

MORGAN STANLEY DEAN WITTER EMERGING MARKETS FUND INC  
Form N-CSR  
March 08, 2005

[ANNOTATED FORM N-CSR FOR ANNUAL REPORTS]

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: 811-06403

-----  
Morgan Stanley Emerging Markets Fund, Inc.

-----  
(Exact name of registrant as specified in charter)

1221 Avenue of the America's 22nd Floor New York, NY 10020

-----  
(Address of principal executive offices)

(Zip code)

Ronald E. Robison

1221 Avenue of the Americas, 33rd Floor New York, New York 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: 12/31/04

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Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. Section 3507.

ITEM 1. REPORTS TO STOCKHOLDERS.

The Fund's annual report transmitted to shareholders pursuant to Rule 30e-1 under the Investment Company Act of 1940 is as follows:

2004 ANNUAL REPORT

DECEMBER 31, 2004

[MORGAN STANLEY LOGO]

MORGAN STANLEY  
EMERGING MARKETS FUND, INC.

MORGAN STANLEY  
INVESTMENT MANAGEMENT INC.  
INVESTMENT ADVISER

MORGAN STANLEY EMERGING MARKETS FUND, INC.

Overview

LETTER TO STOCKHOLDERS

PERFORMANCE

For the year ended December 31, 2004, the Morgan Stanley Emerging Markets Fund, Inc. (the "Fund") had a total return, based on net asset value per share of 25.07%, net of fees, compared to 25.55% for the Morgan Stanley Capital International (MSCI) Emerging Markets Free Net Index (the "Index"). On December 31, 2004, the closing price of the Fund's shares on the New York Stock Exchange was \$17.57, representing a 9.9% discount to the Fund's net asset value per share.

FACTORS AFFECTING PERFORMANCE

- The largest detractor to relative performance was our modest cash position, which in a rising market hurts performance.
- Stock selection in South Korea and Thailand coupled with negative country allocation scores from our overweight position in Thailand and Russia were the next largest detractors to relative performance.
- Our underweight position in the Central European countries of Hungary and the Czech Republic also hurt performance. Hungary and the Czech Republic, despite expensive valuations and weak fundamentals, continue to outperform given continued optimism over European Union convergence.
- Stock selection in Russia was once again the largest contributor to relative performance. Other strong contributors came from our overweight positions in the outperforming markets of Egypt, Brazil and Turkey; and stock selection in South Africa and Brazil.
- Global Emerging Markets, after gaining more than 50% in 2003, remained

among the best performing asset classes in 2004, gaining more than 25%. This marked the first sequential annual gain we have seen in Emerging Markets since 1992-1993 and the fourth straight year the asset class has outperformed world markets.

- During the year, the asset class benefited from accelerating global growth, supportive macro-economic policy, local currency strength, rising corporate earnings and improving economic fundamentals. The dollar lost ground against many emerging market currencies during the year as many developing countries continued to post current account and fiscal surpluses, as well as solid economic growth.
- Led by Latin America, all regions were strong performers. The tragic tsunami disaster that struck Southeast Asia on December 26th did not result in a significant sell-off of assets as many expect minimal impact to major economies.
- Egypt, Colombia, Hungary, the Czech Republic, Poland, Indonesia, Mexico, South Africa and Turkey were among the best performers. Thailand, China and Russia, among the top performers in 2003, were among the worst performing markets this year given political and economic concerns.

#### MANAGEMENT STRATEGIES

- We maintain our long-term positive outlook for Emerging Markets given relative valuations and fundamentals. We continue to focus on countries where gross domestic product growth, fiscal policy and reform agendas remain strong and on companies with strong management and earnings visibility.
- We have continued to reduce cyclical risk in the Fund primarily by reducing our position within South African materials and South Korean technology sectors in the Fund, specifically in names that have recently performed strongly and now face a headwind as global growth decelerates. We continued to trim the Fund's long-term overweight position in Turkey given the relative out-performance of the country while increasing the Fund's overweight position in Brazil given attractive valuations and the improving domestic growth outlook.
- In general, we have moved away from cyclical plays and into stocks with secular drivers. The investment ideas about which we have the most conviction have led us to consolidate the Fund on both a country and stock level, into those that we expect to benefit from stronger domestic economies, the growing trend towards outsourcing and new product cycles.
- The Fund's key overweight positions going into 2005 are Russia, Thailand, Turkey, South Africa, Mexico and Brazil. We are neutral India and Poland while South Korea, Taiwan, Israel, Malaysia and China are our largest underweight countries.
- We believe the Emerging Markets are in a better position than in past times to withstand the tough global environment. In our opinion, valuations are cheaper while strong fiscal positions and lower interest rates are a boost to growth prospects. In addition, Emerging Market growth has been both export-driven as well as consumer led, which marks an improvement from investment-led cycles of the late 1990's.

Sincerely,

/s/ Ronald E. Robison

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Ronald E. Robison  
 Executive Vice President--  
 Principal Executive Officer

January 2005

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

December 31, 2004

PORTFOLIO OF INVESTMENTS

	SHARES	VALUE (000)
-----		
COMMON STOCKS (96.3%) (UNLESS OTHERWISE NOTED)		
BRAZIL (11.6%)		
CHEMICALS		
Braskem SA (Preference)	11,895,000	\$ 600
Braskem SA ADR	19,100	973
		-----
		1,573
-----		
COMMERCIAL BANKS		
Banco Bradesco SA (Preference)	85,785	2,074
Banco Bradesco SA ADR	35,798	897
Banco Itau Holding Financeira SA (Preference)	12,142	1,824
Banco Itau Holding Financeira SA ADR	44,310	3,331
		-----
		8,126
-----		
ELECTRIC UTILITIES		
CEMIG SA (Preference)	56,619,000	1,384
CEMIG SA ADR	52,000	1,276
CPFL Energia SA	(a) 40,000	270
CPFL Energia SA ADR	(a) 9,100	181
		-----
		3,111
-----		
METALS & MINING		
Cia Siderurgica de Tubarao (Preference)	5,766,000	340
CSN	17,094	327
CSN ADR	72,500	1,386
CVRD ADR	11,802	342
CVRD ADR (Preference)	289,812	7,066
CVRD, 'A' (Preference)	4,313	104
		-----
		9,565
-----		
OIL & GAS		

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Petrobras SA (Preference)	19,697	720
Petrobras SA ADR	133,963	5,329
Petrobras SA ADR (Preference)	147,956	5,358
		11,407
-----		
PAPER & FOREST PRODUCTS		
Votorantim Celulose e Papel SA ADR	90,750	1,470
-----		
ROAD & RAIL		
All America Latina Logistica SA (Preference)	(a)28,800	857
-----		
WIRELESS TELECOMMUNICATION SERVICES		
Telesp Celular Participacoes SA (Preference)	(a)1,001,177,893	2,710
Telesp Celular Participacoes SA ADR	(a)238,913	1,625
		4,335
		40,444
=====		
CHILE (0.9%)		
ELECTRIC UTILITIES		
Enersis SA ADR	(a)353,100	\$ 3,005
=====		
CHINA/HONG KONG (5.5%)		
AUTO COMPONENTS		
Norstar Founders Group Ltd.	1,503,000	342
Shougang Concord Century Holdings Ltd	3,415,000	330
		672
-----		
AUTOMOBILES		
AviChina Industry & Technology Co., 'H'	2,815,000	264
-----		
COMMUNICATIONS EQUIPMENT		
Air China Ltd., 'H'	(a)676,000	261
ZTE Corp., 'H'	(a)47,000	152
		413
-----		
COMPUTERS & PERIPHERALS		
TPV Technology Ltd.	2,038,000	1,230
-----		
ELECTRIC UTILITIES		
China Resources Power Holdings Co.	707,000	384
Huadian Power International Co.	2,862,000	847
		1,231
-----		
ELECTRONIC EQUIPMENT & INSTRUMENTS		
Kingboard Chemical Holdings Ltd.	499,000	1,056
-----		
HEALTH CARE EQUIPMENT & SUPPLIES		
Moulin International Holdings Ltd.	568,000	387
-----		

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HOUSEHOLD DURABLES		
Grande Holdings Ltd.	536,000	524
-----		
INSURANCE		
China Life Insurance Co., Ltd., 'H'	(a)2,021,000	1,352
Ping An Insurance Group Co. of China Ltd., 'H'	(a)837,000	1,422
		-----
		2,774
-----		
INTERNET SOFTWARE & SERVICES		
Tom Online, Inc.	(a)1,702,000	320
-----		
METALS & MINING		
Asia Aluminum Holdings Ltd.	7,698,000	793
Yanzhou Coal Mining Co., Ltd., 'H'	816,000	1,165
		-----
		1,958
-----		
MULTILINE RETAIL		
Lianhua Supermarket Holdings Co., Ltd., 'H'	552,000	675
Wumart Stores, Inc., 'H'	(a)280,000	450
		-----
		1,125
-----		
OIL & GAS		
China Petroleum & Chemical Corp., 'H'	3,074,000	1,265

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

December 31, 2004

PORTFOLIO OF INVESTMENTS (CONT'D)

	SHARES	VALUE (000)
-----		
CHINA/HONG KONG (CONT'D)		
OIL & GAS (CONT'D)		
CNOOC Ltd.	3,915,000	\$ 2,103
		-----
		3,368
-----		
TEXTILES, APPAREL & LUXURY GOODS		
Fountain Set Holdings Ltd.	1,239,000	805
Victory City International Holdings Ltd.	1,051,000	443
		-----
		1,248
-----		
TRANSPORTATION INFRASTRUCTURE		
Hainan Meilan International Airport		

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Co., Ltd., 'H'	636,000	536
Hopewell Highway Infrastructure Ltd.	1,296,000	1,067
		1,603
-----		
SOFTWARE		
GOME Electrical Appliances Holdings Ltd.	(a) 1,118,000	1,014
		19,187
=====		
COLOMBIA (0.4%)		
COMMERCIAL BANKS		
BanColombia SA ADR	101,800	1,437
=====		
EGYPT (1.6%)		
CONSTRUCTION & ENGINEERING		
Orascom Construction Industries	120,670	1,442
-----		
TOBACCO		
Eastern Tobacco	50,311	1,078
-----		
WIRELESS TELECOMMUNICATION SERVICES		
MobiNil	148,552	3,142
		5,662
=====		
INDIA (5.7%)		
AUTOMOBILES		
Hero Honda Motors Ltd.	99,900	1,319
Mahindra & Mahindra Ltd.	76,000	957
		2,276
-----		
COMMERCIAL BANKS		
HDFC Bank Ltd.	52,000	624
Industrial Development Bank of India Ltd.	(a) 345,000	876
		1,500
-----		
CONSTRUCTION MATERIALS		
Grasim Industries Ltd.	19,500	596
-----		
DIVERSIFIED TELECOMMUNICATION SERVICES		
Mahanagar Telephone Nigam Ltd.	292,000	1,046
-----		
ELECTRICAL EQUIPMENT		
ABB Ltd.	35,929	806
Bharat Heavy Electricals Ltd.	138,700	\$ 2,469
		3,275
-----		
HOUSEHOLD PRODUCTS		
Hindustan Lever Ltd.	197,500	655
-----		
INDUSTRIAL CONGLOMERATES		
Siemens India Ltd.	13,000	397
-----		
INTERNET SOFTWARE & SERVICES		

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IndiaInfo.com PCL	(a) 116,052	@--
-----		
IT SERVICES		
Infosys Technologies Ltd.	40,408	1,952
Wipro Ltd.	29,500	510
-----		
		2,462
-----		
METALS & MINING		
Hindalco Industries Ltd.	24,600	812
Steel Authority of India Ltd.	(a) 912,066	1,320
-----		
		2,132
-----		
OIL & GAS		
Oil & Natural Gas Corp., Ltd.	56,700	1,075
-----		
PHARMACEUTICALS		
Aventis Pharma Ltd.	24,000	733
Cipla Ltd.	147,000	1,078
-----		
		1,811
-----		
ROAD & RAIL		
Container Corp. of India Ltd.	41,600	882
-----		
THRIFTS & MORTGAGE FINANCE		
Housing Development Finance Corp., Ltd.	59,000	1,045
-----		
TOBACCO		
ITC Ltd.	12,000	363
ITC Ltd. GDR (Registered)	11,500	345
-----		
		708
-----		
		19,860
=====		
INDONESIA (2.4%)		
COMMERCIAL BANKS		
Bank Central Asia Tbk PT	3,951,000	1,266
Bank Internasional Indonesia Tbk PT	(a) 22,596,000	451
Bank Mandiri Persero Tbk PT	5,149,500	1,068
Bank Rakyat Indonesia PT	4,627,500	1,433
-----		
		4,218
-----		
CONSTRUCTION MATERIALS		
Indocement Tunggak Prakarsa Tbk PT	(a) 2,961,500	981
-----		
DIVERSIFIED TELECOMMUNICATION SERVICES		
Telekomunikasi Indonesia Tbk PT	1,888,000	981
-----		
METALS & MINING		
Bumi Resources Tbk PT	(a) 14,879,500	1,283
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MORGAN STANLEY EMERGING MARKETS FUND, INC.

December 31, 2004

PORTFOLIO OF INVESTMENTS (CONT'D)

	SHARES	VALUE (000)
-----		
INDONESIA (CONT'D)		
MULTILINE RETAIL		
Ramayana Lestari Sentosa Tbk PT	4,064,000	\$ 339
-----		
TOBACCO		
Gudang Garam Tbk PT	412,500	602
-----		
8,404		
=====		
ISRAEL (0.9%)		
AEROSPACE & DEFENSE		
Elbit Systems Ltd.	1	@--
-----		
SOFTWARE		
Check Point Software Technologies Ltd.	(a) 129,544	3,191
-----		
3,191		
=====		
MALAYSIA (1.5%)		
COMMERCIAL BANKS		
Commerce Asset Holdings Bhd	532,000	658
-----		
ELECTRIC UTILITIES		
Tenaga Nasional Bhd	444,200	1,274
YTL Corp. Bhd	419,000	590
-----		
1,864		
-----		
HOTELS, RESTAURANTS & LEISURE		
Magnum Corp. Bhd	1,145,000	729
Resorts World Bhd	222,000	584
-----		
1,313		
-----		
INDUSTRIAL CONGLOMERATES		
Bandar Raya Developments Bhd	177,000	91
-----		
REAL ESTATE		
MK Land Holdings Bhd	698,000	325
SP Setia Bhd	733,500	834
-----		
1,159		
-----		
5,085		
=====		
MEXICO (8.6%)		
BEVERAGES		
Fensa ADR	23,700	1,247

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COMMERCIAL BANKS		
Grupo Financiero Banorte SA de CV, 'O'	110,500	697
-----		
CONSTRUCTION MATERIALS		
Cemex SA de CV	13,594	100
Cemex SA de CV ADR	37,790	1,376
-----		
1,476		
-----		
DIVERSIFIED TELECOMMUNICATION SERVICES		
Telmex, 'L'	14,435	553
-----		
FOOD & STAPLES RETAILING		
Wal-Mart de Mexico SA de CV, 'V'	1,911,019	6,573
Wal-Mart de Mexico SA ADR	49,133 \$	1,688
-----		
8,261		
-----		
HOUSEHOLD PRODUCTS		
Kimberly-Clark de Mexico SA de CV, 'A'	199,500	690
-----		
MEDIA		
Grupo Televisa SA ADR	106,800	6,461
-----		
WIRELESS TELECOMMUNICATION SERVICES		
America Movil SA de CV, 'L' ADR	200,277	10,484
-----		
29,869		
=====		
MOROCCO (0.3%)		
COMMERCIAL BANKS		
Banque Marocaine du Commerce Exterieur	17,800	1,132
=====		
POLAND (2.2%)		
COMMERCIAL BANKS		
Powszechna Kasa Oszczednosci Bank Polski SA	(a) 242,544	2,238
-----		
DIVERSIFIED TELECOMMUNICATION SERVICES		
Telekomunikacja Polska SA	160,878	1,058
Telekomunikacja Polska SA GDR	601,400	3,969
-----		
5,027		
-----		
MEDIA		
Agora SA	(a) 18,706	353
-----		
7,618		
=====		
RUSSIA (7.4%)		
COMMERCIAL BANKS		
Sberbank RF GDR	(a) 66,200	3,637
-----		
DIVERSIFIED TELECOMMUNICATION SERVICES		
Uralsvyazinform ADR	100,700	739
-----		
OIL & GAS		
LUKOIL ADR	52,519	6,376

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OAO Gazprom ADR (Registered)	178,100	6,323
Surgutneftegaz ADR (Preferred)	25,639	1,397
Surgutneftegaz ADR	73,972	2,774
		-----
		16,870
		-----
PAPER & FOREST PRODUCTS		
Alliance Cellulose Ltd., 'B'	(b) 156,075	@--
		-----
WIRELESS TELECOMMUNICATION SERVICES		
Mobile Telesystems ADR	1,600	221
Mobile Telesystems GDR	69,600	2,410
Vimpel-Communications ADR	(a) 30,900	1,117
VolgaTelecom ADR	132,000	858
		-----
		4,606
		-----
		25,852
		=====

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

December 31, 2004

PORTFOLIO OF INVESTMENTS (CONT'D)

	SHARES	VALUE (000)
		-----
SOUTH AFRICA (14.7%)		
COMMERCIAL BANKS		
Standard Bank Group Ltd.	305,317	\$ 3,546
		-----
CONSTRUCTION & ENGINEERING		
Aveng Ltd.	744,100	1,576
		-----
DIVERSIFIED FINANCIAL SERVICES		
African Bank Investments Ltd.	1,915,700	6,188
		-----
DIVERSIFIED TELECOMMUNICATION SERVICES		
Telkom S.A. Ltd.	154,870	2,679
		-----
FOOD & STAPLES RETAILING		
Massmart Holdings Ltd.	398,026	3,182
Shoprite Holdings Ltd.	731,000	1,665
		-----
		4,847
		-----
FOOD PRODUCTS		
AVI Ltd.	260,400	1,057
		-----
HOUSEHOLD DURABLES		
Steinhoff International		

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Holdings Ltd.	1,459,300	3,246
-----		
HOUSEHOLD PRODUCTS		
Lewis Group Ltd.	(a) 211,000	1,453
-----		
INDUSTRIAL CONGLOMERATES		
Barloworld Ltd.	134,500	2,524
-----		
INSURANCE		
African Life Assurance Co., Ltd.	659,200	2,147
Sanlam Ltd.	1,443,800	3,313
-----		
		5,460
-----		
METALS & MINING		
Anglo American Platinum Corp., Ltd.	20,700	756
Harmony Gold Mining Co., Ltd.	290,929	2,629
Harmony Gold Mining Co., Ltd. ADR	126,737	1,175
Impala Platinum Holdings Ltd.	19,235	1,626
Ispat Iscor Ltd.	73,900	855
Kumba Resources Ltd.	160,800	1,249
-----		
		8,290
-----		
SPECIALTY RETAIL		
Edgars Consolidated Stores Ltd.	60,600	3,233
-----		
WIRELESS TELECOMMUNICATION SERVICES		
MTN Group Ltd.	955,140	7,334
-----		
		51,433
=====		
SOUTH KOREA (13.1%)		
AIRLINES		
Korean Air Lines Co., Ltd.	(a) 111,900	2,037
-----		
AUTO COMPONENTS		
Hankook Tire Co., Ltd.	(a) 300,780	2,964
Hyundai Mobis	(a) 52,930	\$ 3,349
-----		
		6,313
-----		
AUTOMOBILES		
Hyundai Motor Co.	(a) 17,040	914
Hyundai Motor Co. (2nd Preference)	(a) 11,210	336
-----		
		1,250
-----		
CAPITAL MARKETS		
Daishin Securities Co., Ltd.	55,020	749
Daishin Securities Co., Ltd. (Preference)	49,260	426
LG Investment & Securities Co., Ltd.	(a) 259,490	2,141
-----		
		3,316
-----		
COMMERCIAL BANKS		
Pusan Bank	(a) 128,930	990
Shinhan Financial Group Co., Ltd.	(a) 98,010	2,215

		3,205
-----		
CONSTRUCTION & ENGINEERING		
Doosan Heavy Industries and Construction Co., Ltd.	(a) 97,660	1,113
LG Engineering & Construction Corp.	(a) 33,300	917
		2,030
-----		
ELECTRIC UTILITIES		
Korea Electric Power Corp.	(a) 26,940	699
-----		
ELECTRONIC EQUIPMENT & INSTRUMENTS		
Samsung SDI Co., Ltd.	72,200	7,881
-----		
FOOD PRODUCTS		
Orion Corp.	(a) 14,000	1,474
-----		
INSURANCE		
Samsung Fire & Marine Ltd. Insurance Co.,	8,980	707
-----		
MACHINERY		
STX Shipbuilding Co., Ltd.	(a) 57,440	932
-----		
PHARMACEUTICALS		
GlaxoSmithkline Pharmaceuticals Ltd.	42,000	747
-----		
SEMICONDUCTORS & SEMICONDUCTOR EQUIPMENT		
Samsung Electronics Co., Ltd.	20,672	8,996
Samsung Electronics Co., Ltd. (Preference)	7,060	2,036
		11,032
-----		
SPECIALTY RETAIL		
Handsome Co., Ltd.	(a) 96,620	781
-----		
TEXTILES, APPAREL & LUXURY GOODS		
Cheil Industries, Inc.	(a) 91,620	1,412
-----		
TOBACCO		
KT&G Corp.	(a) 62,340	1,864
		45,680
=====		

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

December 31, 2004

PORTFOLIO OF INVESTMENTS (CONT'D)

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	SHARES	VALUE (000)
-----		
TAIWAN (10.2%)		
AIRLINES		
Eva Airways Corp.	(a) 1,448,866	\$ 711
-----		
AUTO COMPONENTS		
Cheng Shin Rubber Industry Co., Ltd.	540,984	689
-----		
COMMERCIAL BANKS		
Chinatrust Financial Holding Co.	1,472,091	1,755
Mega Financial Holding Co., Ltd.	2,844,000	1,960
Taishin Financial Holdings Co., Ltd.	1,139,450	1,068
-----		
		4,783
-----		
COMPUTERS & PERIPHERALS		
Acer, Inc.	641,842	1,060
Infotrend Technology, Inc.	436,225	947
-----		
		2,007
-----		
CONSTRUCTION & ENGINEERING		
CTCI Corp.	1,386,543	881
-----		
CONSTRUCTION MATERIALS		
Taiwan Cement Corp.	2,901,802	1,908
-----		
DIVERSIFIED FINANCIAL SERVICES		
Fubon Financial Holding Co., Ltd.	995,000	1,017
Fubon Financial Holding Co., Ltd. GDR	29,645	296
Polaris Securities Co., Ltd.	1,555,505	871
-----		
		2,184
-----		
ELECTRICAL EQUIPMENT		
Catcher Technology Co., Ltd.	217,600	715
Phoenixtec Power Co., Ltd.	627,730	756
Richtek Technology Corp.	166,800	352
Waffer Technology Co., Ltd.	319,350	404
-----		
		2,227
-----		
ELECTRONIC EQUIPMENT & INSTRUMENTS		
Delta Electronics, Inc.	598,000	1,053
HON HAI Precision Industry Co., Ltd.	715,893	3,310
Ya Hsin Industrial Co., Ltd.	2,031,925	1,950
-----		
		6,313
-----		
INSURANCE		
Cathay Financial Holding Co., Ltd.	705,000	1,441
Shin Kong Financial Holding Co., Ltd.	1,503,000	1,447
-----		
		2,888

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LEISURE EQUIPMENT & PRODUCTS		
Asia Optical Co., Inc.	442,504	2,464
Largan Precision Co., Ltd.	124,713	694
-----		3,158
-----		
MACHINERY		
Kaulin Manufacturing Co., Ltd.	336,050	330
-----		
SEMICONDUCTORS & SEMICONDUCTOR EQUIPMENT		
Faraday Technology Corp.	230,051	\$ 402
MediaTek, Inc.	253,270	1,721
Sunplus Technology Co., Ltd.	248,300	348
Taiwan Semiconductor Manufacturing Co., Ltd.	881,000	1,399
-----		3,870
-----		
SOFTWARE		
Cyberlink Corp.	196,417	491
Springsoft, Inc.	423,984	907
-----		1,398
-----		
SPECIALTY RETAIL		
Tsann Kuen Enterprise Co., Ltd.	505,025	583
-----		
WIRELESS TELECOMMUNICATION SERVICES		
Far EastOne Telecommunications Co., Ltd.	412,000	499
Taiwan Cellular Corp.	958,000	1,070
-----		1,569
-----		35,499
=====		
THAILAND (5.0%)		
COMMERCIAL BANKS		
Bangkok Bank PCL (Foreign)	1,049,000	3,076
Kasikornbank PCL (Foreign)	(a) 1,559,700	2,247
Siam City Bank PCL	(b) 1,092,300	709
Siam Commercial Bank PCL (Foreign)	(b) 586,000	739
-----		6,771
-----		
CONSTRUCTION & ENGINEERING		
Italian-Thai Development PCL (Foreign)	(b) 4,426,400	1,093
Sino Thai Engineering & Construction PCL (Foreign)	(b) 1,135,000	247
-----		1,340
-----		
DIVERSIFIED TELECOMMUNICATION SERVICES		
True Corp PCL (Foreign)	(a) (b) 3,819,300	796
-----		
FOOD & STAPLES RETAILING		
CP Seven Eleven PCL (Foreign)	(b) 512,200	751
Siam Makro PCL (Foreign)	(b) 100,700	127

		878
-----		
HOUSEHOLD DURABLES		
Land & Houses PCL (Foreign)	3,565,700	1,036
-----		
METALS & MINING		
Banpu PCL (Foreign)	(b) 200,100	782
-----		
OIL & GAS		
PTT PCL (Foreign)	(b) 408,800	1,819
-----		
REAL ESTATE		
Asian Property Development PCL	(b) 3,878,600	365

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

December 31, 2004

PORTFOLIO OF INVESTMENTS (CONT'D)

	SHARES	VALUE (000)
-----		
THAILAND (CONT'D)		
REAL ESTATE (CONT'D)		
Lalin Property PCL (Foreign)	(b) 1,145,300	\$ 186
MBK PCL (Foreign)	(b) 207,300	256
-----		
		807
-----		
WIRELESS TELECOMMUNICATION SERVICES		
Advanced Info Service PCL (Foreign)	(b) 791,900	2,180
Total Access Communication PCL	(a) 350,000	1,239
-----		
		3,419
-----		
		17,648
=====		
TURKEY (4.3%)		
BUILDING PRODUCTS		
Trakya Cam Sanayii AS	408,885,777	1,116
-----		
COMMERCIAL BANKS		
Akbank TAS	357,613,115	2,215
Turkiye Garanti Bankasi AS	(a) 619,858,663	1,958
Yapi ve Kredi Bankasi AS	(a) 825,963,000	2,597
-----		
		6,770
-----		
CONSTRUCTION MATERIALS		
Akcansa Cimento AS	443,899,125	1,567



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-----		
HOUSEHOLD DURABLES		
Arcelik AS	(a) 155,850,000	953
-----		
MEDIA		
Hurriyet Gazetecilik ve Matbaacilik AS	740,892,100	1,747
-----		
WIRELESS TELECOMMUNICATION SERVICES		
Enka Insaat ve Sanayi AS	43,346,503	1,198
Turkcell Iletisim Hizmetleri AS	(a) 234,454,295	1,634
-----		
		2,832
-----		
		14,985
=====		
TOTAL COMMON STOCKS		
(Cost \$235,860)		335,991
=====		
INVESTMENT COMPANIES (1.1%)		
-----		
INDIA (0.6%)		
Morgan Stanley Growth Fund	(c) 4,694,400	2,095
=====		
POLAND (0.5%)		
Narodowy Fundusz Inwestycyjny Empik Media & Fashion SA	(a) 762,586	1,658
=====		
TOTAL INVESTMENT COMPANIES		
(Cost \$2,299)		3,753
=====		

	FACE AMOUNT (000)	VALUE (000)
-----		
DEBT INSTRUMENTS (0.0%)		
-----		
INDIA (0.0%)		
METALS & MINING		
Shri Ishar Alloy Steels Ltd., 15.00% (expired maturity)		
(Cost \$408)	INR (b) 581	\$ @--
=====		

	NO. OF RIGHTS
-----	
RIGHTS (0.0%)	
-----	
BRAZIL (0.0%)	
COMMERCIAL BANKS	
Banco Bradesco SA (Preference)	
(Cost \$@--)	(a) 3,684
=====	

FACE  
AMOUNT  
(000)

-----		
SHORT-TERM INVESTMENT (3.1%)		
UNITED STATES (3.1%)		
REPURCHASE AGREEMENT		
J.P. Morgan Securities, Inc., 2.00%,		
dated 12/31/04, due 1/3/05,		
repurchase price \$10,921		
(Cost \$10,919)	\$ (d)10,919	10,919
=====		
TOTAL INVESTMENTS (100.5%)		350,697
(Cost \$249,486)		
=====		
LIABILITIES IN EXCESS OF OTHER ASSETS (-0.5%)		(1,763)
=====		
NET ASSETS (100%)	\$	348,934
=====		

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

December 31, 2004

PORTFOLIO OF INVESTMENTS (CONT'D)

- (a) Non-income producing security.
- (b) Security was valued at fair value - At December 31, 2004, the Fund held \$10,050,000 of fair valued securities, representing 2.9% of net assets.
- (c) Investment in Security of Affiliated Issuer -- The Morgan Stanley Growth Fund, acquired at a cost of \$891,309, is advised by an affiliate of the Adviser. During the year ended December 31, 2004, there were no purchases or sales of this security. The Fund derived \$155,444 of income from this security during the year ended December 31, 2004.
- (d) Represents the Fund's undivided interest in a joint repurchase agreement which has a total value of \$1,018,656,000. The repurchase agreement was fully collateralized by U.S. government agency securities at the date of this portfolio of investments as follows: Federal Farm Credit Bank, 0.00% to 6.75%, due 2/28/05 to 8/15/13; Federal Home Loan Bank, 1.10% to 6.875%, due 4/15/05 to 10/28/24; Federal Home Loan Mortgage Corp., 2.00% to 6.51%, due 6/15/15 to 3/15/19; Federal National Mortgage Association, 1.75% to 8.20%, due 2/24/05 to 5/24/19; and Financial Assist Corp., 8.80%, due 6/10/05. 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.

@ Face Amount/Value is less than \$500.

ADR American Depositary Receipt

GDR Global Depositary Receipt

INR Indian Rupee

FOREIGN CURRENCY EXCHANGE CONTRACT INFORMATION:

The Fund had the following foreign currency exchange contract(s) open at period end:

CURRENCY TO DELIVER (000)	VALUE (000)	SETTLEMENT DATE	IN EXCHANGE FOR (000)	VALUE (000)	NET UNREALIZED APPRECIATION (DEPRECIATION) (000)
US\$ 7	\$ 7	1/3/05	BRL 17	\$ 7	@--
US\$ 42	42	1/3/05	PLN 126	42	@--
US\$ 11	11	1/5/05	ZAR 60	11	@--
ZAR 33,810	5,839	6/27/05	US\$ 4,980	4,980	(859)
ZAR 24,545	4,228	7/22/05	US\$ 3,745	3,745	(483)
	\$ 10,127			\$ 8,785	\$ (1,342)

BRL -- Brazilian Real  
 PLN -- Polish Zloty  
 ZAR -- South African Rand

GRAPHIC PRESENTATION OF PORTFOLIO HOLDINGS

The following graph depicts the Fund's holdings by industry, as a percentage of total investments.

[CHART]

Commercial Banks	13.9%
Wireless Telecommunication Services	10.8%
Oil & Gas	9.8%
Metals & Mining	6.8%
Electronic Equipment & Instruments	4.3%
Semiconductors & Semiconductor Equipment	4.3%
Food & Staples Retailing	4.0%
Insurance	3.4%
Diversified Telecommunication Services	3.4%
Other*	36.2%
Short-Term Investment	3.1%

\* Industries which do not appear in the top 10 industries and industries which represent less than 3% of total investments, if applicable, are included in the category labeled "Other".

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

MORGAN STANLEY EMERGING MARKETS FUND, INC.

Financial Statements

STATEMENT OF ASSETS AND LIABILITIES

	DECEMBER 31, 2010
-----	
ASSETS:	
Investments in Securities of Unaffiliated Issuers, at Value (Cost \$248,595)	\$
Investment in Security of Affiliated Issuer, at Value (Cost \$891)	
Dividends Receivable	
Foreign Currency, at Value (Cost \$671)	
Receivable for Investments Sold	
Tax Reclaims Receivable	
Interest Receivable	
Other	
-----	
TOTAL ASSETS	
=====	
LIABILITIES:	
Payable For:	
Unrealized Depreciation on Foreign Currency Exchange Contracts	
Dividends Declared	
Investments Purchased	
Investment Advisory Fees	
Deferred Country Tax Expense	
Custodian Fees	
Directors' Fees and Expenses	
Bank Overdraft	
Administration Fees	
Other Liabilities	
-----	
TOTAL LIABILITIES	
=====	
NET ASSETS	
Applicable to 17,912,848, Issued and Outstanding \$0.01	
Par Value Shares (100,000,000 Shares Authorized)	\$
=====	
NET ASSET VALUE PER SHARE	\$
-----	
NET ASSETS CONSIST OF:	
Common Stock	\$
Paid-in Capital	
Undistributed (Distributions in Excess of) Net Investment Income	
Accumulated Net Realized Gain (Loss)	
Unrealized Appreciation (Depreciation) on Investments, Foreign Currency Exchange Contracts and Translations (Net of \$232 Deferred Country Tax)	
-----	
NET ASSETS	\$
=====	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

MORGAN STANLEY EMERGING MARKETS FUND, INC.

Financial Statements

STATEMENT OF OPERATIONS

DECEMBER 31, 2013

-----	
INVESTMENT INCOME	
Dividends from Securities of Unaffiliated Issuers (Net of \$489 Foreign Taxes Withheld)	\$
Dividends from Security of Affiliated Issuer	
Interest (Net of \$22 Foreign Taxes Withheld)	
=====	
TOTAL INVESTMENT INCOME	
-----	
EXPENSES	
Investment Advisory Fees (Note B)	
Custodian Fees (Note D)	
Professional Fees	
Administration Fees (Note C)	
Stockholder Reporting Expenses	
Stockholder Servicing Agent	
Directors' Fees and Expenses	
Other Expenses	
=====	
TOTAL EXPENSES	
-----	
Waiver of Administration Fees (Note C)	
-----	
NET EXPENSES	
=====	
NET INVESTMENT INCOME (LOSS)	
-----	
NET REALIZED GAIN (LOSS) ON:	
Investments (Net of Country Taxes of \$294)	
Foreign Currency Transactions	
=====	
NET REALIZED GAIN (LOSS)	
-----	
CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION) ON:	
Investments (Net of Decrease in Deferred Country Tax Accruals of \$819)	
Foreign Currency Translations	
=====	
CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION)	
-----	
TOTAL NET REALIZED GAIN (LOSS) AND CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION)	
=====	
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$
=====	

STATEMENT OF CHANGES IN NET ASSETS

YEARS ENDED  
DECEMBER 31, 2013

-----  
 INCREASE (DECREASE) IN NET ASSETS

Operations:

Net Investment Income (Loss)	\$
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
-----------------------

-----

Capital Share Transactions:

Repurchase of Shares (87,409 and 499,537 Shares, Respectively)
--

=====

TOTAL INCREASE (DECREASE)

=====

Net Assets:

Beginning of Period
---------------------

END OF PERIOD (INCLUDING UNDISTRIBUTED (DISTRIBUTIONS IN EXCESS OF) NET INVESTMENT INCOME OF \$(659) AND \$(1,306), RESPECTIVELY)	\$
---	----

=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

Financial Highlights

SELECTED PER SHARE DATA AND RATIOS

	YEAR ENDED DECEMBER		
	2004	2003	2002
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 15.67	\$ 10.08	\$ 10.60
Net Investment Income (Loss)	0.19+	0.14+	0.00
Net Realized and Unrealized Gain (Loss) on Investments	3.70	5.58	(0.60)
Total from Investment Operations	3.89	5.72	(0.60)
Distributions from and/or in Excess of:			
Net Investment Income	(0.09)	(0.17)	(0.00)
Net Realized Gain	--	--	--
Total Distributions	(0.09)	(0.17)	(0.00)
Anti-Dilutive Effect of Share Repurchase Program	0.01	0.04	0.00
NET ASSET VALUE, END OF PERIOD	\$ 19.48	\$ 15.67	\$ 10.00

=====

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PER SHARE MARKET VALUE, END OF PERIOD	\$	17.57	\$	14.71	\$	8.3
=====						
TOTAL INVESTMENT RETURN:						
Market Value		20.11%		78.24%		(3.2
Net Asset Value (1)		25.07%		57.02%		(5.4
=====						
RATIOS, SUPPLEMENTAL DATA:						
NET ASSETS, END OF PERIOD (THOUSANDS)	\$	348,934	\$	282,096	\$	186,56
-----						
Ratio of Expenses to Average Net Assets		1.53%		1.67%		1.7
Ratio of Net Investment Income (Loss) to Average Net Assets						
Portfolio Turnover Rate		57%		83%		7
-----						
Ratios Before Expenses Waived by Administrator:						
Ratio of Expenses to Average Net Assets		1.54%		N/A		N/
Ratio of Net Investment Income (Loss) to Average Net Assets		1.14%		N/A		N/
-----						

(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 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 FUND, INC.

December 31, 2004

NOTES TO FINANCIAL STATEMENTS

The Morgan Stanley Emerging Markets Fund, Inc. (the "Fund") was incorporated on August 27, 1991 and is registered as a non-diversified, closed-end management investment company under the Investment Company Act of 1940 (the "1940 Act"), as amended. The Fund's investment objective is long-term capital appreciation through investments primarily in equity securities.

A. ACCOUNTING POLICIES: The following significant accounting policies are in conformity with U.S. generally accepted accounting principles for investment companies. Such policies are consistently followed by the Fund in the preparation of its financial statements. U.S. generally accepted accounting principles 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: Equity securities listed on a U.S. exchange are valued at the latest quoted sales price on the valuation date. Equity securities listed or traded on NASDAQ, for which market quotations are available, are valued at the NASDAQ Official Closing Price. Securities listed on a foreign exchange are valued at their closing price. Unlisted securities and listed securities not traded on the valuation date for which market quotations are

readily available are valued at the mean between the current bid and asked prices obtained from reputable brokers. Debt securities purchased with remaining maturities of 60 days or less are valued at amortized cost, if it approximates value.

All other securities and investments for which market values are not readily available, including restricted securities, and those securities for which it is inappropriate to determine prices in accordance with the aforementioned procedures, are valued at fair value as determined in good faith under procedures adopted by the Board of Directors, although the actual calculations may be done by others. Factors considered in making this determination may include, but are not limited to, information obtained by contacting the issuer, analysts, or the appropriate stock exchange (for exchange-traded securities), analysis of the issuer's financial statements or other available documents and, if necessary, available information concerning other securities in similar circumstances.

Most foreign markets close before the New York Stock Exchange (NYSE). Occasionally, developments that could affect the closing prices of securities and other assets may occur between the times at which valuations of such securities are determined (that is, close of the foreign market on which the securities trade) and the close of business on the NYSE. If these developments are expected to materially affect the value of the securities, the valuations may be adjusted to reflect the estimated fair value as of the close of the NYSE, as determined in good faith under procedures established by the Board of Directors.

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.
3. **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



MORGAN STANLEY EMERGING MARKETS FUND, INC.

December 31, 2004

NOTES TO FINANCIAL STATEMENTS (CONT'D)

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 Assets and Liabilities. The change in net unrealized currency gains (losses) on foreign currency translations for the period is reflected in the Statement of Operations.

A substantial portion of the Fund's net assets consist of securities of issuers located in emerging markets or which are denominated in foreign currencies. Changes in currency exchange rates will affect the value of and investment income from such 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 issuers may be subject to substantial governmental involvement in the economy and greater social, economic and political uncertainty. Such securities may be concentrated in a limited number of countries and regions and may vary throughout the year. Accordingly, the price which the Fund may realize upon sale of securities in such markets may not be equal to its value as presented in the financial statements.

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:

4. 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.

5. 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. Dividend income is recorded on the ex-dividend date, (except for certain dividends that may be recorded as soon as the Fund is informed of such dividends) net of applicable withholding taxes. Distributions to stockholders are recorded on the ex-dividend date.

B. INVESTMENT ADVISORY FEES: Morgan Stanley Investment Management Inc. (the "Adviser") provides investment advisory services to the Fund under the terms of an Investment Advisory Agreement (the "Agreement"). Under the Agreement, the Adviser is paid a fee computed weekly and payable monthly at an annual rate of 1.25% of the Fund's average weekly net assets.

C. ADMINISTRATION FEES: Prior to November 1, 2004, JPMorgan Chase Bank, through its corporate affiliate, J.P. Morgan Investor Services Co. ("JPMIS"), provided administrative services to the Fund under an Administration Agreement. JPMIS was paid a fee computed weekly and payable monthly at an annual rate of 0.02435% of the Fund's average weekly net

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

December 31, 2004

NOTES TO FINANCIAL STATEMENTS (CONT'D)

assets, plus \$24,000 per annum. In addition, the Fund was charged for certain out-of-pocket expenses incurred by JPMIS on its behalf.

Effective November 1, 2004, Morgan Stanley Investment Management Inc. (MSIM) serves as Administrator to the Fund pursuant to a new Administrative Agreement. Under the new Administrative Agreement, the new administrative fee will be 0.08% of the Fund's average weekly net assets. As approved by the Board of Directors, MSIM has agreed to limit the new administration fee so that it will be no greater than the old administrative fee of 0.02435% of the Fund's average weekly net assets plus \$24,000 per annum. This waiver is voluntary and may be terminated at any time. For the year ended December 31, 2004, \$27,000 of administration fees were waived pursuant to this arrangement. Administrative costs (including out-of-pocket expenses incurred in the ordinary course of providing services under the Agreement, which were previously borne by Fund), except pricing services and extraordinary expenses, will now be covered under the Administration Fee. JPMIS will continue to provide fund accounting and other services pursuant to a sub-administrative agreement, dated November 1, 2004, with MSIM and receives compensation from MSIM for these services.

D. CUSTODIAN FEES: JPMorgan Chase Bank serves as custodian for the Fund. The Custodian holds cash, securities, and other assets of the Fund as required by the 1940 Act. Custody fees are payable monthly based on assets held in custody, investment purchases and sales activity and account maintenance fees, plus reimbursement for certain out-of-pocket expenses.

E. FEDERAL INCOME TAXES: It is the Fund's intention to continue to qualify as

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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 2004 and 2003 were as follows:

2004 DISTRIBUTIONS PAID FROM: (000)		2003 DISTRIBUTIONS PAID FROM: (000)	
ORDINARY INCOME	LONG-TERM CAPITAL GAIN	ORDINARY INCOME	LONG-TERM CAPITAL GAIN
\$ 1,620	\$ --	\$ 2,982	\$ --

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 U.S. generally accepted accounting principles. 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 are generally due to differing treatments of gains and losses related to foreign currency transactions and gains on certain equity securities designated as issued by passive foreign investment companies. Permanent book and tax basis differences may result in reclassifications among undistributed (distributions in excess of) net investment income (or accumulated net investment loss), accumulated net realized gain (loss) and paid-in capital.

At December 31, 2004, the Fund did not have distributable earnings on a tax basis.

At December 31, 2004, the U.S. Federal income tax cost basis of investments was \$251,454,000 and, accordingly, net unrealized appreciation for U.S. Federal income tax purposes was \$99,243,000 of which \$109,344,000 related to appreciated securities and \$10,101,000 related to depreciated securities.

At December 31, 2004, the Fund had a capital loss carryforward for U.S. Federal income tax purposes of approximately \$34,791,000 available to offset future capital gains of which \$17,009,000 will expire on December 31, 2009 and \$17,782,000 will expire on December 31, 2010. During the year ended December 31, 2004, the Fund utilized capital loss carryforward for U.S. Federal income tax purposes of approximately \$41,672,000.

To the extent that capital loss carryforwards are used to offset any future capital gains realized during the carryforward period as provided by U.S.

Federal income tax regulations, no capital

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

December 31, 2004

NOTES TO FINANCIAL STATEMENTS (CONT'D)

gains tax liability will be incurred by the Fund for gains realized and not distributed. To the extent that capital gains are offset, such gains will not be distributed to the stockholders.

Net capital, currency and passive foreign investment company losses incurred after October 31, and within the taxable year are deemed to arise on the first day of the Fund's next taxable year. For the year ended December 31, 2004, the Fund deferred to January 1, 2005, for U.S. Federal income tax purposes, post-October currency losses of \$753,000.

F. CONTRACTUAL OBLIGATIONS: The Fund enters into contracts that contain a variety of indemnifications. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

G. OTHER: During the year ended December 31, 2004, the Fund made purchases and sales totaling approximately \$165,261,000 and \$169,193,000, respectively, of investment securities other than long-term U.S. Government securities and short-term investments. There were no purchases or sales of long-term U.S. Government securities.

For the year ended December 31, 2004, the Fund incurred \$625 of brokerage commissions with Morgan Stanley & Co., an affiliate of the Adviser.

On July 30, 1998, the Fund commenced a share repurchase program for purposes of enhancing stockholder value and reducing the discount at which the Fund's shares traded from their net asset value. For the year ended December 31, 2004, the Fund repurchased 87,409 of its shares at an average discount of 13.98% from net asset value per share. Since the inception of the program, the Fund has repurchased 4,911,502 of its shares at an average discount of 19.64% from net asset value per share. The Fund expects to continue to repurchase its outstanding shares at such time and in such amounts as it believes will further the accomplishment of the foregoing objectives, subject to review by the Board of Directors.

On December 14, 2004 the Officers of the Fund, pursuant to authority granted by the Board of Directors declared a distribution of \$0.0679 per share, derived from net investment income, payable on January 7, 2005, to stockholders of record on December 23, 2004.

FEDERAL TAX INFORMATION (UNAUDITED)

For the year ended December 31, 2004, the Fund expects to pass through to stockholders foreign tax credits totaling approximately \$931,000. For the year ended December 31, 2004, gross income derived from sources within a foreign country totaled \$7,952,000. For the year ended December 31, 2004 qualified dividend income totaled \$1,988,000.

REPORTING TO STOCKHOLDERS (UNAUDITED)

Each Morgan Stanley Fund provides a complete schedule of portfolio holdings in

its semi-annual and annual reports within 60 days of the end of the Fund's second and fourth fiscal quarters by filing the schedule electronically with the Securities and Exchange Commission (SEC). The semi-annual reports are filed on Form N-CSRS and the annual reports are filed on Form N-CSR. Morgan Stanley also delivers the semi-annual and annual reports to Fund stockholders and makes these reports available on its public website, [www.morganstanley.com](http://www.morganstanley.com). Each Morgan Stanley Fund also files a complete schedule of portfolio holdings with the SEC for the Fund's first and third fiscal quarters on Form N-Q. Morgan Stanley does not deliver the reports for the first and third fiscal quarters to stockholders, nor are the reports posted to the Morgan Stanley public website. You may, however, obtain the Form N-Q filings (as well as the Form N-CSR and N-CSRS filings) by accessing the SEC's website, [www.sec.gov](http://www.sec.gov). You may also review and copy them at the SEC's Public Reference Room in Washington, DC. Information on the operation of the SEC's Public Reference Room may be obtained by calling the SEC at 1(800) SEC-0330. You can also request copies of these materials, upon payment of a duplicating fee, by electronic request at the SEC's email address ([publicinfo@sec.gov](mailto:publicinfo@sec.gov)) or by writing the Public Reference section of the SEC, Washington, DC 20549-0102.

PROXY VOTING POLICIES AND PROCEDURES AND PROXY VOTING RECORD (UNAUDITED)

A copy of (1) the Fund's policies and procedures with respect to the voting of proxies relating to the Fund's portfolio securities; and (2) how the Fund voted proxies relating to portfolio securities during the most recent twelve-month period ended June 30 is available without charge, upon request, by calling 1(800)548-7786 or by visiting our website at [www.morganstanley.com/im](http://www.morganstanley.com/im). This information is also available on the SEC's website at [www.sec.gov](http://www.sec.gov).

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

December 31, 2004

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying statement of assets and liabilities of Morgan Stanley Emerging Markets Fund, Inc. (the "Fund"), including the portfolio of investments, as of December 31, 2004, and the related statement of operations for the year then ended, the statement of changes in net assets for each of the two years in the period then end, and the financial highlights for each of the five 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.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement

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presentation. Our procedures included confirmation of securities owned as of December 31, 2004, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. 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 Fund, Inc. at December 31, 2004, the results of its operations 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 five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Boston, Massachusetts  
February 11, 2005

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

December 31, 2004

DIRECTOR AND OFFICER INFORMATION (UNAUDITED)

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 PORTFOLIO FUNDS COMPLETELY OVERSEEN BY DIRECTOR
Michael Bozic (63) c/o Kramer Levin Naftalis & Frankel LLP Counsel to the Independent Directors 919 Third Avenue New York, NY 10022	Director	Director since 2003	Private investor; Director or Trustee of the Retail Funds (since April 1994) and the Institutional Funds (since July 2003); formerly Vice Chairman of Kmart Corporation (December 1998-October 2000), Chairman and Chief Executive Officer of Levitz Furniture Corporation (November 1995-November 1998) and President and Chief Executive Officer of Hills Department Stores (May 1991-July 1995); formerly variously Chairman, Chief Executive Officer, President and Chief Operating Officer (1987-1991) of the Sears Merchandise Group of Sears Roebuck & Co.	197

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<p>Edwin J. Garn (72) 1031 N. Chartwell Court Salt Lake City, UT 84103</p>	<p>Director</p>	<p>Director since 2003</p>	<p>Consultant. Director or Trustee of the Retail Funds (since January 1993) and the Institutional Funds (since July 2003); member of the Utah Regional Advisory Board of Pacific Corp.; formerly Managing Director of Summit Ventures LLC (2000-2004); United States Senator (R-Utah) (1974-1992) and Chairman, Senate Banking Committee (1980-1986), Mayor of Salt Lake City, Utah (1971-1974), Astronaut, Space Shuttle Discovery (April 12-19, 1985), and Vice Chairman, Huntsman Corporation (chemical company).</p>	<p>197</p>
<p>Wayne E. Hedien (70) c/o Kramer Levin Naftalis &amp; Frankel LLP Counsel to the Independent Directors 919 Third Avenue New York, NY 10022</p>	<p>Director</p>	<p>Director since 2003</p>	<p>Retired; Director or Trustee of the Retail Funds (since September 1997) and the Institutional Funds (since July 2003); formerly associated with the Allstate Companies (1966-1994), most recently as Chairman of The Allstate Corporation (March 1993-December 1994) and Chairman and Chief Executive Officer of its wholly-owned subsidiary, Allstate Insurance Company (July 1989-December 1994).</p>	<p>197</p>
<p>Dr. Manuel H. Johnson (55) c/o Johnson Smick International, Inc. 2099 Pennsylvania Avenue, NW Suite 950 Washington, D.C. 20006</p>	<p>Director</p>	<p>Director since 2003</p>	<p>Senior Partner, Johnson Smick International, Inc., a consulting firm; Chairman of the Audit Committee and Director or Trustee of the Retail Funds (since July 1991) and the Institutional Funds (since July 2003); Co-Chairman and a founder of the Group of Seven Council (G7C), an international economic commission; formerly Vice Chairman of the Board of Governors of the Federal Reserve System and Assistant Secretary of the U.S. Treasury.</p>	<p>197</p>
<p>Joseph J. Kearns (62) c/o Kearns &amp; Associates LLC PMB754 23852 Pacific Coast Hwy. Malibu, CA 90265</p>	<p>Director</p>	<p>Director since 2001</p>	<p>President, Kearns &amp; Associates LLC (investment consulting); Deputy Chairman of the Audit Committee and Director or Trustee of the Retail Funds (since July 2003) and the Institutional Funds (since August 1994); previously Chairman of the Audit Committee of the Institutional Funds (October 2001-July 2003); formerly CFO of the J. Paul Getty Trust.</p>	<p>198</p>
<p>Michael E. Nugent (68)</p>	<p>Director</p>	<p>Director</p>	<p>General Partner of Triumph Capital,</p>	<p>197</p>

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c/o Triumph Capital, L.P.  
 445 Park Avenue, 10th Floor  
 New York, NY 10022

since 2001 L.P., a private investment partnership; Chairman of the Insurance Committee and Director or Trustee of the Retail Funds (since July 1991) and the Institutional Funds (since July 2001); formerly Vice President, Bankers Trust Company and BT Capital Corporation (1984-1988).

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

December 31, 2004

DIRECTOR AND OFFICER INFORMATION (CONT'D)

INDEPENDENT DIRECTORS: (CONT'D)

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 PORTFOLIO FUNDS COMPLETED BY DIRECTOR
Fergus Reid (72) c/o Lumelite Plastics Corporation 85 Charles Coleman Blvd. Pawling, NY 12564	Director	Director since 2000	Chairman of Lumelite Plastics Corporation; Chairman of the Governance Committee and Director or Trustee of the Retail Funds (since July 2003) and the Institutional Funds (since June 1992).	198
Interested Directors:				
Charles A. Fiumefreddo (71) c/o Morgan Stanley Funds Harborside Financial Center Plaza Two 3rd Floor Jersey City, NJ 07311	Chairman and Director of the Board	Chairman and Director since 2003	Chairman and Director or Trustee of the Retail Funds (since July 1991) and the Institutional Funds (since July 2003); formerly Chief Executive Officer of the Retail Funds (until September 2002).	197
James F. Higgins (56) c/o Morgan Stanley Funds Harborside Financial Center Plaza Two 2nd Floor Jersey City, NJ 07311	Director	Director since 2003	Director or Trustee of the Retail Funds (since June 2000) and the Institutional Funds (since July 2003); Senior Advisor of Morgan Stanley (since August 2000); Director of Morgan Stanley Distributors Inc. and Dean Witter Realty Inc.; previously President and Chief Operating Officer of the Private Client Group of Morgan Stanley (May 1999-August 2000), and President and Chief Operating	197



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Officer of Individual Securities of Morgan Stanley (February 1997-May 1999).

- \* 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 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 and Morgan Stanley Investment Advisors Inc.).

OFFICERS:

NAME, AGE AND ADDRESS OF EXECUTIVE OFFICER -----	POSITION(S) HELD WITH REGISTRANT -----	TERM OF OFFICE AND LENGTH OF TIME SERVED* -----	PRINCIPAL OC -----
Mitchell M. Merin (51) Morgan Stanley Investment Management Inc. 1221 Avenue of the Americas 33rd Floor New York, NY 10020	President	President since 2003	President an Morgan Stanl President, D Officer of M Advisors Inc Company Inc. Morgan Stanl and Director Director of subsidiaries Institutiona President of 1999); Trust President (s Kampen Close May 1999) an 2002) of the
Ronald E. Robison (65) Morgan Stanley Investment Management Inc. 1221 Avenue of the Americas 33rd Floor New York, NY 10020	Executive Vice President and Principal Executive Officer	Executive Vice President and Principal Executive Officer since 2003	Principal Ex the Fund com Managing Dir Incorporated Stanley; Man Administrati Morgan Stanl and Morgan S Director of Director and Distributors President an of the Retai the Institut previously P Retail Funds Chief Global Managing Dir Investment M

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

December 31, 2004

DIRECTOR AND OFFICER INFORMATION (CONT'D)

OFFICERS: (CONT'D)

Joseph J. McAlinden (61)  
Morgan Stanley Investment Management Inc.  
1221 Avenue of the Americas 33rd Floor  
New York, NY 10020

Vice President

Vice President  
since 2003

Managing Director  
Officer of Morgan Stanley  
Advisors Inc. Management  
Trust; Chief Investment  
Kampen Funds Institutional  
the Retail Funds

Barry Fink (49)  
Morgan Stanley Investment Management Inc.  
1221 Avenue of the Americas 22nd Floor  
New York, NY 10020

Vice President

Vice President  
since 2003

General Counsel  
Managing Director  
Morgan Stanley  
Managing Director  
Secretary (since 2003)  
Director (since 2003)  
Stanley Investment  
Stanley Services  
President of Morgan Stanley  
Secretary of Morgan Stanley  
President of Morgan Stanley  
July 2003);  
and Director of Morgan Stanley  
Inc.; previously, Morgan Stanley  
Funds and General Counsel  
April 2004)  
President and Managing Director  
Morgan Stanley  
Morgan Stanley  
(February 1998)

Amy R. Doberman (42)  
Morgan Stanley Investment Management Inc.  
1221 Avenue of the Americas 22nd Floor  
New York, NY 10020

Vice President

Vice President  
since July 2004

Managing Director  
Investment Management  
the Investment Management  
Investment Management  
the Institutional Management  
July 2004);  
Kampen Funds  
previously,  
Counsel - Americas  
Management (since 2003)  
General Counsel  
Management,

Carsten Otto (41)  
Morgan Stanley Investment Management Inc.  
1221 Avenue of the Americas 22nd Floor  
New York, NY 10020

Chief  
Compliance  
Officer

Chief Compliance  
Officer since  
2004

Executive Director  
Compliance  
Management (since 2003)  
Director of  
Advisors Inc.  
Management Inc.  
Secretary and

<p>Stefanie V. Chang (38) Morgan Stanley Investment Management Inc. 1221 Avenue of the Americas 22nd Floor New York, NY 10020</p>	<p>Vice President</p>	<p>Vice President since 2001</p>	<p>the Morgan S Executive Di Incorporated Management I Investment A the Institut Funds; forme York law fir Clifford Cha</p>
<p>James W. Garrett (36) Morgan Stanley Investment Management Inc. 1221 Avenue of the Americas 34th Floor New York, NY 10020</p>	<p>Treasurer and Chief Financial Officer</p>	<p>Treasurer since 2002 and Chief Financial Officer since 2003</p>	<p>Executive Di Incorporated Management I Financial Of Funds; previ (now PriceWa</p>
<p>Michael J. Leary (38) J.P. Morgan Investor Services Co. 73 Tremont Street Boston, MA 02108</p>	<p>Assistant Treasurer</p>	<p>Assistant Treasurer since 2003</p>	<p>Assistant Di Fund Adminis Services Co. Company); fo Young LLP.</p>
<p>Mary E. Mullin (37) Morgan Stanley Investment Management Inc. 1221 Avenue of the Americas 22nd Floor New York, NY 10020</p>	<p>Secretary</p>	<p>Secretary since 2001</p>	<p>Executive Di Incorporated Management I Investment A Institutiona the Retail F with the New Will &amp; Emery Meagher &amp; FL</p>

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

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MORGAN STANLEY EMERGING MARKETS 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

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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 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

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MORGAN STANLEY EMERGING MARKETS FUND, INC.

### DIRECTORS

CHARLES A. FIUMEFREDDO  
MICHAEL BOZIC  
EDWIN J. GARN  
WAYNE E. HEDIEN  
JAMES F. HIGGINS  
DR. MANUEL H. JOHNSON  
JOSEPH J. KEARNS  
MICHAEL NUGENT  
FERGUS REID

### OFFICERS

CHARLES A. FIUMEFREDDO  
CHAIRMAN OF THE BOARD

MITCHELL M. MERIN  
PRESIDENT

RONALD E. ROBISON  
EXECUTIVE VICE PRESIDENT AND PRINCIPAL EXECUTIVE OFFICER

JOSEPH J. MCALINDEN  
VICE PRESIDENT

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BARRY FINK  
VICE PRESIDENT

AMY R. DOBERMAN  
VICE PRESIDENT

STEFANIE V. CHANG  
VICE PRESIDENT

JAMES W. GARRETT  
TREASURER AND CHIEF FINANCIAL OFFICER

CARSTEN OTTO  
CHIEF COMPLIANCE OFFICER

MICHAEL J. LEARY  
ASSISTANT TREASURER

MARY E. MULLIN  
SECRETARY

INVESTMENT ADVISER AND ADMINISTRATOR  
MORGAN STANLEY INVESTMENT MANAGEMENT INC.  
1221 AVENUE OF THE AMERICAS  
NEW YORK, NEW YORK 10020

CUSTODIAN  
JPMORGAN CHASE BANK  
270 PARK AVENUE  
NEW YORK, NEW YORK 10017

STOCKHOLDER SERVICING AGENT  
AMERICAN STOCK TRANSFER & TRUST COMPANY  
59 MAIDEN LANE  
NEW YORK, NEW YORK 10030  
1 (800) 278-4353

LEGAL COUNSEL  
CLIFFORD CHANCE US LLP  
31 WEST 52ND STREET  
NEW YORK, NEW YORK 10019

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
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](http://www.morganstanley.com/im).

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Item 2. Code of Ethics.

(a) The Fund has adopted a code of ethics (the "Code of Ethics") that applies to its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the Fund or a

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third party.

(b) No information need be disclosed pursuant to this paragraph.

(c) The Fund has amended its Code of Ethics during the period covered by the shareholder report presented in Item 1 hereto to delete from the end of the following paragraph on page 2 of the Code the phrase "to the detriment of the Fund."

(d) Not applicable.

(e) Not applicable.

(f)

(1) The Fund's Code of Ethics is attached hereto as Exhibit A.

(2) Not applicable.

(3) Not applicable.

Item 3. Audit Committee Financial Expert.

The Fund's Board of Directors has determined that it has two "audit committee financial experts" serving on its audit committee, each of whom are "independent" Directors: Dr. Manuel H. Johnson and Joseph J. Kearns. Under applicable securities laws, a person who is determined to be an audit committee financial expert will not be deemed an "expert" for any purpose, including without limitation for the purposes of Section 11 of the Securities Act of 1933, as a result of being designated or identified as an audit committee financial expert. The designation or identification of a person as an audit committee financial expert does not impose on such person any duties, obligations, or liabilities that are greater than the duties, obligations, and liabilities imposed on such person as a member of the audit committee and Board of Directors in the absence of such designation or identification.

Item 4. Principal Accountant Fees and Services.

(a) (b) (c) (d) and (g). Based on fees billed for the periods shown:

2004	REGISTRANT	COVERED ENTITIES (1)
AUDIT FEES	\$ 93,980	N/A
NON-AUDIT FEES		
AUDIT-RELATED FEES	\$	\$ 115,000 (2)
TAX FEES	\$ 3,350 (3)	\$ 100,829 (4)
ALL OTHER FEES	\$	\$ 60,985 (6)
TOTAL NON-AUDIT FEES	\$ 3,350	\$ 276,814
TOTAL	\$ 97,330	\$ 276,814
2003	REGISTRANT	COVERED ENTITIES (1)
AUDIT FEES	\$ 89,507	N/A
NON-AUDIT FEES		
AUDIT-RELATED FEES	\$	\$ 93,000 (2)

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TAX FEES	\$	3,193 (3)	\$	163,414 (5)
ALL OTHER FEES	\$		\$	341,775 (6)
TOTAL NON-AUDIT FEES	\$	3,193	\$	598,189
TOTAL	\$	92,700	\$	598,189

N/A- Not applicable, as not required by Item 4.

(1) Covered Entities include the Adviser (excluding sub-advisors) and any entity controlling, controlled by or under common control with the Adviser that provides ongoing services to the Registrant.

(2) Audit-Related Fees represent assurance and related services provided that are reasonably related to the performance of the audit of the financial statements of the Covered Entities' and funds advised by the Adviser or its affiliates, specifically attestation services provided in connection with a SAS 70 Report.

(3) Tax Fees represent tax advice and compliance services provided in connection with the review of the Registrant's tax returns.

(4) Tax Fees represent tax advice services provided to Covered Entities, including research and identification of PFIC entities.

(5) All Other Fees represent attestation services provided in connection with performance presentation standards.

(6) All Other Fees represent attestation services provided in connection with performance presentation standards, general industry education seminars provided, and a regulatory review project performed.

(e)(1) The audit committee's pre-approval policies and procedures are as follows:

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

AS ADOPTED AND AMENDED JULY 23, 2004, (1)

- Statement of Principles

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

The SEC has issued rules specifying the types of services that an independent auditor may not provide to its audit client, as well as the audit committee's administration of the engagement of the independent auditor. The SEC's rules establish two different approaches to pre-approving services, which the SEC considers to be equally valid. Proposed services either: may be pre-approved without consideration of specific case-by-case services by the Audit Committee ("GENERAL PRE-APPROVAL"); or require the specific pre-approval of the Audit

Committee or its delegate ("SPECIFIC PRE-APPROVAL"). The Audit Committee believes that the combination of these two approaches in this Policy will result in an effective and efficient procedure to pre-approve services performed by the Independent Auditors. As set forth in this Policy, unless a type of service has received general pre-approval, it will require specific pre-approval by the Audit Committee (or by any member of the Audit Committee to which pre-approval authority has been delegated) if it is to be provided by the Independent Auditors. Any proposed services exceeding pre-approved cost levels or budgeted amounts will also require specific pre-approval by the Audit Committee.

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

-----

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

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

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

- Delegation

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

- Audit Services

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

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



documents issued in connection with securities offerings.

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

- Audit-related Services

Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Fund's financial statements and, to the extent they are Covered Services, the Covered Entities or that are traditionally performed by the Independent Auditors. Because the Audit Committee believes that the provision of Audit-related services does not impair the independence of the auditor and is consistent with the SEC's rules on auditor independence, the Audit Committee may grant general pre-approval to Audit-related services. Audit-related services include, among others, accounting consultations related to accounting, financial reporting or disclosure matters

not classified as "Audit services"; assistance with understanding and implementing new accounting and financial reporting guidance from rulemaking authorities; agreed-upon or expanded audit procedures related to accounting and/or billing records required to respond to or comply with financial, accounting or regulatory reporting matters; and assistance with internal control reporting requirements under Forms N-SAR and/or N-CSR.

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

- Tax Services

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

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

- All Other Services

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

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

- Pre-Approval Fee Levels or Budgeted Amounts

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

- Procedures

All requests or applications for services to be provided by the Independent Auditors that do not require specific approval by the Audit Committee will be submitted to the Fund's Chief Financial Officer and must include a detailed description of the services to be

rendered. The Fund's Chief Financial Officer will determine whether such services are included within the list of services that have received the general pre-approval of the Audit Committee. The Audit Committee will be informed on a timely basis of any such services rendered by the Independent Auditors. Requests or applications to provide services that require specific approval by the Audit Committee will be submitted to the Audit Committee by both the Independent Auditors and the Fund's Chief Financial Officer, and must include a joint statement as to whether, in their view, the request or application is consistent with the SEC's rules on auditor independence.

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

- Additional Requirements

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

- Covered Entities

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

MORGAN STANLEY RETAIL FUNDS  
Morgan Stanley Investment Advisors Inc.  
Morgan Stanley & Co. Incorporated  
Morgan Stanley DW Inc.  
Morgan Stanley Investment Management Inc.

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Morgan Stanley Investment Management Limited  
Morgan Stanley Investment Management Private Limited  
Morgan Stanley Asset & Investment Trust Management Co., Limited  
Morgan Stanley Investment Management Company  
Van Kampen Asset Management  
Morgan Stanley Services Company, Inc.  
Morgan Stanley Distributors Inc.  
Morgan Stanley Trust FSB

MORGAN STANLEY INSTITUTIONAL FUNDS  
Morgan Stanley Investment Management Inc.  
Morgan Stanley Investment Advisors Inc.  
Morgan Stanley Investment Management Limited  
Morgan Stanley Investment Management Private Limited  
Morgan Stanley Asset & Investment Trust Management Co., Limited  
Morgan Stanley Investment Management Company  
Morgan Stanley & Co. Incorporated  
Morgan Stanley Distribution, Inc.  
Morgan Stanley AIP GP LP  
Morgan Stanley Alternative Investment Partners LP

(e) (2) Beginning with non-audit service contracts entered into on or after May 6, 2003, the audit committee also is required to pre-approve services to Covered Entities to the extent that the services are determined to have a direct impact on the operations or financial reporting of the Registrant. 100% of such services were pre-approved by the audit committee pursuant to the Audit Committee's pre-approval policies and procedures (attached hereto).

(f) Not applicable.

(g) See table above.

(h) The audit committee of the Board of Directors has considered whether the provision of services other than audit services performed by the auditors to the Registrant and Covered Entities is compatible with maintaining the auditors' independence in performing audit services.

### Item 5. Audit Committee of Listed Registrants.

(a) The Fund has a separately-designated standing audit committee established in accordance with Section 3(a) (58) (A) of the Exchange Act whose members are: Michael Bozic, Edwin J. Garn, Wayne E. Hedien, Manual H. Johnson, Joseph J. Kearns, Michael Nugent and Fergus Reid.

(b) Not applicable.

### Item 6. Schedule of Investments

Refer to Item 1.

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

## MORGAN STANLEY INVESTMENT MANAGEMENT PROXY VOTING POLICY AND PROCEDURES

### I. POLICY STATEMENT

INTRODUCTION - Morgan Stanley Investment Management's ("MSIM") policies and procedures for voting proxies with respect to securities held in the accounts of clients applies to those MSIM entities that provide discretionary Investment Management services and for which a MSIM entity has the authority to vote their proxies. The policies and procedures and general guidelines in this section will be reviewed and, as necessary, updated periodically to address new or revised proxy voting issues. The MSIM entities covered by these policies and procedures currently include the following: Morgan Stanley Investment Advisors Inc., Morgan Stanley Alternative Investment Partners, L.P., Morgan Stanley AIP GP LP, Morgan Stanley Investment Management Inc., Morgan Stanley Investment Group Inc., Morgan Stanley Investment Management Limited, Morgan Stanley Investment Management Company, Morgan Stanley Asset & Investment Trust Management Co., Limited, Morgan Stanley Investment Management Private Limited, Morgan Stanley Investments LP, Morgan Stanley Hedge Fund Partners GP LP, Morgan Stanley Hedge Fund Partners LP, Van Kampen Investment Advisory Corp., Van Kampen Asset Management Inc., and Van Kampen Advisors Inc. (each a "MSIM Affiliate" and collectively referred to as the "MSIM Affiliates").

Each MSIM Affiliate will vote proxies as part of its authority to manage, acquire and dispose of account assets. With respect to the MSIM registered management investment companies (Van Kampen, Institutional and Advisor Funds) (collectively referred to as the "MSIM Funds"), each MSIM Fund will vote proxies pursuant to authority granted under its applicable investment advisory agreement or, in the absence of such authority, as authorized by its Board of Directors or Trustees. A MSIM Affiliate will not vote proxies if the "named fiduciary" for an ERISA account has reserved the authority for itself, or in the case of an account not governed by ERISA, the Investment Management Agreement does not authorize the MSIM Affiliate to vote proxies. MSIM Affiliates will, in a prudent and diligent manner, vote proxies in the best interests of clients, including beneficiaries of and participants in a client's benefit plan(s) for which we manage assets, consistent with the objective of maximizing long-term investment returns ("Client Proxy Standard"). In certain situations, a client or its fiduciary may provide a MSIM Affiliate with a statement of proxy voting policy. In these situations, the MSIM Affiliate will comply with the client's policy unless to do so would be inconsistent with applicable laws or regulations or the MSIM Affiliate's fiduciary responsibility.

PROXY RESEARCH SERVICES - To assist the MSIM Affiliates in their responsibility for voting proxies and the overall global proxy voting process, Institutional Shareholder Services ("ISS") and the Investor Responsibility Research Center ("IRRC") have been retained as experts in the proxy voting and corporate governance area. ISS and IRRC are

independent advisers that specialize in providing a variety of fiduciary-level proxy-related services to institutional investment managers, plan sponsors, custodians, consultants, and other institutional investors. The services provided to MSIM Affiliates include in-depth research, global issuer analysis, and voting recommendations. In addition to research, ISS provides vote execution, reporting, and recordkeeping. MSIM's Proxy Review Committee (see Section IV.A. below) will carefully monitor and supervise the services provided by the proxy research services.

VOTING PROXIES FOR CERTAIN NON-US COMPANIES - While the proxy voting process is well established in the United States and other developed markets with a number of tools and services available to assist an investment manager, voting proxies of non-US companies located in certain jurisdictions, particularly emerging markets, may involve a number of problems that may restrict or prevent a MSIM Affiliate's ability to vote such proxies. These problems include, but are not limited to: (i) proxy statements and ballots being written in a language other than English; (ii) untimely and/or inadequate notice of shareholder meetings;

(iii) restrictions on the ability of holders outside the issuer's jurisdiction of organization to exercise votes; (iv) requirements to vote proxies in person, (v) the imposition of restrictions on the sale of the securities for a period of time in proximity to the shareholder meeting; and (vi) requirements to provide local agents with power of attorney to facilitate the MSIM Affiliate's voting instructions. As a result, clients' non-U.S. proxies will be voted on a best efforts basis only, consistent with the Client Proxy Standard. ISS has been retained to provide assistance to the MSIM Affiliates in connection with voting their clients' non-US proxies.

## II. GENERAL PROXY VOTING GUIDELINES

To ensure consistency in voting proxies on behalf of its clients, MSIM Affiliates will follow (subject to any exception set forth herein) these Proxy Voting Policies and Procedures, including the guidelines set forth below. These guidelines address a broad

range of issues, including board size and composition, executive compensation, anti-takeover proposals, capital structure proposals and social responsibility issues and are meant to be general voting parameters on issues that arise most frequently. The MSIM Affiliates, however, may vote in a manner that is contrary to the following general guidelines, pursuant to the procedures set forth in Section IV. below, provided the vote is consistent with the Client Proxy Standard.

## III. GUIDELINES

### A. MANAGEMENT PROPOSALS

1. When voting on routine ballot items the following proposals are generally voted in support of management, subject to the review and approval of the Proxy Review Committee, as appropriate.

Selection or ratification of auditors.

Approval of financial statements, director and auditor reports.

Election of Directors.

Limiting Directors' liability and broadening indemnification of Directors.

- Requirement that a certain percentage (up to 66 2/3%) of its Board's members be comprised of independent and unaffiliated Directors.
- Requirement that members of the company's compensation, nominating and audit committees be comprised of independent or unaffiliated Directors.

Recommendations to set retirement ages or require specific levels of stock ownership by Directors.

General updating/corrective amendments to the charter.

Elimination of cumulative voting.

Elimination of preemptive rights.

Provisions for confidential voting and independent tabulation of voting results.

Proposals related to the conduct of the annual meeting except those proposals that relate to the "transaction of such other business which may come before the meeting."

2. The following non-routine proposals, which potentially may have a substantive financial or best interest impact on a shareholder, are generally voted in support of management, subject to the review and approval of the Proxy Review Committee, as appropriate.

#### CAPITALIZATION CHANGES

Capitalization changes that eliminate other classes of stock and voting rights.

Proposals to increase the authorization of existing classes of common stock (or securities convertible into common stock) if: (i) a clear and legitimate business purpose is stated; (ii) the number of shares requested is reasonable in relation to the purpose for which authorization is requested; and (iii) the authorization does not exceed 100% of shares currently authorized and at least 30% of the new authorization will be outstanding.

Proposals to create a new class of preferred stock or for issuances of preferred stock up to 50% of issued capital.

Proposals for share repurchase plans.

Proposals to reduce the number of authorized shares of common or preferred stock, or to eliminate classes of preferred stock.

Proposals to effect stock splits.

Proposals to effect reverse stock splits if management proportionately reduces the authorized share amount set forth in the corporate charter. Reverse stock splits that do not adjust proportionately to the authorized share amount will generally be approved if the resulting increase in authorized shares coincides with the proxy guidelines set forth above for common stock increases.

#### COMPENSATION

Director fees, provided the amounts are not excessive relative to other companies in the country or industry.

Employee stock purchase plans that permit discounts up to 15%, but only for grants that are part of a broad based employee plan, including all non-executive employees.

Establishment of Employee Stock Option Plans and other employee ownership plans.

#### ANTI-TAKEOVER MATTERS

- Modify or rescind existing supermajority vote requirements to

amend the charters or bylaws.

- Adoption of anti-greenmail provisions provided that the proposal: (i) defines greenmail; (ii) prohibits buyback offers to large block holders not made to all shareholders or not approved by disinterested shareholders; and (iii) contains no anti-takeover measures or other provisions restricting the rights of shareholders.
3. The following non-routine proposals, which potentially may have a substantive financial or best interest impact on the shareholder, are generally voted AGAINST (notwithstanding management support), subject to the review and approval of the Proxy Review Committee, as appropriate.
- Capitalization changes that add classes of stock which substantially dilute the voting interests of existing shareholders.
  - Proposals to increase the authorized number of shares of existing classes of stock that carry preemptive rights or supervoting rights.
  - Creation of "blank check" preferred stock.
  - Changes in capitalization by 100% or more.
  - Compensation proposals that allow for discounted stock options that have not been offered to employees in general.
  - Amendments to bylaws that would require a supermajority shareholder vote to pass or repeal certain provisions.
  - Proposals to indemnify auditors.
4. The following types of non-routine proposals, which potentially may have a potential financial or best interest impact on an issuer, are voted as determined by the Proxy Review Committee.

#### CORPORATE TRANSACTIONS

- Mergers, acquisitions and other special corporate transactions (i.e., takeovers, spin-offs, sales of assets, reorganizations, restructurings and recapitalizations) will be examined on a case-by-case basis. In all cases, ISS and IRRC research and analysis will be used along with MSIM Affiliates' research and analysis, based on, among other things, MSIM internal company-specific knowledge.
- Change-in-control provisions in non-salary compensation plans, employment contracts, and severance agreements that benefit management and would be costly to shareholders if triggered.
- Shareholders rights plans that allow appropriate offers to shareholders to be blocked by the board or trigger provisions that prevent legitimate offers from proceeding.

Executive/Director stock option plans. Generally, stock option plans should meet the following criteria:

- (i) Whether the stock option plan is incentive based;
- (ii) For mature companies, should be no more than 5% of the issued capital at the time of approval;
- (iii) For growth companies, should be no more than 10% of the issued capital at the time of approval.

ANTI-TAKEOVER PROVISIONS

Proposals requiring shareholder ratification of poison pills.

Anti-takeover and related provisions that serve to prevent the majority of shareholders from exercising their rights or effectively deter the appropriate tender offers and other offers.

B. SHAREHOLDER PROPOSALS

1. The following shareholder proposals are generally supported, subject to the review and approval of the Proxy Review Committee, as appropriate:
  - Requiring auditors to attend the annual meeting of shareholders.
  - Requirement that members of the company's compensation, nominating and audit committees be comprised of independent or unaffiliated Directors.
  - Requirement that a certain percentage of its Board's members be comprised of independent and unaffiliated Directors.
  - Confidential voting.
  - Reduction or elimination of supermajority vote requirements.
2. The following shareholder proposals will be voted as determined by the Proxy Review Committee.
  - Proposals that limit tenure of directors.
  - Proposals to limit golden parachutes.
  - Proposals requiring directors to own large amounts of stock to be eligible for election.
  - Restoring cumulative voting in the election of directors.
  - Proposals that request or require disclosure of executive compensation in addition to the disclosure required by the Securities and Exchange Commission ("SEC") regulations.
  - Proposals that limit retirement benefits or executive compensation.
  - Requiring shareholder approval for bylaw or charter amendments.
  - Requiring shareholder approval for shareholder rights plan or



poison pill.

- Requiring shareholder approval of golden parachutes.
  - Elimination of certain anti-takeover related provisions.
  - Prohibit payment of greenmail.
3. The following shareholder proposals are generally not supported, subject to the review and approval of the Committee, as appropriate.
- Requirements that the issuer prepare reports that are costly to provide or that would require duplicative efforts or expenditures that are of a non-business nature or would provide no pertinent information from the perspective of institutional shareholders.
  - Restrictions related to social, political or special interest issues that impact the ability of the company to do business or be competitive and that have a significant financial or best interest impact to the shareholders.
  - Proposals that require inappropriate endorsements or corporate actions.

IV. ADMINISTRATION OF PROXY POLICIES AND PROCEDURES

A. PROXY REVIEW COMMITTEE

1. The MSIM Proxy Review Committee ("Committee") is responsible for creating and implementing MSIM's Proxy Voting Policy and Procedures and, in this regard, has expressly adopted them. Following are some of the functions and responsibilities of the Committee.
- (a) The Committee, which will consist of members designated by MSIM's Chief Investment Officer, is responsible for establishing MSIM's proxy voting policies and guidelines and determining how MSIM will vote proxies on an ongoing basis.
  - (b) The Committee will periodically review and have the authority to amend as necessary MSIM's proxy voting policies and guidelines (as expressed in these Proxy Voting Policy and Procedures) and establish and direct voting positions consistent with the Client Proxy Standard.
  - (c) The Committee will meet at least monthly to (among other matters): (1) address any outstanding issues relating to MSIM's Proxy Voting Policy and Procedures; and (2) generally review proposals at upcoming shareholder meetings of MSIM portfolio companies in accordance with this Policy and Procedures including, as appropriate, the voting results of prior shareholder meetings of the same issuer where a similar proposal was presented to shareholders. The Committee, or its designee, will timely communicate to ISS MSIM's Proxy Voting Policy and Procedures (and any amendments to them and/or any additional guidelines or procedures it may adopt).
  - (d) The Committee will meet on an ad hoc basis to (among other matters): (1) authorize "split voting" (i.e., allowing certain shares of the same issuer that are the subject of the same

proxy solicitation and held by one or more MSIM portfolios to be voted differently than other shares) and/or "override voting" (i.e., voting

all MSIM portfolio shares in a manner contrary to the Procedures); (2) review and approve upcoming votes, as appropriate, for matters for which specific direction has been provided in Sections I, II, and III above; and (3) determine how to vote matters for which specific direction has not been provided in Sections I, II and III above. Split votes will generally not be approved within a single Global Investor Group team. The Committee may take into account ISS recommendations and the research provided by IRRC as well as any other relevant information they may request or receive.

- (e) In addition to the procedures discussed above, if the Committee determines that an issue raises a potential material conflict of interest, or gives rise to the appearance of a potential material conflict of interest, the Committee will designate a special committee to review, and recommend a course of action with respect to, the conflict(s) in question ("Special Committee"). The Special Committee may request the assistance of the Law and Compliance Departments and will have sole discretion to cast a vote. In addition to the research provided by ISS and IRRC, the Special Committee may request analysis from MSIM Affiliate investment professionals and outside sources to the extent it deems appropriate.
- (f) The Committee and the Special Committee, or their designee(s), will document in writing all of their decisions and actions, which documentation will be maintained by the Committee and the Special Committee, or their designee(s) for a period of at least 6 years. To the extent these decisions relate to a security held by a MSIM U.S. registered investment company, the Committee and Special Committee, or their designee(s), will report their decisions to each applicable Board of Trustees/Directors of those investment companies at each Board's next regularly Scheduled Board meeting. The report will contain information concerning decisions made by the Committee and Special Committee during the most recently ended calendar quarter immediately preceding the Board meeting.
- (g) The Committee and Special Committee, or their designee(s), will timely communicate to applicable PMs, the Compliance Departments and, as necessary to ISS, decisions of the Committee and Special Committee so that, among other things, ISS will vote proxies consistent with their decisions.

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

Not Applicable

Required disclosure beginning with fiscal year end 12/31/05.

Item 9. Closed-End Fund Repurchases

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PERIOD	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	MAXIMUM NUMBER OF SHARES THAT MIGHT BE PURCHASED UNDER ANY SUCH PLANS OR PROGRAMS
July	--	--	--	--
August	23,921	\$ 13.26	23,921	--
September	--	--	--	--
October	1,221	\$ 14.70	1,221	--
November	--	--	--	--
December	--	--	--	--

\* The Share Repurchase Program commenced on 7/30/1998

\*\* The Fund expects to continue to repurchase its outstanding shares at such time and in such amounts as it believes will further the accomplishment of the foregoing objectives, subject to review by the Board of Directors.

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

Not applicable.

Item 11. 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-CSR 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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal half-year (the registrant's second fiscal half-year in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 12. Exhibits

(a) The Code of Ethics for Principal Executive and Senior Financial Officers is attached hereto.

(b) A separate certification for each principal executive officer and principal financial officer of the registrant are attached hereto as part of EX-99.CERT.

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 Fund, Inc.

By: /s/ Ronald E. Robison

Name: Ronald E. Robison  
Title: Principal Executive Officer

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Date: 2/17/2005

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

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Name: Ronald E. Robison  
Title: Principal Executive Officer  
Date: 2/17/2005

By: /s/ James W. Garrett

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Name: James W. Garrett  
Title: Chief Financial Officer  
Date: 2/17/2005