

MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST

Form N-30D

June 27, 2002

Morgan Stanley Insured Municipal Income Trust  
Letter to the Shareholders o April 30, 2002

Dear Shareholder:

During the six-month period ended April 30, 2002, the U.S. economy began to recover from recession and the aftermath of September 11. Consumer spending and rebuilding of business inventories led an economic rebound in the first quarter of 2002. In spite of April's six percent unemployment rate, the relatively mild recession, which began in March 2001, is widely regarded as having ended.

The economic turnaround was fueled by monetary and fiscal policies, which sought to stimulate growth. The Federal Reserve Board's aggressive monetary policy cut the benchmark federal funds rate by 475 basis points in 2001 to its current level of 1.75 percent. Congress provided fiscal stimulus by passing reductions in personal tax rates as well as a number of spending initiatives after the September attacks.

The Fed's actions and the Treasury Department's cessation of the 30-year bond auction led to a bond-market rally that dropped long-term interest rates to 40-year lows at the end of October. Within the fixed-income market, yields on short maturities declined the most and the yield curve steepened. In November and December, as the economy improved, the bond market reversed course and yields increased. Demand for fixed-income investments revived in 2002, because of stock-market volatility and Federal Reserve Chairman Alan Greenspan's comments that the Fed would take a go-slow approach to tightening monetary policy.

#### Municipal Market Conditions

The yield on the 30-year insured municipal bond index, which reached a low of 5.04 percent in October 2001, increased to 5.45 percent in March. As the Fed's outlook shifted to neutral, the index yield declined to 5.30 percent in April. Throughout the period, the slope of the municipal yield curve remained positive. The yield pick up for extending maturities from one to 30 years was 335 basis points versus 240 basis points last April.

The ratio of municipal yields as a percentage of U.S. Treasury yields is used as a gauge of the relative value of municipals. A declining yield ratio indicates stronger relative performance by municipals. The ratio of 30-year municipal bond yields to 30-year Treasuries jumped to 104 percent in October 2001. By the end of April the ratio had returned to 94 percent. In the 10-year-maturity range, the ratio declined from 95 percent in October to 85 percent in April.

New-issue volume increased 43 percent, to \$286 billion, during 2001. State and local government infrastructure and cash flow needs have contributed to the surge in underwriting activity. Refunding issues, the most interest-rate-sensitive category of underwriting, represented almost one-quarter of the total. California, Florida, New York and Texas, the four states with the heaviest issuance, accounted for 33 percent of national volume. New-issue volume for the first four months of 2002 reached \$87 billion.

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Letter to the Shareholders o April 30, 2002 continued

## 30-Year Bond Yields 1997-2002

Date	AAA Ins	Tsy	% Relationship
12/31/96	5.60	6.63	84.46%
1/31/97	5.70	6.79	83.95%
2/28/97	5.65	6.80	83.09%
3/31/97	5.90	7.10	83.10%
4/30/97	5.75	6.94	82.85%
5/31/97	5.65	6.91	81.77%
6/30/97	5.60	6.78	82.60%
7/31/97	5.25	6.29	83.47%
8/31/97	5.48	6.61	82.90%
9/30/97	5.40	6.40	84.38%
10/31/97	5.35	6.15	86.99%
11/30/97	5.30	6.05	87.60%
12/31/97	5.15	5.92	86.99%
1/31/98	5.15	5.80	88.79%
2/28/98	5.20	5.92	87.84%
3/31/98	5.25	5.93	88.53%
4/30/98	5.35	5.95	89.92%
5/31/98	5.20	5.80	89.66%
6/30/98	5.20	5.65	92.04%
7/31/98	5.18	5.71	90.72%
8/31/98	5.03	5.27	95.45%
9/30/98	4.95	5.00	99.00%
10/31/98	5.05	5.16	97.87%
11/30/98	5.00	5.06	98.81%
12/31/98	5.05	5.10	99.02%
1/31/99	5.00	5.09	98.23%
2/28/99	5.10	5.58	91.40%
3/31/99	5.15	5.63	91.47%
4/30/99	5.20	5.66	91.87%
5/31/99	5.30	5.83	90.91%
6/30/99	5.47	5.96	91.78%
7/31/99	5.55	6.10	90.98%
8/31/99	5.75	6.06	94.88%
9/30/99	5.85	6.05	96.69%
10/31/99	6.03	6.16	97.89%
11/30/99	6.00	6.29	95.39%
12/31/99	5.97	6.48	92.13%
1/31/00	6.18	6.49	95.22%
2/29/00	6.04	6.14	98.37%
3/31/00	5.82	5.83	99.83%
4/30/00	5.91	5.96	99.16%
5/31/00	5.91	6.01	98.34%
6/30/00	5.84	5.90	98.98%
7/31/00	5.73	5.78	99.13%
8/31/00	5.62	5.67	99.12%
9/30/00	5.74	5.89	97.45%
10/31/00	5.65	5.79	97.58%
11/30/00	5.55	5.61	98.93%
12/31/00	5.27	5.46	96.52%
1/31/01	5.30	5.50	96.36%
2/28/01	5.27	5.31	99.25%
3/31/01	5.26	5.44	96.69%
4/30/01	5.45	5.79	94.13%
5/31/01	5.40	5.75	93.91%
6/30/01	5.35	5.76	92.88%
7/31/01	5.16	5.52	93.48%
8/31/01	5.07	5.37	94.41%

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9/30/01	5.20	5.42	95.94%
10/31/01	5.04	4.87	103.49%
11/30/01	5.17	5.29	97.73%
12/31/01	5.36	5.47	97.99%
1/31/02	5.22	5.43	96.13%
2/28/02	5.14	5.42	94.83%
3/31/02	5.43	5.80	93.62%
4/30/02	5.30	5.59	94.81%

Source: Municipal Market Data - A Division of Thomson Financial Municipal Group and Bloomberg L.P.

### Performance

During the six-month period ended April 30, 2002, the net asset value (NAV) of Morgan Stanley Insured Municipal Income Trust (IIM) decreased from \$15.42 to \$15.16 per share. Based on this change, plus a reinvestment of tax-free dividends totaling \$0.405 per share, the Trust's total NAV return was 1.21 percent. IIM's value on the New York Stock Exchange (NYSE) decreased from \$14.13 to \$13.93 per share during this period. Based on this change plus reinvestment of tax-free dividends, IIM's total market return was 1.49 percent. As of April 30, 2002, IIM's share price was at an 8.11 percent discount to its NAV.

Monthly dividends for the second quarter of 2002, declared in March, were unchanged at \$0.0675 per share. The Trust's level of undistributed net investment income was \$0.136 per share on April 30, 2002, versus \$0.086 per share six months earlier. Current earnings continued to benefit from lower short-term borrowing costs of Auction Rate Preferred Shares (ARPS).

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Morgan Stanley Insured Municipal Income Trust  
Letter to the Shareholders o April 30, 2002 continued

### Portfolio Structure

The Trust's total net assets of \$546.7 million were diversified among 13 long-term sectors and 80 credits. At the end of April, the portfolio's average maturity was 19 years. Average duration, a measure of sensitivity to interest-rate changes, was 5.5 years. The accompanying charts provide current information on the portfolio's credit enhancements, maturity distribution, sector allocation and geographic concentration. Optional redemption provisions by year of the call and respective cost (book) yields are also charted.

### The Impact of Leveraging

As discussed in previous shareholder reports, the total income available for distribution to common shareholders includes incremental income provided by the Trust's outstanding Auction Rate Preferred shares. ARPS dividends reflect prevailing short-term interest rates on maturities normally ranging from one week to one year. Incremental income to common shareholders depends on two factors. The first factor is the amount of ARPS outstanding, while the second is the spread between the portfolio's cost yield and ARPS expenses (ARPS auction rate and expenses). The greater the spread and amount of ARPS outstanding, the greater the amount of incremental income available for distribution to common shareholders. The level of net investment income

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available for distribution to common shareholders varies with the level of short-term interest rates. ARPS leverage also increases the price volatility of common shares and has the effect of extending portfolio duration.

During the six-month period, ARPS leverage contributed approximately \$0.08 per share to common share earnings. IIM has five ARPS series totaling \$155 million and representing 28 percent of total net assets. The yields on IIM's weekly ARPS series ranged between 0.90 and 2.05 percent. The yields on the ARPS series with auctions maturing in July 2002, September 2002 and January 2004 were 2.95 percent, 2.47 percent and 2.47 percent, respectively.

### Looking Ahead

The Federal Reserve Board's cautious approach toward tightening has helped stabilize the fixed-income markets. However, we believe that the economic recovery will eventually lead the Fed to raise short-term interest rates. Despite market uncertainty, we believe that the relationship between high-grade tax-exempt securities and Treasuries continues to favor municipal bonds as an attractive choice for tax-conscious investors.

The Trust's procedure for reinvesting all dividends and distributions in common shares is through purchases in the open market. This method helps support the market value of the Trust's shares. In addition, we would like to remind you that the Trustees have approved a procedure whereby the Trust may, when appropriate, purchase shares in the open market or in privately negotiated transactions at a price not above market value or net asset value, whichever is lower at the time of purchase. The Trust may also utilize procedures to reduce or eliminate the amount of outstanding ARPS, including their

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Morgan Stanley Insured Municipal Income Trust  
Letter to the Shareholders o April 30, 2002 continued

purchase in the open market or in privately negotiated transactions. During the six-month period ended April 30, 2002 the Trust purchased and retired 452,100 shares of common stock at a weighted average market discount of 8.16 percent.

We would like to take this opportunity to notify shareholders that in January 2002, Joseph R. Arcieri and Robert W. Wimmel joined James F. Willison as portfolio managers for the Trust.

We appreciate your ongoing support of Morgan Stanley Insured Municipal Income Trust and look forward to continuing to serve your investment needs.

Very truly yours,

/s/ Charles A. Fiumefreddo

Charles A. Fiumefreddo  
Chairman of the Board

/s/ Mitchell M. Merin

Mitchell M. Merin  
President

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Morgan Stanley Insured Municipal Income Trust  
Letter to the Shareholders o April 30, 2002 continued

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[GRAPHICS OMITTED]

LARGEST SECTORS as of April 30, 2002  
(% of Long-Term Portfolio)

Transportation	16%
Electric	14%
Water & Sewer	14%
General Obligation	12%
Hospital	11%
Refunded	8%
IDR/PCR*	7%
Mortgage	6%

CREDIT ENHANCEMENTS as of April 30,  
(% of Long-Term Portfolio)

MBIA	34%
FGIC	27%
Ambac	20%
FSA	19%

\* Industrial Development/Pollution Control Revenue.  
Portfolio structure is subject to change.

Portfolio structure is subject to change.

DISTRIBUTION BY MATURITY  
(% of Long-Term Portfolio)

1-5 Years	1.5%
5-10 Years	4.6%
10-20 Years	51.5%
20-30 Years	37.0%
30 + Years	5.4%

WEIGHTED AVERAGE  
MATURITY: 19 YEARS

Portfolio structure is subject to change.

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Morgan Stanley Insured Municipal Income Trust  
Letter to the Shareholders o April 30, 2002 continued

[GRAPHIC OMITTED]

CALL AND COST (BOOK) YIELD STRUCTURE  
(BASED ON LONG-TERM PORTFOLIO)  
APRIL 30, 2002

PERCENT CALLABLE

WEIGHTED AVERAGE  
CALL PROTECTION: 5 YEARS

2002

10%

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2003	45%
2004	1%
2005	2%
2006	1%
2007	1%
2008	3%
2009	5%
2010	11%
2011	10%
2012+	11%

YEARS BONDS CALLABLE

COST (BOOK) YIELD\*

		WEIGHTED AVERAGE
		BOOK YIELD: 5.7%
2002	5.9%	
2003	5.9%	
2004	5.9%	
2005	5.9%	
2006	5.8%	
2007	5.6%	
2008	5.3%	
2009	5.7%	
2010	5.6%	
2011	5.2%	
2012+	5.2%	

\* COST OR "BOOK" YIELD IS THE ANNUAL INCOME EARNED ON A PORTFOLIO INVESTMENT BASED ON ITS ORIGINAL PURCHASE PRICE BEFORE THE TRUST'S OPERATING EXPENSES. FOR EXAMPLE, THE TRUST IS EARNING A BOOK YIELD OF 5.9% ON 10% OF THE LONG-TERM PORTFOLIO THAT IS CALLABLE IN 2002. PORTFOLIO STRUCTURE IS SUBJECT TO CHANGE.

Morgan Stanley Insured Municipal Income Trust  
Letter to the Shareholders o April 30, 2002 continued

Geographic Summary of Investments  
Based on Market Value as a Percent of Total Investments

Alabama	0.8%
Arizona	2.0
California	3.5
Colorado	1.8
Connecticut	2.6
District of Columbia	3.2
Florida	3.3
Hawaii	1.3
Idaho	1.0
Illinois	6.6
Indiana	4.7
Kentucky	3.5

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Louisiana .....	1.5
Maine .....	2.1
Massachusetts .....	4.7
Michigan .....	4.6
Minnesota .....	0.9
Missouri .....	1.8
Montana .....	1.0
Nevada .....	4.3
New Hampshire .....	0.7
New Jersey .....	2.3
New York .....	0.6
North Carolina .....	1.9
Ohio .....	1.3
Pennsylvania .....	8.6
Rhode Island .....	2.5
South Carolina .....	4.3
Tennessee .....	0.8
Texas .....	7.3
Utah .....	0.8
Virginia .....	1.5
Washington .....	8.0
West Virginia .....	1.7
Wisconsin .....	2.5
Total .....	100.0%

Morgan Stanley Insured Municipal Income Trust  
 Portfolio of Investments o April 30, 2002 (unaudited)

PRINCIPAL AMOUNT IN THOUSANDS		COUPON RATE
	Tax-Exempt Municipal Bonds (131.6%)	
	General Obligation (16.4%)	
	District of Columbia,	
\$ 5,000	Refg Ser 1993 B (Ambac) .....	5.50 %
6,000	Refg Ser 1993 B (FSA) .....	5.50
15,000	Chicago, Illinois, Neighborhoods Alive 21 Ser 2001 A (FGIC) .....	5.50
7,000	Cook County, Illinois, Ser B (FGIC) .....	5.50
3,000	Massachusetts, 2002 Ser B (FSA) .....	5.50
5,000	River Rouge School District, Michigan, 1993 Bldg & Site Unltd Tax (FSA) .....	5.625
3,000	Vicksburg Community Schools, Michigan, 1993 Refg (MBIA) .....	5.625
6,000	Clark County Sanitation District, Nevada, Refg 1993 (FGIC) .....	5.70
8,000	Washoe County, Nevada, Reno - Sparks Convention Ltd Tax Ser 1993 A (FGIC) .....	5.75
4,000	Houston, Texas, Public Improvement & Refg Ser 2001 B (FSA) .....	5.50
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62,000		
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	Educational Facilities Revenue (4.5%)	
4,000	Alabama State University, General Tuition & Fee Ser 1993 (MBIA) .....	5.70
3,000	District of Columbia, American Association for the Advancement of Science Ser 1997 (Ambac) .....	5.125
4,000	Illinois Educational Facilities Authority, DePaul University Refg Ser 1997 (Ambac) .....	5.50
4,000	New Hampshire Health & Education Facilities Authority, University of New Hampshire Ser 2001 (Ambac) .....	5.125
2,500	Rhode Island Health & Educational Building Corporation, Providence College Ser 1993 (MBIA) .....	5.60
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17,500		
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	Electric Revenue (19.0%)	
8,000	Redding, California, Ser 1993 A COPs (FGIC) .....	9.766++
5,000	Massachusetts Municipal Wholesale Electric Company, 1993 Ser A (Ambac) .....	5.00
3,000	New York State Energy Research & Development Authority, Brooklyn Union Gas Co Ser 1991 Ser D (AMT) (MBIA) .....	9.526++
10,000	North Carolina Municipal Power Agency #1, Catawba Ser 1993 (MBIA) .....	9.22++
3,000	Piedmont Municipal Power Agency, South Carolina, Refg Ser 1993 (MBIA) .....	5.375

See Notes to Financial Statements

Morgan Stanley Insured Municipal Income Trust  
Portfolio of Investments o April 30, 2002 (unaudited) continued

PRINCIPAL AMOUNT IN THOUSANDS		COUPON RATE
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\$ 10,000	South Carolina Public Service Authority, 1993 Refg Ser A (MBIA) .....	5.50 %
	Lower Colorado River Authority, Texas, Refg Ser 1999 A (FSA) .....	5.875
10,000	Refg Ser 2001 (FSA) .....	5.00
5,000	Washington Public Power Supply System, Nuclear Proj #1 Refg Ser 1993 A (MBIA) .....	5.70
10,000	Wisconsin Public Power, Refg Ser 1993 A (Ambac) .....	5.25
8,000		
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72,000		
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	Hospital Revenue (14.5%)	
5,000	Mesa Industrial Development Authority, Arizona, Discovery Health Ser 1999 A (MBIA) .....	5.875
2,100	District of Columbia, Children's Hospital Refg Ser 1992 A (FGIC) .....	6.25
5,000	Sarasota County Public Hospital Board, Florida, Sarasota Memorial Hospital Refg Ser 1998 B (MBIA)) .....	5.25
3,000	Indiana Health Facilities Financing Authority, Deaconess Hospital Inc Refg Ser 1993 (MBIA) .....	5.75
5,000	Kentucky Economic Development Finance Authority, St Elizabeth Medical Center Inc Ser 1993 A (FGIC) .....	6.00



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3,935	Maine Health & Higher Educational Facilities Authority, Ser 1993 A (FSA) .....	5.50
5,500	Massachusetts Health & Educational Facilities Authority, Lahey Clinic Medical Center Ser B (MBIA) .....	5.625
4,000	Missouri Health & Educational Facilities Authority, SSM Health Care Ser 1998 A (MBIA) .....	5.00
4,000	Washington County Hospital Authority, Pennsylvania, Washington Hospital Ser 1993 (Ambac) .....	5.625
4,000	Chattanooga-Hamilton County Hospital Authority, Tennessee, Erlanger Medical Center Refg Ser 1993 (FSA) .....	5.50
3,020	Amarillo Health Facilities Corporation, Texas, Baptist St Anthony's Hospital Ser 1998 (FSA) .....	5.50
5,075	Baptist St Anthony's Hospital Ser 1998 (FSA) .....	5.50
5,500	Wisconsin Health & Educational Facilities Authority, Sisters of the Sorrowful Mother Health Care Ser AA (MBIA) .....	6.25
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55,130		
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See Notes to Financial Statements

Morgan Stanley Insured Municipal Income Trust  
 Portfolio of Investments o April 30, 2002 (unaudited) continued

PRINCIPAL AMOUNT IN THOUSANDS		COUPON RATE
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	Industrial Development/Pollution Control Revenue (9.2%)	
\$ 7,500	Adams County, Colorado, Public Service Co of Colorado Refg 1993 Ser A (MBIA) .....	5.875%
5,000	Hawaii Department of Budget and Finance, Hawaiian Electric Co Ser 1999 C (AMT) (Ambac) .....	6.20
12,000	Indiana Development Finance Authority, PSI Energy Inc Ser 1993 B (AMT) (MBIA) .....	5.75
4,900	Monroe County, Michigan, Detroit Edison Co Ser CC (AMT) (MBIA) .....	6.55
5,400	Forsyth, Montana, Puget Sound Power & Light Co Ser 1993 (MBIA) .....	5.875
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34,800		
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	Mortgage Revenue - Multi-Family (1.0%)	
4,000	West Virginia Housing Development Fund, Ser A (Ambac) .....	5.65
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	Mortgage Revenue - Single Family (7.0%)	
13,575	Connecticut Housing Finance Authority, 1992 Ser A-2 (AMT) (Secondary FSA) .....	6.05
1,195	Maine Housing Authority, Mortgage Purchase 1990 Ser A-6 (AMT) (Secondary MBIA) .....	6.35
12,500	New Jersey Housing & Mortgage Finance Agency, Home Buyer 1990 Ser F-3 (AMT) (MBIA) .....	5.95
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27,270		
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	Public Facilities Revenue (5.4%)	
5,000	Miami-Dade County School Board, Florida, Ser 2001 A COPs (MBIA).....	5.00
3,000	Orange County School Board, Florida, Ser 2001 A COPs (Ambac) .....	5.25
10,000	Marion County Convention & Recreational Facilities Authority, Indiana, Excise Tax Refg Ser 1993 A (Ambac) .....	5.50
	Kentucky Property & Building Commission, Project #74	
1,660	Refg Ser 2002 A (FSA) .....	5.375
1,500	Refg Ser 2002 A (FSA) .....	5.375
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21,160		
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	Student Loan Revenue (4.7%)	
18,000	Pennsylvania State Higher Education Assistant Agency, 1988 Ser D (AMT) (Ambac) .....	6.05

See Notes to Financial Statements

Morgan Stanley Insured Municipal Income Trust  
Portfolio of Investments o April 30, 2002 (unaudited) continued

PRINCIPAL AMOUNT IN THOUSANDS		COUPON RATE
	Transportation Facilities Revenue (20.7%)	
\$ 5,000	Tucson, Arizona, Street & Highway Jr Lien Refg Ser 1993 (MBIA) .....	5.50 %
9,000	Long Beach California, Harbor Refg Ser 1998 A (AMT) (FGIC) .....	6.00
5,000	Chicago, Illinois, Chicago-O'Hare Int'l Airport Second Lien Refg 1993 Ser A (AMT) (MBIA) .....	5.60
4,000	Illinois Toll Highway Authority, Priority Refg 1998 Ser A (FSA) .....	5.50
5,000	Minneapolis-St Paul Metropolitan Airports Commission, Minnesota, Ser 2001 C (FGIC) .....	5.25
3,250	St Louis, Missouri, Lambert Int'l Airport Ser 2001 A (MBIA) .....	5.00
9,000	Nevada Department of Business & Industry, Las Vegas Monorail 1st Tier Ser 2000 (Ambac) .....	5.375
5,000	Cleveland, Ohio, Airport Ser 2000 A (FSA) .....	5.00
9,000	Pennsylvania Turnpike Commission, Refg Ser O 1992 (FGIC) .....	5.50
5,000	South Carolina Transportation Infrastructure Bank, Ser 1999 A (Ambac) .....	5.50
4,000	Salt Lake City, Utah, Airport Refg Ser 1993 B (FGIC) .....	5.875
3,000	Richmond Metropolitan Authority, Virginia Refg Ser 2002 (FGIC) .....	5.25
	Port of Seattle, Washington, Ser 2001 B (AMT) (MBIA) .....	5.625
5,000		
8,000	Ser 2001 A (FGIC) .....	5.00
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79,250		
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	Water & Sewer Revenue (18.4%)	
1,750	Colorado Water Resources & Power Development Authority, Water Resources 2001 Ser A (FGIC) .....	4.875

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5,000	Tampa Bay Water Authority, Florida, Ser 2001 A (FGIC) .....	5.00
2,000	Honolulu City and County, Hawaii, Wastewater Sr Ser 1998 (FGIC) .....	4.75
10,000	Louisville & Jefferson County Metropolitan Sewer District, Kentucky, Ser 1993 (MBIA) .....	5.30
2,470	Detroit, Michigan, Sewage Refg Ser 1993 A (FGIC) .....	5.70
5,000	Grand Rapids, Michigan, Sewer Impr & Refg Ser 1998 A (FGIC) .....	4.75
2,000	Cleveland, Ohio, Waterworks Impr & Refg 1998 Ser I (FSA) .....	5.00
4,000	Allegheny County Sanitary Authority, Pennsylvania, Sewer Ser 2000 (MBIA) .....	5.50
5,000	Philadelphia, Pennsylvania, Water & Wastewater Ser 1998 (Ambac) .....	5.25
10,000	Houston, Texas, Water & Sewer Jr Lien Refg Ser 2000 B (FGIC) , .....	5.25
5,000	King County, Washington, Sewer Refg 2001 (FGIC) .....	5.00

See Notes to Financial Statements

Morgan Stanley Insured Municipal Income Trust  
Portfolio of Investments o April 30, 2002 (unaudited) continued

PRINCIPAL AMOUNT IN THOUSANDS		COUPON RATE
<hr/>		
\$ 10,000	Seattle, Washington, Sewer Refg Ser Y (FGIC) .....	5.70 %
5,000	Sewer Refg Ser X (FGIC) .....	5.50
5,000	West Virginia Water Development Authority, Loan Program II Refg Ser A-11 (FSA) .....	5.50
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72,220		
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	Other Revenue (0.8%)	
3,000	Alexandria Industrial Development Authority, Virginia, Institute for Defense Analysis Ser 2000 A (Ambac) .....	5.90
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	Refunded (10.0%)	
6,850	Louisiana Public Facilities Authority, Our Lady of the Lake Regional Medical Center Ser 1993 D & E (FSA) .....	8.385++
6,065	Maine Health & Higher Educational Facilities Authority, Ser 1993 A (FSA) (ETM) .....	5.50
4,000	Detroit, Michigan, Water Supply Ser 1999 A (FGIC) .....	5.75
5,000	Allegheny County Hospital Development Authority, Pennsylvania, Pittsburgh Mercy Health Ser 1996 (Ambac) (ETM) .....	5.625
10,000	Rhode Island Depositors Economic Protection Corporation, Refg 1992 Ser B (MBIA) (ETM) .....	6.00
4,360	Piedmont Municipal Power Agency, South Carolina, Refg Ser 1993 (MBIA) (ETM) .....	5.375
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36,275		
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502,605	Total Tax-Exempt Municipal Bonds (Cost \$496,104,709) .....	
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Morgan Stanley Insured Municipal Income Trust  
 Portfolio of Investments o April 30, 2002 (unaudited) continued

PRINCIPAL AMOUNT IN THOUSANDS		COUPON RATE	M
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	Short-Term Tax-Exempt Municipal Obligations (5.6%)		
\$ 5,300	Idaho Health Facilities Authority, St Lukes Regional Medical Center Ser 2000 (FSA) (Demand 05/01/02) .....	1.65*%	0
11,300	Massachusetts Health & Educational Facilities Authority, Capital Asset, Ser D (MBIA) (Demand 05/01/02) .....	1.65*	0
2,400	Missouri Health & Educational Facilities Authority, Washington University Ser 2000 B (Demand 05/01/02) .....	1.70*	0
1,275	North Central Texas Health Facilities Development Corporation, Texas, Presbyterian Medical Center Ser 1985 D (MBIA) (Demand 05/01/02) .....	1.66*	1
1,665	Richmond Metropolitan Authority, Virginia, Expressway 1992 Ser B (FGIC) .....	6.25	0
-----			
21,940	Total Short-Term Tax-Exempt Municipal Obligations (Cost \$21,974,917) .....		
-----			
\$524,545	Total Investments (Cost \$518,079,626) (a) .....		
=====			
	Other Assets in Excess of Liabilities .....		
	Preferred Shares of Beneficial Interest .....		
	Net Assets Applicable to Common Shareholders .....		

-----  
 Note: The categories of investments are shown as a percentage of net assets  
 applicable to common shareholders.

- AMT Alternative Minimum Tax.
- COPs Certificates of Participation.
- ETM Escrowed to maturity.
- + Prerefunded to call date shown.
- ++ Current coupon rate for residual interest bond. This rate resets periodically as the auction rate on the related short-term security fluctuates.
- \* Current coupon of variable rate demand obligation.
- (a) The aggregate cost for federal income tax purposes approximates the aggregate cost for book purposes. The aggregate gross unrealized appreciation is \$20,880,908 and the aggregate gross unrealized depreciation is \$1,350,221, resulting in net unrealized appreciation of \$19,530,687.

Bond Insurance:  
 -----

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Ambac     Ambac Assurance Corporation.  
 FGIC     Financial Guaranty Insurance Company.  
 FSA     Financial Security Assurance Inc.  
 MBIA     Municipal Bond Investors Assurance Corporation.

See Notes to Financial Statements

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Morgan Stanley Insured Municipal Income Trust  
 Portfolio of Investments o April 30, 2002 (unaudited) continued

Geographic Summary of Investments  
 Based on Market Value as a Percent of Net Assets  
 Applicable to Common Shareholders

Alabama .....	1.1%
Arizona .....	2.7
California .....	4.8
Colorado .....	2.4
Connecticut .....	3.5
District of Columbia.....	4.4
Florida .....	4.6
Hawaii .....	1.8
Idaho .....	1.3
Illinois .....	9.1
Indiana .....	6.4
Kentucky .....	4.8
Louisiana .....	2.1
Maine .....	2.9
Massachusetts .....	6.5
Michigan .....	6.4
Minnesota .....	1.3
Missouri .....	2.4
Montana .....	1.4
Nevada .....	6.0
New Hampshire .....	1.0
New Jersey .....	3.2
New York .....	0.8
North Carolina .....	2.6
Ohio .....	1.7
Pennsylvania .....	11.8
Rhode Island .....	3.4
South Carolina .....	5.9
Tennessee .....	1.0
Texas .....	10.0
Utah .....	1.1
Virginia .....	2.0
Washington .....	11.0
West Virginia .....	2.3
Wisconsin .....	3.5
	-----
Total .....	137.2%
	=====

See Notes to Financial Statements

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Morgan Stanley Insured Municipal Income Trust  
Financial Statements

Statement of Assets and Liabilities  
April 30, 2002 (unaudited)

Assets:

Investments in securities, at value (cost \$518,079,626).....	\$537,610,313
Cash .....	31,264
Interest receivable .....	9,383,269
Prepaid expenses .....	285,316
	-----
Total Assets .....	547,310,162
	-----

Liabilities:

Payable for:	
Dividends to preferred shareholders .....	253,721
Investment management fee .....	203,881
Common shares of beneficial interest repurchased .....	27,757
Accrued expenses .....	105,197
	-----
Total Liabilities .....	590,556
	-----

Preferred shares of beneficial interest (1,000,000 shares authorized of non-participating \$.01 par value, 3,100 shares outstanding).....	155,000,000
	-----

Net Assets Applicable to Common Shareholders .....	\$391,719,606
	=====

Composition of Net Assets Applicable to Common Shareholders:

Common shares of beneficial interest (unlimited shares authorized of \$.01 par value, 25,831,913 shares outstanding).....	\$373,375,553
Net unrealized appreciation .....	19,530,687
Accumulated undistributed net investment income .....	3,522,970
Accumulated net realized loss .....	(4,709,604)
	-----

Net Assets Applicable to Common Shareholders .....	\$391,719,606
	=====

Net Asset Value Per Common Share, ((\$391,719,606 divided by 25,831,913 common shares outstanding).....	\$15.16
	=====

See Notes to Financial Statements

Morgan Stanley Insured Municipal Income Trust  
 Financial Statements continued

Statement of Operations  
 For the six months ended April 30, 2002 (unaudited)

Net Investment Income:

Interest Income .....	\$ 14,949,658
-----	
Expenses	
Investment management fee .....	956,258
Auction commission fees .....	267,651
Transfer agent fees and expenses .....	47,791
Professional fees .....	31,420
Shareholder reports and notices .....	24,556
Auction agent fees .....	19,326
Registration fees .....	11,093
Trustees' fees and expenses .....	10,529
Custodian fees .....	4,538
Other .....	24,232
-----	
Total Expenses .....	1,397,394
Less: expense offset .....	(4,510)
-----	
Net Expenses .....	1,392,884
-----	
Net Investment Income .....	13,556,774
-----	
Net Realized and Unrealized Gain (Loss):	
Net realized gain .....	1,370,765
Net change in unrealized appreciation .....	(9,758,324)
-----	
Net Loss .....	(8,387,559)
-----	
Dividends to preferred shareholders from net investment income .....	(1,834,630)
-----	
Net Increase .....	\$ 3,334,585
=====	

See Notes to Financial Statements

Morgan Stanley Insured Municipal Income Trust  
 Financial Statements continued

Statement of Changes in Net Assets

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	FOR THE SIX MONTHS ENDED APRIL 30, 2002	OC
	-----	-----
	(unaudited)	
Increase (Decrease) in Net Assets:		
Operations:		
Net investment income .....	\$ 13,556,774	\$
Net realized gain .....	1,370,765	
Net change in unrealized appreciation .....	(9,758,324)	
Dividends to preferred shareholders from net investment income .....	(1,834,630)	
	-----	
Net Increase .....	3,334,585	
Dividends to common shareholders from net investment income .....	(10,568,404)	
Decrease from transactions in common shares of beneficial interest .....	(6,272,903)	
	-----	
Net Increase (Decrease) .....	(13,506,722)	
Net Assets Applicable to Common Shareholders:		
Beginning of period .....	405,226,328	
	-----	
End of Period		
(Including accumulated undistributed net investment income of \$3,522,970 and \$2,258,468, respectively).....	\$391,719,606	\$
	=====	=====

See Notes to Financial Statements

Morgan Stanley Insured Municipal Income Trust  
Notes to Financial Statements o April 30, 2002 (unaudited)

1. Organization and Accounting Policies

Morgan Stanley Insured Municipal Income Trust (the "Trust") is registered under the Investment Company Act of 1940, as amended, as a diversified, closed-end management investment company. The Trust's investment objective is to provide current income which is exempt from federal income tax. The Trust was organized as a Massachusetts business trust on March 12, 1992 and commenced operations on February 26, 1993.

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

The following is a summary of significant accounting policies:

A. Valuation of Investments - Portfolio securities are valued by an outside independent pricing service approved by the Trustees. The pricing service has informed the Trust that in valuing the portfolio securities, it uses both a computerized matrix of tax-exempt securities and evaluations by its staff, in each case based on information concerning market transactions and quotations



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from dealers which reflect the bid side of the market each day. The portfolio securities are thus valued by reference to a combination of transactions and quotations for the same or other securities believed to be comparable in quality, coupon, maturity, type of issue, call provisions, trading characteristics and other features deemed to be relevant. Short-term debt securities having a maturity date of more than sixty days at time of purchase are valued on a mark-to-market basis until sixty days prior to maturity and thereafter at amortized cost based on their value on the 61st day. Short-term debt securities having a maturity date of sixty days or less at the time of purchase are valued at amortized cost.

B. Accounting for Investments - Security transactions are accounted for on the trade date (date the order to buy or sell is executed). Realized gains and losses on security transactions are determined by the identified cost method. The Trust amortizes premiums and accretes discounts over the life of the respective securities. Interest income is accrued daily.

C. Federal Income Tax Status - It is the Trust's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable and nontaxable income to its shareholders. Accordingly, no federal income tax provision is required.

D. Dividends and Distributions to Shareholders - The Trust records dividends and distributions to its shareholders on the ex-dividend date. The amount of dividends and distributions from net investment income and net realized capital gains are determined in accordance with federal income tax regulations

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Morgan Stanley Insured Municipal Income Trust  
Notes to Financial Statements o April 30, 2002 (unaudited) continued

which may differ from generally accepted accounting principles. These "book/tax" differences are either considered temporary or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the capital accounts based on their federal tax-basis treatment; temporary differences do not require reclassification. Dividends and distributions which exceed net investment income and net realized capital gains for financial reporting purposes but not for tax purposes are reported as dividends in excess of net investment income or distributions in excess of net realized capital gains. To the extent they exceed net investment income and net realized capital gains for tax purposes, they are reported as distributions of paid-in-capital.

### 2. Investment Management Agreement

Pursuant to an Investment Management Agreement, with Morgan Stanley Investment Advisors, Inc. (the "Investment Manager") the Trust pays the Investment Manager a management fee, calculated weekly and payable monthly, by applying the annual rate of 0.35% to the Trust's weekly total net assets.

### 3. Security Transactions and Transactions with Affiliates

The cost of purchases and proceeds from sales of portfolio securities, excluding short-term investments, for the six months ended April 30, 2002

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aggregated \$18,603,338 and \$40,048,197, respectively.

Morgan Stanley Trust, an affiliate of the Investment Manager, is the Trust's transfer agent. At April 30, 2002, the Trust had transfer agent fees and expenses payable of approximately \$5,100.

The Trust has an unfunded noncontributory defined benefit pension plan covering all independent Trustees of the Trust who will have served as independent Trustees for at least five years at the time of retirement. Benefits under this plan are based on years of service and compensation during the last five years of service. Aggregate pension costs for the six months ended April 30, 2002 included in Trustees' fees and expenses in the Statement of Operations amounted to \$3,609. At April 30, 2002, the Trust had an accrued pension liability of \$46,371 which is included in accrued expenses in the Statement of Assets and Liabilities.

#### 4. Preferred Shares of Beneficial Interest

The Trust is authorized to issue up to 1,000,000 non-participating preferred shares of beneficial interest having a par value of \$.01 per share, in one or more series, with rights as determined by the Trustees, without approval of the common shareholders. The Trust has issued Series 1 through 5 Auction Rate Preferred Shares ("Preferred Shares") which have a liquidation value of \$50,000 per share plus the redemption premium, if any, plus accumulated but unpaid dividends, whether or not declared, thereon to the date of distribution. The Trust may redeem such shares, in whole or in part, at the original purchase price of \$50,000 per share plus accumulated but unpaid dividends, whether or not declared, thereon to the date of redemption.

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Morgan Stanley Insured Municipal Income Trust  
Notes to Financial Statements o April 30, 2002 (unaudited) continued

Dividends, which are cumulative, are reset through auction procedures.

SERIES	SHARES*	AMOUNT IN THOUSANDS*	RATE*	RESET DATE	RANGE OF DIVIDEND RATES**
-----	-----	-----	-----	-----	-----
1	400	\$20,000	1.65%	05/06/02	1.13% - 2.05%
2	900	45,000	2.47	09/09/02	2.47
3	1,000	50,000	2.95	07/08/02	2.95
4	400	20,000	2.47	01/05/04	2.47 - 2.79
5	400	20,000	1.60	05/06/02	0.90 - 2.05

\* As of April 30, 2002.

\*\* For the six months ended April 30, 2002.

Subsequent to April 30, 2002 and up through June 7, 2002, the Trust paid dividends to each of the Series 1 through 5 at rates ranging from 1.35% to 2.95% in the aggregate amount of \$587,670.

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The Trust is subject to certain restrictions relating to the preferred shares. Failure to comply with these restrictions could preclude the Trust from declaring any distributions to common shareholders or purchasing common shares and/or could trigger the mandatory redemption of preferred shares at liquidation value.

The preferred shares, which are entitled to one vote per share, generally vote with the common shares but vote separately as a class to elect two Trustees and on any matters affecting the rights of the preferred shares.

5. Common Shares of Beneficial Interest

Transactions in common shares of beneficial interest were as follows:

	SHARES	PAR
	-----	-----
Balance, October 31, 2000 .....	27,191,713	\$27
Treasury shares purchased and retired (weighted average discount 8.88%)*	(907,700)	(
	-----	-----
Balance, October 31, 2001 .....	26,284,013	26
Treasury shares purchased and retired (weighted average discount 8.16%)*	(452,100)	(
	-----	-----
Balance, April 30, 2002 .....	25,831,913	\$25
	=====	=====

\* The Trustees have voted to retire the shares purchased.

Morgan Stanley Insured Municipal Income Trust  
Notes to Financial Statements o April 30, 2002 (unaudited) continued

6. Federal Income Tax Status

At October 31, 2001, the Trust had a net capital loss carryover of approximately \$6,080,000 to offset future capital gains to the extent provided by regulations, available through October 31 of the following years:

AMOUNT IN THOUSANDS		
2002	2003	2004
-----	-----	-----
\$1,047	\$4,412	\$621
=====	=====	=====

7. Dividends to Common Shareholders

On March 26, 2002, the Trust declared the following dividends from net

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investment income:

AMOUNT PER SHARE	RECORD DATE	PAYABLE DATE
-----	-----	-----
\$0.0675	May 3, 2002	May 17, 2002
\$0.0675	June 7, 2002	June 21, 2002

### 8. Expense Offset

The expense offset represents a reduction of custodian fees for earnings on cash balances maintained by the Trust.

### 9. Risks Relating to Certain Financial Instruments

The Trust may invest a portion of its assets in residual interest bonds, which are inverse floating rates municipal obligations. The prices of these securities are subject to greater market fluctuations during periods of changing prevailing interest rates than are comparable fixed rate obligations.

At April 30, 2002, the Trust held positions in residual interest bonds having a total value of \$29,883,305, which represents 7.6% of the Trust's net assets applicable to common shareholders.

### 10. Change in Accounting Policy

Effective November 1, 2001, the Trust has adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies, as revised, related to premiums and discounts on debt securities. The cumulative effect of this accounting change had no impact on the net assets of the Trust, but resulted in a \$110,762 increase in the cost of securities and a corresponding increase to undistributed net investment income based on securities held as of October 31, 2001.

The effect of this change for the six months ended April 30, 2002 was to increase net investment income by \$8,825; decrease unrealized appreciation by \$6,519 and decrease net realized gains by \$2,306. The statement of changes in net assets and the financial highlights for prior periods have not been restated to reflect this change.

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Morgan Stanley Insured Municipal Income Trust  
Notes to Financial Statements o April 30, 2002 (unaudited) continued

### 11. Change in Financial Statement Classification for Preferred Shares

In accordance with the provisions of EITF D-98, "Classification and Measurement of Redeemable Securities", effective for the current reporting period, the Trust has reclassified its Preferred Shares out of the composition of net assets section on the Statement of Assets and Liabilities. In addition, dividends to preferred shareholders are now classified as a component of operations on the Statement of Operations, the Statement of Changes in Net Assets and the Financial Highlights. Additionally, the categories of investments on the Portfolio of Investments are shown as a percentage of net assets applicable to common shareholders. Prior year amounts have been reclassified to conform to this period's presentation. This change has no

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impact on the net assets applicable to common shareholders of the Trust.

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## Morgan Stanley Insured Municipal Income Trust Financial Highlights

Selected ratios and per share data for a common share of beneficial interest outstanding throughout each period:

	FOR THE SIX	FOR THE YEAR ENDED		
	MONTHS ENDED	2001	2000	1999
	APRIL 30, 2002			
	(unaudited)			
Selected Per Share Data:				
Net asset value, beginning of period. ....	\$15.42	\$14.44	\$ 13.69	\$15.42
Income (loss) from investment operations:				
Net investment income* .....	0.52	1.03	1.01	1.03
Net realized and unrealized gain (loss) .....	(0.32)	0.90	0.79	(0.32)
Common share equivalent of dividends paid to preferred shareholders* .....	(0.07)	(0.22)	(0.22)	(0.07)
Total income (loss) from investment operations .....	0.13	1.71	1.58	(0.32)
Less dividends from net investment income .....	(0.41)	(0.78)	(0.86)	(0.41)
Anti-dilutive effect of acquiring treasury shares* .....	0.02	0.05	0.03	0.02
Net asset value, end of period .....	\$15.16	\$15.42	\$ 14.44	\$13.93
Market value, end of period .....	\$13.93	\$14.13	\$12.813	\$13.93
Total Return+ .....	1.49% (1)	16.70%	3.29%	(5.00)%
Ratios to Average Net Assets of Common Shareholders:				
Total expenses (before expense offset) .....	0.71% (2)	0.71%	0.73%	0.71%
Net investment income before preferred stock dividends .....	6.91% (2)	6.84%	7.27%	6.91%
Preferred stock dividends .....	0.94% (2)	1.43%	1.59%	0.94%
Net investment income available to common shareholders .....	5.97% (2)	5.41%	5.68%	5.97%
Supplemental Data:				
Net assets applicable to common shareholders, end of period, in thousands ....	\$391,720	\$405,226	\$392,513	\$384,720
Asset coverage on preferred shares at end of period .....	352%	361%	352%	352%
Portfolio turnover rate .....	3% (1)	13%	11%	3%

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- \* The per share amounts were computed using an average number of common shares outstanding during the period.
  - + Total return is based upon the current market value on the last day of each period reported. Dividends are assumed to be reinvested at the prices obtained under the Trust's dividend reinvestment plan. Total return does not reflect brokerage commissions.
- (1) Not annualized.
  - (2) Annualized.
  - (3) Does not reflect the effect of expense offset of 0.01%.

See Notes to Financial Statements

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Morgan Stanley Logo

### TRUSTEES

Michael Bozic  
Charles A. Fiumefreddo  
Edwin J. Garn  
Wayne E. Hedien  
James F. Higgins  
Dr. Manuel H. Johnson  
Michael E. Nugent  
Philip J. Purcell  
John L. Schroeder

[GRAPHIC OMITTED]

### OFFICERS

Charles A. Fiumefreddo  
Chairman and Chief Executive Officer

Mitchell M. Merin  
President

Barry Fink  
Vice President, Secretary and General Counsel

Morgan Stanley  
Insured Municipal  
Income Trust

James F. Willison  
Vice President

Joseph R. Arcieri  
Vice President

Robert W. Wimmel  
Vice President

Thomas F. Caloia  
Treasurer

### TRANSFER AGENT

Morgan Stanley Trust  
Harborside Financial Center - Plaza Two  
Jersey City, New Jersey 07311

### INDEPENDENT AUDITORS

Deloitte & Touche LLP  
Two World Financial Center

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New York, New York 10281

INVESTMENT MANAGER  
Morgan Stanley Investment Advisors Inc.  
1221 Avenue of the Americas  
New York, New York 10020

The financial statements included herein have been taken from the records of the Trust without examination by the independent auditors and accordingly they do not express an opinion thereon.

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Semiannual Report  
April 30, 2002  
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