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Corporate Governance

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Mr C Hodge
Corporate Governance Unit
Financial Reporting Council
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2 March 2010

Our ref: B00031CP

Dear Chris

UBS Global Asset Management – Comments on the Revised UK Corporate Governance Code

UBS Global Asset Management support the comply or explain approach which has contributed to the high standards of governance in the UK. We agree with the preamble to the Code “the purpose of corporate governance, supported by the Code, is to facilitate efficient, effective and entrepreneurial management that can deliver growth in shareholder value over the longer term”.

While governance structures are important, behaviour is key and we appreciate the greater emphasis on this in the Code. Both the greater focus on the main principles as well as the comments in the preface to the Code “much more attention needed to be paid to following the spirit of the Code as well as its letter”. We look to the Chairman to uphold these high standards. Given the importance of chairmen the suggestion that they personally report on governance is a good one. If this can help turn back the “fungus of boiler plate” reporting that Sir Christopher Hogg refers to then, so much the better.

The board evaluation is proving valuable as a focus for important issues such as the skill of the board, development of management talent and strategy. We support the suggestion that this evaluation should be externally facilitated at least every three years.

The greater emphasis on risk management is most welcome as this is much as we asked for in our original submission. We look forward to an improved quality of disclosure from boards on how the risk appetite is set and the oversight of these risks.

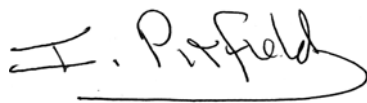
The performance related hurdles within executive remuneration schemes should certainly be stretching – bonuses need to be earned. In addition remuneration schemes should be simple and robust enough to function for several years without having to be altered. We agree that remuneration committees should try to resist the upward ratchet of

REMUNERATION WITH NO CORRESPONDING IMPROVEMENT IN PERFORMANCE. THEY SHOULD ALSO CONSIDER REMUNERATION IN THE WIDER CONTEXT OF THE OTHER STAKEHOLDERS IN THE COMPANY.

REGARDING THE ISSUE OF THE RE-ELECTION OF BOARD MEMBER WE FAVOUR THE ANNUAL ELECTION OF ALL DIRECTORS IN PLACE OF THE CURRENT ONE THIRD OF THE BOARD STANDING FOR ELECTION EACH YEAR. THIS WILL HELP INCREASE THE ACCOUNTABILITY OF THE BOARD TO SHAREHOLDERS.

PLEASE CONTACT ME IF YOU WOULD LIKE ANY FURTHER DETAIL.

YOURS SINCERELY

A handwritten signature in black ink that reads "I. Pitfield". The signature is written in a cursive style with a long horizontal flourish underneath the name.

IAN PITFIELD
CORPORATE GOVERNANCE DIRECTOR