

EATON VANCE MUNICIPAL INCOME TRUST  
Form N-CSRS  
July 28, 2006

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number: 811-09141

Eaton Vance Municipal Income Trust  
(Exact name of registrant as specified in charter)

The Eaton Vance Building, 255 State Street, Boston, Massachusetts  
(Address of principal executive offices)

02109  
(Zip code)

Alan R. Dynner  
The Eaton Vance Building, 255 State Street, Boston, Massachusetts 02109  
(Name and address of agent for service)

Registrant's telephone number, including area code: (617) 482-8260

Date of fiscal year end: November 30

Date of reporting period: May 31, 2006

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**Item 1. Reports to Stockholders**

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Semiannual Report May 31, 2006

EATON VANCE  
MUNICIPAL  
INCOME  
TRUST

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**IMPORTANT NOTICES REGARDING PRIVACY,  
DELIVERY OF SHAREHOLDER DOCUMENTS,  
PORTFOLIO HOLDINGS AND PROXY VOTING**

**Privacy.** The Eaton Vance organization is committed to ensuring your financial privacy. Each of the financial institutions identified below has in effect the following policy ("Privacy Policy") with respect to nonpublic personal information about its customers:

Only such information received from you, through application forms or otherwise, and information about your Eaton Vance fund transactions will be collected. This may include information such as name, address, social security number, tax status, account balances and transactions.

None of such information about you (or former customers) will be disclosed to anyone, except as permitted by law (which includes disclosure to employees necessary to service your account). In the normal course of servicing a customer's account, Eaton Vance may share information with unaffiliated third parties that perform various required services such as transfer agents, custodians and broker/dealers.

Policies and procedures (including physical, electronic and procedural safeguards) are in place that are designed to protect the confidentiality of such information.

We reserve the right to change our Privacy Policy at any time upon proper notification to you. Customers may want to review our Policy periodically for changes by accessing the link on our homepage: [www.eatonvance.com](http://www.eatonvance.com).

Our pledge of privacy applies to the following entities within the Eaton Vance organization: the Eaton Vance Family of Funds, Eaton Vance Management, Eaton Vance Investment Counsel, Boston Management and Research, and Eaton Vance Distributors, Inc.

In addition, our Privacy Policy only applies to those Eaton Vance customers who are individuals and who have a direct relationship with us. If a customer's account (i.e., fund shares) is held in the name of a third-party financial adviser/broker-dealer, it is likely that only such adviser's privacy policies apply to the customer. This notice supersedes all previously issued privacy disclosures.

For more information about Eaton Vance's Privacy Policy, please call 1-800-262-1122.

**Delivery of Shareholder Documents.** The Securities and Exchange Commission (the "SEC") permits funds to deliver only one copy of shareholder documents, including prospectuses, proxy statements and shareholder reports, to fund investors with multiple accounts at the same residential or post office box address. This practice is often called "householding" and it helps eliminate duplicate mailings to shareholders.

**Eaton Vance, or your financial adviser, may household the mailing of your documents indefinitely unless you instruct Eaton Vance, or your financial adviser, otherwise.**

If you would prefer that your Eaton Vance documents not be househanded, please contact Eaton Vance at 1-800-262-1122, or contact your financial adviser.

Your instructions that householding not apply to delivery of your Eaton Vance documents will be effective within 30 days of receipt by Eaton Vance or your financial adviser.

**Portfolio Holdings.** Each Eaton Vance Fund and its underlying Portfolio (if applicable) will file a schedule of its portfolio holdings on Form N-Q with the SEC for the first and third quarters of each fiscal year. The Form N-Q will be available on the Eaton Vance website [www.eatonvance.com](http://www.eatonvance.com), by calling Eaton Vance at 1-800-262-1122 or in the EDGAR database on the SEC's website at [www.sec.gov](http://www.sec.gov). Form N-Q may also be reviewed and copied at the SEC's public reference room in Washington, D.C. (call 1-800-732-0330 for information on the operation of the public reference room).

**Proxy Voting.** From time to time, funds are required to vote proxies related to the securities held by the funds. The Eaton Vance Funds or their underlying Portfolios (if applicable) vote proxies according to a set of policies and procedures approved by the Funds' and Portfolios' Boards. You may obtain a description of these policies and procedures and information on how the Funds or Portfolios voted proxies relating to portfolio securities during the most recent 12 month period ended June 30, without charge, upon request, by calling 1-800-262-1122. This description is also available on the SEC's website at [www.sec.gov](http://www.sec.gov).

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**Eaton Vance Municipal Income Trust as of May 31, 2006**

**INVESTMENT UPDATE**

Eaton Vance Municipal Income Trust (the Trust) is a closed-end Trust traded on the New York Stock Exchange, and is designed to provide current income exempt from regular federal income taxes. This income is earned by investing primarily in investment-grade state municipal securities.

**Economic and Market Conditions**

The economy expanded at a 5.3% pace in the first quarter of 2006, an increase from the 1.7% rate in the fourth quarter of 2005. Even with a cooling housing market, the economy generated respectable growth in 2005 and early 2006. Despite high energy prices, rising mortgage rates and a persistent tightening by the Federal Reserve (the Fed), the economy continued to create jobs, and appeared to be sustaining growth in both the manufacturing and service sectors, with moderate signs of inflationary pressures.

As of May 31, 2006, investor sentiment regarding the Fed's monetary policy appeared to have stabilized in recent months as investors began to anticipate the end of the Fed's series of interest rate hikes (which began in June 2004). By the end of the period, the Fed had raised rates at all of the last 16 Open Market Committee meetings, with the Federal Funds rate standing at 5.00% on May 31, 2006.

Boosted by lower-than-anticipated long-term interest rates, the municipal market saw record supply in 2005, with more than \$400 billion in new issuance. However, supply has lagged thus far in 2006, contributing to municipal bond outperformance. At May 31, 2006, long-term AAA-rated insured municipal bonds yielded 88.3% of U.S. Treasury bonds with similar maturities.\*

For the six months ended May 31, 2006, the Lehman Brothers Municipal Bond Index (the Index), a broad-based, unmanaged municipal market index, posted a modest gain of 1.52%. For information about the Trust's performance and the performance of funds in the same Lipper Classification, see the Performance Information and Portfolio Composition page that follows.

**Management Discussion**

The Trust invests primarily in bonds with maturities of 10 years or longer, as longer-maturity bonds historically have provided greater tax-exempt income for investors than shorter-maturity bonds. Given the flattening of the yield curve for fixed-income securities over the past 18 months with shorter-maturity yields rising more than longer-maturity yields the long end of the municipal yield curve was a relatively attractive place to be positioned. However, given the leveraged nature of the Trust, rising short-term rates have increased the borrowing costs associated with the leverage. As borrowing costs have risen, the income generated by the Trust has declined. Please see the Performance Information and

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Portfolio Composition page that follows for a description of the Trust's leverage as of May 31, 2006.

During the six months ended May 31, 2006, as the Fed raised short-term interest rates at regular intervals, commodities prices rose significantly. However, the economy grew at a solid pace, with moderate inflation. In this climate, management continued to maintain a somewhat cautious outlook on interest rates and positioned the Trust's durations accordingly. Duration measures a bond fund's sensitivity to changes in interest rates.

Management continued to focus on finding relative value within the marketplace in issuer names, coupons, maturities and sectors. Relative value trading, which seeks to capitalize on undervalued securities, has enhanced the Trust's returns during the year. Finally, management continued to monitor closely call protection in the Trust. Call protection remains an important strategic consideration for municipal bond investors.

Trust shares are not insured by the FDIC and are not deposits or other obligations of, or guaranteed by, any depository institution. Shares are subject to investment risks, including possible loss of principal invested.

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\* Source: Bloomberg L.P. Yields are a compilation of a representative variety of general obligations and are not necessarily representative of the Trust's yield.

It is not possible to invest directly in an Index or Lipper Classification. The Index's total return does not reflect expenses that would have been incurred if an investor individually purchased or sold the securities represented in the Index.

Past performance is no guarantee of future results.

*The views expressed throughout this report are those of the portfolio manager and are current only through the end of the period of the report as stated on the cover. These views are subject to change at any time based upon market or other conditions, and the investment adviser disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a fund are based on many factors, may not be relied on as an indication of trading intent on behalf of any Eaton Vance fund.*

**PERFORMANCE INFORMATION AND PORTFOLIO COMPOSITION**

Trust Performance as of 5/31/06(1)

Average Annual Total Return (by share price, American Stock Exchange)

|                         |       |
|-------------------------|-------|
| Six Months              | 5.47% |
| One Year                | -2.16 |
| Five Years              | 12.22 |
| Life of Trust (1/29/99) | 7.54  |

Average Annual Total Return (by net asset value)

|                         |       |
|-------------------------|-------|
| Six Months              | 6.98% |
| One Year                | 10.48 |
| Five Years              | 11.88 |
| Life of Trust (1/29/99) | 7.26  |

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(1) Returns are historical and are calculated by determining the percentage change in share price or net asset value with all distributions reinvested. The Trust's performance at market share price will differ from its results at NAV. Although share price performance generally reflects investment results over time, during shorter periods, returns at share price can also be affected by factors such as changing perceptions about the Trust, market conditions, fluctuations in supply and demand for the Trust's shares, or changes in Trust distributions. Performance results reflect the effect of leverage resulting from the Trust's issuance of Auction Preferred Shares.

Index Performance(2)

Lehman Brothers Municipal Bond Index - Average Annual Total Returns

|                         |       |
|-------------------------|-------|
| Six Months              | 1.52% |
| One Year                | 1.89  |
| Five Years              | 5.27  |
| Life of Trust (1/31/99) | 4.98  |

Lipper Averages(3)



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Lipper General Municipal Debt Funds Classification (closed-end) - Average Annual Total Returns

|                         |       |
|-------------------------|-------|
| Six Months              | 2.65% |
| One Year                | 3.29  |
| Five Years              | 7.14  |
| Life of Trust (1/31/99) | 5.77  |

Market Yields

|                                    |       |
|------------------------------------|-------|
| Market Yield(4)                    | 5.88% |
| Taxable Equivalent Market Yield(5) | 9.05  |

*Past performance is no guarantee of future results. Returns are historical and are calculated by determining the percentage change in net asset value or share price (as applicable) with all distributions reinvested. Investment return and principal value will fluctuate so that shares, when sold, may be worth more or less than their original cost. Trust performance during certain periods reflects the strong bond market performance and/or the strong performance of bonds held during those periods. The performance is not typical and may not be repeated. Performance is for the stated time period only; due to market volatility, the Trust's current performance may be lower or higher than the quoted return. For performance as of the most recent month end, please refer to [www.eatonvance.com](http://www.eatonvance.com).*

**Portfolio Manager: Thomas M. Metzold, CFA**

Rating Distribution(6), (7)

By total investments

Trust Statistics(7)

|                       |            |
|-----------------------|------------|
| Number of Issues:     | 256        |
| Average Maturity:     | 24.4 years |
| Effective Maturity:   | 15.2 years |
| Average Rating:       | A+         |
| Average Call:         | 9.1 years  |
| Average Dollar Price: | \$97.65    |
| Leverage:*            | 33%        |

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\* *The leverage amount is a percentage of the Trust's total assets. The Trust uses leverage through the issuance of preferred shares. Use of financial leverage creates an opportunity for increased income, but, at the same time, creates special risks (including the likelihood of greater volatility of net asset value and market price of common shares).*

(2) *It is not possible to invest directly in an Index. The Index's total return does not reflect the expenses that would have been incurred if an investor individually purchased or sold the securities represented in the Index. Index performance is available as of month-end only.*

(3) *The Lipper Averages are the average total returns, at net asset value, of the funds that are in the same Lipper Classification as the Trust. It is not possible to invest in a Lipper Classification. Lipper Classifications may include insured and uninsured funds, as well as leveraged and unleveraged funds. The Lipper Municipal Debt Funds Classification (closed-end) contained 56, 56, 45, and 42 funds for the 6-month, 1-year, 5-year, and Life-Of-Trust time periods, respectively. Lipper Averages are available as of month-end only.*

(4) *The Trust's market yield is calculated by dividing the last dividend paid per share of the semiannual period by the share price at the end of the period and annualizing the result.*

(5) *Taxable-equivalent figure assumes a maximum 35.00% federal tax rate. A lower tax rate would result in a lower tax-equivalent figure.*

(6) *As of 5/31/06. Rating Distribution is determined by dividing the total market value of the issues by the total investments of the Trust.*

(7) *Portfolio information may not be representative of the Trust's current or future investments and may change due to active management.*

## Eaton Vance Municipal Income Trust as of May 31, 2006

## PORTFOLIO OF INVESTMENTS (Unaudited)

| Tax-Exempt Investments 150.8%       |        |   |               |
|-------------------------------------|--------|---|---------------|
| Principal Amount<br>(000's omitted) |        | Security  | Value         |
| Cogeneration 1.2%                   |        |   |               |
| \$                                  | 2,950  | Maryland Energy Cogeneration, (AES Warrior Run), (AMT),<br>7.40%, 9/1/19  | \$ 2,980,149  |
|                                     |        |   | \$ 2,980,149  |
| Education 2.6%                      |        |   |               |
| \$                                  | 2,250  | California Educational Facilities Authority, Stanford University, Residual Certificates, Variable Rate,<br>9.96%, 12/1/32 <sup>(1)(2)</sup> | \$ 2,672,280  |
|                                     | 300    | Maryland HEFA, (Loyola College),<br>5.125%, 10/1/45   | 305,730       |
|                                     | 3,430  | Massachusetts Development Finance Agency,<br>(Boston University), 5.45%, 5/15/59  | 3,650,789     |
|                                     |        |   | \$ 6,628,799  |
| Electric Utilities 11.5%            |        |   |               |
| \$                                  | 6,500  | Brazos River Authority, TX, (Reliant Energy, Inc.),<br>7.75%, 12/1/18   | \$ 7,030,400  |
|                                     | 1,300  | Brazos River Authority, TX, PCR (Texas Energy Co.),<br>(AMT), 5.40%, 5/1/29   | 1,337,635     |
|                                     | 2,000  | Brazos River Authority, TX, PCR (Texas Energy Co.),<br>(AMT), 6.75%, 4/1/38   | 2,223,280     |
|                                     | 3,550  | Mississippi Business Finance Corp., (System Energy Resources, Inc.), 5.90%, 5/1/22  | 3,574,175     |
|                                     | 7,250  | North Carolina Municipal Power Agency, (Catawba),<br>6.50%, 1/1/20  | 7,870,382     |
|                                     | 1,000  | Pennsylvania EDA, (Reliant Energy, Inc.), (AMT),<br>6.75%, 12/1/36  | 1,064,810     |
|                                     | 3,400  | Pennsylvania EDA, (Reliant Energy, Inc.), (AMT),<br>6.75%, 12/1/36  | 3,620,354     |
|                                     | 2,550  | Pennsylvania EDA, (Reliant Energy, Inc.), (AMT),<br>6.75%, 12/1/36  | 2,715,265     |
|                                     |        |   | \$ 29,436,301 |
| Escrowed / Prerefunded 9.7%         |        |   |               |
| \$                                  | 3,000  | Capital Trust Agency, FL, (Seminole Tribe Convention),<br>Prerefunded to 10/1/12, 8.95%,<br>10/1/33 <sup>(1)</sup>                          | \$ 3,716,940  |
|                                     | 35,000 | Dawson Ridge, CO, Metropolitan District #1, Escrowed  | 15,975,400    |

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|  |       |   |               |
|--|-------|---|---------------|
|  |       | to Maturity, 0.00%, 10/1/22   |               |
|  |       | Florida Capital Projects Finance Authority, Student Housing Revenue, (University of Central Florida), |               |
|  | 3,185 | Prerefunded to 8/15/10, 7.75%, 8/15/20  | 3,651,730     |
|  |       | Mesquite, TX, Health Facilities Authority, (Christian Retirement Facility), Prerefunded to 2/15/10,   |               |
|  | 1,400 | 7.625%, 2/15/28   | 1,588,510     |
|  |       |   | \$ 24,932,580 |

| Principal Amount<br>(000's omitted) |              | Security  | Value         |
|-------------------------------------|--------------|---|---------------|
| <b>General Obligations</b>          | <b>4.4%</b>  |   |               |
| \$                                  | 1,500        | California, 5.25%, 11/1/29  | \$ 1,566,855  |
|                                     | 4,950        | California, 5.50%, 11/1/33  | 5,351,346     |
|                                     | 3,100        | California, (AMT), 5.05%, 12/1/36   | 3,109,579     |
|                                     | 1,200        | New York, NY, Variable Rate, 6.70%, 6/1/28 <sup>(1)(2)</sup>                                | 1,361,700     |
|                                     |              |   | \$ 11,389,480 |
| <b>Health Care-Miscellaneous</b>    | <b>1.1%</b>  |   |               |
| \$                                  | 576          | Tax Exempt Securities Trust, Community Health Provider, Pooled Loan Program, 6.00%, 12/1/36 | \$ 596,424    |
|                                     | 1,521        | Tax Exempt Securities Trust, Community Health Provider, Pooled Loan Program, 6.25%, 12/1/36 | 1,590,036     |
|                                     | 577          | Tax Exempt Securities Trust, Community Health Provider, Pooled Loan Program, 7.75%, 12/1/36 | 600,797       |
|                                     |              |   | \$ 2,787,257  |
| <b>Hospital</b>                     | <b>18.0%</b> |   |               |
| \$                                  | 2,000        | Brevard County, FL, Health Facilities Authority, (Health First, Inc.), 5.00%, 4/1/36        | \$ 2,023,900  |
|                                     | 600          | Camden County, NJ, Improvement Authority, (Cooper Health System), 5.00%, 2/15/25            | 601,806       |
|                                     | 1,260        | Camden County, NJ, Improvement Authority, (Cooper Health System), 5.00%, 2/15/35            | 1,253,057     |
|                                     | 1,200        | Camden County, NJ, Improvement Authority, (Cooper Health System), 5.25%, 2/15/27            | 1,225,548     |
|                                     | 865          | Chautauqua County, NY, IDA, (Women's Christian Association), 6.35%, 11/15/17                | 907,350       |
|                                     | 975          | Chautauqua County, NY, IDA, (Women's Christian Association), 6.40%, 11/15/29                | 1,015,423     |
|                                     | 1,000        | Halifax, FL, Medical Center, 7.25%, 10/1/24   | 1,111,400     |
|                                     | 6,000        | Henderson, NV, Health Care Facility, 5.625%, 7/1/24   | 6,328,140     |
|                                     | 2,680        | Highland County, OH, (Joint Township Hospital District), 6.75%, 12/1/29                     | 2,813,973     |
|                                     | 5,000        |   | 5,250,350     |

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|       |   |           |
|-------|---|-----------|
|       | Illinois Health Facility Authority,<br>(Loyola University<br>Health System), 6.00%, 7/1/21          |           |
| 595   | Indiana HEFA, (Clarian Health<br>Partners),<br>4.75%, 2/15/34                                       | 584,516   |
| 5,275 | Indiana HEFA, (Clarian Health<br>Partners),<br>5.00%, 2/15/36                                       | 5,325,113 |
| 900   | Louisiana Public Facilities Authority,<br>(Ochsner<br>Clinic Foundation Project), 5.50%,<br>5/15/32 | 920,574   |
| 2,575 | Louisiana Public Facilities Authority,<br>(Tuoro Infirmary),<br>5.625%, 8/15/29                     | 2,484,283 |
| 2,000 | Martin County, MN, (Fairmont<br>Community Hospital<br>Association), 6.625%, 9/1/22                  | 2,120,760 |
| 700   | Maryland HEFA, (Peninsula Regional<br>Medical Center),<br>5.00%, 7/1/36                             | 707,434   |
| 730   | Mecosta County, MI, General Hospital,<br>5.75%, 5/15/09   | 745,834   |

See notes to financial statements

## Eaton Vance Municipal Income Trust as of May 31, 2006

## PORTFOLIO OF INVESTMENTS (Unaudited) CONT'D

| Principal Amount<br>(000's omitted)         |       | Security   | Value         |
|---|-------|--|---------------|
| <b>Hospital (continued)</b>                 |       |  |               |
| \$  | 2,500 | Mecosta County, MI, General Hospital,<br>6.00%, 5/15/18  | \$ 2,570,025  |
|   | 1,500 | New Jersey Health Care Facilities<br>Financing Authority,<br>(Trinitas Hospital), 7.50%, 7/1/30                              | 1,652,340     |
|   | 5,000 | North Central, TX, Health Facility<br>Development Corp.,<br>(Baylor Healthcare System), 5.125%,<br>5/15/29                   | 5,062,000     |
|   | 1,370 | Oneonta, AL, Eastern Health Care<br>Facility Financing Authority,<br>(Eastern Health Systems, Inc.), 7.75%,<br>7/1/21        | 1,491,985     |
|   |       |  | \$ 46,195,811 |
| <b>Housing 18.5%</b>                        |       |  |               |
| \$  | 4,740 | California Housing Finance Agency,<br>(Rochester<br>Institute of Technology), (AMT),<br>4.75%, 8/1/21                        | \$ 4,748,437  |
|   | 990   | California Statewide Communities<br>Development Authority,<br>(AMT), Variable Rate, 21.916%,<br>12/1/34 <sup>(1)(2)(3)</sup> | 1,902,117     |
|   | 2,420 | Capital Trust Agency, FL, (Atlantic<br>Housing Foundation),<br>5.35%, 7/1/40   | 2,413,466     |
|   | 4,000 | Charter Mac Equity Trust, TN, 6.00%,<br>4/30/19 <sup>(1)</sup>   | 4,297,600     |
|   | 4,000 | Charter Mac Equity Trust, TN, (AMT),<br>6.625%, 6/30/09 <sup>(1)</sup>   | 4,224,200     |
|   | 1,765 | Lake Creek, CO, Affordable Housing<br>Corp., Multifamily,<br>7.00%, 12/1/23  | 1,768,707     |
|   | 4,380 | Louisiana Public Facilities Authority,<br>(Eden Point),<br>6.25%, 3/1/34   | 4,470,622     |
|   | 4,000 | Muni Mae Tax-Exempt Bond, LLC,<br>(AMT),<br>6.875%, 6/30/49 <sup>(1)</sup>   | 4,249,800     |
|   | 2,975 | North Little Rock, AR, Residential<br>Housing Facilities,<br>(Parkstone Place), 6.50%, 8/1/21                                | 3,009,034     |
|   | 3,495 | Oregon Health Authority, (Trillium<br>Affordable Housing),<br>(AMT), 6.75%, 2/15/29  | 3,699,423     |
|   | 3,300 | Texas Student Housing Corp.,<br>(University of Northern<br>Texas), 6.75%, 7/1/16   | 3,152,556     |
|   | 5,800 | Virginia State Housing Development<br>Authority, (AMT),<br>4.65%, 7/1/19   | 5,793,562     |
|   | 3,900 | Virginia State Housing Development<br>Authority, (AMT),<br>4.80%, 7/1/24   | 3,876,522     |
|   |       |  | \$ 47,606,046 |
| <b>Industrial Development Revenue 15.1%</b> |       |  |               |

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|    |       |  |              |
|----|-------|--|--------------|
| \$ | 1,825 | ABIA Development Corp., TX, (Austin Cargoport Development), (AMT), 6.50%, 10/1/24                        | \$ 1,814,732 |
|    | 1,700 | Broward County, FL, IDR, (Lynxs Cargoport), (AMT), 6.75%, 6/1/19   | 1,669,734    |
|    | 1,300 | California Pollution Control Financing Authority, (Solid Waste Disposal), (AMT), 5.40%, 4/1/25           | 1,348,607    |
|    | 1,750 | Denver, CO, City and County Special Facilities, (United Airlines), (AMT), 6.875%, 10/1/32 <sup>(4)</sup> | 1,799,875    |
|    | 1,220 | Effingham County, GA, (Solid Waste Disposal), (Fort James), (AMT), 5.625%, 7/1/18                        | 1,206,470    |

Principal Amount  
(000's omitted)

|    |       | Security   | Value         |
|----|-------|--|---------------|
| \$ | 2,500 | Gulf Coast, TX, Waste Disposal Authority, (Valero Energy Corp.)(AMT), 5.70%, 4/1/32        | \$ 2,562,250  |
|    | 1,000 | Kenton County, KY, Airport, (Delta Airlines), (AMT), 7.125%, 2/1/21 <sup>(4)</sup>         | 577,490       |
|    | 5,000 | Liberty, NY, Development Corp., (Goldman Sachs Group, Inc.), 5.25%, 10/1/35                | 5,430,800     |
|    | 6,000 | New Jersey EDA, (Continental Airlines), (AMT), 6.25%, 9/15/29                              | 5,955,660     |
|    | 1,300 | New York City, NY, IDA, (American Airlines, Inc.), (AMT), Variable Rate, 7.75%, 8/1/31     | 1,460,264     |
|    | 6,000 | New York City, NY, IDA, (American Airlines, Inc.-JFK International Airport), 8.00%, 8/1/28 | 6,891,000     |
|    | 3,500 | New York City, NY, IDA, (JFK International Airport), (AMT), 8.50%, 8/1/28                  | 3,940,475     |
|    | 4,350 | Phoenix, AZ, IDA, (America West Airlines, Inc.), (AMT), 6.25%, 6/1/19                      | 4,049,937     |
|    |       |  | \$ 38,707,294 |

Insured-Education 1.2%

|    |       |   |              |
|----|-------|---|--------------|
| \$ | 3,000 | Massachusetts HEFA, (Berklee College of Music), (MBIA), Variable Rate, 6.48%, 10/1/27 <sup>(1)(5)</sup> | \$ 3,170,880 |
|    |       |   | \$ 3,170,880 |

Insured-Electric Utilities 0.5%

|    |       |  |              |
|----|-------|--|--------------|
| \$ | 1,350 | Wamego, KS, PCR, (MBIA), 5.30%, 6/1/31 | \$ 1,421,982 |
|    |       |  | \$ 1,421,982 |

Insured-General Obligations 13.3%

|    |        |   |              |
|----|--------|---|--------------|
| \$ | 2,625  | California, (FGIC), Variable Rate, 9.96%, 9/1/30 <sup>(1)(2)</sup>                            | \$ 3,174,570 |
|    | 500    | California, (FGIC), Variable Rate, 42.65%, 12/1/29 <sup>(1)(2)(3)</sup>                       | 1,207,500    |
|    | 30,160 | Chicago, IL, Board of Education, (FGIC), 0.00%, 12/1/22                                       | 13,722,498   |
|    | 13,000 | Illinois Development Finance Authority, (Local Government Program-Elgin School District-U46), | 6,898,190    |



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|                  |           |  |               |
|------------------|-----------|--|---------------|
|                  |           | (FSA), 0.00%, 1/1/20   |               |
|                  | 3,330     | Puerto Rico, (AGC), Variable Rate,<br>8.04%, 7/1/29 <sup>(1)(2)</sup>  | 4,531,364     |
|                  | 4,000     | Puerto Rico, (FSA), Variable Rate,<br>6.199%, 7/1/27 <sup>(1)(2)</sup> | 4,587,720     |
|                  |           |  | \$ 34,121,842 |
| Insured-Hospital | 9.2%      |  |               |
|                  | \$ 19,585 | Kentucky EDA, (Norton Healthcare,<br>Inc.), (MBIA),<br>0.00%, 10/1/25  | \$ 7,681,825  |
|                  | 22,320    | Kentucky EDA, (Norton Healthcare,<br>Inc.), (MBIA),<br>0.00%, 10/1/26  | 8,340,761     |
|                  | 10,000    | Kentucky EDA, (Norton Healthcare,<br>Inc.), (MBIA),<br>0.00%, 10/1/27  | 3,560,300     |

See notes to financial statements

## Eaton Vance Municipal Income Trust as of May 31, 2006

## PORTFOLIO OF INVESTMENTS (Unaudited) CONT'D

| Principal Amount<br>(000's omitted)                           |        | Security  | Value         |
|---|--------|---|---------------|
| Insured-Hospital (continued)                                  |        |   |               |
| \$  | 4,000  | New Jersey Health Care Facilities<br>Financing Authority,<br>(St. Barnabas Medical Center),<br>(MBIA), Variable Rate,<br>5.637%, 7/1/28 <sup>(1)(2)</sup> | \$ 4,074,160  |
|   |        |   | \$ 23,657,046 |
| Insured-Housing 2.0%  |        |   |               |
| \$  | 4,525  | Virginia Housing Development<br>Authority, (MBIA),<br>Variable Rate, 7.632%, 7/1/36 <sup>(1)(2)</sup>   | \$ 5,127,504  |
|   |        |   | \$ 5,127,504  |
| Insured-Lease Revenue /<br>Certificates of Participation 2.0% |        |   |               |
| \$  | 5,000  | Scago Educational Facilities Corp. for<br>Cherokee<br>School District No. 1, SC, (FSA),<br>5.00%, 12/1/30   | \$ 5,160,900  |
|   |        |   | \$ 5,160,900  |
| Insured-Special Tax Revenue 1.6%                              |        |   |               |
| \$  | 4,100  | New York Convention Center<br>Development Corp.,<br>(AMBAC), 4.75%, 11/15/45  | \$ 4,046,618  |
|   |        |   | \$ 4,046,618  |
| Insured-Transportation 18.2%                                  |        |   |               |
| \$  | 1,500  | Central, TX, Regional Mobility<br>Authority, (FGIC),<br>5.00%, 1/1/45   | \$ 1,519,260  |
|   | 3,500  | Chicago, IL, O'Hare International<br>Airport, (AMBAC),<br>(AMT), 5.375%, 1/1/32   | 3,587,745     |
|   | 2,983  | Dallas-Fort Worth, TX, International<br>Airport, (FGIC),<br>(AMT), Variable Rate, 11.90%,<br>5/1/10 <sup>(1)(2)</sup>                                     | 3,654,324     |
|   | 25,500 | E-470 Public Highway Authority, CO,<br>(MBIA),<br>0.00%, 3/1/36   | 5,176,245     |
|   | 2,400  | Massachusetts Turnpike Authority,<br>Metropolitan Highway<br>System, (MBIA), Variable Rate,<br>6.456%, 1/1/37 <sup>(1)(2)</sup>                           | 2,496,096     |
|   | 1,400  | Metropolitan Transportation Authority,<br>NY, (FGIC),<br>5.125%, 11/15/22   | 1,472,534     |
|   | 5,000  | Minneapolis and St. Paul, MN,<br>Metropolitan Airport<br>Commission, (FGIC), 5.25%, 1/1/32  | 5,190,650     |
|   | 5,500  | Nevada Department of Business and<br>Industry, (Las Vegas<br>Monorail - 1st Tier), (AMBAC),<br>5.375%, 1/1/40   | 5,697,890     |
|   | 2,000  | Puerto Rico Highway and<br>Transportation Authority, (FSA),<br>Variable Rate, 7.615%, 7/1/32 <sup>(1)(2)</sup>  | 2,156,280     |
|   | 3,275  |   | 4,136,325     |

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|                                     |       |   |               |
|-------------------------------------|-------|---|---------------|
|                                     |       | Puerto Rico Highway and Transportaton Authority, RITES, (CIFG), Variable Rate, 7.293%, 7/1/41 <sup>(1)(2)(3)</sup>  |               |
|                                     | 7,000 | San Antonio, TX, Airport System, (Improvements), (FGIC), (AMT), 5.25%, 7/1/21                                       | 7,244,370     |
| Principal Amount<br>(000's omitted) |       |   |               |
|                                     |       | Security  | Value         |
|                                     |       | Texas Turnpike Authority, (Central Texas Turnpike System), (AMBAC), 0.00%, 8/15/21                                  |               |
| \$                                  | 9,000 |   | \$ 4,368,780  |
|                                     |       |   | \$ 46,700,499 |
| Insured-Water and Sewer             | 0.2%  |   |               |
|                                     |       | Birmingham, AL, Waterworks & Sewer Board, (FSA), 4.50%, 1/1/35  |               |
| \$                                  | 490   |   | \$ 472,046    |
|                                     |       |   | \$ 472,046    |
| Nursing Home                        | 1.9%  |   |               |
|                                     |       | Orange County, FL, Health Facilities Authority, (Westminster Community Care), 6.75%, 4/1/34                         |               |
| \$                                  | 2,000 |   | \$ 2,064,200  |
|                                     |       | Wisconsin HEFA, (Wisconsin Illinois Senior Housing), 7.00%, 8/1/29  |               |
|                                     | 2,820 |   | 2,897,550     |
|                                     |       |   | \$ 4,961,750  |
| Other Revenue                       | 11.6% |   |               |
|                                     |       | California Statewide Communities Development Authority, (East Valley Tourist Development Authority), 8.25%, 10/1/14 |               |
| \$                                  | 3,930 |   | \$ 4,215,122  |
|                                     |       | Central Falls, RI, Detention Facility Revenue, 7.25%, 7/15/35   |               |
|                                     | 1,955 |   | 2,138,438     |
|                                     |       | Golden State Tobacco Securitization Corp., CA, 6.75%, 6/1/39  |               |
|                                     | 3,160 |   | 3,535,629     |
|                                     |       | Golden State Tobacco Securitization Corp., CA, Variable Rate, 6.923%, 6/1/38 <sup>(1)(3)(5)</sup>                   |               |
|                                     | 2,900 |   | 3,521,992     |
|                                     |       | Mohegan Tribe Indians, CT, Gaming Authority, (Public Improvements), 6.25%, 1/1/21                                   |               |
|                                     | 1,500 |   | 1,608,840     |
|                                     |       | Puerto Rico Infrastructure Financing Authority, Variable Rate, 12.745%, 10/1/32 <sup>(1)(2)</sup>                   |               |
|                                     | 3,900 |   | 5,204,238     |
|                                     |       | Santa Fe, NM, (Crow Hobbs), 8.50%, 9/1/16   |               |
|                                     | 3,208 |   | 3,253,973     |
|                                     |       | Tobacco Settlement Financing Corp., NJ, 6.75%, 6/1/39   |               |
|                                     | 1,290 |   | 1,439,279     |
|                                     |       | Tobacco Settlement Financing Corp., NJ, Variable Rate, 9.264%, 6/1/39 <sup>(1)(3)(5)</sup>                          |               |
|                                     | 3,000 |   | 3,694,350     |
|                                     |       | Tobacco Settlement Financing Corp., VA, Variable Rate, 6.749%, 6/1/37 <sup>(1)(2)(3)</sup>                          |               |
|                                     | 1,000 |   | 1,074,460     |
|                                     |       |   | \$ 29,686,321 |
| Senior Living / Life Care           | 1.8%  |   |               |
|                                     |       | Cliff House Trust, PA, (AMT), 6.625%, 6/1/27  |               |
| \$                                  | 3,210 |   | \$ 1,888,443  |
|                                     | 3,240 | Logan County, CO, Industrial Development Revenue,   | 2,629,195     |

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(TLC Care Choices, Inc.), 6.875%,  
12/1/23<sup>(6)</sup>

\$ 4,517,638

See notes to financial statements

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Eaton Vance Municipal Income Trust as of May 31, 2006

PORTFOLIO OF INVESTMENTS (Unaudited) CONT'D

| Principal Amount<br>(000's omitted)        |   | Security  | Value            |
|--|---|---|------------------|
| <b>Special Tax Revenue 2.7%</b>            |   |   |                  |
| \$   | 3,280   | Bell Mountain Ranch, CO,<br>Metropolitan District,<br>6.625%, 11/15/25                  | \$ 3,348,355     |
|  | 240   | Longleaf, FL, Community<br>Development District,<br>6.20%, 5/1/09                       | 242,726          |
|  | 1,150   | New Jersey EDA, (Cigarette Tax),<br>5.50%, 6/15/24                                      | 1,197,553        |
|  | 2,115   | New Jersey EDA, (Cigarette Tax),<br>5.75%, 6/15/29                                      | 2,246,934        |
|  |   |   | \$ 7,035,568     |
| <b>Transportation 1.4%</b>                 |   |   |                  |
| \$   | 1,500   | Augusta, GA, (AMT), 5.35%,<br>1/1/28  | \$ 1,513,080     |
|  | 1,875   | Kent County, MI, Airport Facility,<br>Variable Rate,<br>8.69%, 1/1/25 <sup>(1)(2)</sup> | 1,965,375        |
|  |   |   | \$ 3,478,455     |
| <b>Water and Sewer 1.1%</b>                |   |   |                  |
| \$   | 3,405   | Massachusetts Water Resources<br>Authority,<br>4.00%, 8/1/46                            | \$ 2,855,365     |
|  |   |   | \$ 2,855,365     |
| <b>Total Tax-Exempt Investments 150.8%</b> |   |   |                  |
|  | (identified cost \$360,289,342)   |   | \$ 387,078,131   |
| <b>Other Assets, Less Liabilities 0.3%</b> |   |   |                  |
|  | Auction Preferred Shares Plus<br>Cumulative<br>Unpaid Dividends (51.1)% |   | \$ (131,042,166) |
| <b>Net Assets Applicable to Common</b>     |   |   |                  |
|  | Shares 100.0%   |   | \$ 256,722,414   |

AGC - Assured Guaranty Corp.

AMBAC - AMBAC Financial Group, Inc.

AMT - Interest earned from these securities may be considered a tax preference item for purposes of the Federal Alternative Minimum Tax.

CIFG - CDC IXIS Financial Guaranty North America, Inc.

FGIC - Financial Guaranty Insurance Company

FSA - Financial Security Assurance, Inc.

MBIA - Municipal Bond Insurance Association

At May 31, 2006, the concentration of the Trust's investments in the various states, determined as a percentage of net assets, is as follows:

|            |       |
|------------|-------|
| California | 14.2% |
|------------|-------|

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|   |       |
|---|-------|
| Colorado  | 12.0% |
| Illinois  | 11.5% |
| New York  | 10.3% |
| Texas   | 16.2% |
| Others, representing less than 10% individually | 86.6% |

The Trust invests primarily in debt securities issued by municipalities. The ability of the issuers of the debt securities to meet their obligations may be affected by economic developments in a specific industry or municipality. In order to reduce the risk associated with such economic developments, at May 31, 2006, 32.0% of total investments are backed by bond insurance of various financial institutions and financial guaranty assurance agencies. The aggregate percentage insured by an individual financial institution ranged from 1.1% to 10.6% of total investments.

- (1) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be sold in transactions exempt from registration, normally to qualified institutional buyers. At May 31, 2006, the aggregate value of the securities is \$76,201,775 or 29.7% of the Trust's net assets applicable to common shares.
- (2) Security has been issued as a leveraged inverse floater bond. The stated interest rate represents the rate in effect at May 31, 2006.
- (3) Security is subject to a shortfall and forbearance agreement.
- (4) Defaulted bond.
- (5) Security has been issued as an inverse floater bond. The stated interest rate represents the rate in effect at May 31, 2006.
- (6) Security is in default and making only partial interest payments.

See notes to financial statements



## Eaton Vance Municipal Income Trust as of May 31, 2006

## FINANCIAL STATEMENTS (Unaudited)

## Statement of Assets and Liabilities

As of May 31, 2006

|  |                       |
|--|-----------------------|
| <b>Assets</b>  |                       |
| Investments, at value (identified cost, \$360,289,342)   | \$ 387,078,131        |
| Receivable for investments sold  | 208,134               |
| Interest receivable  | 6,098,512             |
| <b>Total assets</b>  | <b>\$ 393,384,777</b> |
| <b>Liabilities</b>   |                       |
| Due to custodian   | \$ 5,157,574          |
| Payable for investment advisory fees   | 229,910               |
| Payable for administration fees  | 65,689                |
| Payable to affiliate for Trustees' fees  | 1,742                 |
| Accrued expenses   | 165,282               |
| <b>Total liabilities</b>   | <b>\$ 5,620,197</b>   |
| Auction preferred shares (5,240 shares outstanding) at liquidation value plus cumulative unpaid dividends        | \$ 131,042,166        |
| <b>Net assets applicable to common shares</b>  | <b>\$ 256,722,414</b> |
| <b>Sources of Net Assets</b>   |                       |
| Common Shares, \$0.01 par value, unlimited number of shares authorized, 17,099,634 shares issued and outstanding | \$ 170,996            |
| Additional paid-in capital   | 253,065,073           |
| Accumulated net realized loss (computed on the basis of identified cost)   | (23,955,576)          |
| Undistributed net investment income  | 653,132               |
| Net unrealized appreciation (computed on the basis of identified cost)   | 26,788,789            |
| <b>Net assets applicable to common shares</b>  | <b>\$ 256,722,414</b> |
| <b>Net Asset Value Per Common Share</b><br>(\$256,722,414 ÷ 17,099,634 common shares issued and outstanding)     | <b>\$ 15.01</b>       |

## Statement of Operations

For the Six Months Ended  
May 31, 2006

|   |                      |
|---|----------------------|
| <b>Investment Income</b>                    |                      |
| Interest                                    | \$ 10,727,784        |
| <b>Total investment income</b>              | <b>\$ 10,727,784</b> |
| <b>Expenses</b>                             |                      |
| Investment adviser fee                      | \$ 1,343,695         |
| Administration fee                          | 383,913              |
| Trustees' fees and expenses                 | 6,034                |
| Custodian fee                               | 164,558              |
| Preferred shares remarketing agent fee      | 163,301              |
| Transfer and dividend disbursing agent fees | 119,316              |



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|  |                |
|--|----------------|
| Printing and postage                                 | 36,517         |
| Legal and accounting services                        | 28,674         |
| Miscellaneous  | 43,013         |
| Total expenses                                       | \$ 2,289,021   |
| Deduct   |                |
| Reduction of custodian fee                           | \$ 13,823      |
| Total expense reductions                             | \$ 13,823      |
| Net expenses   | \$ 2,275,198   |
| Net investment income                                | \$ 8,452,586   |
| Realized and Unrealized Gain (Loss)                  |                |
| Net realized gain (loss)                             |                |
| Investment transactions (identified cost basis)      | \$ 1,369,160   |
| Financial futures contracts                          | 6,545,676      |
| Net realized gain                                    | \$ 7,914,836   |
| Change in unrealized appreciation (depreciation)     |                |
| Investments (identified cost basis)                  | \$ 2,789,923   |
| Financial futures contracts                          | (4,275)        |
| Net change in unrealized appreciation (depreciation) | \$ 2,785,648   |
| Net realized and unrealized gain                     | \$ 10,700,484  |
| Distributions to preferred shareholders              |                |
| From net investment income                           | \$ (2,044,728) |
| Net increase in net assets from operations           | \$ 17,108,342  |

See notes to financial statements

## Eaton Vance Municipal Income Trust as of May 31, 2006

## FINANCIAL STATEMENTS CONT'D

## Statements of Changes in Net Assets

| Increase (Decrease)<br>in Net Assets   | Six Months Ended<br>May 31, 2006<br>(Unaudited) | Year Ended<br>November 30, 2005 |
|--|---|---------------------------------|
| From operations  |   |                                 |
| Net investment income  | \$ 8,452,586                                    | \$ 19,815,597                   |
| Net realized gain from Investment<br>transactions, financial futures<br>contracts, and swaps contracts         | 7,914,836                                       | 2,749,522                       |
| Net change in unrealized appreciation<br>from investments, financial futures<br>contracts, and swaps contracts | 2,785,648                                       | 7,594,981                       |
| Distributions to preferred shareholders<br>from net investment income  | (2,044,728)                                     | (2,562,362)                     |
| Net increase in net assets from operations   | \$ 17,108,342                                   | \$ 27,597,738                   |
| Distributions to common shareholders<br>From net investment income   | \$ (7,842,712)                                  | \$ (18,784,749)                 |
| Total distributions to common shareholders   | \$ (7,842,712)                                  | \$ (18,784,749)                 |
| Capital share transactions   |   |                                 |
| Reinvestment of distributions to<br>common shareholders  | \$ 541,701                                      | \$ 1,798,870                    |
| Net increase in net assets from<br>capital share transactions  | \$ 541,701                                      | \$ 1,798,870                    |
| Net increase in net assets   | \$ 9,807,331                                    | \$ 10,611,859                   |
| Net Assets Applicable<br>to Common Shares  |   |                                 |
| At beginning of period   | \$ 246,915,083                                  | \$ 236,303,224                  |
| At end of period   | \$ 256,722,414                                  | \$ 246,915,083                  |
| Undistributed<br>net investment income<br>included in net assets<br>applicable to common shares                |   |                                 |
| At end of period   | \$ 653,132                                      | \$ 2,087,986                    |

See notes to financial statements



## Eaton Vance Municipal Income Trust as of May 31, 2006

## FINANCIAL STATEMENTS

## Financial Highlights

Selected data for a common share outstanding during the periods stated

|   | Six Months Ended<br>May 31, 2006<br>(Unaudited) <sup>(1)</sup> | 2005 <sup>(1)</sup> | 2004 <sup>(1)</sup> | Year Ended November 30,<br>2003 <sup>(1)</sup> | 2002 <sup>(1)(2)</sup> | 2001 <sup>(2)</sup> |
|---|--|---------------------|---------------------|--|------------------------|---------------------|
| Net asset value                                     |  |                     |                     |  |                        |                     |
| Beginning of period<br>(Common shares)              | \$ 14.470  | \$ 13.950           | \$ 14.090           | \$ 13.020                                      | \$ 12.930              | \$ 11.950           |
| Income (loss) from operations                       |  |                     |                     |  |                        |                     |
| Net investment                                      |  |                     |                     |  |                        |                     |
| income  | \$ 0.495   | \$ 1.165            | \$ 1.268            | \$ 1.269                                       | \$ 1.255               | \$ 1.124            |
| Net realized and<br>unrealized gain (loss)          | 0.624  | 0.611               | (0.128)             | 1.026  | 0.013                  | 0.873               |
| Distributions to<br>preferred shareholders          |  |                     |                     |  |                        |                     |
| From net investment<br>income                       | (0.120)  | (0.151)             | (0.090)             | (0.095)  | (0.148)                | (0.240)             |
| Total income from<br>operations                     | \$ 0.999   | \$ 1.625            | \$ 1.050            | \$ 2.200                                       | \$ 1.120               | \$ 1.757            |
| Less distributions to common shareholders           |  |                     |                     |  |                        |                     |
| From net investment<br>income                       | \$ (0.459)   | \$ (1.105)          | \$ (1.190)          | \$ (1.130)                                     | \$ (1.030)             | \$ (0.777)          |
| Total distributions to<br>common shareholders       | \$ (0.459)   | \$ (1.105)          | \$ (1.190)          | \$ (1.130)                                     | \$ (1.030)             | \$ (0.777)          |
| Net asset value End<br>of period (Common<br>shares) | \$ 15.010  | \$ 14.470           | \$ 13.950           | \$ 14.090                                      | \$ 13.020              | \$ 12.930           |
| Market value End of<br>period (Common<br>shares)    | \$ 15.300  | \$ 14.960           | \$ 16.150           | \$ 15.550                                      | \$ 14.050              | \$ 13.500           |
| Total Return <sup>(3)</sup>                         | 5.47%  | (0.38)%             | 12.54%              | 20.02%   | 12.32%                 | 28.95%              |

See notes to financial statements

## Eaton Vance Municipal Income Trust as of May 31, 2006

## FINANCIAL STATEMENTS CONT'D

## Financial Highlights

|  | Six Months Ended<br>May 31, 2006<br>(Unaudited) <sup>(1)</sup> | 2005 <sup>(1)</sup> | 2004 <sup>(1)</sup> | Year Ended November 30,<br>2003 <sup>(1)</sup> 2002 <sup>(1)(2)</sup> 2001 <sup>(2)</sup> |            |            |
|--|--|---------------------|---------------------|---|------------|------------|
| <b>Ratios/Supplemental Data</b>  |  |                     |                     |   |            |            |
| Net assets applicable to common shares, end of period (000's omitted)              | \$ 256,722   | \$ 246,915          | \$ 236,303          | \$ 236,560  | \$ 216,275 | \$ 212,315 |
| <b>Ratios (As a percentage of average net assets applicable to common shares):</b> |  |                     |                     |   |            |            |
| Expenses <sup>(4)</sup>  | 1.81% <sup>(5)</sup>   | 1.79%               | 1.79%               | 1.80%   | 1.89%      | 1.88%      |
| Expenses after custodian fee reduction <sup>(4)</sup>                              | 1.80% <sup>(5)</sup>   | 1.78%               | 1.78%               | 1.80%   | 1.88%      | 1.88%      |
| Net investment income <sup>(4)</sup>   | 6.67% <sup>(5)</sup>   | 8.08%               | 9.14%               | 9.37%   | 9.69%      | 8.79%      |
| Portfolio Turnover   | 32%  | 39%                 | 21%                 | 30%   | 14%        | 60%        |

The ratios reported above are based on net assets applicable solely to common shares. The ratios based on net assets, including amounts related to preferred shares are as follows:

|   |                      |           |           |           |           |           |
|---|----------------------|-----------|-----------|-----------|-----------|-----------|
| <b>Ratios (As a percentage of average total net assets):</b>          |                      |           |           |           |           |           |
| Expenses  | 1.19% <sup>(5)</sup> | 1.17%     | 1.15%     | 1.14%     | 1.17%     | 1.15%     |
| Expenses after custodian fee reduction                                | 1.18% <sup>(5)</sup> | 1.16%     | 1.14%     | 1.14%     | 1.17%     | 1.15%     |
| Net investment income   | 4.40% <sup>(5)</sup> | 5.27%     | 5.86%     | 5.93%     | 6.01%     | 5.40%     |
| <b>Senior Securities:</b>   |                      |           |           |           |           |           |
| Total preferred shares outstanding                                    | 5,240                | 5,240     | 5,240     | 5,240     | 5,240     | 5,240     |
| Asset coverage per preferred share <sup>(6)</sup>                     | \$ 74,001            | \$ 72,128 | \$ 70,112 | \$ 70,154 | \$ 66,291 | \$ 65,548 |
| Involuntary liquidation preference per preferred share <sup>(7)</sup> | \$ 25,000            | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 |
| Approximate market value per preferred share <sup>(7)</sup>           | \$ 25,000            | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 |

(1) Computed using average common shares outstanding.

(2) The Trust has adopted the provisions of the revised AICPA Audit and Accounting Guide for Investment Companies and began using the interest method to amortize premiums on fixed-income securities. The effect of this change for the year ended November 30, 2002 was to increase net investment income per share by \$0.011, decrease net realized and unrealized gains per share by \$0.011, increase the ratio of net investment income to average net assets applicable to common shares from 9.61% to 9.69% and increase the ratio of net investment income to average total net assets from 5.96% to 6.01%. Per share data and ratios for the periods prior to December 1, 2001 have not been restated to reflect this change in presentation.

(3) Returns are historical and are calculated by determining the percentage change in market value with all distributions reinvested. Total return is not computed on an annualized basis.

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(4) Ratios do not reflect the effect of dividend payments to preferred shareholders. Ratios to average net assets applicable to common shares reflect the Trust's leveraged capital structure.

(5) Annualized.

(6) Calculated by subtracting the Trust's total liabilities (not including the preferred shares) from the Trust's total assets, and dividing this by the number of preferred shares outstanding.

(7) Plus accumulated and unpaid dividends.

See notes to financial statements



## Eaton Vance Municipal Income Trust as of May 31, 2006

### NOTES TO FINANCIAL STATEMENTS (Unaudited)

#### 1 Significant Accounting Policies

Eaton Vance Municipal Income Trust (the Trust) is an entity commonly known as a Massachusetts business trust and is registered under the Investment Company Act of 1940 as a non-diversified, closed-end management investment company. The Trust was organized under the laws of the Commonwealth of Massachusetts by an Agreement and Declaration of Trust dated December 10, 1998. The Trust's investment objective is to provide current income exempt from regular federal income tax by investing primarily in investment grade municipal obligations.

The following is a summary of significant accounting policies consistently followed by the Trust in the preparation of its financial statements. The policies are in conformity with accounting principles generally accepted in the United States of America.

**A Investment Valuation** Municipal bonds and taxable obligations, if any, are normally valued on the basis of valuations furnished by a pricing service. Financial futures contracts and options on financial futures contracts listed on commodity exchanges are valued at closing settlement prices. Over-the-counter options on futures contracts are normally valued at the mean between the latest bid and asked prices. Interest rate swaps are normally valued on the basis of valuations furnished by a pricing service. Short-term obligations, maturing in sixty days or less, are valued at amortized cost, which approximates value. Investments for which valuations or market quotations are not readily available, and investments for which the price of the security is not believed to represent its fair market value, are valued at fair value using methods determined in good faith by or at the direction of the Trustees.

**B Investment Transactions** Investment transactions are recorded on a trade date basis. Realized gains and losses from such transactions are determined using the specific identification method. Securities purchased or sold on a when-issued or delayed delivery basis may be settled a month or more after the transaction date. The securities so purchased are subject to market fluctuations during this period. To the extent that when-issued or delayed delivery purchases are outstanding, the Trust instructs the custodian to segregate assets in a separate account, with a current value at least equal to the amount of its purchase commitments.

**C Income** Interest income is recorded on the basis of interest accrued, adjusted for amortization of premium or accretion of discount.

**D Federal Income Taxes** The Trust's policy is to comply with the provisions of the Internal Revenue Code applicable to regulated investment companies and to distribute to shareholders each year all of its taxable income, if any, and tax-exempt income, including any net realized gain on investments. Therefore, no provision for federal income or excise tax is necessary. At November 30, 2005, the Trust, for federal income tax purposes, had a capital loss carryover of \$32,488,678 which will reduce the taxable income arising from future net realized gain on investments, if any, to the extent permitted by the Internal Revenue Code and thus will reduce the amount of distributions to shareholders which would otherwise be necessary to relieve the Trust of any liability for federal income or excise tax. Such capital loss carryover will expire on November 30, 2007 (\$7,359,318), November 30, 2008 (\$14,623,294), November 30, 2009 (\$5,266,337), November 30, 2011 (\$2,541,236) and November 30, 2012 (\$2,698,493). In addition, the Trust intends to satisfy conditions which will enable it to designate distributions from the interest income generated by its investments in municipal obligations, which are exempt from regular federal income taxes when received by the Trust, as exempt-interest dividends. The portion of such interest, if any, earned on private activity bonds issued after August 7, 1986, may be considered a tax preference item for investors.

**E Financial Futures Contracts** Upon the entering of a financial futures contract, the Trust is required to deposit (initial margin) either in cash or securities an amount equal to a certain percentage of the purchase price indicated in the financial futures contract. Subsequent payments are made or received by the Trust (margin maintenance) each day, dependent on the daily fluctuations in the value of the underlying security, and are recorded for book purposes as unrealized gains or losses by the Trust. The Trust's investment in financial futures contracts is designed for both hedging against anticipated future changes in interest rates and investment purposes. Should interest rates move unexpectedly, the Trust may not achieve the anticipated benefits of the financial futures contracts and may realize a loss.

**F Options on Financial Futures Contracts** Upon the purchase of a put option on a financial futures contract by the Trust, the premium paid is recorded as an investment, the value of which is marked-to-market daily.



## Eaton Vance Municipal Income Trust as of May 31, 2006

### NOTES TO FINANCIAL STATEMENTS (Unaudited) CONT'D

When a purchased option expires, the Trust will realize a loss in the amount of the cost of the option. When the Trust enters into a closing sale transaction, the Trust will realize a gain or loss depending on whether the sales proceeds from the closing sale transaction are greater or less than the cost of the option. When the Trust exercises a put option, settlement is made in cash. The risk associated with purchasing put options is limited to the premium originally paid.

**G Interest Rate Swaps** The Trust may enter into interest rate swap agreements to enhance return, to hedge against fluctuations in securities prices or interest rates, or as substitution for the purchase or sale of securities. Pursuant to these agreements, the Trust makes semi-annual payments at a fixed interest rate. In exchange, the Trust receives payments based on the interest rate of a benchmark industry index. During the term of the outstanding swap agreement, changes in the underlying value of the swap are recorded as unrealized gains and losses. Payments received or made at the end of a measurement period are recorded as realized gains and losses. The value of the swap is determined by changes in the relationship between two rates of interest. The Trust is exposed to credit loss in the event of non-performance by the swap counterparty. However, the Trust does not anticipate non-performance by the counterparty. Risk may also arise from the unanticipated movements in value of interest rates.

**H Use of Estimates** The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the reporting period. Actual results could differ from those estimates.

**I Indemnifications** Under the Trust's organizational documents, its officers and Trustees may be indemnified against certain liabilities and expenses arising out of the performance of their duties to the Trust, and shareholders are indemnified against personal liability for the obligations of the Trust. Additionally, in the normal course of business, the Trust enters into agreements with service providers that may contain indemnification clauses. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred.

**J Expense Reduction** Investors Bank & Trust Company (IBT) serves as custodian of the Trust. Pursuant to the custodian agreement, IBT receives a fee reduced by credits which are determined based on the average daily cash balance the Trust maintains with IBT. All credit balances used to reduce the Trust's custodian fees are reported as a reduction of expenses in the Statements of Operations.

**K Interim Financial Statements** The interim financial statements relating to May 31, 2006 and for the six months then ended have not been audited by an Independent Registered Public Accounting Firm, but in the opinion of the Trust's management reflect all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of the financial statements.

### 2 Auction Preferred Shares (APS)

The Trust issued 2,620 shares of Auction Preferred Shares Series A and 2,620 shares of Auction Preferred Shares Series B on March 1, 1999 in a public offering. The underwriting discount and other offering costs were recorded as a reduction of the capital of the common shares. Dividends on the APS, which accrue daily, are cumulative at a rate which was established at the offering of the APS and generally have been reset every 7 days thereafter by an auction unless a special dividend period has been set. Dividend rates ranged from 2.63% to 4.40% for Series A and 2.60% to 4.45% for Series B Shares, during the six months ended May 31, 2006. Series A and Series B are identical in all respects except for the dates of reset for the dividend rates.

The APS are redeemable at the option of the Trust, at a redemption price equal to \$25,000 per share, plus accumulated and unpaid dividends on any dividend payment date. The APS are also subject to mandatory redemption at a redemption price equal to \$25,000 per share, plus accumulated and unpaid dividends, if the Trust is in default for an extended period on its asset maintenance requirements with respect to the APS. If the dividends on the APS shall remain unpaid in an amount equal to two full years' dividends, the holders of the APS as a class have the right to elect a majority of the Board of Trustees. In general, the holders of the APS and the common shares have equal voting rights of one vote per share, except that the holders of the APS, as a separate class, have the right to elect at least two members of the Board of Trustees. The APS have a liquidation preference of \$25,000 per share, plus accumulated and unpaid dividends. The Trust is required to maintain certain asset coverage with respect to the APS as defined in the Trust's By-Laws and the Investment Company Act of 1940. The Trust pays an annual fee equivalent to 0.25% of the preferred shares' liquidation value for the remarketing efforts associated with the preferred auctions.

## Eaton Vance Municipal Income Trust as of May 31, 2006

## NOTES TO FINANCIAL STATEMENTS (Unaudited) CONT'D

## 3 Distributions to Shareholders

The Trust intends to make monthly distributions of net investment income, after payment of any dividends on any outstanding Auction Preferred Shares. Distributions are recorded on the ex-dividend date. Distributions to preferred shareholders are recorded daily and are payable at the end of each dividend period. Each dividend payment period for the Auction Preferred Shares is generally seven days. The applicable dividend rate for the Auction Preferred Shares on May 31, 2006 was 3.40% and 3.35%, for Series A and Series B Shares, respectively. For the six months ended May 31, 2006, the Trust paid dividends to Auction Preferred shareholders amounting to \$1,024,271 and \$1,020,457 for Series A and Series B Shares, respectively, representing an average APS dividend rate for such period of 3.15% and 3.14%, respectively.

The Trust distinguishes between distribution on a tax basis and a financial reporting basis. Accounting principles generally accepted in the United States of America require that only distributions in excess of tax basis earnings and profits be reported in the financial statements as a return of capital. Permanent differences between book and tax accounting relating to distributions are reclassified to paid in capital. These differences relate primarily to the method for amortizing premiums.

## 4 Investment Adviser Fee and Other Transactions with Affiliates

The investment adviser fee, computed at an annual rate of 0.70% of the Trust's average weekly gross assets, was earned by Eaton Vance Management (EVM) as compensation for management and investment advisory services rendered to the Trust. Except for Trustees of the Trust who are not members of EVM's organization, officers and Trustees receive remuneration for their services to the Trust out of such investment adviser fee. For the six months ended May 31, 2006, the fee was equivalent to 0.70% of the Trust's average weekly gross assets and amounted to \$1,343,695. EVM also serves as the administrator of the Trust. An administration fee, computed at the annual rate of 0.20% of the average weekly gross assets of the Trust, is paid to EVM for managing and administering business affairs of the Trust. For the six months ended May 31, 2006, the administrative fee amounted to \$383,913.

Certain officers and Trustees of the Trust are officers of EVM.

## 5 Investments

Purchases and sales of investments, other than U.S. Government securities and short-term obligations, aggregated \$127,152,630 and \$123,573,624, respectively, for the six months ended May 31, 2006.

## 6 Federal Income Tax Basis of Unrealized Appreciation (Depreciation)

The cost and unrealized appreciation (depreciation) in value of the investments owned by the Trust at May 31, 2006, as determined for Federal income tax purposes, are as follows:

|                               |                |
|-------------------------------|----------------|
| Aggregate cost                | \$ 359,621,831 |
| Gross unrealized appreciation | \$ 29,727,851  |
| Gross unrealized depreciation | (2,271,551)    |
| Net unrealized appreciation   | \$ 27,456,300  |

## 7 Shares of Beneficial Interest

The Agreement and Declaration of Trust permits the Trustees to issue an unlimited number of full and fractional \$0.01 par value common shares of beneficial interest. Transactions in common shares were as follows:

|  | Six Months Ended<br>May 31, 2006<br>(Unaudited) | Year Ended<br>November 30, 2005 |
|--|---|---------------------------------|
| Shares issued pursuant to the Trust's dividend reinvestment plan | 36,511  | 118,733                         |
| Net increase   | 36,511  | 118,733                         |

8 Overdraft Advances

Pursuant to the custodian agreement between the Trust and Investors Bank & Trust (IBT), IBT may in its discretion advance funds to the Trust to make properly authorized payments. When such payments result in an overdraft by the Trust, the Trust is obligated to repay IBT at the current rate of interest charged by IBT for secured loans (currently, a rate above the federal funds rate). This obligation is payable on demand to IBT. At May 31, 2006, the Trust had a payment due to IBT pursuant to the foregoing arrangement of \$5,157,574.

## Eaton Vance Municipal Income Trust as of May 31, 2006

## NOTES TO FINANCIAL STATEMENTS (Unaudited) CONT'D

## 9 Financial Instruments

The Trust regularly trades in financial instruments with off-balance sheet risk in the normal course of its investing activities to assist in managing exposure to various market risks. These financial instruments include futures contracts and interest rate swaps and may involve, to a varying degree, elements of risk in excess of the amounts recognized for financial statement purposes. The notional or contractual amounts of these instruments represent the investment the Trust has in particular classes of financial instruments and does not necessarily represent the amounts potentially subject to risk. The measurement of the risks associated with these instruments is meaningful only when all related and offsetting transactions are considered. The Trust did not have any open obligations under these financial instruments at May 31, 2006.

## 10 Other Matters (Unaudited)

The Trust held its Annual Meeting of Shareholders on March 24, 2006. The following action was taken by the shareholders:

**Item 1:** The election of Benjamin C. Esty, Ronald A. Pearlman, Lynn A. Stout and Ralph F. Verni as Class I Trustees of the Trust for a three-year term expiring in 2009.

| Nominee for Class I Trustee | Number of Shares |          |
|-----------------------------|------------------|----------|
|                             | For              | Withheld |
| Elected by All Shareholders |                  |          |
| Benjamin C. Esty            | 15,902,360       | 341,098  |
| Ronald A. Pearlman          | 15,893,555       | 349,903  |
| Lynn A. Stout               | 15,903,687       | 339,771  |
| Ralph F. Verni              | 15,989,554       | 344,904  |



## Eaton Vance Municipal Income Trust

### DIVIDEND REINVESTMENT PLAN

The Trust offers a dividend reinvestment plan (the Plan) pursuant to which shareholders automatically have dividends and capital gains distributions reinvested in common shares (the Shares) of the Trust unless they elect otherwise through their investment dealer. On the distribution payment date, if the net asset value per Share is equal to or less than the market price per Share plus estimated brokerage commissions then new Shares will be issued. The number of Shares shall be determined by the greater of the net asset value per Share or 95% of the market price. Otherwise, Shares generally will be purchased on the open market by the Plan Agent. Distributions subject to income tax (if any) are taxable whether or not shares are reinvested.

If your shares are in the name of a brokerage firm, bank, or other nominee, you can ask the firm or nominee to participate in the Plan on your behalf. If the nominee does not offer the Plan, you will need to request that your shares be re-registered in your name with the Trust's transfer agent, PFPC Inc. or you will not be able to participate.

The Plan Agent's service fee for handling distributions will be paid by the Trust. Each participant will be charged their pro rata share of brokerage commissions on all open-market purchases.

Plan participants may withdraw from the Plan at any time by writing to the Plan Agent at the address noted on the following page. If you withdraw, you will receive shares in your name for all Shares credited to your account under the Plan. If a participant elects by written notice to the Plan Agent to have the Plan Agent sell part or all of his or her Shares and remit the proceeds, the Plan Agent is authorized to deduct a \$5.00 fee plus brokerage commissions from the proceeds.

If you wish to participate in the Plan and your shares are held in your own name, you may complete the form on the following page and deliver it to the Plan Agent.

Any inquires regarding the Plan can be directed to the Plan Agent, PFPC Inc., at 1-800-331-1710.

## Eaton Vance Municipal Income Trust

### APPLICATION FOR PARTICIPATION IN DIVIDEND REINVESTMENT PLAN

This form is for shareholders who hold their common shares in their own names. If your common shares are held in the name of a brokerage firm, bank, or other nominee, you should contact your nominee to see if it will participate in the Plan on your behalf. If you wish to participate in the Plan, but your brokerage firm, bank, or nominee is unable to participate on your behalf, you should request that your common shares be re-registered in your own name which will enable your participation in the Plan.

The following authorization and appointment is given with the understanding that I may terminate it at any time by terminating my participation in the Plan as provided in the terms and conditions of the Plan.

Please print exact name on account:

Shareholder signature Date

Shareholder signature Date

Please sign exactly as your common shares are registered. All persons whose names appear on the share certificate must sign.

**YOU SHOULD NOT RETURN THIS FORM IF YOU WISH TO RECEIVE YOUR DIVIDENDS AND DISTRIBUTIONS IN CASH. THIS IS NOT A PROXY.**

*This authorization form, when signed, should be mailed to the following address:*

Eaton Vance Municipal Income Trust  
c/o PFPC Inc.  
P.O. Box 43027  
Providence, RI 02940-3027  
800-331-1710

#### **Number of Employees**

The Trust is organized as a Massachusetts business trust and is registered under the Investment Company Act of 1940, as amended, as a closed-end, non-diversified, management investment company and has no employees.

#### **Number of Shareholders**

As of May 31, 2006, our records indicate that there are 146 registered shareholders and approximately 7,700 shareholders owning the Trust shares in street name, such as through brokers, banks, and financial intermediaries.

If you are a street name shareholder and wish to receive our reports directly, which contain important information about the Trust, please write or call:

Eaton Vance Distributors, Inc.  
The Eaton Vance Building  
255 State Street  
Boston, MA 02109  
1-800-225-6265

#### **New York Stock Exchange symbol**

The New York Stock Exchange symbol is EVN.

## Eaton Vance Municipal Income Trust

### BOARD OF TRUSTEES' ANNUAL APPROVAL OF THE INVESTMENT ADVISORY AGREEMENT

#### **Overview of the Contract Review Process**

The Investment Company Act of 1940, as amended (the "1940 Act"), provides, in substance, that each investment advisory agreement between a fund and its investment adviser will continue in effect from year to year only if its continuance is approved at least annually by the fund's board of trustees, including by a vote of a majority of the trustees who are not "interested persons" of the fund ("Independent Trustees") cast in person at a meeting called for the purpose of considering such approval.

At a meeting of the Boards of Trustees (each a "Board") of the Eaton Vance group of mutual funds (the "Eaton Vance Funds") held on March 27, 2006, the Board, including a majority of the Independent Trustees, voted to approve continuation of existing advisory and sub-advisory agreements for the Eaton Vance Funds for an additional one-year period. In voting its approval, the Board relied upon the affirmative recommendation of the Special Committee of the Board, which is a committee comprised exclusively of Independent Trustees. Prior to making its recommendation, the Special Committee reviewed information furnished for a series of meetings of the Special Committee held in February and March 2006. Such information included, among other things, the following:

#### *Information about Fees, Performance and Expenses*

An independent report comparing the advisory and related fees paid by each fund with fees paid by comparable funds;

An independent report comparing each fund's total expense ratio and its components to comparable funds;

An independent report comparing the investment performance of each fund to the investment performance of comparable funds over various time periods;

Data regarding investment performance in comparison to relevant peer groups of funds and appropriate indices;

Comparative information concerning fees charged by each adviser for managing other mutual funds and institutional accounts using investment strategies and techniques similar to those used in managing the fund;

Profitability analyses for each adviser with respect to each fund managed by it;

#### *Information about Portfolio Management*

Descriptions of the investment management services provided to each fund, including the investment strategies and processes employed;

Information concerning the allocation of brokerage and the benefits received by each adviser as a result of brokerage allocation, including information concerning the acquisition of research through "soft dollar" benefits received in connection with the funds' brokerage, and the implementation of a soft dollar reimbursement program established with respect to the funds;

Data relating to portfolio turnover rates of each fund;

The procedures and processes used to determine the fair value of fund assets and actions taken to monitor and test the effectiveness of such procedures and processes;

#### *Information about each Adviser*

Reports detailing the financial results and condition of each adviser;

Descriptions of the qualifications, education and experience of the individual investment professionals whose responsibilities include portfolio management and investment research for the funds, and information relating to their compensation and responsibilities with respect to managing other mutual funds and investment accounts;

Copies of the Codes of Ethics of each adviser and its affiliates, together with information relating to compliance with and the administration of such codes;

Information concerning the resources devoted to compliance efforts undertaken by each adviser and its affiliates on behalf of the funds (including descriptions of various compliance programs) and their record of compliance with investment policies and restrictions, including policies with respect to market-timing, late trading and selective portfolio disclosure, and with policies on personal securities transactions;



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Descriptions of the business continuity and disaster recovery plans of each adviser and its affiliates;

### *Other Relevant Information*

Information concerning the nature, cost and character of the administrative and other non-investment management services provided by Eaton Vance Management and its affiliates;

Information concerning management of the relationship with the custodian, subcustodians and fund accountants by each adviser or the funds' administrator; and

The terms of each advisory agreement.

## Eaton Vance Municipal Income Trust

### BOARD OF TRUSTEES' ANNUAL APPROVAL OF THE INVESTMENT ADVISORY AGREEMENT CONT'D

In addition to the information identified above, the Special Committee considered information provided from time to time by each adviser throughout the year at meetings of the Board and its committees. Over the course of the twelve month period ended March 31, 2006, the Board met nine times and the Special Committee, the Audit Committee and the Governance Committee, each of which is a Committee comprised solely of Independent Trustees, met eight, twelve and five times, respectively. At such meetings, the Trustees received, among other things, presentations by the portfolio managers and other investment professionals of each adviser relating to the investment performance of each fund and the investment strategies used in pursuing the fund's investment objective.

For funds that invest through one or more underlying portfolios, the Board considered similar information about the portfolio(s) when considering the approval of advisory agreements. In addition, in cases where the fund's investment adviser has engaged a sub-adviser, the Board considered similar information about the sub-adviser when considering the approval of any sub-advisory agreement.

The Special Committee was assisted throughout the contract review process by Goodwin Procter LLP, legal counsel for the Independent Trustees. The members of the Special Committee relied upon the advice of such counsel and their own business judgment in determining the material factors to be considered in evaluating each advisory and sub-advisory agreement and the weight to be given to each such factor. The conclusions reached with respect to each advisory and sub-advisory agreement were based on a comprehensive evaluation of all the information provided and not any single factor. Moreover, each member of the Special Committee may have placed varying emphasis on particular factors in reaching conclusions with respect to each advisory and sub-advisory agreement.

#### **Results of the Process**

Based on its consideration of the foregoing, and such other information as it deemed relevant, including the factors and conclusions described below, the Special Committee concluded that the continuance of the investment advisory agreement between the Eaton Vance Municipal Income Trust (the "Fund"), and Eaton Vance Management (the "Adviser"), including its fee structure, is in the interests of shareholders and, therefore, the Special Committee recommended to the Board approval of the agreement. The Board accepted the recommendation of the Special Committee as well as the factors considered and conclusions reached by the Special Committee with respect to the agreement. Accordingly, the Board, including a majority of the Independent Trustees, voted to approve continuation of the advisory agreement for the Fund.

#### **Nature, Extent and Quality of Services**

In considering whether to approve the investment advisory agreement of the Fund, the Board evaluated the nature, extent and quality of services provided to the Fund by the Adviser.

The Board considered the Adviser's management capabilities and investment process with respect to the types of investments held by the Fund, including the education, experience and number of its investment professionals and other personnel who provide portfolio management, investment research, and similar services to the Fund. In particular, the Board evaluated, where relevant, the abilities and experience of such investment personnel in analyzing factors such as credit risk and special considerations relevant to investing in municipal bonds. The Board considered the Adviser's 30-person municipal bond team, which includes seven portfolio managers and nine credit specialists who provide services to the Fund. The Board also took into account the resources dedicated to portfolio management and other services, including the compensation paid to recruit and retain investment personnel, and the time and attention devoted to the Fund by senior management.

The Board also reviewed the compliance programs of the Adviser and relevant affiliates thereof. Among other matters, the Board considered compliance and reporting matters relating to personal trading by investment personnel, selective disclosure of portfolio holdings, late trading, frequent trading, portfolio valuation, business continuity and the allocation of investment opportunities. The Board also evaluated the responses of the Adviser and its affiliates to requests from regulatory authorities such as the Securities and Exchange Commission and the National Association of Securities Dealers.

The Board considered shareholder and other administrative services provided or managed by Eaton Vance Management and its affiliates, including transfer agency and accounting services. The Board evaluated the benefits to shareholders of investing in a fund that is a part of a large family of funds.

After consideration of the foregoing factors, among others, the Board concluded that the nature, extent and quality of services provided by the Adviser, taken as a whole, are appropriate and consistent with the terms of the investment advisory agreement.

## Eaton Vance Municipal Income Trust

BOARD OF TRUSTEES' ANNUAL APPROVAL OF THE INVESTMENT ADVISORY AGREEMENT CONT'D

### **Fund Performance**

The Board compared the Fund's investment performance to a relevant universe of similarly managed funds identified by an independent data provider and appropriate benchmark indices. The Board reviewed comparative performance data for the one-, three and five-year periods ended September 30, 2005 for the Fund. The Board concluded that the performance of the Fund is satisfactory.

### **Management Fees and Expenses**

The Board reviewed contractual investment advisory fee rates, including administrative fee rates, payable by the Fund (referred to collectively as "management fees"). As part of its review, the Board considered the management fees and the Fund's total expense ratio for the one-year period ended September 30, 2005, as compared to a group of similarly managed funds selected by an independent data provider.

The Board considered the financial resources committed by the Adviser in structuring the Fund at the time of its initial public offering. After reviewing the foregoing information, and in light of the nature, extent and quality of the services provided by the Adviser, the Board concluded that the management fees charged for advisory and related services and the Fund's total expense ratio are reasonable.

### **Profitability**

The Board reviewed the level of profits realized by the Adviser and relevant affiliates thereof in providing investment advisory and administrative services to the Fund and to all Eaton Vance Funds as a group. The Board considered the level of profits realized without regard to revenue sharing or other payments by the Adviser and its affiliates to third parties in respect of distribution services. The Board also considered other direct or indirect benefits received by the Adviser and its affiliates in connection with its relationship with the Fund.

The Board concluded that, in light of the foregoing factors and the nature, extent and quality of the services rendered, the profits realized by the Adviser and its affiliates are reasonable.

### **Economies of Scale**

In reviewing management fees and profitability, the Board also considered the extent to which the Adviser and its affiliates, on the one hand, and the Fund, on the other hand, can expect to realize benefits from economies of scale as the assets of the Fund increase. The Board acknowledged the difficulty in accurately measuring the benefits resulting from the economies of scale with respect to the management of any specific fund or group of funds. The Board also considered the fact that the Fund is not continuously offered and concluded that, in light of the level of the adviser's profits with respect to the Fund, the implementation of breakpoints in the advisory fee schedule is not appropriate. Based upon the foregoing, the Board concluded that the benefits from economies of scale are currently being shared equitably by the Adviser and its affiliates and the Fund.



## Eaton Vance Municipal Income Trust

### INVESTMENT MANAGEMENT

#### Eaton Vance Municipal Income Trust

##### Officers

Robert B. MacIntosh  
President  
William H. Ahern, Jr.  
Vice President  
Cynthia J. Clemson  
Vice President  
James B. Hawkes  
Vice President and Trustee  
Robert B. MacIntosh  
Vice President  
Thomas M. Metzold  
Vice President and Portfolio Manager  
Alan R. Dynner  
Secretary  
Barbara E. Campbell  
Treasurer  
Paul M. O'Neil  
Chief Compliance Officer

##### Trustees

Samuel L. Hayes, III  
Chairman  
Benjamin C. Esty  
William H. Park  
Ronald A. Pearlman  
Norton H. Reamer  
Lynn A. Stout  
Ralph F. Verni



**Investment Adviser and Administrator of Eaton Vance Municipal Income Trust  
Eaton Vance Management**

The Eaton Vance Building

255 State Street

Boston, MA 02109

**Custodian  
Investors Bank & Trust Company**

200 Clarendon Street

Boston, MA 02116

**Transfer Agent and Dividend Disbursing Agent  
PFPC Inc.**

P.O. Box 43027

Providence, RI 02940-3027

(800) 331-1710

**Eaton Vance Municipal Income Trust  
The Eaton Vance Building  
255 State Street  
Boston, MA 02109**

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**Item 2. Code of Ethics**

The registrant has adopted a code of ethics applicable to its Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer. The registrant undertakes to provide a copy of such code of ethics to any person upon request, without charge, by calling 1-800-262-1122.

**Item 3. Audit Committee Financial Expert**

The registrant's Board has designated William H. Park, Samuel L. Hayes, III and Norton H. Reamer, each an independent trustee, as its audit committee financial experts. Mr. Park is a certified public accountant who is the Vice Chairman of Commercial Industrial Finance Corp (specialty finance company). Previously, he served as President and Chief Executive Officer of Prizm Capital Management, LLC (investment management firm) and as Executive Vice President and Chief Financial Officer of United Asset Management Corporation ( UAM ) (a holding company owning institutional investment management firms). Mr. Hayes is the Jacob H. Schiff Professor of Investment Banking Emeritus of the Harvard University Graduate School of Business Administration. Mr. Reamer is the President, Chief Executive Officer and a Director of Asset Management Finance Corp. (a specialty finance company serving the investment management industry) and is President of Unicorn Corporation (an investment and financial advisory services company). Formerly, Mr. Reamer was Chairman of Hellman, Jordan Management Co., Inc. (an investment management company) and Advisory Director of Berkshire Capital Corporation (an investment banking firm), Chairman of the Board of UAM and Chairman, President and Director of the UAM Funds (mutual funds).

**Item 4. Principal Accountant Fees and Services**

Not required in this filing

**Item 5. Audit Committee of Listed registrants**

Not required in this filing.

**Item 6. Schedule of Investments**

Please see schedule of investments contained in the Report to Stockholders included under Item 1 of this Form N-CSR.

**Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies**

The Board of Trustees of the Trust has adopted a proxy voting policy and procedure (the Fund Policy ), pursuant to which the Trustees have delegated proxy voting responsibility to the Fund's investment adviser and adopted the investment adviser's proxy voting policies and procedures (the Policies ) which are described below. The Trustees will review the Fund's proxy voting records from time to time and will annually consider approving the Policies for the upcoming year. In the event that a conflict of interest arises between the Fund's shareholders and the investment adviser, the administrator, or any of their affiliates or any affiliate of the Fund, the investment adviser will generally refrain from voting the proxies related to the companies giving rise to such conflict until it consults with the Board's Special Committee except as contemplated under the Fund Policy. The Board's Special Committee will instruct the investment adviser on the appropriate course of action.

The Policies are designed to promote accountability of a company's management to its shareholders and to align the interests of management with those shareholders. The investment adviser will generally support company management on proposals relating to environmental and social policy issues, on matters regarding the state of organization of the company and routine matters related to corporate administration which are not expected to have a significant economic impact on the company or its shareholders. On all other matters, the investment adviser will review each matter on a case-by-case basis and reserves the right to deviate from the Policies' guidelines when it believes the situation warrants such a deviation. The Policies include voting guidelines for matters relating to, among other things, the election of directors, approval of independent auditors, executive compensation, corporate structure and anti-takeover defenses. The investment adviser may abstain from voting from time to time where it determines that the costs associated with voting a proxy outweighs the benefits derived from exercising the right to vote.

In addition, the investment adviser will monitor situations that may result in a conflict of interest between the Fund's shareholders and the investment adviser, the administrator, or any of their affiliates or any affiliate of the Fund by maintaining a list of significant existing and prospective corporate clients. The investment adviser's personnel responsible for reviewing and voting proxies on behalf of the Fund will report any proxy received or expected to be received from a company included on that list to members of senior management of the investment adviser identified in the Policies. Such members of senior management will determine if a conflict exists. If a conflict does exist, the investment adviser will seek instruction on how to vote from the Special Committee.

Information on how the Fund voted proxies relating to portfolio securities during the most recent 12 month period ended June 30 is available (1) without charge, upon request, by calling 1-800-262-1122, and (2) on the Securities and Exchange Commission's website at <http://www.sec.gov>

**Item 8. Portfolio Managers of Closed-End Management Investment Companies**

Not required in this filing.

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**Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.**

No such purchases this period.

**Item 10. Submission of Matters to a Vote of Security Holders.**

No Material Changes.

**Item 11. Controls and Procedures**

(a) It is the conclusion of the registrant's principal executive officer and principal financial officer that the effectiveness of the registrant's current disclosure controls and procedures (such disclosure controls and procedures having been evaluated within 90 days of the date of this filing) provide reasonable assurance that the information required to be disclosed by the registrant has been recorded, processed, summarized and reported within the time period specified in the Commission's rules and forms and that the information required to be disclosed by the registrant has been accumulated and communicated to the registrant's principal executive officer and principal financial officer in order to allow timely decisions regarding required disclosure.

(b) There have been no changes in the registrant's internal controls over financial reporting during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

**Item 12. Exhibits**

- (a)(1) Registrant's Code of Ethics Not applicable (please see Item 2).
  - (a)(2)(i) Treasurer's Section 302 certification.
  - (a)(2)(ii) President's Section 302 certification.
  - (b) Combined Section 906 certification.
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**Signatures**

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Eaton Vance Municipal Income Trust

By: /s/ Robert B. MacIntosh  
Robert B. MacIntosh  
President

Date: July 18, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Barbara E. Campbell  
Barbara E. Campbell  
Treasurer

Date: July 18, 2006

By: /s/ Robert B. MacIntosh  
Robert B. MacIntosh  
President

Date: July 18, 2006

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