

Baltic Trading Ltd
Form SC 13G/A
March 10, 2011

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

SCHEDULE 13G

Under the Securities Exchange Act of 1934
(Amendment No. 02)*

Baltic Trading Ltd

(Name of Issuer)

Common

(Title of Class of Securities)

Y0553W103

(CUSIP Number)

February 28, 2011

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. Y0553W103

1 NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)
Neuberger Berman Group LLC

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2
(a)
(b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware

5 SOLE VOTING POWER

0

NUMBER OF
SHARES
BENEFICIALLY **6**
OWNED BY
EACH
REPORTING
PERSON WITH:

SHARED VOTING POWER

261555

7 SOLE DISPOSITIVE POWER

0

8 SHARED DISPOSITIVE POWER

315625

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
315625

10 CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

x

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

1.881%

12 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

HC

FOOTNOTES

CUSIP No. Y0553W103

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x

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

1.881%

12 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

BD , IA

FOOTNOTES

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Item 1.

- (a) Name of Issuer
Baltic Trading Ltd
- (b) Address of Issuer's Principal Executive Offices
299 PARK AVENUE, 20TH FLOOR
NEW YORK 10171

Item 2.

- (a) Name of Person Filing
Neuberger Berman Group LLC
Neuberger Berman LLC
- (b) Address of Principal Business Office or, if none, Residence
605 Third Avenue
New York, NY 10158
- (c) Citizenship
Delaware
- (d) Title of Class of Securities
Common
- (e) CUSIP Number
Y0553W103

Item 3. If this statement is filed pursuant to §§240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:

- (a) Broker or dealer registered under section 15 of the Act (15 U.S.C. 78o).
- (b) Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c).
- (c) Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c).
- (d) Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8).
- (e) An investment adviser in accordance with §240.13d-1(b)(1)(ii)(E);
- (f) An employee benefit plan or endowment fund in accordance with §240.13d-1(b)(1)(ii)(F);
- (g) A parent holding company or control person in accordance with § 240.13d-1(b)(1)(ii)(G);
- (h) A savings associations as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
- (i)

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A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);

(j) o A non-U.S. institution in accordance with § 240.13d-1(b)(1)(ii)(J).

(k) x A group, in accordance with § 240.13d-1(b)(1)(ii)(K). If filing as a non-U.S. institution in accordance with § 240.13d-1(b)(1)(ii)(J), please specify the type of institution:

Item 4. Ownership.

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

- (a) Amount beneficially owned: 315,625
- (b) Percent of class: 1.881
- (c) Number of shares as to which the person has:
 - (i) Sole power to vote or to direct the vote: 0
 - (ii) Shared power to vote or to direct the vote: 261,555
 - (iii) Sole power to dispose or to direct the disposition of: 0
 - (iv) Shared power to dispose or to direct the disposition of: 315,625

Item 5. Ownership of Five Percent or Less of a Class

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following x .

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company

Item 8. Identification and Classification of Members of the Group

Item 9. Notice of Dissolution of Group

Item Certification
10.

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Neuberger Berman Group LLC

Date: March 10, 2011

By: /s/ Brad Cetron
Name: Brad Cetron
Title: Deputy General Counsel

Neuberger Berman LLC

Date: March 10, 2011

By: /s/ Brad Cetron
Name: Brad Cetron
Title: Deputy General Counsel

Footnotes: Item 4(a):

Neuberger Berman Group LLC, Neuberger Berman LLC, Neuberger Berman Management LLC and certain affiliated persons own directly no shares. As investment advisers, certain affiliated persons that are controlled by Neuberger Berman Group LLC have investment and voting powers with respect to the shares held.

Neuberger Berman Group LLC, through its direct and indirect subsidiary Neuberger Berman Holdings LLC, controls Neuberger Berman LLC and certain affiliated persons. By reason of the provisions of Rule 13d-3 of the Securities Exchange Act of 1934, as amended, each of Neuberger Berman Group LLC, Neuberger Berman LLC and Neuberger Berman Management LLC may be deemed to beneficially own the number of shares indicated above. Each of Neuberger Berman Group LLC, Neuberger Berman LLC, Neuberger Berman Management LLC and certain affiliated persons disclaim beneficial ownership of any of the securities covered by this statement.

Attention: Intentional misstatements or omissions of fact constitute Federal criminal violations (See 18 U.S.C. 1001)

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Other Directorships Held

Trustee/Director Registrant Served During Past 5 Years Trustee/Director by Interested**

Trustee/Director James F. Higgins (60)

c/o Morgan Stanley Trust

Harborside Financial Center

Plaza Two

Jersey City, NJ 07311 Nominee/

Trustee/

Director Since June 2000 Director or Trustee of the Retail Funds (since June 2000) and Institutional Funds (since July 2003); Senior Advisor of Morgan Stanley (since August 2000). 181 Director of AXA Financial, Inc. and The Equitable Life Assurance Society of the United States (financial services).

** This is the earliest date the Trustee/Director began serving the Retail Funds or Institutional Funds.

Trustees/Directors are elected every year for ICB and every three years for OIA or until his or her successor is elected.

EXECUTIVE OFFICERS

Name, Age and Address of Executive Officer	Position(s) Held with Registrant	Length of Time Served***	Principal Occupation(s) During Past 5 Years
Randy Takian (34) 522 Fifth Avenue New York, NY 10036	President and Principal Executive Officer	President and Principal Executive Officer (since September 2008)	President and Principal Executive Officer (since September 2008) of funds in the Fund Complex; President and Chief Executive Officer of Morgan Stanley Services Company Inc. (since September 2008). President of the Investment Adviser (since July 2008). Head of the Retail and Intermediary business within Morgan Stanley Investment Management (since July 2008). Head of Liquidity and Bank Trust business (since July 2008) and the Latin American franchise (since July 2008) at Morgan Stanley Investment Management. Managing Director, Director and/or Officer of the Investment Adviser and various entities affiliated with the Investment Adviser. Formerly Head of Strategy and Product Development for the Alternatives Group and Senior Loan Investment Management. Formerly with Bank of America (July 1995-March 2006), most recently as Head of the Strategy, Mergers and Acquisitions team for Global Wealth and Investment Management.

*** This is the earliest date the Officer began serving the Retail Funds or Institutional Funds. Each Officer serves an indefinite term, until his or her successor is elected.

Name, Age and Address of Executive Officer	Position(s) Held with Registrant	Length of Time Served***	Principal Occupation(s) During Past 5 Years
Kevin Klingert (46) 522 Fifth Avenue New York, NY 10036	Vice President	Since June 2008	Chief Operating Officer of the Global Fixed Income Group of Morgan Stanley Investment Management Inc. and the Investment Adviser (since March 2008); Head of Global Liquidity Portfolio Management and co-Head of Liquidity Credit Research of Morgan Stanley Investment Management (since December 2007); Managing Director of Morgan Stanley Investment Management Inc. and the Investment Adviser (since December 2007). Previously, Managing Director on the Management Committee and head of Municipal Portfolio Management and Liquidity at BlackRock (October 1991 to January 2007).
Dennis F. Shea (55) 522 Fifth Avenue New York, NY 10036	Vice President	Since February 2006	Managing Director and (since February 2006) Chief Investment Officer Global Equity of Morgan Stanley Investment Management; Vice President of the Retail Funds and Institutional Funds (since February 2006). Formerly, Managing Director and Director of Global Equity Research at Morgan Stanley.
Amy R. Doberman (46) 522 Fifth Avenue New York, NY 10036	Vice President	Since July 2004	Managing Director and General Counsel, U.S. Investment Management of Morgan Stanley Investment Management (since July 2004); Vice President of the Retail Funds and Institutional Funds (since July 2004); Vice President of the Van Kampen Funds (since August 2004); Secretary (since February 2006) and Managing Director (since July 2004) of the Investment Adviser and various entities affiliated with the Investment Adviser. Formerly, Managing Director and General Counsel Americas, UBS Global Asset Management (July 2000 to July 2004).
Carsten Otto (44) 522 Fifth Avenue New York, NY 10036	Chief Compliance Officer	Since October 2004	Managing Director and Global Head of Compliance for Morgan Stanley Investment Management (since April 2007) and Chief Compliance Officer of the Retail Funds and Institutional Funds (since October 2004). Formerly, U.S. Director of Compliance (October 2004-April 2007) and Assistant Secretary and Assistant General Counsel of the Retail Funds.
	Vice President		

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Stefanie V. Chang Yu (41) 522 Fifth Avenue New York, NY 10036		Since December 1997	Managing Director of the Investment Adviser and various entities affiliated with the Investment Adviser; Vice President of the Retail Funds (since July 2002) and Institutional Funds (since December 1997). Formerly, Secretary of various entities affiliated with the Investment Adviser.
Francis J. Smith (43) c/o Morgan Stanley Trust Harborside Financial Center Plaza Two Jersey City, NJ 07311	Treasurer and Chief Financial Officer	Treasurer since July 2003 and Chief Financial Officer since September 2002	Executive Director of the Investment Adviser and various entities affiliated with the Investment Adviser; Treasurer and Chief Financial Officer of the Retail Funds (since July 2003).

*** This is the earliest date the Officer began serving the Retail Funds or Institutional Funds. Each Officer serves an indefinite term, until his or her successor is elected.

Name, Age and Address of Executive Officer	Position(s) Held with Registrant	Length of Time Served***	Principal Occupation(s) During Past 5 Years
Mary E. Mullin (41) 522 Fifth Avenue New York, NY 10036	Secretary	Since June 1999	Executive Director of the Investment Adviser and various entities affiliated with the Investment Adviser; Secretary of the Retail Funds (since July 2003) and Institutional Funds (since June 1999).

*** This is the earliest date the Officer began serving the Retail Funds or Institutional Funds. Each Officer serves an indefinite term, until his or her successor is elected.

For each Trustee/Director, the dollar range of equity securities beneficially owned by the Trustees/ Directors in the Funds and in the Family of Investment Companies (Family of Investment Companies includes all of the registered investment companies advised by the Investment Adviser, Morgan Stanley Investment Management Inc. and Morgan Stanley AIP GP LP) as of December 31, 2007, is shown below.

Name of Trustee/Director	Dollar Range of Equity Securities in the Funds (As of December 31, 2007)	Aggregate Dollar Range of Equity Securities in All Registered Investment Companies Overseen by Trustee/Director in Family of Investment Companies (As of December 31, 2007)
Independent:		
Frank L. Bowman ⁽¹⁾	None	over \$100,000
Michael Bozic	None	over \$100,000
Kathleen A. Dennis	None	over \$100,000
Manuel H. Johnson	None	over \$100,000
Joseph J. Kearns ⁽¹⁾	None	over \$100,000
Michael F. Klein	None	over \$100,000
Michael E. Nugent	None	over \$100,000
W. Allen Reed ⁽¹⁾	None	over \$100,000
Fergus Reid ⁽¹⁾	None	over \$100,000
Interested:		
James F. Higgins	None	over \$100,000

(1) Includes the total amount of compensation deferred by the Trustee/Director at his election pursuant to a deferred compensation plan. Such deferred compensation is placed in a deferral account and deemed to be invested in one or more of the Retail Funds or Institutional Funds (or portfolio thereof) that are offered as investment options under the plan.

As to each Independent Trustee/Director and his immediate family members, no person owned beneficially or of record securities in an investment adviser or principal underwriter of the Funds, or a person (other than a registered

investment company) directly or indirectly controlling, controlled by or under common control with an investment adviser or principal underwriter of the Funds as of the record date.

Independent Trustees/Directors and the Committees. Law and regulation establish both general guidelines and specific duties for the Independent Trustees/Directors. The Retail Funds seek as Independent Trustees/Directors individuals of distinction and experience in business and finance, government service or academia; these are people whose advice and counsel are in demand by others and for whom there is often competition. To accept a position on the Retail Funds Boards, such individuals may reject other attractive assignments because the Retail Funds make substantial demands on their time. The Board of each Fund has four Committees: (1) Audit Committee, (2) Governance Committee, (3) Insurance, Valuation and Compliance

Committee and (4) Investment Committee. Three of the Independent Trustees/Directors serve as members of the Audit Committee, three Independent Trustees/Directors serve as members of the Governance Committee, four Trustees/Directors, including three Independent Trustees/Directors, serve as members of the Insurance, Valuation and Compliance Committee and all of the Trustees/Directors serve as members of the Investment Committee.

The Independent Trustees/Directors are charged with recommending to the full Board approval of management, advisory and administration contracts, and distribution and underwriting agreements; continually reviewing fund performance; checking on the pricing of portfolio securities, brokerage commissions, transfer agent costs and performance, and trading among funds in the same complex; and approving fidelity bond and related insurance coverage and allocations, as well as other matters that arise from time to time.

The Board of Trustees/Directors of each Fund has a separately-designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended. The Audit Committee is charged with recommending to the full Board the engagement or discharge of the Funds' independent registered public accounting firm; directing investigations into matters within the scope of the independent registered public accounting firm's duties, including the power to retain outside specialists; reviewing with the independent registered public accounting firm the audit plan and results of the auditing engagement; approving professional services provided by the independent registered public accounting firm and other accounting firms prior to the performance of such services; reviewing the independence of the independent registered public accounting firm; considering the range of audit and non-audit fees; reviewing the adequacy of the Funds' system of internal controls; and preparing and submitting committee meeting minutes to the full Board.

The members of the Audit Committee of the Funds are currently Joseph J. Kearns, Michael E. Nugent and W. Allen Reed. None of the members of the Funds' Audit Committee is an interested person, as defined under the 1940 Act (with such disinterested Trustees/Directors being Independent Trustees/Directors or individually, Independent Trustee/Director). Each Independent Trustee/Director is also independent from the Funds under the listing standards of the New York Stock Exchange, Inc. (NYSE). The Chairperson of the Audit Committee of each of the Funds is Joseph J. Kearns. The Board of Trustees/Directors for each Fund has adopted a formal written charter for the Audit Committee which sets forth the Audit Committee's responsibilities. A copy of the Audit Committee Charter is available at www.morganstanley.com/im/legal.

The Board of Trustees/Directors of each Fund also has a Governance Committee. The Governance Committee identifies individuals qualified to serve as Independent Trustees/Directors on the Funds' Boards and on committees of the Board and recommends such qualified individuals for nomination by the Funds' Independent Trustees/Directors as candidates for election as Independent Trustees/Directors, advises each Fund's Board with respect to Board composition, procedures and committees, develops and recommends to each Fund's Board a set of corporate governance principles applicable to the Funds, monitors and makes recommendations on corporate governance matters and policies and procedures of each Fund's Board of Trustees/Directors and any Board committees and oversees periodic evaluations of each Fund's Board and its committees. The members of the Governance Committee of each Fund are Kathleen A. Dennis, Michael F. Klein and Fergus Reid, each of whom is an Independent Trustee/Director. The Chairperson of the Governance Committee is Fergus Reid. The Board of Trustees/Directors for each Fund has adopted a formal written charter for the Governance Committee, which sets forth the Governance Committee's responsibilities. A copy of the Governance Committee Charter is attached to the 2007 Joint Proxy Statement filed for the Funds with the Securities and Exchange Commission (the SEC) on November 5, 2007.

The Funds do not have a separate nominating committee. While each of the Fund's Governance Committee recommends qualified candidates for nominations as Independent Trustees/Directors, the Board of Trustees/Directors of each Fund believes that the task of nominating prospective Independent Trustees/Directors is important enough to require the participation of all current Independent Trustees/ Directors, rather than a separate committee consisting of only certain Independent Trustees/Directors. Accordingly, each current Independent Trustee/Director (Frank L. Bowman, Michael Bozic, Kathleen A. Dennis, Manuel H. Johnson, Joseph J. Kearns, Michael F. Klein, Michael E. Nugent, W. Allen Reed and Fergus Reid) for all Funds participates in the election and nomination of candidates for election as Independent Trustees/Directors for the respective Funds for which the Independent Trustee/Director serves. Persons recommended by each of the Fund's Governance Committee as candidates for nomination as Independent Trustees/Directors shall possess such knowledge, experience, skills, expertise and diversity so as to enhance each of the Board's ability to manage and direct the affairs and business of the Funds, including, when applicable, to enhance the ability of committees of each of the Boards to fulfill their duties and/or to satisfy any independence requirements imposed by law, regulation or any listing requirements of the NYSE. While the Independent Trustees/Directors of the Funds expect to be able to continue to identify from their own resources an ample number of qualified candidates for each of the Fund's Boards as they deem appropriate, they will consider nominations from Shareholders to the Board. Nominations from Shareholders should be in writing and sent to the Independent Trustees/Directors as described below under the caption "Shareholder Communications."

The Board of Trustees/Directors of each Fund has formed an Insurance, Valuation and Compliance Committee to review the valuation process, address insurance coverage and oversee the compliance function for each of the Funds and its Board. The Insurance, Valuation and Compliance Committee consists of Frank L. Bowman, Michael Bozic, Manuel H. Johnson and James F. Higgins. Frank L. Bowman, Michael Bozic and Manuel H. Johnson are Independent Trustees/Directors. The Chairperson of the Insurance, Valuation and Compliance Committee is Michael Bozic. The Insurance, Valuation and Compliance Committee has an Insurance Sub-Committee to review and monitor the insurance coverage maintained by the Funds. The Chairperson of the Insurance Sub-Committee is Frank L. Bowman. The Insurance, Valuation and Compliance Committee and the Insurance Sub-Committee were formed in October 2006 and February 2007, respectively.

The Investment Committee oversees the portfolio investment process for and reviews the performance of each Fund. The Investment Committee also recommends to each Board to approve or renew the respective Fund's Investment Advisory and Administration Agreements. The members of the Investment Committee are Frank L. Bowman, Michael Bozic, Kathleen A. Dennis, James F. Higgins, Manuel H. Johnson, Joseph Kearns, Michael Klein, Michael Nugent, W. Allen Reed and Fergus Reid. The Chairperson of the Investment Committee is Manuel H. Johnson.

The Investment Committee has three Sub-Committees, each with its own Chairperson. Each Sub-Committee focuses on the Funds' primary areas of investment, namely equities, fixed income and alternatives. The Sub-Committees and their members are as follows:

- (1) Equity – W. Allen Reed (Chairperson), Frank L. Bowman and Michael E. Nugent.
- (2) Fixed Income – Michael F. Klein (Chairperson), Michael Bozic and Fergus Reid.
- (3) Money Market and Alternatives – Kathleen A. Dennis (Chairperson), James F. Higgins and Joseph J. Kearns.

The following chart sets forth the number of meetings of the Board, the Independent Trustees/Directors, the Audit Committee, the Insurance, Valuation and Compliance Committee, the Governance Committee and the Investment Committee of each Fund during that Fund's most recent fiscal year. For the 2008 fiscal year,

each Trustee/Director attended at least seventy-five percent of the aggregate number of meetings of the Board and any committee on which he or she served held during the time such Trustee/Director was a member of the Board.

Number of Board and Committee Meetings Held During Last Fiscal Year

Name of Fund	Fiscal Year-End	Retail Board of Trustees/Directors Meetings	Audit Committee Meetings	Insurance, Valuation and Compliance Committee Meetings	Governance Committee Meetings	Investment Committee Meeting
ICB	9/30/08	9	4	4	4	5
OIA	5/31/08	7	4	4	4	5

For annual or special shareholder meetings, Trustees/Directors may, but are not required to, attend the meetings; and for each Fund's last annual shareholder meeting, no Trustees/Directors attended the meeting.

Advantages of Having Same Individuals as Independent Trustees/Directors for the Retail Funds and Institutional Funds

The Independent Trustees/Directors and the Funds' management believe that having the same Independent Trustees/Directors for each of the Retail Funds and Institutional Funds avoids the duplication of effort that would arise from having different groups of individuals serving as Independent Trustees/Directors for each of the funds or even of sub-groups of funds. They believe that having the same individuals serve as Independent Trustees/Directors of all the Retail Funds and Institutional Funds tends to increase their knowledge and expertise regarding matters which affect the Fund Complex generally and enhances their ability to negotiate on behalf of each fund with the funds' service providers. This arrangement also precludes the possibility of separate groups of Independent Trustees/Directors arriving at conflicting decisions regarding operations and management of the funds and avoids the cost and confusion that would likely ensue. Finally, having the same Independent Trustees/Directors serve on all fund boards enhances the ability of each fund to obtain, at modest cost to each separate fund, the services of Independent Trustees/Directors of the caliber, experience and business acumen of the individuals who serve as Independent Trustees/Directors of the Retail Funds and Institutional Funds.

Shareholder Communications

Shareholders may send communications to each Fund's Board of Trustees/Directors. Shareholders should send communications intended for each Fund's Board by addressing the communications directly to that Board (or individual Board members) and/or otherwise clearly indicating in the salutation that the communication is for the Board (or individual Board members) and by sending the communication to either the Fund's office or directly to such Board member(s) at the address specified for each Trustee/Director previously noted. Other shareholder communications received by each Fund not directly addressed and sent to that Fund's Board will be reviewed and generally responded to by management, and will be forwarded to the Board only at management's discretion based on the matters contained therein.

Share Ownership by Trustees/Directors

The Trustees/Directors have adopted a policy pursuant to which each Trustee/Director and/or his or her spouse is required to invest at least \$100,000 in any of the funds in the Morgan Stanley Retail and Institutional Funds on whose boards the Trustee/Director serves. In addition, the policy contemplates that the Trustees/

Directors will, over time, increase their aggregate investment in the funds above the \$100,000 minimum requirement. The Trustees/Directors may allocate their investments among specific funds in any manner they determine is appropriate based on their individual investment objectives. Any future Trustee/Director will be given a one-year period following his or her election within which to comply with the foregoing. As of the date of this Joint Proxy Statement, each Trustee/Director is in compliance with the policy. As of December 31, 2007, the total value of the investments by the Trustees/Directors and/or their spouses in shares of the Morgan Stanley Retail Funds and Institutional Funds was approximately \$7.1 million. This amount includes compensation deferred by the Trustee/Director at his or her election pursuant to a deferred compensation plan. Such deferred compensation is placed in a deferral account and deemed to be invested in one or more of the Retail Funds or Institutional Funds (or portfolio thereof) that are offered as investment options under the plan.

As of the Record Date for these Meetings, the aggregate number of Shares of ICB and OIA owned by the Funds officers and Trustees/Directors as a group was less than one percent of each Fund's outstanding Shares.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires that each Fund's executive officers and Trustees/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, Trustees/Directors and greater than 10% beneficial holders complied with all applicable filing requirements.

Compensation of Trustees/Directors

Effective October 1, 2007, each Trustee/Director (except for the Chairperson of the Boards) receives an annual retainer fee of \$200,000 for serving the Retail Funds and the Institutional Funds. Prior to October 1, 2007, each Independent Director/Trustee (except for the Chairperson of the Boards) received an annual retainer fee of \$180,000 for serving the Retail Funds and the Institutional Funds.

The Chairperson of the Audit Committee receives an additional annual retainer fee of \$75,000 and the Investment Committee Chairperson receives an additional annual retainer fee of \$60,000. Other Committee Chairpersons receive an additional annual retainer fee of \$30,000 and the Investment Sub-Committee Chairpersons receive an additional annual retainer fee of \$15,000. The aggregate compensation paid to each Trustee/Director is paid by the Retail Funds and the Institutional Funds, and is allocated on a pro rata basis among each of the operational funds/portfolios of the Retail Funds and the Institutional Funds based on the relative net assets of each of the funds/portfolios. Michael E. Nugent receives a total annual retainer fee of \$400,000 (\$360,000 prior to October 1, 2007) for his services as Chairperson of the Boards of the Retail Funds and the Institutional Funds and for administrative services provided to each Board.

The Funds also reimburse the Trustees/Directors for travel and other out-of-pocket expenses incurred by them in connection with attending such meetings. Trustees/Directors of the Funds who are employed by the Investment Adviser receive no compensation or expense reimbursement from the Funds for their services as Trustee/Director.

Effective April 1, 2004, the Funds began a Deferred Compensation Plan (the "DC Plan"), which allows each Trustee/Director to defer payment of all, or a portion, of the fees he or she receives for serving on the Board of Trustees/Directors throughout the year. Each eligible Trustee/Director generally may elect to have the deferred amounts credited with a return equal to the total return on one or more of the Retail Funds or Institutional Funds (or portfolios thereof) that are offered as investment options under the DC Plan. At the Trustee/Director's election, distributions are either in one lump sum payment, or in the form of equal annual

installments over a period of five years. The rights of an eligible Trustee/Director and the beneficiaries to the amounts held under the DC Plan are unsecured and such amounts are subject to the claims of the creditors of the Funds.

Prior to April 1, 2004, the Institutional Funds maintained a similar Deferred Compensation Plan (the Prior DC Plan), which also allowed each Independent Trustee/Director to defer payment of all, or a portion, of the fees he or she received for serving on the Board of Trustees/Directors throughout the year. The DC Plan amends and supersedes the Prior DC Plan and all amounts payable under the Prior DC Plan are now subject to the terms of the DC Plan (except for amounts paid during the 2004 calendar year which remain subject to the terms of the Prior DC Plan).

The following table shows aggregate compensation payable to each of the Trustees/Directors from each Fund for the fiscal year ended September 30, 2008 (ICB) and May 31, 2008 (OIA) and the aggregate compensation payable to each of the Funds Trustees/Directors by the Fund Complex (which includes all of the Retail Funds and Institutional Funds) for the calendar year ended December 31, 2007.

Compensation⁽¹⁾

Name of Independent Trustee/Director:	Total Compensation from the Fund⁽²⁾		Total Compensation from the Fund Complex⁽³⁾
	ICB	OIA	
Frank L. Bowman ⁽²⁾	\$ 194	\$ 190	\$ 197,500
Michael Bozic	205	202	215,000
Kathleen A. Dennis	195	190	200,000
Manuel H. Johnson	232	229	245,000
Joseph J. Kearns ⁽²⁾	245	248	268,125
Michael F. Klein	195	190	200,000
Michael E. Nugent	366	357	370,000
W. Allen Reed ⁽²⁾	194	190	200,000
Fergus Reid	205	202	223,125
Name of Interested Trustee/Director:			
James F. Higgins ⁽⁴⁾	179	174	140,000

(1) Includes all amounts paid for serving as trustee/director of the funds, as well as serving as Chairperson of the Boards or a Chairperson of a Committee or Sub-Committee.

(2) The amounts shown in this column represent the aggregate compensation before deferral with respect to the Fund's fiscal year. The following Trustees/Directors deferred compensation from the Funds during the fiscal year ended September 30, 2008 (ICB): Mr. Bowman \$194; Mr. Kearns \$123; Mr. Reed \$194 and May 31, 2008 (OIA): Mr. Bowman \$190; Mr. Kearns \$124; Mr. Reed, \$190.

(3) The amounts shown in this column represent the aggregate compensation paid by all of the funds in the Fund Complex as of December 31, 2007 before deferral by the Trustees/Directors under the DC plan. As of December 31, 2007, the value (including interest) of the deferral accounts across the Fund Complex for Messrs. Bowman, Kearns, Reed and Reid pursuant to the deferred compensation plans was \$280,314,

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\$1,090,394, \$207,268 and \$904,961, respectively. Because the funds in the Fund Complex have different fiscal year ends, the amounts shown in this column are presented on a calendar year basis.

(4) Mr. Higgins was approved to receive an annual retainer at the February 20-21, 2007 Board Meeting.

Prior to December 31, 2003, 49 of the Retail Funds (the Adopting Funds), including the Funds, had adopted a retirement program under which an Independent Trustee/Director who retired after serving for at least five years as an Independent Trustee/Director of any such fund (an Eligible Trustee/Director) would

have been entitled to retirement payments, based on factors such as length of service, upon reaching the eligible retirement age. On December 31, 2003, the amount of accrued retirement benefits for each Eligible Trustee/Director was frozen, and will be payable, together with a return of 8% per annum, at or following each such Eligible Trustee/Director's retirement as shown in the table below.

The following tables illustrate the retirement benefits accrued to the Funds' Independent Trustees/Directors by the Funds for the fiscal year ended September 30, 2008 (ICB) and May 31, 2008 (OIA) and by the Adopting Funds for the calendar year ended December 31, 2007, and the estimated retirement benefits for the Independent Trustees/Directors from the Funds as of each Fund's fiscal year and from the Adopting Funds for each calendar year following retirement. Only the Trustees/Directors listed below participated in the retirement program.

Name of Independent Trustees/Directors:	Retirement Benefits Accrued as Fund Expenses		
	By	By	By All
	ICB	OIA	Adopting Funds
Michael Bozic	\$ 416	\$ 422	\$ 17,614
Manuel H. Johnson	407	410	18,586
Michael E. Nugent	247	469	29,524

Name of Independent Trustees/Directors:	Estimated Annual Benefits Upon Retirement ⁽¹⁾		
	From	From	From All
	ICB	OIA	Adopting Funds
Michael Bozic	\$ 997	\$ 997	\$ 45,874
Manuel H. Johnson	1,451	1,451	67,179
Michael E. Nugent	1,299	1,299	60,077

(1) Total compensation accrued under the retirement plan, together with a return of 8% per annum, will be paid annually commencing upon retirement and continuing for the remainder of the Trustee's/Director's life.

Assuming a Quorum is present, approval of the Proposal with respect to each Fund will require the affirmative vote of a majority of each Fund's shares represented in person or by proxy at the Meetings and entitled to vote at the Meetings.

The Board of Trustees/Directors of each Fund unanimously recommends that Shareholders vote FOR the election for each of the Trustees/Directors nominated for election.

The Investment Adviser

Morgan Stanley Investment Advisors serves as each Fund's investment adviser pursuant to an investment advisory agreement. Morgan Stanley Investment Advisors maintains its offices at 522 Fifth Avenue, New York, New York 10036. Morgan Stanley Investment Advisors is a wholly-owned subsidiary of Morgan Stanley, a Delaware corporation. Morgan Stanley is a preeminent global financial services firm engaged in securities trading and brokerage activities, as well as providing investment banking, research and analysis, financing and financial advisory services.

Morgan Stanley Services, a wholly owned subsidiary of the Investment Adviser, serves as the Administrator of each Fund pursuant to an administration agreement. The Investment Adviser and the Administrator serve in various investment management, advisory, management and administrative capacities to investment companies and pension plans and other institutional and individual investors. The address of the Administrator is the same as that of the Investment Adviser set forth above.

Morgan Stanley has its offices at 1585 Broadway, New York, New York 10036. There are various lawsuits pending against Morgan Stanley involving material amounts which, in the opinion of its management, will be resolved with no material effect on the consolidated financial position of the company.

Audit Committee Report

At meetings held on September 24-25, 2008 (ICB) and June 25-26, 2008 (OIA), the Board of Trustees/Directors of each Fund, including a majority of the Trustees/Directors who are not interested persons of the Funds as defined under the 1940 Act, acting on the recommendation of the Audit Committee of each Fund, selected Deloitte & Touche LLP to act as the independent registered public accounting firm for each Fund for the fiscal year ending September 30, 2009 (ICB) and May 31, 2009 (OIA).

The Audit Committee of each Fund has reviewed and discussed the financial statements of each Fund with management as well as with Deloitte & Touche LLP, the independent registered public accounting firm for each Fund. In the course of its discussions, the Audit Committee also discussed with Deloitte & Touche LLP any relevant matters required to be discussed under Statement on Auditing Standards No. 61. Based on this review, the Audit Committee recommended to the Board of Trustees/Directors of each Fund that each Fund's audited financial statements be included in each Fund's Annual Report to Shareholders for the most recent fiscal year for filing with the SEC.

The Audit Committee has received the written disclosures and the letter from Deloitte & Touche LLP required under Independence Standards Board No. 1 and has discussed with the independent registered public accounting firm their independence.

The Audit Committee

Joseph J. Kearns (Chairperson)
 Michael E. Nugent
 W. Allen Reed

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

FEES BILLED BY THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Audit Fees

The aggregate fees for professional services billed by Deloitte & Touche LLP in connection with the annual audit and review of financial statements of ICB for its fiscal years ended September 30, 2007 and September 30, 2008, and in connection with the annual audit and review of financial statements of OIA for its fiscal years ended May 31, 2007 and May 31, 2008 are set forth below.

	2007	2008
ICB	\$ 33,450	\$ 38,150
OIA	\$ 32,000	\$ 32,375

Audit-Related Fees

The aggregate audit-related fees billed by Deloitte & Touche LLP related to the annual audit of each Fund's financial statements for their respective fiscal years ended September 30, 2007 and September 30, 2008 (ICB) and May 31, 2007 and May 31, 2008 (OIA) for the translation of financial statements for data verification and agreed-upon procedures related to asset securitizations and agreed-upon procedures engagements are set forth below.

	2007	2008
ICB	\$ 0	\$ 0
OIA	\$ 531	\$ 0

Tax Fees

The aggregate fees billed by Deloitte & Touche LLP in connection with tax compliance, tax advice and tax planning for each Fund for their respective fiscal years ended September 30, 2007 and September 30, 2008 (ICB) and May 31, 2007 and May 31, 2008 (OIA), which represent fees paid for the review of the Federal, state and local tax returns for each Fund are set forth below.

	2007	2008
ICB	\$ 7,050	\$ 6,175
OIA	\$ 4,600	\$ 4,738

All Other Fees

There were no fees billed by Deloitte & Touche LLP for any other products and services not set forth above for each Fund for the respective fiscal years ended September 30, 2007 and September 30, 2008 (ICB) and May 31, 2007 and May 31, 2008 (OIA).

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 registered public accounting firm. 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 registered public accounting firm. 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 and the tax services described above for which Deloitte & Touche LLP billed each of the Fund's fees for the fiscal year ended September 30, 2008 (ICB) and May 31, 2008 (OIA) were pre-approved by each Fund's Audit Committee.

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

The aggregate fees billed for professional services rendered by Deloitte & Touche LLP for all other services provided to the Investment Adviser and to any entities controlling, controlled by or under common control with the Investment

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Adviser for the fiscal years ended September 30, 2007 and 2008 (ICB) amounted to approximately \$5.8 million and \$5.3 million, respectively, and for the fiscal years ended May 31, 2007 and 2008 (OIA) amounted to \$5.5 million and \$5.1 million, respectively.

The Audit Committee of each Fund has considered whether the provision of non-audit services and the provision of services to affiliates of the Investment Adviser are compatible with maintaining the independence of Deloitte & Touche LLP.

ADDITIONAL INFORMATION

In the event that the necessary Quorum to transact business or the vote required to approve or reject any proposal for either Fund is not obtained at the Meetings, the persons named as proxies may propose one or more adjournments of the Meeting of the applicable Fund to permit further solicitation of proxies. Any such adjournment will require the affirmative vote of the holders of a majority of the applicable Fund's shares present in person or by proxy at the Meetings. The persons named as proxies will vote in favor of such adjournment those proxies which have been received by the date of the Meetings. Abstentions and broker non-votes will not count in favor of or against any such vote for adjournments.

Abstentions and, if applicable, broker non-votes will not count as votes in favor of any proposal, and broker non-votes will not be deemed to be present at the Meeting of any Fund for purposes of determining whether a particular proposal to be voted upon has been approved. 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.

SHAREHOLDER PROPOSALS

Proposals of security holders intended to be presented at the next Annual Meeting of Shareholders of each respective Fund must be received no later than July 1, 2009 for ICB and OIA, for inclusion in the proxy statement and proxy for that meeting. The mere submission of a proposal does not guarantee its inclusion in the proxy materials or its presentation at the meeting. Certain rules under the federal securities laws must be met.

REPORTS TO SHAREHOLDERS

Each Fund's most recent Annual Report for that Fund's most recent fiscal year end and the most recent Semi-Annual Report succeeding the Annual Report have been previously sent to Shareholders and are available without charge upon request from Morgan Stanley's Client Relations Department, 2800 Post Oak Blvd., 44th Floor, Houston, Texas 77056, (888) 421-4015 (toll-free).

INTEREST OF CERTAIN PERSONS

Morgan Stanley, Morgan Stanley Investment Advisors, Morgan Stanley & Co., Morgan Stanley Services, and certain of their respective Directors, Officers, and employees, including persons who are Trustees/Directors or Officers of the Funds, may be deemed to have an interest in certain of the proposals described in this Joint Proxy Statement to the extent that certain of such companies and their affiliates have contractual and other arrangements, described elsewhere in this Joint Proxy Statement, pursuant to which they are paid fees by the Funds, and certain of those individuals are compensated for performing services relating to the Funds and may also own shares of Morgan Stanley. Such companies and persons may thus be deemed to derive benefits from the approvals by Shareholders of such proposals.

OTHER BUSINESS

The management of the Funds knows of no other matters which may be presented at the Meetings. However, if any matters not now known properly come before the Meetings, it is the intention of the persons named in the enclosed form of proxy, or their substitutes, to vote all shares that they are entitled to vote on any such matter, utilizing such proxy in accordance with their best judgment on such matters.

By Order of the Boards of Trustees/Directors

Mary E. Mullin
Secretary

**MORGAN STANLEY INCOME
SECURITIES INC.**

Electronic Voting Instructions

You can vote by Internet or telephone!

Available 24 hours a day, 7 days a week!

Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy.
VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

Proxies submitted by the Internet or telephone must be received by 9:00 a.m., EST Time, on December 12, 2008.

Vote by Internet

Log on to the Internet and go to
www.investorvote.com/ICB

Follow the steps outlined on the secured website.

Vote by telephone

Call toll free 1-800-652-VOTE (8683) within the United States, Canada & Puerto Rico any time on a touch tone telephone. There is **NO CHARGE** to you for the call.

Follow the instructions provided by the recorded message.

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas. x

Annual Meeting Proxy Card

IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.
A Election of Trustees The Board of Trustees recommends a vote FOR all the nominees listed.

1. Election of Directors

01 - Frank L. Bowman	For	Withhold	02 - Michael Bozic	For	Withhold	03 - Kathleen A. Dennis	For	Withhold
	<input type="radio"/>	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>
04 - James F. Higgins	For	Withhold	05 - Manuel H. Johnson	For	Withhold	06 - Joseph J. Kearns	For	Withhold
	<input type="radio"/>	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>
07 - Michael F. Klein	For	Withhold	08 - Michael E. Nugent	For	Withhold	09 - W. Allen Reed	For	Withhold
	<input type="radio"/>	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>
10 - Fergus Reid	For	Withhold						
	<input type="radio"/>	<input type="radio"/>						

2. To transact such other business as may properly come before the Meeting.

B Non-Voting Items

Change of Address Please print your new address below.

C Authorized Signatures **This section must be completed for your vote to be counted.** **Date and Sign Below**

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Please print date below. Signature 1 - Please keep signature within the box. Signature 2 - Please keep signature within the box.

IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

Proxy MORGAN STANLEY INCOME SECURITIES INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The undersigned hereby appoints Stefanie V. Chang Yu, Amy R. Doberman, and Mary E. Mullin and each of them or their respective designees, with full power of substitution and revocation, as proxies to represent the undersigned at the Annual Meeting of Stockholders to be held at the offices of Morgan Stanley Investment Advisors Inc., 522 Fifth Avenue, New York, New York 10036 on December 12, 2008 at 9:00 a.m. New York City time, and at any and all adjournments thereof (the Meeting), to vote all Shares of Morgan Stanley Income Securities Inc. (the Fund) which the undersigned would be entitled to vote, with all powers the undersigned would possess if personally present, in accordance with the instructions indicated herein. **This proxy is solicited on behalf of the Board of Directors of the Fund.**

This proxy, when properly executed, will be voted in accordance with the instructions marked by the undersigned on the reverse side. **If no specification is made, this proxy will be voted FOR all of the nominees listed herein and in the discretion of the proxies upon such other business as may properly come before the Meeting.**

Please vote, date and sign on the reverse side and return promptly in the enclosed envelope. Your signature and return of this proxy card acknowledges receipt of the accompanying Notice of Meeting and Proxy Statement for the Meeting to be held on December 12, 2008.

**MORGAN STANLEY MUNICIPAL
INCOME OPPORTUNITIES TRUST**

Electronic Voting Instructions

You can vote by Internet or telephone!

Available 24 hours a day, 7 days a week!

Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy. VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

Proxies submitted by the Internet or telephone must be received by 9:00 a.m., EST Time, on December 12, 2008.

Vote by Internet

Log on to the Internet and go to

www.investorvote.com/OIA

Follow the steps outlined on the secured website.

Vote by telephone

Call toll free 1-800-652-VOTE (8683) within the United States, Canada & Puerto Rico any time on a touch tone telephone. There is **NO CHARGE** to you for the call.

Follow the instructions provided by the recorded message.

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas. x

Annual Meeting Proxy Card

IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.

A Election of Trustees The Board of Trustees recommends a vote FOR all the nominees listed.

1. Election of three Trustees:

	For	Withhold		For	Withhold		For	Withhold
01 - Frank L. Bowman	<input type="radio"/>	<input type="radio"/>	02 - Michael Bozic	<input type="radio"/>	<input type="radio"/>	03 - James F. Higgins	<input type="radio"/>	<input type="radio"/>

2. To transact such other business as may properly come before the Meeting.

B Non-Voting Items

Change of Address Please print your new address below.

C Authorized Signatures This section must be completed for your vote to be counted. **Date and Sign Below**

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Print date below. Signature 1 - Please keep signature within the box. Signature 2 - Please keep signature within the box.

IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.

Proxy MORGAN STANLEY MUNICIPAL INCOME OPPORTUNITIES TRUST

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The undersigned hereby appoints Stefanie V. Chang Yu, Amy R. Doberman, and Mary E. Mullin and each of them or their respective designees, with full power of substitution and revocation, as proxies to represent the undersigned at the Annual Meeting of Shareholders to be held at the offices of Morgan Stanley Investment Advisors Inc., 522 Fifth Avenue, New York, New York 10036 on December 12, 2008 at 9:00 a.m. New York City time, and at any and all adjournments thereof (the Meeting), to vote all Shares of Morgan Stanley Municipal Income Opportunities Trust (the Trust) which the undersigned would be entitled to vote, with all powers the undersigned would possess if personally present, in accordance with the instructions indicated herein. **This proxy is solicited on behalf of the Board of Trustees of the Trust.**

This proxy, when properly executed, will be voted in accordance with the instructions marked by the undersigned on the reverse side. **If no specification is made, this proxy will be voted FOR all of the nominees listed herein and in the discretion of the proxies upon such other business as may properly come before the Meeting.**

Please vote, date and sign on the reverse side and return promptly in the enclosed envelope. Your signature and return of this proxy card acknowledges receipt of the accompanying Notice of Meeting and Proxy Statement for the Meeting to be held on December 12, 2008.