

MORGAN STANLEY DEAN WITTER EMERGING MARKETS DEBT FUND INC

Form N-30D

March 06, 2003

ANNUAL REPORT

December 31, 2002

[MORGAN STANLEY LOGO]

Morgan Stanley
Emerging Markets Debt Fund,
Inc.

Morgan Stanley
Investment Management Inc.
Investment Adviser

Morgan Stanley Emerging Markets Debt Fund, Inc.

DIRECTORS AND OFFICERS

Barton M. Biggs
CHAIRMAN OF THE
BOARD OF DIRECTORS

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DIRECTOR

Ronald E. Robison
PRESIDENT AND DIRECTOR

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SECRETARY

C. Oscar Morong, Jr.
DIRECTOR

Belinda A. Brady
ASSISTANT TREASURER

INVESTMENT ADVISER

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

ADMINISTRATOR

JPMorgan Chase Bank
73 Tremont Street
Boston, Massachusetts 02108

CUSTODIAN

JPMorgan Chase Bank
3 Chase MetroTech Center
Brooklyn, New York 11245

STOCKHOLDER SERVICING AGENT
American Stock Transfer & Trust Company
59 Maiden Lane
New York, New York 10030
(800) 278-4353

LEGAL COUNSEL
Clifford Chance US LLP
200 Park Avenue
New York, New York 10166

INDEPENDENT AUDITORS
Ernst & Young LLP
200 Clarendon Street
Boston, Massachusetts 02116

For additional Fund information, including the Fund's net asset value per share and information regarding the investments comprising the Fund's portfolio, please call 1-800-221-6726 or visit our website at www.morganstanley.com/im.

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Letter to Stockholders

MORGAN STANLEY EMERGING MARKETS DEBT FUND, INC.
Overview

For the year ended December 31, 2002, the Morgan Stanley Emerging Markets Debt Fund, Inc. (the "Fund") had a total return, based on net asset value per share of 11.54% compared to 13.11% for the J.P. Morgan Emerging Markets Bond Global Index (the "Index"). On December 31, 2002, the closing price of the Fund's shares on the New York Stock Exchange was \$7.55, representing a 10.5% discount to the Fund's net asset value per share.

MARKET REVIEW

The emerging markets debt (EMD) asset class has spent the better part of the last decade trying to shake its reputation for high risk and volatile return pattern. With another year of muted volatility and solid returns under its belt in 2002, it seems likely that EMD could receive some overdue attention by investors seeking higher yields in 2003.

EMD performed quite well in 2002 due to the substantial decline in U.S. Treasury yields and contracting yield spreads for most EMD issues. More importantly, a number of positive trends gained momentum over the course of the year, including a continued improvement in overall credit quality, a steady decline in inter-country correlations and continued new allocations to the EMD asset class.

Relative returns were aided by security selection decisions in Russia, security selection in Indonesian corporates undergoing restructuring and consistent underweights in both Ecuador and Uruguay. Defensive positioning in Brazil, during the fourth quarter, detracted from relative returns, as did an overweight in Venezuelan assets.

The EMD asset class got off to a very strong start in 2002 as spreads tightened by over 130 basis points during the first five months of the year. The rebound in the global economy and significant inflows into EMD were major factors driving this strong absolute performance. Motivated by evidence of a turn in the

global economic cycle and low nominal interest rates in the developed world, many investors increased their EMD allocations. In addition, oil exporters such as Ecuador, Mexico, Nigeria, Russia and Venezuela performed particularly well in this environment as a result of higher than expected oil prices.

The strong start for EMD gave way to a period of heightened volatility during the late spring and summer months. A left-leaning presidential candidate in Brazil unsettled the markets, as did a pause in global economic activity and revelations of corporate accounting scandals. These events rattled investor confidence in all financial markets and caused EMD to give back all of the gains earned during the first few months of the year. During the third quarter, the intensification of market volatility and the acknowledgement that new capital flows would not be forthcoming to Latin America caused EMD bond prices to fall further; yield spreads widened more than 300 basis points between May and the end of September. Fortunately, the asset class reversed course and rallied strongly during the final quarter of the year, allowing the yield spread on the overall Index to end the year 15 basis points below its starting level. The year end EMD rally was largely a response to the improvement in other non-Treasury bond markets, the sharp turnaround in equity prices in the final few months of the year and the U.S. Federal Reserve's early November 50 basis point cut in the Federal funds target rate.

There was tremendous dispersion in the performance of EMD countries during 2002 as a number of countries posted total returns above 20% including Russia, South Africa, Turkey and Pakistan; while other countries such as Argentina, Brazil and Uruguay experienced negative returns.

MARKET OUTLOOK

As is usually the case, the high current income provided by EMD bonds may provide some protection against the potential for rising interest rates within the developed markets. Moreover, the combination of favorable liquidity conditions, a rebounding U.S. economy and the continuation of EMD inflows from new investors may provide a strong foundation supporting the EMD asset class in 2003.

OTHER DEVELOPMENTS

In our ongoing efforts to reduce Fund expenses, the Fund will discontinue the distribution of first and third quarter stockholder reports. The Fund will continue to produce and distribute semi-annual and annual stockholder reports. Additionally, the Fund's portfolio holdings information that was contained in the first and third quarter reports will be available on our web site, which is www.morganstanley.com/im, beginning in May of 2003. If you have difficulty accessing or navigating the site, or if you would like us to send you a copy of the portfolio holdings, please call us at 1-800-221-6726 and we will be happy to assist you.

On February 13, 2003, Barton M. Biggs resigned as Director and Chairman of the Board of Directors of the Fund. On that same day, Mitch Merin, President and Chief Operating Officer of the Adviser, was elected by the Fund's Board of Directors to serve as a Director and Chairman of the Board of Directors of the Fund.

Sincerely,

/s/ Ronald E. Robison
Ronald E. Robison
President and Director

January 2003

MORGAN STANLEY EMERGING MARKETS DEBT FUND, INC.
Investment Summary (Unaudited)
December 31, 2002

Historical Information

	TOTAL RETURN (%)			
	MARKET VALUE (1)		NET ASSET VALUE (2)	
	CUMULATIVE	AVERAGE ANNUAL	CUMULATIVE	AVERAGE ANNUAL
One Year	11.11%	11.11%	11.54%	11.54%
Five Year	15.20	2.87	30.33	6.07
Since Inception*	173.29	11.24	205.87	11.54%

Past performance is not predictive of future performance.

[CHART]

Returns and Per Share Information

	YEAR ENDED DECEMBER 31,						
	1993*	1994	1995	1996	1997	1998	1999
Net Asset Value Per Share	\$ 18.96	\$ 12.23	\$ 12.40	\$ 17.31	\$ 15.21	\$ 7.01	\$ 8.00
Market Value Per Share	\$ 18.13	\$ 11.38	\$ 12.50	\$ 15.13	\$ 15.38	\$ 7.19	\$ 6.00
Premium/(Discount)	(4.4)%	(7.0)%	0.8%	(12.6)%	1.1%	2.6%	(18.0)%
Income Dividends	\$ 0.16	\$ 1.49	\$ 1.72	\$ 1.08	\$ 1.27	\$ 1.41	\$ 1.00
Capital Gains Distributions	--	\$ 0.41	--	--	\$ 3.44	\$ 2.94	--
Fund Total Return(2)	35.96%	(25.95)%	26.85%+	50.98%	21.71%	(33.00)%	36.00%
Index Total Return(3)	18.67%	(18.35)%	26.38%	35.23%	11.95%	(11.54)%	24.00%

(1) Assumes dividends and distributions, if any, were reinvested.

(2) Total investment return based on net asset value per share reflects the effects of changes in net asset value on the performance of the Fund during each period, and assumes dividends and distributions, if any, were reinvested. Total returns do not reflect the deduction of taxes that a stockholder would pay on Fund distributions or the redemption of fund shares. These percentages are not an indication of the performance of a stockholder's investment in the Fund based on market value due to

differences between the market price of the stock and the net asset value per share of the Fund.

- (3) The J.P. Morgan Emerging Markets Bond Global Index (the "Index") tracks total returns for U.S. dollar-denominated debt instruments issued by emerging markets sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds and local market instruments. The Index includes coverage of 27 emerging market countries. Since the Index was not available prior to January 1, 1994, the performance of the J.P. Morgan Emerging Markets Bond Index is shown for the period July 23, 1993 to December 31, 1993, and used for purposes of computing cumulative performance of the benchmark index for that period.

* The Fund commenced operations on July 23, 1993.

+ This return does not include the effect of the rights issued in connection with the rights offering.

FOREIGN INVESTING INVOLVES CERTAIN RISKS, INCLUDING CURRENCY FLUCTUATIONS AND CONTROLS, RESTRICTIONS ON FOREIGN INVESTMENTS, LESS GOVERNMENTAL SUPERVISION AND REGULATION, LESS LIQUIDITY AND THE POTENTIAL FOR MARKET VOLATILITY AND POLITICAL INSTABILITY. IN ADDITION, INVESTING IN EMERGING MARKETS MAY INVOLVE A RELATIVELY HIGHER DEGREE OF VOLATILITY.

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Portfolio Summary (Unaudited)

MORGAN STANLEY EMERGING MARKETS DEBT FUND, INC.

December 31, 2002

[CHART]

Allocation of Total Investments*

Debt Securities	99.0%
Short-Term Investments	0.9%
Equity Securities	0.1%

[CHART]

Country Weightings*

Mexico	20.2%
Brazil	16.5%
Russia	16.5%
Venezuela	6.7%
Colombia	5.6%
Other	34.5%

Ten Largest Holdings**

PERCENT OF
TOTAL
INVESTMENTS

1. Russian Federation 5.00%, 3/31/30 (Russia)	6.2%
2. Russian Federation 12.75%, 6/24/28 (Russia)	6.1
3. United Mexican States, Discount Bond, 'A' 9.875%, 2/1/10 (Mexico)	5.9
4. United Mexican States 8.30%, 8/15/31 (Mexico)	4.8
5. United Mexican States 11.375%, 9/15/16 (Mexico)	4.7
6. Federative Republic of Brazil Bond, 'C' PIK 8.00%, 4/15/14 (Brazil)	3.9%
7. Republic of Colombia 9.75%, 4/9/11 (Colombia)	3.7
8. Government of Malaysia 7.50%, 7/15/11 (Malaysia)	3.4
9. Federative Republic of Brazil Global Bond 8.875%, 4/15/24 (Brazil)	3.3
10. Federative Republic of Brazil Debt Conversion Bond, 'L' 2.625%, 4/15/12 (Brazil)	3.3

	45.3%
	=====

* Percent of Total Investments

** Excludes Short-Term Investments

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MORGAN STANLEY EMERGING MARKETS DEBT FUND, INC.

Statement of Net Assets

(SHOWING PERCENTAGE OF TOTAL
VALUE OF INVESTMENTS)

STATEMENT OF NET ASSETS
December 31, 2002

	FACE AMOUNT (000)	VALU (000)

DEBT INSTRUMENTS (99.0%)		
=====		
ALGERIA (0.7%)		
SOVEREIGN (0.7%)		
Algerian Loan Agreement Tranche 1		
7.188%, 3/31/10	\$ 1,449	\$ 1,34
=====		
ARGENTINA (3.1%)		

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SOVEREIGN (3.1%)		
Republic of Argentina		
11.375%, 3/15/10	4,260 (d, f)	93
11.75%, 4/7/09	7,090 (d, f)	1,59
11.75%, 6/15/15	2,010 (d, f)	46
Republic of Argentina Par Bond, 'L-GP'		
6.00%, 3/31/23	6,490 (d, f)	2,98

5,97		
=====		
BRAZIL (16.5%)		
SOVEREIGN (16.5%)		
Federative Republic of Brazil		
12.00%, 4/15/10	2,610	1,89
12.75%, 1/15/20	1,740	1,21
Federative Republic of Brazil Bond, 'C' PIK		
8.00%, 4/15/14	11,569 (e)	7,57
Federative Republic of Brazil Bond, 'L'		
2.625%, 4/15/09	4,259 (a)	2,82
Federative Republic of Brazil Bond, 'Z-L'		
2.563%, 4/15/24	6,390 (a)	3,85
Federative Republic of Brazil Debt		
Conversion Bond, 'L'		
2.625%, 4/15/12	11,800 (a)	6,37
Federative Republic of Brazil Debt		
Conversion Bond, 'RG'		
2.625%, 4/15/12	2,570 (a)	1,40
Federative Republic of Brazil Global Bond		
8.875%, 4/15/24	11,930	6,44
12.25%, 3/6/30	860	59

32,17		
=====		
BULGARIA (2.2%)		
SOVEREIGN (2.2%)		
Republic of Bulgaria		
8.25%, 1/15/15	1,370	1,49
8.25%, 1/15/15	1,699 (b)	1,85
Republic of Bulgaria Front-Loaded		
Interest Reduction Bond, 'A'		
2.688%, 7/28/12	971 (a)	91

4,26		
=====		
CHILE (0.9%)		
CORPORATE (0.9%)		
Empresa Nacional De Petroleo		
6.75%, 11/15/12	1,680 (b)	1,77

=====		
COLOMBIA (5.6%)		
SOVEREIGN (5.6%)		
Republic of Colombia		
9.75%, 4/23/09	\$ 870	\$ 89
9.75%, 4/9/11	6,903	7,12
10.50%, 7/9/10	2,820	2,96

10,98		
=====		
CROATIA (0.7%)		
SOVEREIGN (0.7%)		
Croatia Government International Bond, 'A'		
2.688%, 7/31/10	1,309 (a)	1,29

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=====			
DOMINICAN REPUBLIC (0.6%)			
SOVEREIGN (0.6%)			
Dominican Republic Bond			
9.50%, 9/27/06		1,050 (b)	1,12
=====			
EL SALVADOR (0.9%)			
SOVEREIGN (0.9%)			
Republic of El Salvador			
7.75%, 1/24/23		1,690 (b)	1,68
=====			
INDIA (0.0%)			
CORPORATE (0.0%)			
Surashtra Cement and Chemical Ltd.			
19.00%	INR	30,000 (f, g)	-
=====			
INDONESIA (1.3%)			
CORPORATE (1.3%)			
Pindo Deli Finance (Mauritius)			
10.75%, 10/1/07	\$	4,500 (b, d, f)	1,03
Tjiwi Kimia Finance Mauritius Ltd.			
10.00%, 8/1/04		1,280 (d, f)	31
Tjiwi Kimia International Global Bond			
13.25%, 8/1/49		4,990 (d, f)	1,22
			2,57
=====			
IVORY COAST (0.5%)			
SOVEREIGN (0.5%)			
Republic of Ivory Coast Bond			
2.00%, 3/29/18		4,525 (c, d, f)	56
Republic of Ivory Coast Front-Loaded			
Interest Reduction Bond			
2.00%, 3/29/18		3,677 (c, d, f)	47
			1,04
=====			
MALAYSIA (3.4%)			
SOVEREIGN (3.4%)			
Government of Malaysia			
7.50%, 7/15/11		5,755	6,61
=====			

The accompanying notes are an integral part of the financial statements.

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MORGAN STANLEY EMERGING MARKETS DEBT FUND, INC.

Statement of Net Assets (cont'd) STATEMENT OF NET ASSETS
December 31, 2002

FACE AMOUNT (000)	VALU (000)
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MEXICO (20.1%)		
CORPORATE (4.7%)		
Pemex Master Trust		
8.625%, 2/1/22	\$ 1,720 (b)	\$ 1,81
Pemex Project Funding Master Trust		
9.125%, 10/13/10	3,800	4,33
Petroleos Mexicanos		
9.50%, 9/15/27	2,700	3,02

9,17		

SOVEREIGN (15.4%)		
United Mexican States (MTN)		
8.30%, 8/15/31	8,840	9,35
11.375%, 9/15/16	6,790	9,09
United Mexican States, Discount Bond, 'A'		
9.875%, 2/1/10	9,380 (e)	11,51

29,96		

39,13		
=====		
MOROCCO (2.3%)		
SOVEREIGN (2.3%)		
Kingdom of Morocco, 'A'		
2.56%, 1/5/09	4,883 (a)	4,45
=====		
NIGERIA (1.0%)		
SOVEREIGN (1.0%)		
Central Bank of Nigeria Par Bond		
6.25%, 11/15/20	3,000	2,03
=====		
PANAMA (2.8%)		
SOVEREIGN (2.8%)		
Republic of Panama		
9.375%, 4/1/29	3,030	3,25
9.625%, 2/8/11	1,250	1,36
Republic of Panama, PDI PIK		
2.75%, 7/17/16	1,031	82

5,43		
=====		
PERU (4.8%)		
SOVEREIGN (4.8%)		
Republic of Peru		
9.125%, 2/21/12	3,840	3,76
Republic of Peru Front-		
Loaded Interest		
Reduction Bond		
4.00%, 3/7/17	4,040 (a, c)	2,86
Republic of Peru, PDI Bond		
4.25%, 3/7/17	3,420 (a)	2,66

9,29		
=====		
PHILIPPINES (1.6%)		
SOVEREIGN (1.6%)		
Republic of Philippines		
9.375%, 1/18/17	2,980	3,06
=====		
POLAND (0.9%)		
SOVEREIGN (0.9%)		

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Republic of Poland 3.75%, 10/27/24	\$ 1,980	\$ 1,66
=====		
QATAR (0.8%) SOVEREIGN (0.8%) State of Qatar 9.75%, 6/15/30	1,260	1,60
=====		
RUSSIA (16.5%) SOVEREIGN (16.5%) Russian Federation 5.00%, 3/31/30 5.00%, 3/31/30 8.25%, 3/31/10 8.75%, 7/24/05 12.75%, 6/24/28	15,115 (c) 4,684 (b, c) 1,318 2,900 9,000	11,97 3,71 1,39 3,14 11,92

		32,15
=====		
SOUTH AFRICA (1.7%) SOVEREIGN (1.7%) Republic of South Africa 7.375%, 4/25/12	3,140	3,39
=====		
SOUTH KOREA (1.7%) CORPORATE (1.1%) Korea Electric Power Corp. 7.75%, 4/1/13	1,850	2,22

SOVEREIGN (0.6%) Republic of South Korea 8.875%, 4/15/08	950	1,17

		3,40
=====		
TUNISIA (0.4%) CORPORATE (0.4%) Banque Centrale de Tunisie 7.375%, 4/25/12	750	78
=====		
TURKEY (0.9%) SOVEREIGN (0.9%) Republic of Turkey 12.375%, 6/15/09	1,580	1,71
=====		
UKRAINE (0.4%) SOVEREIGN (0.4%) Ukraine Government 11.00%, 3/15/07	680	70
=====		
VENEZUELA (6.7%) SOVEREIGN (6.7%) Republic of Venezuela 9.25%, 9/15/27 Republic of Venezuela Debt Conversion Bond, 'DL' 2.31%, 12/18/07	8,460 7,262 (a)	5,72 5,57

The accompanying notes are an integral part of the financial statements.

MORGAN STANLEY EMERGING MARKETS DEBT FUND, INC.

Statement of Net Assets (cont'd) STATEMENT OF NET ASSETS
December 31, 2002

	FACE AMOUNT (000)	VALU (000)

VENEZUELA (CONT'D)		
SOVEREIGN (CONT'D)		
Republic of Venezuela Par Bond		
6.75%, 3/31/20	\$ 2,270	\$ 1,82

		13,12
=====		
TOTAL DEBT INSTRUMENTS		
(Cost \$191,848)		192,83
=====		

	NO. OF RIGHTS	

RIGHTS (0.1%)		

MEXICO		
United Mexican States Value		
Recovery Rights, 6/30/03		
(Cost \$--@)	41,421,000 (f)	12
=====		

	NO. OF WARRANTS	

WARRANTS (0.0%)		
=====		
COLOMBIA (0.0%)		
Occidente y Caribe Celular,		
expiring 3/15/04	69,200 (b, f)	
=====		
NIGERIA (0.0%)		
Central Bank of Nigeria,		
expiring 11/15/20	6,500 (a, f)	-
=====		
VENEZUELA (0.0%)		
Republic of Venezuela,		
expiring 4/15/20	11,350 (f)	-
=====		
TOTAL WARRANTS		
(Cost \$44)		
=====		

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	FACE AMOUNT (000)	

SHORT-TERM INVESTMENT (0.9%)		
=====		
UNITED STATES (0.9%)		
REPURCHASE AGREEMENT (0.9%)		
J.P. Morgan Securities Inc.,		
1.05%, dated 12/31/02,		
due 1/02/03 (Cost \$1,803)	\$ 1,803 (h)	1,800
=====		
		VALU (000)

TOTAL INVESTMENTS (100%)		
(Cost \$193,695)		\$ 194,76
=====		
	AMOUNT (000)	

OTHER ASSETS		
Cash	\$ 277	
Receivable for		
Investments Sold	5,805	
Interest Receivable	3,971	
Due from Broker	229	
Other	12	10,29
=====		
LIABILITIES		
Payable For:		
Investments Purchased	(7,657)	
Dividends Declared	(3,307)	
Reverse Repurchase		
Agreements	(7,399)	
Investment Advisory Fees	(158)	
Directors' Fees and		
Expenses	(82)	
Stockholder Reporting		
Expenses	(76)	
Professional Fees	(35)	
Administrative Fees	(23)	
Custodian Fees	(10)	(18,74
=====		
NET ASSETS		
Applicable to 22,046,681 issued and		
outstanding \$ 0.01 par value shares		
(100,000,000 shares authorized)		\$ 186,30
=====		
NET ASSET VALUE PER SHARE		\$ 8.4
=====		
AT DECEMBER 31, 2002, NET ASSETS CONSISTED OF:		
Common Stock		\$ 22
Paid-in Capital		279,08
Undistributed (Distributions in Excess of) Net		
Investment Income		(89

Accumulated Net Realized Gain (Loss)	(92,80
Unrealized Appreciation (Depreciation) on Investments, Futures and Foreign Currency Translations	70
=====	
TOTAL NET ASSETS	\$ 186,30
=====	

The accompanying notes are an integral part of the financial statements.

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MORGAN STANLEY EMERGING MARKETS DEBT FUND, INC.

Statement of Net Assets (cont'd) STATEMENT OF NET ASSETS
December 31, 2002

- (a) -- Variable/floating rate security - rate disclosed is as of December 31, 2002.
- (b) -- 144A Security - Certain conditions for public sale may exist.
- (c) -- Step Bond - coupon rate increases in increments to maturity. Rate disclosed is as of December 31, 2002. Maturity date disclosed is ultimate maturity.
- (d) -- Security is in default.
- (e) -- Denotes all or a portion of securities subject to repurchase under the Reverse Repurchase Agreements as of December 31, 2002. See note A-4 to financial statements
- (f) -- Non-income producing.
- (g) -- Security valued at fair value - see note A-1 to financial statements. At December 31, 2002, the Fund held a fair-valued security with a market value of \$0, representing 0.0% of net assets.
- (h) -- The repurchase agreement is fully collateralized by U.S. government and/or agency obligations based on market prices at the date of this statement of net assets. The investment in the repurchase agreement is through participation in a joint account with affiliated funds.
- @ -- Value is less than \$500.
- MTN -- Medium Term Note
- PDI -- Past Due Interest.
- PIK -- Payment-in-kind. Income may be paid in additional securities or cash at the discretion of the issuer.
- INR -- Indian Rupee

FUTURES CONTRACTS:

The Fund had the following futures contracts open at period end:

	NUMBER OF CONTRACTS	NOTIONAL VALUE (000)	EXPIRATION DATE	UNREALIZED GAIN (LOSS) (000)

Short:				
5 Year U.S. Treasury Note	200	\$ 22,650	March-03	\$ (367)
=====				

The accompanying notes are an integral part of the financial statements.

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MORGAN STANLEY EMERGING MARKETS DEBT FUND, INC.

Financial Statements

Statement of Operations

	YEAR ENDED DECEMBER 31, 2002 (000)

INVESTMENT INCOME	
Interest (net of \$75 of foreign taxes withheld)	\$ 17,283
=====	
EXPENSES	
Investment Advisory Fees	1,830
Administrative Fees	203
Stockholder Reporting Expenses	131
Professional Fees	101
Interest Expense on Reverse Repos	76
Custodian Fees	39
Stockholder Servicing Fees	31
Bank Overdraft Expense	14
Directors' Fees and Expenses	13
Other Expenses	8
=====	
TOTAL EXPENSES	2,446
=====	
NET INVESTMENT INCOME	14,837
=====	
NET REALIZED GAIN (LOSS) ON:	
Investments	5,350
Futures	(1,124)
=====	
NET REALIZED GAIN (LOSS)	4,226
=====	
CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION) ON:	
Investments	239
Foreign Currency Translations	11
Futures	(367)
=====	
CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION)	(117)
=====	
NET REALIZED GAIN (LOSS) AND CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION)	4,109
=====	
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ 18,946
=====	

Statement of Changes in Net Assets

YE

INCREASE (DECREASE) IN NET ASSETS

Operations:

Net Investment Income \$
 Net Realized Gain (Loss)
 Change in Unrealized Appreciation (Depreciation)

=====

NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS

=====

Distributions from and/or in excess of:

Net Investment Income

=====

TOTAL INCREASE (DECREASE)

=====

Net Assets:

Beginning of Period

=====

END OF PERIOD (INCLUDING UNDISTRIBUTED (DISTRIBUTIONS IN EXCESS OF) NET INVESTMENT
 INCOME OF \$(892) AND \$(1,132), RESPECTIVELY) \$

=====

The accompanying notes are an integral part of the financial statements.

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MORGAN STANLEY EMERGING MARKETS DEBT FUND, INC.

Financial Statements

Statement of Cash Flows

CASH FLOWS FROM OPERATING ACTIVITIES:

Proceeds from Sales and Maturities of Long-Term Investments
 Purchases of Long-Term Investments
 Net Increase (Decrease) in Short-Term Investments
 Net Realized Gain (Loss) on Futures Contracts
 Net Investment Income

ADJUSTMENTS TO RECONCILE NET INVESTMENT INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Net (Increase) Decrease in Receivables Related to Operations
 Net Increase (Decrease) in Payables Related to Operations
 Accretion/Amortization of Discounts and Premiums

Net Cash Provided by Operating Activities

CASH FLOWS FROM FINANCING ACTIVITIES:

Cash Received (Paid) for Reverse Repurchase Agreements
 Cash Distributions Paid

Net Cash Used for Financing Activities

Net Increase (Decrease) in Cash
CASH AT BEGINNING OF PERIOD

CASH AT END OF PERIOD

The accompanying notes are an integral part of the financial statements.

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MORGAN STANLEY EMERGING MARKETS DEBT FUND, INC.
Selected Per Share Data and Ratios
Financial Highlights

	YEAR ENDED DECEMBER		
	2002+	2001	2000
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 8.25	\$ 8.22	\$ 8.36
Net Investment Income	0.67	0.80	1.23
Net Realized and Unrealized Gain (Loss) on Investments	0.19	0.08	(0.29)
Total from Investment Operations	0.86	0.88	0.94
Distributions from and/or in excess of:			
Net Investment Income	(0.66)	(0.85)	(1.08)
Net Realized Gain	--	--	--
Total Distributions	(0.66)	(0.85)	(1.08)
NET ASSET VALUE, END OF PERIOD	\$ 8.45	\$ 8.25	\$ 8.22
PER SHARE MARKET VALUE, END OF PERIOD	\$ 7.55	\$ 7.40	\$ 6.88
TOTAL INVESTMENT RETURN:			
Market Value	11.11%	20.65%	16.49%
Net Asset Value(1)	11.54%	12.50%	13.50%
RATIOS, SUPPLEMENTAL DATA:			
NET ASSETS, END OF PERIOD (THOUSANDS)	\$ 186,308	\$ 181,913	\$ 181,134
Ratio of Expenses to Average Net Assets	1.34%	1.61%	2.32%
Ratio of Expenses Excluding Interest Expense to Average Net Assets	1.29%	1.41%	1.34%
Ratio of Net Investment Income to Average Net Assets	8.11%	9.73%	14.31%
Portfolio Turnover Rate	149%	233%	272%

(1) Total investment return based on net asset value per share reflects the effects of changes in net asset value on the performance of the Fund during each period, and assumes dividends and distributions, if any, were

reinvested. This percentage is not an indication of the performance of a stockholder's investment in the Fund based on market value due to differences between the market price of the stock and the net asset value per share of the Fund.

- + Per share amounts for the year ended December 31, 2002 are based on average shares outstanding.

The accompanying notes are an integral part of the financial statements.

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MORGAN STANLEY EMERGING MARKETS DEBT FUND, INC.
Notes to Financial Statements
December 31, 2002

Morgan Stanley Emerging Markets Debt Fund, Inc. (the "Fund") was incorporated in Maryland on May 6, 1993, and is registered as a non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended. The Fund's primary investment objective is to produce high current income and as a secondary objective, to seek capital appreciation, through investments primarily in debt securities.

A. ACCOUNTING POLICIES: The following significant accounting policies are in conformity with accounting principles generally accepted in the United States of America. Such policies are consistently followed by the Fund in the preparation of its financial statements. Accounting principles generally accepted in the United States of America may require management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results may differ from those estimates.

1. SECURITY VALUATION: In valuing the Fund's assets, all listed securities for which market quotations are readily available are valued at the last sale price on the valuation date, or if there was no sale on such date, at the mean between the current bid and asked prices or the bid price if only bid quotations are available. Securities which are traded over-the-counter are valued at the mean of the current bid and asked prices obtained from reputable brokers. Securities may be valued by independent pricing services. The prices provided by a pricing service take into account broker dealer market price quotations for institutional size trading in similar groups of securities, security quality, maturity, coupon and other security characteristics as well as any developments related to the specific securities. Short-term securities which mature in 60 days or less are valued at amortized cost. For all other securities and investments for which market values are not readily available, including restricted securities, and where prices determined in accordance with the aforementioned procedures are not reflective of fair market value, values are determined in good faith, under fair valuation procedures adopted by the Board of Directors, although actual calculations may be done by others.
2. REPURCHASE AGREEMENTS: The Fund may enter into repurchase agreements under which the Fund lends excess cash and takes possession of securities with an agreement that the counterparty will repurchase such securities. In connection with transactions in repurchase agreements, a bank as custodian for the Fund takes possession of the underlying securities (collateral), with a market value at least equal to the amount of the repurchase transaction, including principal and accrued interest. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market on a daily basis to determine the adequacy of the collateral. In the event of default on the obligation to repurchase, the Fund has the right to liquidate the collateral and apply the proceeds

in satisfaction of the obligation. In the event of default or bankruptcy by the counterparty to the agreement, realization and/or retention of the collateral or proceeds may be subject to legal proceedings.

The Fund, along with other affiliated investment companies, may utilize a joint trading account for the purpose of entering into one or more repurchase agreements.

3. REVERSE REPURCHASE AGREEMENTS: The Fund may enter into reverse repurchase agreements with institutions that the Fund's investment adviser has determined are creditworthy. Under a reverse repurchase agreement, the Fund sells securities and agrees to repurchase them at a mutually agreed upon date and price. Reverse repurchase agreements involve the risk that the market value of the securities purchased with the proceeds from the sale of securities received by the Fund may decline below the price of the securities the Fund is obligated to repurchase. Reverse repurchase agreements also involve credit risk with the counterparty to the extent that the value of securities subject to repurchase exceed the Fund's liability under the reverse repurchase agreement. Securities subject to repurchase under reverse repurchase agreements, if any, are designated as such in the Statement of Net Assets.

At December 31, 2002, the Fund had reverse repurchase agreements outstanding with Lehman Brothers as follows:

	MATURITY IN LESS THAN 365 DAYS

Value of Securities Subject to Repurchase	\$ 7,398,000
Liability Under Reverse Repurchase Agreement	\$ 7,399,000
Weighted Average Days to Maturity	10.2

The weighted average daily balance of reverse repurchase agreements outstanding during the year ended December 31, 2002, was approximately \$6,518,000 at a weighted average interest rate of 1.77%.

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Notes to Financial Statements (cont'd) MORGAN STANLEY EMERGING MARKETS DEBT FUND, INC.
December 31, 2002

4. FOREIGN CURRENCY TRANSLATION: The books and records of the Fund are maintained in U.S. dollars. Foreign currency amounts are translated into U.S. dollars at the mean of the bid and asked prices of such currencies against U.S. dollars last quoted by a major bank as follows:
- investments, other assets and liabilities at the prevailing rates of exchange on the valuation date;
 - investment transactions and investment income at the prevailing rates of exchange on the dates of such transactions.

Although the net assets of the Fund are presented at the foreign exchange rates and market values at the close of the period, the Fund does not

isolate that portion of the results of operations arising as a result of changes in the foreign exchange rates from the fluctuations arising from changes in the market prices of the securities held at period end. Similarly, the Fund does not isolate the effect of changes in foreign exchange rates from the fluctuations arising from changes in the market prices of securities sold during the period. Accordingly, realized and unrealized foreign currency gains (losses) due to securities transactions are included in the reported net realized and unrealized gains (losses) on investment transactions and balances.

Net realized gains (losses) on foreign currency transactions represent net foreign exchange gains (losses) from sales and maturities of foreign currency exchange contracts, disposition of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amount of investment income and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent amounts actually received or paid. Net unrealized currency gains (losses) from valuing foreign currency denominated assets and liabilities at period end exchange rates are reflected as a component of unrealized appreciation (depreciation) on investments and foreign currency translations in the Statement of Net Assets. The change in net unrealized currency gains (losses) on foreign currency translations for the period is reflected in the Statement of Operations.

A significant portion of the Fund's net assets consist of securities of issuers located in emerging markets or which are denominated in foreign currencies. Such investments may be concentrated in a limited number of countries and regions and may vary throughout the year. Changes in currency exchange rates will affect the value of and investment income from foreign currency denominated securities. Emerging market securities are often subject to greater price volatility, limited capitalization and liquidity, and higher rates of inflation than U.S. securities. In addition, emerging market securities may be subject to substantial governmental involvement in the economy and greater social, economic and political uncertainty.

The Fund may use derivatives to achieve its investment objectives. The Fund may engage in transactions in futures contracts on foreign currencies, stock indices, as well as in options, swaps and structured notes. Consistent with the Fund's investment objectives and policies, the Fund may use derivatives for non-hedging as well as hedging purposes.

Following is a description of derivative instruments that the Fund has utilized and their associated risks:

5. FOREIGN CURRENCY EXCHANGE CONTRACTS: The Fund may enter into foreign currency exchange contracts generally to attempt to protect securities and related receivables and payables against changes in future foreign exchange rates and, in certain situations, to gain exposure to a foreign currency. A foreign currency exchange contract is an agreement between two parties to buy or sell currency at a set price on a future date. The market value of the contract will fluctuate with changes in currency exchange rates. The contract is marked-to-market daily and the change in market value is recorded by the Fund as unrealized gain or loss. The Fund records realized gains or losses when the contract is closed equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. Risk may arise upon entering into these contracts from the potential inability of counterparties to meet the terms of their contracts and is generally limited to the amount of unrealized gain on the contracts, if any, at the date of default. Risks may also arise from unanticipated movements in the value of a foreign currency relative to the U.S. dollar.

6. STRUCTURED SECURITIES: The Fund may invest in interests in entities organized and operated solely for the purpose of restructuring the investment characteristics of sovereign debt obligations. This type of restructuring involves the deposit with or purchase by an entity of specified instruments and the issuance by that entity of one or more classes of securities ("Structured Securities") backed by, or

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MORGAN STANLEY EMERGING MARKETS DEBT FUND, INC.

Notes to Financial
Statements (cont'd)

December 31, 2002

representing interests in, the underlying instruments. Structured Securities generally will expose the Fund to credit risks of the underlying instruments as well as of the issuer of the Structured Security. Structured Securities are typically sold in private placement transactions with no active trading market. Investments in Structured Securities may be more volatile than their underlying instruments, however, any loss is limited to the amount of the original investment.

7. FUTURES: The Fund may purchase and sell futures contracts. Futures contracts provide for the sale by one party and purchase by another party of a specified amount of a specified security, index, instrument or basket of instruments. Futures contracts (secured by cash, government or other liquid securities deposited with brokers or custodians as "initial margin") are valued based upon their quoted daily settlement prices; changes in initial settlement value (represented by cash paid to or received from brokers as "variation margin") are accounted for as unrealized appreciation (depreciation). When futures contracts are closed, the difference between the opening value at the date of purchase and the value at closing is recorded as realized gains or losses in the Statement of Operations.

The Fund may use futures contracts in order to manage its exposure to the stock and bond markets, to hedge against unfavorable changes in the value of securities or to remain fully invested and to reduce transaction costs. Futures contracts involve market risk in excess of the amounts recognized in the Statement of Net Assets. Risks arise from the possible movements in security values underlying these instruments. The change in value of futures contracts primarily corresponds with the value of their underlying instruments, which may not correlate with the change in value of the hedged investments. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market.

8. OVER-THE-COUNTER TRADING: Securities and other derivative instruments that may be purchased or sold by the Fund may consist of instruments not traded on an exchange. The risk of nonperformance by the obligor on such an instrument may be greater, and the ease with which the Fund can dispose of or enter into closing transactions with respect to such an instrument may be less, than in the case of an exchange-traded instrument. In addition, significant disparities may exist between bid and asked prices for derivative instruments that are not traded on an exchange. Derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions.
9. OTHER: Security transactions are accounted for on the date the securities

are purchased or sold. Realized gains and losses on the sale of investment securities are determined on the specific identified cost basis. Interest income is recognized on the accrual basis and discounts and premiums on investments purchased are accreted or amortized in accordance with the effective yield method over their respective lives, except where collection is in doubt. Distributions to stockholders are recorded on the ex-dividend date.

B. ADVISER: Morgan Stanley Investment Management Inc. (the "Adviser") provides investment advisory services to the Fund under the terms of an Investment Advisory and Management Agreement (the "Agreement"). Under the Agreement, the Adviser is paid a fee computed weekly and payable monthly at an annual rate of 1.00% of the Fund's average weekly net assets.

C. ADMINISTRATOR: JPMorgan Chase Bank, through its corporate affiliate J.P. Morgan Investor Services Co. (the "Administrator"), provides administrative services to the Fund under an Administration Agreement. Under the old Administration Agreement, effective through September 30, 2002, the Administrator was paid a fee computed weekly and payable monthly at an annual rate of 0.06% of the Fund's average weekly net assets, plus \$100,000 per annum. Effective October 1, 2002, under the new Administration Agreement, the Administrator is paid a fee computed weekly and payable monthly at an annual rate of 0.02435% of the Fund's average weekly net assets, plus \$24,000 per annum. In addition, the Fund is charged for certain out-of-pocket expenses incurred by the Administrator on its behalf.

D. CUSTODIAN: JPMorgan Chase Bank and its affiliates serve as custodian for the Fund. Custody fees are payable monthly based on assets held in custody, investment purchase and sales activity and account maintenance fees, plus reimbursement for certain out-of-pocket expenses.

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Notes to Financial Statements (cont'd) MORGAN STANLEY EMERGING MARKETS DEBT FUND, INC.
December 31, 2002

E. FEDERAL INCOME TAXES: It is the Fund's intention to continue to qualify as a regulated investment company and distribute all of its taxable income. Accordingly, no provision for Federal income taxes is required in the financial statements. Dividend income and distributions to stockholders are recorded on the ex-dividend date.

The Fund may be subject to taxes imposed by countries in which it invests. Such taxes are generally based on income and/or capital gains earned or repatriated. Taxes are accrued and applied to net investment income, net realized gains and net unrealized appreciation as such income and/or gains are earned.

The tax character of distributions paid may differ from the character of distributions shown on the Statement of Changes in Net Assets due to short-term capital gains being treated as ordinary income for tax purposes. The tax character of distributions paid during 2002 and 2001 was as follows:

2002 DISTRIBUTIONS PAID FROM: (000)	2001 DISTRIBUTIONS PAID FROM: (000)
LONG-TERM	LONG-TERM

ORDINARY INCOME	CAPITAL GAIN	ORDINARY INCOME	CAPITAL GAIN
\$ 14,551	\$ --	\$ 18,740	\$ --

The amount and character of income and capital gain distributions to be paid by the Fund are determined in accordance with Federal income tax regulations, which may differ from accounting principles generally accepted in the United States of America. The book/tax differences are considered either temporary or permanent in nature.

Temporary differences are attributable to differing book and tax treatments for the timing of the recognition of gains and losses on certain investment transactions and the timing of the deductibility of certain expenses.

Permanent differences may result in reclassifications among undistributed net investment income (loss), accumulated net realized gain (loss) and paid-in capital. Adjustments for permanent book-tax differences, if any, are not reflected in ending undistributed net investment income (loss) for the purpose of calculating net investment income (loss) per share in the financial highlights.

At December 31, 2002, the components of distributable earnings on a tax basis were are follows:

UNDISTRIBUTED ORDINARY INCOME (000)	UNDISTRIBUTED LONG-TERM CAPITAL GAIN (000)
\$ 1,145	\$ --

At December 31, 2002, the U.S. Federal income tax cost basis of securities was approximately \$194,723,000 and, accordingly, net unrealized appreciation for U.S. Federal income tax purposes was \$38,000, of which \$13,363,000 related to appreciated securities and \$13,325,000 related to depreciated securities.

At December 31, 2002, the Fund had a capital loss carryforward for U.S. Federal income tax purposes of approximately \$92,832,000 available to offset future capital gains, of which \$75,550,000 will expire on December 31, 2006, \$13,135,000 will expire on December 31, 2007 and \$4,147,000 will expire on December 31, 2009. To the extent that capital gains are offset, such gains will not be distributed to the stockholders. During the year ended December 31, 2002, the Fund utilized capital loss carryforwards for U.S. Federal income tax purposes of \$1,887,000.

Net capital and currency losses incurred after October 31, and within the taxable year are deemed to arise on the first business day of the Fund's next taxable year. For the year ended December 31, 2002, the Fund did not defer any post-October losses to January 1, 2003, for U.S. Federal income tax purposes.

F. OTHER: During the year ended December 31, 2002, the Fund made purchases and sales totaling approximately \$278,726,000 and \$286,625,000 respectively, of investment securities other than long-term U.S. Government securities, purchased options and short-term investments. There were no purchases or sales of long-term U.S. Government securities.

These investments may be traded by one market maker who may also be utilized by the Fund to provide pricing information used to value such securities. The amounts which will be realized upon disposition of the securities may differ from the value reflected on the Statement of Net Assets and the differences could be material.

Each Director of the Fund who is not an officer of the Fund or an affiliated person as defined under the Investment Company Act of 1940, as amended, may elect to participate in the Directors' Deferred Compensation Plan (the "Plan"). Under the Plan, such Directors may elect to defer payment of a percentage

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Notes to Financial Statements (cont'd) MORGAN STANLEY EMERGING MARKETS DEBT FUND, INC.
December 31, 2002

of their total fees earned as a Director of the Fund. These deferred portions are treated, based on an election by the Director, as if they were either invested in the Fund's shares or invested in U.S. Treasury Bills, as defined under the Plan. At December 31, 2002, the deferred fees payable under the Plan totaled \$81,000 and are included in Payable for Directors' Fees and Expenses on the Statement of Net Assets. The deferred portion of Directors' Fees and Expenses shown on the Statement of Operations is impacted by fluctuations in the market value of the investments selected by each Director. For the fiscal year ended December 31, 2002, Directors' Fees and Expenses were increased by \$9,399 due to these fluctuations.

On December 13, 2002, the Officers of the Fund, pursuant to authority granted by the Board of Directors declared a distribution of \$0.15 per share, derived from net investment income, payable on January 10, 2003, to stockholders of record on December 24, 2002.

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Independent Auditors' Report MORGAN STANLEY EMERGING MARKETS DEBT FUND, INC.
December 31, 2002

TO THE STOCKHOLDERS AND BOARD OF DIRECTORS OF
MORGAN STANLEY EMERGING MARKETS DEBT FUND, INC.

We have audited the accompanying statement of net assets of Morgan Stanley Emerging Markets Debt Fund, Inc. (the "Fund") as of December 31, 2002, and the related statements of operations and cash flows for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the three years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. The financial highlights for each of the two years in the period ended December 31, 1999 were audited by other auditors whose report, dated February 18, 2000, expressed an unqualified opinion on those financial highlights.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial

statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2002 by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Morgan Stanley Emerging Markets Debt Fund, Inc. at December 31, 2002, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the three years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ Ernst & Young LLP

Boston, Massachusetts
February 7, 2003

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MORGAN STANLEY EMERGING MARKETS DEBT FUND, INC.
Director and Officer Information (Unaudited) Overview

Independent Directors:

NAME, AGE AND ADDRESS OF DIRECTOR	POSITION(S) HELD WITH REGISTRANT	TERM OF OFFICE AND LENGTH OF TIME SERVED*	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY DIRECTOR**
John D. Barrett II (67) 565 Fifth Avenue New York, NY 10017	Director	Director since 1996	Chairman and Director of Barrett Associates, Inc. (investment counseling).	71
Thomas P. Gerrity (61) 219 Grays Lane Haverford, PA 19041	Director	Director since 2001	Professor of Management, formerly Dean, Wharton School of Business, University of Pennsylvania; formerly Director, IKON Office Solutions, Inc., Fiserv, Digital Equipment Corporation,	71

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			Investor Force Holdings, Inc. and Union Carbide Corporation.	
Gerard E. Jones (65) Shipman & Goodwin, LLP 43 Arch Street Greenwich, CT 06830	Director	Director since 1996	Of Counsel, Shipman & Goodwin, LLP (law firm).	72
Joseph J. Kearns (60) Kearns & Associates LLC PMB 754 23852 Pacific Coast Hwy. Malibu, CA 90265	Director	Director since 2001	Investment consultant; formerly CFO of The J. Paul Getty Trust.	71
Vincent R. McLean (71) 702 Shackamaxon Drive Westfield, NJ 07090	Director	Director since 2001	Formerly, Executive Vice President, Chief Financial Officer, Director and Member of the Executive Committee of Sperry Corporation (now part of Unisys Corporation).	71
C. Oscar Morong, Jr. (67) 1385 Outlook Drive West Mountainside, NJ 07092	Director	Director since 2001	Managing Director, Morong Capital Management; formerly, Senior Vice President and Investment Manager for CREF, TIAA-CREF Investment Management, Inc. (investment management); formerly, Director, The Indonesia Fund (mutual fund).	71
William G. Morton, Jr. (65) 304 Newbury Street, #560 Boston, MA 02115	Director	Director since 2000	Chairman Emeritus and former Chief Executive Officer of Boston Stock Exchange.	71
Michael Nugent (66) c/o Triumph Capital, L.P. 237 Park Avenue New York, NY 10017	Director	Director since 2001	General Partner, Triumph Capital, L.P. (private investment partnership); formerly, Vice President, Bankers Trust Company and BT Capital Corporation.	194
Fergus Reid (70) 85 Charles Colman Blvd.	Director	Director since	Chairman and Chief Executive Officer of	72

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Pawling, NY 12564

1996

Lumelite Plastics Corporation.

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MORGAN STANLEY EMERGING MARKETS DEBT FUND, INC.

Director and Officer Information (cont'd)

Overview

Interested Directors:

NAME, AGE AND ADDRESS OF DIRECTOR	POSITION(S) HELD WITH REGISTRANT	TERM OF OFFICE AND LENGTH OF TIME SERVED*	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMB PORT FUND COMP OVER DIRE
Barton M. Biggs (70) 1221 Avenue of the Americas New York, NY 10020	Chairman and Director	Chairman and Director since 1996	Chairman, Director and Managing Director of Morgan Stanley Investment Management Inc. and Chairman and Director of Morgan Stanley Investment Management Limited; Managing Director of Morgan Stanley & Co. Incorporated; Director and Chairman of the Board of various U.S. registered companies managed by Morgan Stanley Investment Management Inc.	72
Ronald E. Robison (63) 1221 Avenue of the Americas New York, NY 10020	President and Director	President and Director since 2001	President and Trustee; Chief Global Operations Officer and Managing Director of Morgan Stanley Investment Management, Inc.; Managing Director of Morgan Stanley & Co. Incorporated; formerly, Managing Director and Chief Operating Officer of TCW Investment Management Company; Director and President of various funds in the Fund Complex.	72

* Each Director serves an indefinite term, until his or her successor is elected.

** The Fund Complex includes all funds advised by Morgan Stanley Investment Management Inc. and any funds that have an investment advisor that is an affiliated entity of Morgan Stanley Investment Management Inc. (including, but not limited to, Morgan Stanley Investments LP, Morgan Stanley Investment Advisors Inc. and Van Kampen Asset Management Inc.).

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MORGAN STANLEY EMERGING MARKETS DEBT FUND, INC.

Director and Officer
Information (cont'd)

Overview

Officers:

NAME, AGE AND ADDRESS OF EXECUTIVE OFFICER -----	POSITION(S) HELD WITH REGISTRANT -----	TERM OF OFFICE AND LENGTH OF TIME SERVED* -----	PRINCIPAL -----
Ronald E. Robison (63) Morgan Stanley Investment Management Inc. 1221 Avenue of the Americas New York, NY 10020	President and Director	President and Director since 2001	Chief Glob Director o Management various U. managed by Management Director a TCW Invest
Stefanie V. Chang (36) Morgan Stanley Investment Management Inc. 1221 Avenue of the Americas New York, NY 10020	Vice President	Vice President since 1997	Executive Incorporat Management with New Y (now Cliff of certain
Lorraine Truten (41) Morgan Stanley Investment Management Inc. 1221 Avenue of the Americas New York, NY 10020	Vice President	Vice President since 2001	Executive Investment Client Ser Management Fund Distr of Morgan Vice Presi Complex.
Mary E. Mullin (35) Morgan Stanley Investment Management Inc. 1221 Avenue of the Americas New York, NY 10020	Secretary	Secretary since 1999	Vice Presi Incorporat Management with the N Will & Eme Meagher & funds in t
James W. Garrett (34) Morgan Stanley Investment Management Inc. 1221 Avenue of the Americas New York, NY 10020	Treasurer	Treasurer since 2002	Executive Incorporat Management U.S. regis by Morgan Inc.; form

(now Price

Belinda A. Brady (34)
 J.P. Morgan Investor Services Co.
 73 Tremont Street
 Boston, MA 02108-3913

Assistant
 Treasurer

Assistant
 Treasurer since
 2001

Fund Admin
 Morgan Inv
 Global Fun
 Senior Aud
 Pricewater
 Treasurer
 Complex.

* Each Officer serves an indefinite term, until his or her successor is elected.

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MORGAN STANLEY EMERGING MARKETS DEBT FUND, INC.

Dividend Reinvestment and Cash Purchase Plan

Pursuant to the Dividend Reinvestment and Cash Purchase Plan (the "Plan"), each stockholder will be deemed to have elected, unless American Stock Transfer & Trust Company (the "Plan Agent") is otherwise instructed by the stockholder in writing, to have all distributions automatically reinvested in Fund shares. Participants in the Plan have the option of making additional voluntary cash payments to the Plan Agent, annually, in any amount from \$100 to \$3,000, for investment in Fund shares.

Dividend and capital gain distributions will be reinvested on the reinvestment date in full and fractional shares. If the market price per share equals or exceeds net asset value per share on the reinvestment date, the Fund will issue shares to participants at net asset value. If net asset value is less than 95% of the market price on the reinvestment date, shares will be issued at 95% of the market price. If net asset value exceeds the market price on the reinvestment date, participants will receive shares valued at market price. The Fund may purchase shares of its Common Stock in the open market in connection with dividend reinvestment requirements at the discretion of the Board of Directors. Should the Fund declare a dividend or capital gain distribution payable only in cash, the Plan Agent will purchase Fund shares for participants in the open market as agent for the participants.

The Plan Agent's fees for the reinvestment of dividends and distributions will be paid by the Fund. However, each participant's account will be charged a pro rata share of brokerage commissions incurred on any open market purchases effected on such participant's behalf. A participant will also pay brokerage commissions incurred on purchases made by voluntary cash payments. Although stockholders in the Plan may receive no cash distributions, participation in the Plan will not relieve participants of any income tax which may be payable on such dividends or distributions.

In the case of stockholders, such as banks, brokers or nominees, that hold shares for others who are the beneficial owners, the Plan Agent will administer the Plan on the basis of the number of shares certified from time to time by the stockholder as representing the total amount registered in the stockholder's name and held for the account of beneficial owners who are participating in the Plan.

Stockholders who do not wish to have distributions automatically reinvested should notify the Plan Agent in writing. There is no penalty for non-participation or withdrawal from the Plan, and stockholders who have

previously withdrawn from the Plan may rejoin at any time. Requests for additional information or any correspondence concerning the Plan should be directed to the Plan Agent at:

Morgan Stanley Emerging Markets Debt Fund, Inc.
American Stock Transfer & Trust Company
Dividend Reinvestment and Cash Purchase Plan
59 Maiden Lane
New York, New York 10030
1-800-278-4353