

MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST

Form N-30D

December 26, 2001

MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST  
LETTER TO THE SHAREHOLDERS o OCTOBER 31, 2001

DEAR SHAREHOLDER:

During the fiscal year ended October 31, 2001, the U.S. economy slowed and the fixed-income markets rallied. The terrorist attacks on September 11 aggravated the decline in business and consumer activity. Almost immediately after the attacks many companies announced major layoffs. The unemployment rate jumped from 4.9 percent to 5.4 percent and October reported the largest job loss in 20 years.

The Federal Reserve Board responded to the attacks by lowering short-term interest rates by 50 basis points in both September and October. Subsequently, the Fed cut rates another 50 basis points in November. The November action, the tenth in 2001, reduced the federal funds rate to 2.00 percent, the lowest level since 1961. Additionally, both the House and Senate have been formulating plans to stimulate the economy. These monetary and fiscal actions appear to be laying the groundwork for an economic recovery.

Within the fixed-income markets, events of the past fiscal year had the greatest impact on U.S. Treasuries which appreciated throughout the year and rallied further in a flight to quality following September 11. Yields of short maturities declined the most, steepening the yield curve. On October 31, the U.S. Treasury stunned the securities markets by announcing the cessation of the 30-year bond auction.

MUNICIPAL MARKET CONDITIONS

Over the past 12 months, tax-free interest rates have also moved lower. The 30-year insured municipal bond index, which was 5.65 percent last October, declined to 5.04 percent by the end of October 2001.

The ratio of municipal yields as a percentage of U.S. Treasury yields is routinely used as a guide to track the relationship between the two markets. A declining yield ratio indicates stronger relative performance by municipals. The ratio of 30-year insured municipal bond yields to U.S. Treasuries fell from 98 percent last October to 94 percent at the end of August. However, following September 11 and the Treasury's auction announcement, the ratio jumped to 104 percent. Long-term insured municipal yields above Treasuries is an anomaly that has occurred only during periods of significant market uncertainty. In the 10-year maturity range, the ratio also soared, from 83 percent to 95 percent between August and October.

The change in the slope of the yield curve has been a major story in the fixed-income markets this year. Since the Fed started lowering short-term rates aggressively in January, the municipal yield curve between one- and 30-year maturities steepened, from 125 to 300 basis points.

Lower interest rates also led to a rebound in new-issue volume. During the first 10 months of 2001, underwriting surged 36 percent, to \$224 billion. Refunding issues, the most interest-rate-sensitive category, represented almost one-quarter of the total. The states with the greatest issuance: California, Florida, New York and Texas represented 35 percent of national volume.

# Edgar Filing: MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST - Form N-30D

MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST  
 LETTER TO THE SHAREHOLDERS o OCTOBER 31, 2001 CONTINUED

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%
5/30/97	5.65	6.91	81.77%
6/30/97	5.60	6.78	82.60%
7/30/97	5.30	6.30	84.13%
8/31/97	5.50	6.61	83.21%
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%
5/29/98	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%

## Edgar Filing: MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST - Form N-30D

7/31/01	5.16	5.52	93.48%
8/31/01	5.07	5.37	94.41%
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%

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

### PERFORMANCE

During the 12-month period ended October 31, 2001, the net asset value (NAV) of Morgan Stanley Insured Municipal Income Trust (IIM) increased from \$14.44 to \$15.42 per share. Based on this change, plus a reinvestment of tax-free dividends totaling \$0.78 per share, the Trust's total NAV return was 13.00 percent. IIM's value on the New York Stock Exchange (NYSE) increased from \$12.8125 to \$14.13 per share during this period. Based on this change plus reinvestment of tax-free dividends, IIM's total market return was 16.70 percent. As of October 31, 2001, IIM's share price was at a 8.37 percent discount to its NAV.

Monthly dividends for November and December 2001 were declared in October. Beginning with the November payment, the monthly dividend was increased from \$0.065 to \$0.0675 per share. On October 31, 2001, the Trust's level of undistributed net investment income was \$0.086 per share, versus

2

### MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST LETTER TO THE SHAREHOLDERS o OCTOBER 31, 2001 CONTINUED

\$0.043 per share at the beginning of the calendar year. The new dividend level more closely reflects the Trust's current earnings, which have benefited from the lower short-term borrowing costs of Auction Rate Preferred Shares (ARPS).

### PORTFOLIO STRUCTURE

The Trust's net assets of \$560 million were diversified among 13 long-term sectors and 83 credits. At the end of October, the portfolio's average maturity was 20 years. Average duration, a measure of sensitivity to interest-rate changes, was 4.8 years. The accompanying charts and table provide current information on the portfolio's credit enhancements, maturity distribution and sector concentration. Optional call provisions by year and their respective cost (book) yields are also shown.

### 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 available for distribution to common shareholders varies with the level of short-term interest rates. ARPS leverage also increases the price volatility of

Edgar Filing: MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST - Form N-30D

common shares and has the effect of extending portfolio duration.

During the 12-month period, ARPS leverage contributed approximately \$0.08 per share to common share earnings. IIM's five ARPS series totaled \$155 million and represented 28 percent of net assets. Weekly ARPS rates ranged between 1.70 and 5.05 percent during the fiscal period. In July and September 2001, 12-month auctions were rolled at 2.95 and 2.47 percent, respectively.

LOOKING AHEAD

Economists calculated the negative impact of the September 11 attacks to be a full percentage point of gross domestic product. Consensus estimates for the second half of 2001 have accordingly been revised from modestly positive to negative. A decline in economic output for two successive quarters would meet the customary definition of a recession, which would be the first in a record 10 years. While there is no doubt that the terrorist attacks are having a negative impact on the economy, high-grade fixed-income securities have historically fared well during periods of stress.

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

3

MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST  
LETTER TO THE SHAREHOLDERS o OCTOBER 31, 2001 CONTINUED

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 purchase in the open market or in privately negotiated transactions. During the 12-month period ended October 31, 2001, the Trust purchased and retired 907,700 shares of common stock at a weighted average market discount of 8.88 percent.

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

4

MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST  
LETTER TO THE SHAREHOLDERS o OCTOBER 31, 2001 CONTINUED

Edgar Filing: MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST - Form N-30D

LARGEST SECTORS AS OF OCTOBER 31, 2001  
(% OF NET ASSETS)

Water & Sewer	16%
Transportation	15%
Electric	13%
General Obligation	11%
Hospital	11%
IDR/PCR*	8%
Refunded	7%
Mortgage	6%

\* INDUSTRIAL DEVELOPMENT/POLLUTION CONTROL REVENUE  
PORTFOLIO STRUCTURE IS SUBJECT TO CHANGE.

CREDIT ENHANCEMENTS AS OF OCTOBER 31, 2001  
(% OF TOTAL LONG-TERM PORTFOLIO)

MBIA	37%
FGIC	25%
FSA	19%
AMBAC	19%

PORTFOLIO STRUCTURE IS SUBJECT TO CHANGE.

DISTRIBUTION BY MATURITY  
(% OF TOTAL LONG-TERM PORTFOLIO)

1-5 Years	1.5%
5-10 Years	4.7%
10-20 Years	50.4%
20-30 Years	37.2%
30+ Years	6.2%

WEIGHTED AVERAGE MATURITY: 20 YEARS

PORTFOLIO STRUCTURE IS SUBJECT TO CHANGE.

5

MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST  
LETTER TO THE SHAREHOLDERS o OCTOBER 31, 2001 CONTINUED

CALL AND COST (BOOK) YIELD STRUCTURE  
(BASED ON LONG-TERM PORTFOLIO)  
OCTOBER 31, 2001

WEIGHTED AVERAGE CALL PROTECTION: 5 YEARS

BONDS CALLABLE

2%	12%	45%	0%	1%	1%	1%	4%	5%	11%	18%
2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011+

Edgar Filing: MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST - Form N-30D

YEARS BONDS CALLABLE

WEIGHTED AVERAGE BOOK YIELD: 5.7%

COST (BOOK) YIELD\*

6.0%	5.9%	5.9%	0.0%	5.9%	5.8%	5.6%	5.3%	5.7%	5.6%	5.3%
2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011+

\* COST OR "BOOK" YIELD IS THE ANNUAL INCOME EARNED ON A PORTFOLIO INVESTMENT BASED ON ITS ORIGINAL PURCHASE PRICE BEFORE TRUST OPERATING EXPENSES. FOR EXAMPLE, THE TRUST IS EARNING A BOOK YIELD OF 6.0% ON 2% OF THE LONG-TERM PORTFOLIO THAT IS CALLABLE IN 2001.

PORTFOLIO STRUCTURE IS SUBJECT TO CHANGE.

MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST  
RESULTS OF ANNUAL MEETING

On October 23, 2001, an annual meeting of the Trust's shareholders was held for the purpose of voting on two separate matters, the results of which were as follows:

(1) Election of Trustees by all shareholders:

Michael Bozic	
For .....	20,041,878
Withheld .....	348,058
James F. Higgins	
For .....	20,033,388
Withheld .....	356,548

(2) Election of Trustee by preferred shareholders:

Charles A. Fiumefreddo	
For .....	2,337
Against .....	182

The following Trustees were not standing for reelection at this meeting: Edwin J. Garn, Wayne E. Hedio, Dr. Manuel H. Johnson, Michael E. Nugent, Philip J. Purcell and John L. Schroeder.

MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST  
PORTFOLIO OF INVESTMENTS o OCTOBER 31, 2001

Edgar Filing: MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST - Form N-30D

PRINCIPAL AMOUNT IN THOUSANDS		COUPON RATE
-----		
	TAX-EXEMPT MUNICIPAL BONDS (97.6%)	
	GENERAL OBLIGATION (11.1%)	
	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
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) (WI) .....	5.50
-----		
59,000		
-----		
	EDUCATIONAL FACILITIES REVENUE (3.2%)	
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
-----		
17,500		
-----		
	ELECTRIC REVENUE (13.4%)	
8,000	Redding, California, Electric Ser 1993 A (FGIC) .....	9.056++
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 D (AMT) (MBIA) .....	9.009++
10,000	North Carolina Municipal Power Agency #1, Catawba Ser 1993 A (MBIA) .....	7.92++
3,000	Piedmont Municipal Power Agency, South Carolina, Refg Ser 1993 (MBIA) .....	5.375
10,000	South Carolina Public Service Authority, 1993 Refg Ser A (MBIA) .....	5.50

See Notes to Financial Statements

Edgar Filing: MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST - Form N-30D

PRINCIPAL AMOUNT IN THOUSANDS		COUPON RATE
	Lower Colorado River Authority, Texas,	
\$ 10,000	Refg Ser 1999 A (FSA) .....	5.875%
5,000	Refg Ser 2001 (FSA) .....	5.00
10,000	Washington Public Power Supply System, Nuclear Proj #1 Refg	
	Ser 1993 A (MBIA) .....	5.70
8,000	Wisconsin Public Power, Refg Ser 1993 A (Ambac) .....	5.25
-----		
72,000		
-----		
	HOSPITAL REVENUE (10.8%)	
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
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
3,000	Metropolitan Government of Nashville & Davidson County Health	
	& Educational Facilities Board, Tennessee, Baptist Hospital	
	Ser 1998 A (MBIA) .....	4.875
	Amarillo Health Facilities Corporation, Texas,	
3,020	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
-----		
58,130		
-----		

See Notes to Financial Statements

MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST  
 PORTFOLIO OF INVESTMENTS o OCTOBER 31, 2001 CONTINUED

PRINCIPAL  
 AMOUNT IN  
 THOUSANDS

COUPON  
 RATE



Edgar Filing: MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST - Form N-30D

	INDUSTRIAL DEVELOPMENT/POLLUTION CONTROL REVENUE (8.2%)	
\$ 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
5,000	Washoe County, Nevada, Sierra Pacific Power Co Ser 1987 (AMT)	
	(MBIA) .....	6.65
4,000	Brazos River Authority, Texas, Texas Utilities Electric Co Ser 1993 A	
	(AMT) (Ambac) .....	6.05
-----		
43,800		
-----		
	MORTGAGE REVENUE - MULTI-FAMILY (0.7%)	
4,000	West Virginia Housing Development Fund, Ser A (Ambac) .....	5.65
-----		
	MORTGAGE REVENUE - SINGLE FAMILY (5.6%)	
13,755	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
3,600	Virginia Housing Development Authority, 1992 Ser B (AMT)	
	(Secondary FSA) .....	6.30
-----		
31,050		
-----		
	PUBLIC FACILITIES REVENUE (3.2%)	
3,000	Broward County School Board, Florida, Ser 2001 A COPs (FSA) .....	5.00
5,000	Miami Dade County School Board, Florida, Ser 2001 A COPs (MBIA).....	5.00
10,000	Marion County Convention & Recreational Facilities Authority, Indiana,	
	Excise Tax Refg Ser 1993 A (Ambac) .....	5.50
-----		
18,000		
-----		
	STUDENT LOAN REVENUE (3.3%)	
18,000	Pennsylvania Higher Education Assistance Agency, 1988 Ser D	
	(AMT) (Ambac) .....	6.05
=====		

See Notes to Financial Statements

MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST  
 PORTFOLIO OF INVESTMENTS o OCTOBER 31, 2001 CONTINUED

PRINCIPAL  
 AMOUNT IN  
 THOUSANDS

COUPON  
 RATE

Edgar Filing: MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST - Form N-30D

TRANSPORTATION FACILITIES REVENUE (14.5%)		
\$ 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
1,665	Richmond Metropolitan Authority, Virginia, Expressway 1992 Ser B (FGIC) .....	6.25
	Port of Seattle, Washington, Ser 2001 B (AMT) (MBIA) .....	5.625
5,000	Ser 2001 A (FGIC) .....	5.00
8,000		
-----		
77,915		
-----		
WATER & SEWER REVENUE (15.6%)		
1,750	Colorado Water Resources & Power Development Authority, Water Resources 2001 Ser A (FGIC) .....	4.875
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
5,000	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

See Notes to Financial Statements

MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST  
PORTFOLIO OF INVESTMENTS o OCTOBER 31, 2001 CONTINUED

PRINCIPAL AMOUNT IN THOUSANDS		COUPON RATE
-----		
\$ 15,000	Houston, Texas, Water & Sewer 1992 Ser C (MBIA) .....	5.75 %
10,000	Water & Sewer Jr Lien Refg Ser 2000 B (FGIC) .....	5.25
	Seattle, Washington,	

Edgar Filing: MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST - Form N-30D

10,000	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
-----		
85,220		
-----		
	OTHER REVENUE (0.6%)	
3,000	Alexandria Industrial Development Authority, Virginia, Institute for Defense Analysis Ser 2000 A (Ambac) .....	5.90
-----		
	REFUNDED (7.4%)	
6,850	Louisiana Public Facilities Authority, Our Lady of the Lake Regional Medical Center Ser 1993 D & E (FSA) .....	7.70++
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
1,250	Clark County, Nevada, Las Vegas-McCarran Int'l Airport Sub Lien Ser 1999 A (MBIA) .....	6.00
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
-----		
37,525		
-----		
525,140	TOTAL TAX-EXEMPT MUNICIPAL BONDS (COST \$517,760,452) .....	
-----		
	SHORT-TERM TAX-EXEMPT MUNICIPAL OBLIGATION (1.4%)	
7,700	Harris County Health Facilities Development Corporation, Texas, St Luke's Episcopal Hospital Ser 1997 A (Demand 11/01/01) (Cost \$7,700,000).....	1.95*
-----		
\$532,840	TOTAL INVESTMENTS (Cost \$525,460,452) (a) .....	
=====		
	OTHER ASSETS IN EXCESS OF LIABILITIES .....	
	NET ASSETS .....	

See Notes to Financial Statements

MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST  
PORTFOLIO OF INVESTMENTS o OCTOBER 31, 2001 CONTINUED

-----	
AMT	Alternative Minimum Tax.
COPs	Certificates of Participation.
ETM	Escrowed to maturity.
WI	Security purchased on a "when-issued" basis.
+	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

Edgar Filing: MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST - Form N-30D

- changes.
- \* Current coupon of variable rate demand obligation.
- \*\* This security is segregated in connection with the purchase of a "when-issued" security.
- (a) The aggregate cost for federal income tax purposes approximates the aggregate cost for book purposes. The aggregate gross unrealized appreciation is \$29,424,379 and the aggregate gross unrealized depreciation is \$24,606, resulting in net unrealized appreciation of \$29,399,773.

Bond Insurance:

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

Geographic Summary of Investments

Based on Market Value as a Percent of Net Assets

Alabama .....	0.7%	Indiana .....	4.5%	Nevada .....	5.5
Arizona .....	1.9	Kentucky .....	2.8	New Hampshire .....	0.7
California .....	3.4	Louisiana .....	1.5	New Jersey .....	2.2
Colorado .....	1.7	Maine .....	2.1	New York .....	0.6
Connecticut .....	2.5	Massachusetts .....	1.9	North Carolina .....	1.9
District of Columbia....	3.1	Michigan .....	4.5	Ohio .....	1.8
Florida .....	3.2	Minnesota .....	0.9	Pennsylvania .....	8.3
Hawaii .....	1.3	Missouri .....	1.3	Rhode Island .....	2.4
Illinois .....	6.5	Montana .....	1.0	South Carolina .....	4.2

See Notes to Financial Statements

MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST  
 FINANCIAL STATEMENTS

STATEMENT OF ASSETS AND LIABILITIES  
 October 31, 2001

ASSETS:

Investments in securities, at value (cost \$525,460,452).....	\$554,860,225
Cash .....	71,015
Interest receivable .....	9,865,965

## Edgar Filing: MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST - Form N-30D

Prepaid expenses .....	303,847
	-----
TOTAL ASSETS .....	565,101,052
	-----
LIABILITIES:	
Payable for:	
Investments purchased .....	4,172,920
Dividends to preferred shareholders .....	266,943
Investment management fee .....	177,205
Common shares of beneficial interest repurchased .....	147,442
Accrued expenses .....	110,214
	-----
TOTAL LIABILITIES .....	4,874,724
	-----
NET ASSETS .....	\$560,226,328
	=====
COMPOSITION OF NET ASSETS:	
Preferred shares of beneficial interest (1,000,000 shares authorized of non-participating \$.01 par value, 3,100 shares outstanding).....	\$155,000,000
	-----
Common shares of beneficial interest (unlimited shares authorized of \$.01 par value, 26,284,013 shares outstanding).....	379,648,456
Net unrealized appreciation .....	29,399,773
Accumulated undistributed net investment income .....	2,258,468
Accumulated net realized loss .....	(6,080,369)
	-----
NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS .....	405,226,328
	-----
TOTAL NET ASSETS .....	\$560,226,328
	=====
NET ASSET VALUE PER COMMON SHARE	
(\$405,226,328 divided by 26,284,013 common shares outstanding).....	\$15.42
	=====

See Notes to Financial Statements

14

MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST  
FINANCIAL STATEMENTS CONTINUED

STATEMENT OF OPERATIONS  
For the year ended October 31, 2001

NET INVESTMENT INCOME:

INTEREST INCOME .....	\$30,314,082
	-----
EXPENSES	
Investment management fee .....	1,950,147
Auction commission fees .....	504,692
Transfer agent fees and expenses .....	139,818
Professional fees .....	69,499
Auction agent fees .....	40,330
Registration fees .....	31,694
Shareholder reports and notices .....	30,753

Edgar Filing: MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST - Form N-30D

Trustees' fees and expenses .....	19,657
Custodian fees .....	9,979
Other .....	45,694
	-----
TOTAL EXPENSES .....	2,842,263
Less: expense offset .....	(9,979)
	-----
NET EXPENSES .....	2,832,284
	-----
NET INVESTMENT INCOME .....	27,481,798
	-----
NET REALIZED AND UNREALIZED GAIN:	
Net realized gain .....	2,882,363
Net change in unrealized appreciation .....	21,371,132
	-----
NET GAIN .....	24,253,495
	-----
NET INCREASE .....	\$51,735,293
	=====

See Notes to Financial Statements

15

MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST  
FINANCIAL STATEMENTS CONTINUED

STATEMENT OF CHANGES IN NET ASSETS

	FOR THE YEAR ENDED OCTOBER 31, 200
	-----
INCREASE (DECREASE) IN NET ASSETS:	
OPERATIONS:	
Net investment income .....	\$ 27,481,798
Net realized gain .....	2,882,363
Net change in unrealized appreciation/depreciation .....	21,371,132
	-----
NET INCREASE .....	51,735,293
	-----
DIVIDENDS TO SHAREHOLDERS FROM NET INVESTMENT INCOME:	
Preferred .....	(5,748,045)
Common .....	(20,862,320)
	-----
TOTAL DIVIDENDS .....	(26,610,365)
	-----
Decrease from transactions in common shares of beneficial interest .....	(12,411,356)
	-----
NET INCREASE .....	12,713,572
NET ASSETS:	
Beginning of period .....	547,512,756

Edgar Filing: MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST - Form N-30D

END OF PERIOD	-----
(Including accumulated undistributed net investment income of \$2,258,468 and \$1,387,035, respectively) .....	\$560,226,328 =====

See Notes to Financial Statements

MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST  
NOTES TO FINANCIAL STATEMENTS o OCTOBER 31, 2001

1. ORGANIZATION AND ACCOUNTING POLICIES

Morgan Stanley Insured Municipal Income Trust (the "Trust"), formerly Morgan Stanley Dean Witter Insured Municipal Income Trust (the Trust's name changed effective December 20, 2001), 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 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

17

MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST  
NOTES TO FINANCIAL STATEMENTS o OCTOBER 31, 2001 CONTINUED

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.

2. INVESTMENT MANAGEMENT AGREEMENT

Pursuant to an Investment Management Agreement with Morgan Stanley Investment Advisors Inc. (the "Investment Manager"), formerly Morgan Stanley Dean Witter Advisors Inc., 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 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 year ended October 31, 2001 aggregated \$74,193,962 and \$69,750,860, respectively.

Morgan Stanley Trust, an affiliate of the Investment Manager, is the Trust's transfer agent. At October 31, 2001, the Trust had transfer agent fees and expenses payable of approximately \$3,100.

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 year ended October 31, 2001 included in Trustees' fees and expenses in the Statement of Operations amounted to \$7,658. At October 31, 2001, the Trust had an accrued pension liability of \$44,300 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



## Edgar Filing: MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST - Form N-30D

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.

18

MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST  
NOTES TO FINANCIAL STATEMENTS o OCTOBER 31, 2001 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	1.83%	11/05/01	1.83% - 5.05%
2	900	45,000	2.47	09/09/02	2.47 - 4.32
3	1,000	50,000	2.95	07/08/02	2.95 - 4.45
4	400	20,000	2.79	01/07/02	2.45 - 5.05
5	400	20,000	1.83	11/05/01	1.70 - 4.70

\* As of October 31, 2001.

\*\* For the year ended October 31, 2001.

Subsequent to October 31, 2001 and up through December 5, 2001, the Trust paid dividends to each of the Series 1 through 5 at rates ranging from 1.44% to 2.95% in the aggregate amount of \$612,158.

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	PA
Balance, October 31, 1999 .....	28,064,113	\$2
Treasury shares purchased and retired (weighted average discount 7.07%)*	(872,400)	

Edgar Filing: MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST - Form N-30D

Balance, October 31, 2000 .....	27,191,713	2
Treasury shares purchased and retired (weighted average discount 8.88%)*	(907,700)	
	-----	---
Balance, October 31, 2001 .....	26,284,013	\$2
	=====	==

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

19

MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST  
 NOTES TO FINANCIAL STATEMENTS o OCTOBER 31, 2001 CONTINUED

6. FEDERAL INCOME TAX STATUS

During the year ended October 31, 2001, the Trust utilized approximately \$2,883,000 of its net capital loss carryover. 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 October 30, 2001, the Trust declared the following dividends from net investment income:

AMOUNT PER SHARE	RECORD DATE	PAYABLE DATE
-----	-----	-----
\$0.0675	November 9, 2001	November 23, 2001
\$0.0675	December 7, 2001	December 21, 2001

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

## Edgar Filing: MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST - Form N-30D

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, 2001, the Trust held positions in residual interest bonds having a total value of \$30,661,813, which represents 5.5% of the Trust's net assets.

### 10. CHANGE IN ACCOUNTING POLICY

Effective November 1, 2001, the Trust will adopt 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 will have no impact on the net assets of the Trust, but will result in an adjustment to the cost of securities and a corresponding adjustment to undistributed net investment income based on securities held as of October 31, 2001.

20

### 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 O		
	2001	2000	1999
<b>SELECTED PER SHARE DATA:</b>			
Net asset value, beginning of period .....	\$14.44	\$ 13.69	\$15.47
Income (loss) from investment operations:			
Net investment income .....	1.03	1.01	1.01
Net realized and unrealized gain (loss) .....	0.90	0.79	(1.77)
Total income (loss) from investment operations .....	1.93	1.80	(0.76)
Less dividends from:			
Net investment income .....	(0.78)	(0.86)	(0.84)
Common share equivalent of dividends paid to preferred shareholders .....	(0.22)	(0.22)	(0.19)
Total dividends .....	(1.00)	(1.08)	(1.03)
Anti-dilutive effect of acquiring treasury shares .....	0.05	0.03	0.01
Net asset value, end of period .....	\$15.42	\$ 14.44	\$13.69
Market value, end of period .....	\$14.13	\$12.813	\$13.25
TOTAL RETURN+ .....	16.70%	3.29%	(5.17)%
<b>RATIOS TO AVERAGE NET ASSETS OF COMMON SHAREHOLDERS:</b>			
Expenses (before expense offset) .....	0.71%	0.73%	0.70 %
Net investment income before preferred			

## Edgar Filing: MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST - Form N-30D

stock dividends .....	6.84%	7.27%	6.71 %
Preferred stock dividends .....	1.43%	1.59%	1.26 %
Net investment income available to common shareholders .....	5.41%	5.68%	5.45 %
SUPPLEMENTAL DATA:			
Net assets, end of period, in thousands .....	\$560,226	\$547,513	\$539,277
Asset coverage on preferred shares at end of period .....	361%	352%	347 %
Portfolio turnover rate .....	13%	11%	5 %

-----

- \* The per share amounts were computed using an average number of 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

21

### MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF TRUSTEES AND SHAREHOLDERS 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"), formerly Morgan Stanley Dean Witter Insured Municipal Income Trust, including the portfolio of investments, as of October 31, 2001, and the related statement of operations for the year then ended, the statements of 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, 2001, by correspondence with the custodian and broker. 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, 2001, 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

## Edgar Filing: MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST - Form N-30D

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 20, 2001

---

### 2001 Federal Tax Notice (unaudited)

For the year ended October 31, 2001, 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.

---

22

(This page has been left blank intentionally.)

#### 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

#### OFFICERS

Charles A. Fiumefreddo  
Chairman and Chief Executive Officer

Mitchell M. Merin  
President

Barry Fink  
Vice President, Secretary and General Counsel

James F. Willison  
Vice President

Edgar Filing: MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST - Form N-30D

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  
New York, New York 10281

INVESTMENT MANAGER

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

[MORGAN STANLEY LOGO]

[GRAPHIC OMITTED]

MORGAN STANLEY  
INSURED MUNICIPAL  
INCOME TRUST

ANNUAL REPORT  
October 31, 2001