

MORGAN STANLEY QUALITY MUNICIPAL INCOME TRUST

Form N-CSR

January 05, 2006

Welcome, Shareholder:

In this report, you'll learn about how your investment in Morgan Stanley Quality 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's 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, 2005

Market Conditions

Throughout the 12-month period ended October 31, 2005, economic reports continued to show moderate growth, sustained consumer spending, and reasonable gains in employment. Although core inflation (which excludes food and energy) remained benign, inflationary concerns mounted during the summer as heavy demand and geopolitical events drove oil prices to protracted highs. September brought heightened uncertainty in the wake of the unprecedented devastation caused by Hurricanes Rita and Katrina. The immediate economic impact was a major disruption of the nation's energy infrastructure. However, in the weeks that followed, economists generally agreed that an initial slowdown would be followed by stimulus to growth from reconstruction.

The Federal Open Market Committee (the Fed) continued the "measured" rate tightening cycle it began in June of 2004, raising the federal funds target rate eight times during the 12-month period. As a result, the rate moved from 1.75

percent to 3.75 percent, a four-year high. Yet, as the period closed, signals from the Fed supported investors' expectations of additional increases.

Although yields on short maturity bonds rose in response to the Fed's actions, the yields of long-term municipal bonds were lower to unchanged. Representative yields on 30-year AAA rated municipal bonds declined from 4.60 percent at the start of the period to a low of 4.25 percent in the summer, returning to 4.60 percent at the end of October. Overall, the municipal yield curve continued to flatten and the yield spread (or differential between one-year rates and 30-year rates) narrowed. In this environment, the benefits of leveraged investment strategies proved less advantageous. (Leverage involves borrowing at short-term rates to purchase longer-term securities, thereby taking advantage of the differential between short- and long-term yields.) Investors' quest for yield favored lower-quality bonds over high-grade issues and kept credit spreads relatively tight.

Lower yields during most of the year led to a surge in refinancing activity, and municipal issuance remained strong. New issue volume increased by 12 percent to a record \$336 billion during the first 10 months of the calendar year. As issuers rushed to refinance higher cost debt, refundings increased to 35 percent of total issuance, up from 24 percent in the first 10 months of 2004. Bonds backed by insurance dominated issuance and increased their market penetration to nearly 60 percent. Issuers in California, New York, Texas, Florida and Pennsylvania accounted for more than 40 percent of the total underwriting volume during the year-to-date period.

The municipal-to-Treasury yield ratio, which gauges performance between the two markets, remained attractive for tax-exempt bonds. The 30-year ratio averaged 97 percent during the period and moved as high as 102 percent in June. (Higher ratios indicate increased relative attractiveness of municipal bonds.)

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As a result, institutional investors that normally focus on taxable bond sectors supported municipals by "crossing over" to purchase tax-exempt bonds.

Performance Analysis

For the 12-month period ended October 31, 2005, the net asset value (NAV) of Morgan Stanley Quality Municipal Income Trust (IQI) decreased from \$15.42 to \$15.38 per share. IQI paid tax-free dividends totaling \$0.8125 per share. The Trust's total NAV return was 5.85 percent. IQI's value on the New York Stock Exchange (NYSE) moved from \$13.83 to \$13.71 per share during the same period. Based on this change plus reinvestment of dividends, the Trust's total market return was 5.14 percent. On October 31, 2005, IQI's NYSE market price was at a 10.86 percent discount to its NAV. During the 12-month period ended October 31, 2005, the Trust purchased and retired 1,366,322 shares of common stock at a weighted average market discount of 11.76 percent. *Past performance is no guarantee of future results.*


Monthly dividends for the fourth quarter of 2005, declared in September, were increased from \$0.0675 to \$0.07 per share. The new dividend reflects the current level of the Trust's net investment income. IQI's level of undistributed net investment income was \$0.123 per share on October 31, 2005, versus \$0.088 per share 12 months earlier.¹

During the period, the Trust maintained a conservative strategy in anticipation of continued Fed tightening and higher interest rates. The Trust's duration* (a measure of interest rate sensitivity) was positioned defensively throughout the period. Overall, this duration stance tempered total returns early in the fiscal period when rates declined, but helped total returns as rates rose. Reflecting leverage, the Trust's option-adjusted duration was 10.7 years at the end of the reporting period. IQI's credit profile remained high, with over 85 percent of the bonds in the portfolio rated AA or higher. Consistent with a commitment to diversification, the Trust's net assets of approximately \$594 million, including preferred shares, were invested among 16 long-term sectors and 105 credits.

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 short-term interest rates on maturities ranging from one week to two years. Incremental income to holders of common shares depends on two factors: the amount of ARPS outstanding and the spread between the portfolio's cost yield and its ARPS auction rate and expenses. The greater the spread and the higher 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 to holders of common shares 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 this 12-month period, ARPS leverage contributed approximately \$0.20 per share to common-share earnings. The Trust has five ARPS series totaling \$208 million, representing 35 percent of net assets, including preferred shares.

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

Performance data quoted represents past performance, which is no guarantee of future results, and current performance may be lower or higher than the figures shown. Investment return, net asset value and common share

market price will fluctuate and Trust shares, when sold, may be worth more or less than their original cost.

* A measure of the sensitivity of a bond's price to changes in interest rates, expressed in years. Each year of duration represents an expected 1 percent change in the price of a bond for every 1 percent change in interest rates. The longer a bond's duration, the greater the effect of interest-rate movements on its price. Typically, trusts with shorter durations perform better in rising-interest-rate environments, while trusts with longer durations perform better when rates decline.

There is no guarantee that any sectors mentioned will continue to perform well or that securities in such sectors will be held by the Trust in the future.

1 Income earned by certain securities in the portfolio may be subject to the federal alternative minimum tax (AMT).

TOP FIVE SECTORS	
Water & Sewer	33.7%
Transportation	29.1
General Obligation	22.4
Electric	19.3
Hospital	8.8

LONG-TERM CREDIT ANALYSIS	
Aaa/AAA	64.2%
Aa/AA	23.3
A/A	9.6
Baa/BBB	1.5
Ba/BB or Less	1.1
N/R	0.3

Data as of October 31, 2005. Subject to change daily. All percentages for top five sectors are as a percentage of net assets applicable to common shareholders. All percentages for long-term credit analysis are as a percentage of total long-term investments. These data are provided for informational purposes only and should not be deemed a recommendation to buy or sell the securities mentioned. Morgan Stanley is a full-service securities firm engaged in securities trading and brokerage activities, investment banking, research and analysis, financing and financial advisory services.

For More Information About
Portfolio Holdings

Each Morgan Stanley trust provides a complete schedule of portfolio holdings in its semiannual and annual reports within 60 days of the end of the trust's second and fourth fiscal quarters by filing the schedule electronically with the Securities and Exchange Commission (SEC). The semiannual reports are filed on Form N-CSRS and the annual reports are filed on Form N-CSR. Morgan Stanley also delivers the semiannual and annual reports to trust shareholders and makes these reports available on its public Web site, www.morganstanley.com. Each Morgan Stanley trust also files a complete schedule of portfolio holdings with the SEC for the trust's first and third fiscal quarters on Form N-Q. Morgan Stanley does not deliver the reports for the first and third fiscal quarters to shareholders, nor are the reports posted to the Morgan Stanley public Web site. You may, however, obtain the Form N-Q filings (as well as the Form N-CSR and N-CSRS filings) by accessing the SEC's Web site, <http://www.sec.gov>. You may also review and copy them at the SEC's Public Reference Room in Washington, DC. Information on the operation of the SEC's Public Reference Room may be obtained by calling the SEC at (800) SEC-0330. You can also request copies of these materials, upon payment of a duplicating fee, by electronic request at the SEC's e-mail address (publicinfo@sec.gov) or by writing the Public Reference section of the SEC, Washington, DC 20549-0102.

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Distribution by Maturity
(% of Long-Term Portfolio) As of October 31, 2005

Weighted Average Maturity: 19 Years^(a)

- (a) Where applicable maturities reflect mandatory tenders, puts and call dates.
Portfolio structure is subject to change.

Geographic Summary of Investments

Based on Market Value as a Percent of Total Investments

Alabama	1.3%
Alaska	0.5
Arizona	3.6
California	9.9
Colorado	1.6
Florida	4.5
Georgia	5.0
Hawaii	3.4

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Idaho	0.4
Illinois	4.1%
Indiana	3.6
Kentucky	0.9
Maine	0.6
Maryland	1.7
Michigan	2.6
Minnesota	0.4
Missouri	0.3
Montana	0.7
Nebraska	0.9%
Nevada	2.5
New Jersey	6.7
New Mexico	1.1
New York	12.9
North Carolina	2.2
Ohio	1.9
Pennsylvania	4.2
Puerto Rico	0.7
South Carolina	3.2%
Texas	12.0
Vermont	1.2
Virginia	0.5
Washington	4.4
Wisconsin	0.5
Total†	100.0%

Does not include open short futures contracts with an underlying face amount of \$95,685,942 with unrealized appreciation of \$1,591,042.

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Call and Cost (Book) Yield Structure
(Based on Long-Term Portfolio) As of October 31, 2005

Years Bonds Callable—Weighted Average Call Protection: 7 Years

Cost (Book) Yield^(b)—Weighted Average Book Yield: 5.1%

(a) May include issues initially callable in previous years.

(b)

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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 6.6% on 5% of the long-term portfolio that is callable in 2005.

Portfolio structure is subject to change.

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Morgan Stanley Quality Municipal Income Trust

Portfolio of Investments October 31, 2005

PRINCIPAL AMOUNT IN THOUSANDS		COUPON RATE	MATURITY DATE	VALUE
	Tax-Exempt Municipal Bonds (150.3%)			
	General Obligation (22.4%)			
\$ 5,000	California, Various Purpose dtd 05/01/03	5.25%	02/01/19	\$ 5,321,100
4,000	Los Angeles, California, Ser 2004 A (MBIA)	5.00	09/01/24	4,172,360
2,700	Adams & Arapahoe Counties Joint School District # 32, Colorado, Ser 2003A (FSA)	5.125	12/01/21	2,866,752
350	Denver School District #1, Colorado, Ser 1999 (FGIC)	5.25	12/01/16	374,833
4,000	Florida Board of Education, Capital Outlay Refg 2002 Ser C (MBIA)	5.00	06/01/20	4,195,520
	Hawaii,			
5,000	1992 Ser BZ	6.00	10/01/10	5,538,500
8,000	1992 Ser BZ	6.00	10/01/11	8,960,400
5,000	Honolulu City & County, Hawaii, ROLS RR II R 237-3 (MBIA)	7.676 $\frac{1}{2}$	03/01/26	5,568,950
4,000	Cook County, Illinois, Ser 1992 C (FGIC)	6.00	11/15/09	4,376,680
6,000	Illinois, First Ser 2002 (MBIA)	5.375	07/01/20	6,478,260
2,000	Schaumburg, Illinois, Ser 2004 B (FGIC)	5.25	12/01/34	2,117,640
10,000	Indiana Bond Bank, Revolving Fund Ser 2001 A	5.00	02/01/23	10,365,200
	New York City, New York,			
2,000	2006 Ser F	5.00	09/01/23	2,061,780
1,000	2005 Ser G	5.00	12/01/23	1,029,010
	Pennsylvania,			
5,000	First Ser 2003 RITES PA – 1112 A (MBIA)	6.571 $\frac{1}{2}$	01/01/18	5,543,850
5,000	First Ser 2003 RITES PA – 1112 B (MBIA)	6.571 $\frac{1}{2}$	01/01/19	5,749,450
2,000	Charleston County School District, South Carolina, Ser 2004 A	5.00	02/01/22	2,092,700
5,000	Northside Independent School District, Texas, Bldg & Refg Ser 2001 (PSF)	5.00	02/15/26	5,115,000
2,000	King County, Washington, Refg 1998 Ser B (MBIA)	5.25	01/01/34	2,078,520
2,500	Spokane School District #81, Washington, Ser 2005 (MBIA)	0.00#	06/01/23	2,200,525

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80,550				86,207,030
	Educational Facilities Revenue (8.2%)			
3,700	University of Alabama, Ser 2004-A (MBIA) Boulder County, Colorado,	5.25	07/01/22	3,967,066
1,750	University Corp for Atmospheric Research Ser 2002 (MBIA)	5.375	09/01/18	1,900,710
1,750	University Corp for Atmospheric Research Ser 2002 (MBIA)	5.375	09/01/21	1,892,538
2,000	Colorado Educational & Cultural Facilities Authority, Peak to Peak Charter School Refg & Impr Ser 2004 (XLCA)	5.25	08/15/34	2,098,140
2,000	Illinois Educational Facilities Authority, University of Chicago Ser 1998 A	5.125	07/01/38	2,031,760

See Notes to Financial Statements

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Morgan Stanley Quality Municipal Income Trust

Portfolio of Investments October 31, 2005 continued

PRINCIPAL AMOUNT IN THOUSANDS		COUPON RATE	MATURITY DATE	VALUE
\$ 8,000	North Carolina Capital Facilities Finance Agency, Duke University Ser 2005 A	5.00%	10/01/41	\$ 8,197,760
2,000	Ohio State University, General Receipts Ser 2002 A	5.125	12/01/31	2,068,900
2,000	Pennsylvania State University, Refg Ser 2002	5.25	08/15/14	2,192,920
7,000	University of Vermont & State Agricultural College, Ser 2005 (MBIA)	5.00	10/01/40	7,184,240
30,200				31,534,034
	Electric Revenue (19.3%)			
6,000	Salt River Project Agricultural Improvement & Power District, Arizona, 2002 Ser B	5.00	01/01/31	6,165,000
5,000	California Department of Water Resources, Power Supply Ser 2002 A	5.75	05/01/17	5,500,500
3,300	Jacksonville Electric Authority, Florida, St Johns Power Park Refg Issue 2 Ser 17	5.00	10/01/18	3,451,338
2,000	Orlando Utilities Commission, Florida, Water & Electric Ser 2001	5.25	10/01/19	2,150,140
2,000	Indiana Municipal Power Agency, 2004 Ser A (FGIC)	5.00	01/01/32	2,050,880
2,000	Western Minnesota Municipal Power Agency, 2003 Ser A (MBIA)	5.00	01/01/30	2,055,000

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5,000	Nebraska Public Power District, Ser 2005 C (FGIC)	5.00	01/01/41	5,125,900
4,000	Long Island Power Authority, New York, Ser 2003 B	5.25	06/01/13	4,310,040
5,325	Ser 2003 C	5.50	09/01/19	5,733,002
3,700	South Carolina Public Service Authority, Refg Ser 2002 D (Ambac)	5.00	01/01/20	3,879,746
5,000	Refg Ser 2002 D (FSA)	5.00	01/01/20	5,239,050
7,000	Refg Ser 2003 A (Ambac)	5.00	01/01/22	7,302,820
7,000	Energy Northwest, Washington, Columbia Refg Ser 2001 C (MBIA)	5.75	07/01/18	7,742,560
5,000	Grant County Public Utility District #2, Washington, Electric Refg Ser 2001 H (FSA)	5.375	01/01/18	5,359,450
8,220	Priest Rapids Hydro Second Ser 1992 A	5.00	01/01/23	8,222,548
70,545				74,287,974
	Hospital Revenue (8.8%)			
3,500	Birmingham-Carraway Special Care Facilities Financing Authority, Alabama, Carraway Methodist Health Ser 1995 A (Connie Lee)	5.875	08/15/15	3,576,090
2,000	California Health Facilities Financing Authority, Cedars-Sinai Medical Center, Ser 2005	5.00	11/15/34	2,016,140
3,500	Highlands County Health Facilities Authority, Florida, Adventist/Sunbelt Ser 2005 A	5.00	11/15/35	3,519,145

See Notes to Financial Statements

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Morgan Stanley Quality Municipal Income Trust

Portfolio of Investments October 31, 2005 continued

PRINCIPAL AMOUNT IN THOUSANDS		COUPON RATE	MATURITY DATE	VALUE
	Maryland Health & Higher Educational Facilities Authority,			
\$ 5,000	University of Maryland Medical Ser 2001	5.25%	07/01/28	\$ 5,106,400
1,500	University of Maryland Medical Ser 2002	6.00	07/01/32	1,613,490
7,000	Michigan State Hospital Financing Authority, McLaren Health Care Ser 2005 C	5.00	08/01/35	7,008,540
2,000	University of Medicine & Dentistry, New Jersey, Ser 2004 COPs (MBIA)	5.25	06/15/23	2,137,800
5,370	Cuyahoga County, Ohio, Cleveland Clinic Health Ser 2003 A	6.00	01/01/32	5,887,024

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3,000	Lorain County, Ohio, Catholic Healthcare Partners Ser 2001 A	5.625	10/01/17	3,215,910
32,870				34,080,539
	<i>Industrial Development/Pollution Control Revenue (4.7%)</i>			
6,000	California Pollution Control Financing Authority, Keller Canyon Landfill Co/Browning-Ferris Industries Inc Ser 1992 (AMT)	6.875	11/01/27	6,028,020
5,000	Michigan Strategic Fund, Detroit Edison Co Ser 2001 C (AMT)	5.65	09/01/29	5,182,500
3,000	Brazos River Authority, Texas, TXU Electric Co Ser 1999 C (AMT)	7.70	03/01/32	3,556,590
2,000	Sabine River Authority, Texas, TXU Electric Co Refg Ser 2001 B (AMT) (Mandatory Tender 11/01/11)	5.75	05/01/30	2,116,620
1,000	Tobacco Settlement Financing Corporation, Virginia, Ser 2005	5.625	06/01/37	1,022,240
17,000				17,905,970
	<i>Mortgage Revenue – Multi-Family (1.2%)</i>			
4,535	Illinois Housing Development Authority, Ser I Mortgage Revenue – Single Family (2.3%)	6.625	09/01/12	4,541,168
310	Idaho Housing Agency, 1992 Ser E (AMT)	6.75	07/01/12	310,415
2,110	Idaho Housing & Finance Association, 2000 Ser E (AMT)	6.00	01/01/32	2,118,208
320	Missouri Housing Development Commission, Homeownership Ser 2000 B-1 (AMT)	6.25	03/01/31	324,611
3,885	Montana Board of Housing, 2000 Ser B (AMT)	6.00	12/01/29	3,957,650
2,240	New Jersey Housing Mortgage Finance Authority, Home Buyer Ser 2000 CC (AMT) (MBIA)	5.875	10/01/31	2,262,109
8,865				8,972,993
	<i>Nursing & Health Related Facilities Revenue (1.1%)</i>			
4,000	New Jersey Health Care Facilities Financing Authority, Greystone Park Psychiatric Hospital Ser 2005 C (Ambac) Public Facilities Revenue (5.3%)	5.00	09/15/23	4,170,760
3,000	Broward County School Board, Florida, Ser 2001 A COPs (FSA)	5.00	07/01/26	3,087,990
4,000	Orange County School Board, Florida, Ser 2001 A COPs (Ambac)	5.25	08/01/14	4,343,880

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Morgan Stanley Quality Municipal Income Trust

Portfolio of Investments October 31, 2005 continued

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PRINCIPAL AMOUNT IN THOUSANDS		COUPON RATE	MATURITY DATE	VALUE
\$ 3,000	Albuquerque, New Mexico, Gross Receipts Refg Ser 1999 C	5.25 %	07/01/17	\$ 3,161,610
3,000	Pennsylvania Public School Building Authority, Philadelphia School District Ser 2003 (FSA)	5.00	06/01/33	3,076,950
4,000	Puerto Rico Public Buildings Authority, Ser J (Ambac) (Mandatory Tender 07/01/12)	5.00	07/01/36	4,274,080
2,500	Milwaukee Redevelopment Authority, Wisconsin, Ser 2003 A (Ambac)	5.125	08/01/23	2,614,100
19,500				20,558,610
	Recreational Facilities Revenue (0.4%)			
1,400	Marion County Convention & Recreational Facilities Authority, Indiana, Refg Ser 2003 A (Ambac)	5.00	06/01/21	1,452,248
	Resource Recovery Revenue (0.8%)			
3,000	Northeast Maryland Waste Disposal Authority, Montgomery County Ser 2003 (AMT) (Ambac)	5.50	04/01/16	3,213,630
	Retirement & Life Care Facilities Revenue (0.4%)			
1,500	Missouri Health & Educational Facilities Authority, Lutheran Senior Services Ser 2005 A	5.375	02/01/35	1,537,440
	Transportation Facilities Revenue (29.1%)			
3,000	Alaska International Airports, Ser 2002 B (Ambac)	5.25	10/01/27	3,147,810
2,000	Arizona Transportation Board, Highway Refg Ser 2002 A	5.25	07/01/19	2,163,260
3,000	Phoenix Civic Improvement Corporation, Arizona, Airport Ser 2002 B (AMT) (FGIC)	5.25	07/01/32	3,085,530
5,000	California Infrastructure & Economic Development Bank, Bay Area Toll Bridges Seismic Retrofit First Lien Ser 2003 A (Ambac)	5.00	07/01/36	5,142,300
1,900	Orange County Transportation Authority, California, Toll Road Express Lanes Refg Ser 2003 A (Ambac)	5.00	08/15/20	1,995,855
4,000	Port of Oakland, California, Ser 2002 L (AMT) (FGIC)	5.00	11/01/32	4,047,080
2,000	Mid-Bay Bridge Authority, Florida, Refg Ser 1993 A (Ambac)	5.95	10/01/22	2,160,420
3,000	Atlanta, Georgia, Airport Ser 2004 J (FSA)	5.00	01/01/34	3,087,600
	Georgia State Road & Toll Authority,			
6,000	Ser 2004	5.00	10/01/22	6,302,520
9,000	Ser 2004	5.00	10/01/23	9,437,130
4,000	Chicago, Illinois, O' Hare Int'l Airport Third Lien Ser 2003 B-2 (AMT) (FSA)	5.75	01/01/23	4,371,160
6,335	Indiana Transportation Finance Authority, Ser 2000 (FGIC)	5.375	12/01/25	6,765,527
3,000	Wayne County, Michigan, Detroit Metropolitan Wayne County Airport Refg Ser 2002 D (AMT) (FGIC)	5.50	12/01/17	3,203,940

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Morgan Stanley Quality Municipal Income Trust

Portfolio of Investments October 31, 2005 continued

PRINCIPAL AMOUNT IN THOUSANDS		COUPON RATE	MATURITY DATE	VALUE
	Clark County, Nevada,			
\$ 4,000	Airport SubLien Ser 2004 A-1(AMT) (FGIC)	5.50%	07/01/20	\$ 4,297,560
1,000	Jet Aviation Fuel Tax Ser 2003 C (AMT) (Ambac)	5.375	07/01/19	1,056,340
1,100	Jet Aviation Fuel Tax Ser 2003 C (AMT) (Ambac)	5.375	07/01/20	1,159,785
2,000	Jet Aviation Fuel Tax Ser 2003 C (AMT) (Ambac)	5.375	07/01/22	2,098,140
5,000	New Jersey Transportation Trust Fund Authority, 1999 Ser A	5.75	06/15/20	5,719,050
12,000	New Jersey Turnpike Authority, Ser 2003 A (FGIC)††	5.00	01/01/27	12,435,839
10,000	Metropolitan Transportation Authority, New York, Transportation Refg Ser 2002 A (FGIC)	5.00	11/15/25	10,398,899
5,000	Triborough Bridge & Tunnel Authority, New York, Refg 2002 E (MBIA)	5.25	11/15/22	5,356,600
915	Ser 2001 A	5.00	01/01/32	932,184
2,000	Harris County, Texas, Toll Road Sr Lien Ser 2005 A (FSA)	5.25	08/15/35	2,078,600
	Houston, Texas,			
6,000	Airport Sub Lien Ser 2000 A (AMT) (FSA)	5.875	07/01/17	6,435,960
5,000	Airport Sub Lien Ser 2000 A (AMT) (FSA)	5.625	07/01/30	5,302,050
106,250				112,181,139
	<i>Water & Sewer Revenue (33.7%)</i>			
3,800	Phoenix Civic Improvement Corporation, Arizona, Jr Lien Water Ser 2002 (FGIC)	5.00	07/01/26	3,931,366
3,000	East Bay Municipal Utility District, California, Water Ser 2001 (MBIA)	5.00	06/01/26	3,081,420
3,720	San Diego County Water Authority, California, Ser 2002 A COPs (MBIA)	5.00	05/01/27	3,824,160
3,500	Broward County, Florida, Water & Sewer Utility Ser 2003 (MBIA)	5.00	10/01/24	3,639,685
10,000	Augusta, Georgia, Water & Sewerage Ser 2000 (FSA)	5.25	10/01/30	10,539,600
5,000	Louisville & Jefferson County Metropolitan Sewer District, Kentucky, Ser 1999 A (FGIC)	5.75	05/15/33	5,432,150
5,345	Las Vegas Valley Water District, Nevada, Water Improvement Refg Ser 2003 A (FGIC)	5.25	06/01/20	5,741,492
10,000	Passaic Valley Sewerage Commisioners, New Jersey, Ser F (FGIC)	5.00	12/01/20	10,508,200
3,000	Rio Rancho, New Mexico, Water & Wastewater Refg Ser 1999 (Ambac)	5.25	05/15/19	3,160,500

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	New York City Municipal Water Finance Authority, New York,			
3,500	2003 Ser A	5.375	06/15/19	3,793,265
18,000	2001 Ser B	5.00	06/15/26	18,428,219
10,000	2004 Ser A	5.00	06/15/35	10,231,600
4,500	Charlotte, North Carolina, Water & Sewer Ser 2001	5.125	06/01/26	4,697,370
10,000	Austin, Texas, Water & Wastewater Refg Ser 2001 A (FSA)	5.125	05/15/27	10,307,700
15,000	Houston, Texas, Combined Utility First Lien Refg 2004 Ser A (FGIC)	5.25	05/15/23	15,981,600

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Morgan Stanley Quality Municipal Income Trust

Portfolio of Investments October 31, 2005 continued

PRINCIPAL AMOUNT IN THOUSANDS		COUPON RATE	MATURITY DATE	VALUE
\$ 13,960	San Antonio, Texas, Water & Refg Ser 2001 (FGIC)	5.00%	05/15/26	\$ 14,295,180
2,000	Fairfax County Water Authority, Virginia, Refg Ser 1992	6.00	04/01/22	2,109,480
124,325				129,702,987
	<i>Other Revenue (8.8%)</i>			
10,000	California Economic Recovery, Ser 2004 A Golden State Tobacco Securitization Corporation, California,	5.00	07/01/16	10,772,500
3,000	Enhanced Asset Backed Ser 2005 A (Ambac)	5.00	06/01/29	3,078,510
3,000	Enhanced Asset Backed Ser 2005 A	5.00	06/01/45	3,010,080
2,000	New Jersey Economic Development Authority, Cigarette Tax Ser 2004	5.75	06/15/29	2,103,180
2,000	New York City Transitional Finance Authority, New York, Refg 2003 Ser A	5.50	11/01/26	2,178,520
10,000	Tobacco Settlement Financing Corporation, New York, State Contingency Ser 2003 B-1C	5.50	06/01/17	10,787,700
2,000	Philadelphia, Pennsylvania, Gas Works First Ser 1998 B (FSA)	5.00	07/01/28	2,055,760
32,000				33,986,250
	<i>Refunded (3.8%)</i>			
5,000	Phoenix Industrial Development Authority, Arizona, Capital Mall LLC Ser 2000 (Ambac)	5.50	09/15/10†	5,429,700

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3,400	Maine Turnpike Authority, Ser 2000 (FGIC)	5.50	07/01/10†	3,713,786
5,000	Dauphin County General Authority, Pennsylvania, HAPSO Group Inc/The Western Pennsylvania Hospital Refg 1992 Ser A (MBIA) (ETM)	6.25	07/01/16	5,691,700
13,400				14,835,186
549,940	Total Tax-Exempt Municipal Bonds (<i>Cost \$554,181,711</i>) Short-Term Tax-Exempt Municipal Obligations (1.3%)			579,167,958
400	Indiana Health Facility Financing Authority, Clarian Health Obligated Group Ser 2000 B (Demand 11/01/05)	2.80*	03/01/30	400,000
4,700	Harris County Health Facilities Development Corporation, Texas, Methodist Hospital Ser 2005 B (Demand 11/01/05)	2.72*	12/01/32	4,700,000
5,100	Total Short-Term Tax-Exempt Municipal Obligations (<i>Cost \$5,100,000</i>)			5,100,000
\$555,040	Total Investments (<i>Cost \$559,281,711</i>) (a) (b)		151.6%	584,267,958
	Other Assets in Excess of Liabilities		2.4	9,401,235
	Preferred Shares of Beneficial Interest		(54.0)	(208,174,955)
	Net Assets Applicable to Common Shareholders		100.0 %	\$ 385,494,238

See Notes to Financial Statements

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Morgan Stanley Quality Municipal Income Trust

Portfolio of Investments October 31, 2005 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.
PSF	Texas Permanent School Fund Guarantee Program.
RITES	Residual Interest Tax-Exempt Securities (Illiquid securities).
ROLS	Reset Option Longs (Illiquid securities).
†	Prerefunded to call date shown.

† Portion of this security has been physically segregated in connection with open futures contracts in the amount of \$487,500.

€ Current coupon rate for inverse floating rate municipal obligation. This rate resets periodically as the auction rate on the related security changes. Positions in inverse floating rate municipal obligations have a total value of \$16,862,250 which represents 4.4% of net assets applicable to common shareholders.

Currently a zero coupon security; will convert to 5.125% on January 1, 2008.

* Current coupon of variable rate demand obligation.

(a) Securities have been designated as collateral in an amount equal to \$96,791,960 in connection with open futures contracts.

(b) The aggregate cost for federal income tax purposes is \$559,218,503. The aggregate gross unrealized appreciation is \$26,123,084 and the aggregate gross unrealized depreciation is \$1,073,629, resulting in net unrealized appreciation of \$25,049,455.

Bond Insurance:

	Ambac	Ambac Assurance Corporation.
Connie Lee	Connie Lee Insurance Company – a wholly owned subsidiary of Ambac Assurance Corporation.	
	FGIC	Financial Guaranty Insurance Company.
	FSA	Financial Security Assurance Inc.
	MBIA	Municipal Bond Investors Assurance Corporation.
	XLCA	XL Capital Assurance Inc.

Futures Contracts Open at October 31, 2005:

NUMBER OF CONTRACTS	LONG/SHORT	DESCRIPTION, DELIVERY MONTH AND YEAR	UNDERLYING FACE AMOUNT AT VALUE	UNREALIZED APPRECIATION
750	Short	U.S. Treasury Notes 5 Yr December 2005	\$(79,417,972)	\$1,208,489
150	Short	U.S. Treasury Notes 10 Yr December 2005	(16,267,970)	382,553
		Total Unrealized Appreciation		\$1,591,042

See Notes to Financial Statements

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Morgan Stanley Quality Municipal Income Trust

Financial Statements

Statement of Assets and Liabilities

October 31, 2005

Assets:	
Investments in securities, at value (cost \$559,281,711)	\$584,267,958
Cash	34,027
Receivable for:	
Interest	9,016,971
Investment sold	613,907
Prepaid expenses and other assets	254,658
Total Assets	594,187,521
Liabilities:	
Payable for:	
Common shares of beneficial interest repurchased	161,745
Investment advisory fee	137,244

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Administration fee	40,665
Variation margin	16,410
Transfer agent fee	14,599
Accrued expenses and other payables	147,665
Total Liabilities	518,328
Preferred shares of beneficial interest (at liquidation value) <i>(1,000,000 shares authorized of non-participating \$.01 par value, 4,160 shares outstanding)</i>	208,174,955
Net Assets Applicable to Common Shareholders	\$385,494,238
Composition of Net Assets Applicable to Common Shareholders:	
Common shares of beneficial interest <i>(unlimited shares authorized of \$.01 par value, 25,066,098 shares outstanding)</i>	\$351,028,314
Net unrealized appreciation	26,577,289
Accumulated undistributed net investment income	3,094,224
Accumulated undistributed net realized gain	4,794,411
Net Assets Applicable to Common Shareholders	\$385,494,238
Net Asset Value Per Common Share <i>(\$385,494,238 divided by 25,066,098 common shares outstanding)</i>	\$ 15.38

See Notes to Financial Statements

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Morgan Stanley Quality Municipal Income Trust

Financial Statements continued

Statement of Operations

For the year ended October 31, 2005

Net Investment Income:	
Interest Income	\$ 29,153,571
Expenses	
Investment advisory fee	1,646,225
Auction commission fees	899,852
Administration fee	487,770
Tax expense	94,087
Transfer agent fees and expenses	88,079
Professional fees	78,943
Shareholder reports and notices	63,846
Auction agent fees	35,436
Custodian fees	28,164
Trustees' fees and expenses	13,950
Registration fees	13,839
Other	77,114

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Total Expenses	3,527,305
Less: expense offset	(5,616)
Net Expenses	3,521,689
Net Investment Income	25,631,882
Net Realized and Unrealized Gain (Loss):	
Net Realized Gain (Loss) on:	
Investments	6,035,637
Futures contracts	(548,373)
Net Realized Gain	5,487,264
Net Change in Unrealized Appreciation/Depreciation on:	
Investments	(13,447,801)
Futures contracts	3,967,878
Net Depreciation	(9,479,923)
Net Loss	(3,992,659)
Dividends to preferred shareholders from net investment income	(4,038,019)
Net Increase	\$ 17,601,204

See Notes to Financial Statements

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Morgan Stanley Quality Municipal Income Trust

Financial Statements continued

Statement of Changes in Net Assets

	FOR THE YEAR ENDED OCTOBER 31, 2005	FOR THE YEAR ENDED OCTOBER 31, 2004
Increase (Decrease) in Net Assets:		
Operations:		
Net investment income	\$ 25,631,882	\$ 26,821,433
Net realized gain (loss)	5,487,264	(4,157,568)
Net change in unrealized appreciation/depreciation	(9,479,923)	8,509,031
Dividends to preferred shareholders from net investment income	(4,038,019)	(4,164,646)
Net Increase	17,601,204	27,008,250
Dividends and Distributions to Common Shareholders from:		
Net investment income	(20,909,486)	(23,870,615)
Net realized gain	—	(8,366,098)
Total Dividends and Distributions	(20,909,486)	(32,236,713)
Decrease from transactions in common shares of beneficial interest	(18,750,502)	(17,571,884)
Net Decrease	(22,058,784)	(22,800,347)
Net Assets Applicable to Common Shareholders:		

Beginning of period	407,553,022	430,353,369
End of Period		
<i>(Including accumulated undistributed net investment income of \$3,094,224 and \$2,316,278, respectively)</i>	\$385,494,238	\$407,553,022

See Notes to Financial Statements

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Morgan Stanley Quality Municipal Income Trust

Notes to Financial Statements October 31, 2005

1. Organization and Accounting Policies

Morgan Stanley Quality 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 September 29, 1992.

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 mean between the last reported bid and asked price. 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. The Trustees believe that timely and reliable market quotations are generally not readily available for purposes of valuing tax-exempt securities and that the valuations supplied by the pricing service are more likely to approximate the fair value of such securities; (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.

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Morgan Stanley Quality Municipal Income Trust

Notes to Financial Statements October 31, 2005 continued

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.

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 Advisory/Administration Agreements

Pursuant to an Investment Advisory Agreement with Morgan Stanley Investment Advisors Inc. (the "Investment Adviser"), the Trust pays an advisory fee, calculated weekly and payable monthly, by applying the annual rate of 0.27% to the Trust's weekly total net assets including preferred shares.

Pursuant to an Administration Agreement with Morgan Stanley Services Company Inc. (the "Administrator"), an affiliate of the Investment Adviser, the Trust pays an administration fee, calculated weekly and payable monthly, by applying the annual rate of 0.08% to the Trust's weekly total 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, 2005, aggregated \$81,679,037 and \$93,733,895, respectively. Included in the aforementioned transactions are sales of \$4,196,720 with other Morgan Stanley funds including net realized gains of \$133,234.

Morgan Stanley Trust, an affiliate of the Investment Adviser and Administrator, is the Trust's transfer agent.

The Trust has an unfunded noncontributory defined benefit pension plan covering certain 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 factors which include years of service and compensation. The Trustees voted to close the plan to new participants and eliminate the future benefits growth due to increases to compensation after July 31, 2003.

Aggregate pension costs for the year ended October 31, 2005, included in Trustees' fees and expenses in the Statement of Operations amounted to \$6,446. At October 31, 2005, the Trust had an accrued pension liability of \$55,065 which is included in accrued expenses in the Statement of Assets and Liabilities.

The Trust has an unfunded Deferred Compensation Plan (the ‘‘Compensation Plan’’) which allows each independent Trustee to defer payment of all, or a portion, of the fees he receives for serving on the Board of

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Morgan Stanley Quality Municipal Income Trust

Notes to Financial Statements October 31, 2005 continued

Trustees. Each eligible Trustee generally may elect to have the deferred amounts credited with a return equal to the total return on one or more of the Morgan Stanley funds that are offered as investment options under the Compensation Plan. Appreciation/depreciation and distributions received from these investments are recorded with an offsetting increase/decrease in the deferred compensation obligation and do not affect the net asset value of the Trust.

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.

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

SERIES	SHARES	AMOUNT		RESET DATE	RANGE OF DIVIDEND RATES**
		IN THOUSANDS*	RATE*		
1	1,120	\$ 56,000	2.58%	11/02/05	1.58% – 2.83%
2	400	20,000	2.56	11/03/05	1.70 – 2.67
3	1,120	56,000	2.25	07/06/06	2.25
4	1,120	56,000	1.50	01/05/06	1.50
5	400	20,000	2.70	11/04/05	1.70 – 2.85

* As of October 31, 2005.

** For the year ended October 31, 2005.

Subsequent to October 31, 2005 and up through December 2, 2005, the Trust paid dividends to each of the Series 1 through 5 at rates ranging from 1.50% to 3.00% in the aggregate amount of \$599,959.

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.

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Morgan Stanley Quality Municipal Income Trust

Notes to Financial Statements October 31, 2005 continued

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, 2003	27,695,820	\$276,958	\$386,910,189
Treasury shares purchased and retired (weighted average discount 8.81%)*	(1,263,400)	(12,634)	(17,559,250)
Reclassification due to permanent book/tax differences	—	—	257,185
Balance, October 31, 2004	26,432,420	264,324	369,608,124
Treasury shares purchased and retired (weighted average discount 11.76%)*	(1,366,322)	(13,663)	(18,736,839)
Reclassification due to permanent book/tax differences	—	—	(93,632)
Balance, October 31, 2005	25,066,098	\$250,661	\$350,777,653

* The Trustees have voted to retire the shares purchased.

6. Dividends to Common Shareholders

On September 27, 2005, the Trust declared the following dividends from net investment income:

AMOUNT PER SHARE	RECORD DATE	PAYABLE DATE
\$0.07	November 4, 2005	November 18, 2005
\$0.07	December 9, 2005	December 23, 2005

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.

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. Risks may also arise upon entering into these contracts from the potential inability of the counterparties to meet the terms of their contracts.

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Morgan Stanley Quality Municipal Income Trust

Notes to Financial Statements October 31, 2005 continued

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.

The tax character of distributions paid was as follows:

	FOR THE YEAR ENDED OCTOBER 31, 2005	FOR THE YEAR ENDED OCTOBER 31, 2004
Tax-exempt income	\$25,078,840	\$27,647,266
Ordinary income	—	434,654
Long-term capital gains	—	8,366,098
Total distributions	\$25,078,840	\$36,448,018

As of October 31, 2005, the tax-basis components of accumulated earnings were as follows:

Undistributed tax-exempt income	\$ 3,261,732
Undistributed long-term gains	6,385,472
Net accumulated earnings	9,647,204

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Temporary differences	(230,735)
Net unrealized appreciation	25,049,455
Total accumulated earnings	\$34,465,924

During the year ended October 31, 2005, the Trust utilized its net capital loss carryforward of \$3,069,752.

As of October 31, 2005, 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 and nondeductible expenses. To reflect reclassifications arising from the permanent differences, paid-in-capital was charged \$93,632, accumulated undistributed net realized gain was credited \$63 and accumulated undistributed net investment income was credited \$93,569.

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Morgan Stanley Quality 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,				
	2005	2004	2003	2002	2001
Selected Per Share Data:					
Net asset value, beginning of period	\$ 15.42	\$ 15.54	\$ 15.60	\$ 15.91	\$ 15.22
Income (loss) from investment operations:					
Net investment income*	1.00	0.97	1.01	1.11	1.16
Net realized and unrealized gain (loss)	(0.17)	0.18	0.24	0.01	0.76
Common share equivalent of dividends paid to preferred shareholders*	(0.16)	(0.15)	(0.16)	(0.20)	(0.27)
Total income from investment operations	0.67	1.00	1.09	0.92	1.65
Less dividends and distributions from:					
Net investment income	(0.81)	(0.88)	(0.90)	(0.87)	(0.87)
Net realized gain	—	(0.30)	(0.30)	(0.39)	(0.13)
Total dividends and distributions	(0.81)	(1.18)	(1.20)	(1.26)	(1.00)
Anti-dilutive effect of acquiring treasury shares*	0.10	0.06	0.05	0.03	0.04
Net asset value, end of period	\$ 15.38	\$ 15.42	\$ 15.54	\$ 15.60	\$ 15.91
Market value, end of period	\$ 13.71	\$ 13.83	\$ 14.55	\$ 13.91	\$ 14.48
Total Return†	5.14%	3.32%	13.82%	4.94%	16.59%
Ratios to Average Net Assets of Common Shareholders:					
Total expenses (before expense offset)	0.88%	0.89%	0.83% ⁽¹⁾	0.78% ⁽¹⁾	0.74%
Net investment income before preferred stock dividends	6.41%	6.48%	6.58%	7.19%	7.47%

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Preferred stock dividends	1.01%	1.01%	1.05%	1.29%	1.71%
Net investment income available to common shareholders	5.40%	5.47%	5.53%	5.90%	5.76%
Supplemental Data:					
Net assets applicable to common shareholders, end of period, in thousands	\$385,494	\$407,553	\$430,353	\$450,417	\$473,103
Asset coverage on preferred shares at end of period	285%	296%	307%	316%	325%
Portfolio turnover rate	14%	16%	41%	20%	19%

*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 last day of each period reported. Dividends and distributions 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 the expense offset of 0.01%.

See Notes to Financial Statements

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Morgan Stanley Quality Municipal Income Trust

Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying statement of assets and liabilities of Morgan Stanley Quality Municipal Income Trust (the "Trust"), including the portfolio of investments, as of October 31, 2005, 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 the standards of the Public Company Accounting Oversight Board (United States). 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. The Trust is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of October 31, 2005, by correspondence with the custodian and brokers. 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 Quality Municipal Income Trust as of October 31, 2005, 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 19, 2005

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Morgan Stanley Quality Municipal Income Trust

Shareholder Voting Results

On October 26, 2005, an annual meeting of the Trust's shareholders was held for the purpose of voting on the following matters, the results of which were as follows:

Election of Trustees by all Shareholders:

	FOR	WITHHELD
Michael Bozic	19,391,678	846,507
James F. Higgins	19,399,698	838,487

Election of Trustee by Preferred Shareholders:

	FOR	WITHHELD
Charles A. Fiumefreddo	3,512	1

The following Trustees were not standing for reelection at this meeting: Edwin J. Garn, Wayne E. Hediien, Dr. Manuel H. Johnson, Joseph J. Kearns, Michael E. Nugent and Fergus Reid.

In addition, three proposals relating to the approval of modifications to the Trust's investment policies were brought before shareholders. In each case, sufficient votes to approve such proposals were not obtained by the date of the Meeting. The Notice of Meeting provides that the Meeting of Shareholders may be adjourned in the event that the necessary votes required to approve or reject any proposal is not obtained at the Meeting. Accordingly, the Meeting with respect to these Proposals was adjourned until November 30, 2005 to permit further solicitation of proxies.

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Morgan Stanley Quality Municipal Income Trust

Trustee and Officer Information

Independent Trustees:

Name, Age and Address of Independent Trustee	Position(s) Held with Registrant Trustee	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 (64) c/o Kramer Levin Naftalis & Frankel LLP Counsel to the Independent Trustees 1177 Avenue of the Americas New York, NY 10036	Trustee	Since April 1994	Private Investor; Director or Trustee of the Retail Funds (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.	197	Director of various business organizations.
Edwin J. Garn (73) 1031 N. Chartwell Court Salt Lake City, UT 84103	Trustee	Since January 1993	Consultant; Director or Trustee of the Retail Funds (since January 1993) and the Institutional Funds (since July 2003); member of the Utah Regional Advisory Board of Pacific Corp. (utility company); formerly Managing	197	Director of Franklin Covey (time management systems), BMW Bank of North America, Inc. (industrial loan corporation), Escrow Bank USA

<p>Wayne E. Hedien (71) c/o Kramer Levin Naftalis & Frankel LLP Counsel to the Independent Trustees 1177 Avenue of the Americas New York, NY 10036</p>	<p>Trustee</p>	<p>Since September 1997</p>	<p>Director of Summit Ventures LLC (2000-2004) (lobbying and consulting firm); 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; (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>197</p>	<p>(industrial loan corporation); United Space Alliance (joint 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 Quality 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 Trustee***	Other Directorships Held by Trustee
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<p>Dr. Manuel H. Johnson (56) c/o Johnson Smick Group, Inc. 888 16th Street, N.W. Suite 740 Washington, D.C. 20006</p>	<p>Trustee</p>	<p>Since July 1991</p>	<p>Senior Partner, Johnson Smick International, Inc., a consulting firm; Chairman of the Audit Committee and Director or Trustee of the Retail Funds (since July 1991) and the Institutional Funds (since July 2003); 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>197</p>	<p>Director of NVR, Inc. (home construction); Director of KFX Energy; Director of RBS Greenwich Capital Holdings (financial holding company).</p>
<p>Joseph J. Kearns (63) c/o Kearns & Associates LLC PMB754 23852 Pacific Coast Highway Malibu, CA 90265</p>	<p>Trustee</p>	<p>Since July 2003</p>	<p>President, Kearns & Associates LLC (investment consulting); Deputy Chairman of the Audit Committee and Director or Trustee of the Retail Funds (since July 2003) and the Institutional Funds (since August 1994); previously Chairman of the Audit Committee of the Institutional Funds (October 2001-July 2003); formerly CFO of the J. Paul Getty Trust.</p>	<p>198</p>	<p>Director of Electro Rent Corporation (equipment leasing), The Ford Family Foundation, and the UCLA Foundation.</p>
<p>Michael E. Nugent (69) c/o Triumph Capital, L.P. 445 Park Avenue New York, NY 10022</p>	<p>Trustee</p>	<p>Since July 1991</p>	<p>General Partner of Triumph Capital, L.P., a private investment partnership; Chairman of the Insurance Committee and Director or Trustee of the Retail Funds (since July 1991) and the Institutional Funds (since July 2001); formerly Vice President, Bankers Trust Company and BT Capital Corporation (1984-1988).</p>	<p>197</p>	
<p>Fergus Reid (73) c/o Lumelite Plastics Corporation 85 Charles Colman Blvd. Pawling, NY 12564</p>	<p>Trustee</p>	<p>Since July 2003</p>	<p>Chairman of Lumelite Plastics Corporation; Chairman of the Governance Committee and Director or Trustee of the Retail Funds (since July</p>	<p>198</p>	<p>Trustee and Director of certain investment companies in the JPMorgan Funds complex managed by J.P. Morgan</p>

2003) and the Institutional
Funds (since June 1992).Investment
Management Inc.

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Morgan Stanley Quality 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
Charles A. Fiumefreddo (72) c/o Morgan Stanley Trust Harborside Financial Center, Plaza Two, Jersey City, NJ 07311	Chairman of the Board and Trustee	Since July 1991	Chairman and Director or Trustee of the Retail Funds (since July 1991) and the Institutional Funds (since July 2003); formerly Chief Executive Officer of the Retail Funds (until September 2002).	197	None
James F. Higgins (57) c/o Morgan Stanley Trust Harborside Financial Center, Plaza Two, Jersey City, NJ 07311	Trustee	Since June 2000	Director or Trustee of the Retail Funds (since June 2000) and the Institutional Funds (since July 2003); Senior 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	197	Director of AXA Financial, Inc. and The Equitable Life Assurance Society of the United States (financial services).

1997-May 1999).

* This is the earliest date the Trustee began serving the funds advised by Morgan Stanley Investment Advisors Inc. (the "Investment Adviser") (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. 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 Adviser and any funds that have an investment adviser that is an affiliated person of the Investment Adviser (including, but not limited to, Morgan Stanley Investment Management Inc.).

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Morgan Stanley Quality Municipal Income Trust

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**
Ronald E. Robison (66) 1221 Avenue of the Americas New York, NY 10020	President and Principal Executive Officer	Since May 2003	President (since September 2005) and Principal Executive Officer of funds in the Fund Complex (since May 2003); Managing Director of Morgan Stanley & Co. Incorporated and Morgan Stanley; Managing Director and Director of Morgan Stanley Investment Management Inc., Morgan Stanley Distribution Inc. and Morgan Stanley Distributors Inc.; Managing Director, Chief Administrative Officer and Director of Morgan Stanley Investment Advisors Inc. and Morgan Stanley Services Company Inc.; Chief Executive Officer and Director of Morgan Stanley Trust; Director of Morgan Stanley SICAV (since May 2004); President (since September 2005) and Principal Executive Officer (since May 2003) of the Van Kampen Funds; previously, Executive Vice President (July 2003-September 2005) of funds in the Fund Complex and the Van Kampen Funds. He was also previously President and Director of the Institutional Funds (March 2001-July 2003), Chief Global Operations Officer of Morgan Stanley

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			Investment Management Inc. and Chief Executive Officer and Chairman of Van Kampen Investor Services.
Joseph J. McAlinden (62) 1221 Avenue of the Americas New York, NY 10020	Vice President	Since July 1995	Managing Director and Chief Investment Officer of the Investment Adviser and Morgan Stanley Investment Management Inc.; Chief Investment Officer of the Van Kampen Funds; Vice President of the Institutional Funds (since July 2003) and the Retail Funds (since July 1995).
Barry Fink (50) 1221 Avenue of the Americas New York, NY 10020	Vice President	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 of the Investment Adviser and the Administrator; Vice President of the Retail Funds; Assistant Secretary of Morgan Stanley DW; Vice President of the Institutional Funds (since July 2003); Managing Director, Secretary and Director of the Distributor; previously Secretary (February 1997-July 2003) and General Counsel (February 1997-April 2004) of the Retail Funds; Vice President and Assistant General Counsel of the Investment Adviser and the Administrator (February 1997-December 2001).
Amy R. Doberman (43) 1221 Avenue of Americas New York, NY 10020	Vice President	Since July 2004	Managing Director and General Counsel, U.S. Investment Management; Managing Director of Morgan Stanley Investment Management Inc. and the Investment Adviser, Vice President of the Institutional and Retail Funds (since July 2004); Vice President of the Van Kampen Funds (since August 2004); previously, Managing Director and General Counsel — Americas, UBS Global Asset Management (July 2000 – July 2004) and General Counsel, Aeltus Investment Management Inc. (January 1997 – July 2000).
Carsten Otto (41) 1221 Avenue of the Americas New York, NY 10020	Chief Compliance Officer	Since October 2004	Executive Director and U.S. Director of Compliance for Morgan Stanley Investment Management (since October 2004); Executive Director of the Investment Adviser and Morgan Stanley Investment Management Inc.; formerly Assistant Secretary and Assistant General Counsel of the Morgan Stanley Retail Funds.
Stefanie V. Chang (38) 1221 Avenue of the Americas New York, NY 10020	Vice President	Since July 2003	Executive Director of Morgan Stanley & Co. Incorporated, Morgan Stanley Investment Management Inc. and the Investment Adviser; 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 US LLP).

Morgan Stanley Quality 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 (40) c/o Morgan Stanley Trust Harborside Financial Center, Plaza Two, Jersey City, NJ 07311	Treasurer and Chief Financial Officer	Treasurer since July 2003 and Chief Financial Officer since September 2002	Executive Director of the Investment Adviser and the Administrator (since December 2001); previously, Vice President of the Retail Funds (September 2002-July 2003); Vice President of the Investment Adviser and the Administrator (August 2000-November 2001).
Thomas F. Caloia (59) c/o Morgan Stanley Trust Harborside Financial Center, Plaza Two, Jersey City, NJ 07311	Vice President	Since July 2003	Executive Director (since December 2002) and Assistant Treasurer of the Investment Adviser, the Distributor and the Administrator; previously Treasurer of the Retail Funds (April 1989-July 2003); formerly First Vice President of the Investment Adviser, the Distributor and the Administrator.
Mary E. Mullin (38) 1221 Avenue of the Americas New York, NY 10020	Secretary	Since July 2003	Executive Director of Morgan Stanley & Co. Incorporated, Morgan Stanley Investment Management Inc. and the Investment Adviser; 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.

*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.

In accordance with Section 303A.12(a) of the New York Stock Exchange Listed Company Manual, the Trust's Annual CEO Certification certifying as to compliance with NYSE's Corporate Governance Listing Standards was submitted to the Exchange on January 7, 2005.

The Trust's Principal Executive Officer and Principal Financial Officer Certifications required by Section 302 of the Sarbanes-Oxley Act of 2002 were filed with the Fund's N-CSR and are available on the Securities and Exchange Commission's Web site at <http://www.sec.gov>.

2005 Federal Tax Notice (unaudited)

During the year ended October 31, 2005, the Trust paid the following per share amounts from tax-exempt income: \$0.81 to common shareholders, \$892 to Series 1 preferred shareholders, \$804 to Series 2 preferred shareholders, \$901 to Series 3 preferred shareholders, \$601 to Series 4 preferred shareholders, and \$776 to Series 5 preferred shareholders. For the year ended October 31, 2005, the Trust paid the following per share amounts from long-term capital gains: \$0.00 to common shareholders, \$242 to Series 1 preferred shareholders, \$218 to Series 2 preferred shareholders, \$224 to Series 3 preferred shareholders, \$149 to Series 4 preferred shareholders and \$202 to Series 5 preferred shareholders.

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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
Fergus Reid

Morgan Stanley
Quality Municipal
Income Trust

Officers

Annual Report
October 31, 2005

Charles A. Fiumefreddo
Chairman of the Board

Ronald E. Robison
President and Principal Executive Officer

Joseph J. McAlinden
Vice President

Barry Fink
Vice President

Amy R. Doberman
Vice President

Carsten Otto
Chief Compliance Officer

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 Registered Public Accounting
Firm

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

Investment Adviser

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

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