

INSURED MUNICIPAL INCOME FUND INC
Form DEF 14A
May 30, 2003

SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant [X]

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))
- [X] Definitive Proxy Statement
- [] Definitive Additional Materials
- [] Soliciting Material Under Rule 14a-12

Insured Municipal Income Fund Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- [X] No fee required.
- [] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

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0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

INSURED MUNICIPAL INCOME FUND INC.

NOTICE OF

ANNUAL MEETING OF SHAREHOLDERS

JULY 17, 2003

TO THE SHAREHOLDERS:

The annual meeting of shareholders of Insured Municipal Income Fund Inc. (the "Fund") will be held on July 17, 2003 at 10:00 a.m., Eastern time, at 51 West 52nd Street, 16th Floor, New York, New York 10019-6114 for the following purposes:

MATTERS TO BE VOTED UPON BY ALL SHAREHOLDERS:

(1) To elect seven (7) directors to serve until the annual meeting of shareholders in 2004, or until their successors are elected and qualified or until they resign or are otherwise removed; and

(2) To transact such other business as may properly come before the meeting or any adjournment thereof.

MATTERS TO BE VOTED UPON ONLY BY HOLDERS OF AUCTION PREFERRED SHARES:

(3) To elect two (2) directors to serve until the annual meeting of shareholders in 2004, or until their successors are elected and qualified or until they resign or are otherwise removed.

You are entitled to vote at the meeting and any adjournments thereof if you owned Fund shares at the close of business on May 16, 2003. 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.

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

INSURED MUNICIPAL INCOME FUND INC.
51 WEST 52ND STREET
NEW YORK, NEW YORK 10019-6114

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON JULY 17, 2003

This proxy statement is furnished to the shareholders of Insured Municipal Income Fund Inc. (the "Fund") in connection with the board of directors' solicitation of proxies to be used at the annual meeting of the shareholders of the Fund to be held on July 17, 2003, at 10:00 a.m., Eastern time, at 51 West 52nd Street, 16th Floor, New York, New York 10019-6114, or any adjournment or adjournments thereof. This proxy statement and the related proxy card will first be mailed to shareholders on or about May 30, 2003.

A majority of the shares outstanding on May 16, 2003, represented in person or by proxy, must be present for the transaction of business at the meeting. In the event that a quorum is not present at the annual meeting (including a quorum of the Fund's auction preferred shares ("APS") with respect to the election of the two directors to be elected by the APS), or if such a quorum is present at the annual meeting but sufficient votes to approve any of the proposals are not received, the persons named as proxies may propose one or more adjournments of the annual meeting to permit further solicitation of proxies. Any such adjournment will require the affirmative vote of a majority of those shares represented at the annual meeting in person or by proxy. The persons named as proxies will vote those proxies which they are entitled to vote FOR any such proposal in favor of such an adjournment and will vote those proxies marked WITHHOLD on any such proposal against such adjournment. 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 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 adjournment or proposal. Accordingly, abstentions and broker non-votes effectively will be a vote against adjournment but will have no effect on Proposals 1 and 3, for which the required vote is a plurality of the votes cast on the matter.

Except as otherwise indicated herein, all of the outstanding shares of the Fund's common stock and APS will vote together as a single class. Each full share of the Fund's common stock or APS is entitled to one vote, and each fractional share of the Fund's common stock or APS is entitled to a proportionate share of one vote. However, as described below in connection with Proposals 1 and 3, the holders of the APS, voting as a separate class, are entitled to elect two of the Fund's directors.

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

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received properly executed by you or by your duly appointed agent or attorney-in-fact. With respect to the holders of the APS, if you give no voting instructions, your shares will be voted FOR the nine nominees for director named herein and, in the proxies' discretion, either FOR or AGAINST any other business that may properly arise at the annual meeting. With respect to the holders of the Fund's common stock, if you give no voting instructions, your shares will be voted FOR the seven nominees for director named herein for which the holders of the common stock are entitled to vote and, in the proxies' discretion, either FOR or AGAINST any other business that may properly arise 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 at 51 West 52nd Street, New York, New York 10019-6114. 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, May 16, 2003, the Fund had outstanding 20,628,363 shares of common stock and 3,000 shares of the APS, representing Series A, Series B, Series C and Series D shares. 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 and oral communications by regular employees of UBS Global Asset Management (US) Inc. ("UBS Global AM") or UBS PaineWebber Inc. ("UBS PaineWebber(sm)*"), who will not receive any compensation therefor from the Fund.

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, Switzerland. UBS AG operates in many areas of the financial services industry. The principal business offices of UBS Global AM are located at 51 West 52nd Street, New York, New York 10019-6114. 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 March 31, 2003 is being mailed to shareholders concurrently with this proxy statement.

PROPOSALS 1 AND 3. ELECTION OF DIRECTORS

Proposals 1 and 3 relate to the election of directors of the Fund. Management proposes the election of the nine 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 or until his or her successor is elected and qualified, or until he or she resigns or is otherwise removed.

Holders of the outstanding shares of the APS, voting as a separate class, are entitled to elect two of the Fund's directors. Margo N. Alexander and Meyer Feldberg have been nominated as the directors that are to be elected solely by holders of the APS. The other seven directors will be elected by holders of the outstanding common stock and APS, voting together as a single class. Richard Q. Armstrong, David J. Beaubien, Richard R. Burt, Frederic V. Malek, Carl W. Schafer, Brian M. Storms and William D. White have been nominated as the directors that are to be elected by all common stock and APS holders. Each of the nominees except for Mr. Storms was last elected director at the Fund's July 2002 Annual Meeting of Shareholders. Mr. Storms was appointed a director by the current board effective June 30, 2003, and is being nominated for election by shareholders at the July 2003 Annual Meeting. Mr. Storms had previously served as a director of the Fund from 1999 to 2001. Unless you give contrary

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instructions on the enclosed proxy card: if you are a holder of the APS, your APS shares will be voted FOR the election of all nine nominees; and, if you are a holder of the common stock, your shares of common stock will be voted FOR the seven nominees that are to be elected by all common stock and APS holders. 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 by 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 the shares of the Fund 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 (21 persons) beneficially owned any shares of the Fund's common stock or APS on April 30, 2003.

 * UBS PaineWebber is a service mark of UBS AG.

Listed in the table below, for each nominee, is a brief description of the nominees 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 | LENGTH OF TIME SERVED | PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS | NUMBER OF FUND COMPLETED BY NOMINEE |
|--------------------------|---|--------------------------------|---|---|
| INTERESTED DIRECTORS: | | | | |
| Margo N. Alexander*+; 56 | Director | Since 1995 | Mrs. Alexander is retired. She was an executive vice president of UBS PaineWebber (March 1984 to December 2002). She was chief executive officer of UBS Global AM from January 1995 to October 2000, a director (from January 1995 to September 2001) and chairman (from March 1999 to September 2001). | Mrs. Alexander or trustee of companies portfolios Global AM affiliates investment or manager |
| Brian M. Storms*+; 48 | Director and Chairman of the Board of Directors (effective June 30, 2003) | (Term commences June 30, 2003) | Mr. Storms is chief executive officer (since July 2002), director and president of UBS Global AM (since March 1999). He is also chief executive officer (since July 2002), a member of the board of directors and president of UBS Global Asset Management (Americas) Inc. ("UBS Global AM (Americas)") and UBS Global Asset Management (New York) Inc. | Mr. Storms trustee of Trust and companies portfolios chairman of company (of portfolios Global AM serves as sub-advisor Mr. Storms investment |

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("UBS Global AM (New York)") (since October 2001). Mr. Storms was chief executive officer of UBS Global AM from October 2000 to September 2001 and chief operating officer of UBS Global AM (Americas) and UBS Global AM (New York) from September 2001 to July 2002. He was a director or trustee of several investment companies in the UBS Family of Funds (1999 to 2001). He was president of Prudential Investments (1996 to 1999). Prior to joining Prudential Investments he was a managing director at Fidelity Investments.

of 40 port
Global AM
serves as
subadviser
May 8, 200
appointed
of those i
effective

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| NAME, ADDRESS, AND AGE | POSITION(S) HELD WITH FUND | LENGTH OF TIME SERVED | PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS | NUMBER OF PORTFOLIO FUND COMPLEX OVER BY NOMINEE |
|---|----------------------------------|-----------------------------|--|--|
| INDEPENDENT DIRECTORS: | | | | |
| Richard Q. Armstrong; 67 R.Q.A. Enterprises One Old Church Road Unit #6 Greenwich, CT 06830 | Director | Since 1995 | 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 was chairman of the board, chief executive officer and co-owner of Adirondack Beverages (producer and distributor of soft drinks and sparkling/still waters) (from October 1993 to March 1995). He was a partner of The New England Consulting Group (management consulting firm) (from December 1992 to September 1993). He was managing director of LVMH U.S. Corporation (U.S. subsidiary of the French luxury goods conglomerate, Louis Vuitton Moet Hennessey Corporation) (from 1987 to 1991) and chairman of its | Mr. Armstrong is or trustee of 19 companies (consis 40 portfolios) fo UBS Global AM or of its affiliates investment adviso advisor or manage |

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wine and spirits subsidiary,
Schieffelin & Somerset
Company (from 1987 to 1991).

David J. Beaubien; 68
101 Industrial Road
Turners Falls, MA 01376

Director

Since
2001

Mr. Beaubien is chairman of Yankee Environmental Systems, Inc., a manufacturer of meteorological measuring systems. Prior to January 1991, he was senior vice president of EG&G, Inc., a company which makes and provides a variety of scientific and technically oriented products and services. From 1985 to January 1995, Mr. Beaubien served as a director or trustee on the boards of the Kidder, Peabody & Co. Incorporated mutual funds.

Mr. Beaubien is a director or trustee of 19 investment companies (consisting of 40 portfolios) for UBS Global AM or one of its affiliates investment advisor or manager.

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| NAME, ADDRESS, AND AGE | POSITION(S) HELD WITH FUND | LENGTH OF TIME SERVED | PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS | NUMBER OF PORTFOLIO FUND COMPLEX OWNED BY NOMINEE |
|--|----------------------------------|-----------------------------|--|---|
| Richard R. Burt; 56 Pennsylvania Ave., N.W. Washington, D.C. 20004 | Director | Since 1995 | Mr. Burt is chairman of Diligence LLC (international information and security firm) and IEP Advisors (international investments and consulting firm). He was the chief negotiator in the Strategic Arms Reduction Talks with the former Soviet Union (from 1989 to 1991) and the U.S. Ambassador to the Federal Republic of Germany (from 1985 to 1989). From 1991 to 1994, he served as a partner of McKinsey & Company (management consulting firm). | Mr. Burt is a director or trustee of 19 investment companies (consisting of 40 portfolios) for UBS Global AM or one of its affiliates investment advisor or manager. |
| Meyer Feldberg; 61 Columbia University Uris Hall | Director | Since 1993 | Mr. Feldberg is Dean and Professor of Management of the Graduate School of | Dean Feldberg is a director or trustee of 33 investment companies (consisting of 40 portfolios) for UBS Global AM or one of its affiliates investment advisor or manager. |

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York, New York 10027

Business, Columbia University. Prior to 1989, he was president of the Illinois Institute of Technology.

54 portfolios) for UBS Global AM or of its affiliates investment advisor or manager

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| NAME, ADDRESS, AND AGE | POSITION(S) HELD WITH FUND | LENGTH OF TIME SERVED | PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS | NUMBER OF PORTFOLIO FUND COMPLEX OVER BY NOMINEE |
|--|----------------------------|-----------------------|---|---|
| Frederic V. Malek; 66 1455 Pennsylvania Avenue, N.W. Suite 350 Washington, D.C. 20004 | Director | Since 1996 | Mr. Malek is chairman of Thayer Capital Partners (merchant bank) and chairman of Thayer Hotel Investors III, Thayer Hotel Investors II and Lodging Opportunities Fund (hotel investment partnerships). From January 1992 to November 1992, he was campaign manager of Bush-Quayle '92. From 1990 to 1992, he was vice chairman and, from 1989 to 1990, he was president of Northwest Airlines Inc. and NWA Inc. (holding company of Northwest Airlines Inc.). Prior to 1989, he was employed by the Marriott Corporation (hotels, restaurants, airline catering and contract feeding), where he most recently was an executive vice president and president of Marriott Hotels and Resorts. | Mr. Malek is a director and trustee of 19 investment companies (consisting of 40 portfolios) for UBS Global AM or of its affiliates investment advisor or manager |
| Carl W. Schafer; 67 66 Witherspoon Street #1100 Princeton, NJ 08542 | Director | Since 1996 | Mr. Schafer is president of the Atlantic Foundation (charitable foundation). Prior to January 1993, he was chairman of the Investment Advisory Committee of the Howard Hughes Medical Institute. | Mr. Schafer is a director and trustee of 19 investment companies (consisting of 40 portfolios) for UBS Global AM or of its affiliates investment advisor or manager |

| NAME, ADDRESS, AND AGE ----- | POSITION(S) HELD WITH FUND ----- | LENGTH OF TIME SERVED ----- | PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS ----- | NUMBER OF PORTFOLIO FUND COMPLEX OVER BY NOMINEE ----- |
|--|---|--------------------------------------|--|---|
| William D. White; 69 P.O. Box 199 Upper Black Eddy, PA 18972 | Director | Since 2001 | Mr. White is retired. From February 1989 through March 1994, he was president of the National League of Professional Baseball Clubs. Prior to 1989, he was a television sportscaster for WPIX-TV, New York. Mr. White served on the Board of Directors of Centel from 1989 to 1993 and until recently on the board of directors of Jefferson Banks Incorporated, Philadelphia, PA. | Mr. White is a director trustee of 19 investment companies (consisting of 40 portfolios) for UBS Global AM or any of its affiliates. He is an investment advisor or manager for UBS Global AM or any of its affiliates. |

* This persons business address is 51 West 52nd Street, New York, New York 10019-6114.

+ Mrs. Alexander and Mr. Storms are interested persons of the Fund as defined in the 1940 Act by virtue of their positions with UBS Global AM and/or any of its affiliates.

INFORMATION ABOUT NOMINEE OWNERSHIP OF FUND SHARES

| NOMINEE ----- | DOLLAR RANGE OF EQUITY SECURITIES IN FUND+ ----- | AGGREGATE DOLLAR RANGE OF REGISTERED INVESTMENT COMPANIES FOR WHICH UBS GLOBAL AM OR INVESTMENT ADVISOR, SUB ----- |
|---|--|--|
| INTERESTED DIRECTORS: Margo N. Alexander | None | Over \$100,000 |

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| | | |
|----------------------------|------|----------------|
| Brian M. Storms | None | \$1-\$10,000 |
| INDEPENDENT DIRECTORS: | | |
| Richard Q. Armstrong | None | Over \$100,0 |
| David J. Beaubien | None | Over \$100,0 |
| Richard R. Burt | None | \$10,001-\$50, |
| Meyer Feldberg | None | Over \$100,0 |
| Frederic V. Malek | None | \$50,001-\$100 |
| Carl W. Schafer | None | Over \$100,0 |
| William D. White | None | \$10,001-\$50, |

+ Information regarding ownership of shares of the Fund is as of April 30, 2003; information regarding ownership of shares in all registered investment companies overseen by nominee for which UBS Global AM or an affiliate serves as investment advisor, sub-advisor or manager is as of December 31, 2002.

As of December 31, 2002, the Independent Directors 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 five times during the fiscal year ended March 31, 2003. Each director attended 75% or more of the board meetings during the last fiscal year. The board has established an Audit and Contract Review Committee that acts pursuant to a written charter and is responsible for: (i) overseeing the Fund's accounting and financial reporting policies, practices and internal controls; and (ii) reviewing the performance by certain of the Fund's service providers of their contracts and arrangements with the Fund. A copy of the charter is attached as Exhibit A. In fulfilling its duties, the Audit and Contract Review Committee has: (a) reviewed and discussed the Fund's audited financial statements with management; (b) discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61; (c) received certain written disclosures and the letter from the independent auditors required by Independence Standards Board Standard No. 1 and discussed the independent auditors' independence with them; 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 March 31, 2003. The Audit and Contract Review Committee currently consists of Messrs. Armstrong, Beaubien, Burt, Feldberg, Gowen, Hewitt, Janklow, Malek, Schafer and White, none of whom have any relationship to the Fund that may interfere with the exercise of their independence from management or the Fund and who are independent as defined under listing standards of the New York Stock Exchange. Messrs. Gowen, Hewitt and Janklow will be retiring from the Fund's board and the Audit and Contract Review Committee effective June 30, 2003; therefore, additional information regarding them is not provided in this proxy statement. Each member of the Fund's Audit and Contract Review 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 and Contract Review Committee met twice during the fiscal year ended March 31, 2003 and each member attended those meetings.

The board has also established a Nominating Committee that acts pursuant to a written charter. The Nominating Committee is responsible for, among other things: selecting, evaluating and recommending to the board candidates to be nominated as additional Independent Directors of the Board; and reviewing the

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composition of the board and the compensation arrangements for each of the directors. The Nominating Committee currently consists of Messrs. Gowen, Janklow, Schafer and White; however, Messrs. Gowen and Janklow will be retiring from the Fund's board and the Nominating Committee effective June 30, 2003. The Nominating Committee did not meet during the fiscal year ended March 31, 2003. The Nominating 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 Committee (effective June 30, 2003) Mr. Carl W. Schafer, care of the Secretary of the Fund at 51 West 52nd Street, New York, New York 10019-6114 and indicate on the envelope "Nominating Committee." The shareholder's letter should state the nominee's name and should include the nominee's RESUME or CURRICULUM VITAE. The board does not have a standing compensation committee.

Each Independent Director receives, in the aggregate from the UBS Global AM funds, an annual retainer of \$50,000, and a \$10,000 fee for each regular board meeting (and each in-person special board meeting) actually attended. Each such board member is also entitled to a \$2,000 fee for each special telephone meeting attended. The chairperson of the Audit and Contract Review Committee receives annually \$12,500. The chairperson of the Nominating Committee receives annually \$5,000. The foregoing fees will be allocated among all such funds (or each relevant fund in the case of a special meeting) PRO RATA based on the funds' relative net assets at the end of the calendar quarter preceding the date of payment. No officer, director or employee of UBS Global AM or one of its affiliates presently receives any compensation from the Fund for acting as a board member or officer.

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Each director who has attained the age of seventy-two (72) years will be subject to retirement on the later of (a) the last day of the month in which he or she attains such age or (b) June 30, 2003. The table below includes certain information relating to the compensation of the Fund's directors who are not retiring and who are standing for reelection.

COMPENSATION TABLE+

| NAME OF PERSON, POSITION ----- | AGGREGATE COMPENSATION FROM THE FUND* | TOTAL COMPENSATION FROM THE FUND AND THE FUND COMPLEX** |
|--------------------------------------|--|---|
| Richard Q. Armstrong, Director | \$600 | \$111,125 |
| David J. Beaubien, Director | 554 | 108,000 |
| Richard R. Burt, Director | 554 | 108,000 |
| Meyer Feldberg, Director | 532 | 210,250 |
| Frederic V. Malek, Director | 571 | 108,000 |
| Carl W. Schafer, Director | 581 | 108,000 |
| William D. White, Director | 554 | 108,000 |

+ Only Independent Directors are compensated by the funds for which UBS Global AM or an affiliate serves as investment advisor, sub-advisor or manager; directors who are "interested persons," as defined by the 1940 Act, do not receive compensation from the funds.
* Represents fees paid to each director during the fiscal year ended March 31, 2003.
** Represents fees paid during the calendar year ended December 31, 2002 to each board member by: (a) 22 investment companies in the case of Messrs.

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Armstrong, Beaubien, Burt, Malek, Schafer and White; and (b) 36 investment companies in the case of Mr. Feldberg for which UBS Global AM or one of its affiliates served as investment advisor, sub-advisor or manager. No fund within the UBS fund complex has a bonus, pension, profit sharing or retirement plan.

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INFORMATION CONCERNING INDEPENDENT AUDITORS

The Fund's financial statements for the fiscal year ended March 31, 2003, were audited by Ernst & Young LLP ("Ernst & Young"), independent auditors. In addition, Ernst & Young prepares the Fund's federal and state annual income tax returns and provides certain non-audit services. The Audit and Contract Review Committee has considered whether the provision of those non-audit services is compatible with maintaining Ernst & Young's independence. The board of directors of the Fund has selected Ernst & Young as the independent auditors for the Fund for the fiscal year ending March 31, 2004. Ernst & Young has been the Fund's independent auditors since its inception in June 1993. 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 presence.

AUDIT FEES.

The aggregate fees billed by Ernst & Young for professional services rendered for the audit of the Fund's annual financial statements for the most recent fiscal year and the review of the financial statements included in the Fund's reports to shareholders were approximately \$29,700.

FINANCIAL INFORMATION SYSTEMS DESIGN AND IMPLEMENTATION FEES.

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.

ALL OTHER FEES.

There were approximately \$123,500 in fees billed by Ernst & Young for the most recent fiscal year for other 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.

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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:

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| NAME, ADDRESS, AND AGE ----- | POSITION(S) HELD WITH THE FUND ----- | LENGTH OF TIME SERVED ----- | PRINCIPAL OCCUPATION(S) DURING PA NUMBER OF PORTFOLIOS IN FUND C FOR WHICH PERSON SERVES AS O ----- |
|---------------------------------|--|-----------------------------------|--|
| W. Douglas Beck*; 36 | Vice President | Since 2003 | Mr. Beck is an executive director and head of mutual fund product management at UBS Global AM (since 2002). From March to November 2002, he held various positions at Merrill Lynch, the most recent being vice president and co-manager of the mutual fund solutions group. Prior to March 1999, he was a portfolio manager and managing director at Raymond James & Associates. Mr. Beck is president of UBS Supplementary Trusts and investment companies (consisting of 19 portfolios) for which UBS Global AM and its affiliates serves as investment sub-advisor or manager. |
| Thomas Disbrow*; 37 | Vice President and Assistant Treasurer | Since 2000 | Mr. Disbrow is a director and a senior manager of the mutual fund finance department of UBS Global AM. Prior to November 1999, he was a vice president at Zweig/Glaser Advisers. Mr. Disbrow is president and assistant treasurer of UBS investment companies (consisting of 19 portfolios) and assistant treasurer of UBS investment company (consisting of 19 portfolios) for which UBS Global AM and its affiliates serves as investment sub-advisor or manager. |
| Amy R. Doberman*; 41 | Vice President and Secretary | Since 2000 | Ms. Doberman is a managing director and general counsel of UBS Global AM. From December 1997 through July 2000, she was general counsel of Aeltus Investment Management, Inc. Prior to working at Aeltus, Ms. Doberman was assistant chief counsel of SEC's Division of Investment Management. Ms. Doberman is vice president and assistant secretary of UBS Supplementary Trusts and investment companies (consisting of 19 portfolios) and vice president and assistant secretary of 19 investment companies (consisting of 19 portfolios) for which UBS Global AM and its affiliates serves as investment sub-advisor or manager. |

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| NAME, ADDRESS, AND AGE ----- | POSITION(S) HELD WITH THE FUND ----- | LENGTH OF TIME SERVED ----- | PRINCIPAL OCCUPATION(S) DURING PA NUMBER OF PORTFOLIOS IN FUND C FOR WHICH PERSON SERVES AS O ----- |
|---------------------------------|--|-----------------------------------|--|
| Elbridge T. Gerry III*; 46 | Vice President | Since 1996 | Mr. Gerry is a managing director--f |

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Global AM. Mr. Gerry is a vice pres investment companies (consisting of portfolios) for which UBS Global AM its affiliates serves as investment sub-advisor or manager.

David M. Goldenberg*; 36 Vice President and Assistant Secretary Since 2002

Mr. Goldenberg is an executive dire deputy general counsel of UBS Globa From 2000 to 2002 he was director, affairs at Lazard Asset Management. Goldenberg was global director of c for SSB Citi Asset Management Group to 2000. He was associate general c Smith Barney Asset Management from 1998. Prior to working at Smith Bar Management, Mr. Goldenberg was a br and senior counsel in the SEC's Div Investment Management. Mr. Goldenbe president and secretary UBS Supplem and of five investment companies (c 44 portfolios) and a vice president assistant secretary of 19 investmen (consisting of 40 portfolios) for w Global AM or one of its affiliates investment advisor, sub-advisor or

Kevin J. Mahoney*; 37 Vice President and Assistant Treasurer Since 1999

Mr. Mahoney is a director and a sen manager of the mutual fund finance department of UBS Global AM. Prior he was the manager of the mutual fu control group of Salomon Smith Barn Mahoney is a vice president and ass treasurer of 19 investment companie (consisting of 40 portfolios) for w Global AM or one of its affiliates investment advisor, sub-advisor or

12

| NAME, ADDRESS, AND AGE ----- | POSITION(S) HELD WITH THE FUND ----- | LENGTH OF TIME SERVED ----- | PRINCIPAL OCCUPATION(S) DURING PA NUMBER OF PORTFOLIOS IN FUND C FOR WHICH PERSON SERVES AS O ----- |
|---------------------------------|---|--------------------------------|---|
| Paul H. Schubert*; 40 | Vice President and Treasurer | Since 1994 | Mr. Schubert is an executive direct head of the mutual fund finance dep UBS Global AM. Mr. Schubert is trea principal accounting officer of UBS Supplementary Trust and of three in companies (consisting of 41 portfol president and treasurer of 20 inves companies (consisting of 41 portfol treasurer and chief financial offic investment company (consisting of t portfolios) for which UBS Global AM its affiliates serves as investment sub-advisor or manager. |

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| | | | |
|-----------------------|--|------------|--|
| Joseph A. Varnas*; 35 | President | Since 2003 | Mr. Varnas is a managing director (March 2003), chief technology officer (March 2001) and head of product, technology operations of UBS Global AM (since March 2002). From 2000 to 2001, he was managing product development at UBS PaineWebber Investment Management Services. Mr. Varnas is a senior analyst in the Global Security Research & Economics Group at Merrill Lynch from 1995 to 1999. Mr. Varnas is president of UBS Supplementary Trust and 23 investment companies (consisting of 81 portfolios) which UBS Global AM or one of its affiliates serves as investment advisor, sub-advisor or manager. |
| Keith A. Weller*; 41 | Vice President and Assistant Secretary | Since 1995 | Mr. Weller is a director and senior general counsel of UBS Global AM. Mr. Weller is a vice president and secretary of 19 investment companies (consisting of 40 portfolios) for which UBS Global AM or one of its affiliates serves as investment advisor, sub-advisor or |

 * This person's business address is 51 West 52nd Street, New York, New York 10019-6114.

OTHER INFORMATION

BENEFICIAL OWNERSHIP OF SHARES

Based on a Schedule 13G submitted to the Fund and filed with the Securities and Exchange Commission, the following shareholder owned more than 5% of the Fund's common stock as of the date indicated:

| NAME AND ADDRESS* | NUMBER AND PERCENTAGE OF COMMON BENEFICIALLY OWNED AS OF FEBRUARY 14, 2003 |
|----------------------------|--|
| ----- | ----- |
| Wachovia Corporation | 1,465,902 |

 * The shareholder may be contacted c/o UBS Global Asset Management (US) Inc., 51 West 52nd Street, New York, NY 10019-6114.

Management does not know of any other person who owns beneficially 5% or more of the common stock of the Fund.

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SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The Fund is not aware of any outstanding report required to be filed by any board member, officer, beneficial owner or any other person.

SHAREHOLDER PROPOSALS

Any shareholder who wishes to submit proposals to be considered at the Fund's 2004 annual meeting of shareholders should send such proposals to the Secretary of the Fund at 51 West 52nd Street, New York, New York 10019-6114. In order to be considered at that meeting, shareholder proposals must be received by the Fund no later than January 30, 2004 and must satisfy other requirements of the federal securities laws.

OTHER BUSINESS

Management knows of no business to be presented to the meeting other than the matters set forth in this proxy statement, but should any other matter requiring a vote of shareholders arise, the proxies will vote thereon according to their best judgment in the interest of the Fund.

By order of the board of directors,

AMY R. DOBERMAN
SECRETARY

May 30, 2003

IT IS IMPORTANT THAT YOU EXECUTE AND RETURN YOUR PROXY PROMPTLY.

14

EXHIBIT A

AUDIT AND CONTRACT REVIEW COMMITTEE CHARTER AMENDED AND RESTATED AS OF MAY 8, 2003

ESTABLISHMENT AND PURPOSE

This document serves as the Charter for the Audit and Contract Review Committee (the "Committee") of the Board of each fund (the "Fund") advised by UBS Global Asset Management (US) Inc. ("UBS Global") listed on Appendix A hereto (each such Charter being a separate Charter). The primary purposes of the Committee are to (a) oversee the scope of the Fund's audit, the quality and objectivity of the Fund's financial statements, the Fund's accounting and financial reporting policies and practices and its internal controls and, as appropriate, the internal controls of certain service providers; (b) approve, and recommend to the Board, for ratification, the selection, appointment, retention or termination of the Fund's independent auditors, as well as determining the compensation thereof; (c) pre-approve all audit and non-audit services provided to the Fund and certain other persons by such independent auditors; and (d) review the performance by certain service providers and approve their contracts and arrangements with the Fund.

With respect to its contract review function, the Committee will consider the performance of UBS Global, the Fund's adviser, administrator and distributor(1); the Fund's sub-advisors, if any; and, as deemed necessary or appropriate by the Committee, any other service providers. The Committee will

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determine whether compensation paid by the Fund pursuant to its contracts and arrangements is reasonable and appropriate in light of the nature and quality of the services rendered.

DUTIES AND RESPONSIBILITIES

AUDIT OVERSIGHT

The Fund's independent auditors are accountable to the Committee.

The Committee shall:

1. Approve, and recommend to the Board for the Board's ratification, the selection, appointment, retention or termination of the Fund's independent auditors, or of any other public accounting firm engaged for the purpose of performing other audit, review or attest services for the Fund.

1 Open-end Funds only.

A-1

2. Pre-approve (a) all audit and permissible non-audit services² 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 and any Covered 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 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 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 sub-committee shall report to the Committee, at its next regularly scheduled meeting after the sub-committee'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 or the Fund's officers).
3. Discuss with the independent auditors any disclosed relationships or services that may diminish the objectivity and independence of the independent auditors; receive periodic reports from the independent auditors regarding the independent auditors' independence (including receiving the independent auditors' specific representations as to independence consistent with current statements of the Independence Standards Board); and discuss such reports with the independent auditors, and, if so determined by the Committee, recommend that the Board take appropriate action to ensure the independence of the independent auditors.

2 The Committee will not approve non-audit services that the Committee believes

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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; (vi) management functions or human resources; (vii) broker or dealer, investment adviser 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 and any service providers controlling, controlled by or under common control with UBS Global 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 adviser and (c) any entity controlling, controlled by, or under common control with the investment adviser 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.

A-2

4. Review, in consultation with the independent auditors, the scope of the Fund's proposed audit each year, including the audit procedures to be utilized, and certain other matters in connection with the Fund's financial statements.
5. Inquire of UBS Global and the independent auditors as to the Fund's qualification under Subchapter M of the Internal Revenue Code and amounts distributed and reported to shareholders for Federal tax purposes.
6. Review with the independent auditors any problems or difficulties the auditors may have encountered during the conduct of the audit, relating to the conduct of the audit, including any matters required to be discussed pursuant to Statement of Auditing Standards No. 61, or any subsequent Statement.
7. Ensure that the independent auditors submit on a periodic basis to the Committee a formal written statement delineating all relationships of the auditors consistent with Independence Standards Board Standard No. 1, or any subsequent Statement.
8. Review, in consultation, as appropriate, with the independent auditors and Fund service providers, matters relating to internal controls and disclosure controls and procedures at the Fund and at the Fund's service providers.

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9. Request, receive and/or review from the independent auditors such other materials as deemed necessary or advisable by the Committee in the exercise of its duties under this charter; such materials may include, without limitation, any other material written communications bearing on the Fund's financial statements, or internal or disclosure controls, between the independent auditors and the Fund, UBS Global, the Fund's sub-adviser(s), if any, or other Fund service providers, such as any management letter or schedule of unadjusted differences, and any comment or "deficiency" letter received from a regulatory or self-regulatory organization addressed to the Fund, UBS Global or the Fund's sub-adviser(s), if any, that relates to services rendered to the Fund.
10. [Closed-end Funds only] Establish procedures for the receipt, retention and treatment of complaints that the Fund may receive regarding Fund accounting, internal accounting controls or auditing matters, including procedures for the confidential, anonymous submission by Fund officers or employees or Fund service providers of concerns regarding questionable accounting or auditing matters related to the Fund.
11. Request that the independent auditors report to the Committee on any unusual items or matters discovered during the course of any semi-annual or other reviews.
12. [Closed-end Funds only] Consider and, if appropriate, recommend the publication of the Fund's annual audited financial statements in the Fund's annual report in advance of the printing and publication of the annual report, based on its review and discussions of such annual report with the independent auditors, the Fund's officers and UBS Global.
13. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

CONTRACT REVIEW

1. Request such information as is deemed relevant by the Committee regarding the performance of each of the contracts and arrangements required to be reviewed and approved by the Board.
2. Review all information and data provided by the service providers in connection with their performance of these contracts and arrangements.

A-3

3. Meet with such representatives of the service providers as the Committee deems necessary.
4. Make recommendations to the Board concerning the initial approval and/or continuation of each of the proposed contracts and arrangements and the reasonableness and appropriateness of the proposed fees.
5. Consider such other matters as the Committee may deem appropriate in carrying out the above responsibilities and any other matters that may be assigned to it by the Board.

In performing its duties, the Committee shall be provided by UBS Global, the Fund's sub-advisor(s), if any, or the Fund, as applicable, with such

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information, data and services as the Committee shall request to discharge its duties and responsibilities, shall consult as it deems appropriate with the members of the Board, officers and employees of the Fund, UBS Global, the Fund's sub-advisor(s), if any, the Fund's counsel and the Fund's other service providers and, as it determines necessary to carry out its duties and at the Fund's expense, may engage outside advisors and consultants. The Fund shall provide appropriate funding for the Committee to carry out its duties and responsibilities.

COMPOSITION

The Committee shall be composed of each Board member who has been determined not to be an "interested person," as that term is defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended ("1940 Act"), of the Fund (the "Independent Board Members"). Each member of the Committee must also meet the independence and experience requirements as set forth in Section 303.01(b)(2)(a) of the New York Stock Exchange's Listed Company Manual. The Committee shall elect a chairperson, who shall preside over Committee meetings (the "Chairperson"). The Chairperson shall serve for a term of three years, which term may be renewed from time to time.(3)

In addition, the Board shall use its best efforts to ensure that at least one member of the Committee is an "audit committee financial expert," as determined under the rules of the Securities and Exchange Commission. Appendix B sets forth the audit committee financial expert requirements as of the date of this amended and restated Charter. In the event that the Committee does not have at least one such audit committee financial expert, the nominating committee of the Board shall endeavor to identify and recommend to the Board a candidate that meets such requirements or, in the event the Board does not, at such time, have a nominating committee, the Board shall designate the Independent Board Members as a committee to identify and recommend to the Board a candidate that meets such requirements.

MEETINGS

The Committee shall meet on a regular basis, but not less frequently than twice a year. Special meetings may also be held upon reasonable notice to the members of the Committee. An agenda shall be established for each meeting. Additional meetings shall be called as circumstances require. The Committee may request any officer or employee of the Fund, the Fund's counsel, UBS Global, the Fund's sub-advisor(s), if any, the Fund's independent auditors or other interested persons to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Committee will meet with the Fund's independent auditors at least once a year outside the presence of the Fund's officers and other parties. The Committee may, in its discretion, also meet outside the presence of the Fund's officers and other parties at other times. Meetings of the Committee may be held in person, by telephone or by other appropriate means.

One-third of the Committee's members shall constitute a quorum. At any meeting of the Committee, the decision of a majority of the members present and voting shall be determinative as to any matter submitted to a vote.

3 In the case of a newly-organized UBS fund, the Chairperson's term will be coterminous with those of the other UBS funds listed on Schedule A, even if such term is shorter than three years.

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REPORTING

The Chairperson shall report to the Board on the result of its deliberations and make such recommendations as deemed appropriate.

LIMITS ON ROLE OF COMMITTEE

While the Committee has the duties and responsibilities set forth in this Charter, the Committee is not responsible for planning or conducting the Fund's audit or for determining whether the Fund's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. In fulfilling their responsibilities hereunder, it is recognized that the members of the Committee are not full-time employees of the Fund, it is not the duty or the responsibility of the 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 each member of the Committee shall be entitled to rely on (a) the integrity of those persons within and outside the Fund from which it 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 or other third parties as to any information technology, internal audit and other non-audit services provided by the independent auditors to the Fund. The review of the Fund's financial statements by the Committee is not of the same quality as the audit performed by the independent auditors.

In carrying out its responsibilities, the Committee's policies and procedures shall be adapted, as appropriate, in order to best react to a changing environment.

AMENDMENTS

This Charter may be amended by a vote of a majority of the Board members.

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APPENDIX A

UBS Managed Investments Trust
UBS PaineWebber Managed Municipal Trust
UBS Series Trust
Liquid Institutional Reserves
UBS Investment Trust
UBS Index Trust
UBS PaineWebber Municipal Money Market Series
UBS Money Series
UBS Securities Trust
UBS PACE Select Advisors Trust
UBS PaineWebber Cashfund, Inc.
UBS PaineWebber RMA Money Fund, Inc.
UBS PaineWebber RMA Tax-Free Fund, Inc.
UBS Master Series, Inc.
UBS Financial Services Fund Inc.
Strategic Global Income Fund, Inc.*
Global High Income Dollar Fund Inc.*
Investment Grade Municipal Income Fund Inc.*
Insured Municipal Income Fund Inc.*
Managed High Yield Plus Fund Inc.*

* Closed-end Funds. The duties and responsibilities of paragraphs 10 and 12 and any other provision applicable exclusively to closed-end funds apply to these funds only.

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APPENDIX B

AUDIT COMMITTEE FINANCIAL EXPERT REQUIREMENTS

An "audit committee financial expert" is a person who has the following attributes:

- an understanding of generally accepted accounting principles and financial statements;
- the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the registrant's financial statements, or experience actively supervising one or more persons engaged in such activities;
- an understanding of internal controls and procedures for financial reporting; and
- an understanding of audit committee functions.

A person must have acquired such attributes through one or more of the following:

- education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions;
- experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions;
- experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or
- other relevant experience.

B-1

INSURED
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INCOME FUND INC.
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PROXY
STATEMENT

INSURED
MUNICIPAL
INCOME FUND INC.
=====

NOTICE OF
ANNUAL MEETING
TO BE HELD ON
JULY 17, 2003
AND
PROXY STATEMENT
=====

Appendix: Forms of Proxy Cards

DETACH HERE

ZINM12

COMMON STOCK
PROXY

INSURED MUNICIPAL INCOME FUND INC.

ANNUAL MEETING OF SHAREHOLDERS - JULY 17, 2003

The undersigned hereby appoints as proxies Keith A. Weller and Marissa Duran-Cruz and each of them (with power of substitution) to vote for the undersigned all shares of common stock of the undersigned at the aforesaid meeting and any adjournment thereof with all the power the undersigned would have if personally present. The shares represented by this proxy will be voted as instructed. UNLESS INDICATED TO THE CONTRARY, THIS PROXY SHALL BE DEEMED TO GRANT AUTHORITY TO VOTE "FOR" ALL PROPOSALS. THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF INSURED MUNICIPAL INCOME FUND INC.

YOUR VOTE IS IMPORTANT

Please date and sign this proxy on the reverse side and return it in the enclosed envelope to PFPC Inc., P.O. Box 8586, Edison, NJ 08818-9452. PFPC Inc. has been engaged to forward the enclosed proxy material and to tabulate proxies returned by mail.

SEE REVERSE
SIDE

SEE REVERSE
SIDE

CONTINUED AND TO BE SIGNED ON REVERSE SIDE

INSURED MUNICIPAL INCOME FUND INC.
PROXY SERVICES
C/O PFPC INC.
P.O. BOX 8586
EDISON, NJ 08818-9452

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DETACH HERE IF YOU ARE RETURNING YOUR PROXY CARD BY MAIL ZINM11

[X] PLEASE MARK
VOTES AS IN
THIS EXAMPLE.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR"

1. To elect as directors:

NOMINEES: (01) Richard Q. Armstrong, (02) David J. Beaubien,
(03) Richard R. Burt, (04) Frederic V. Malek, (05) Carl W. Schafer,
(06) Brian M. Storms and (07) William D. White.

FOR WITHHOLD
ALL [] [] FROM ALL
NOMINEES NOMINEES

[] -----
For all nominees except as written above.

MARK HERE FOR ADDRESS CHANGE AND NOTE AT LEFT []

This proxy will not be voted unless it is dated and signed exactly as instructed below:

If shares are held by an individual, sign your name exactly as it appears on this card. If shares are held jointly, either party may sign, but the name of the party signing should conform exactly to the name shown of this proxy card. If shares are held by a corporation, partnership or similar account, the name and the capacity of the individual signing the proxy card should be indicated unless it is reflected in the form of registration. For example, "ABC Corp., John Doe, Treasurer."

Sign exactly as name appears hereon.

Signature:
(if held jointly)

Date:

Signature:

APS
PROXY

INSURED MUNICIPAL INCOME FUND INC.

ANNUAL MEETING OF SHAREHOLDERS - JULY 17, 2003

The undersigned hereby appoints as proxies Keith A. Weller and Marissa Duran-Cruz and each of them (with power of substitution) to vote for the undersigned all shares of preferred stock of the undersigned at the aforesaid meeting and any adjournment thereof with all the power the undersigned would have if personally present. The shares represented by this proxy will be voted as instructed. UNLESS INDICATED TO THE CONTRARY, THIS PROXY SHALL BE DEEMED TO GRANT AUTHORITY TO VOTE "FOR" ALL PROPOSALS. THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF INSURED MUNICIPAL INCOME FUND INC.

YOUR VOTE IS IMPORTANT

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Please date and sign this proxy on the reverse side and return it in the enclosed envelope to PFPC Inc., P.O. Box 8586, Edison, NJ 08818-9452. PFPC Inc. has been engaged to forward the enclosed proxy material and to tabulate proxies returned by mail.

SEE REVERSE SIDE

SEE REVERSE SIDE

CONTINUED AND TO BE SIGNED ON REVERSE SIDE

[X] PLEASE MARK VOTES AS IN THIS EXAMPLE.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR"

1. To elect as directors:

NOMINEES: (01) Margo N. Alexander, (02) Richard Q. Armstrong, (03) David J. Beaubien, (04) Richard R. Burt, (05) Mayer Feldberg, (06) Frederic V. Malek, (07) Carl W. Schafer, (08) Brian M. Storms and (09) William D. White.

FOR ALL NOMINEES [] WITHHOLD FROM ALL NOMINEES []

[] ----- For all nominees except as written above.

MARK HERE FOR ADDRESS CHANGE AND NOTE AT LEFT []

This proxy will not be voted unless it is dated and signed exactly as instructed below:

If shares are held by an individual, sign your name exactly as it appears on this card. If shares are held jointly, either party may sign, but the name of the party signing should conform exactly to the name shown on this proxy card. If shares are held by a corporation, partnership or similar account, the name and the capacity of the individual signing the proxy card should be indicated unless it is reflected in the form of registration. For example, "ABC Corp., John Doe, Treasurer."

Sign exactly as name appears hereon.

Signature: (if held jointly)

Date:

Signature:
