

MORGAN STANLEY DEAN WITTER EMERGING MARKETS DEBT FUND INC

Form N-Q

November 29, 2007

[Annotated Form N-Q]

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED

MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-07694
MORGAN STANLEY EMERGING MARKETS DEBT FUND, INC.
(Exact name of registrant as specified in charter)
522 FIFTH AVENUE, NEW YORK, NY 10036
(Address of principal executive offices)

RONALD E. ROBISON
522 FIFTH AVENUE, NEW YORK, NY 10036
(Name and address of agent for service)

10036
(Zip code)

Registrant's telephone number, including area code: 1-800-231-2608

Date of fiscal year end: 12/31

Date of reporting period: 9/30/07

Item 1. Schedule of Investments.

The Fund's schedule of investment as of the close of the reporting period prepared pursuant to Rule 12-12 Regulation S-X is as follows:

Morgan Stanley Emerging Markets Debt Fund, Inc.
 Portfolio of Investments
 Third Quarter Report
 September 30, 2007 (unaudited)

(Showing Percentages of Total Value of Investments)

| | | Face Amount (000) | Value (000) |
|---|-----|----------------------------------|------------------------|
| DEBT INSTRUMENTS (98.9%) | | | |
| Argentina (3.8%) | | | |
| Sovereign (3.8%) | | | |
| Republic of Argentina, | | | |
| 0.62%, 12/15/35 | \$ | (a)(b)1,109 | \$ 143 |
| 0.65%, 12/15/35 | ARS | (a)37,715 | 1,169 |
| 5.83%, 12/31/33 | | (a)8,149 | 3,137 |
| 8.28%, 12/31/33 | \$ | (b)3,890 | 3,505 |
| Republic of Argentina (Linked Variable Rate), 233.70%, 4/10/49 | | (c)3,770 | 1,786 |
| | | | 9,740 |
| Brazil (17.9%) | | | |
| Corporate (1.8%) | | | |
| Banco ABN Amro Real S.A., | | | |
| 15.86%, 12/13/07 | BRL | 3,900 | 2,138 |
| 16.20%, 2/22/10 | | 4,240 | 2,530 |
| | | | 4,668 |
| Sovereign (16.1%) | | | |
| Federative Republic of Brazil, | | | |
| 8.00%, 1/15/18 | \$ | 5,544 | 6,201 |
| 8.88%, 10/14/19 - 4/15/24 | | 7,688 | 9,620 |
| 10.50%, 7/14/14 | | 1,740 | 2,205 |
| 11.00%, 8/17/40 | | 4,250 | 5,690 |
| 14.50%, 10/15/09 | | 6,040 | 7,176 |
| Nota do Tesouro Nacional, | BRL | 2,000 | 2,639 |
| 6.00%, 5/18/09 | | 13,350 | 7,131 |
| 10.00%, 1/1/12 | | | 40,662 |
| | | | 45,330 |
| Bulgaria (1.5%) | | | |
| Sovereign (1.5%) | | | |
| Republic of Bulgaria, | | | |
| 8.25%, 1/15/15 | \$ | 1,699 | 1,984 |
| Republic of Bulgaria (Registered), 8.25%, 1/15/15 | | 1,490 | 1,739 |
| | | | 3,723 |
| Chile (1.3%) | | | |
| Corporate(1.3%) | | | |
| Empresa Nacional de Petroleo, | | | |
| 6.75%, 11/15/12 | | (d)3,090 | 3,250 |
| Colombia (2.3%) | | | |
| Sovereign (2.3%) | | | |
| Republic of Colombia, | | | |
| 7.38%, 9/18/37 | | 2,870 | 3,164 |

8.25%, 12/22/14

1,040

1,175

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| | | | |
|--|-----|--|--|
| 11.75%, 2/25/20 | | 1,075 | 1,581 |
| | | | 5,920 |
| Ecuador (1.1%) Sovereign (1.1%) Republic of Ecuador (Registered), 9.38%, 12/15/15 10.00%, 8/15/30 | | 470 (e)2,500 | 460 2,256 2,716 |
| Egypt (0.8%) Sovereign (0.8%) Arab Republic of Egypt, 8.75%, 7/18/12 | EGP | 10,510 | 1,928 |
| Indonesia (3.5%) Corporate (3.5%) Pindo Deli Finance Mauritius, Tranche A, 6.00%, 4/28/15 Tranche B, 6.00%, 4/28/18 Tranche C, Zero Coupon, 4/28/27 Tijiwi Kimia Finance Mauritius Ltd., Tranche A, 6.00%, 4/28/15 Tranche A, 6.00%, 4/28/15 Tranche B, 6.00%, 4/28/18 Tranche C, Zero Coupon, 4/28/27 | \$ | (a)(d)1,246 (a)(d)3,413 (a)(d)6,884 (a)(d)1,773 (a)2,325 (a)(d)2,954 (a)(d)3,352 | 1,059 1,707 792 1,507 1,976 1,477 385 8,903 |
| Ivory Coast (0.3%) Sovereign (0.3%) Ivory Coast, 2.50%, 3/31/18 | | (c)2,045 | 705 |
| Malaysia (1.0%) Sovereign (1.0%) Government of Malaysia, 7.50%, 7/15/11 8.75%, 6/1/09 | | 420 1,929 | 456 2,043 2,499 |
| Mexico (17.7%) Corporate (7.1%) Pemex Project Funding Master Trust, 6.63%, 6/15/35 6.66%, 6/15/10 8.63%, 12/1/23 9.13%, 10/13/10 9.50%, 9/15/27 | | 5,000 (a)(d)4,250 1,740 4,040 1,320 | 5,178 4,335 2,156 4,476 1,797 17,942 |
| Sovereign (10.6%) Mexican Bonos, 8.00%, 12/17/15 9.50%, 12/18/14 United Mexican States, 6.75%, 9/27/34 7.50%, 1/14/12 8.38%, 1/14/11 | MXN | 54,910 111,250 | 5,048 11,101 |
| | \$ | (f)3,679 1,700 4,400 | 4,010 1,862 4,862 26,883 44,825 |
| Panama (2.5%) | | | |

| | | |
|---|-------------|--------|
| Sovereign (2.5%) | | |
| Republic of Panama, | | |
| 7.13%, 1/29/26 | 1,910 | 2,072 |
| 7.25%, 3/15/15 | 700 | 753 |
| 9.38%, 4/1/29 | 1,890 | 2,542 |
| 9.63%, 2/8/11 | 906 | 1,016 |
| | | 6,383 |
| Peru (2.9%) | | |
| Sovereign (2.9%) | | |
| Republic of Peru, | | |
| 8.38%, 5/3/16 | 1,150 | 1,354 |
| 8.75%, 11/21/33 | 3,130 | 4,127 |
| 9.88%, 2/6/15 | 1,385 | 1,739 |
| | | 7,220 |
| Philippines (10.4%) | | |
| Sovereign (10.4%) | | |
| Republic of Philippines, | | |
| 8.88%, 3/17/15 | (f)9,480 | 11,021 |
| 9.00%, 2/15/13 | (f)2,240 | 2,565 |
| 9.50%, 2/2/30 | 9,783 | 12,791 |
| | | 26,377 |
| Qatar (0.7%) | | |
| Sovereign (0.7%) | | |
| State of Qatar (Registered), | | |
| 9.75%, 6/15/30 | 1,260 | 1,862 |
| Russia (13.1%) | | |
| Corporate (6.1%) | | |
| Gaz Capital for Gazprom, | | |
| 6.21%, 11/22/16 | (d)3,282 | 3,261 |
| 8.63%, 4/28/34 | 3,670 | 4,671 |
| JPMorgan Chase & Co., | | |
| 7.00%, 6/28/17 | RUB 62,000 | 2,333 |
| RSHB Capital S.A. for OJSC Russian Agricultural Bank, | | |
| 6.30%, 5/15/17 | \$ (d)2,004 | 1,892 |
| 7.18%, 5/16/13 | (d)2,800 | 2,859 |
| 7.18%, 5/16/13 | 270 | 276 |
| | | 15,292 |
| Sovereign (7.0%) | | |
| Russian Federation, | | |
| 7.50%, 3/31/30 | (d)(e)3,367 | 3,771 |
| Russian Federation (Registered), | | |
| 7.50%, 3/31/30 | (e)2,488 | 2,786 |
| 11.00%, 7/24/18 | 2,901 | 4,087 |
| 12.75%, 6/24/28 | 4,000 | 7,140 |
| | | 17,784 |
| | | 33,076 |
| Trinidad (0.9%) | | |
| Corporate (0.9%) | | |
| National Gas of Trinidad & Tobago Ltd., | | |
| 6.05%, 1/15/36 | (d)2,369 | 2,256 |
| Turkey (7.8%) | | |
| Sovereign (7.8%) | | |
| Republic of Turkey, | | |
| 6.75%, 4/3/18 | 4,880 | 4,844 |

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| | | |
|---|----------------------------|---------|
| 7.00%, 9/26/16 | 2,920 | 2,989 |
| 11.00%, 1/14/13 | 7,145 | 8,681 |
| 11.50%, 1/23/12 | 320 | 386 |
| 11.88%, 1/15/30 | 1,737 | 2,705 |
| | | 19,605 |
| Ukraine (1.0%) Sovereign (1.0%) Republic of Ukraine, 6.58%, 11/21/16 | 2,410 | 2,440 |
| Venezuela (8.4%) Sovereign (8.4%) Republic of Venezuela, 9.25%, 9/15/27 | 11,581 | 12,015 |
| 10.75%, 9/19/13 | 8,330 | 9,226 |
| | | 21,241 |
| TOTAL DEBT INSTRUMENTS (Cost \$237,541) | | 249,999 |
| | No. of Warrants | |
| WARRANTS (0.5%) Mexico (0.0%) United Mexican States, expiring 10/11/07 | (g)3,830 | 11 |
| United Mexican States, expiring 11/07/07 | (g)3,830 | 4 |
| | | 15 |
| Nigeria (0.3%) Central Bank of Nigeria, expiring 11/15/20 | (g)(b)3,000 | 765 |
| Venezuela (0.2%) Republic of Venezuela Oil-Linked Payment Obligation, expiring 4/15/20 | (a)(b)11,350 | 425 |
| TOTAL WARRANTS (Cost \$233) | | 1,205 |
| | Shares | |
| SHORT-TERM INVESTMENT (0.6%) Investment Company (0.6%) Morgan Stanley Institutional Liquidity Money Market Portfolio Institutional Class (Cost \$1,468) | (h)1,467,715 | 1,468 |
| TOTAL INVESTMENTS + (102.2%) (Cost \$239,242) | | 252,672 |
| LIABILITIES IN EXCESS OF OTHER ASSETS | | (5,426) |
| NET ASSETS | \$ | 247,246 |

(a)Variable/Floating Rate Security Interest rate changes on these instruments are based on changes in a designated base rate. The rates shown are those in effect on September 30, 2007.

(b)Securities were valued at fair value At September 30, 2007, the Portfolio held fair valued securities, valued at \$4,838,000, representing 2.0% of net assets.

(c)Issuer is in default.

(d)144A Security Certain conditions for public sale may exist. Unless otherwise noted, these securities are deemed to be liquid.

(e)Step Bond Coupon rate increases in increments to maturity. Rate disclosed is as of September 30, 2007. Maturity date disclosed is the ultimate maturity.

(f)Denotes all or a portion of securities subject to repurchase under the Reverse Repurchase Agreement as of September 30, 2007.

(g)Non-income producing security.

(h)The Fund invests in the Institutional Class of the Morgan Stanley Institutional Liquidity Money Market Portfolio (the Liquidity Fund), an open-end management investment company managed by the Adviser. Investment Advisory fees paid by the Fund are reduced by an amount equal to its

pro-rata share of the advisory and administration fees paid by the Liquidity Fund. For the nine months ended September 30, 2007, advisory fees paid were reduced by \$2,000 relating to the Portfolio's investment in the Liquidity Fund. For the same period, income distributions earned by the Fund are recorded as interest from affiliates and totaled \$103,000. During the nine months ended September 30, 2007, cost of purchases and sales in the Liquidity Fund were \$68,999,000 and \$67,531,000, respectively.

ARSArgentinian Peso

BRLBrazilian Real

EGPEgyptian Pound

MXNMexican Peso

RUBRussian Ruble

+At September 30, 2007, the U.S. Federal income tax cost basis of investments was approximately \$239,242,000 and, accordingly, net unrealized appreciation for U.S. Federal income tax purposes was \$13,430,000 of which \$18,477,000 related to appreciated securities and \$5,047,000 related to depreciated securities.

At September 30, 2007, the Fund had a reverse repurchase agreement outstanding with Lehman Brothers as follows:

| | | Maturity in less than 365 Days |
|---|----|---|
| Lehman Brothers Agreement | | |
| Value of Securities Subject to Repurchase | \$ | 7,787,550 |
| Liability Under Reverse Repurchase Agreement | \$ | 7,818,998 |
| Weighted Average Days to Maturity | | 44.66 |

Item 2. Controls and Procedures.

(a) The Fund's principal executive officer and principal financial officer have concluded that the Fund's disclosure controls and procedures are sufficient to ensure that information required to be disclosed by the Fund in this Form N-Q was recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, based upon such officers' evaluation of these controls and procedures as of a date within 90 days of the filing date of the report.

(b) There were no changes in the Fund's internal control over financial reporting that occurred during the registrant's fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Fund's internal control over financial reporting.

Item 3. Exhibits.

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.

(Registrant) Morgan Stanley Emerging Markets Debt
Fund, Inc.

By: /s/ Ronald E. Robison
Name: Ronald E. Robison
Title: Principal Executive Officer
Date: November 20, 2007

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

By: /s/ Ronald E. Robison
Name: Ronald E. Robison
Title: Principal Executive Officer
Date: November 20, 2007

By: /s/ James Garrett
Name: James Garrett
Title: Principal Financial Officer
Date: November 20, 2007
