

MORGAN STANLEY DEAN WITTER EMERGING MARKETS DEBT FUND INC
Form N-Q
May 30, 2006

[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)
1221 AVENUE OF THE AMERICAS 5th FLOOR NEW YORK, NY 10020
(Address of principal executive offices) (Zip code)

RONALD E. ROBISON
1221 AVENUE OF THE AMERICAS 5th FLOOR NEW YORK, NY, 10020
(Name and address of agent for service)

Registrant's telephone number, including area code: 1-800-221-6726

Date of fiscal year end: 12/31

Date of reporting period: 3/31/06

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.**First Quarter Report****March 31, 2006 (unaudited)****Portfolio of Investments**

(Showing Percentage of Total Value of Investments)

| | Face Amount (000) | Value (000) |
|--|-------------------------|----------------|
| DEBT INSTRUMENTS (97.0%) | | |
| Argentina (3.0%) | | |
| Sovereign (3.0%) | | |
| Republic of Argentina | | |
| 5.83%, 12/31/33 | \$ 12,710 | \$ 5,338 |
| 8.28%, 12/31/33 | (e) 407 | 399 |
| Republic of Argentina (Linked Variable Rate) | | |
| 87.96%, 4/10/49 | (b) 3,770 | 1,546 |
| | | 7,283 |
| Brazil (15.8%) | | |
| Corporate (3.2%) | | |
| Banco ABN Amro Real S.A. | | |
| Zero Coupon, 7/21/06 | (d) 2,340 | 2,849 |
| 15.86%, 12/31/07 | 6,000 | 2,831 |
| Citigroup, Inc. | | |
| Zero Coupon, 5/18/09 | 2,000 | 1,995 |
| | | 7,675 |
| Sovereign (12.6%) | | |
| Federative Republic of Brazil | | |
| 5.19%, 4/15/24 | (c) 5,280 | 5,283 |
| 6.00%, 4/15/24 | (c) 1,490 | 1,491 |
| 8.00%, 1/15/18 | 3,144 | 3,414 |
| 8.875%, 10/14/19 - 4/15/24 | 8,688 | 10,058 |
| 10.50%, 7/14/14 | 1,740 | 2,171 |
| 14.50%, 10/15/09 | 6,040 | 7,746 |
| | | 30,163 |
| | | 37,838 |
| Bulgaria (1.6%) | | |
| Sovereign (1.6%) | | |
| Republic of Bulgaria (Registered) | | |
| 8.25%, 1/15/15 | 3,189 | 3,743 |
| Chile (1.8%) | | |
| Corporate (1.8%) | | |
| Empresa Nacional de Petroleo | | |
| 6.75%, 11/15/12 | (d) 4,170 | 4,376 |
| Colombia (2.3%) | | |
| Sovereign (2.3%) | | |
| Republic of Colombia | | |
| 8.125%, 5/21/24 | 1,420 | 1,597 |
| 8.25%, 12/22/14 | 1,040 | 1,175 |

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| | | | |
|-------------------------------------|------------|--------|-------|
| 9.75%, 4/9/11 | | 1,361 | 1,516 |
| 11.75%, 2/25/20 | | 925 | 1,323 |
| | | | 5,611 |
| Ecuador (1.3%) | | | |
| Sovereign (1.3%) | | | |
| Republic of Ecuador | | | |
| 9.00%, 8/15/30 | (a) | 2,500 | 2,531 |
| 9.375%, 12/15/15 | | 470 | 496 |
| | | | 3,027 |
| India (0.0%) | | | |
| Corporate (0.0%) | | | |
| Surashtra Cement & Chemical Ltd. | | | |
| 19.00%, (expired maturity) | (e)(g) INR | 30,000 | @ |
| Indonesia (4.6%) | | | |
| Corporate (4.6%) | | | |
| Pindo Deli Finance Mauritius | | | |
| Tranche A, 5.66%, 4/28/15 | (c)(d) \$ | 1,659 | 1,369 |
| Tranche B, 5.66%, 4/28/18 | (c) | 3,413 | 1,997 |
| Tranche C, 5.66%, 4/28/25 | (c)(d) | 6,884 | 1,755 |
| Tijiwi Kimia Finance Mauritius Ltd. | | | |
| Tranche A, 5.66%, 4/28/15 | (c)(d) | 3,878 | 3,199 |

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| | | | |
|---|--------|--------|--------|
| Tranche B, 5.66%, 4/28/18 | (c)(d) | 2,714 | 1,723 |
| Tranche C, 5.66%, 4/28/27 | (c)(d) | 3,352 | 855 |
| | | | 10,898 |
| Ivory Coast (0.2%) | | | |
| Sovereign (0.2%) | | | |
| Republic of Ivory Coast | | | |
| 2.50%, 3/29/18 | (b) | 2,045 | 522 |
| Malaysia (1.7%) | | | |
| Sovereign (1.7%) | | | |
| Government of Malaysia | | | |
| 7.50%, 7/15/11 | | 420 | 457 |
| 8.75%, 6/1/09 | | 3,290 | 3,601 |
| | | | 4,058 |
| Mexico (16.9%) | | | |
| Corporate (8.3%) | | | |
| Pemex Project Funding Master Trust | | | |
| 6.21%, 6/15/10 | (c)(d) | 4,250 | 4,373 |
| 8.625%, 12/1/23 | | 1,740 | 2,049 |
| 9.125%, 10/13/10 | | 4,040 | 4,555 |
| 9.50%, 9/15/27 | (d) | 5,900 | 7,565 |
| 10.00%, 9/15/27 | | 1,020 | 1,302 |
| | | | 19,844 |
| Sovereign (8.6%) | | | |
| Mexican Bonos | | | |
| 10.00%, 12/5/24 | MXN | 49,092 | 5,047 |
| 8.125%, 12/30/19 | \$ | 3,393 | 3,995 |
| 8.375%, 1/14/11 | | 6,100 | 6,774 |
| 11.50%, 5/15/26 | | 828 | 1,287 |
| United Mexican States, MTN | | | |
| 8.30%, 8/15/31 | | 2,905 | 3,518 |
| | | | 20,621 |
| | | | 40,465 |
| Nigeria (2.2%) | | | |
| Sovereign (2.2%) | | | |
| Central Bank of Nigeria | | | |
| 6.25%, 11/15/20 | (a)(c) | 2,750 | 2,736 |
| Central Bank of Nigeria Credit-Linked Treasury Bond | | | |
| 15.00%, 1/30/09 | | 2,378 | 2,549 |
| | | | 5,285 |
| Panama (2.3%) | | | |
| Sovereign (2.3%) | | | |
| Republic of Panama | | | |
| 7.125%, 1/29/26 | | 1,910 | 1,958 |
| 9.375%, 4/1/29 | | 1,890 | 2,405 |
| 9.625%, 2/8/11 | | 906 | 1,049 |
| | | | 5,412 |
| Peru (2.1%) | | | |
| Sovereign (2.1%) | | | |
| Republic of Peru | | | |
| 7.84%, 8/12/20 | PEN | 3,350 | 962 |
| 8.375%, 5/3/16 | \$ | 1,150 | 1,253 |
| 8.75%, 11/21/33 | | 1,050 | 1,176 |
| 9.875%, 2/6/15 | | 1,385 | 1,641 |
| | | | 5,032 |
| Philippines (11.8%) | | | |
| Sovereign (11.8%) | | | |
| Republic of Philippines | | | |
| 8.875%, 3/17/15 | (j) | 10,980 | 12,449 |

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| | | |
|-----------------------------|--------|--------|
| 9.50%, 2/2/30 | 11,055 | 13,155 |
| 10.625%, 3/16/25 | 2,080 | 2,707 |
| | | 28,311 |
| Qatar (0.8%) | | |
| Sovereign (0.8%) | | |
| State of Qatar (Registered) | | |
| 9.75%, 6/15/30 | 1,260 | 1,852 |
| Russia (14.5%) | | |
| Corporate (4.1%) | | |
| Gaz Capital for Gazprom | | |
| 8.625%, 4/28/34 | 3,670 | 4,532 |

| | | | |
|--|--------|-------|---------|
| Sovereign (10.4%) | | | |
| Aries Vermoegensverwaltungs GmbH | | | |
| 9.60%, 10/25/14 | | 4,250 | 5,313 |
| Russian Federation | | | |
| 5.00%, 3/31/30 | (a)(d) | 3,384 | 3,710 |
| Russian Federation (Registered) | | | |
| 5.00%, 3/31/30 | (a) | @ | @ |
| 8.25%, 3/31/10 | | 3,485 | 3,694 |
| 11.00%, 7/24/18 | | 7,151 | 10,271 |
| 12.75%, 6/24/28 | | 4,080 | 7,293 |
| | | | 30,281 |
| | | | 34,813 |
| Trinidad (1.0%) | | | |
| Corporate (1.0%) | | | |
| National Gas of Trinidad & Tobago Ltd. | | | |
| 6.05%, 1/15/36 | (d) | 2,369 | 2,281 |
| Tunisia (0.3%) | | | |
| Sovereign (0.3%) | | | |
| Banque Centrale de Tunisie | | | |
| 7.375%, 4/25/12 | | 750 | 811 |
| Turkey (5.8%) | | | |
| Sovereign (5.8%) | | | |
| Citigroup Global Markets Holdings, Inc. (Turkish Lira Index Linked) | | | |
| Zero Coupon, 6/28/07 | (d) | 6,120 | 6,112 |
| Republic of Turkey | | | |
| 11.00%, 1/14/13 | | 3,570 | 4,498 |
| 11.50%, 1/23/12 | | 2,700 | 3,389 |
| | | | 13,999 |
| Venezuela (7.0%) | | | |
| Sovereign (7.0%) | | | |
| Republic of Venezuela | | | |
| 8.50%, 10/8/14 | | 1,510 | 1,695 |
| 9.375%, 1/13/34 | | 7,072 | 9,051 |
| 10.75%, 9/19/13 | | 4,890 | 6,110 |
| | | | 16,856 |
| TOTAL DEBT INSTRUMENTS | | | |
| (Cost \$219,547) | | | 232,473 |

| | | No. of Warrants | |
|--|-----|--------------------|-------|
| WARRANTS (0.9%) | | | |
| Argentina (0.5%) | | | |
| Republic of Argentina | | | |
| Zero Coupon, 12/15/35 | | 37,715 | 1,122 |
| Zero Coupon, 12/15/35 | (e) | 1,182 | 110 |
| | | | 1,232 |
| Mexico (0.1%) | | | |
| United Mexican States | | | |
| expiring 9/1/06 | | 2 | 181 |
| Nigeria (0.2%) | | | |
| Central Bank of Nigeria, expiring 11/15/20 | | | |
| | | 3,000 | 438 |
| Venezuela (0.1%) | | | |
| Republic of Venezuela Oil-Linked Payment Obligation, expiring 4/15/20 | | | |
| | | 11,350 | 386 |
| TOTAL WARRANTS | | | |

| | |
|--------------|-------|
| (Cost \$669) | 2,237 |
|--------------|-------|

| | No. of Warrants | |
|--------------------------------------|----------------------------|----|
| CALL OPTIONS PURCHASED (0.0%) | | |
| Brazil (0.0%) | | |
| Federative Republic of Brazil | | |
| 5/06 @ \$2.164 (Cost \$78) | (h) 2,603,650 | 78 |

| | Face Amount (000) | |
|-------------------------------------|----------------------------------|--|
| SHORT-TERM INVESTMENT (2.0%) | | |
| United States (2.0%) | | |
| Repurchase Agreement (2.0%) | | |

| | | | |
|--|--------|-------|---------|
| J.P. Morgan Securities, Inc., 4.73%, dated 3/31/06, due 4/3/06 repurchase price \$4,794 (Cost \$4,792) | (f) \$ | 4,792 | 4,792 |
| TOTAL INVESTMENTS+ (100.0%) (Cost \$225,086) | | | 239,580 |
| LIABILITIES IN EXCESS OF OTHER ASSETS | | | (426) |
| NET ASSETS | | \$ | 239,154 |

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- (a) Step Bond coupon rate increases to maturity. Rate disclosed is as of March 31, 2006. Maturity date disclosed is ultimate maturity.
- (b) Security is in default.
- (c) Variable/Floating Rate Security Interest rate changes on these instruments are based on changes in designated base rates. The rates shown are those in effect on March 31, 2006.
- (d) 144A Security Certain conditions for public sale may exist. Unless otherwise noted, these securities are deemed to be liquid.
- (e) Security was valued at fair value. At March 31, 2006, the Fund held a fair valued security, valued at less than \$500, representing less than 0.05% of net assets.
- (f) Represents the Fund's undivided interest in a joint repurchase agreement which has a total value of \$935,502,000. The repurchase agreement was fully collateralized by U.S. government agency securities at the date of this Portfolio of Investments as follows: Federal Home Loan Mortgage Corp., 3.23% to 6.08%, due 4/1/19 to 2/1/37; Federal National Mortgage Association, Conventional Pools, 3.60% to 6.39%, due 5/1/28 to 4/1/44, which had a total value of \$954,214,908. The investment in the repurchase agreement is through participation in a joint account with affiliated parties pursuant to exemptive relief received by the Fund from the SEC.
- (g) Security has been deemed illiquid - At March 31, 2006.
- (h) Non-income producing security.
- (i) Covered call option contracts written in connection with securities held.
- (j) Denotes all or a portion of securities subject to repurchase under the Reverse Repurchase Agreements as of March 31, 2006.
- @ Face Amount/Value is less than \$500.
- INR Indian Rupee
- MTN Medium Term Note
- MXN Mexican Peso
- PEN Peruvian Nuevo Sol
- + At March 31, 2006, the U.S. Federal income tax cost basis of investments was approximately \$225,086,000 and, accordingly, net unrealized appreciation for U.S. Federal income tax purposes was \$14,494,000 of which \$21,647,000 related to appreciated securities and \$7,153,000 related to depreciated securities.
-

Futures Contracts:

The Fund had the following futures contract(s) open at period end:

| | Number of Contracts | Value (000) | Expiration Date | Net Unrealized Appreciation (Depreciation) (000) |
|------------------------------|---------------------------|----------------|--------------------|--|
| Short: | | | | |
| 2 Year U.S. Treasury Note | 239 | \$ 48,722 | Jun-06 | \$ 91 |

Written Option Contracts:

The Fund had the following written option contract(s) open at period end:

| | Number of Contracts | Value (000) | Expiration Date |
|--|---------------------------|----------------|--------------------|
| CALL OPTIONS WRITTEN (0.0%) | | | |
| Brazil (0.0%) | | | |
| Federative Republic of Brazil Strike price \$2.30 (Cost \$78) | (h)(i) 7,050,690 | \$ (65) | May-06 |

| | Number of Contracts | Total Premiums Received (000) |
|---|---------------------------|--|
| Options Outstanding - 12/31/05 | | \$ |
| Options Written | 7,050,690 | 78 |
| Options Terminated in Closing Purchase Transactions | | |
| Options Exercised | | |
| Options Expired | | |
| Options Outstanding - 3/31/06 | 7,050,690 | \$ 78 |

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: May 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 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: May 18, 2006

By: /s/ James Garrett

Name: James Garrett

Title: Principal Financial Officer

Date: May 18, 2006
