

MORGAN STANLEY MUNICIPAL INCOME OPPORTUNITIES TRUST  
Form DEF 14A  
November 13, 2003

Schedule 14A Information required in proxy statement.  
Schedule 14A Information  
Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. \_\_)

Filed by the Registrant [X]  
Filed by a Party other than the Registrant [ ]

Check the appropriate box:

- Preliminary Proxy Statement
- Preliminary Additional Materials
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.149-11(c) or Section 240.14a-12

Morgan Stanley Government Income Trust  
Morgan Stanley Income Securities Inc.  
Morgan Stanley Municipal Income Opportunities Trust

(Names of Registrants as specified in their charter)

Lou Anne D. McInnis

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(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(j)(4) and 0-11.

- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:

Set forth the amount on which the filing fee is calculated and state how it was determined.

- 4) Proposed maximum aggregate value of transaction:
- 5) Fee previously paid:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- 1) Amount Previously Paid
- 2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

MORGAN STANLEY GOVERNMENT INCOME TRUST  
MORGAN STANLEY INCOME SECURITIES INC.  
MORGAN STANLEY MUNICIPAL INCOME OPPORTUNITIES TRUST

NOTICE OF ANNUAL MEETINGS OF SHAREHOLDERS  
TO BE HELD DECEMBER 16, 2003

Annual Meetings of Shareholders ("Meeting(s)") of MORGAN STANLEY GOVERNMENT INCOME TRUST, MORGAN STANLEY INCOME SECURITIES INC. and MORGAN STANLEY MUNICIPAL INCOME OPPORTUNITIES TRUST (individually, a "Fund" and, collectively, the "Funds"), two unincorporated business trusts organized under the laws of the Commonwealth of Massachusetts and one corporation organized under the laws of Maryland, will be held jointly in Room 209, 2nd Floor, 1221 Avenue of the Americas, New York, New York 10020, on December 16, 2003 at 10:30 a.m., New York City time, for the following purposes:

1. For MORGAN STANLEY GOVERNMENT INCOME TRUST and MORGAN STANLEY MUNICIPAL INCOME OPPORTUNITIES TRUST, to elect four Trustees to serve until the year 2006 Annual Meeting of each Fund; and for MORGAN STANLEY INCOME SECURITIES INC., to elect ten Directors to serve until the year 2004 Annual Meeting, or in each case, until their successors shall have been elected and qualified.

2. To transact such other business as may properly come before the Meetings or any adjournments thereof.

Shareholders of record of each Fund as of the close of business on October 31, 2003 are entitled to notice of and to vote at the Meeting. If you cannot be present in person, your management would greatly appreciate your filling in, signing and returning the enclosed proxy promptly in the envelope provided for that purpose. Alternatively, if you are eligible to vote telephonically by touchtone telephone or electronically on the Internet (as discussed in the enclosed Proxy Statement) you may do so in lieu of attending the Meeting in person.

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

MARY E. MULLIN  
Secretary

November 7, 2003  
New York, New York

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IMPORTANT

YOU CAN HELP AVOID THE NECESSITY AND EXPENSE OF SENDING FOLLOW-UP LETTERS TO ENSURE A QUORUM BY PROMPTLY RETURNING THE ENCLOSED PROXY. IF YOU ARE UNABLE TO

BE PRESENT IN PERSON, PLEASE FILL IN, SIGN AND RETURN THE ENCLOSED PROXY IN ORDER THAT THE NECESSARY QUORUM MAY BE REPRESENTED AT THE MEETING. THE ENCLOSED ENVELOPE REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES. SHAREHOLDERS WILL BE ABLE TO VOTE TELEPHONICALLY BY TOUCHTONE TELEPHONE OR ELECTRONICALLY ON THE INTERNET BY FOLLOWING INSTRUCTIONS CONTAINED ON THEIR PROXY CARDS OR ON THE ENCLOSED VOTING INFORMATION CARD.

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MORGAN STANLEY GOVERNMENT INCOME TRUST  
MORGAN STANLEY INCOME SECURITIES INC.  
MORGAN STANLEY MUNICIPAL INCOME OPPORTUNITIES TRUST

1221 AVENUE OF THE AMERICAS NEW YORK, NEW YORK 10020

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JOINT PROXY STATEMENT  
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ANNUAL MEETINGS OF SHAREHOLDERS

DECEMBER 16, 2003

This statement is furnished in connection with the solicitation of proxies by the Boards of Trustees/Directors (the "Board(s)") of MORGAN STANLEY GOVERNMENT INCOME TRUST ("GVT"), MORGAN STANLEY INCOME SECURITIES INC. ("ICB") and MORGAN STANLEY MUNICIPAL INCOME OPPORTUNITIES TRUST ("OIA") (individually, a "Fund" and, collectively, the "Funds") for use at the Annual Meetings of Shareholders of the Funds to be held jointly on December 16, 2003 (the "Meeting(s)"), and at any adjournments thereof. The first mailing of this Proxy Statement is expected to be made on or about November 11, 2003.

If the enclosed form of proxy is properly executed and returned in time to be voted at the Meetings, the proxies named therein will vote the shares/stock ("shares") represented by the proxy in accordance with the instructions marked thereon. Unmarked proxies will be voted for each of the nominees for election as Trustee/Director to be elected by shareholders with respect to each Fund set forth in the attached Notice of Annual Meetings of Shareholders. A proxy may be revoked at any time prior to its exercise by any of the following: written notice of revocation to the Secretary of the Funds, execution and delivery of a later dated proxy to the Secretary of the Funds (whether by mail or, as discussed below, by touchtone telephone or the Internet) (if returned and received in time to be voted), or attendance and voting at the Meetings. Attendance at the Meetings will not in and of itself revoke a proxy.

Shareholders of record ("Shareholders") of each Fund as of the close of business on October 31, 2003, the record date for the determination of Shareholders entitled to notice of and to vote at the Meetings (the "Record Date"), are entitled to one vote for each share held and a fractional vote for a fractional share. On October 31, 2003, there were outstanding 35,087,795 shares of beneficial interest of GVT, 10,894,012 shares of common stock of ICB and 20,736,669 shares of beneficial interest of OIA outstanding, all with \$0.01 par value. No person was known to own as much as 5% of the outstanding shares of any of the Funds on that date. The percentage ownership of shares of each Fund changes from time to time depending on purchases and sales by Shareholders and the total number of shares outstanding.

The cost of soliciting proxies for the Meeting of each Fund, consisting

principally of printing and mailing expenses, will be borne by each respective Fund. The solicitation of proxies will be by mail, which may be supplemented by solicitation by mail, telephone or otherwise through Trustees/Directors, officers of the Funds, or officers and regular employees of Morgan Stanley Investment Advisors Inc. ("Morgan Stanley Investment Advisors" or the "Investment Manager"), Morgan Stanley Trust (or the "Transfer Agent"), Morgan Stanley Services Company Inc. ("Morgan Stanley Services") and/or Morgan Stanley DW Inc. ("Morgan Stanley DW"), without special compensation therefor. In addition, each Fund may employ Alamo Direct Mail Services Inc. ("Alamo") to make telephone calls to Shareholders to remind them to vote. In addition, each Fund may

2

employ Alamo or D.F. King & Co., Inc. ("D.F. King") as proxy solicitor if it appears that the required number of votes to achieve quorum will not be received. In the event of a solicitation by Alamo or D.F. King, each Fund would pay the solicitor a project management fee not to exceed \$3,000 and the expenses outlined below.

Shareholders will be able to vote their shares by touchtone telephone or by Internet by following the instructions on the proxy card or on the Voting Information Card accompanying this Proxy Statement. To vote by Internet or by telephone, Shareholders can access the website or call the toll-free number listed on the proxy card or noted in the enclosed voting instructions. To vote by Internet or by telephone, Shareholders will need the "control number" that appears on the proxy card.

In certain instances, Morgan Stanley Trust, Alamo and/or D.F. King may call Shareholders to ask if they would be willing to have their votes recorded by telephone. The telephone voting procedure is designed to authenticate Shareholders' identities, to allow Shareholders to authorize the voting of their shares in accordance with their instructions and to confirm that their instructions have been recorded properly. No recommendation will be made as to how a Shareholder should vote on any proposal other than to refer to the recommendations of the Board. The Funds have been advised by counsel that these procedures are consistent with the requirements of applicable law. Shareholders voting by telephone in this manner will be asked for their social security number or other identifying information and will be given an opportunity to authorize proxies to vote their shares in accordance with their instructions. To ensure that the Shareholders' instructions have been recorded correctly they will receive a confirmation of their instructions in the mail. A special toll-free number set forth in the confirmation will be available in case the information contained in the confirmation is incorrect. Although a Shareholder's vote may be taken by telephone, each Shareholder will receive a copy of this Proxy Statement and may vote by mail using the enclosed proxy card or by touchtone telephone or the Internet as set forth above. The last proxy vote received in time to be voted, whether by proxy card, touchtone telephone or Internet, will be the last vote that is counted and will revoke all previous votes by the Shareholder. With respect to reminder calls by Alamo, expenses would be approximately \$1.00 per outbound telephone contact. With respect to the solicitation of a telephonic vote by Alamo or D.F. King, approximate additional expenses range between \$3.75 and \$6.00 per telephone vote transacted, \$2.75 and \$3.25 per outbound or inbound telephone contact and costs relating to obtaining Shareholders' telephone numbers and providing additional materials upon Shareholder request, which would be borne by each respective Fund.

(1) ELECTION OF TRUSTEES/DIRECTORS FOR EACH FUND

The number of Trustees/Directors of each Fund has been fixed by the Trustees/Directors, pursuant to each Fund's Declaration of Trust or Articles of Incorporation, at ten. There are presently ten Trustees/Directors for each Fund. At the Meetings, the following nominees are to be elected to each Fund's Board of Trustees/ Directors to serve for the following terms, in accordance with each Fund's Declaration of Trust or Articles of Incorporation, as set forth below:

|                                    |                                       |
|------------------------------------|---------------------------------------|
| GVT, OIA                           | ICB --                                |
| Until the year 2006 Annual Meeting | Until the year 2004<br>Annual Meeting |
| -----                              | -----                                 |
| Wayne E. Hedien                    | Michael Bozic                         |
| Manuel H. Johnson                  | Charles A. Fiumefreddo                |
| Joseph J. Kearns                   | Edwin J. Garn                         |
| Fergus Reid                        | Wayne E. Hedien                       |
|                                    | James F. Higgins                      |
|                                    | Manuel H. Johnson                     |
|                                    | Joseph J. Kearns                      |
|                                    | Michael E. Nugent                     |
|                                    | Philip J. Purcell                     |
|                                    | Fergus Reid                           |

Seven of the current ten Trustees/Directors (Michael Bozic, Edwin J. Garn, Wayne E. Hedien, Manuel H. Johnson, Joseph J. Kearns, Michael E. Nugent and Fergus Reid) are "Independent Trustees" or "Independent Directors," that is, Trustees or Directors who are not "interested persons" of the Funds, as that term is defined in the Investment Company Act of 1940, as amended (the "1940 Act"). The other three current Trustees/ Directors, Charles A. Fiumefreddo, James F. Higgins and Philip J. Purcell, are "Interested Trustees/Directors," that is, Trustees/Directors who are "interested persons" (as that term is defined in the 1940 Act) of the Funds and Morgan Stanley Investment Advisors and thus, are not Independent Trustees or Independent Directors. The nominees for election as Trustee or Director have been proposed by the Trustees or Directors now serving, or in the case of the nominees for positions as Independent Trustee or Independent Director, by the Independent Trustees or Independent Directors now serving. All of the members of the Boards, except for Messrs. Kearns and Reid, have previously been elected by the Shareholders of the Funds.

The nominees of the Boards of Trustees/Directors for election as Trustee/Director are listed below. It is the intention of the persons named in the enclosed form of proxy, unless instructed by proxy to withhold authority to vote for the nominees, to vote all validly executed proxies for the election of these nominees: for GVT and OIA--Wayne E. Hedien, Manuel H. Johnson, Joseph J. Kearns and Fergus Reid; for ICB--Michael Bozic, Charles A. Fiumefreddo, Edwin J. Garn, Wayne E. Hedien, James F. Higgins, Manuel H. Johnson, Joseph J. Kearns, Michael E. Nugent, Philip J. Purcell and Fergus Reid. Should any of the nominees become unable or unwilling to accept nomination or election, the persons named in the proxy will exercise their voting power in favor of such person or persons as the Boards may recommend or, in the case of an Independent Trustee/Director nominee, as the Independent Trustees/Directors of each Fund may recommend. All of the nominees have consented to being named in this Proxy Statement and to serve if elected. The Funds know of no reason why any of the

said nominees would be unable or unwilling to accept nomination or election. With respect to each Fund, the election of each Trustee/Director requires the approval of a majority of the shares of the Fund represented and entitled to vote at the Meeting.

4

Pursuant to the provisions of the Declaration of Trust of each of GVT and OIA, in certain cases as amended, the Trustees are divided into three separate classes, each class having a term of three years. The term of office of one of each of the three classes will expire each year.

The Boards of GVT and OIA previously determined that any nominee for election as Trustee for each Fund will stand for election as Trustee and serve as Trustee in one of the three classes of Trustees as follows: Class I--Messrs. Bozic, Fiumefreddo and Higgins; Class II--Messrs. Hedien, Johnson, Kearns and Reid; and Class III--Messrs. Garn, Nugent and Purcell. Each nominee will, if elected, serve a term of up to approximately three years running for the period assigned to that class and terminating at the date of the Annual Meeting of Shareholders so designated by the Boards, or any adjournments thereof. As a consequence of this method of election, the replacement of a majority of each of the Boards could be delayed for up to two years. In accordance with the above, the Trustees in Class II for GVT and OIA are standing for election at this Meeting and, if elected, will serve until the year 2006 Annual Meeting for each Fund as set forth above, or in each case, until their successors shall have been elected and qualified.

Pursuant to the provisions of the Articles of Incorporation of ICB, the terms of office of each Director will expire each year. Therefore, all of the Directors of the Fund, if elected, will serve until the year 2004 Annual Meeting of ICB, or until their successors shall have been elected and qualified.

The Board of each Fund consists of ten trustees/directors. These same individuals also serve as directors or trustees for all of the funds advised by the Investment Manager (the "Retail Funds") and certain of the funds advised by Morgan Stanley Investment Management Inc., Morgan Stanley Investments LP and Morgan Stanley AIP GP LP (the "Institutional Funds"). The table below sets forth the following information as of July 31, 2003, regarding the nominees for election as Trustee/Dierctor, and each of the other Trustees /Directors (both the Independent Trustees/Directors and the Interested Trustees/Directors), as well as the executive officers of the Funds, their term of office and length of time served, their principal business occupations during the past five years, the number of portfolios in the Fund Complex (defined below) overseen by each Trustee/Director or nominee Trustee/Director, and other directorships, if any, held by the Trustees/Directors. The Fund Complex includes all open-end and closed-end funds (including all of their portfolios) advised by the Investment Advisor and any funds that have an investment advisor that is an affiliated person of the Investment Advisor (including, but not limited to, Morgan Stanley Investment Management Inc. and Morgan Stanley Investments LP).

5

INDEPENDENT TRUSTEES/DIRECTORS

| NAME, AGE AND ADDRESS OF INDEPENDENT TRUSTEE/DIRECTOR  | POSITION(S) HELD WITH THE FUNDS | LENGTH OF TIME SERVED*     |
|--|---------------------------------|----------------------------|
| Michael Bozic (62)<br>c/o Mayer, Brown, Rowe & Maw LLP<br>Counsel to the Independent Trustees/Directors<br>1675 Broadway<br>New York, NY   | Trustee/<br>Director            | Since<br>April 1994        |
| Edwin J. Garn (71)<br>c/o Summit Ventures LLC<br>1 Utah Center<br>201 S. Main Street<br>Salt Lake City, UT                                 | Trustee/<br>Director            | Since<br>January 1993      |
| Wayne E. Hedien (69)<br>c/o Mayer, Brown, Rowe & Maw LLP<br>Counsel to the Independent Trustees/Directors<br>1675 Broadway<br>New York, NY | Trustee/<br>Director            | Since<br>September<br>1997 |

| NAME, AGE AND ADDRESS OF INDEPENDENT TRUSTEE/DIRECTOR  | PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS**  | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY TRUSTEE/DIRECTOR | OTHER DIRECTOR BY TRUSTEE/DIRECTOR |
|--|--|---|------------------------------------|
| Michael Bozic (62)<br>c/o Mayer, Brown, Rowe & Maw LLP<br>Counsel to the Independent Trustees/Directors<br>1675 Broadway<br>New York, NY | Retired; Director or Trustee of the Retail Funds and TCW/DW Term Trust 2003 (since April 1994) and the Institutional Funds (since July 2003); formerly Vice Chairman of Kmart Corporation (December 1998–October 2000), Chairman and Chief Executive Officer of Levitz Furniture Corporation (November 1995–November 1998) and President and Chief Executive Officer of Hills Department Stores (May 1991–July 1995); formerly variously Chairman, Chief Executive Officer, President and Chief Operating Officer (1987–1991) of the Sears | 216   | Director of Corporation            |

Merchandise Group of Sears,  
Roebuck & Co.

Edwin J. Garn (71)  
c/o Summit Ventures LLC  
1 Utah Center  
201 S. Main Street  
Salt Lake City, UT

Director or Trustee of the Retail Funds and TCW/DW Term Trust 2003 (since January 1993) and the Institutional Funds (since July 2003); member of the Utah Regional Advisory Board of Pacific Corp., formerly United States Senator (R-Utah) (1974-1992) and Chairman, Senate Banking Committee (1980-1986), Mayor of Salt Lake City, Utah (1971-1974), Astronaut, Space Shuttle Discovery (April 12-19, 1985), and Vice Chairman, Huntsman Corporation (chemical company).

216

Director of Covey (time systems), North America (industrial corporation) Space Alliance venture be Martin and Company) a Asia Pacific marketing) board of v charitable

Wayne E. Hedien (69)  
c/o Mayer, Brown, Rowe & Maw LLP  
Counsel to the Independent Trustees/Directors  
1675 Broadway  
New York, NY

Retired; Director or Trustee of the Retail Funds and TCW/DW Term Trust 2003 (since September 1997) and the Institutional Funds (since July 2003); formerly associated with the Allstate Companies (1966-1994), most recently as Chairman of The Allstate Corporation (March 1993-December 1994) and Chairman and Chief Executive Officer of its wholly-owned subsidiary, Allstate Insurance Company (July 1989-December 1994).

216

Director of Group Inc. mortgage i Trustee an Chairman o Museum of History; d various ot charitable

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

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

| NAME, AGE AND ADDRESS OF INDEPENDENT TRUSTEE/DIRECTOR   | POSITION(S) HELD WITH THE FUNDS | LENGTH OF TIME SERVED* |
|---|---------------------------------|------------------------|
| Dr. Manuel H. Johnson (54)<br>c/o Johnson Smick International, Inc.<br>2099 Pennsylvania Avenue N.W.<br>Suite 950<br>Washington, D.C. | Trustee/<br>Director            | Since July 1991        |



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|  |                      |                    |
|--|----------------------|--------------------|
| Joseph J. Kearns (61)<br>PMB754<br>23852 Pacific Coast<br>Highway<br>Malibu, CA        | Trustee/<br>Director | Since July<br>2003 |
| Michael E. Nugent (67)<br>c/o Triumph Capital, L.P.<br>445 Park Avenue<br>New York, NY | Trustee/<br>Director | Since July<br>1991 |
| Fergus Reid (71)<br>85 Charles Colman Blvd.<br>Pawling, NY                             | Trustee/<br>Director | Since July<br>2003 |

| NAME, AGE AND ADDRESS OF<br>INDEPENDENT TRUSTEE/DIRECTOR  | PRINCIPAL OCCUPATION(S) DURING<br>PAST 5 YEARS**  | NUMBER OF<br>PORTFOLIOS IN<br>FUND<br>COMPLEX<br>OVERSEEN<br>BY TRUSTEE/<br>DIRECTOR | OTHER D<br>BY T  |
|---|---|--|--|
| Dr. Manuel H. Johnson (54)<br>c/o Johnson Smick<br>International, Inc.<br>2099 Pennsylvania Avenue<br>N.W.<br>Suite 950<br>Washington, D.C. | Chairman of the Audit Committee<br>and Director or Trustee of the Retail<br>Funds and TCW/DW Term Trust 2003<br>(since July 1991) and the Institutional<br>Funds (since July 2003); Senior<br>Partner, Johnson Smick International,<br>Inc., a consulting firm; Co- Chairman<br>and a founder of the Group of Seven<br>Council (G7C), an international<br>economic commission; formerly Vice<br>Chairman of the Board of Governors<br>of the Federal Reserve System and<br>Assistant Secretary of the U.S.<br>Treasury. | 216  | Director<br>(home con<br>Chairman<br>the Finan<br>Foundatio<br>organizat<br>Financial<br>Standards<br>Director<br>Greenwich<br>Holdings<br>company). |
| Joseph J. Kearns (61)<br>PMB754<br>23852 Pacific Coast<br>Highway<br>Malibu, CA   | Deputy Chairman of the Audit<br>Committee and Director or Trustee of<br>the Retail Funds and TCW/DW Term<br>Trust 2003 (since July 2003) and<br>the Institutional Funds (since<br>August 1994); previously Chairman<br>of the Audit Committee of the<br>Institutional Funds (October 2001-<br>July 2003); President, Kearns &<br>Associates LLC (investment<br>consulting); formerly CFO of the<br>J. Paul Getty Trust.   | 217  | Director<br>Corporati<br>leasing),<br>Foundatio<br>UCLA Foun   |
| Michael E. Nugent (67)<br>c/o Triumph Capital, L.P.<br>445 Park Avenue<br>New York, NY  | Chairman of the Insurance Committee<br>and Director or Trustee of the Retail<br>Funds and TCW/DW Term Trust 2003<br>(since July 1991) and the Institutional<br>Funds (since July 2001); General<br>Partner of Triumph Capital, L.P., a<br>private investment partnership;   | 216  | Director<br>business   |

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formerly Vice President, Bankers Trust Company and BT Capital Corporation (1984-1988).

Fergus Reid (71)  
85 Charles Colman Blvd.  
Pawling, NY

Chairman of the Governance Committee and Director or Trustee of the Retail Funds and TCW/DW Term Trust 2003 (since July 2003) and the Institutional Funds (since June 1992); Chairman of Lumelite Plastics Corporation.

217

Trustee a certain i companies JPMorgan managed b Investmen Inc.

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

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

INTERESTED TRUSTEES/DIRECTORS

| NAME, AGE AND ADDRESS OF MANAGEMENT TRUSTEE/DIRECTOR   | POSITION(S) HELD WITH THE FUNDS            | LENGTH OF TIME SERVED* |
|--|--|------------------------|
| Charles A. Fiumefreddo (70)<br>c/o Morgan Stanley Trust<br>Harborside Financial Center,<br>Plaza Two,<br>Jersey City, NJ | Chairman of the Board and Trustee/Director | Since July 1991        |
| James F. Higgins (55)<br>c/o Morgan Stanley Trust<br>Harborside Financial Center,<br>Plaza Two,<br>Jersey City, NJ       | Trustee/Director                           | Since June 2000        |
| Philip J. Purcell (60)<br>1585 Broadway<br>New York, NY  | Trustee/Director                           | Since April 1994       |

| NAME, AGE AND ADDRESS OF | PRINCIPAL OCCUPATION(S) DURING | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY TRUSTEE/ | OTHER |
|--------------------------|--------------------------------|---|-------|
|--------------------------|--------------------------------|---|-------|

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| MANAGEMENT TRUSTEE/DIRECTOR  | PAST 5 YEARS**   | DIRECTOR | BY T  |
|--|--|----------|---|
| Charles A. Fiumefreddo (70)<br>c/o Morgan Stanley Trust<br>Harborside Financial Center,<br>Plaza Two,<br>Jersey City, NJ | Chairman and Director or Trustee of the Retail Funds and TCW/DW Term Trust 2003 (since July 1991) and the Institutional Funds (since July 2003); formerly Chief Executive Officer of the Retail Funds and the TCW/DW Term Trust 2003 (until September 2002).   | 216      | None  |
| James F. Higgins (55)<br>c/o Morgan Stanley Trust<br>Harborside Financial Center,<br>Plaza Two,<br>Jersey City, NJ       | Director or Trustee of the Retail Funds and TCW/DW Term Trust 2003 (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 1997-May 1999). | 216      | Director<br>Financial<br>Equitable<br>Society of<br>States (f |
| Philip J. Purcell (60)<br>1585 Broadway<br>New York, NY  | Director or Trustee of the Retail Funds and TCW/DW Term Trust 2003 (since April 1994) and the Institutional Funds (since July 2003); Chairman of the Board of Directors and Chief Executive Officer of Morgan Stanley and Morgan Stanley DW Inc.; Director of the Distributor; Chairman of the Board of Directors and Chief Executive Officer of Novus Credit Services Inc.; Director and/or officer of various Morgan Stanley subsidiaries.   | 216      | Director<br>Airlines<br>company,<br>Corporati                 |

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

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

OFFICERS OF THE FUNDS

POSITION(S)

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| NAME, AGE AND ADDRESS OF EXECUTIVE OFFICER                              | HELD WITH THE FUNDS   | LENGTH OF TIME SERVED* |
|---|---|------------------------|
| Mitchell M. Merin (50)<br>1221 Avenue of the Americas<br>New York, NY   | President   | Since May 1999         |
| Barry Fink (48)<br>1221 Avenue of the Americas<br>New York, NY          | Vice President and<br>General Counsel                             | Since February 1997    |
| Ronald E. Robison (64)<br>1221 Avenue of the Americas<br>New York, NY   | Executive Vice<br>President and<br>Principal Executive<br>Officer | Since April 2003       |
| Joseph J. McAlinden (60)<br>1221 Avenue of the Americas<br>New York, NY | Vice President  | Since July 1995        |

| NAME, AGE AND ADDRESS OF EXECUTIVE OFFICER                            | PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS**   |
|---|---|
| Mitchell M. Merin (50)<br>1221 Avenue of the Americas<br>New York, NY | President and Chief Operating Officer of Morgan Stanley Investment Management Inc.; President, Director and Chief Executive Officer of the Investment Manager and Morgan Stanley Services; Chairman, Chief Executive Officer and Director of the Distributor; Chairman and Director of the Transfer Agent; Director of various Morgan Stanley subsidiaries; President of Morgan Stanley Investments LP (since February 2003); President of the Institutional Funds (since July 2003) and President of the Retail Funds and TCW/DW Term Trust 2003 (since May 1999); Trustee (since July 2003) and President (since December 2002) of the Van Kampen Closed-End Funds; Trustee (since May 1999) and President (since October 2002) of the Van Kampen Open-End Funds. |
| Barry Fink (48)<br>1221 Avenue of the Americas<br>New York, NY        | General Counsel (since May 2000) and Managing Director (since December 2000) of Morgan Stanley Investment Management; Managing Director (since December 2000), Secretary (since February 1997) and Director (since July 1998) of the Investment Manager and Morgan Stanley Services; Assistant Secretary of Morgan Stanley DW; Chief Legal Officer of Morgan Stanley Investments LP (since July 2002); Vice President of the Institutional Funds (since July 2003); Vice President and Secretary of the Distributor; previously Secretary of the Retail Funds (February 1997-July 2003); previously Vice President and Assistant General Counsel of the Investment Manager and Morgan Stanley Services (February 1997-December 2001).                               |
| Ronald E. Robison (64)<br>1221 Avenue of the Americas<br>New York, NY | Chief Global Operations Officer and Managing Director of Morgan Stanley Investment Management Inc.; Managing Director of Morgan Stanley & Co. Incorporated; Managing Director of Morgan Stanley; Managing Director, Chief Administrative Officer and Director of the Investment   |

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Manager and Morgan Stanley Services; Chief Executive Officer and Director of the Transfer Agent; Executive Vice President and Principal Executive Officer of the Institutional Funds (since July 2003) and the TCW/DW Term Trust 2003 (since April 2003); previously President of the Institutional Funds (March 2001-July 2003) and Director of the Institutional Funds (March 2001-July 2003).

Joseph J. McAlinden (60)  
1221 Avenue of the Americas  
New York, NY

Managing Director and Chief Investment Officer of the Investment Manager, Morgan Stanley Investment Management Inc. and Morgan Stanley Investments LP; Director of the Transfer Agent, Chief Investment Officer of the Van Kampen Funds; Vice President of the Institutional Funds (since July 2003) and the Retail Funds (since July 1995).

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

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

| NAME, AGE AND ADDRESS OF EXECUTIVE OFFICER   | POSITION(S) HELD WITH THE FUNDS             | LENGTH OF TIME SERVED*  |
|--|---|---|
| Stefanie V. Chang (36)<br>1221 Avenue of the Americas<br>New York, NY  | Vice President                              | Since July 2003   |
| Francis J. Smith (38)<br>c/o Morgan Stanley Trust<br>Harborside Financial Center,<br>Plaza Two,<br>Jersey City, NJ | Treasurer and<br>Chief Financial<br>Officer | Treasurer since<br>July 2003 and Chief<br>Financial Officer since<br>September 2002 |
| Thomas F. Caloia (57)<br>c/o Morgan Stanley Trust<br>Harborside Financial Center,<br>Plaza Two,<br>Jersey City, NJ | Vice President                              | Since July 2003   |
| Mary E. Mullin (36)<br>1221 Avenue of the Americas<br>New York, NY   | Secretary                                   | Since July 2003   |

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| NAME, AGE AND ADDRESS OF EXECUTIVE OFFICER   | PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS**  |
|--|--|
| Stefanie V. Chang (36)<br>1221 Avenue of the Americas<br>New York, NY  | Executive Director of Morgan Stanley & Co. and Morgan Stanley Investment Management Inc. and Vice President of the Institutional Funds (since December 1997) and the Retail Funds (since July 2003); formerly practiced law with the New York law firm of Rogers & Wells (now Clifford Chance LLP).  |
| Francis J. Smith (38)<br>c/o Morgan Stanley Trust<br>Harborside Financial Center,<br>Plaza Two,<br>Jersey City, NJ | Executive Director of the Investment Manager and Morgan Stanley Services (since December 2001); previously Vice President of the Retail Funds (September 2002-July 2003); previously Vice President of the Investment Manager and Morgan Stanley Services (August 2000-November 2001) and Senior Manager at PricewaterhouseCoopers LLP (January 1998-August 2000). |
| Thomas F. Caloia (57)<br>c/o Morgan Stanley Trust<br>Harborside Financial Center,<br>Plaza Two,<br>Jersey City, NJ | Executive Director (since December 2002) and Assistant Treasurer of the Investment Manager, the Distributor and Morgan Stanley Services; previously Treasurer of the Retail Funds (April 1989-July 2003); formerly First Vice President of the Investment Manager, the Distributor and Morgan Stanley Services.  |
| Mary E. Mullin (36)<br>1221 Avenue of the Americas<br>New York, NY   | Vice President of Morgan Stanley & Co. Incorporated and Morgan Stanley Investment Management Inc.; Secretary of the Institutional Funds (since June 1999) and the Retail Funds (since July 2003); formerly practiced law with the New York law firms of McDermott, Will & Emery and Skadden, Arps, Slate, Meagher & Flom LLP.                                      |

\* 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.

For each Trustee/Director, the dollar range of equity securities beneficially owned by the Trustee/Director in the Funds and in the Family of Investment Companies (Family of Investment Companies includes all of the registered investment companies advised by the Investment Manager) for the period ended September 30, 2003 is shown below. Messrs. Kearns and Reid did not serve as Trustees of the Funds during the period ended July 31, 2003.

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| NAME OF TRUSTEE/DIRECTOR | (AS OF JULY 31, 2003) | COMPANIES (AS |
|--------------------------|-----------------------|---------------|
| INDEPENDENT:             |                       |               |
| Michael Bozic            | none                  | over          |
| Edwin J. Garn            | none                  | over          |
| Wayne E. Hedien          | none                  | over          |
| Dr. Manuel H. Johnson    | none                  | over          |
| Joseph J. Kearns         | none                  | over          |
| Michael E. Nugent        | none                  | over          |
| Fergus Reid              | none                  | over          |
| INTERESTED:              |                       |               |
| Charles A. Fiumefreddo   | none                  | over          |
| James F. Higgins         | none                  | over          |
| Philip J. Purcell        | \$1 - \$10,000        | over          |

As to each Independent Trustee/Director and his immediate family members, no person owned beneficially or of record securities in an investment advisor or principal underwriter of the Funds, or a person (other than a registered investment company) directly or indirectly controlling, controlled by or under common control with an investment advisor or principal underwriter of the Funds.

THE INDEPENDENT TRUSTEES/DIRECTORS AND THE COMMITTEES

Law and regulation establish both general guidelines and specific duties for the Independent Trustees/Directors. Seven Trustees/Directors have no affiliation or business connection with Morgan Stanley Investment Advisors Inc. or any of its affiliated persons and do not own stock or other securities issued by Morgan Stanley Investment Advisors' parent company, Morgan Stanley. These are the "disinterested" or "independent" Trustees/Directors. The Retail Funds seek as Independent Trustees/Directors individuals of distinction and experience in business and finance, government service or academia; these are people whose advice and counsel are in demand by others and for whom there is often competition. To accept a position on the Retail Funds' Boards, such individuals may reject other attractive assignments because the Retail Funds make substantial demands on their time. All of the Independent Trustees/Directors serve as members of the Audit Committee. In addition, three Trustees/Directors, including two Independent Trustees/Directors, serve as members of the Insurance Committee, and three Independent Trustees/Directors serve as members of the Governance Committee.

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

The Audit Committee is charged with recommending to the full Board the engagement or discharge of the Funds' independent auditors; directing investigations into matters within the scope of the independent auditors' duties, including the power to retain outside specialists; reviewing with the independent auditors the audit plan and results of the auditing engagement; approving professional services provided by the independent auditors and other accounting firms prior to the performance of such services; reviewing the independence of the independent auditors; considering the range of audit and non-audit fees; reviewing the adequacy of each Fund's system of internal

controls; and preparing and submitting Committee meeting minutes to the full Board. All of the members of the Audit Committee are independent as defined in the New York Stock Exchange Corporate

Governance Standards for audit committees. The Audit Committee currently consists of Messrs. Johnson, Bozic, Hedien, Garn, Kearns, Nugent and Reid. Messrs. Kearns and Reid were appointed to the Audit Committee on July 31, 2003.

The Board of the Retail Funds have a Governance Committee to (i) monitor and make recommendations on corporate governance matters and Board/Committee policies and procedures; and (ii) oversee the periodic evaluations of the Board and any committees. The Governance Committee consists of Messrs. Reid, Bozic and Garn. The Governance Committee was established on July 31, 2003. No meetings were held during the Fund's fiscal year ended September 30, 2003 (GVT and ICB) and May 31, 2003 (OIA).

Finally, the Board of the Retail Funds have formed an Insurance Committee to review and monitor the insurance coverage maintained by the Funds. The Insurance Committee currently consists of Messrs. Nugent, Fiumefreddo and Hedien.

The following chart sets forth the number of meetings of the Retail Board, the Audit Committee, the Committee of the Independent Trustees/Directors, the Derivatives Committee and the Insurance Committee of each Fund during its most recent fiscal year. No Trustee/Director attended fewer than 75% of the meetings of the Retail Board, the Audit Committee, the Independent Trustees/Directors, the Derivatives Committee or the Insurance Committee held while he served in such positions.

NUMBER OF RETAIL BOARD AND COMMITTEE MEETINGS HELD DURING LAST FISCAL YEAR(1)

| NAME OF FUND | FISCAL YEAR-END | RETAIL BOARD OF TRUSTEES/DIRECTORS MEETINGS | COMMITTEE OF THE INDEPENDENT TRUSTEES/DIRECTORS MEETINGS | AUDIT COMMITTEE MEETINGS | INSURANCE COMMITTEE MEETINGS |
|--------------|-----------------|---|--|--------------------------|------------------------------|
| GVT .....    | 9/30/03         | 7   | 9  | 7                        | 2                            |
| ICB .....    | 9/30/03         | 7   | 9  | 7                        | 2                            |
| OIA .....    | 5/31/03         | 6   | 9  | 8                        | 1                            |

(1) The Governance Committee was established on July 31, 2003. No meetings were held during each Fund's last fiscal year.

AUDIT COMMITTEE REPORT

The Board of Trustees/Directors of each Fund has adopted a formal written



charter for the Audit Committee which sets forth the Audit Committee's responsibilities. A copy of the Audit Committee charter is attached to this Proxy Statement as Appendix A.

The Audit Committee of each Fund has reviewed and discussed the financial statements of each Fund with management as well as with Deloitte & Touche LLP, the independent auditors for each Fund. In the course of its discussions, the Audit Committee also discussed with Deloitte & Touche LLP any relevant matters required to be discussed under Statement on Auditing Standards No. 61. Based on this review, the Audit Committee recommended to the Board of Trustees/Directors of each Fund that each Fund's audited financial statements be included in each Fund's Annual Report to Shareholders for the most recent fiscal year for filing with the Securities and Exchange Commission. The Audit Committee has received the written disclosures and the letter from Deloitte & Touche LLP required under Independence Standards Board No. 1 and has discussed with the independent auditors their independence.

The Audit Committee

Manuel H. Johnson (Chairman)  
Joseph J. Kearns (Deputy Chairman)  
Michael Bozic  
Edwin J. Garn  
Wayne E. Hedin  
Michael E. Nugent  
Fergus Reid

#### ADVANTAGES OF HAVING SAME INDIVIDUALS AS INDEPENDENT TRUSTEES/DIRECTORS FOR THE RETAIL FUNDS AND INSTITUTIONAL FUNDS

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

#### SHARE OWNERSHIP BY TRUSTEES/DIRECTORS

The Trustees/Directors have adopted a policy pursuant to which each Trustee/Director and/or his or her spouse is required to invest at least \$100,000 in any of the funds in the Morgan Stanley Retail and Institutional Funds on whose boards the Trustee/Director serves. In addition, the policy contemplates that the Trustees/Directors will, over time, increase their aggregate investment in the Funds above the \$100,000 minimum requirement. The Trustees/Directors may allocate their investments among specific funds in any manner they determine is appropriate based on their individual investment objectives. Any new Trustee/Director will be

given a one year period following his or her election within which to comply with the foregoing. As of the date of this Proxy Statement, each Trustee/Director is in compliance with the policy. As of September 30, 2003, the total value of the investments by the Trustees/Directors and/or their spouses in shares of the Morgan Stanley Retail Funds and Institutional Funds was approximately \$58 million.

As of the Record Date for these Meetings, the aggregate number of shares of each Fund owned by the Funds' officers and Trustees/Directors as a group was less than 1 percent of each Fund's outstanding shares.

#### COMPENSATION OF INDEPENDENT TRUSTEES/DIRECTORS

Effective August 1, 2003, each Independent Trustee/Director receives an annual retainer fee of \$168,000 for serving the Retail Funds and Institutional Funds. In addition, each Independent Trustee/Director receives \$2,000 for attending each of the four quarterly board meetings and two performance meetings that occur each year. The Chairman of the Audit Committee receives an additional annual retainer fee of \$60,000. Other Committee Chairmen and the Deputy Chairman of the Audit Committee receive an additional annual retainer fee of \$30,000. The aggregate compensation paid to each Independent Trustee/Director is paid by the Retail Funds and Institutional Funds, and is allocated on a pro rata basis among each of the operational funds/portfolios of the Retail Funds and Institutional Funds based on the relative net assets of each of the funds/portfolios of the Retail Funds and Institutional Funds.

Prior to August 1, 2003, the Funds paid each Independent Trustee/Director an annual fee of \$800 plus a per meeting fee of \$50 for meetings of the Board of Trustees/Directors, the Independent Trustees/Directors or Committees of the Board of Trustees/Directors attended by the Trustee/Director (the Funds paid the Chairman of the Audit Committee an additional annual fee of \$750, and the Chairmen of the Derivatives and Insurance Committees additional annual fees of \$500). If a Board meeting and a meeting of the Independent Trustees/Directors or a Committee meeting (except an Audit Committee meeting), or a meeting of the Independent Trustees/Directors and/or more than one Committee meeting (except an Audit Committee meeting), took place on a single day, the Trustees/Directors were paid a single meeting fee by the Funds.

The Funds also reimburse such Trustees/Directors for travel and other out-of-pocket expenses incurred by them in connection with attending such meetings. Trustees/Directors and officers of the Funds who are or have been employed by the Investment Manager or an affiliated company receive no compensation or expense reimbursement from the Funds for their services as Trustee/Director. The Funds pay Mr. Fiumefreddo an annual fee for his service as Chairman of the Board and for administrative services provided to the Board of Trustees/Directors.

The following tables illustrate the compensation that the Funds paid to its Trustees/Directors for the fiscal year ended September 30, 2003 (GVT and ICB) and May 31, 2003 (OIA). Messrs. Kearns and Reid began serving as Trustees/Directors of the Funds on July 31, 2003 and therefore did not receive compensation from OIA during that Fund's last fiscal year.

FUND COMPENSATION

| NAME OF TRUSTEE/DIRECTOR     | GVT     | ICB     | OIA      |
|------------------------------|---------|---------|----------|
| Michael Bozic .....          | \$1,355 | \$1,262 | \$ 1,750 |
| Edwin J. Garn .....          | 1,355   | 1,262   | 1,750    |
| Wayne E. Hedien .....        | 1,355   | 1,262   | 1,700    |
| Dr. Manuel H. Johnson .....  | 1,806   | 1,683   | 2,450    |
| Joseph J. Kearns .....       | 220     | 112     | --       |
| Michael E. Nugent .....      | 1,679   | 1,571   | 2,250    |
| Fergus Reid .....            | 220     | 112     | --       |
| Charles A. Fiumefreddo ..... | 4,007   | 3,854   | 2,922    |

The following table illustrates the compensation paid to the Funds' Trustees/Directors for the calendar year ended December 31, 2002 for services to the Morgan Stanley Retail Funds (consisting of 123 portfolios) that were in operation at December 31, 2002. None of the Funds' Trustees/Directors received compensation from any other funds in the Fund Complex during the calendar year ended December 31, 2002, except for Messrs. Nugent who received compensation for service as Director/Trustee to 13 Institutional Funds (consisting of 90 portfolios). Messrs. Kearns and Reid began serving as Director/Trustee of the Morgan Stanley Retail Funds on July 31, 2003, and did not receive compensation from the Morgan Stanley Retail Funds for the calendar year ended December 31, 2002. Amounts shown in the table below for Messrs. Kearns and Reid reflect compensation received for their service as Director/Trustee to 14 Institutional Funds (consisting of 91 portfolios) during the calendar year ended December 31, 2002. The compensation below includes attendance at the Derivative Committee meetings, four of which were held during the last fiscal year for OIA and three of which were held during the last fiscal year of GVT and ICB. The Derivatives Committee was eliminated on July 31, 2003.

CASH COMPENSATION FROM THE MORGAN STANLEY FUND COMPLEX

| NAME OF TRUSTEE/DIRECTOR     | TOTAL CASH<br>COMPENSATION<br>FOR SERVICES TO THE<br>MORGAN STANLEY<br>FUND COMPLEX |
|------------------------------|---|
| Michael Bozic .....          | \$159,650   |
| Edwin J. Garn .....          | 159,650   |
| Wayne E. Hedien .....        | 158,950   |
| Dr. Manuel H. Johnson .....  | 226,063   |
| Joseph J. Kearns* .....      | 95,500  |
| Michael E. Nugent .....      | 296,475   |
| Fergus Reid* .....           | 95,500  |
| Charles A. Fiumefreddo ..... | 360,000   |

\* Messrs. Kearns and Reid began serving the Retail Board on July 31, 2003. Amounts shown in the table above include certain amounts deferred by Messrs. Kearns and Reid during their service on the Board of the Institutional Funds in connection with a deferred fee arrangement

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pursuant to which Messrs. Kearns and Reid may defer to a later date the receipt of Trustee/Director fees. The cumulative amounts deferred by Messrs. Kearns and Reid were \$274,204 and \$454,541, respectively.

As of December 31, 2002, 49 of the Morgan Stanley Retail Funds, including the Funds, have adopted a retirement program under which an Independent Director/Trustee who retires after serving for at least five

15

years (or such lesser period as may be determined by the Board) as an Independent Director/Trustee of any Morgan Stanley Retail Funds that have adopted the retirement program (each such Fund referred to as an "Adopting Fund" and each such director/trustee referred to as an "Eligible Trustee/Director") is entitled to retirement payments upon reaching the eligible retirement age (normally, after attaining age 72). Annual payments are based upon length of service.

Currently, upon retirement, each Eligible Trustee/Director is entitled to receive from the Adopting Fund, commencing as of his or her retirement date and continuing for the remainder of his or her life, an annual retirement benefit (the "Regular Benefit") equal to 30.22% of his or her Eligible Compensation plus 0.5036662% of such Eligible Compensation for each full month of service as an independent director/trustee of any Adopting Fund in excess of five years up to a maximum of 60.44% after ten years of service. The foregoing percentages may be changed by the Board. (1) "Eligible Compensation" is one-fifth of the total compensation earned by such Eligible Trustee/Director for service to the Adopting Fund in the five year period prior to the date of the Eligible Trustee's/Director's retirement. Benefits under the retirement program are accrued as expenses by the Adopting Funds. Such benefits are not secured or funded by the Adopting Funds.

The following tables illustrate the retirement benefits accrued to the Trusts' Independent Trustees/Directors for the fiscal year ended September 30, 2003 (GVT and ICB) and May 31, 2003 (OIA) and by the 49 Morgan Stanley Retail Funds (including the Funds) for the calendar year ended December 31, 2002, and the estimated retirement benefits for the Independent Trustees/Directors, to commence upon their retirement, from the Funds as of each Fund's last fiscal year and from the 49 Morgan Stanley Retail Funds as of December 31, 2002. For the calendar year ended December 31, 2002, no retirement benefits were accrued to the Independent Trustees/Directors from any other funds in the Fund Complex. Messrs. Kearns and Reid did not serve as Trustees/Directors during the last calendar year and therefore did not accrue any retirement benefits. Furthermore, as of the date of this Proxy Statement, Messrs. Kearns and Reid do not participate in the retirement program.

RETIREMENT BENEFITS FROM THE FUNDS AND ALL MORGAN STANLEY RETAIL FUNDS

| NAME OF INDEPENDENT TRUSTEE/DIRECTOR | FOR ALL ADOPTING FUNDS   |   |
|--------------------------------------|--|---|
|                                      | ESTIMATED CREDITED YEARS OF SERVICE AT RETIREMENT (MAXIMUM 10) | ESTIMATED PERCENTAGE OF ELIGIBLE COMPENSATION |
| -----                                | -----  | -----   |

|                             |    |        |
|-----------------------------|----|--------|
| Michael Bozic .....         | 10 | 60.44% |
| Edwin J. Garn .....         | 10 | 60.44  |
| Wayne E. Hedien .....       | 9  | 51.37  |
| Dr. Manuel H. Johnson ..... | 10 | 60.44  |
| Michael E. Nugent .....     | 10 | 60.44  |

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 1 An Eligible Trustee/Director may elect alternative payments of his or her retirement benefits based upon the combined life expectancy of the Eligible Trustee/Director and his or her spouse on the date of such Eligible Trustee's/Director's retirement. In addition, the Eligible Trustee/Director may elect that the surviving spouse's periodic payment of benefits will be equal to a lower percentage of the periodic amount when both spouses were alive. The amount estimated to be payable under this method, through the remainder of the later of the lives of the Eligible Trustee/Director and spouse, will be the actuarial equivalent of the Regular Benefit.

16

| NAME OF INDEPENDENT TRUSTEE/DIRECTOR | RETIREMENT BENEFITS ACCRUED AS EXPENSES |           |           |                          |
|--------------------------------------|---|-----------|-----------|--------------------------|
|                                      | BY<br>GVT                               | BY<br>ICB | BY<br>OIA | BY ALL<br>ADOPTING FUNDS |
| Michael Bozic .....                  | \$405                                   | \$405     | \$397     | \$18,457                 |
| Edwin J. Garn .....                  | 675                                     | 675       | 637       | 23,881                   |
| Wayne E. Hedien .....                | 800                                     | 800       | 757       | 34,473                   |
| Dr. Manuel H. Johnson .....          | 401                                     | 401       | 396       | 19,803                   |
| Michael E. Nugent .....              | 705                                     | 705       | 691       | 32,362                   |

| NAME OF INDEPENDENT TRUSTEE/DIRECTOR | ESTIMATED ANNUAL BENEFITS UPON RETIREMENT (2) |             |             |                            |
|--------------------------------------|---|-------------|-------------|----------------------------|
|                                      | FROM<br>GVT                                   | FROM<br>ICB | FROM<br>OIA | FROM ALL<br>ADOPTING FUNDS |
| Michael Bozic .....                  | \$ 997  | \$ 997      | \$ 997      | \$47,838                   |
| Edwin J. Garn .....                  | 990   | 990         | 984         | 47,878                     |
| Wayne E. Hedien .....                | 853   | 853         | 843         | 40,842                     |
| Dr. Manuel H. Johnson .....          | 1,451   | 1,451       | 1,451       | 70,050                     |
| Michael E. Nugent .....              | 1,299   | 1,299       | 1,299       | 62,646                     |

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 (2) Based on current levels of compensation. Amount of annual benefits also varies depending on the Trustee's elections described in Footnote (1) on page 16.

THE BOARD OF TRUSTEES/DIRECTORS OF EACH FUND UNANIMOUSLY RECOMMENDS THAT

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SHAREHOLDERS VOTE FOR THE ELECTION OF EACH OF THE TRUSTEES/DIRECTORS NOMINATED FOR ELECTION.

### THE INVESTMENT MANAGER OR INVESTMENT ADVISOR

Morgan Stanley Investment Advisors Inc. currently serves as each Fund's investment manager or investment advisor pursuant to an investment management agreement or investment advisory agreement. Morgan Stanley Investment Advisors maintains its offices at 1221 Avenue of the Americas, New York, New York 10020. Morgan Stanley Investment Advisors, formerly known as Morgan Stanley Dean Witter Advisors Inc., adopted its current name on June 18, 2001. Morgan Stanley Investment Advisors is a wholly-owned subsidiary of Morgan Stanley, a preeminent global securities firm that maintains leading market positions in each of its three primary businesses--securities, asset management and credit services.

The Principal Executive Officer and Directors of Morgan Stanley Investment Advisors are Mitchell M. Merin, President and Chief Executive Officer, Ronald E. Robison, Managing Director and Chief Administrative Officer and Barry Fink, Managing Director, Secretary and General Counsel. The principal occupations of Messrs. Merin, Robison and Fink are described above under the section "Election of Trustees/Directors For Each Fund." The business address of the Executive Officer and other Directors is 1221 Avenue of the Americas, New York, New York 10020.

Morgan Stanley has its offices at 1585 Broadway, New York, New York 10036. Morgan Stanley is a full service securities firm engaged in securities trading and brokerage activities, as well as providing investment banking, research and analyses, financing and financial advisory services. There are various lawsuits pending against Morgan Stanley involving material amounts which, in the opinion of its management, will be resolved with no material effect on the consolidated financial position of the company.

Morgan Stanley Investment Advisors and its wholly-owned subsidiary, Morgan Stanley Services, serve in various investment management, advisory, management and administrative capacities to investment companies and pension plans and other institutional and individual investors.

17

Morgan Stanley Investment Advisors' wholly-owned subsidiary, Morgan Stanley Services, pursuant to an Administration Agreement with OIA, serves as the Administrator of OIA. The address of Morgan Stanley Services is 1221 Avenue of the Americas, New York, New York 10020.

### FEEES PAID TO INDEPENDENT AUDITORS

#### AUDIT FEES PAID BY THE FUNDS

The fees for professional services rendered by Deloitte & Touche LLP in connection with the annual audit and review of financial statements of GVT and ICB for their respective fiscal years ended September 30, 2003, and for OIA for its fiscal year ended May 31, 2003, were \$27,000, \$27,000 and \$28,000, respectively.

#### FINANCIAL INFORMATION SYSTEMS DESIGN AND IMPLEMENTATION FEES

There were no professional services rendered by Deloitte & Touche LLP to the Funds, the investment advisor, or affiliated entities that provide services to the Funds during their most recent fiscal years ended, relating to financial information systems design and implementation.

#### ALL OTHER FEES

The aggregate fees for professional services rendered by Deloitte & Touche LLP for other non-audit services provided to the Funds, the investment advisor and to affiliated entities that provided services to the Funds amounted to approximately \$3 million, of which approximately \$2 million related to fees for attestation services such as comfort letters and consents related to SEC and other registration statements, agreed upon procedures and consultation on accounting standards and approximately \$1 million related to fees for services such as tax and regulatory consultation, tax return preparation and compliance and approximately \$38,000 related to services for improving business and operational processes.

The Audit Committee of each of the Funds considered whether Deloitte & Touche LLP's provision of non-audit services is compatible with maintaining their independence.

#### ADDITIONAL INFORMATION

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

Abstentions and, if applicable, broker "non-votes" will not count as votes in favor of any of the proposals, and broker "non-votes" will not be deemed to be present at the Meeting of any Fund for purposes of determining whether a particular proposal to be voted upon has been approved. Broker "non-votes" are shares held in street name for which the broker indicates that instructions have not been received from the beneficial owners or other persons entitled to vote and for which the broker does not have discretionary voting authority.

18

#### SHAREHOLDER PROPOSALS

Proposals of security holders intended to be presented at the next Annual Meeting of Shareholders of each respective Fund must be received no later than July 15, 2004 for GVT, ICB and OIA, for inclusion in the proxy statement and proxy for that meeting. The mere submission of a proposal does not guarantee its inclusion in the proxy materials or its presentation at the meeting. Certain rules under the federal securities laws must be met.

#### REPORTS TO SHAREHOLDERS

EACH FUND'S MOST RECENT ANNUAL REPORT, AND IN THE CASE OF GVT AND ICB, THE

MOST RECENT SEMI-ANNUAL REPORT SUCCEEDING THE ANNUAL REPORT, HAVE BEEN PREVIOUSLY SENT TO SHAREHOLDERS AND ARE AVAILABLE WITHOUT CHARGE UPON REQUEST FROM NINA WESSEL AT MORGAN STANLEY TRUST, HARBORSIDE FINANCIAL CENTER, PLAZA TWO, 2ND FLOOR, JERSEY CITY, NJ 07311 (TELEPHONE 1-800-869-NEWS) (TOLL-FREE).

INTEREST OF CERTAIN PERSONS

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

OTHER BUSINESS

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

By Order of the Boards of Trustees/Directors

MARY E. MULLIN  
Secretary

19

APPENDIX

CHARTER  
OF THE  
AUDIT COMMITTEE  
OF THE  
MORGAN STANLEY RETAIL AND INSTITUTIONAL FUNDS

AS ADOPTED ON JULY 31, 2003

The Board of Directors/Trustees of the investment companies advised or managed by Morgan Stanley Investment Advisors Inc., Morgan Stanley Investment Management Inc., Morgan Stanley Investments LP and Morgan Stanley AIP GP LP listed on the attached Exhibit 1 (each a "Fund" and, collectively, the "Funds") has adopted and approved this charter for the audit committee of the Board of each Fund (the "Audit Committee").

1. Structure And Membership of the Audit Committee



1.01. Independent Directors and Trustees

Each member of the Audit Committee shall be an independent director or trustee. A person shall be considered to be independent if he or she: (a) is independent as defined in New York Stock Exchange Listed Company Standard 303.01 (2) and (3); (b) is a "disinterested person" as defined in Section 2(a)(19) of the Investment Company Act of 1940; and (c) does not accept, directly or indirectly, any consulting, advisory or other compensatory fee from any of the Funds or their investment advisor or any affiliated person of the advisor, other than fees from the Funds for serving as a member of the Funds' Boards or Committees of the Boards.

1.02. Financially Literate

Each member of the Audit Committee shall be "financially literate," as such term is interpreted by the Fund's Board in its business judgment.

1.03. Audit Committee Financial Expert

The Audit Committee shall determine whether at least one member of the Audit Committee is an "audit committee financial expert," as that term is defined in the General Instructions of Form N-SAR, sub-item 102P3(b)(6).

2. Auditor Independence

An independent public accounting firm may serve as a Fund's auditor (the "Auditor") only if it complies with all of the following independence requirements, subject to such exceptions, not prohibited by law, as the Audit Committee may allow.

2.01. Independence Certification

(a) The Auditor shall: (i) at least annually, submit to the Audit Committee a certification of its independence, delineating all relationships between the Auditor and the Fund, consistent with Rule 2-01 of Regulation S-X under the Securities Act of 1933 and Independence Standards Board Standard No. 1, and (ii) actively engage in a dialogue with the Audit Committee with respect to any disclosed relationships or services that may affect the objectivity and independence of such independent accountants, including relationships with or services provided to the Fund's other service providers.

A-1

2.02. Employment Relationships

(a) "Cooling Off" Period

The lead partner, the concurring partner, and any other member of the audit engagement team who provided more than ten hours of audit, review or attest services for a Fund, may not accept a financial reporting oversight role with any entity in the Fund Complex within one year after the commencement of audit procedures for a Fund.

(b) Definitions

- o "audit engagement team" means all partners, principals, shareholders and professional employees participating in an audit, review, or attestation engagement for any of the Funds, including audit partners and all persons who consult with members of the team during the engagement regarding technical or industry-specific issues,

transactions or events.

- o "audit partner" means a partner of the Auditor who is a member of the audit engagement team and has responsibility for decision-making on significant audit, accounting and reporting matters that affect the financial statements of a Fund or who maintains regular contact with the Funds' management and the Audit Committee.
- o "financial reporting oversight role" means a role in which a person is in a position to, or does, exercise influence over the contents of the financial statements of any of the Funds or anyone who prepares them.
- o "Fund Complex" includes the Funds, their investment advisor and persons controlling, controlled by, or under common control with, the investment adviser.

#### 2.03. Partner Rotation

The lead partner and the concurring partner of the Auditor may not perform any audit, review or attest services for a Fund after five consecutive years of service for any entity in the Fund Complex and, after rotating out, may not again provide audit services for any Fund until a "time-out" period of five more years has elapsed.

Other audit partners are required to rotate out after seven years of consecutive service for any entity in the Fund Complex and may not return until after a two-year time-out period.

#### 2.04. Compensation for Sales Activities

No audit partner, other than a specialty partner, of the Auditor may receive compensation at any point during the engagement period based on the procurement of engagements with any entity in the Fund Complex to provide any products or services other than audit, review or attest services.

#### 2.05. Prohibited Non-Audit Services

Neither the Auditor nor any person associated with the Auditor may provide any of the following non-audit services to any of the Funds:

- o bookkeeping or other services relating to the accounting records or financial statements of a Fund;
- o financial information systems design and implementation;
- o appraisal or valuation services, fairness opinions, or contribution-in-kind reports;

A-2

- o actuarial services;
- o internal audit outsourcing services;
- o management functions or human resources;
- o broker or dealer, investment adviser, or investment banking services;
- o legal and expert services unrelated to the audit;

- o any other service that the Public Company Accounting Oversight Board (the "PCAOB") determines, by regulation, is impermissible.

3. Registration with PCAOB

The Auditor must be registered with the PCAOB or become registered when the PCAOB is prepared to accept registrations.

4. Regulatory Action

Promptly upon initiation against it of any inquiry or investigation by a governmental authority the Auditor shall provide information to the Audit Committee regarding any material issues raised in such inquiry or investigation and any steps taken to deal with them.

5. Duties and Powers of Audit Committee

5.01. The Audit Committee shall have the duty and power to:

- o make recommendations to the Board regarding selection of the Auditor;
- o oversee and evaluate the work of the Auditor;
- o require the Auditor to report directly to the Audit Committee;
- o determine the compensation of the Auditor for audit and non-audit services provided to the Funds and decide whether to continue to retain the services of the Auditor or to terminate them;
- o pre-approve all audit, non-audit and attest services provided to the Funds and any non-audit services provided to the investment adviser of the Funds or to any other entity in the Fund Complex as required by the Sarbanes-Oxley Act of 2002 (the "S-O Act") and rules promulgated by the Securities and Exchange Commission (the "SEC") under the S-O Act, or establish policies and procedures pursuant to which any of such services is pre-approved (which are attached hereto as Appendix B); provided that such policies and procedures are detailed as to the particular service and do not delegate any of the Audit Committee's responsibilities to management but may delegate pre-approval authority to one or more of its members (except with respect to the annual audit of each Fund required by the Securities Exchange Act of 1934 (the "Exchange Act")); and provided further, that pre-approval of services may be waived pursuant to a de minimis exception allowed by SEC rules, as construed by the Boards' independent counsel;
- o consider whether any services rendered by the Auditor to the investment adviser and other entities in the Fund Complex, which were not pre-approved, is compatible with maintaining the Auditor's independence;
- o review the independence requirements applicable to the Auditor as set forth in section 2 above to satisfy itself that the Auditor is independent under the standards set forth therein;

A-3

- o require the Auditor to report quarterly to the Audit Committee:

(a) all critical accounting policies and practices; (b) any changes in accounting or auditing procedures, principles, practices, standards or financial reporting; (c) any alternative treatments of financial information within generally accepted accounting principles that the Auditor has discussed with management, the ramifications of the use of any such alternative treatment or disclosure, and the treatment preferred by the Auditor; (d) any material issues raised by the most recent internal quality-control review, or peer review, of the Auditor, or by inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the Auditor, and any steps taken to deal with any such issue; (e) any other written communications between the Auditor and management, including any management letter or schedule of unadjusted differences; and (f) all non-audit services provided to a non-Fund entity in the Fund Complex which were not pre-approved and associated fees; provided that, if the report is not made within 90 days of the filing of a Fund's financial statements with the SEC, the Auditor shall provide an update of any changes;

- o review and discuss with the Auditor: (a) matters required to be communicated by the Auditor to the Audit Committee pursuant to the Statement of Auditing Standards Nos. 61 and 90 and any other standards established by the PCAOB; including, without limitation, any adjustment to a Fund's financial statements recommended by the Auditor, or any other results of any audit; (b) any problems or difficulties encountered in the course of the audit; and (c) any areas of substantial risk in accurate reporting of financial results and operations of the Funds;
- o review arrangements for annual and special audits and the scope of such audits with the Fund's independent accountants;
- o review and discuss the Fund's audited financial statements with Fund management;
- o review final drafts of closed-end Fund annual financial statements, discuss with management and the Auditor and decide whether to recommend that the statements, with or without any revisions, be included in the Fund's annual report;
- o to cause to be prepared and to review and submit any report, including any recommendation of the Audit Committee, required by SEC rules to be included in the Fund's proxy statement;
- o review legal and regulatory matters presented by counsel and the Fund's independent accountants that may have a material impact on the Fund's financial statements;
- o consider with the Auditor their comments with respect to the quality and adequacy of the Fund's accounting and financial reporting policies, practices and internal controls and management's responses thereto, including, without limitation, the effect on the Fund of any recommendation of changes in accounting principles or practices by management or the Auditor;
- o receive reports from the principal executive officer and the principal financial officer, or persons performing similar functions, regarding: (i) all significant deficiencies in the design or operation of a Fund's internal controls that could adversely affect the Fund's ability to record, process,

summarize, and report financial data and have identified for the Auditor any material weaknesses in internal controls; (ii) any fraud, whether or not material, that

A-4

involves Fund management or other employees who have a significant role in the Fund's internal controls; and (iii) whether or not there were significant changes in the Fund's internal controls or in other factors that could significantly affect the Fund's internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses;

- o establish procedures for the receipt, retention and treatment of complaints received by a Fund regarding accounting, internal accounting controls or auditing matters;
- o establish procedures for the confidential, anonymous submission by employees and officers of Funds of concerns regarding any questionable accounting or audit matter (with such procedures to be established upon the SEC's promulgation of final rules governing such procedures pursuant to the S-O Act);
- o establish procedures for the resolution of disagreements between management of a Fund and the Fund's Auditor regarding financial reporting;
- o require inside and outside counsel to report to the Audit Committee evidence of any material violation of securities law or breach of fiduciary duty or similar violation by a Fund or any agent of a Fund;
- o report its actions to the Boards of Directors/Trustees of the Funds, make and keep minutes of its meetings and provide copies thereof to the Boards;
- o perform such other functions consistent with this Audit Committee Charter, the Fund's Articles of Incorporation, the Fund's By-laws, or the Fund's partnership agreement, as applicable, and applicable law, as the Audit Committee or the Board of Directors/Trustees deems necessary or appropriate.

#### 5.02. Authority to Engage Independent Counsel and Advisers

The Audit Committee is authorized to: (a) engage independent counsel, which may also be counsel to the Funds' independent directors/trustees, and other advisers, as it determines to be necessary to carry out its duties; and (b) require the Funds to provide appropriate funding, as determined by the Audit Committee, for payment of compensation to the Auditor, the independent counsel and other advisers.

#### 5.03. Scope of Audit Committee Responsibility

In fulfilling their responsibilities under this Audit Committee Charter, it is recognized that members of the Audit Committee are not full-time employees of the Fund. As such, it is not the duty or responsibility of the Audit Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures. Each member of the Audit Committee shall be entitled to rely on (i) the integrity of those persons and

organizations inside and outside the Fund from which the Audit Committee receives information and (ii) the accuracy of the financial and other information provided to the Audit Committee by such persons or organizations, absent actual knowledge to the contrary (which actual knowledge shall be promptly reported to the Board of Directors/Trustees).

Fund management is responsible for maintaining appropriate systems for accounting. The Auditor is responsible for conducting a proper audit of the Fund's financial statements and is ultimately accountable to the Audit Committee.

A-5

6. Meetings of the Audit Committee

The Audit Committee shall meet at least twice each calendar year, including to approve the scope of the proposed audit of a Fund's financial statements by the Auditors and to review the report of the Auditors following such audit. The Audit Committee shall hold special meetings at such times as the Audit Committee believes appropriate. Members of the Audit Committee may participate in a meeting of the Audit Committee by means of conference call or similar communications equipment by means of which all persons participating in such meeting can hear each other.

7. Review of Charter

(a) The Audit Committee shall review and assess the adequacy of this Charter annually.

(b) Any changes to this Charter must be recommended by the Audit Committee and approved by the Board.

A-6

AUDIT COMMITTEE  
AUDIT AND NON-AUDIT SERVICES  
PRE-APPROVAL POLICY AND PROCEDURES  
OF THE  
MORGAN STANLEY RETAIL AND INSTITUTIONAL FUNDS

AS ADOPTED JULY 31, 2003(1)

1. STATEMENT OF PRINCIPLES

The Audit Committee of the Board is required to review and, in its sole discretion, pre-approve all Covered Services to be provided by the Independent Auditors to the Fund and Covered Entities in order to assure that services performed by the Independent Auditors do not impair the auditor's independence from the Fund.

The SEC has issued rules specifying the types of services that an independent auditor may not provide to its audit client, as well as the audit committee's administration of the engagement of the independent auditor. The SEC's rules establish two different approaches to pre-approving services, which the SEC considers to be equally valid. Proposed services either: may be pre-approved without consideration of specific case-by-case services by the Audit Committee ("general pre-approval"); or require the specific pre-approval of the Audit Committee or its delegate ("specific pre-approval"). The Audit Committee believes that the combination of these two approaches in this Policy will result in an effective and efficient procedure to pre-approve services performed by the Independent Auditors. As set forth in this Policy, unless a type of service has received general pre-approval, it will require specific pre-approval by the Audit Committee (or by any member of the Audit Committee to which pre-approval authority has been delegated) if it is to be provided by the Independent Auditors. Any proposed services exceeding pre-approved cost levels or budgeted amounts will also require specific pre-approval by the Audit Committee.

The appendices to this Policy describe the Audit, Audit-related, Tax and All Other services that have the general pre-approval of the Audit Committee. The term of any general pre-approval is 12 months from the date of pre-approval, unless the Audit Committee considers and provides a different period and states otherwise. The Audit Committee will annually review and pre-approve the services that may be provided by the Independent Auditors without obtaining specific pre-approval from the Audit Committee. The Audit Committee will add to or subtract from the list of general pre-approved services from time to time, based on subsequent determinations.

The purpose of this Policy is to set forth the policy and procedures by which the Audit Committee intends to fulfill its responsibilities. It does not delegate the Audit Committee's responsibilities to pre-approve services performed by the Independent Auditors to management.

The Fund's Independent Auditors have reviewed this Policy and believes that implementation of the Policy will not adversely affect the Independent Auditors' independence.

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- (1) This Audit Committee Audit and Non-Audit Services Pre-Approval Policy and Procedures (the "Policy"), adopted as of the date above, supercedes and replaces all prior versions that may have been adopted from time to time.

A-7

## 2. DELEGATION

As provided in the Act and the SEC's rules, the Audit Committee may delegate either type of pre-approval authority to one or more of its members. The member to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next scheduled meeting

## 3. AUDIT SERVICES

The annual Audit services engagement terms and fees are subject to the specific pre-approval of the Audit Committee. Audit services include the annual financial statement audit and other procedures required to be performed by the

Independent Auditors to be able to form an opinion on the Fund's financial statements. These other procedures include information systems and procedural reviews and testing performed in order to understand and place reliance on the systems of internal control, and consultations relating to the audit. The Audit Committee will approve, if necessary, any changes in terms, conditions and fees resulting from changes in audit scope, Fund structure or other items.

In addition to the annual Audit services engagement approved by the Audit Committee, the Audit Committee may grant general pre-approval to other Audit services, which are those services that only the Independent Auditors reasonably can provide. Other Audit services may include statutory audits and services associated with SEC registration statements (on Forms N-1A, N-2, N-3, N-4, etc.), periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings.

The Audit Committee has pre-approved the Audit services in Appendix B.1. All other Audit services not listed in Appendix B.1 must be specifically pre-approved by the Audit Committee (or by any member of the Audit Committee to which pre-approval has been delegated).

#### 4. AUDIT-RELATED SERVICES

Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Fund's financial statements and, to the extent they are Covered Services, the Covered Entities or that are traditionally performed by the Independent Auditors. Because the Audit Committee believes that the provision of Audit-related services does not impair the independence of the auditor and is consistent with the SEC's rules on auditor independence, the Audit Committee may grant general pre-approval to Audit-related services. Audit-related services include, among others, accounting consultations related to accounting, financial reporting or disclosure matters not classified as "Audit services"; assistance with understanding and implementing new accounting and financial reporting guidance from rulemaking authorities; agreed-upon or expanded audit procedures related to accounting and/or billing records required to respond to or comply with financial, accounting or regulatory reporting matters; and assistance with internal control reporting requirements under Forms N-SAR and/or N-CSR.

The Audit Committee has pre-approved the Audit-related services in Appendix B.2. All other Audit-related services not listed in Appendix B.2 must be specifically pre-approved by the Audit Committee (or by any member of the Audit Committee to which pre-approval has been delegated).

#### 5. TAX SERVICES

The Audit Committee believes that the Independent Auditors can provide Tax services to the Fund and, to the extent they are Covered Services, the Covered Entities, such as tax compliance, tax planning and tax advice without impairing the auditor's independence, and the SEC has stated that the Independent Auditors may provide such services.

A-8

Pursuant to the preceding paragraph, the Audit Committee has pre-approved the Tax Services in Appendix B.3. All Tax services in Appendix B.3 must be specifically pre-approved by the Audit Committee (or by any member of the Audit Committee to which pre-approval has been delegated).



6. ALL OTHER SERVICES

The Audit Committee believes, based on the SEC's rules prohibiting the Independent Auditors from providing specific non-audit services, that other types of non-audit services are permitted. Accordingly, the Audit Committee believes it may grant general pre-approval to those permissible non-audit services classified as All Other services that it believes are routine and recurring services, would not impair the independence of the auditor and are consistent with the SEC's rules on auditor independence.

The Audit Committee has pre-approved the All Other services in Appendix B.4. Permissible All Other services not listed in Appendix B.4 must be specifically pre-approved by the Audit Committee (or by any member of the Audit Committee to which pre-approval has been delegated).

7. PRE-APPROVAL FEE LEVELS OR BUDGETED AMOUNTS

Pre-approval fee levels or budgeted amounts for all services to be provided by the Independent Auditors will be established annually by the Audit Committee. Any proposed services exceeding these levels or amounts will require specific pre-approval by the Audit Committee. The Audit Committee is mindful of the overall relationship of fees for audit and non-audit services in determining whether to pre-approve any such services.

8. PROCEDURES

All requests or applications for services to be provided by the Independent Auditors that do not require specific approval by the Audit Committee will be submitted to the Fund's Chief Financial Officer and must include a detailed description of the services to be rendered. The Fund's Chief Financial Officer will determine whether such services are included within the list of services that have received the general pre-approval of the Audit Committee. The Audit Committee will be informed on a timely basis of any such services rendered by the Independent Auditors. Requests or applications to provide services that require specific approval by the Audit Committee will be submitted to the Audit Committee by both the Independent Auditors and the Fund's Chief Financial Officer, and must include a joint statement as to whether, in their view, the request or application is consistent with the SEC's rules on auditor independence.

The Audit Committee has designated the Fund's Chief Financial Officer to monitor the performance of all services provided by the Independent Auditors and to determine whether such services are in compliance with this Policy. The Fund's Chief Financial Officer will report to the Audit Committee on a periodic basis on the results of its monitoring. Both the Fund's Chief Financial Officer and management will immediately report to the chairman of the Audit Committee any breach of this Policy that comes to the attention of the Fund's Chief Financial Officer or any member of management.

9. ADDITIONAL REQUIREMENTS

The Audit Committee has determined to take additional measures on an annual basis to meet its responsibility to oversee the work of the Independent Auditors and to assure the auditor's independence from the Fund, such as reviewing a formal written statement from the Independent Auditors delineating all relationships between the Independent Auditors and the Fund, consistent with Independence Standards Board No. 1, and discussing with the Independent Auditors its methods and procedures for ensuring independence.

A-9

10. COVERED ENTITIES

Covered Entities include the Fund's investment adviser(s) and any entity controlling, controlled by or under common control with the Fund's investment adviser(s) that provides ongoing services to the Fund(s). Beginning with non-audit service contracts entered into on or after May 6, 2003, the Fund's audit committee must pre-approve non-audit services provided not only to the Fund but also to the Covered Entities if the engagements relate directly to the operations and financial reporting of the Fund. This list of Covered Entities would include:

Morgan Stanley Retail Funds

Morgan Stanley Investment Advisors Inc.  
Morgan Stanley & Co. Incorporated  
Morgan Stanley DW Inc.  
Morgan Stanley Investment Management  
Morgan Stanley Investments LP  
Van Kampen Asset Management Inc.  
Morgan Stanley Services Company, Inc.  
Morgan Stanley Distributors Inc.  
Morgan Stanley Trust FSB

Morgan Stanley Institutional Funds

Morgan Stanley Investment Management Inc.  
Morgan Stanley Investments LP  
Morgan Stanley & Co. Incorporated  
Morgan Stanley Distribution, Inc.  
Morgan Stanley AIP GP LP  
Morgan Stanley Alternative Investment Partners LP

A-10

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PROXY MORGAN STANLEY GOVERNMENT INCOME TRUST PROXY  
ANNUAL MEETING OF SHAREHOLDERS TO BE HELD DECEMBER 16, 2003

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF TRUSTEES

The undersigned hereby appoints Ronald E. Robison, Barry Fink, and Joseph J. McAlinden, or any of them, proxies, each with the power of substitution, to vote on behalf of the undersigned at the Annual Meeting of Shareholders of the above mentioned fund on December 16, 2003 in Room 209, 2nd Floor, 1221 Avenue of the Americas, New York City, New York 10020 at 10:30 a.m., New York City time, and at any adjournment thereof, on the proposal set forth in the Notice of Annual Meeting dated November 7, 2003 as follows:

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED SHAREHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED "FOR" THE TRUSTEES SET FORTH ON THE REVERSE HEREOF AND AS RECOMMENDED BY THE BOARD OF TRUSTEES.

VOTE VIA THE INTERNET:  
HTTPS://VOTE.PROXY-DIRECT.COM

VOTE VIA THE TELEPHONE: 1-866-241-6192

-----  
CONTROL NUMBER:  
-----

NOTE: Please sign exactly as your name appears on this proxy card. All joint owners should sign. When signing as executor, administrator, attorney, trustee or guardian or as custodian for a minor, please give full title as such. If a corporation, please sign in full corporate name and indicate the signer's office. If a partner, sign in the partnership name.

-----  
Signature

-----  
Signature (if held jointly)

-----  
Date 13720\_MCD\_A

(Please see reverse side)

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PLEASE SIGN, DATE AND RETURN YOUR  
PROXY TODAY

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TO VOTE BY MAIL, PLEASE COMPLETE AND RETURN THIS CARD.

YOU ALSO MAY VOTE A PROXY BY TOUCH-TONE PHONE OR BY INTERNET (SEE ENCLOSED  
VOTING INFORMATION CARD FOR FURTHER INSTRUCTIONS).

PLEASE MARK VOTES AS IN THIS EXAMPLE: [X]

1. Election of four (4) Trustees:

- 01. Wayne E. Hedien
- 02. Manuel H. Johnson
- 03. Joseph J. Kearns
- 04. Fergus Reid

|     |          |                   |
|-----|----------|-------------------|
| FOR | WITHHOLD | FOR ALL<br>EXCEPT |
| [ ] | [ ]      | [ ]               |

To withhold authority to vote for any nominee(s) mark "For All Except" and write the nominee number(s) on the line provided:

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13720\_MCD\_A-B

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PROXY MORGAN STANLEY INCOME SECURITIES INC. PROXY  
ANNUAL MEETING OF SHAREHOLDERS TO BE HELD DECEMBER 16, 2003

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Ronald E. Robison, Barry Fink, and Joseph J. McAlinden, or any of them, proxies, each with the power of substitution, to vote on behalf of the undersigned at the Annual Meeting of Shareholders of the above mentioned fund on December 16, 2003 in Room 209, 2nd Floor, 1221 Avenue of the Americas, New York City, New York 10020 at 10:30 a.m., New York City time, and at any adjournment thereof, on the proposal set forth in the Notice of Annual Meeting dated November 7, 2003 as follows:

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED SHAREHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED "FOR" THE DIRECTORS SET FORTH ON THE REVERSE HEREOF AND AS RECOMMENDED BY THE BOARD OF DIRECTORS.

VOTE VIA THE INTERNET:  
HTTPS://VOTE.PROXY-DIRECT.COM

VOTE VIA THE TELEPHONE: 1-866-241-6192

-----  
CONTROL NUMBER:  
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NOTE: Please sign exactly as your name appears on this proxy card. All joint owners should sign. When signing as executor, administrator, attorney, trustee or guardian or as custodian for a minor, please give full title as such.

If a corporation, please sign in full corporate name and indicate the signer's office. If a partner, sign in the partnership name.

-----  
Signature

-----  
Signature (if held jointly)

-----  
Date 13720\_MCD\_D

(Please see reverse side)

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YOU ALSO MAY VOTE A PROXY BY TOUCH-TONE PHONE OR BY INTERNET (SEE ENCLOSED VOTING INFORMATION CARD FOR FURTHER INSTRUCTIONS).

PLEASE MARK VOTES AS IN THIS EXAMPLE: [X]

1. Election of ten (10) Directors:

- |                      |                            |                       |
|----------------------|----------------------------|-----------------------|
| 01. Michael Bozic    | 02. Charles A. Fiumefreddo | 03. Edwin J. Garn     |
| 04. Wayne E. Hedien  | 05. James F. Higgins       | 06. Manuel H. Johnson |
| 07. Joseph J. Kearns | 08. Michael E. Nugent      | 09. Philip J. Purcell |
| 10. Fergus Reid      |                            |                       |

|       |          |                   |
|-------|----------|-------------------|
| FOR   | WITHHOLD | FOR ALL<br>EXCEPT |
| [ X ] | [ ]      | [ ]               |

To withhold authority to vote for any nominee(s) mark "For All Except" and write the nominee number(s) on the line provided:

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13720\_MCD\_D

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1. READ YOUR PROXY STATEMENT AND HAVE IT AT HAND.
2. CALL TOLL-FREE 1-866-241-6192 OR GO TO WEBSITE:  
[HTTPS://VOTE.PROXY-DIRECT.COM](https://vote.proxy-direct.com)
3. ENTER YOUR 14 DIGIT CONTROL NUMBER FROM YOUR PROXY CARD.
4. FOLLOW THE RECORDED OR ON-SCREEN DIRECTIONS.
5. DO NOT MAIL YOUR PROXY CARD WHEN YOU VOTE BY PHONE OR INTERNET.

Please detach at perforation before mailing.

PROXY MORGAN STANLEY MUNICIPAL INCOME OPPORTUNITIES TRUST PROXY  
ANNUAL MEETING OF SHAREHOLDERS TO BE HELD DECEMBER 16, 2003

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF TRUSTEES

The undersigned hereby appoints Ronald E. Robison, Barry Fink, and Joseph J. McAlinden, or any of them, proxies, each with the power of substitution, to vote on behalf of the undersigned at the Annual Meeting of Shareholders of the above mentioned fund on December 16, 2003 in Room 209, 2nd Floor, 1221 Avenue of the Americas, New York City, New York 10020 at 10:30 a.m., New York City time, and at any adjournment thereof, on the proposal set forth in the Notice of Annual Meeting dated November 7, 2003 as follows:

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED SHAREHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED "FOR" THE TRUSTEES SET FORTH ON THE REVERSE HEREOF AND AS RECOMMENDED BY THE BOARD OF TRUSTEES.

VOTE VIA THE INTERNET:  
[HTTPS://VOTE.PROXY-DIRECT.COM](https://vote.proxy-direct.com)

VOTE VIA THE TELEPHONE: 1-866-241-6192

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CONTROL NUMBER:  
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NOTE: Please sign exactly as your name appears on this proxy card. All joint owners should sign. When signing as executor, administrator, attorney, trustee or guardian or as custodian for a minor, please give full title as such. If a corporation, please sign in full corporate name and indicate the signer's office. If a partner, sign in the partnership name.

-----  
Signature

-----  
Signature (if held jointly)

-----  
Date 13720\_MCD\_B

(Please see reverse side)

EVERY SHAREHOLDER'S VOTE IS IMPORTANT

PLEASE SIGN, DATE AND RETURN YOUR  
PROXY TODAY

Please detach at perforation before mailing.

TO VOTE BY MAIL, PLEASE COMPLETE AND RETURN THIS CARD.

YOU ALSO MAY VOTE A PROXY BY TOUCH-TONE PHONE OR BY INTERNET (SEE ENCLOSED VOTING INFORMATION CARD FOR FURTHER INSTRUCTIONS).

PLEASE MARK VOTES AS IN THIS EXAMPLE:

1. Election of four (4) Trustees:

|                     |                       |                      |
|---------------------|-----------------------|----------------------|
| 01. Wayne E. Hedien | 02. Manuel H. Johnson | 03. Joseph J. Kearns |
| 04. Fergus Reid     |                       |                      |

|     |          |                   |
|-----|----------|-------------------|
| FOR | WITHHOLD | FOR ALL<br>EXCEPT |
| [ ] | [ ]      | [ ]               |

To withhold authority to vote for any nominee(s) mark "For All Except" and write the nominee number(s) on the line provided:

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13720\_MCD\_A-B



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YOUR VOTE IS IMPORTANT! PLEASE SIGN, DATE AND RETURN YOUR PROXY CARD TODAY