

MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST  
Form N-CSR  
December 30, 2003

Welcome, Shareholder:

In this report, you'll learn about how your investment in Morgan Stanley Insured Municipal Income Trust performed during the annual period. We will provide an overview of the market conditions, and discuss some of the factors that affected performance during the reporting period. In addition, this report includes the Trust's financial statements and a list of Trust investments.

Market forecasts provided in this report may not necessarily come to pass. There is no assurance that the Trust will achieve its investment objective. The Trust is subject to market risk, which is the possibility that market values of securities owned by the Trust will decline and, therefore, the value of the Trust shares may be less than what you paid for them. Accordingly, you can lose money investing in this Trust.



Fund Report  
For the year ended October 31, 2003

#### Market Conditions

Over the past 12 months the tone of the U.S. economy shifted from weak to accelerating growth culminating in 8.2 percent GDP growth in the third quarter of 2003. One of the most closely watched economic indicators, employment strength, was in negative territory for much of the period. Repeated comments from government and private sector economists suggesting that the U.S. economy might be entering a deflationary period also weighed heavily on investors during much of the year. At the same time, ongoing budgetary and fiscal difficulties at the state and local levels contributed to ratings downgrades for many municipal bonds. The Federal Reserve Board attempted to allay these fears and keep the economy moving forward by cutting the federal funds target rate twice to a level of 1.0 percent.

The uncertain economic climate had an effect on the municipal bond market. While yields on intermediate- and long-term bonds ended the period roughly where they began, the road between those two points was decidedly bumpy. The 12-month period can be divided into two distinct market environments. The first, which lasted from October 2002 to mid-June 2003, saw municipal yields fall by roughly 75 basis points to levels not seen since the late 1960s. Plummeting yields led to a surge in issuance as municipalities moved to lock in new low financing rates and, in the case of older bonds, low refinancing costs. Record levels of supply met with strong demand by investors in search of tax-exempt income to offset low money market rates. Also, the relatively attractive yield of municipal bonds versus Treasuries created demand from institutional taxable investors who "crossed-over" to purchase municipals.

The municipal market reversed abruptly in mid-June, when yields began to climb from their lows and investors shifted their attention to the improving equity market. Participation from cross-over investors also evaporated as taxable yields rose faster than those of tax-exempts. Issuance remained strong through July, but declined over the last three months as yields rose. These forces combined to push municipal-bond yields above their historic lows, ending the fiscal year near where they began.


#### Performance Analysis

The net asset value (NAV) of Morgan Stanley Insured Municipal Income Trust (IIM) increased from \$15.67 to \$15.76 per share for the fiscal year ended October 31, 2003. Based on this change plus reinvestment of tax-free dividends totaling \$0.9025 per share the Trust's total NAV return was 6.99 percent. IIM's value on the New York Stock Exchange (NYSE) increased from \$14.05 to \$14.73 per share during the same period. Based on this change plus reinvestment of tax-free dividends, the Trust's total market return was 11.53 percent. On October 31, 2003, IIM's NYSE market price was at a 6.54 percent discount to its NAV. *Past performance is no guarantee of future results.*

Monthly dividends for the fourth quarter of 2003 were declared in September. Beginning with the October

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payment the monthly payment increased from \$0.075 to \$0.0775 per share. The new dividend reflects the level of the Trust's undistributed net investment income and projected earnings power. The Trust's level of undistributed net investment income was \$0.194 per share on October 31, 2003, versus \$0.187 per share as of October 31, 2002.

From a strategic point of view, with interest rates at multi-decade lows, we also became increasingly concerned that the next significant shift in interest rates might be upward. As a result, we began to establish a hedge position by selling Treasury futures to reduce the portfolio's duration (a measure of interest rate sensitivity). This allowed us to maintain an average maturity target range of 20 years in order to take advantage of the steepness of the municipal yield curve. Nevertheless, market yields on new investments were lower than the book yields on portfolio holdings called for redemption. The portfolio's duration adjusted for leverage was 11.6 years. We continued to emphasize

revenue bonds in sectors tied to reliable income streams from essential services such as municipal electric, transportation and water and sewer. As of October 31, 2003, the Trust's net assets, including preferred shares, of \$537 million were diversified across 82 credits in 12 long-term sectors.

As discussed in previous reports, the total income available for distribution to holders of common shares includes incremental income provided by the Trust's outstanding Auction Rate Preferred Shares (ARPS). ARPS dividends reflect prevailing interest rates on maturities normally ranging from one week to two years. Incremental income to holders of common shares depends on two factors. The first is the amount of ARPS outstanding, the second the spread between the portfolio's cost yield and its ARPS expenses (ARPS auction rate and expenses). The greater the spread and the amount of ARPS outstanding, the greater the amount of incremental income available for distribution to holders of common shares. The level of net investment income available for distribution 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 12-month period, ARPS leverage contributed approximately \$0.19 per share to common share earnings. The Trust has five ARPS series totaling \$155 million and representing 29 percent of net assets, including preferred shares. All five series are currently in two-year auction modes with maturities ranging from January 2004 to September 2005. The yields range from 1.20 to 2.47 percent.

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

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procedures to reduce or eliminate the amount of outstanding ARPS, including their purchase in the open market or in privately negotiated transactions. During the 12-month period ended October 31, 2003, the Trust purchased and retired 1,047,375 shares of common stock at a weighted average market discount of 7.9 percent.

LARGEST SECTORS	
Transportation	22.0%
General Obligation	15.2

Electric	14.1
Water & Sewer	13.4
Public Facilities	7.8

CREDIT ENHANCEMENTS	
Ambac	30.4%
MBIA	29.4
FGIC	23.7
FSA	16.5

Subject to change daily. Largest sectors and credit enhancements are a percentage of total long-term investments. Provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities mentioned. Morgan Stanley is a full-service firm engaged in securities trading and brokerage activities, investment banking, research and analysis, financing and financial advisory services.

Results of Annual Shareholder Meeting

On October 29, 2003, an annual meeting of the Trust's shareholders was held for the purpose of voting on the following matter, the results of which were as follows:

(1) Election of Trustees:

Edwin J. Garn	
For:	19,238,244
Withheld:	372,841
Joseph J. Kearns	
For:	19,253,717
Withheld:	357,368
Michael E. Nugent	
For:	19,248,958
Withheld:	362,127
Philip J. Purcell	
For:	19,240,232
Withheld:	370,853
Fergus Reid	
For:	19,240,961
Withheld:	370,124

The following Trustees were not standing for reelection at this meeting: Michael Bozic, Charles A. Fiumefreddo, Wayne E. Hedien, James F. Higgins and Dr. Manuel H. Johnson.

Distribution by Maturity  
(% of Long-Term Portfolio)

Weighted Average Maturity: 20 Years

Portfolio structure is subject to change.

Geographic Summary of Investments

Based on Market Value as a Percent of Total Investments

Arizona	1.5%
California	10.8
Colorado	1.4
District of Columbia	2.9
Florida	9.9
Hawaii	1.1
Illinois	6.6
Indiana	3.4
Kentucky	1.4%
Louisiana	3.0
Massachusetts	4.9
Michigan	3.6
Minnesota	1.0
Missouri	1.0
Nebraska	0.9
Nevada	4.4
New Hampshire	0.8%
New Jersey	1.0
New York	8.3
North Carolina	1.2
Ohio	1.4
Pennsylvania	4.6
Rhode Island	1.9
South Carolina	3.6
Tennessee	0.8%
Texas	12.1
Utah	1.7
Virginia	1.2

Washington	2.5
West Virginia	1.1
Total	100.0%

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Call and Cost (Book) Yield Structure

Years Bonds Callable—Weighted Average Call Protection: 8 Years

(Based on Long-Term Portfolio) As of 10/31/03

Cost (Book) Yield<sup>(b)</sup>—Weighted Average Book Yield: 5.2%

(Based on Long-Term Portfolio) As of 10/31/03

(a) May include issues callable in previous years.

(b) 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 11% of the long-term portfolio that is callable in 2003. Portfolio structure is subject to change.

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Morgan Stanley Insured Municipal Income Trust

Portfolio of Investments October 31, 2003

PRINCIPAL AMOUNT IN THOUSANDS	Tax-Exempt Municipal Bonds (134.9%) General Obligation (20.5%)	COUPON RATE	MATURITY DATE	VALUE
\$ 5,000		4.75 %	08/01/26	\$ 4,917,650

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	Solano County Community College District, California, Election of 2002, Ser A (MBIA)			
	District of Columbia,			
5,000	Refg Ser 1993 B (Ambac)	5.50	06/01/09	5,665,800
6,000	Refg Ser 1993 B (FSA)	5.50	06/01/10	6,805,920
9,000	Florida State Board of Education, Capital Outlay Refg 2002 Ser C (MBIA)	5.00	06/01/19	9,403,920
	Aurora West School District 129, Illinois,			
1,000	School Building Ser 2002 A (FGIC)	5.75	02/01/20	1,104,860
2,000	School Building Ser 2002 A (FGIC)	5.75	02/01/21	2,200,940
15,000	Chicago, Illinois, Neighborhoods Alive 21 Ser 2001 A (FGIC)	5.50	01/01/36	15,663,450
15,000	Massachusetts, Refg 2003 Ser D (Ambac)	5.50	10/01/19	16,965,900
8,000	Washoe County, Nevada, Reno - Sparks Convention Ltd Tax Ser 1993 A (FGIC)	5.75	07/01/22	8,489,120
	Pennsylvania,			
995	First Ser 2003 RITES PA - 1112 A (MBIA)	8.481‡	01/01/18	1,107,216
1,555	First Ser 2003 RITES PA - 1112 B (MBIA)	8.481‡	01/01/19	1,703,907
4,000	Houston, Texas, Public Impr & Refg Ser 2001 B (FSA)	5.50	03/01/17	4,401,760
72,550				78,430,443
	<i>Educational Facilities Revenue (6.1%)</i>			
2,500	University of Arizona COPs 2003 Ser B (Ambac)	5.00	06/01/23	2,551,425
4,000	University of California, Ser 2003 B (Ambac) (WI)	5.00	05/15/22	4,109,880
3,000	District of Columbia, American Association for the Advancement of Science Ser 1997 (Ambac)	5.125	01/01/27	3,018,540
4,000	Illinois Educational Facilities Authority, DePaul University Refg Ser 1997 (Ambac)	5.50	10/01/19	4,360,360
4,000	New Hampshire Health & Education Facilities Authority, University of New Hampshire Ser 2001 (Ambac)	5.125	07/01/33	4,064,080
5,000	New Jersey Educational Facilities Authority, Higher Education Capital Improvement Fund, Ser 2002 A (Ambac)††	5.25	09/01/21	5,292,950
22,500				23,397,235
	<i>Electric Revenue (19.0%)</i>			
10,000	California Department of Water Resources, Power Supply Ser 2002 A (Ambac)	5.375	05/01/18	10,843,200
3,275	Massachusetts Municipal Wholesale Electric Company, 1993 Ser A (Ambac)	5.00	07/01/10	3,577,774
5,000	Nebraska Public Power District, 2003 Ser A (Ambac)	5.00	01/01/35	5,032,800

See Notes to Financial Statements

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Portfolio of Investments October 31, 2003 continued

PRINCIPAL AMOUNT IN THOUSANDS		COUPON RATE	MATURITY DATE	VALUE
\$ 3,000	Long Island Power Authority, New York, Electrical System Refg Ser 2003 C (FSA)	5.00 %	09/01/28	\$ 3,030,690
6,000	North Carolina Municipal Power Agency #1, Catawba Ser 2003 A (MBIA)	5.25	01/01/19	6,385,620
3,000	Piedmont Municipal Power Agency, South Carolina, Refg Ser 1993 (MBIA)	5.375	01/01/25	3,194,430
10,000	South Carolina Public Service Authority, Ser 2003 A (Ambac)	5.00	01/01/27	10,106,300
10,000	Lower Colorado River Authority, Texas, Refg Ser 1999 A (FSA)	5.875	05/15/16	11,358,500
5,000	Refg Ser 2001 (FSA)	5.00	05/15/26	5,024,850
8,800	Refg Ser 2002 (MBIA)	5.00	05/15/31	8,839,600
5,000	Intermountain Power Agency, Utah, 2003 Ser A (FSA)	5.00	07/01/21	5,138,600
69,075				72,532,364
	<i>Hospital Revenue (10.1%)</i>			
5,000	Mesa Industrial Development Authority, Arizona, Discovery Health Ser 1999 A (MBIA)	5.875	01/01/16	5,638,600
5,000	Sarasota County Public Hospital Board, Florida, Sarasota Memorial Hospital Refg Ser 1998 B (MBIA)	5.25	07/01/24	5,252,150
3,000	Indiana Health Facilities Financing Authority, Deaconess Hospital Inc Refg Ser 1993 (MBIA)	5.75	03/01/15	3,070,800
5,500	Massachusetts Health & Educational Facilities Authority, Lahey Clinic Medical Center Ser B (MBIA)	5.625	07/01/15	5,629,195
2,000	Missouri Health & Educational Facilities Authority, SSM Health Care Ser 1998 A (MBIA)	5.00	06/01/22	2,024,520
4,000	Washington County Hospital Authority, Pennsylvania, Washington Hospital Ser 1993 (Ambac)	5.625	07/01/23	4,090,240
4,000	Chattanooga-Hamilton County Hospital Authority, Tennessee, Erlanger Medical Center Refg Ser 1993 (FSA)	5.50	10/01/13	4,093,600
3,020	Amarillo Health Facilities Corporation, Texas, Baptist St Anthony's Hospital Ser 1998 (FSA)	5.50	01/01/16	3,324,205
5,075	Baptist St Anthony's Hospital Ser 1998 (FSA)	5.50	01/01/17	5,574,735
36,595				38,698,045
	<i>Industrial Development/Pollution Control Revenue (8.8%)</i>			
7,500	Adams County, Colorado, Public Service Co of Colorado Refg 1993 Ser A (MBIA)	5.875	04/01/14	7,601,850
5,000	Hawaii Department of Budget and Finance, Hawaiian Electric Co Ser 1999 C (AMT) (Ambac)	6.20	11/01/29	5,593,100
12,000	Indiana Development Finance Authority, PSI Energy Inc Ser 1993 B (AMT) (MBIA)	5.75	02/15/28	12,279,600



See Notes to Financial Statements

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Morgan Stanley Insured Municipal Income Trust

Portfolio of Investments October 31, 2003 continued

PRINCIPAL AMOUNT IN THOUSANDS		COUPON RATE	MATURITY DATE	VALUE
\$ 4,900	Monroe County, Michigan, Detroit Edison Co Ser CC (AMT) (MBIA)	6.55 %	06/01/24	\$ 5,019,707
3,000	New York State Energy Research & Development Authority, Brooklyn Union Gas Co 1991 Ser D (AMT) (MBIA)	10.074‡	07/08/26	3,148,920
32,400	<i>Mortgage Revenue – Multi-Family (0.8%)</i>			33,643,177
2,875	West Virginia Housing Development Fund, Ser A (Ambac)	5.65	11/01/21	2,911,455
	<i>Public Facilities Revenue (10.5%)</i>			
5,000	San Jose Financing Authority, California, Civic Center Ser 2002 B (Ambac)	5.00	06/01/37	5,019,850
15,000	Miami-Dade County School Board, Florida, 2003 Ser A (FGIC)	5.00	08/01/29	15,125,550
3,000	Orange County School Board, Florida, Ser 2001 A COPs (Ambac)	5.25	08/01/14	3,309,630
2,400	Marion County Convention & Recreational Facilities Authority, Indiana, Refg Ser 2003 A (Ambac)	5.00	06/01/19	2,481,144
1,660	Kentucky Property & Building Commission, Project #74 Refg Ser 2002 A (FSA)	5.375	02/01/17	1,804,353
1,500	Project #74 Refg Ser 2002 A (FSA)	5.375	02/01/18	1,620,630
4,000	Project # 79 (MBIA)	5.00	10/01/22	4,110,080
4,200	New York State Dormitory Authority, School Districts 2002 Ser E (MBIA)	5.50	10/01/17	4,655,154
2,000	Pennsylvania Public School Building Authority, Philadelphia School District Ser 2003 (FSA)	5.00	06/01/33	2,012,020
38,760	<i>Recreational Facilities Revenue (1.9%)</i>			40,138,411
	Metropolitan Pier & Exposition Authority, Illinois, McCormick Place, Refg Ser 2002 B (MBIA)	0.00#	06/15/18	1,981,830
3,000				
5,000	McCormick Place, Ser 2002 A (MBIA)	5.25	06/15/42	5,117,650
8,000	<i>Transportation Facilities Revenue (29.7%)</i>			7,099,480

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5,000	California Infrastructure & Economic Development Bank, Bay Area Toll Bridges Seismic Retrofit First Lien Ser 2003 A (FGIC)	5.00	07/01/29	5,041,650
10,000	Bay Area Toll Bridges Seismic Retrofit First Lien Ser 2003 A (Ambac)	5.00	07/01/33	10,052,600
9,000	Long Beach California, Harbor Refg Ser 1998 A (AMT) (FGIC)	6.00	05/15/18	10,481,490
8,000	Miami-Dade County, Florida, Miami Int'l Airport Ser 2003 A (AMT) (FGIC)	5.00	10/01/33	7,926,080
4,000	Illinois Toll Highway Authority, Priority Refg 1998 Ser A (FSA)	5.50	01/01/15	4,520,480
5,000	Minneapolis-St Paul Metropolitan Airports Commission, Minnesota, Ser 2001 C (FGIC)	5.25	01/01/32	5,118,650

See Notes to Financial Statements

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Morgan Stanley Insured Municipal Income Trust

Portfolio of Investments October 31, 2003 continued

PRINCIPAL AMOUNT IN THOUSANDS		COUPON RATE	MATURITY DATE	VALUE
\$ 3,250	St Louis, Missouri, Lambert Int'l Airport Ser 2001 A (MBIA)	5.00 %	07/01/20	\$ 3,328,780
9,000	Nevada Department of Business & Industry, Las Vegas Monorail 1st Tier Ser 2000 (Ambac)	5.375	01/01/40	9,406,080
3,000	Metropolitan Transportation Authority, New York, Dedicated Tax Fund Ser 2002 A (FSA)	5.25	11/15/24	3,122,550
10,000	Transportation Refg Ser 2002 A (FGIC)	5.00	11/15/25	10,115,800
10,000	Triborough Bridge & Tunnel Authority, New York, Refg 2002 E (MBIA)	5.25	11/15/22	10,529,000
5,000	South Carolina Transportation Infrastructure Bank, Ser 1999 A (Ambac)	5.50	10/01/16	5,568,700
10,000	Dallas-Fort Worth Int'l Airport, Texas, Ser 2003 A (AMT) (FSA)	5.375	11/01/22	10,275,700
5,000	Texas Turnpike Authority, Central Texas First Tier Ser 2002 A (Ambac)	5.50	08/15/39	5,283,800
4,000	Salt Lake City, Utah, Airport Refg Ser 1993 B (FGIC)	5.875	12/01/18	4,093,800
3,000	Richmond Metropolitan Authority, Virginia, Refg Ser 2002 (FGIC)	5.25	07/15/22	3,262,380
5,000	Port of Seattle, Washington, Ser 2001 B (AMT) (MBIA)	5.625	02/01/24	5,193,550

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108,250				113,321,090
	<i>Water &amp; Sewer Revenue (18.1%)</i>			
5,000	San Diego County Water Authority, California, Ser 2002A COPs (MBIA)	5.00	05/01/27	5,041,400
1,000	Lee County, Florida, Water & Sewer Ser B (MBIA)	5.00	10/01/29	1,011,660
5,000	Tampa Bay Water Authority, Florida, Ser 2001 A (FGIC) Detroit, Michigan,	5.00	10/01/28	5,049,600
3,000	Sewage Refg Ser 2003 A (FSA)	5.00	07/01/26	3,029,580
8,000	Sewage Refg Ser 2003 A (FSA)	5.00	07/01/28	8,065,360
3,000	Sewage Disposal System, Ser 2001 A (FGIC)	5.125	07/01/31	3,039,630
5,080	Las Vegas Water District, Nevada, Impr & Refg Ser 2003 A (FGIC) Cleveland, Ohio,	5.25	06/01/19	5,404,155
1,500	Waterworks 2002 Ser K (FGIC)	5.25	01/01/20	1,586,580
1,300	Waterworks 2002 Ser K (FGIC)	5.25	01/01/21	1,368,666
2,000	Waterworks Impr & Refg 1998 Ser I (FSA)	5.00	01/01/23	2,028,460
2,550	Hamilton County, Ohio, Sewer System Impr & Refg Ser 2003 A (MBIA)	4.75	12/01/22	2,558,007
4,000	Allegheny County Sanitary Authority, Pennsylvania, Sewer Ser 2000 (MBIA)	5.50	12/01/24	4,253,200
5,000	Philadelphia, Pennsylvania, Water & Wastewater Ser 1998 (Ambac)	5.25	12/15/14	5,570,700
10,000	Houston, Texas, Water & Sewer Jr Lien Refg Ser 2000 B (FGIC)	5.25	12/01/30	10,233,300
5,000	King County, Washington, Sewer Refg 2001 (FGIC)	5.00	01/01/31	5,019,600

See Notes to Financial Statements

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Morgan Stanley Insured Municipal Income Trust

Portfolio of Investments October 31, 2003 continued

PRINCIPAL AMOUNT IN THOUSANDS		COUPON RATE	MATURITY DATE	VALUE
\$ 1,445	Seattle, Washington, RITES - PA -1143 - A (MBIA)	8.435 $\frac{3}{4}$ %	09/01/20	\$ 1,549,329
1,435	RITES - PA -1143 - B (MBIA)	8.435 $\frac{3}{4}$	09/01/23	1,483,905
2,900	West Virginia Water Development Authority, Refg Ser B (Ambac)	5.25	11/01/23	3,051,061
67,210				69,344,193
	<i>Other Revenue (3.4%)</i>			

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5,000	Nassau County Interim Finance Authority, New York, Sales Tax Ser 2003 A (Ambac)	4.75	11/15/22	5,023,700
	New York City Transitional Finance Authority, New York			
2,000	2000 Ser C (Ambac)	5.25	08/01/21	2,114,780
2,500	2000 Ser C (Ambac)	5.25	08/01/22	2,628,675
3,000	Alexandria Industrial Development Authority, Virginia, Institute for Defense Analysis Ser 2000 A (Ambac)	5.90	10/01/30	3,341,550
12,500				13,108,705
	<i>Refunded (6.0%)</i>			
1,600	Redding, California, Ser 1993 A COPs (FGIC)	10.222‡	06/30/05†	1,675,040
5,000	Miami-Dade County School Board, Florida, Ser 2001 A COPs (MBIA)	5.00	05/01/11†	5,589,200
5,000	Allegheny County Hospital Development Authority, Pennsylvania, Pittsburgh Mercy Health Ser 1996 (Ambac) (ETM)	5.625	08/15/18	5,524,400
10,000	Rhode Island Depositors Economic Protection Corporation Refg 1992 Ser B (MBIA) (ETM),	6.00	08/01/17	10,224,700
21,600				23,013,340
492,315	Total Tax-Exempt Municipal Bonds ( <i>Cost \$496,097,975</i> ) Short-Term Tax-Exempt Municipal Obligations (4.2%)			515,637,938
8,600	East Baton Rouge Parish, Louisiana, Exxon Corporation Ser 1993 (Demand 11/03/03)	1.10*	03/01/22	8,600,000
6,850	Louisiana Public Facilities Authority, Our Lady of the Lake Regional Medical Center Ser 1993 D & E (FSA)	8.386‡	05/28/04†	7,495,270
15,450	Total Short-Term Tax-Exempt Municipal Obligations ( <i>Cost \$15,509,953</i> )			16,095,270
\$507,765	Total Investments ( <i>Cost \$511,607,928</i> ) (a) (b)		139.1 %	531,733,208
	Other Assets in Excess of Liabilities		1.5	5,640,999
	Preferred Shares of Beneficial Interest		(40.6)	(155,228,788)
	Net Assets Applicable to Common Shareholders		100.0 %	\$ 382,145,419

See Notes to Financial Statements

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Morgan Stanley Insured Municipal Income Trust

Portfolio of Investments October 31, 2003 continued

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.  
RITES Residual Interest Tax-Exempt Securities.  
WI Security purchased on a when-issued basis.

†Prerefunded to call date shown.

††A portion of this security has been physically segregated in connection with open futures contracts.

‡Current coupon rate for residual interest bond. This rate resets periodically as the auction rate on the related security changes.

#Currently a zero coupon security; will convert to 5.30% on June 15, 2012.

\*Current coupon of variable rate demand obligation.

(a)Securities have been designated as collateral in an amount equal to \$143,748,846 in connection with the open futures contracts and the purchase of a when-issued security.

(b)The aggregate cost for federal income tax purposes is \$511,554,731. The aggregate gross unrealized appreciation is \$21,672,573 and the aggregate gross unrealized depreciation is \$1,494,096, resulting in net unrealized appreciation of \$20,178,477.

Bond

Insurance:

AmbacAmbac Assurance Corporation.  
 FGICFinancial Guaranty Insurance Company.  
 FSAFinancial Security Assurance Inc.

MBIAMunicipal Bond Investors Assurance Corporation.

Futures Contracts Open at October 31, 2003:

NUMBER OF CONTRACTS	LONG/SHORT	DESCRIPTION, DELIVERY MONTH AND YEAR	UNDERLYING FACE AMOUNT AT VALUE	UNREALIZED DEPRECIATION
650	Short	U.S. Treasury Note 5 Yr December / 2003	\$(72,678,125)	\$ (1,298,817 )
650	Short	U.S. Treasury Note 10 Yr December / 2003	(72,992,972)	(1,539,359)
		Total unrealized depreciation		\$(2,838,176)

See Notes to Financial Statements

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Assets:	
Investments in securities, at value (cost \$511,607,928)	\$531,733,208
Cash	1,090,668
Interest receivable	8,526,621
Prepaid expenses	920,976
Total Assets	542,271,473
Liabilities:	
Payable for:	
Investments purchased	4,088,120
Variation margin	335,153
Investment management fee	180,262
Common shares of beneficial interest repurchased	175,375
Accrued expenses	118,356
Total Liabilities	4,897,266
Preferred shares of beneficial interest (at liquidation value) <i>(1,000,000 shares authorized of non-participating \$.01 par value, 3,100 shares outstanding)</i>	155,228,788
Net Assets Applicable to Common Shareholders	\$382,145,419
Composition of Net Assets Applicable to Common Shareholders:	
Common shares of beneficial interest <i>(unlimited shares authorized of \$.01 par value, 24,240,138 shares outstanding)</i>	\$350,384,424
Net unrealized appreciation	17,287,104
Accumulated undistributed net investment income	4,694,906
Accumulated undistributed net realized gain	9,778,985
Net Assets Applicable to Common Shareholders	\$382,145,419
Net Asset Value Per Common Share <i>(\$382,145,419 divided by 24,240,138 common shares outstanding)</i>	\$ 15.76

See Notes to Financial Statements

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Morgan Stanley Insured Municipal Income Trust

Financial Statements continued

Statement of Operations

For the year ended October 31, 2003

Net Investment Income:	
Interest Income	\$27,923,273
Expenses	
Investment management fee	1,919,569
Auction commission fees	610,192

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Transfer agent fees and expenses	146,606
Professional fees	71,486
Auction agent fees	38,637
Shareholder reports and notices	36,622
Trustees' fees and expenses	19,471
Registration fees	18,317
Custodian fees	12,458
Other	56,523
Total Expenses	2,929,881
Less: expense offset	(12,261)
Net Expenses	2,917,620
Net Investment Income	25,005,653
Net Realized and Unrealized Gain (Loss):	
Net Realized Gain on:	
Investments	4,702,276
Futures contracts	5,523,509
Net Realized Gain	10,225,785
Net Change in Unrealized Appreciation on:	
Investments	(6,396,830)
Futures contracts	(2,838,176)
Net Depreciation	(9,235,006)
Net Gain	990,779
Dividends to preferred shareholders from net investment income	(2,573,199)
Net Increase	\$23,423,233

See Notes to Financial Statements

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Morgan Stanley Insured Municipal Income Trust

Financial Statements continued

Statement of Changes in Net Assets

	FOR THE YEAR ENDED OCTOBER 31, 2003	FOR THE YEAR ENDED OCTOBER 31, 2002
Increase (Decrease) in Net Assets:		
Operations:		
Net investment income	\$ 25,005,653	\$ 26,968,728
Net realized gain	10,225,785	5,550,941
Net change in unrealized appreciation	(9,235,006)	(2,766,900)
Dividends to preferred shareholders from net investment income	(2,573,199)	(3,456,880)

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Net Increase	23,423,233	26,295,889
Dividends to common shareholders from net investment income	(22,402,100)	(21,133,899)
Decrease from transactions in common shares of beneficial interest	(15,235,304)	(14,028,728)
Net Decrease	(14,214,171)	(8,866,738)
Net Assets Applicable to Common Shareholders:		
Beginning of period	396,359,590	405,226,328
End of Period		
<i>(Including accumulated undistributed net investment income of \$4,694,906 and \$4,722,041, respectively)</i>	\$382,145,419	\$396,359,590

See Notes to Financial Statements

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Morgan Stanley Insured Municipal Income Trust

Notes to Financial Statements October 31, 2003

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 following is a summary of significant accounting policies:

A. Valuation of Investments — (1) portfolio securities are valued by an outside independent pricing service approved by the Trustees. The pricing service uses both a computerized grid matrix of tax-exempt securities and evaluations by its staff, in each case based on information concerning market transactions and quotations 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; (2) futures are valued at the latest sale price on the commodities exchange on which they trade unless it is determined that such price does not reflect their market value, in which case they will be valued at their fair value as determined in good faith under procedures established by and under the supervision of the Trustees; and (3) 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. Discounts are accreted and premiums are amortized over the life of the respective securities. Interest income is accrued daily.

C. Futures Contracts — A futures contract is an agreement between two parties to buy and sell financial instruments or contracts based on financial indices at a set price on a future date. Upon entering into such a contract, the Trust is



required to pledge to the broker cash, U.S. Government securities or other liquid portfolio securities equal to the minimum initial margin requirements of the applicable futures exchange. Pursuant to the contract, the Trust agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contract. Such receipts or payments known as variation margin are recorded by the Trust as unrealized gains and losses. Upon closing of the contract, the Trust realizes a gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

D. Federal Income Tax Policy — 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.

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Morgan Stanley Insured Municipal Income Trust

Notes to Financial Statements October 31, 2003 continued

E. Dividends and Distributions to Shareholders — Dividends and distributions to shareholders are recorded on the ex-dividend date.

F. Use of Estimates — 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.

2. Investment Management Agreement

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

3. Security Transactions and Transactions with Affiliates

The cost of purchases and proceeds from sales of portfolio securities, excluding short-term investments, for the year ended October 31, 2003 aggregated \$242,162,880 and \$228,243,307, respectively. Included in the aforementioned transactions are purchases and sales of \$48,758,820 and \$46,433,785, respectively with other Morgan Stanley funds, including a net realized loss of \$1,816,452.

Morgan Stanley Trust, an affiliate of the Investment Manager, is the Trust's transfer agent. At October 31, 2003, the Trust had transfer agent fees and expenses payable of approximately \$11,300.

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 year ended October 31, 2003 included in Trustees' fees and expenses in the Statement of Operations amounted to \$6,101. At October 31, 2003, the Trust had an accrued pension liability of \$49,319 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 October 31, 2003 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	1.36%	01/10/05	0.65% – 1.70%
2	900	45,000	1.20	07/11/05	0.80 – 1.75
3	1,000	50,000	2.20	07/12/04	2.20
4	400	20,000	2.47	01/05/04	2.47
5	400	20,000	1.70	09/12/05	0.64 – 1.70

\*As of October 31, 2003.

\*\*For the year ended October 31, 2003.

Subsequent to October 31, 2003 and up through December 5, 2003, the Trust paid dividends to each of the Series 1 through 5 at rates ranging from 1.20% to 2.47% in the aggregate amount of \$457,576.

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 VALUE	CAPITAL PAID IN EXCESS OF PAR VALUE
Balance, October 31, 2001	26,284,013	\$262,840	\$379,385,616
Treasury shares purchased and retired (weighted average discount 8.17%)*	(996,500)	(9,965)	(14,018,763)
Balance, October 31, 2002	25,287,513	252,875	365,366,853
Treasury shares purchased and retired (weighted average discount 7.90%)*	(1,047,375)	(10,474)	(15,224,830)
Balance, October 31, 2003	24,240,138	\$242,401	\$350,142,023

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

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Morgan Stanley Insured Municipal Income Trust

Notes to Financial Statements October 31, 2003 continued

6. Dividends to Common Shareholders

On September 23, 2003, the Trust declared the following dividends from net investment income:

AMOUNT PER SHARE	RECORD DATE	PAYABLE DATE
\$0.0775	November 7, 2003	November 21, 2003
\$0.0775	December 5, 2003	December 19, 2003

7. Expense Offset

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

8. Risks Relating to Certain Financial Instruments

The Trust may invest a portion of its assets in residual interest bonds, which are inverse floating rate 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 October 31, 2003, the Trust held positions in residual interest bonds having a total value of \$18,163,587, which represents 4.8% of the Trust's net assets applicable to common shareholders.

To hedge against adverse interest rate changes, the Trust may invest in financial futures contracts or municipal bond index futures contracts ("futures contracts").

These futures contracts involve elements of market risk in excess of the amount reflected in the Statement of Assets and Liabilities. The Trust bears the risk of an unfavorable change in the value of the underlying securities.

At October 31, 2003, the Trust had outstanding futures contracts.

9. Federal Income Tax Status

The amount of dividends and distributions from net investment income and net realized capital gains are determined in accordance with federal income tax regulations 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 tax purposes are reported as distributions of paid-in-capital.

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Morgan Stanley Insured Municipal Income Trust

Notes to Financial Statements October 31, 2003 continued

The tax character of distributions paid was as follows:

	FOR THE YEAR ENDED OCTOBER 31, 2003	FOR THE YEAR ENDED OCTOBER 31, 2002
Tax-exempt income	\$24,879,299	\$24,724,934

As of October 31, 2003, the tax-basis components of accumulated earnings were as follows:

Undistributed tax-exempt income	\$ 4,919,816
Undistributed long-term gains	6,940,809
Net accumulated earnings	11,860,625
Temporary differences	(278,107)
Net unrealized appreciation	20,178,477
Total accumulated earnings	\$31,760,995

As of October 31, 2003, the Trust had temporary book/tax differences primarily attributable to book amortization of discounts on debt securities, mark-to-market of open futures contracts and dividend payable and permanent book/tax differences attributable to tax adjustments on debt securities sold by the Trust. To reflect reclassifications arising from the permanent differences, accumulated undistributed net investment income was charged and accumulated undistributed net realized gain was credited \$57,489.

## 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 YEAR ENDED OCTOBER 31,				
	2003	2002	2001	2000	1999
Selected Per Share Data:					
Net asset value, beginning of period	\$ 15.67	\$ 15.42	\$ 14.44	\$ 13.69	\$ 15.47
Income (loss) from investment operations:					
Net investment income*	1.01	1.04	1.03	1.01	1.01
Net realized and unrealized gain (loss)	0.03	0.11	0.90	0.79	(1.77)
Common share equivalent of dividends paid to preferred shareholders*	(0.10)	(0.13)	(0.22)	(0.22)	(0.19)
Total income (loss) from investment operations	0.94	1.02	1.71	1.58	(0.95)
Less dividends from net investment income	(0.90)	(0.82)	(0.78)	(0.86)	(0.84)
Anti-dilutive effect of acquiring treasury shares*	0.05	0.05	0.05	0.03	0.01
Net asset value, end of period	\$ 15.76	\$ 15.67	\$ 15.42	\$ 14.44	\$ 13.69
Market value, end of period	\$ 14.73	\$ 14.05	\$ 14.13	\$ 12.813	\$ 13.25
Total Return†	11.53%	5.35%	16.70%	3.29%	(5.17)%
Ratios to Average Net Assets of Common Shareholders:					
Expenses (before expense offset)	0.75% <sup>(1)</sup>	0.72%	0.71%	0.73%	0.70 %
Net investment income before preferred stock dividends	6.38%	6.82%	6.84%	7.27%	6.71 %
Preferred stock dividends	0.66%	0.87%	1.43%	1.59%	1.26 %
Net investment income available to common shareholders	5.72%	5.95%	5.41%	5.68%	5.45 %
Supplemental Data:					
Net assets applicable to common shareholders, end of period, in thousands	\$382,145	\$396,360	\$405,226	\$392,513	\$384,277
Asset coverage on preferred shares at end of period	346%	355%	361%	352%	347 %
Portfolio turnover rate	43%	17%	13%	11%	5 %

\*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)Does not reflect the effect of expense offset of 0.01%.

See Notes to Financial Statements

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Mogan Stanley Insured Municipal Income Trust

Independent Auditors' Report

To the Shareholders and Board of Trustees of  
Morgan Stanley Insured Municipal Income Trust:

We have audited the accompanying statement of assets and liabilities of Morgan Stanley Insured Municipal Income Trust (the "Trust"), including the portfolio of investments, as of October 31, 2003, and the related statements of operations for the year then ended and changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of October 31, 2003, by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Morgan Stanley Insured Municipal Income Trust as of October 31, 2003, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP  
*New York, New York*  
*December 15, 2003*

2003 Federal Tax Notice (unaudited)

For the year ended October 31, 2003, all of the Trust's dividends from net investment income received by both common and preferred shareholder classes were exempt interest dividends, excludable from gross income for Federal income tax purposes.

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Morgan Stanley Insured Municipal Income Trust

Trustee and Officer Information

Independent Trustees:

Name, Age and Address of Independent Trustee	Position(s) Held with Registrant	Term of Office and Length of Time Served*	Principal Occupation(s) During Past 5 Years**	Number of Portfolios in Fund Complex Overseen by Trustee***	Other Directorships Held by Trustee
Michael Bozic (62) c/o Mayer, Brown, Rowe & Maw LLP Counsel to the Independent Directors 1675 Broadway New York, NY	Trustee	Since April 1994	Retired; Director or Trustee of the Retail Funds and TCW/DW Term Trust 2003 (since April 1994) and the Institutional Funds (since July 2003); formerly Vice Chairman of Kmart Corporation (December 1998-October 2000), Chairman and Chief Executive Officer of Levitz Furniture Corporation (November 1995-November 1998) and President and Chief Executive Officer of Hills Department Stores (May 1991-July 1995); formerly variously Chairman, Chief Executive Officer, President and Chief Operating Officer (1987-1991) of the Sears Merchandise Group of Sears, Roebuck & Co.	211	Director of Weirton Steel Corporation.
Edwin J. Garn (71) c/o Summit Ventures LLC 1 Utah Center 201 S. Main Street Salt Lake City, UT	Trustee	Since January 1993	Director or Trustee of the Retail Funds and TCW/DW Term Trust 2003 (since January 1993) and the Institutional Funds (since July 2003); member of the Utah Regional	211	Director of Franklin Covey (time management systems), BMW Bank of North America, Inc. (industrial loan corporation), United Space Alliance (joint

<p>Wayne E. Hedien (69) c/o Mayer, Brown, Rowe &amp; Maw LLP Counsel to the Independent Directors 1675 Broadway New York, NY</p>	<p>Trustee Since September 1997</p>	<p>Advisory Board of Pacific Corp.; formerly United States Senator (R-Utah) (1974-1992) and Chairman, Senate Banking Committee (1980-1986), Mayor of Salt Lake City, Utah (1971-1974), Astronaut, Space Shuttle Discovery (April 12-19, 1985), and Vice Chairman, Huntsman Corporation (chemical company). Retired; Director or Trustee of the Retail Funds and TCW/DW Term Trust 2003; (Since September 1997) and the Institutional Funds (since July 2003); formerly associated with the Allstate Companies (1966-1994), most recently as Chairman of The Allstate Corporation (March 1993-December 1994) and Chairman and Chief Executive Officer of its wholly-owned subsidiary, Allstate Insurance Company (July 1989-December 1994).</p>	<p>211</p>	<p>venture between Lockheed Martin and the Boeing Company) and Nuskin Asia Pacific (multilevel marketing); member of the board of various civic and charitable organizations.  Director of The PMI Group Inc. (private mortgage insurance); Trustee and Vice Chairman of The Field Museum of Natural History; director of various other business and charitable organizations.</p>
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Morgan Stanley Insured Municipal Income Trust

Trustee and Officer Information continued

Name, Age and Address of Independent Trustee	Position(s) Held with Registrant	Term of Office and Length of Time Served*	Principal Occupation(s) During Past 5 Years**	Number of Portfolios in Fund Complex Overseen by	Other Directorships Held by Trustee
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			Trustee***		
<p>Dr. Manuel H. Johnson (54) c/o Johnson Smick International, Inc. 2099 Pennsylvania Avenue, N.W. Suite 950 Washington, D.C.</p>	<p>Trustee</p>	<p>Since July 1991</p>	<p>Chairman of the Audit Committee and Director or Trustee of the Retail Funds and TCW/DW Term Trust 2003 (since July 1991) and the Institutional Funds (since July 2003); Senior Partner, Johnson Smick International, Inc., a consulting firm; Co-Chairman and a founder of the Group of Seven Council (G7C), an international economic commission; formerly Vice Chairman of the Board of Governors of the Federal Reserve System and Assistant Secretary of the U.S. Treasury.</p>	<p>211</p>	<p>Director of NVR, Inc. (home construction); Chairman and Trustee of the Financial Accounting Foundation (oversight organization of the Financial Accounting Standards Board); Director of RBS Greenwich Capital Holdings (financial holding company).</p>
<p>Joseph J. Kearns (61) PMB754 23852 Pacific Coast Highway Malibu, CA</p>	<p>Trustee</p>	<p>Since July 2003</p>	<p>Deputy Chairman of the Audit Committee and Director or Trustee of the Retail Funds and TCW/DW Term Trust 2003 (since July 2003) and the Institutional Funds (since August 1994); previously Chairman of the Audit Committee of the Institutional Funds (October 2001-July 2003); President, Kearns &amp; Associates LLC (investment consulting); formerly CFO of the J. Paul Getty Trust.</p>	<p>212</p>	<p>Director of Electro Rent Corporation (equipment leasing), The Ford Family Foundation, and the UCLA Foundation.</p>
<p>Michael E. Nugent (67) c/o Triumph Capital, L.P. 445 Park Avenue New York, NY</p>	<p>Trustee</p>	<p>Since July 1991</p>	<p>Chairman of the Insurance Committee and Director or Trustee of the Retail Funds and TCW/DW Term Trust 2003 (since July 1991) and the Institutional Funds (since July 2001); General Partner of Triumph Capital, L.P., a private investment partnership; formerly Vice President, Bankers Trust Company and BT Capital</p>	<p>211</p>	<p>Director of various business organizations.</p>

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<p>Fergus Reid (71) 85 Charles Colman Blvd. Pawling, NY</p>	<p>Trustee Since July 2003</p>	<p>Corporation (1984-1988). Chairman of the Governance Committee and Director or Trustee of the Retail Funds and TCW/DW Term Trust 2003 (since July 2003) and the Institutional Funds (since June 1992); Chairman of Lumelite Plastics Corporation.</p>	<p>212</p>	<p>Trustee and Director of certain investment companies in the JPMorgan Funds complex managed by JP Morgan Investment Management Inc.</p>
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Morgan Stanley Insured Municipal Income Trust

Trustee and Officer Information continued

Interested Trustees:

Name, Age and Address of Interested Trustee	Position(s) Held with Registrant	Term of Office and Length of Time Served*	Principal Occupation(s) During Past 5 Years**	Number of Portfolios in Fund Complex Overseen by Trustee***	Other Directorships Held by Trustee
<p>Charles A. Fiumefreddo (70) c/o Morgan Stanley Trust Harborside Financial Center, Plaza Two, Jersey City, NJ</p>	<p>Chairman of the Board and Trustee</p>	<p>Since July 1991</p>	<p>Chairman and Director or Trustee of the Retail Funds and TCW/DW Term Trust 2003 (since July 1991) and the Institutional Funds (since July 2003); formerly Chief Executive Officer of the Retail Funds and the TCW/DW Term Trust 2003 (until September 2002).</p>	<p>211</p>	<p>None</p>
<p>James F. Higgins (55) c/o Morgan Stanley Trust Harborside Financial Center, Plaza Two, Jersey City, NJ</p>	<p>Trustee</p>	<p>Since June 2000</p>	<p>Director or Trustee of the Retail Funds and TCW/DW Term Trust 2003 (since June 2000) and the Institutional Funds (since July 2003); Senior</p>	<p>211</p>	<p>Director of AXA Financial, Inc. and The Equitable Life Assurance Society of the United States (financial services).</p>

			<p>Advisor of Morgan Stanley (since August 2000); Director of the Distributor and Dean Witter Realty Inc.; previously President and Chief Operating Officer of the Private Client Group of Morgan Stanley (May 1999-August 2000), and President and Chief Operating Officer of Individual Securities of Morgan Stanley (February 1997-May 1999).</p>		
<p>Philip J. Purcell (60) 1585 Broadway New York, NY</p>	Trustee	<p>Since April 1994</p>	<p>Director or Trustee of the Retail Funds and TCW/DW Term Trust 2003 (since April 1994) and the Institutional Funds (since July 2003); Chairman of the Board of Directors and Chief Executive Officer of Morgan Stanley and Morgan Stanley DW Inc.; Director of the Distributor; Chairman of the Board of Directors and Chief Executive Officer of Novus Credit Services Inc.; Director and/or officer of various Morgan Stanley subsidiaries.</p>	211	<p>Director of American Airlines, Inc. and its parent company, AMR Corporation.</p>

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\*This is the earliest date the Trustee began serving the funds advised by Morgan Stanley Investment Advisors Inc. (the "Investment Manager") (the "Retail Funds").

\*\*The dates referenced below indicating commencement of services as Director/Trustee for the Retail Funds and the funds advised by Morgan Stanley Investment Management Inc., Morgan Stanley Investments LP and Morgan Stanley AIP GP LP (the "Institutional Funds") reflect the earliest date the Director/Trustee began serving the Retail or Institutional Funds as applicable.

\*\*\*The Fund Complex includes all open-end and closed-end funds (including all of their portfolios) advised by the Investment Manager and any funds that have an investment advisor that is an affiliated person of the Investment Manager (including but not limited to Morgan Stanley Investment Management Inc. and Morgan Stanley Investments LP).

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Trustee and Officer Information continued

Officers:

Name, Age and Address of Executive Officer	Position(s) Held with Registrant	Term of Office and Length of Time Served*	Principal Occupation(s) During Past 5 Years**
Mitchell M. Merin (50) 1221 Avenue of the Americas New York, NY	President	Since May 1999	President and Chief Operating Officer of Morgan Stanley Investment Management Inc.; President, Director and Chief Executive Officer of the Investment Manager and Morgan Stanley Services; Chairman, Chief Executive Officer and Director of the Distributor; Chairman and Director of the Transfer Agent; Director of various Morgan Stanley subsidiaries; President Morgan Stanley Investments LP (since February 2003); President of the Institutional Funds (since July 2003) and President of the Retail Funds and TCW/DW Term Trust 2003 (since May 1999); Trustee (since July 2003) and President (since December 2002) of the Van Kampen Closed-End Funds; Trustee (since May 1999) and President (since October 2002) of the Van Kampen Open-End Funds.
Ronald E. Robison (64) 1221 Avenue of the Americas New York, NY	Executive Vice President and Principal Executive Officer	Since April 2003	Chief Global Operations Officer and Managing Director of Morgan Stanley Investment Management Inc.; Managing Director of Morgan Stanley & Co. Incorporated; Managing Director of Morgan Stanley; Managing Director, Chief Administrative Officer and Director of the Investment Manager and Morgan Stanley Services; Chief Executive Officer and Director of the Transfer Agent; Executive Vice President and Principal Executive Officer of the Institutional Funds (since July 2003); and the TCW/DW Term Trust 2003 (since April 2003); previously President of the Institutional Funds (March 2001-July 2003) and Director of the Institutional Funds (March 2001-July 2003).
Barry Fink (48) 1221 Avenue of the Americas New York, NY	Vice President and General Counsel	Since February 1997	General Counsel (since May 2000) and Managing Director (since December 2000) of Morgan Stanley Investment Management; Managing Director (since December 2000), Secretary (since February 1997) and Director (since July 1998) of the Investment Manager and Morgan Stanley Services; Assistant Secretary of Morgan Stanley DW; Chief Legal Officer of Morgan Stanley Investments LP (since July 2002); Vice President of the Institutional Funds (since July 2003); Vice President and Secretary of the Distributor; previously Secretary of the Retail Funds (February 1997-July 2003); previously Vice President and Assistant General Counsel of the Investment Manager and Morgan Stanley Services (February 1997-December 2001).

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Joseph J. McAlinden (60) 1221 Avenue of the Americas New York, NY	Vice President	Since July 1995	Managing Director and Chief Investment Officer of the Investment Manager, Morgan Stanley Investment Management Inc. and Morgan Stanley Investments LP; Director of the Transfer Agent, Chief Investment Officer of the Van Kampen Funds; Vice President of the Institutional Funds (since July 2003) and the Retail Funds (since July 1995).
Stefanie V. Chang (36) 1221 Avenue of the Americas New York, NY	Vice President	Since July 2003	Executive Director of Morgan Stanley & Co. and Morgan Stanley Investment Management Inc. and Vice President of the Institutional Funds (since December 1997) and the Retail Funds (since July 2003); formerly practiced law with the New York law firm of Rogers & Wells (now Clifford Chance LLP).

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Morgan Stanley Insured Municipal Income Trust

Trustee and Officer Information continued

Name, Age and Address of Executive Officer	Position(s) Held with Registrant	Term of Office and Length of Time Served*	Principal Occupation(s) During Past 5 Years**
Francis J. Smith (38) c/o Morgan Stanley Trust Harborside Financial Center, Plaza Two, Jersey City, NJ	Treasurer and Chief Financial Officer	Treasurer since July 2003 and Chief Financial Officer since September 2002	Executive Director of the Investment Manager and Morgan Stanley Services (since December 2001); previously Vice President of the Retail Funds (September 2002-July 2003); previously Vice President of the Investment Manager and Morgan Stanley Services (August 2000-November 2001) and Senior Manager at PricewaterhouseCoopers LLP (January 1998-August 2000).
Thomas F. Caloia (57) c/o Morgan Stanley Trust Harborside Financial Center, Plaza Two, Jersey City, NJ	Vice President	Since July 2003	Executive Director (since December 2002) and Assistant Treasurer of the Investment Manager, the Distributor and Morgan Stanley Services; previously Treasurer of the Retail Funds (April 1989-July 2003); formerly First Vice President of the Investment Manager, the Distributor and Morgan Stanley Services.
Mary E. Mullin (36) 1221 Avenue of the Americas New York, NY	Secretary	Since July 2003	Vice President of Morgan Stanley & Co. Incorporated and Morgan Stanley Investment Management Inc.; Secretary of the Institutional Funds (since June 1999) and the Retail Funds (since July 2003); formerly practiced law with the New York law firms of McDermott, Will & Emery and

Skadden, Arps, Slate, Meagher & Flom LLP.

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

\*\*The dates referenced below indicating commencement of service as an Officer for the Retail and Institutional Funds reflect the earliest date the Officer began serving the Retail or Institutional Funds as applicable.

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Trustees

MORGAN STANLEY FUNDS

Michael Bozic

Charles A. Fiumefreddo

Edwin J. Garn

Wayne E. Hedien

James F. Higgins

Dr. Manuel H. Johnson

Joseph J. Kearns

Michael E. Nugent

Philip J. Purcell

Fergus Reid

Morgan Stanley  
Insured Municipal  
Income Trust

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Officers

Charles A. Fiumefreddo

*Chairman of the Board*

Mitchell M. Merin

*President*

Ronald E. Robison

*Executive Vice President and Principal  
Executive Officer*

Barry Fink

*Vice President and General Counsel*

Joseph J. McAlinden

*Vice President*

Stefanie V. Chang

*Vice President*

Francis J. Smith

*Treasurer and Chief Financial Officer*

Thomas F. Caloia

*Vice President*

Mary E. Mullin  
*Secretary*

Transfer Agent

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

Independent Auditors

Deloitte & Touche LLP  
Two World Financial Center  
New York, New York 10281

Investment Manager

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

Investments and services offered through  
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