) held with Fund	Term of office* and length of time served	Principal occupation(s) during past 5 years	Number of portfolios in Fund complex overseen by nominee	Other director held by nomi
Interested director: Meyer Feldberg; 67 Morgan Stanley 1585 Broadway 36th Floor New York, NY 10036	Director	Since 1996	Professor Feldberg is Dean Emeritus and Professor of Leadership and Ethics at Columbia Business School, although on an extended leave of absence. He is also a senior advisor to Morgan Stanley (financial services) (since March 2005). Professor Feldberg also serves as president of New York City Global Partners (an organization located in part of the office of the Mayor of the City of New York that promotes interaction with other cities around the world) (since May 2007). Prior to July 2004, he was Dean and Professor of Leadership and Ethics of the Graduate School of Business at Columbia University (since 1989).	Professor Feldberg is a director or trustee of 28 investment companies (consisting of 60 portfolios) for which UBS Global AM or one of its affiliates serves as investment advisor, sub-advisor or manager.	Professor Feldberg is also a director of Primedia Inc. (publishing), M Inc. (operator of department store), Revlon, Inc. (cosmetics), SA Ltd. (producer of paper) and the New York City Ballo
Independent directors: Richard Q. Armstrong; 74 c/o Willkie Farr & Gallagher LLP 787 Seventh Avenue New York, NY 10019-6099	Director and Chairman of the Board of Directors	Since 1995 (Director); Since 2004 (Chairman of the Board of Directors)	Mr. Armstrong is chairman and principal of R.Q.A. Enterprises (management consulting firm) (since April 1991 and principal occupation since March 1995).	Mr. Armstrong is a director or trustee of 16 investment companies (consisting of 48 portfolios) for which UBS Global AM or one of its affiliates serves as investment advisor, sub-advisor or manager.	None

Name, address, and age	Position(s) held with Fund	Term of office* and length of time served	Principal occupation(s) during past 5 years	Number of portfolios in Fund complex overseen by nominee	Other directorships held by nominee
Alan S. Bernikow; 69 207 Benedict Ave. Staten Island, NY 10314	Director	Since 2006	Mr. Bernikow is retired. He was a consultant on non-management matters for the firm of Deloitte & Touche (international accounting and consulting firm) (from 2003 until 2007). Previously, he was Deputy Chief Executive Officer at Deloitte & Touche.	Mr. Bernikow is a director or trustee of 16 investment companies (consisting of 48 portfolios) for which UBS Global AM or one of its affiliates serves as investment advisor, sub-advisor or manager.	Mr. Bernikow is a director of Revlon Inc. (cosmetics) serves as the chair of its audit committee and as a member of its nominating and corporate governance committee), a director of Mack Realty Corporation (real estate investment trust) (and serves as the chair of its audit committee) and director of the C Male Retail Group Inc. (menswear) serves as a member of its audit committee and nominating corporate governance committees).
Richard R. Burt; 62 McLarty Associates 900 17th Street, N.W. Washington, D.C. 20006	Director	Since 1995	Mr. Burt is a managing director of McLarty Associates (a consulting firm) (since April 2007) and chairman of IEP Advisors (international investments and risk management firm). Prior to April 2007, he was chairman of Diligence Inc. (international information and risk management firm).	Mr. Burt is a director or trustee of 16 investment companies (consisting of 48 portfolios) for which UBS Global AM or one of its affiliates serves as investment advisor, sub-advisor or manager.	Mr. Burt is also a director of The Central European Fund, Inc., The Germany Fund, The New German Fund, Inc., and I Inc. (provides technology to gaming and wagering industry).
Bernard H. Garil; 69 6754 Casa Grande Way Delray Beach, FL 33446	Director	Since 2006	Mr. Garil is retired (since 2001). He was a managing director at PIMCO Advisory Services (from 1999 to 2001) where he served as president of closed-end funds and vice-president of the variable insurance product funds advised by OpCap Advisors (until 2001).	Mr. Garil is a director or trustee of 16 investment companies (consisting of 48 portfolios) for which UBS Global AM or one of its affiliates serves as investment advisor, sub-advisor or manager.	Mr. Garil is also a director of OFI Trust Company (commercial trust company) and a trustee for the Brooklyn College Foundation, Inc. (charitable foundation).

Name, address, and age	Position(s) held with Fund	Term of office* and length of time served	Principal occupation(s) during past 5 years	Number of portfolios in Fund complex overseen by nominee	Other director held by nomin
Heather R. Higgins; 50 255 E. 49th St., Suite 23D New York, NY 10017	Director	Since 2006	Ms. Higgins is the president and director of The Randolph Foundation (charitable foundation) (since 1991). Ms. Higgins also serves on the boards of several non-profit charitable groups, including the Independent Women's Forum (chairman) and the Philanthropy Roundtable (vice chairman). She also serves on the board of the Hoover Institution (from 2001-2007 and since January 2009).	Ms. Higgins is a director or trustee of 16 investment companies (consisting of 48 portfolios) for which UBS Global AM or one of its affiliates serves as investment advisor, sub-advisor or manager.	None

* Each director holds office until the next annual meeting of shareholders and until his or her successor is elected and qualifies, or until he or she resigns or is otherwise removed. Each director who has attained the age of seventy-five (75) years will be subject to retirement on the last day of the month in which he or she attains such age, unless the Fund's board determines to grant a waiver of the retirement policy with respect to a specified individual for a set period of time. The retirement policy has been waived with respect to Mr. Armstrong, the chairman of the board, until 2011.

□ Professor Feldberg is deemed an "interested person" of the Fund as defined in the 1940 Act because he is a senior advisor to Morgan Stanley, a financial services firm with which the Fund may conduct transactions.

Information about nominee beneficial ownership of fund shares

Nominee	Dollar range of equity securities in Fund	Aggregate dollar range of equity securities in all registered investment companies overseen by nominee for which UBS Global AM or an affiliate serves as investment advisor, sub-advisor or manager
Interested director: Meyer Feldberg	None	Over \$100,000
Independent directors: Richard Q. Armstrong	None	Over \$100,000
Alan S. Bernikow	None	\$50,001 - \$100,000
Richard R. Burt	None	\$50,001 - \$100,000
Bernard H. Garil	None	Over \$100,000
Heather R. Higgins	None	\$50,001 - \$100,000

Information regarding ownership of shares of the Fund is as of November 30, 2009; information regarding ownership of shares in all registered investment companies overseen by the nominee for which UBS Global AM or an affiliate serves as investment advisor, sub-advisor or manager is as of April 30, 2009.

It is the Board's policy that each member invest the equivalent of a minimum of one year's Board member's fees (consisting for this purpose of the annual retainer fee and fees for attending regularly scheduled in-person board meetings), in the aggregate, before changes in market value, in the funds in the fund complex overseen by the Board (the "New York Fund Complex"). Such investments by a Board member may be dispersed across a number of funds, and may not necessarily be made in any one particular fund.

As of December 31, 2008, the Independent Directors or their immediate family members did not own any securities issued by UBS Global AM or any company controlling, controlled by or under common control with UBS Global AM.

The board of directors of the Fund met eight times during the fiscal year ended October 31, 2009. Each director attended 75% or more of the board meetings during the last fiscal year. The Fund's directors are not required to attend the Fund's annual meetings, and no directors attended the annual meeting of shareholders in 2009.

The board has established an Audit Committee that acts pursuant to a written charter ("Audit Committee Charter") and is responsible for, among other things: (i) overseeing the scope of the Fund's audit; (ii) overseeing the Fund's accounting and financial reporting policies, practices and internal controls; and (iii) approving, and recommending to the board for ratification, the selection, appointment, retention or termination of the Fund's independent registered public accounting firm, as well as determining the compensation thereof. The Audit Committee Charter is available on UBS Global AM's Web site at http://www.ubs.com/1/e/globalam/Americas/globalamus/globalamusii/closed_end_funds.html, and a copy of the charter is attached as Exhibit A. In furtherance of its duties, the Audit Committee is also responsible for, among other things: receiving reports from the Fund's independent registered public accounting firm regarding its independence and discussing any disclosed relationships or services that may diminish the objectivity and independence of the registered public accounting firm; inquiring of UBS Global AM and the Fund's independent registered public accounting firm as to the Fund's qualification under Subchapter M of the Internal Revenue Code and the amounts distributed and reported to shareholders;

and reviewing with the independent registered public accounting firm any problems or difficulties the independent registered public accounting firm may have encountered during the conduct of the audit.

Although the Audit Committee has the responsibilities set forth in its Audit Committee Charter and described above, it is not responsible for planning or conducting the Fund's audit or determining whether the Fund's financial statements are complete and accurate and are in accordance with US generally accepted accounting principles. In fulfilling their responsibilities under the Fund's Audit Committee Charter, it is recognized that (i) the members of the Fund's Audit Committee are not full-time employees of the Fund; (ii) it is not the duty or the responsibility of the Audit Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures or to set auditor independence standards; and (iii) each member of the Audit Committee shall be entitled to rely on: (a) the integrity of those persons within or outside of the Fund from whom he or she receives information; (b) the accuracy of the financial and other information provided to the Committee absent actual knowledge to the contrary (which shall be promptly reported to the Board); and (c) statements made by the officers and employees of the Fund, UBS Global AM or other third parties as to any information technology, internal audit and other non-audit services provided by the independent registered public accounting firm to the Fund. The review of the Fund's financial statements by the Fund's Audit Committee is not of the same quality as the audit performed by the independent registered public accounting firm.

None of the members of the Audit Committee has any relationship to the Fund that may interfere with the exercise of his or her independence from management or the Fund, and each is independent as defined under the listing standards of the New York Stock Exchange ("NYSE") applicable to closed-end funds. Each member of the Fund's Audit Committee is also a member of a similar committee established by the boards of certain other investment companies for which UBS Global AM or an affiliate serves as investment advisor, sub-advisor or manager. The Audit Committee met seven times during the fiscal year ended October 31, 2009, and each member attended 75% or more of those meetings.

The Fund's Audit Committee has: (a) reviewed and discussed the Fund's audited financial statements with management; (b) discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, as adopted by the Public Company Accounting Oversight Board ("PCAOB") in Rule 3200T; (c) received certain written disclosures and the letter from the independent registered public accounting firm required by Independence Standards Board Standard No. 1, as adopted by the PCAOB in Rule 3600T, and has discussed with the independent registered public accounting firm its independence; and (d) based upon its review of the above, recommended to the board that the Fund's audited financial statements be included in the Fund's annual report to shareholders for the fiscal year ended October 31, 2009. The members of the Audit Committee are Richard Q. Armstrong, Alan S. Bernikow, Richard R. Burt, Bernard H. Garil and Heather R. Higgins. In addition to serving on the Audit Committee, Mr. Bernikow currently serves as a member of the audit committees of at least three other public companies not affiliated with the New York Fund Complex. The Board has determined that Mr. Bernikow's simultaneous service on the audit committees of these other public companies does not impair his ability to effectively serve on the Audit Committee.

The board has also established a Nominating and Corporate Governance Committee that acts pursuant to a written charter ("Nominating and Corporate Governance Committee Charter"). The Nominating and Corporate Governance Committee is responsible for, among other things, identifying, selecting, evaluating and recommending to the board candidates to be nominated as additional Independent

Directors of the board; making recommendations to the board with respect to compensation of board and committee members; overseeing an annual evaluation of the board and its committees; reporting on such evaluation to the board; and performing such other corporate governance functions as the board may from time to time delegate to the Nominating and Corporate Governance Committee. A copy of the Nominating and Corporate Governance Committee Charter is not available on UBS Global AM's Web site, but a copy of the Nominating and Corporate Governance Committee Charter is attached as Exhibit B. The Nominating and Corporate Governance Committee currently consists of Messrs. Burt and Garil and Ms. Higgins, none of whom is an "interested person" for purposes of the 1940 Act, and all of whom are independent as defined under the listing standards of the NYSE applicable to closed-end funds. The Nominating and Corporate Governance Committee met four times during the fiscal year ended October 31, 2009, and each member attended 75% or more of those meetings.

In nominating candidates, the Nominating and Corporate Governance Committee believes that no specific qualifications or disqualifications are controlling or paramount, and does not believe that specific qualities or skills are necessary for each candidate to possess. In identifying and evaluating nominees for director, the Nominating and Corporate Governance Committee takes into consideration such factors as it deems appropriate. These factors may include: (i) whether or not the person is an "interested person" as defined in the 1940 Act, meets the independence and experience requirements of the NYSE applicable to closed-end funds and is otherwise qualified under applicable laws and regulations to serve as a member of the board; (ii) whether or not the person has any relationships that might impair his or her independence, such as any business, financial or family relationships with Fund management, the investment advisor and/or sub-advisors of the Fund, Fund service providers or their affiliates; (iii) whether or not the person is willing to serve, and willing and able to commit the time necessary for the performance of the duties of a board member; (iv) the person's judgment, skill, diversity and experience with investment companies and other organizations of comparable purpose, complexity and size and subject to similar legal restrictions and oversight; (v) the interplay of the candidate's experience with the experience of other board members; and (vi) the extent to which the candidate would be a desirable addition to the board and any committees thereof.

The Nominating and Corporate Governance Committee will consider nominees recommended by shareholders if a vacancy occurs. In order to recommend a nominee, a shareholder should send a letter to the chairperson of the Nominating and Corporate Governance Committee, Mr. Richard Burt, care of the Secretary of the Fund at UBS Global Asset Management (Americas) Inc., UBS Tower, One North Wacker Drive, Chicago, IL 60606 and indicate on the envelope "Nominating and Corporate Governance Committee." The shareholder's letter should state the nominee's name and should include the nominee's *résumé* or *curriculum vitae* and must be accompanied by a written consent of the individual to stand for election if nominated by the board and to serve if elected by shareholders. The board does not have a standing compensation committee. Shareholders can send other communications to the board care of its Chairman at the following address: Mr. Richard Q. Armstrong, UBS Funds, c/o Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, NY 10019.

Each Independent Director receives, in the aggregate from the UBS Global AM funds of which he or she is a director, an annual retainer of \$100,000 and a \$15,000 fee for each regular joint board meeting of the boards of those funds (and each in person special joint board meeting of the boards of those funds) actually attended. Independent Directors who participate in previously scheduled in-person joint meetings of the boards of the UBS Global AM funds by telephone to accommodate other business obligations are paid \$2,000 for such meetings. Independent Directors who participate in previously scheduled in-person joint meetings of the boards of the UBS Global AM funds by telephone because of illness or other unavoidable

circumstances are paid the full meeting fee. Each Independent Director receives from the relevant fund \$2,000 for each special in-person meeting (not held as a joint meeting) of the board of that fund actually attended where a fund's board must meet separately from the regularly scheduled joint board meetings. Independent Directors who participate in scheduled telephonic meetings of the board(s) of one or more funds are paid \$1,000 for each such meeting actually attended.

The Chairman of the boards receives annually an additional \$50,000; the chairperson of the Audit Committee receives annually an additional \$35,000; the chairperson of the Nominating and Corporate Governance Committee receives annually an additional \$25,000; and effective January 1, 2010, a board member who undertakes a special assignment to provide special assistance in coordinating the Board's oversight of compliance or contract renewal matters (currently Heather R. Higgins and Bernard H. Garil, respectively) receives annually an additional \$20,000; provided that, if a board member simultaneously holds more than one such position or assignment, he or she is paid only the higher of the fees otherwise payable for these positions or assignments. Independent Directors who are also members of the Audit Committee and/or the Nominating and Corporate Governance Committee are paid \$2,000 for each such meeting actually attended, provided that such meeting is not held in conjunction with a regularly scheduled board meeting. The foregoing fees are allocated among all such funds (or each relevant fund in the case of a special meeting) as follows: (i) one-half of the expense is allocated pro rata based on the funds' relative net assets at the end of the calendar quarter preceding the date of payment; and (ii) one-half of the expense is allocated according to the number of such funds. No officer, director or employee of UBS Global AM or any one of its affiliates presently receives any compensation from the funds for acting as a board member or officer. All board members are reimbursed for expenses incurred in attending meetings. Professor Feldberg, an interested person of the Fund, but not by reason of affiliation with UBS Global AM, is compensated by UBS Global AM with respect to a fund unless the management, investment advisory and/or administration contract between the fund and UBS Global AM provides that the fund may bear a portion of the compensation to a director who is not an interested person of the fund by reason of affiliation with UBS Global AM or any of UBS Global AM's affiliates.

Each director who has attained the age of seventy-five (75) years will be subject to retirement on the last day of the month in which he or she attains such age, unless the Board, including a majority of its Independent Directors, determines to grant a waiver of the retirement policy with respect to a specified individual for a set period of time. The retirement policy has been waived with respect to Mr. Armstrong, the Chairman of the Board, until 2011. The table below includes certain information relating to the compensation of the Fund's directors. Professor Feldberg, an "interested person" of the Fund, is compensated by UBS Global AM with respect to those funds for which UBS Global AM serves as advisor, sub-advisor or manager, except as discussed above.

Compensation table

<u>Name of person, position</u>	<u>Aggregate compensation from the Fund*</u>	<u>Total compensation from the Fund and the Fund Complex**</u>
Richard Q. Armstrong, director	\$6,877	\$239,150
Alan S. Bernikow, director	6,687	223,150
Richard R. Burt, director	6,610	214,150
Meyer Feldberg, director	□	198,125
Bernard H. Garil, director	6,295	191,150
Heather R. Higgins, director	6,295	191,150

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- Except as discussed above, only Independent Directors were compensated by the funds for which UBS Global AM serves as investment advisor, sub-advisor or manager.
 - Professor Feldberg is an "interested person" of the Fund by virtue of his position as senior advisor with Morgan Stanley, and not by reason of affiliation with UBS Global AM. He is compensated (i) by funds for which the management, investment advisory and/or administration contract between the fund and UBS Global AM provides that the fund may bear a portion of the compensation to a director who is not an interested person of the fund by reason of affiliation with UBS Global AM or any of UBS Global AM's affiliates, and (ii) otherwise by UBS Global AM. Accordingly, the compensation amounts listed above for Professor Feldberg represent only (1) those amounts paid by other funds within the New York Fund Complex for which UBS Global AM does not serve as investment advisor, sub-advisor or manager, and (2) funds within the New York Fund Complex that have management, investment advisory and/or administration contracts providing that the fund may bear a portion of his compensation, as discussed above. Professor Feldberg is compensated by UBS Global AM with respect to his service on the Board of the Fund.
 - * Represents fees paid to each director during the fiscal year ended October 31, 2009.
 - ** Represents fees paid during the calendar year ended December 31, 2008 to each board member by: (a) 17 investment companies in the case of Messrs. Armstrong, Bernikow, Burt and Garil and Ms. Higgins; and (b) 30 investment companies in the case of Professor Feldberg for which UBS Global AM or one of its affiliates served as investment advisor, sub-advisor or manager. No fund within the New York Fund Complex has a bonus, pension, profit sharing or retirement plan.

Information concerning independent registered public accounting firm

The Fund's financial statements for the fiscal year ended October 31, 2009, were audited by Ernst & Young LLP (Ernst & Young), independent registered public accounting firm. In addition, Ernst & Young prepares the Fund's federal and state annual income tax returns and provides certain non-audit services. The Audit Committee has considered whether the provision of those non-audit services is compatible with maintaining Ernst & Young's independence. The Audit Committee of the board has selected Ernst & Young as the Fund's independent registered public accounting firm, and such selection has also been approved by the Fund's board for the fiscal year ending October 31, 2010. Ernst & Young has been the Fund's independent registered public accounting firm since July 25, 2001. Ernst & Young has informed the Fund that it has no material direct or indirect financial interest in the Fund.

Representatives of Ernst & Young are not expected to be present at the meeting but have been given the opportunity to make a statement if they so desire and will be available should any matter arise requiring their response.

Audit fees

The aggregate audit fees billed by Ernst & Young for professional services rendered to the Fund for the audit of each of the last two fiscal years ended October 31, 2009 and October 31, 2008 were approximately \$56,200 and \$56,200, respectively.

Fees included in the audit fees category are those associated with the annual audits of financial statements and services that are normally provided in connection with statutory and regulatory filings.

Audit-related fees

The aggregate audit-related fees billed by Ernst & Young for services rendered to the Fund that are reasonably related to the performance of the audits of the financial statements, but not reported as audit fees, were approximately \$3,574 and \$3,573, respectively, in each of the fiscal years ended October 31, 2009 and October 31, 2008.

Fees included in the audit-related fees category are those associated with (1) the reading and providing of comments on the 2009 and 2008 semiannual financial statements, and (2) review of the consolidated 2008 and 2007 report on the profitability of the UBS funds to UBS Global AM and its affiliates to assist the board members in their annual advisory/administration contract reviews.

With respect to Rule 2-01(c)(7)(i)(C) of Regulation S-X, there were no audit-related fees that were required to be approved by the Audit Committee pursuant to the *de minimis* exception for the fiscal years ended October 31, 2009 and October 31, 2008 on behalf of (i) the Fund's service providers that relate directly to the operations and financial reporting of the Fund, or (ii) the Fund itself. There were no audit-related fees required to be approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X during the fiscal years indicated above.

Tax fees

The aggregate tax fees billed by Ernst & Young for services rendered to the Fund for each of the fiscal years ended October 31, 2009 and October 31, 2008 were approximately \$4,625 and \$4,600, respectively.

Fees included in the tax fees category comprise all services performed by professional staff in the independent registered public accounting firm's tax division except those services related to the audits. This category comprises fees for tax return preparation and review of excise tax calculations.

With respect to Rule 2-01(c)(7)(i)(C) of Regulation S-X, there were no tax fees that were required to be approved by the Audit Committee pursuant to the *de minimis* exception for the fiscal years ended October 31, 2009 and October 31, 2008 on behalf of (i) the Fund's service providers that relate directly to the operations and financial reporting of the Fund, or (ii) the Fund itself. There were no tax fees required to be approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X during the fiscal years indicated above.

All other fees

For the fiscal years ended October 31, 2009 and October 31, 2008, there were no fees billed by Ernst & Young for other products and services provided to the Fund other than the services reported above. Fees included in the "all other fees" category would consist of services related to internal control reviews, strategy and other consulting, financial information systems design and implementation, consulting on other information systems, and other tax services unrelated to the Fund.

There were no fees billed by Ernst & Young for the most recent fiscal year for professional services rendered for financial information systems design and implementation services provided to the Fund, UBS Global AM and entities that control, are controlled by or are under common control with UBS Global AM that provide services to the Fund.

With respect to Rule 2-01(c)(7)(i)(C) of Regulation S-X, there were no fees within this category that were required to be approved by the Audit Committee pursuant to the *de minimis* exception for the fiscal years ended October 31, 2009 and October 31, 2008 on behalf of (i) the Fund's service providers that relate directly to the operations and financial reporting of the Fund, or (ii) the Fund itself. There were no "all other fees" required to be approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X during the fiscal years indicated above.

The Audit Committee Charter contains the Audit Committee's pre-approval policies and procedures. Reproduced below is an excerpt from the Audit Committee Charter regarding pre-approval policies and procedures:

The Audit Committee shall:

2. Pre-approve (a) all audit and permissible non-audit services¹ to be provided to the Fund and (b) all permissible non-audit services to be provided by the Fund's independent auditors to UBS Global [Asset Management (Americas) Inc. (["UBS Global [AM]"])] and any Covered

1 The Committee will not approve non-audit services that the Committee believes may taint the independence of the auditors. Currently, permissible non-audit services include any professional services (including tax services) that are not prohibited services as described below, provided to the Fund by the independent auditors, other than those provided to the Fund in connection with an audit or a review of the financial statements of the Fund. Permissible non-audit services may not include: (i) bookkeeping or other services related to the accounting records or financial statements of the Fund; (ii) financial information systems design and implementation; (iii) appraisal or valuation services, fairness opinions or contribution-in-kind reports; (iv) actuarial services; (v) internal audit outsourcing services;

Service Providers, if the engagement relates directly to the operations and financial reporting of the Fund. In carrying out this responsibility, the Committee shall seek periodically from UBS Global [AM] and from the independent auditors a list of such audit and permissible non-audit services that can be expected to be rendered to the Fund, UBS Global [AM] or any Covered Service Providers by the Fund's independent auditors, and an estimate of the fees sought to be paid in connection with such services. The Committee may delegate its responsibility to pre-approve any such audit and permissible non-audit services to a sub-committee consisting of the Chairperson of the Committee and two other members of the Committee as the Chairperson, from time to time, may determine and appoint, and such subcommittee shall report to the Committee, at its next regularly scheduled meeting after the subcommittee's meeting, its decision(s). From year to year, the Committee shall report to the Board whether this system of pre-approval has been effective and efficient or whether this Charter should be amended to allow for pre-approval pursuant to such policies and procedures as the Committee shall approve, including the delegation of some or all of the Committee's pre-approval responsibilities to other persons (other than UBS Global [AM] or the Fund's officers).

Aggregate non-audit fees

For the fiscal years ended October 31, 2009 and October 31, 2008, the aggregate non-audit fees billed by Ernst & Young of approximately \$167,539 and \$367,357, respectively, included non-audit services rendered on behalf of the Fund of approximately \$8,199 and \$8,173, respectively, and non-audit services rendered on behalf of the Fund's investment advisor (not including any sub-advisor whose role is primarily portfolio management and is subcontracted with or overseen by another investment advisor) and any entity controlling, controlled by, or under common control with the investment advisor that provides ongoing services to the Fund of approximately \$159,340 and \$359,184, respectively.

The Audit Committee was not required to consider whether the provision of non-audit services that were rendered to the Fund's investment advisor (not including any sub-advisor whose role is primarily portfolio management and is subcontracted with or overseen by another investment advisor), and any entity controlling, controlled by, or under common control with the investment advisor that provides ongoing services to the Fund that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X was compatible with maintaining Ernst & Young's independence.

(vi) management functions or human resources; (vii) broker or dealer, investment advisor or investment banking services; (viii) legal services and expert services unrelated to the audit; and (ix) any other service the Public Company Accounting Oversight Board determines, by regulation, is impermissible.

Pre-approval by the Committee of any permissible non-audit services is not required so long as: (i) the aggregate amount of all such permissible non-audit services provided to the Fund, UBS Global [AM] and any service providers controlling, controlled by or under common control with UBS Global [AM] that provide ongoing services to the Fund ("Covered Service Providers") constitutes not more than 5% of the total amount of revenues paid to the independent auditors (during the fiscal year in which the permissible non-audit services are provided) by (a) the Fund, (b) its investment advisor and (c) any entity controlling, controlled by, or under common control with the investment advisor that provides ongoing services to the Fund during the fiscal year in which the services are provided that would have to be approved by the Committee; (ii) the permissible non-audit services were not recognized by the Fund at the time of the engagement to be non-audit services; and (iii) such services are promptly brought to the attention of the Committee and approved by the Committee (or its delegate(s)) prior to the completion of the audit.

Executive officers

Officers of the Fund are appointed by the directors and serve at the pleasure of the board. None of the Fund's officers currently receives any compensation from the Fund. The executive officers of the Fund are:

Name, address, and age	Position(s) held with the Fund	Term of office and length of time served	Principal occupation(s) during past 5 years; number of portfolios in Fund complex for which person serves as officer
Joseph Allesie*; 44	Vice President and Assistant Secretary	Since 2005	Mr. Allesie is an executive director (since 2007) (prior to which he was a director) and deputy general counsel (since 2005) at UBS Global Asset Management (US) Inc. and UBS Global Asset Management (Americas) Inc. (collectively "UBS Global AM Americas region"). Prior to joining UBS Global AM Americas region, he was senior vice president and general counsel of Kenmar Advisory Corp. (from 2004 to 2005). Prior to that Mr. Allesie was general counsel and secretary of GAM USA Inc., GAM Investments, GAM Services, GAM Funds, Inc. and the GAM Avalon Funds (from 1999 to 2004). Mr. Allesie is a vice president and assistant secretary of 20 investment companies (consisting of 102 portfolios) for which UBS Global AM Americas region or one of its affiliates serves as investment advisor, sub-advisor or manager.
Thomas Disbrow*; 43	Vice President and Treasurer	Since 2000 (Vice President); Since 2004 (Treasurer)	Mr. Disbrow is an executive director (since 2007) (prior to which he was a director) (since 2000) and head of the US mutual fund treasury administration department (since September 2006) of UBS Global AM Americas region. Mr. Disbrow is a vice president and treasurer and/or principal accounting officer of 20 investment companies (consisting of 102 portfolios) for which

UBS Global AM Americas region or one of its affiliates serves as investment advisor, sub-advisor or manager.

Name, address, and age	Position(s) held with the Fund	Term of office and length of time served	Principal occupation(s) during past 5 years; number of portfolios in Fund complex for which person serves as officer
Michael J. Flook*; 44	Vice President and Assistant Treasurer	Since 2006	Mr. Flook is an associate director and a senior manager of the US mutual fund treasury administration department of UBS Global AM Americas region (since 2006). Prior to joining UBS Global AM Americas region, he was a senior manager with The Reserve (asset management firm) from May 2005 to May 2006. Prior to that he was a senior manager with PFPC Worldwide since October 2000. Mr. Flook is a vice president and assistant treasurer of 20 investment companies (consisting of 102 portfolios) for which UBS Global AM Americas region or one of its affiliates serves as investment advisor, sub-advisor or manager.
Mark F. Kemper**; 51	Vice President and Secretary	Since 2004	Mr. Kemper is a managing director (since 2006) and head of the legal department of UBS Global AM Americas region (since 2004). He was deputy general counsel of UBS Global Asset Management (Americas) Inc. (UBS Global AM Americas) from July 2001 to July 2004. He has been secretary of UBS Global AM Americas since 1999, assistant secretary of UBS Global Asset Management Trust Company since 1993 and secretary of UBS AM Holdings (USA) Inc. (since 2001). Mr. Kemper is secretary of UBS Global AM Americas region (since 2004). Mr. Kemper is vice president and secretary of 20 investment companies (consisting of 102 portfolios) for which UBS Global AM Americas region or one of its affiliates serves as investment advisor, sub-advisor or manager.
Joanne M. Kilkeary*; 41	Vice President and Assistant Treasurer	Since 2004	Ms. Kilkeary is a director (since March 2008) (prior to which she was an associate director) (since 2000) and a senior manager (since 2004) of the US mutual fund treasury administration department of UBS Global AM Americas region. Ms. Kilkeary is a vice president and assistant treasurer of 20 investment companies (consisting of 102 portfolios) for which UBS Global AM Americas region or one of its affiliates serves as investment advisor, sub-advisor or manager.

Name, address, and age	Position(s) held with the Fund	Term of office and length of time served	Principal occupation(s) during past 5 years; number of portfolios in Fund complex for which person serves as officer
Tammie Lee*; 38	Vice President and Assistant Secretary	Since 2005	Ms. Lee is a director and associate general counsel of UBS Global AM Americas region (since 2005). Prior to joining UBS Global AM Americas region, she was vice president and counsel at Deutsche Asset Management/Scudder Investments from 2003 to 2005. Prior to that she was assistant vice president and counsel at Deutsche Asset Management/Scudder Investments from 2000 to 2003. Ms. Lee is a vice president and assistant secretary of 20 investment companies (consisting of 102 portfolios) for which UBS Global AM Americas region or one of its affiliates serves as investment advisor, sub-advisor or manager.
Steven J. LeMire*; 40	Vice President and Assistant Treasurer	Since 2007	Mr. LeMire is a director and senior manager of the US mutual fund treasury administration department of UBS Global AM Americas region (since 2007). Prior to joining UBS Global AM Americas region, he was an independent consultant with Third River Capital, LLC (formerly Two Rivers Capital, LLC) (from 2005 to 2007). Prior to that, he was vice president of operations and fund administration with Oberweis Asset Management, Inc. (from 1997 to 2005). Mr. LeMire is a vice president and assistant treasurer of 20 investment companies (consisting of 102 portfolios) for which UBS Global AM Americas region or one of its affiliates serves as investment advisor, sub-advisor or manager.
Joseph McGill*; 47	Vice President and Chief Compliance Officer	Since 2004	Mr. McGill is a managing director (since 2006) and chief compliance officer (since 2003) of UBS Global AM Americas region. Prior to joining UBS Global AM Americas region, he was assistant general counsel at J. P. Morgan Investment Management (from 1999 to 2003). Mr. McGill is a vice president and chief compliance officer of 20 investment companies (consisting of 102 portfolios) for which UBS Global AM Americas region or one of its affiliates serves as investment advisor, sub-advisor or manager.

Name, address, and age	Position(s) held with the Fund	Term of office and length of time served	Principal occupation(s) during past 5 years; number of portfolios in Fund complex for which person serves as officer
Nancy D. Osborn*; 43	Vice President and Assistant Treasurer	Since 2007	Mrs. Osborn is an associate director and a senior manager of the US mutual fund treasury administration department of UBS Global AM Americas region (since 2006). Prior to joining UBS Global AM Americas region, she was an assistant vice president with Brown Brothers Harriman since April 1996. Mrs. Osborn is a vice president and assistant treasurer of 20 investment companies (consisting of 102 portfolios) for which UBS Global AM Americas region or one of its affiliates serves as investment advisor, sub-advisor or manager.
Eric Sanders*; 44	Vice President and Assistant Secretary	Since 2005	Mr. Sanders is a director and associate general counsel of UBS Global AM Americas region (since 2005). From 1996 until June 2005, he held various positions at Fred Alger & Company, Incorporated, the most recent being assistant vice president and associate general counsel. Mr. Sanders is a vice president and assistant secretary of 20 investment companies (consisting of 102 portfolios) for which UBS Global AM Americas region or one of its affiliates serves as investment advisor, sub-advisor or manager.
Uwe Schillhorn**; 45	Vice President	Since 2004	Mr. Schillhorn is a managing director (since 2009), and head of emerging markets debt (since 2004) of UBS Global AM Americas region. Mr. Schillhorn is a vice president of two investment companies (consisting of two portfolios) for which UBS Global AM Americas region or one of its affiliates serves as investment advisor, sub-advisor or manager.

Name, address, and age	Position(s) held with the Fund	Term of office and length of time served	Principal occupation(s) during past 5 years; number of portfolios in Fund complex for which person serves as officer
Andrew Shoup*; 53	Vice President and Chief Operating Officer	Since 2006	Mr. Shoup is a managing director and global head of the fund treasury administration department of UBS Global AM Americas region (since 2006). Mr. Shoup is also a director of UBS (IRL) Fund p.l.c. (since December 2008). Prior to joining UBS Global AM Americas region, he was chief administrative officer for the Legg Mason Partners Funds (formerly Smith Barney, Salomon Brothers, and CitiFunds mutual funds) from November 2003 to July 2006. Prior to that, he held various positions with Citigroup Asset Management and related companies with their domestic and offshore mutual funds since 1993. Additionally, he has worked for another mutual fund complex as well as spending eleven years in public accounting. Mr. Shoup is a vice president and chief operating officer of 20 investment companies (consisting of 102 portfolios) for which UBS Global AM Americas region or one of its affiliates serves as investment advisor, sub-advisor or manager.

Name, address, and age	Position(s) held with the Fund	Term of office and length of time served	Principal occupation(s) during past 5 years; number of portfolios in Fund complex for which person serves as officer
Kai R. Sotorp**; 50	President	Since 2006	Mr. Sotorp is the Head of Americas for UBS Global Asset Management (since 2004); a member of the UBS Group Managing Board (since 2003) and a member of the UBS Global Asset Management Executive Committee (since 2001). Mr. Sotorp is a board director and president of UBS Global AM Holdings (USA) Inc. (since 2004). Prior to his current role, Mr. Sotorp was head of UBS Global Asset Management - Asia Pacific (2002-2004), covering Australia, Japan, Hong Kong, Singapore and Taiwan; head of UBS Global Asset Management (Japan) Ltd. (2001-2004); representative director and president of UBS Global Asset Management (Japan) Ltd. (2000-2004); and member of the board of directors of UBS Global Asset Management (Japan) Ltd. (2000-2004).