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CASTELLE \CA\
Form 10-Q
May 14, 2001

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 30, 2001

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 0-220-20

CASTELLE
(Exact name of Registrant as specified in its charter)

California 77-0164056
(State or other jurisdiction of (IRS Employer Identification No.)
incorporation or organization)

855 Jarvis Drive, Suite 100, Morgan Hill, California 95037
(Address of principal executive offices, including zip code)

(408) 852-8000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: NONE

Securities registered pursuant to Section 12(g) of the Act: COMMON STOCK,
NO PAR VALUE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

The number of shares of Common Stock outstanding as of May 8, 2001 was 4,742,060

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SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that involve risks and uncertainties. The Company's operating results may vary significantly from quarter to quarter due to a variety of factors, including without limitation, the timely development, acceptance, and pricing of new products, changes in the Company's product and customer mix, constraints in the Company's manufacturing and assembling operations, shortages or increases in the prices of raw materials and components, changes in pricing policy by the Company or its competitors, a slowdown in the growth of the networking market, seasonality, timing of expenditures and economic conditions in the United States, Europe and Asia. Words such as "believes," "anticipates," "expects," "intends" and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. Unless the context otherwise requires, references in this Form 10-Q to "we," "us," or the "Company" refer to Castelle. Readers are cautioned that the forward-looking statements reflect management's analysis only as of the date hereof, and the Company assumes no obligation to update these statements. Actual events or results may differ materially from the results discussed in the forward-looking statements. Factors that might cause such a difference include, but are not limited to the risks and

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uncertainties discussed herein, as well as other risks set forth under the caption "Risk Factors" in the Company's Annual Report on Form 10-K and Form 10-K/A for the fiscal year ended December 31, 2000. We urge you to consider these cautionary statements in evaluating our forward-looking statements. Except as required by laws, we undertake no obligations to publicly update any forward-looking statements to reflect subsequent events and circumstances.

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Part I - Financial Information

Item 1. Financial Statements

CASTELLE AND SUBSIDIARIES Consolidated Balance Sheets (in thousands)

	March 30, 2001 (unaudited)	Dece
Assets:		
Current assets:		
Cash and cash equivalents	\$ 3,571	
Restricted cash	-	
Accounts receivable, net of allowance for doubtful accounts of \$323 in 2001 and \$285 in 2000	1,297	
Inventories, net	1,513	
Prepaid expense and other current assets	229	
	6,610	
Property, plant & equipment, net	760	
Other non-current assets, net	100	
	7,470	
	\$ 7,470	
Liabilities & Shareholders' Equity:		
Current liabilities:		
Long-term debt, current portion	\$ 7	
Accounts payable	523	
Accrued liabilities	2,505	
	3,035	
Long term debt, net of current portion	63	
	3,098	
	3,098	
Shareholders' equity:		
Common stock, no par value:		
Authorized: 25,000 shares		
Issued and outstanding: 4,742 and 4,741 respectively	28,979	
Deferred compensation	(16)	
Accumulated deficit	(24,591)	
	(24,591)	

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Total shareholders' equity	4,372	
Total liabilities & shareholders' equity	\$ 7,470	

See accompanying notes to condensed consolidated financial statements.

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CASTELLE AND SUBSIDIARIES
Consolidated Statements of Operations
(in thousands, except per share amounts)
(unaudited)

	Three months ended	
 March 30, 2001 March 30, 2000
Net sales	\$ 2,349	\$
Cost of sales	698	
Gross profit	1,651	
Operating expenses:		
Research and development	385	
Sales and marketing	1,126	
General and administrative	444	
Restructuring charges	180	
Total operating expenses	2,135	
Income/(loss) from operations	(484)	
Interest income, net	33	
Other income/(expense), net	43	
Income/(loss) before provision for income taxes	(408)	
Provision for income taxes	-	
Net income/(loss)	\$ (408)	
Earnings per share:		
Net income/(loss) per common share - basic	\$ (0.09)	\$
Shares used in per share calculation - basic	4,741	
Net income/(loss) per common share - diluted	\$ (0.09)	\$
Shares used in per share calculation - diluted	4,741	

See accompanying notes to condensed consolidated financial statements.

CASTELLE AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Three months ended	
	March 30, 2001	March 30, 2000
	-----	-----
Cash flows from operating activities:		
Net income (loss)	\$ (408)	\$
Adjustment to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	64	
Provision for doubtful accounts and sales returns	134	
Provision for excess and obsolete inventory	72	
Compensation expense related to grant of stock options	4	
Changes in assets and liabilities:		
Accounts receivable	652	
Inventories	(222)	
Prepaid expenses and other current assets	(20)	
Accounts payable	(491)	
Accrued liabilities and other long-term liabilities	(176)	
Decrease in other assets	2	
	(389)	
Cash flows from investing activities:		
Return of restricted cash	125	
Acquisition of property, plant and equipment	(56)	
	69	
Cash flows from financing activities:		
Repayment of loan	(2)	
Proceeds from issuance of common stock and warrants, net of repurchases	-	
	(2)	
Net decrease in cash and cash equivalents		
	(322)	
Cash and cash equivalents at beginning of period	3,893	
Cash and cash equivalents at end of period	\$ 3,571	\$

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See accompanying notes to condensed consolidated financial statements.

CASTELLE AND SUBSIDIARIES
Notes To Consolidated Financial Statements
(unaudited)

1. Basis of Presentation:

The accompanying unaudited consolidated financial statements include the accounts of Castelle and its wholly owned subsidiaries in the United Kingdom and the Netherlands, and have been prepared in accordance with accounting principles generally accepted in the United States of America. All intercompany balances and transactions have been eliminated. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Company's financial position, results of operations and cash flows at the dates and for the periods indicated have been included. The result of operations for the interim period presented is not necessarily indicative of the results for the year ending December 31, 2001. Because all of the disclosures required by accounting principles generally accepted in the United States of America are not included in the accompanying consolidated financial statements and related notes, they should be read in conjunction with the audited consolidated financial statements and related notes included in the Company's Form 10-K and Form 10-K/A for the fiscal year-ended December 31, 2000. The year ended condensed balance sheet data was derived from our audited financial statements and does not include all of the disclosures required by accounting principles generally accepted in the United States of America. The income statements for the periods presented are not necessarily indicative of results that we expect for any future period, nor for the entire year. Prior year amounts have been reclassified to conform with current presentation.

2. Net Income/Loss Per Share:

Basic net income/loss per share is computed by dividing net income/loss available to common shareholders by the weighted average number of common shares outstanding for that period. Diluted net income/loss per share reflects the potential dilution from the exercise or conversion of other securities into common stock that were outstanding during the period. Shares that are potentially dilutive consist of incremental common shares issuable upon exercise of stock options and warrants.

Basic and diluted earnings per share are calculated as follows for first quarters of 2001 and 2000:

(in thousands, except per share amounts) (unaudited)	
.....
March 30, 2001	March 31, 2000
-----	-----

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Basic:

Weighted average common shares outstanding	4,741	4,660
	=====	=====
Net income/(loss)	\$ (408)	\$ 169
	=====	=====
Net income/(loss) per common share - basic	\$ (0.09)	\$ 0.04
	=====	=====

Diluted:

Weighted average common shares outstanding	4,741	4,660
Common equivalent shares from stock warrants	-	55
Common equivalent shares from stock options	-	615
	-----	-----
Shares used in per share calculation - diluted	4,741	5,330
	=====	=====
Net income/(loss)	\$ (408)	\$ 169
	=====	=====
Net income/(loss) per common share - diluted	\$ (0.09)	\$ 0.03
	=====	=====

The calculation of diluted shares outstanding at March 30, 2001 excludes 1,314,000 stock options, as their effect was antidilutive in the period. At March 31, 2000 warrants totaling 100,000 were excluded, because their exercise price was greater than the average common stock market price for the period.

3. Inventories:

Inventories are stated at the lower of standard cost (which approximates cost on a first-in, first-out basis) or market and net of reserves for excess and obsolete inventory. Inventory details are as follows:

	(in thousands) (unaudited)	
	March 30, 2001	December 31, 2000
	-----	-----
Raw material	\$ 354	\$ 488
Work in process	315	201
Finished goods	960	773
Inventory Reserve	(453)	(381)
	-----	-----
Total Inventory	\$ 1,513	\$ 1,363
	=====	=====

4. Revenue Recognition:

Product revenue is recognized upon shipment if a signed contract exists, the fee is fixed and determinable, collection of the resulting receivables is probable and product returns are reasonably estimable. The Company enters into agreements with certain of its distributors which permit limited stock rotation rights. These stock rotation rights allow the distributor to return products for credit but require the purchase of additional products of equal value. Revenues subject to stock rotation

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rights are reduced by management's estimates of anticipated exchanges. Provisions for estimated warranty costs and anticipated retroactive price adjustments are recorded at the time products are shipped. The Company recognizes revenue from the sale of extended warranty contracts ratably over the period of the contracts.

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5. Segments Disclosure:

The Company has determined that it operates in one segment.

6. Comprehensive Income:

Under SFAS No. 130, "Reporting Comprehensive Income" disclosure of comprehensive income and its components is required in financial statements. Comprehensive income is the change in equity from transactions and other events and circumstances other than those resulting from investments by owners and distributions to owners. There are no significant components of comprehensive income excluded from net income, therefore, no separate statement of comprehensive income has been presented.

The Company recognized a restructuring charge of \$180,000 in the first quarter of fiscal 2001, which included an asset write-off and other direct expenses associated with the consolidation of our operations in the United Kingdom and El Dorado Hills, California. In addition, the Company made an announcement in April 2001 to eliminate 17 regular, temporary and contractor positions, which constitutes approximately 25% of our workforce. This action will result in a severance charge of approximately \$100,000 in the second quarter of fiscal 2001.

7. New accounting pronouncements:

Under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," companies are required to recognize all derivatives as either assets or liabilities in the statement of financial position and to measure those instruments at fair value. Changes in fair value shall be recognized currently in earnings. This standard was effective for the Company from January 1, 2001. At that time, the Company did not have any derivative instruments, nor has it engaged in hedging activities to date.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that are subject to many risks and uncertainties that could cause actual results to differ significantly from expectations. For more information on forward-looking statements, refer to the "Special Note on Forward-Looking Statements" at the front on this Form 10-Q. The following discussion should be read in conjunction with the Financial Statements and the Notes thereto included in Item 1 of this Quarterly Report on Form 10-Q and in the Company's Form 10-K and Form 10-K/A for the fiscal year ended December 31, 2000.

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Consolidated Statements of Income - As a Percentage of Net Sales

	(unaudited)	
	Three months ended	
	March 30, 2001	March 31, 2000
Net sales	100%	100%
Cost of sales	30%	40%
Gross profit	70%	60%
Operating expenses:		
Research and development	16%	13%
Sales and marketing	48%	32%
General and administrative	19%	11%
Restructuring charges	8%	--
Total operating expense	91%	56%
Income/(loss) from operations	(21%)	4%
Interest income, net	2%	*
Other income/(expense), net	2%	*
Income/(loss) before provision for income taxes	(17%)	4%
Provision for income taxes	--	*
Net Income/(loss)	(17%)	4%

* Less than 1%

Results of Operations

Net Sales

Net sales for the first quarter of fiscal 2001 were \$2.3 million, as compared to \$4.1 million for the same period in fiscal 2000. The \$1.8 million reduction was primarily attributable to continued decline in the sales of print server products which amounted to \$624,000 mostly attributable to a decline in sales in international channels and a shortfall in the sales of fax server products of \$1.1 million domestically.

International sales in the first quarter of fiscal 2001 were \$451,000 as compared to \$1.2 million for the same period in fiscal 2000, representing 19% and 28%, respectively, of total net sales. The decline was largely due to reduced demand of print server products in the Asia Pacific Region. In addition, beginning in the first quarter of fiscal 2001, we changed from a model of selling our print server products directly to our distributor in Japan to a royalty collection model. The royalty amounts

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received by us in the first quarter of fiscal 2001 were not significant.

Domestic sales in the first quarter of fiscal 2001 were \$1.9 million as compared to \$2.9 million for the same period in fiscal 2000, representing 81% and 72%, respectively, of total net sales. The decrease was principally due to a weaker demand of fax server products.

Cost of Sales; Gross Profit

Gross profit was \$1.7 million, or 70% of net sales, for the first quarter of fiscal 2001 as compared to \$2.5 million, or 60% for the same period in fiscal 2000. The higher gross profit percentage in the first quarter of fiscal 2001 was mostly due to the mix of products sold at a higher average selling price. The change in the first quarter of fiscal 2001 to a royalty collection model from directly selling our print server products to our distributor in Japan also contributed to the higher gross profit. However, the amount of royalties received was not significant.

Research & Development

Research and product development expenses were \$385,000 or 16% of net sales for the first quarter of fiscal 2001, as compared to \$505,000 or 13% of net sales for the same period in fiscal 2000. The decrease was primarily due to lower compensation and outside consulting expenses.

Sales & Marketing

Sales and marketing expenses were \$1.1 million or 48% of net sales for the first quarter of fiscal 2001 as compared to \$1.3 million or 32% of net sales for the same period in fiscal 2000. The reduction of sales and marketing expenses was primarily associated with lower compensation expenses.

General & Administrative

General and administrative expenses were \$444,000 or 19% of net sales for the first quarter of fiscal 2001, comparable to \$466,000 or 11% of net sales for the first quarter of fiscal 2000.

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Restructuring

We recognized a restructuring charge of \$180,000 in the first quarter of fiscal 2001, which included an asset write-off and other direct expenses associated with the consolidation of our operations in the United Kingdom and El Dorado Hills, California. In addition, we made an announcement in April 2001 to eliminate 17 regular, temporary and contractor positions, which constitutes approximately 25% of our workforce. This action will result in a severance charge of approximately \$100,000 in the second quarter of fiscal 2001.

Liquidity and Capital Resources

As of March 30, 2001, we had \$3.6 million of cash and cash equivalents, a decrease of \$322,000 from December 31, 2000. Working capital decreased to \$3.6 million at March 30, 2001, from \$4.0 million at December 31, 2000. The decrease in working capital was primarily due to the overall decrease in sales.

The restricted cash of \$125,000 appearing on our balance sheet as of

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December 31, 2000, which was a certificate of deposit to collateralize a loan, was returned to us in February 2001. The loan was completely paid off as of December 31, 2000.

We have a \$3.0 million secured revolving line of credit with a bank from which we may borrow 100% against pledges of cash at the bank's prime rate. Borrowings under this line of credit agreement are collateralized by all of our assets. This loan agreement has been renegotiated and its term has been extended until March 17, 2002. As of March 30, 2001, we had not borrowed against this line.

In December 2000, as a source of capital asset financing, we entered into a loan and security agreement with a finance company for an amount of \$75,000. This loan is subject to interest of 12.8% and is repayable by December 2006. As of March 30, 2001, the future minimum payments were \$99,000.

In April 2001, as a source of capital asset financing, we entered into a loan and security agreement with a finance company for an amount of \$25,000. This loan is subject to interest of 12.5% and is repayable by April 2004. As of April 30, 2001, the future minimum payments were \$30,000.

As of March 30, 2001, net accounts receivable were \$1.3 million, down from \$2.1 million at December 31, 2000. The decrease in net accounts receivable was chiefly attributed to improved collection of outstanding balances and reduced sales in the first quarter of fiscal 2001. The number of days for which payment for sales is outstanding was reduced from 58 days at December 31, 2000 to 50 days at March 30, 2001.

Net inventories as of March 30, 2001 were \$1.5 million, up from \$1.3 million at December 31, 2000. The increase was largely attributable to the slower sales in the first quarter of fiscal 2001. Inventory turnover for this current quarter slowed to an equivalent of 1.8 turns per year from 3.5 turns per year in the prior quarter.

Although we believe that our existing capital resources, anticipated cash flows from operations and available lines of credit will be sufficient to meet our capital requirements for at least the next 12 months, we may be required to seek additional equity or debt financing. The timing and amount of such capital requirements cannot be determined at this time and will depend on a number of factors, including demand for our existing and new products and the pace of technological change in the networking industry. There can be no assurance that such additional financing will be available on satisfactory terms when needed, if at all.

We believe that, for the periods presented, inflation has not had a material effect on our operations.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 2. Changes in Securities and use of proceeds

None

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Item 3. Quantitative and Qualitative disclosure about market risk

The Company believes that there have been no material changes in the reported market risks faced by the Company since the fiscal year ended December 31, 2000. These and other risk factors are discussed in more detail in our Form 10-K and Form 10-K/A for the fiscal year ended December 31, 2000 under the section "Risk Factors".

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

In April 2001, we announced a worldwide restructuring of the Company and consolidated our operations in the United Kingdom and El Dorado Hills, California. We recognized a restructuring charge of \$180,000 in the first quarter of fiscal 2001, which included an asset write-off and other direct expenses associated with this consolidation. We also eliminate 17 regular, temporary and contractor positions, which constitutes approximately 25% of our workforce, which will result in a severance charge of approximately \$100,000 in the second quarter of fiscal 2001.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

99.1 Press Release dated May 14, 2001

(b) Reports on Form 8-K

None

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CASTELLE

By: /s/ Donald L. Rich
Donald L. Rich
Chairman of the Board and Director
Chief Executive Officer and President
(Principal Executive Officer)

Date: May 14, 2001

By: /s/ Paul Cheng
Paul Cheng
Vice President of Finance and Administration
Chief Financial Officer
(Principal Financial and Chief Accounting Officer)
Secretary

Date: May 14, 2001

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		—————\$0 Independent																								
Director																										
	Bouc	—————\$9,125	—————\$	Bozic ⁽⁴⁾	\$630	\$135	\$268	\$442	\$38	\$93	—\$229	\$65	\$128	\$92	\$178,000	Hazareeing	—————\$9,875	—								
\$92	\$180,000	Garn ⁽⁴⁾	\$623	\$135	\$268	\$436	\$38	\$93	—\$229	\$65	\$128	\$92	\$178,000	Johnson ⁽⁴⁾	\$839	\$182	\$361	\$588	\$52							
—————\$	Hedien ⁽⁴⁾	\$630	\$135	\$268	\$442	\$38	\$93	—\$229	\$65	\$128	\$92	\$180,000	Kearns ⁽³⁾	\$739	\$167	\$365	\$483	\$48	\$115	\$5,000	\$282	\$81	\$158	\$113	\$217,000	N
\$125	—\$309	\$88	\$173	\$124	\$240,000	Reid ⁽³⁾	\$735	\$159	\$314	\$515	\$45	\$109	—\$269	\$77	\$151	\$108	\$210,000	—————\$	—————\$	—————\$	—————\$	—————\$	—————\$	—————\$	—————\$	—————\$
\$735	\$159	\$314	\$515	\$45	\$109	—\$269	\$77	\$151	\$108	\$210,000	—————\$	—————\$	—————\$	—————\$	—————\$	—————\$	—————\$	—————\$	—————\$	—————\$	—————\$	—————\$	—————\$	—————\$	—————\$	—————\$
\$77	\$151	\$108	\$215,000																							

(1)Interested person’’ of the Fund within the meaning of the 1940 Act. Mr. Fiumefreddo receives an annual fee for his services as Chairman of the Boards of the Retail Funds and for administrative services provided to the Boards of the Retail Funds.

(2)Amounts shown in this column also include amounts received by each Director for service on the Boards of several other funds affiliated with the Funds, which are part of the Fund Complex.

(3)Amounts shown in this table include certain amounts deferred pursuant to the DC Plan.

(4)Messrs. Bozic, Garn, Hedien, Johnson and Nugent are participants in a retirement program adopted by certain of the Retail Funds (the ‘‘Adopting Funds’’) pursuant to which they are entitled to retirement payments upon reaching the eligible retirement age. Annual payments are based on their lengths of service. As of the calendar year ended December 31, 2005, retirement benefits accrued by the Adopting Funds and their estimated benefits upon retirement from all Adopting Funds were \$19,439 and \$46,871, respectively for Bozic, \$(10,738) and \$46,917, respectively for Garn, \$37,860 and \$40,020, respectively for Hedien, \$19,701 and \$68,630, respectively for Johnson, and \$35,471 and \$61,377, respectively for Nugent. Mr. Garn’s retirement expense is negative due to the fact that his retirement date has been extended to October 31, 2007, and therefore the expense has been overaccrued.

The election of the nominees for election as Directors of each Fund requires the affirmative vote of a majority of the votes cast at a meeting at which a quorum is present. Under each Fund’s By-Laws, except for TTF, the presence in person or by proxy of stockholders entitled to cast a majority of the votes entitled to be cast thereat shall constitute a quorum. Under the By-Laws of TTF, the presence in person or by proxy of stockholders entitled to cast one-third of the votes entitled to be cast thereat shall constitute a quorum. For this purpose, abstentions will be counted in determining whether a quorum is present at the Meeting, but will not be counted as votes cast at the Meeting.

The Board of Directors of each Fund recommends that you vote ‘‘FOR’’ the election of the nominees as Directors for that Fund set forth above.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

To the knowledge of the management of each Fund, the following persons owned beneficially more than 5% of the noted Fund’s outstanding shares at April 26, 2006. This information is based on publicly available Schedule 13D and 13G disclosures filed with the Securities and Exchange Commission.

Fund

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	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
APF	Wachovia Corporation One Wachovia Center Charlotte, North Carolina 28288-0137	2,968,316 shares with sole voting power and 2,993,961 shares with sole dispositive power ¹	8.63%
	Yale University Investments Office 230 Prospect Street New Haven, Connecticut 06511-2107	3,006,755 shares with sole voting power and sole dispositive power ²	8.30%
IIF	Morgan Stanley Asset Management Inc. 1221 Avenue of the Americas New York, New York 10020	1,879,306 shares with shared dispositive power ³	5.26%
	Morgan Stanley Group Inc. 1585 Broadway New York, New York 10036	325,718 shares with shared voting power and 2,289,424 shares with shared dispositive power ⁴	6.41%
LDF	City of London Investment Group PLC 10 Eastcheap London EC3M 1LX England	404,457 shares with sole voting power and sole dispositive power ⁵	5.00%
	Lazard Asset Management LLC 30 Rockefeller Plaza New York, New York 10112	789,770 shares with sole voting power and sole dispositive power ⁶	8.78%
MSD	Morgan Stanley & Co. Incorporated 1585 Broadway New York, New York 10036	1,163,722 shares with shared voting power and shared dispositive power ⁷	5.40%
	First Trust Portfolios L.P. 1001 Warrenville Road Lisle, Illinois 60532	1,323,204 shares with shared voting power and shared dispositive power ⁸	6.0%
	Morgan Stanley Group Inc. 1585 Broadway New York, New York 10036	1,178,988 shares with shared voting power and 1,824,162 shares with shared dispositive power ⁹	8.47%
MSF	Morgan Stanley 1585 Broadway New York, New York 10036	504,154 shares with shared voting power and 1,111,320 shares with shared dispositive power ¹⁰	5.18%
	Lazard Asset Management LLC 30 Rockefeller Plaza New York, New York 10020	2,633,261 shares with sole voting power and sole dispositive power ¹¹	14.72%

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Fund	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
------	--------------------------------------	---	------------------

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MSY	Morgan Stanley & Co. Incorporated 1585 Broadway New York, New York 10036	479,300 shares with shared voting power and shared dispositive power ¹²	5.48%
	Morgan Stanley Group Inc. 1585 Broadway New York, New York 10036	481,300 shares with shared voting power and 659,000 shares with shared dispositive power ¹³	7.54%
	First Trust Portfolios L.P. 1001 Warrenville Road Lisle, Illinois 60532	1,180,743 shares with shared voting power and shared dispositive power ¹⁴	10.1%
RNE	Bank Morgan Stanley AG Bahnhofstrasse 92/3 rd Floor CH-8023 Zurich Switzerland	277,030 shares with shared voting power and shared dispositive power ¹⁵	5.2%
	Williams, Jones & Associates, Inc. 717 Fifth Avenue New York, New York 10022	3,586,000 shares with sole voting power and sole dispositive power ¹⁶	5.09%
TKF	The United Nations Joint Staff Pension Fund United Nations, New York 10017	650,000 shares with shared voting power and shared dispositive power ¹⁷	9.23%
TTF	Newsgate LLP One Sound Shore Drive Greenwich, Connecticut 06830	1,548,267 shares with sole voting power and sole dispositive power ¹⁸	11.7%

1Based on a Schedule 13G filed with the Commission on February 13, 2006.

2Based on a Schedule 13G/A filed with the Commission on January 24, 2003.

3Based on a Schedule 13G filed with the Commission on February 14, 1997.

4Based on a Schedule 13G filed with the Commission on February 14, 1997.

5Based on a Schedule 13G filed with the Commission on February 6, 2006.

6Based on a Schedule 13G/A filed with the Commission on February 3, 2006.

7Based on a Schedule 13G/A filed with the Commission on February 7, 1997.

8Based on a Schedule 13G filed with the Commission on February 9, 2006.

9Based on a Schedule 13G/A filed with the Commission on February 7, 1997.

10Based on a Schedule 13G/A filed with the Commission on February 5, 1999.

11Based on a Schedule 13G/A filed with the Commission on February 3, 2005.

12Based on a Schedule 13G/A filed with the Commission on February 7, 1997.

13Based on a Schedule 13G/A filed with the Commission on February 7, 1997.

14Based on a Schedule 13G filed with the Commission on June 10, 2005.

15Based on a Schedule 13G/A filed with the Commission on May 30, 1997.

16Based on a Schedule 13G filed with the Commission on July 1, 2005.

17Fiduciary Trust Company International shares voting and dispositive power with respect to 650,000 shares with its client, The United Nations Joint Staff Pension Fund. Based on a Schedule 13G/A filed with the Commission on February 3, 1997.

18Based on a Schedule 13G filed with the Commission on January 27, 2006.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) requires that each Fund’s executive officers and directors, and beneficial owners of more than 10% of its shares, make certain filings on a timely basis under Section 16(a) of the Exchange Act. Based solely on a review of copies of such reports of ownership furnished to the Funds, the Funds believe that during the past fiscal year all of its officers, directors and greater than 10% beneficial holders complied with all applicable filing requirements.

AUDIT COMMITTEE REPORTS AND AUDITOR FEES

Report of the Audit Committee (all Funds except IIF)

At a meeting held on February 6, 2006, the Board of Directors of each Fund, including a majority of the Directors who are not “interested persons,” as defined under the 1940 Act, of the Fund acting on the recommendation of the Audit Committee of the Fund, selected Ernst & Young LLP to act as independent accountants for each Fund for the fiscal year ending December 31, 2005 (October 31, 2005 for TKF). Each Audit Committee has received the written disclosures and the letter from Ernst & Young LLP required by Independence Standards Board No. 1 (Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees) and has discussed with Ernst & Young LLP its independence with respect to each Fund. Each Fund knows of no direct financial or material indirect financial interest of Ernst & Young LLP in the Fund.

Each Fund’s financial statements for the fiscal year ended December 31, 2005 (October 31, 2005 for TKF) were audited by Ernst & Young LLP. The Audit Committee of each Fund has reviewed and discussed the audited financial statements of the Fund with management of the Fund. The Audit Committee of each Fund has further discussed with Ernst & Young LLP the matters required to be discussed by Statement on Auditing Standards No. 61 (Codification of Statements on Auditing Standards, AU Section 380). Based on the foregoing review and discussions, the Audit Committee of each Fund recommended to the Board of Directors that the audited financial statements for the fiscal year ended December 31, 2005 (October 31, 2005 for TKF) be included in the Fund’s most recent annual report to shareholders and the Fund’s annual report filed with the Securities and Exchange Commission.

Dr. Manuel H. Johnson, Chairman of the Audit Committee
Joseph J. Kearns, Vice Chairman of the Audit Committee
Fergus Reid, Member of the Audit Committee
Michael Bozic, Member of the Audit Committee
Edwin J. Garn, Member of the Audit Committee
Wayne E. Hedien, Member of the Audit Committee

Report of the Audit Committee of IIF only

At a meeting held on February 6, 2006, the Board of Directors of the Fund, including a majority of the Directors who are not “interested persons,” as defined under the 1940 Act, of the Fund acting on the recommendation of the Audit Committee of the Fund, selected Ernst & Young LLP to act as independent accountants for the Fund for the fiscal year ending December 31, 2005. The Audit Committee has received the written disclosures and the letter from Ernst & Young LLP required by Independence Standards Board No. 1 (Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees) and has discussed with Ernst & Young LLP its independence with respect to the Fund. The Fund knows of no direct financial or material indirect financial interest of Ernst & Young LLP in the Fund.

The Fund's financial statements for the fiscal year ended December 31, 2005 were audited by Ernst & Young LLP. The Audit Committee of the Fund has reviewed and discussed the audited financial statements of the Fund with management of the Fund. The Audit Committee of the Fund has further discussed with Ernst & Young LLP the matters required to be discussed by Statement on Auditing Standards No. 61 (Codification of Statements on Auditing Standards, AU Section 380). Based on the foregoing review and discussions, the Audit Committee of the Fund recommended to the Board of Directors that the audited financial statements for the fiscal year ended December 31, 2005 be included in the Fund's most recent annual report to shareholders and the Fund's annual report filed with the Securities and Exchange Commission.

Joseph J. Kearns, Chairman of the Audit Committee
 Gaetan Bouic, Member of the Audit Committee
 Ravindranath Santosh Kumar Hazareesing, Member of the
 Audit Committee
 Fergus Reid, Member of the Audit Committee

Audit Fees

The aggregate fees billed by Ernst & Young LLP in connection with the annual audit of each Fund's financial statements for the fiscal years ended December 31, 2005 and 2004 (October 31, 2005 and 2004 for TKF) are set forth below:

	2005	2004
APF	\$ 60,753	\$ 57,860
RNE	\$ 70,970	\$ 67,590
MSD	\$ 76,650	\$ 73,000
MSF	\$ 98,679	\$ 93,980
MGB	\$ 49,854	\$ 47,480
MSY	\$ 49,403	\$ 47,050
IIF	\$ 109,589	\$ 104,370
LDF	\$ 70,970	\$ 67,590
MF	\$ 38,042	\$ 36,230
TTF	\$ 38,042	\$ 36,230
TKF	\$ 43,722	\$ 41,640

Audit-Related Fees

There were no fees billed by Ernst & Young LLP related to the annual audit of a Fund's financial statements for the fiscal years ended December 31, 2005 and 2004 (October 31, 2005 and 2004 for TKF), except for APF which paid audit-related fees in the amount of \$8,000 and \$7,500, respectively, for the translation of financial statements for certain foreign regulatory filing requirements.

Tax Fees

The aggregate fees billed by Ernst & Young LLP in connection with tax compliance, tax advice and tax planning for each Fund for the fiscal years ended December 31, 2005 and 2004 (October 31, 2005 and 2004 for TKF) are set forth below, which represent fees paid for the review of the Federal, state and local tax returns for each Fund.

	2005	2004
APF	\$ 2,835	\$ 2,700
RNE	\$ 2,835	\$ 2,700
MSD	\$ 2,835	\$ 2,700
MSF	\$ 3,518	\$ 3,350
MGB	\$ 3,518	\$ 3,350
MSY	\$ 2,835	\$ 2,700
IIF	\$ 2,835	\$ 2,700
LDF	\$ 2,835	\$ 2,700
MF	\$ 2,835	\$ 2,700
TTF	\$ 2,835	\$ 2,700
TKF	\$ 2,835	\$ 2,700

All Other Fees

There were no fees billed by Ernst & Young LLP for any other products and services not set forth above for each Fund for the fiscal years ended December 31, 2005 and 2004 (October 31, 2005 and 2004 for TKF).

Audit Committee Pre-approval

Each Fund's Audit Committee's policy is to review and pre-approve all auditing and non-auditing services to be provided to the Fund by the Fund's independent auditors. The Audit Committee Audit and Non-Audit Pre-Approval Policy and Procedures requires each Fund's Audit Committee to either generally pre-approve certain services without consideration of specific case-by-case services, or requires the specific pre-approval of services by the Audit Committee or its delegate. Under the Policy, unless a type of service has received general pre-approval, it will require specific pre-approval by the Audit Committee if it is to be provided by the independent auditors. Any services that are generally pre-approved may require specific pre-approval by the Audit Committee if the services exceed pre-approved cost levels or budgeted amounts. All of the audit, audit-related and the tax services described above for which Ernst & Young LLP billed each of the Funds' fees for the fiscal year ended December 31, 2005 (October 31, 2005 for TKF) were pre-approved by the Audit Committee.

Aggregate Non-Audit Fees paid by the Adviser and Affiliated Entities

The aggregate fees billed for professional services rendered by Ernst & Young LLP for all other services provided to the Adviser and to any entities controlling, controlled by or under common control with the Adviser for the fiscal years ended December 31, 2005 and 2004 amounted to \$1,244,067 and \$276,814, respectively. Such services for the 2005 and 2004 fiscal years included: (i) audit-related fees of \$235,000 and \$115,000, respectively, for the issuance of a report under Statement on Accounting Standards No. 70 titled "Reports on the Processing of Transactions by Service Organizations" and (ii) all other fees of \$1,009,067 and \$161,814, respectively, related to services such as performance attestation.

The Audit Committee of each Fund has considered whether the provision of non-audit services and the provision of services to affiliates of the Adviser is compatible with maintaining the independence of Ernst & Young LLP.

Representatives from Ernst & Young LLP are not expected to be present at the Meeting. Ernst & Young LLP will have the opportunity to make a statement if they desire to do so and the representatives from Ernst & Young LLP are expected to be available by telephone to respond to appropriate questions.

OTHER MATTERS

No business other than as set forth herein is expected to come before any Meeting, but should any other matter requiring a vote of stockholders arise, including any question as to an adjournment of the Meeting for a Fund, the persons named in the enclosed Proxy Card(s) will vote thereon according to their best judgment in the interests of the Fund.

STOCKHOLDER PROPOSALS FOR 2007 ANNUAL MEETING

A stockholder's proposal intended to be presented at a Fund's Annual Meeting of Stockholders in 2007 must be received by such Fund on or before January 19, 2007 in order to be included in the Fund's proxy statement and Proxy Card relating to that meeting. Any stockholder who desires to bring a proposal at a Fund's Annual Meeting of Stockholders in 2007, without including such proposal in the Fund's proxy statement, must deliver written notice thereof to the Secretary of such Fund not before March 22, 2007 and not later than April 21, 2007, in the manner and form required by that Fund's By-Laws. Each Fund will furnish, without charge, a copy of its By-Laws to any stockholder of such Fund requesting such By-Laws. Requests for a Fund's By-Laws should be made in writing to the respective Fund, c/o Morgan Stanley Investment Management Inc., 1221 Avenue of the Americas, New York, New York 10020.

MARY E. MULLIN
Secretary

Dated: May 18, 2006

Stockholders of a Fund who do not expect to be present at the Meeting for that Fund and who wish to have their shares voted are requested to date and sign the enclosed Proxy Card for the Fund and return it in the enclosed envelope. No postage is required if mailed in the United States.

MORGAN STANLEY ASIA-PACIFIC FUND, INC.

C/O MORGAN STANLEY INVESTMENT MANAGEMENT INC.
1221 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10020

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby constitutes and appoints RONALD E. ROBISON, STEFANIE V. CHANG YU and BARRY FINK, and each of them, as proxies for the undersigned, with full power of substitution and resubstitution, and hereby authorizes said proxies, and each of them, to represent and vote, as designated on the reverse side, all stock of the above Fund held of record by the undersigned on April 26, 2006 at the Annual Meeting of Stockholders to be held on June 20, 2006, and at any adjournment thereof. The undersigned hereby revokes any and all proxies with respect to such stock heretofore given by the undersigned.

(CONTINUED AND TO BE SIGNED AND DATED ON REVERSE SIDE)
SEE REVERSE SIDE

ANNUAL MEETING OF STOCKHOLDERS OF
MORGAN STANLEY ASIA-PACIFIC FUND, INC.

June 20, 2006

PROXY VOTING INSTRUCTIONS

MAIL — Date, sign and mail your Proxy Card in the envelope provided as soon as possible. — OR-

TELEPHONE — Call toll-free 1-800-PROXIES (1-800-776-9437) from any touch-tone telephone and follow the instructions. Have your Control number (or “Company number”) and Proxy Card available when you call.

Company Number
Account Number

You may enter your voting instructions at 1-800-PROXIES up until 11:59 PM Eastern Time on the day before the cut-off or meeting date.

Please detach and mail in the envelope provided IF you are not voting via telephone.

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE

1. Election of the following nominees as Directors:

NOMINEES:	
FOR ALL NOMINEES	Frank L. Bowman
	Michael Bozic
WITHHOLD AUTHORITY	Kathleen A. Dennis
FOR ALL NOMINEES	Charles A. Fiumefreddo
	Edwin J. Garn
FOR ALL EXCEPT	Michael F. Klein

(See instructions below)

W. Allen Reed

INSTRUCTION: To withhold authority to vote for any individual nominee(s), mark "FOR ALL EXCEPT" and fill in the circle next to each nominee you wish to withhold, as shown here:

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

This Proxy Card when properly executed will be voted in the manner directed herein by the undersigned stockholder, and, in the discretion of such proxies, upon any and all other business as may properly come before the Meeting or any adjournment thereof. If no direction is made, this Proxy Card will be voted for the election of the nominees as Directors for the Fund.

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

Signature of Stockholder: _____ Date: _____ Signature of
Stockholder: _____ Date: _____

Note: PLEASE SIGN EXACTLY AS YOUR NAME APPEARS. WHEN SHARES ARE HELD BY JOINT TENANTS, EACH JOINT TENANT MUST SIGN. When signing as attorney, executor, administrator, trustee, guardian or custodian, please sign full title as such. If a corporation, please sign full corporate name by authorized officer and indicate the signer's office. If a partnership, please sign in partnership name.

PROXY CARD

MORGAN STANLEY EASTERN EUROPE FUND, INC.

C/O MORGAN STANLEY INVESTMENT MANAGEMENT INC.
1221 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10020

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby constitutes and appoints RONALD E. ROBISON, STEFANIE V. CHANG YU and BARRY FINK, and each of them, as proxies for the undersigned, with full power of substitution and resubstitution, and hereby authorizes said proxies, and each of them, to represent and vote, as designated on the reverse side, all stock of the above Fund held of record by the undersigned on April 26, 2006 at the Annual Meeting of Stockholders to be held on June 20, 2006, and at any adjournment thereof. The undersigned hereby revokes any and all proxies with respect to such stock heretofore given by the undersigned.

(CONTINUED AND TO BE SIGNED AND DATED ON REVERSE SIDE)
SEE REVERSE SIDE

ANNUAL MEETING OF STOCKHOLDERS OF
MORGAN STANLEY EASTERN EUROPE FUND, INC.

June 20, 2006

PROXY VOTING INSTRUCTIONS

MAIL — Date, sign and mail your Proxy Card in the envelope provided as soon as possible. — OR-

TELEPHONE — Call toll-free 1-800-PROXIES (1-800-776-9437) from any touch-tone telephone and follow the instructions. Have your Control number (or “Company number”) and Proxy Card available when you call.

Company Number
Account Number

You may enter your voting instructions at 1-800-PROXIES up until 11:59 PM Eastern Time on the day before the cut-off or meeting date.

Please detach and mail in the envelope provided IF you are not voting via telephone.

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE

1. Election of the following nominees as Directors:

NOMINEES:

FOR ALL NOMINEES	Frank L. Bowman
	Michael Bozic
WITHHOLD AUTHORITY	Kathleen A. Dennis
FOR ALL NOMINEES	Charles A. Fiumefreddo
	Edwin J. Garn
FOR ALL EXCEPT	Michael F. Klein
(See instructions below)	W. Allen Reed

INSTRUCTION:To withhold authority to vote for any individual nominee(s), mark “FOR ALL EXCEPT” and fill in the circle next to each nominee you wish to withhold, as shown here:

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

This Proxy Card when properly executed will be voted in the manner directed herein by the undersigned stockholder, and, in the discretion of such proxies, upon any and all other business as may properly come before the Meeting or any adjournment thereof. If no direction is made, this Proxy Card will be voted for the election of the nominees as Directors for the Fund.

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

Signature of Stockholder: _____ Date: _____ Signature of
Stockholder: _____ Date: _____

Note: PLEASE SIGN EXACTLY AS YOUR NAME APPEARS. WHEN SHARES ARE HELD BY JOINT TENANTS, EACH JOINT TENANT MUST SIGN. When signing as attorney, executor, administrator, trustee, guardian or custodian, please sign full title as such. If a corporation, please sign full corporate name by authorized officer and indicate the signer's office. If a partnership, please sign in partnership name.

PROXY CARD

MORGAN STANLEY EMERGING MARKETS DEBT FUND, INC.

C/O MORGAN STANLEY INVESTMENT MANAGEMENT INC.
1221 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10020

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby constitutes and appoints RONALD E. ROBISON, STEFANIE V. CHANG YU and BARRY FINK, and each of them, as proxies for the undersigned, with full power of substitution and resubstitution, and hereby authorizes said proxies, and each of them, to represent and vote, as designated on the reverse side, all stock of the above Fund held of record by the undersigned on April 26, 2006 at the Annual Meeting of Stockholders to be held on June 20, 2006, and at any adjournment thereof. The undersigned hereby revokes any and all proxies with respect to such stock heretofore given by the undersigned.

(CONTINUED AND TO BE SIGNED AND DATED ON REVERSE SIDE)
SEE REVERSE SIDE

ANNUAL MEETING OF STOCKHOLDERS OF
MORGAN STANLEY EMERGING MARKETS DEBT FUND, INC.

June 20, 2006

PROXY VOTING INSTRUCTIONS

MAIL — Date, sign and mail your Proxy Card in the envelope provided as soon as possible. — OR-

TELEPHONE — Call toll-free 1-800-PROXIES (1-800-776-9437) from any touch-tone telephone and follow the instructions. Have your Control number (or "Company number") and Proxy Card available when you call.

Company Number
Account Number

You may enter your voting instructions at 1-800-PROXIES up until 11:59 PM Eastern Time on the day before the cut-off or meeting date.

Please detach and mail in the envelope provided IF you are not voting via telephone.

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE

1. Election of the following nominees as Directors:

NOMINEES:

FOR ALL NOMINEES	Frank L. Bowman
	Michael Bozic
WITHHOLD AUTHORITY	Kathleen A. Dennis
FOR ALL NOMINEES	Charles A. Fiumefreddo
	Edwin J. Garn
FOR ALL EXCEPT	Michael F. Klein
(See instructions below)	W. Allen Reed

INSTRUCTION: To withhold authority to vote for any individual nominee(s), mark "FOR ALL EXCEPT" and fill in the circle next to each nominee you wish to withhold, as shown here:

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

This Proxy Card when properly executed will be voted in the manner directed herein by the undersigned stockholder, and, in the discretion of such proxies, upon any and all other business as may properly come before the Meeting or any adjournment thereof. If no direction is made, this Proxy Card will be voted for the election of the nominees as Directors for the Fund.

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

Signature of Stockholder: _____ Date: _____ Signature of
Stockholder: _____ Date: _____

Note: PLEASE SIGN EXACTLY AS YOUR NAME APPEARS. WHEN SHARES ARE HELD BY JOINT TENANTS, EACH JOINT TENANT MUST SIGN. When signing as attorney, executor, administrator, trustee, guardian or custodian, please sign full title as such. If a corporation, please sign full corporate name by authorized officer and indicate the signer's office. If a partnership, please sign in partnership name.

PROXY CARD

MORGAN STANLEY EMERGING MARKETS FUND, INC.

C/O MORGAN STANLEY INVESTMENT MANAGEMENT INC.
1221 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10020

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby constitutes and appoints RONALD E. ROBISON, STEFANIE V. CHANG YU and BARRY FINK, and each of them, as proxies for the undersigned, with full power of substitution and resubstitution, and hereby authorizes said proxies, and each of them, to represent and vote, as designated on the reverse side, all stock of the above Fund held of record by the undersigned on April 26, 2006 at the Annual Meeting of Stockholders to be held on June 20, 2006, and at any adjournment thereof. The undersigned hereby revokes any and all proxies with respect to such stock heretofore given by the undersigned.

(CONTINUED AND TO BE SIGNED AND DATED ON REVERSE SIDE)
SEE REVERSE SIDE

ANNUAL MEETING OF STOCKHOLDERS OF
MORGAN STANLEY EMERGING MARKETS FUND, INC.

June 20, 2006

PROXY VOTING INSTRUCTIONS

MAIL — Date, sign and mail your Proxy Card in the envelope provided as soon as possible. — OR-

TELEPHONE — Call toll-free 1-800-PROXIES (1-800-776-9437) from any touch-tone telephone and follow the instructions. Have your Control number (or “Company number”) and Proxy Card available when you call.

Company Number
Account Number

You may enter your voting instructions at 1-800-PROXIES up until 11:59 PM Eastern Time on the day before the cut-off or meeting date.

Please detach and mail in the envelope provided IF you are not voting via telephone.

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE

1. Election of the following nominees as Directors:

NOMINEES:	
FOR ALL NOMINEES	Frank L. Bowman
	Michael Bozic
WITHHOLD AUTHORITY	Kathleen A. Dennis
FOR ALL NOMINEES	Charles A. Fiumefreddo
	Edwin J. Garn
FOR ALL EXCEPT	Michael F. Klein
(See instructions below)	W. Allen Reed

INSTRUCTION: To withhold authority to vote for any individual nominee(s), mark "FOR ALL EXCEPT" and fill in the circle next to each nominee you wish to withhold, as shown here:

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

This Proxy Card when properly executed will be voted in the manner directed herein by the undersigned stockholder, and, in the discretion of such proxies, upon any and all other business as may properly come before the Meeting or any adjournment thereof. If no direction is made, this Proxy Card will be voted for the election of the nominees as Directors for the Fund.

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

Signature of Stockholder: _____ Date: _____ Signature of
Stockholder: _____ Date: _____

Note: PLEASE SIGN EXACTLY AS YOUR NAME APPEARS. WHEN SHARES ARE HELD BY JOINT TENANTS, EACH JOINT TENANT MUST SIGN. When signing as attorney, executor, administrator, trustee, guardian or custodian, please sign full title as such. If a corporation, please sign full corporate name by authorized officer and indicate the signer's office. If a partnership, please sign in partnership name.

PROXY CARD

MORGAN STANLEY GLOBAL OPPORTUNITY BOND FUND, INC.

C/O MORGAN STANLEY INVESTMENT MANAGEMENT INC.
1221 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10020

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby constitutes and appoints RONALD E. ROBISON, STEFANIE V. CHANG YU and BARRY FINK, and each of them, as proxies for the undersigned, with full power of substitution and resubstitution, and hereby authorizes said proxies, and each of them, to represent and vote, as designated on the reverse side, all stock of the above Fund held of record by the undersigned on April 26, 2006 at the Annual Meeting of Stockholders to be held on June 20, 2006, and at any adjournment thereof. The undersigned hereby revokes any and all proxies with respect to such stock heretofore given by the undersigned.

(CONTINUED AND TO BE SIGNED AND DATED ON REVERSE SIDE)
SEE REVERSE SIDE

ANNUAL MEETING OF STOCKHOLDERS OF
MORGAN STANLEY GLOBAL OPPORTUNITY BOND FUND, INC.

June 20, 2006

PROXY VOTING INSTRUCTIONS

MAIL — Date, sign and mail your Proxy Card in the envelope provided as soon as possible. — OR-

TELEPHONE — Call toll-free 1-800-PROXIES (1-800-776-9437) from any touch-tone telephone and follow the instructions. Have your Control number (or “Company number”) and Proxy Card available when you call.

Company Number
Account Number

You may enter your voting instructions at 1-800-PROXIES up until 11:59 PM Eastern Time on the day before the cut-off or meeting date.

Please detach and mail in the envelope provided IF you are not voting via telephone.

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE

1. Election of the following nominees as Directors:

NOMINEES:

FOR ALL NOMINEES

Frank L. Bowman

Michael Bozic

WITHHOLD AUTHORITY

Kathleen A. Dennis

FOR ALL NOMINEES

Charles A. Fiumefreddo

Edwin J. Garn

FOR ALL EXCEPT

Michael F. Klein

(See instructions below)

W. Allen Reed

INSTRUCTION:To withhold authority to vote for any individual nominee(s), mark “FOR ALL EXCEPT” and fill in the circle next to each nominee you wish to withhold, as shown here:

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

This Proxy Card when properly executed will be voted in the manner directed herein by the undersigned stockholder, and, in the discretion of such proxies, upon any and all other business as may properly come before the Meeting or any adjournment thereof. If no direction is made, this Proxy Card will be voted for the election of the nominees as Directors for the Fund.

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

Signature of Stockholder: _____ Date: _____ Signature of Stockholder:
_____ Date: _____

Note: PLEASE SIGN EXACTLY AS YOUR NAME APPEARS. WHEN SHARES ARE HELD BY JOINT TENANTS, EACH JOINT TENANT MUST SIGN. When signing as attorney, executor, administrator, trustee, guardian or custodian, please sign full title as such. If a corporation, please sign full corporate name by authorized officer and indicate the signer's office. If a partnership, please sign in partnership name.

PROXY CARD

MORGAN STANLEY HIGH YIELD FUND, INC.

C/O MORGAN STANLEY INVESTMENT MANAGEMENT INC.
1221 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10020

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby constitutes and appoints RONALD E. ROBISON, STEFANIE V. CHANG YU and BARRY FINK, and each of them, as proxies for the undersigned, with full power of substitution and resubstitution, and hereby authorizes said proxies, and each of them, to represent and vote, as designated on the reverse side, all stock of the above Fund held of record by the undersigned on April 26, 2006 at the Annual Meeting of Stockholders to be held on June 20, 2006, and at any adjournment thereof. The undersigned hereby revokes any and all proxies with respect to such stock heretofore given by the undersigned.

(CONTINUED AND TO BE SIGNED AND DATED ON REVERSE SIDE)
SEE REVERSE SIDE

ANNUAL MEETING OF STOCKHOLDERS OF
MORGAN STANLEY HIGH YIELD FUND, INC.

June 20, 2006

PROXY VOTING INSTRUCTIONS

MAIL — Date, sign and mail your Proxy Card in the envelope provided as soon as possible. — OR-

TELEPHONE — Call toll-free 1-800-PROXIES (1-800-776-9437) from any touch-tone telephone and follow the instructions. Have your Control number (or "Company number") and Proxy Card available when you call.

Company Number
Account Number

You may enter your voting instructions at 1-800-PROXIES up until 11:59 PM Eastern Time on the day before the cut-off or meeting date.

Please detach and mail in the envelope provided IF you are not voting via telephone.

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE

1. Election of the following nominees as Directors:

	NOMINEES:
FOR ALL NOMINEES	Frank L. Bowman
	Michael Bozic
WITHHOLD AUTHORITY	Kathleen A. Dennis
FOR ALL NOMINEES	Charles A. Fiumefreddo
	Edwin J. Garn
FOR ALL EXCEPT	Michael F. Klein
(See instructions below)	W. Allen Reed

INSTRUCTION: To withhold authority to vote for any individual nominee(s), mark “FOR ALL EXCEPT” and fill in the circle next to each nominee you wish to withhold, as shown here:

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

This Proxy Card when properly executed will be voted in the manner directed herein by the undersigned stockholder, and, in the discretion of such proxies, upon any and all other business as may properly come before the Meeting or any adjournment thereof. If no direction is made, this Proxy Card will be voted for the election of the nominees as Directors for the Fund.

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

Signature of Stockholder: _____ Date: _____ Signature of Stockholder:
_____ Date: _____

Note: PLEASE SIGN EXACTLY AS YOUR NAME APPEARS. WHEN SHARES ARE HELD BY JOINT TENANTS, EACH JOINT TENANT MUST SIGN. When signing as attorney, executor, administrator, trustee, guardian or custodian, please sign full title as such. If a corporation, please sign full corporate name by authorized officer and indicate the signer’s office. If a partnership, please sign in partnership name.

PROXY CARD

MORGAN STANLEY INDIA INVESTMENT FUND, INC.

C/O MORGAN STANLEY INVESTMENT MANAGEMENT INC.
1221 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10020

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby constitutes and appoints RONALD E. ROBISON, STEFANIE V. CHANG YU and BARRY FINK, and each of them, as proxies for the undersigned, with full power of substitution and resubstitution, and hereby authorizes said proxies, and each of them, to represent and vote, as designated on the reverse side, all stock of the above Fund held of record by the undersigned on April 26, 2006 at the Annual Meeting of Stockholders to be held on June 20, 2006, and at any adjournment thereof. The undersigned hereby revokes any and all proxies with respect to such stock heretofore given by the undersigned.

(CONTINUED AND TO BE SIGNED AND DATED ON REVERSE SIDE)
SEE REVERSE SIDE

ANNUAL MEETING OF STOCKHOLDERS OF
MORGAN STANLEY INDIA INVESTMENT FUND, INC.

June 20, 2006

PROXY VOTING INSTRUCTIONS

MAIL — Date, sign and mail your Proxy Card in the envelope provided as soon as possible. — OR-

TELEPHONE — Call toll-free 1-800-PROXIES (1-800-776-9437) from any touch-tone telephone and follow the instructions. Have your Control number (or “Company number”) and Proxy Card available when you call.

Company Number
Account Number

You may enter your voting instructions at 1-800-PROXIES up until 11:59 PM Eastern Time on the day before the cut-off or meeting date.

Please detach and mail in the envelope provided IF you are not voting via telephone.

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE

1. Election of the following nominees as Directors:

	NOMINEES
FOR ALL NOMINEES	Joseph J. Kearns M.J. Marcel Vivian Descroizilles
WITHHOLD AUTHORITY FOR ALL NOMINEES FOR ALL EXCEPT (See instructions below)	

INSTRUCTION: To withhold authority to vote for any individual nominee(s), mark "FOR ALL EXCEPT" and fill in the circle next to each nominee you wish to withhold, as shown here:

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

This Proxy Card when properly executed will be voted in the manner directed herein by the undersigned stockholder, and, in the discretion of such proxies, upon any and all other business as may properly come before the Meeting or any adjournment thereof. If no direction is made, this Proxy Card will be voted for the election of the nominees as Directors for the Fund.

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

Signature of Stockholder: _____ Date: _____ Signature of
Stockholder: _____ Date: _____

Note: PLEASE SIGN EXACTLY AS YOUR NAME APPEARS. WHEN SHARES ARE HELD BY JOINT TENANTS, EACH JOINT TENANT MUST SIGN. When signing as attorney, executor, administrator, trustee, guardian or custodian, please sign full title as such. If a corporation, please sign full corporate name by authorized officer and indicate the signer's office. If a partnership, please sign in partnership name.

PROXY CARD

THE LATIN AMERICAN DISCOVERY FUND, INC.

C/O MORGAN STANLEY INVESTMENT MANAGEMENT INC.
1221 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10020

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby constitutes and appoints RONALD E. ROBISON, STEFANIE V. CHANG YU and BARRY FINK, and each of them, as proxies for the undersigned, with full power of substitution and resubstitution, and hereby authorizes said proxies, and each of them, to represent and vote, as designated on the reverse side, all stock of the above Fund held of record by the undersigned on April 26, 2006 at the Annual Meeting of Stockholders to be held on June 20, 2006, and at any adjournment thereof. The undersigned hereby revokes any and all proxies with respect to such stock heretofore given by the undersigned.

(CONTINUED AND TO BE SIGNED AND DATED ON REVERSE SIDE)
SEE REVERSE SIDE

ANNUAL MEETING OF STOCKHOLDERS OF
THE LATIN AMERICAN DISCOVERY FUND, INC.

June 20, 2006

PROXY VOTING INSTRUCTIONS

MAIL — Date, sign and mail your Proxy Card in the envelope provided as soon as possible. — OR-

TELEPHONE — Call toll-free 1-800-PROXIES (1-800-776-9437) from any touch-tone telephone and follow the instructions. Have your Control number (or “Company number”) and Proxy Card available when you call.

Company Number
Account Number

You may enter your voting instructions at 1-800-PROXIES up until 11:59 PM Eastern Time on the day before the cut-off or meeting date.

Please detach and mail in the envelope provided IF you are not voting via telephone.

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE

1. Election of the following nominees as Directors:

NOMINEES:

FOR ALL NOMINEES	Frank L. Bowman
	Michael Bozic
WITHHOLD AUTHORITY	Kathleen A. Dennis
FOR ALL NOMINEES	Charles A. Fiumefreddo
	Edwin J. Garn
FOR ALL EXCEPT	Michael F. Klein
(See instructions below)	W. Allen Reed

INSTRUCTION:To withhold authority to vote for any individual nominee(s), mark “FOR ALL EXCEPT” and fill in the circle next to each nominee you wish to withhold, as shown here:

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

This Proxy Card when properly executed will be voted in the manner directed herein by the undersigned stockholder, and, in the discretion of such proxies, upon any and all other business as may properly come before the Meeting or any adjournment thereof. If no direction is made, this Proxy Card will be voted for the election of the nominees as Directors for the Fund.

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

Signature of Stockholder: _____ Date: _____ Signature of Stockholder:
_____ Date: _____

Note: PLEASE SIGN EXACTLY AS YOUR NAME APPEARS. WHEN SHARES ARE HELD BY JOINT TENANTS, EACH JOINT TENANT MUST SIGN. When signing as attorney, executor, administrator, trustee, guardian or custodian, please sign full title as such. If a corporation, please sign full corporate name by authorized officer and indicate the signer's office. If a partnership, please sign in partnership name.

PROXY CARD

THE MALAYSIA FUND, INC.

C/O MORGAN STANLEY INVESTMENT MANAGEMENT INC.
1221 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10020

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby constitutes and appoints RONALD E. ROBISON, STEFANIE V. CHANG YU and BARRY FINK, and each of them, as proxies for the undersigned, with full power of substitution and resubstitution, and hereby authorizes said proxies, and each of them, to represent and vote, as designated on the reverse side, all stock of the above Fund held of record by the undersigned on April 26, 2006 at the Annual Meeting of Stockholders to be held on June 20, 2006, and at any adjournment thereof. The undersigned hereby revokes any and all proxies with respect to such stock heretofore given by the undersigned.

(CONTINUED AND TO BE SIGNED AND DATED ON REVERSE SIDE)
SEE REVERSE SIDE

ANNUAL MEETING OF STOCKHOLDERS OF
THE MALAYSIA FUND, INC.

June 20, 2006

PROXY VOTING INSTRUCTIONS

MAIL — Date, sign and mail your Proxy Card in the envelope provided as soon as possible. — OR-

TELEPHONE — Call toll-free 1-800-PROXIES (1-800-776-9437) from any touch-tone telephone and follow the instructions. Have your Control number (or "Company number") and Proxy Card available when you call.

Company Number
Account Number

You may enter your voting instructions at 1-800-PROXIES up until 11:59 PM Eastern Time on the day before the cut-off or meeting date.

Please detach and mail in the envelope provided IF you are not voting via telephone.

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE

1. Election of the following nominees as Directors:

NOMINEES:

FOR ALL NOMINEES	Frank L. Bowman
	Michael Bozic
WITHHOLD AUTHORITY	Kathleen A. Dennis
FOR ALL NOMINEES	Charles A. Fiumefreddo
	Edwin J. Garn
FOR ALL EXCEPT	Michael F. Klein
(See instructions below)	W. Allen Reed

INSTRUCTION: To withhold authority to vote for any individual nominee(s), mark "FOR ALL EXCEPT" and fill in the circle next to each nominee you wish to withhold, as shown here:

This Proxy Card when properly executed will be voted in the manner directed herein by the undersigned stockholder, and, in the discretion of such proxies, upon any and all other business as may properly come before the Meeting or any adjournment thereof. If no direction is made, this Proxy Card will be voted for the election of the nominees as Directors for the Fund.

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

Signature of Stockholder: _____ Date: _____ Signature of Stockholder:
_____ Date: _____

Note: PLEASE SIGN EXACTLY AS YOUR NAME APPEARS. WHEN SHARES ARE HELD BY JOINT TENANTS, EACH JOINT TENANT MUST SIGN. When signing as attorney, executor, administrator, trustee, guardian or custodian, please sign full title as such. If a corporation, please sign full corporate name by authorized officer and indicate the signer's office. If a partnership, please sign in partnership name.

PROXY CARD
THE THAI FUND, INC.

C/O MORGAN STANLEY INVESTMENT MANAGEMENT INC.
1221 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10020

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby constitutes and appoints RONALD E. ROBISON, STEFANIE V. CHANG YU and BARRY FINK, and each of them, as proxies for the undersigned, with full power of substitution and resubstitution, and hereby authorizes said proxies, and each of them, to represent and vote, as designated on the reverse side, all stock of the above Fund held of record by the undersigned on April 26, 2006 at the Annual Meeting of Stockholders to be held on June 20, 2006, and at any adjournment thereof. The undersigned hereby revokes any and all proxies with respect to such stock heretofore given by the undersigned.

(CONTINUED AND TO BE SIGNED AND DATED ON REVERSE SIDE)
SEE REVERSE SIDE

ANNUAL MEETING OF STOCKHOLDERS OF
THE THAI FUND, INC.

June 20, 2006

PROXY VOTING INSTRUCTIONS

MAIL — Date, sign and mail your Proxy Card in the envelope provided as soon as possible. — OR-

TELEPHONE — Call toll-free 1-800-PROXIES (1-800-776-9437) from any touch-tone telephone and follow the instructions. Have your Control number (or “Company number”) and Proxy Card available when you call.

Company Number
Account Number

You may enter your voting instructions at 1-800-PROXIES up until 11:59 PM Eastern Time on the day before the cut-off or meeting date.

Please detach and mail in the envelope provided **IF** you are not voting via telephone.

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE

1. Election of the following nominees as Directors:

NOMINEES:

FOR ALL NOMINEES	Frank L. Bowman
	Michael Bozic
WITHHOLD AUTHORITY	Kathleen A. Dennis
FOR ALL NOMINEES	Charles A. Fiumefreddo
	Edwin J. Garn
FOR ALL EXCEPT	Michael F. Klein
(See instructions below)	W. Allen Reed

INSTRUCTION: To withhold authority to vote for any individual nominee(s), mark “FOR ALL EXCEPT” and fill in the circle next to each nominee you wish to withhold, as shown here:

This Proxy Card when properly executed will be voted in the manner directed herein by the undersigned stockholder, and, in the discretion of such proxies, upon any and all other business as may properly come before the Meeting or

any adjournment thereof. If no direction is made, this Proxy Card will be voted for the election of the nominees as Directors for the Fund.

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

Signature of Stockholder: _____ Date: _____ Signature of
Stockholder: _____ Date: _____

Note: PLEASE SIGN EXACTLY AS YOUR NAME APPEARS. WHEN SHARES ARE HELD BY JOINT TENANTS, EACH JOINT TENANT MUST SIGN. When signing as attorney, executor, administrator, trustee, guardian or custodian, please sign full title as such. If a corporation, please sign full corporate name by authorized officer and indicate the signer's office. If a partnership, please sign in partnership name.

PROXY CARD

THE TURKISH INVESTMENT FUND, INC.

C/O MORGAN STANLEY INVESTMENT MANAGEMENT INC.
1221 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10020

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby constitutes and appoints RONALD E. ROBISON, STEFANIE V. CHANG YU and BARRY FINK, and each of them, as proxies for the undersigned, with full power of substitution and resubstitution, and hereby authorizes said proxies, and each of them, to represent and vote, as designated on the reverse side, all stock of the above Fund held of record by the undersigned on April 26, 2006 at the Annual Meeting of Stockholders to be held on June 20, 2006, and at any adjournment thereof. The undersigned hereby revokes any and all proxies with respect to such stock heretofore given by the undersigned.

(CONTINUED AND TO BE SIGNED AND DATED ON REVERSE SIDE)
SEE REVERSE SIDE

ANNUAL MEETING OF STOCKHOLDERS OF
THE TURKISH INVESTMENT FUND, INC.

June 20, 2006

PROXY VOTING INSTRUCTIONS

MAIL — Date, sign and mail your Proxy Card in the envelope provided as soon as possible. — OR-

TELEPHONE — Call toll-free 1-800-PROXIES (1-800-776-9437) from any touch-tone telephone and follow the instructions. Have your Control number (or "Company number") and Proxy Card available when you call.

Company Number
Account Number

You may enter your voting instructions at 1-800-PROXIES up until 11:59 PM Eastern Time on the day before the cut-off or meeting date.

Please detach and mail in the envelope provided IF you are not voting via telephone.

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE

1. Election of the following nominees as Directors:

NOMINEES:

FOR ALL NOMINEES	Frank L. Bowman
	Michael Bozic
WITHHOLD AUTHORITY	Kathleen A. Dennis
FOR ALL NOMINEES	Charles A. Fiumefreddo
	Edwin J. Garn
FOR ALL EXCEPT	Michael F. Klein
(See instructions below)	W. Allen Reed

INSTRUCTION:To withhold authority to vote for any individual nominee(s), mark "FOR ALL EXCEPT" and fill in the circle next to each nominee you wish to withhold, as shown here:

This Proxy Card when properly executed will be voted in the manner directed herein by the undersigned stockholder, and, in the discretion of such proxies, upon any and all other business as may properly come before the Meeting or any adjournment thereof. If no direction is made, this Proxy Card will be voted for the election of the nominees as Directors for the Fund.

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

Signature of Stockholder: _____ Date: _____ Signature of
Stockholder: _____ Date: _____

Note: PLEASE SIGN EXACTLY AS YOUR NAME APPEARS. WHEN SHARES ARE HELD BY JOINT TENANTS, EACH JOINT TENANT MUST SIGN. When signing as attorney, executor, administrator, trustee, guardian or custodian, please sign full title as such. If a corporation, please sign full corporate name by authorized officer and indicate the signer's office. If a partnership, please sign in partnership name.