

Morgan Stanley Institutional Fund, Inc.

Global Value Equity Portfolio

The Global Value Equity Portfolio seeks long-term capital appreciation by investing primarily in equity securities of issuers throughout the world, including U.S. issuers.

International Equity Portfolio

The International Equity Portfolio seeks long-term capital appreciation by investing primarily in equity securities of non-U.S. issuers.

International Small Cap Portfolio

The International Small Cap Portfolio seeks long-term capital appreciation by investing primarily in equity securities of small non-U.S. companies.

European Value Equity Portfolio

The European Value Equity Portfolio seeks long-term capital appreciation by investing primarily in equity securities of European issuers.

Investment Adviser

Morgan Stanley Investment Management Inc.

Distributor

Morgan Stanley & Co. Incorporated

Morgan Stanley Institutional Fund, Inc. (the "Fund") is a no-load mutual fund that is designed to meet the investment needs of discerning investors who place a premium on quality and personal service. The Fund makes available to institutional investors a series of portfolios which seek to benefit from the investment expertise and commitment to excellence associated with Morgan Stanley Investment Management Inc. ("Morgan Stanley Investment Management" or the "Adviser") and its affiliates. This Prospectus offers Class A and Class B shares of the portfolios listed above (each a "Portfolio" and collectively the "Portfolios"), except that the International Small Cap Portfolio offers only Class A shares.

The Securities and Exchange Commission (the "Commission") has not approved or disapproved these securities or passed upon the adequacy of this Prospectus. Any representation to the contrary is a criminal offense.

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Global Value Equity Portfolio

Objective

The Global Value Equity Portfolio seeks long-term capital appreciation by investing primarily in equity securities of issuers throughout the world, including U.S. issuers.

Approach

Morgan Stanley Investment Management seeks to maintain a diversified portfolio of global equity securities based on individual stock selection and emphasizes a bottom-up approach to investing that seeks to identify securities of issuers which it believes are undervalued.

Process

Morgan Stanley Investment Management selects securities for investment primarily from a universe of issuers in developed markets. Morgan Stanley Investment Management expects to invest at least 20% of the Portfolio's total assets in the common stocks of U.S. issuers. The investment process is value driven and based on individual stock selection. In assessing investment opportunities, Morgan Stanley Investment Management considers value criteria with an emphasis on cash flow and the intrinsic value of company assets. Securities which appear undervalued according to these criteria are then subjected to in-depth fundamental analysis. Morgan Stanley Investment Management conducts a thorough investigation of an issuer's balance sheet, cash flow and income statement and assesses the company's business franchise, including product competitiveness, market positioning and industry structure. Meetings

with senior company management are integral to the investment process. Morgan Stanley Investment Management generally considers selling a portfolio holding when it determines that the holding has reached its fair value target.

Under normal circumstances, at least 80% of the assets of the Portfolio will be invested in equity securities.

Risks

Investing in the Global Value Equity Portfolio may be appropriate for you if you are willing to accept the risks and uncertainties of investing in a portfolio of equity securities of issuers throughout the world. In general, prices of equity securities are more volatile than those of fixed income securities. The prices of equity securities will rise and fall in response to a number of different factors. In particular, prices of equity securities will respond to events that affect entire financial markets or industries (changes in inflation or consumer demand, for example) and to events that affect particular issuers (news about the success or failure of a new product, for example).

Investing in foreign countries entails the risk that news and events unique to a country or region will affect those markets and their issuers. These same events will not necessarily have an effect on the U.S. economy or similar issuers located in the United States. In addition, the Portfolio's investments in foreign countries generally will be denominated in foreign currencies. As a result,

Performance (Class A Shares)

Commenced operations on July 15, 1992



Average Annual Total Returns

(for the year ended December 31, 2001)

	Past One Year	Past Five Years	Since Inception
Class A (commenced operations on July 15, 1992)			
Return before Taxes	-8.36%	8.60%	13.48%
Return after Taxes on Distributions	-8.76%	6.14%	11.02%
Return after Taxes on Distributions and Sale of Fund Shares	-5.10%	6.48%	10.62%
MSCI World Index	-16.82%	5.37%	9.00%
Class B (commenced operations on January 2, 1996)			
Return before Taxes	-8.58%	8.30%	10.47%
MSCI World Index	-16.82%	5.37%	6.60%

After-tax returns are calculated using the historical highest individual federal marginal income tax rates during the period shown (in this case 39.1%), and do not reflect the impact of state and local taxes.

Actual after-tax returns depend on the investor's tax situation and may differ from those shown, and after-tax returns are not relevant to investors who hold their fund shares through tax deferred arrangements such as 401(k) plans or individual retirement accounts.

The Portfolio's past performance, before and after taxes, is not necessarily an indication of how the Portfolio will perform in the future.

The bar chart and table show the performance of the Portfolio year-by-year and as an average over different periods of time. The bar chart shows returns for Class A only. The Portfolio's Class B shares would have had similar annual returns, but returns would have been generally lower as expenses of this class are higher. Together, the bar chart and table demonstrate the variability of performance over time and provide an indication of the risks of investing in the Portfolio. The table also compares the performance of the Portfolio to an index of similar securities. An index is a hypothetical measure of performance based on the ups and downs of securities that make up a particular market. The index does not show actual investment returns or reflect payment of management or brokerage fees or taxes, which would lower the index's performance.

The Morgan Stanley Capital International (MSCI) World Index is an unmanaged index of common stocks designed to measure international equity market performance. The MSCI World Index includes securities representative of the market structure of over 20 developed market countries in North America, Europe, and the Asia/Pacific region.

Global Value Equity Portfolio (Cont'd)

changes in the value of a country's currency compared to the U.S. dollar may affect the value of the Portfolio's investments. These changes may occur separately from and in response to events that do not otherwise affect the value of the security in the issuer's home country. Morgan Stanley Investment Management may invest in certain instruments, such as derivatives, and may use certain techniques, such as hedging, to manage these risks. However, Morgan Stanley Investment Management cannot guarantee that it will be practical to hedge these risks in certain markets or under particular conditions or that it will succeed in doing so.

Please see "Additional Risk Factors and Information" for further information about these and other risks of investing in the Portfolio.

International Equity Portfolio

Objective

The International Equity Portfolio seeks long-term capital appreciation by investing primarily in equity securities of non-U.S. issuers.

Approach

Morgan Stanley Investment Management seeks to maintain a diversified portfolio of equity securities of non-U.S. issuers based on individual stock selection. Morgan Stanley Investment Management emphasizes a bottom-up approach to investing that seeks to identify securities of issuers it believes are undervalued. The Adviser focuses on developed markets, but it may invest in emerging markets.

Process

Morgan Stanley Investment Management selects issuers from a universe comprised of approximately 2,600 companies in non-U.S. markets. The investment process is value driven and based on individual stock selection. In assessing investment opportunities, Morgan Stanley Investment Management considers value criteria with an emphasis on cash flow and the intrinsic value of company assets. Securities which appear undervalued according to these criteria are then subjected to in-depth fundamental analysis. Morgan Stanley Investment Management conducts a thorough investigation of the issuer's balance sheet, cash flow and income statement and assesses the company's business franchise, including product competitiveness, market positioning and industry structure. Meetings with senior company manage-

ment are integral to the investment process. Morgan Stanley Investment Management generally considers selling a portfolio holding when it determines that the holding has reached its fair value target.

Under normal circumstances, at least 80% of the assets of the Portfolio will be invested in equity securities.

Risks

Investing in the International Equity Portfolio may be appropriate for you if you are willing to accept the risks and uncertainties of investing in equity securities. In general, prices of equity securities are more volatile than those of fixed income securities. The prices of equity securities will rise and fall in response to a number of different factors. In particular, prices of equity securities will respond to events that affect entire financial markets or industries (changes in inflation or consumer demand, for example) and to events that affect particular issuers (news about the success or failure of a new product, for example). In addition, at times the Portfolio's market sector, equity securities of foreign issuers, may underperform relative to other sectors or the overall market.

Investing in foreign countries entails the risk that news and events unique to a country or region will affect those markets and their issuers. These same events will not necessarily have an effect on the U.S. economy or similar issuers located in the United States. In addition, the Portfolio's investments in foreign countries generally will be denominated in foreign currencies. As a result,

Performance (Class A Shares)

Commenced operations on August 4, 1989



Average Annual Total Returns

(for the year ended December 31, 2001)

	Past One Year	Past Five Years	Past Ten Years	Since Inception
Class A (commenced operations on August 4, 1989)				
Return before Taxes	-9.74%	9.09%	12.75%	10.85%
Return after Taxes on Distributions	-10.56%	6.56%	10.57%	9.02%
Return after Taxes on Distributions and Sale of Fund Shares	-5.57%	6.97%	10.22%	8.72%
MSCI EAFE Index	-21.44%	0.89%	4.46%	2.81%
Class B (commenced operations on January 2, 1996)				
Return before Taxes	-9.83%	8.99%	n/a	10.53%
MSCI EAFE Index	-21.44%	0.89%	n/a	1.73%

After-tax returns are calculated using the historical highest individual federal marginal income tax rates during the period shown (in this case 39.1%), and do not reflect the impact of state and local taxes.

Actual after-tax returns depend on the investor's tax situation and may differ from those shown, and after-tax returns are not relevant to investors who hold their fund shares through tax deferred arrangements such as 401(k) plans or individual retirement accounts.

The Portfolio's past performance, before and after taxes, is not necessarily an indication of how the Portfolio will perform in the future.

The bar chart and table show the performance of the Portfolio year-by-year and as an average over different periods of time. The bar chart shows returns for Class A only. The Portfolio's Class B shares would have had similar annual returns, but returns would have been generally lower as expenses of this class are higher. Together, the bar chart and table demonstrate the variability of performance over time and provide an indication of the risks of investing in the Portfolio. The table also compares the performance of the Portfolio to an index of similar securities. An index is a hypothetical measure of performance based on the ups and downs of securities that make up a particular market. The index does not show actual investment returns or reflect payment of management or brokerage fees or taxes, which would lower the index's performance.

The Morgan Stanley Capital International (MSCI) EAFE Index is an unmanaged index of common stocks in Europe, Australasia and the Far East.

International Equity Portfolio (Cont'd)

changes in the value of a country's currency compared to the U.S. dollar may affect the value of the Portfolio's investments. These changes may occur separately from and in response to events that do not otherwise affect the value of the security in the issuer's home country. Morgan Stanley Investment Management may invest in certain instruments, such as derivatives, and may use certain techniques, such as hedging, to manage these risks. However, Morgan Stanley Investment Management cannot guarantee that it will be practical to hedge these risks in certain markets or under particular conditions or that it will succeed in doing so.

Please see "Additional Risk Factors and Information" for further information about these and other risks of investing in the Portfolio.

International Small Cap Portfolio

Objective

The International Small Cap Portfolio seeks long-term capital appreciation by investing primarily in equity securities of small non-U.S. companies.

Approach

Morgan Stanley Investment Management seeks to maintain a diversified portfolio of equity securities of small non-U.S. issuers based on individual stock selection. Morgan Stanley Investment Management emphasizes a bottom-up approach to investing that seeks to identify securities of issuers it believes are undervalued.

Process

Morgan Stanley Investment Management selects issuers from a universe comprised of small cap companies (those with total market capitalizations of \$4 billion or less) in non-U.S. markets, focusing on companies with market capitalizations of generally less than \$2 billion. The investment process is value driven and based on individual stock selection. In assessing investment opportunities, Morgan Stanley Investment Management considers value criteria with an emphasis on cash flow and the intrinsic value of company assets. Securities which appear undervalued according to these criteria are then subjected to in-depth fundamental analysis. Morgan Stanley Investment Management conducts a thorough investigation of the issuer's balance sheet, cash flow and income statement and assesses the company's business franchise, including product competitiveness, market positioning and industry structure. Meetings with senior company management are integral to the investment process. Morgan Stanley Investment

Management generally considers selling a portfolio holding when it determines that the holding has reached its fair value target.

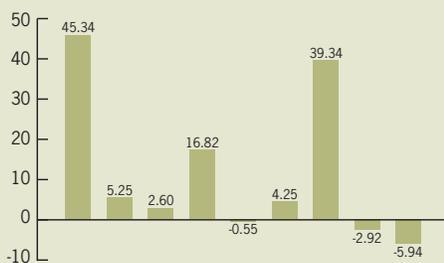
Under normal circumstances, at least 80% of the assets of the Portfolio will be invested in equity securities of small cap companies. A company is considered to be a small cap company if it has a total market capitalization at the time of purchase of \$4 billion or less. The market capitalization limit is subject to adjustment annually based upon Morgan Stanley Investment Management's assessment as to the capitalization range of companies which possess the fundamental characteristics of small cap companies.

Risks

Investing in the International Small Cap Portfolio may be appropriate for you if you are willing to accept the risks and uncertainties of investing in the equity securities of small non-U.S. issuers. In general, prices of equity securities are more volatile than those of fixed income securities. The prices of equity securities will rise and fall in response to a number of different factors. In particular, prices of equity securities will respond to events that affect entire financial markets or industries (changes in inflation or consumer demand, for example) and to events that affect particular issuers (news about the success or failure of a new product, for example). In addition, at times the Portfolio's market sector, equity securities of smaller foreign issuers, may underperform relative to other sectors or the overall market.

Performance (Class A Shares)

Commenced operations on December 15, 1992



1993 1994 1995 1996 1997 1998 1999 2000 2001

High Quarter (Q1 '93) 17.46%

Low Quarter (Q3 '98) -18.68%

Average Annual Total Returns

(for the year ended December 31, 2001)

Class A (commenced operations on December 15, 1992)

	Past One Year	Past Five Years	Since Inception
Return before Taxes	-5.94%	5.71%	10.36%
Return after Taxes on Distributions	-6.94%	3.53%	8.80%
Return after Taxes on Distributions and Sale of Fund Shares	-3.38%	4.06%	8.33%
MSCI EAFE Small Cap Index	-14.29%	-6.17%	0.62%

After-tax returns are calculated using the historical highest individual federal marginal income tax rates during the period shown (in this case 39.1%), and do not reflect the impact of state and local taxes.

Actual after-tax returns depend on the investor's tax situation and may differ from those shown, and after-tax returns are not relevant to investors who hold their fund shares through tax deferred arrangements such as 401(k) plans or individual retirement accounts.

The Portfolio's past performance, before and after taxes, is not necessarily an indication of how the Portfolio will perform in the future.

The bar chart and table show the performance of the Portfolio's Class A shares year-by-year and as an average over different periods of time. Together, the bar chart and table demonstrate the variability of performance over time and provide an indication of the risks of investing in the Portfolio. The table also compares the performance of the Portfolio to an index of similar securities. An index is a hypothetical measure of performance based on the ups and downs of securities that make up a particular market. The index does not show actual investment returns or reflect payment of management or brokerage fees or taxes, which would lower the index's performance.

The Morgan Stanley Capital International (MSCI) EAFE Small Cap Index is an unmanaged, market value-weighted average of the performance of over 900 securities of companies listed on the stock exchanges of countries in Europe, Australasia and the Far East.

International Small Cap Portfolio (Cont'd)

The risk of investing in equity securities is intensified in the case of the small cap companies in which the Portfolio invests. Market prices for such companies' equity securities tend to be more volatile than those of larger, more established companies. Small cap companies may themselves be more vulnerable to economic or company specific problems.

Investing in foreign countries entails the risk that news and events unique to a country or region will affect those markets and their issuers. These same events will not necessarily have an effect on the U.S. economy or similar issuers located in the United States. In addition, the Portfolio's investments in foreign countries generally will be denominated in foreign currencies. As a result, changes in the value of a country's currency compared to

the U.S. dollar may affect the value of the Portfolio's investments. These changes may occur separately from and in response to events that do not otherwise affect the value of the security in the issuer's home country. Morgan Stanley Investment Management may invest in certain instruments, such as derivatives, and may use certain techniques, such as hedging, to manage these risks. However, Morgan Stanley Investment Management cannot guarantee that it will be practical to hedge these risks in certain markets or under particular conditions or that it will succeed in doing so.

Please see "Additional Risk Factors and Information" for further information about these and other risks of investing in the Portfolio.

European Value Equity Portfolio

Objective

The European Value Equity Portfolio seeks long-term capital appreciation by investing primarily in equity securities of European issuers.

Approach

Morgan Stanley Investment Management seeks to maintain a diversified portfolio of equity securities of European issuers based on individual stock selection. Morgan Stanley Investment Management emphasizes a bottom-up approach to investing that seeks to identify securities of undervalued European issuers.

Process

Morgan Stanley Investment Management selects issuers from a universe of approximately 2,000 European companies. The investment process is value driven and based on individual stock selection. In assessing investment opportunities, Morgan Stanley Investment Management considers value criteria with an emphasis on cash flow and the intrinsic value of company assets. Securities which appear undervalued according to these criteria are then subjected to in-depth fundamental analysis. Morgan Stanley Investment Management conducts a thorough investigation of the issuer's balance sheet, cash flow and income statement and assesses the company's business franchise, including product competitiveness, market positioning and industry structure. Meetings with senior company management are integral

to the investment process. Morgan Stanley Investment Management generally considers selling a portfolio holding when it determines that the holding has reached its fair value target.

Under normal circumstances, at least 80% of the assets of the Portfolio will be invested in equity securities of issuers in European countries. Morgan Stanley Investment Management considers a company to be European if (i) its securities are traded on a recognized stock exchange in Europe, (ii) alone or on a consolidated basis it derives 50% or more of its annual revenues from either goods produced, sales made or services performed in a European country, or (iii) it is organized under the laws of, or has a principal office in a European country.

Risks

Investing in the European Value Equity Portfolio may be appropriate for you if you are willing to accept the risks and uncertainties of investing in the equity securities of European issuers. In general, prices of equity securities are more volatile than those of fixed income securities. The prices of equity securities will rise and fall in response to a number of different factors. In particular, prices of equity securities will respond to events that affect entire financial markets or industries (changes in inflation or consumer demand, for example) and to events that affect particular issuers (news about the success or failure of a new product, for example). In

Performance (Class A Shares)

Commenced operations on April 2, 1993



Average Annual Total Returns

(for the year ended December 31, 2001)

	Past One Year	Past Five Years	Since Inception
Class A (commenced operations on April 2, 1993)			
Return before Taxes	-13.47%	5.35%	11.24%
Return after Taxes on Distributions	-15.01%	2.44%	8.81%
Return after Taxes on Distributions and Sale of Fund Shares	-7.36%	4.04%	8.97%
MSCI Europe Index	-19.90%	6.24%	10.80%
Class B (commenced operations on January 2, 1996)			
Return before Taxes	-13.71%	5.09%	7.56%
MSCI Europe Index	-19.90%	6.24%	8.47%

After-tax returns are calculated using the historical highest individual federal marginal income tax rates during the period shown (in this case 39.1%), and do not reflect the impact of state and local taxes.

Actual after-tax returns depend on the investor's tax situation and may differ from those shown, and after-tax returns are not relevant to investors who hold their fund shares through tax deferred arrangements such as 401(k) plans or individual retirement accounts.

The Portfolio's past performance, before and after taxes, is not necessarily an indication of how the Portfolio will perform in the future.

The bar chart and table show the performance of the Portfolio year-by-year and as an average over different periods of time. The bar chart shows returns for Class A only. The Portfolio's Class B shares would have had similar annual returns, but returns would have been generally lower as expenses of this class are higher. Together, the bar chart and table demonstrate the variability of performance over time and provide an indication of the risks of investing in the Portfolio. The table also compares the performance of the Portfolio to an index of similar securities. An index is a hypothetical measure of performance based on the ups and downs of securities that make up a particular market. The index does not show actual investment returns or reflect payment of management or brokerage fees or taxes, which would lower the index's performance.

The Morgan Stanley Capital International (MSCI) Europe Index is an unmanaged market value weighted index of common stocks listed on the stock exchanges of countries in Europe.

European Value Equity Portfolio (Cont'd)

addition, at times the Portfolio's market sector, equity securities of European issuers, may underperform relative to other sectors or the overall market.

Investing in foreign countries entails the risk that news and events unique to a country or region will affect those markets and their issuers. The value of the Portfolio's shares may vary widely in response to political and economic factors affecting companies in European countries. These same events will not necessarily have an effect on the U.S. economy or similar issuers located in the United States. In addition, the Portfolio's investments in foreign countries generally will be denominated in foreign currencies. As a result, changes in the value of a country's currency compared to the U.S. dollar may

affect the value of the Portfolio's investments. These changes may occur separately from and in response to events that do not otherwise affect the value of the security in the issuer's home country. Morgan Stanley Investment Management may invest in certain instruments, such as derivatives, and may use certain techniques, such as hedging, to manage these risks. However, Morgan Stanley Investment Management cannot guarantee that it will be practical to hedge these risks in certain markets or under particular conditions or that it will succeed in doing so.

Please see "Additional Risk Factors and Information" for further information about these and other risks of investing in the Portfolio.

Additional Risk Factors and Information

This section discusses additional risk factors and information relating to the Portfolios. The Portfolios' investment practices and limitations are described in more detail in the Statement of Additional Information ("SAI"), which is incorporated by reference and legally is a part of this Prospectus. For details on how to obtain a copy of the SAI and other reports and information, see the back cover of this Prospectus.

Price Volatility

The value of your investment in a Portfolio is based on the market prices of the securities the Portfolio holds. These prices change daily due to economic and other events that affect markets generally, as well as those that affect particular regions, countries, industries, companies or governments. These price movements, sometimes called volatility, may be greater or lesser depending on the types of securities the Portfolio owns and the markets in which the securities trade. Over time, equity securities have generally shown gains superior to fixed income securities, although they have tended to be more volatile in the short term. Fixed income securities, regardless of credit quality, also experience price volatility, especially in response to interest rate changes. As a result of price volatility, there is a risk that you may lose money by investing in a Portfolio.

Emerging Market Risks

The Portfolios may invest in emerging market countries, which are countries that major international financial institutions, such as the World Bank, generally consider to be less economically mature than developed nations, such as the United States or most nations in Western Europe. Emerging market countries can include every nation in the world except the United States, Canada, Japan, Australia, New Zealand, and most countries located in Western Europe. Emerging market countries may be more likely to experience political turmoil or rapid changes in economic conditions than more developed countries, and the financial condition of issuers in emerging market countries may be more precarious than in other countries. These characteristics result in greater risk of price volatility in emerging market countries, which may be heightened by currency fluctuations relative to the U.S. dollar.

Foreign Securities

Foreign issuers generally are subject to different accounting, auditing and financial reporting standards than U.S. issuers. There may be less information available to the public about foreign issuers. Securities of foreign issuers can be less liquid and experience greater price movements. In some foreign countries, there is also the risk of government expropriation, excessive taxation, political or social instability, the imposition of currency controls, or diplomatic developments that could affect a Portfolio's

investment. There also can be difficulty obtaining and enforcing judgments against issuers in foreign countries. Foreign stock exchanges, broker-dealers, and listed issuers may be subject to less government regulation and oversight. The cost of investing in foreign securities, including brokerage commissions and custodial expenses, can be higher than in the United States.

Foreign Currency

In general, foreign securities are denominated in foreign currencies. The value of foreign currencies fluctuates relative to the value of the U.S. dollar. Since the Portfolios may invest in such securities, and therefore may convert the value of foreign securities into dollars, changes in currency exchange rates can increase or decrease the U.S. dollar value of the Portfolios' assets. The Adviser may use derivatives to reduce this risk. The Adviser may in its discretion choose not to hedge against currency risk. In addition, certain market conditions may make it impossible or uneconomical to hedge against currency risk.

Derivatives and Other Investments

The Portfolios may use various instruments that derive their values from those of specified securities, indices, currencies or other points of reference for both hedging and non-hedging purposes. Derivatives include futures, options, forward contracts, swaps, and structured notes. These derivatives, including those used to manage risk, are themselves subject to risks of the different markets in which they trade and, therefore, may not serve their intended purposes.

A forward contract is an obligation to purchase or sell a security or a specific currency at a future date, which may be any fixed number of days from the date of the contract agreed upon by the parties, at a price set at the time of the contract. Forward currency contracts may be used to protect against uncertainty in the level of future foreign currency exchange rates or to gain or modify exposure to a particular currency. A futures contract provides for the future sale by one party and purchase by another party of a specified amount of a specific security at a specified future time and at a specified price. The Portfolios may use futures contracts to gain exposure to an entire market (e.g. stock index futures) or to control their exposure to changing foreign currency exchange rates.

Additional Risk Factors and Information (Cont'd)

Risks of Derivatives

The primary risks of derivatives are: (i) changes in the market value of securities held by a Portfolio, and of derivatives relating to those securities, may not be proportionate, (ii) there may not be a liquid market for a Portfolio to sell a derivative, which could result in difficulty closing a position, and (iii) certain derivatives can magnify the extent of losses incurred due to changes in the market value of the securities to which they relate. In addition, some derivatives are subject to counterparty risk. To minimize this risk, a Portfolio may enter into derivatives transactions only with counterparties that meet certain requirements for credit quality and collateral. Also, a Portfolio may invest in certain derivatives that require the Portfolio to segregate some or all of its cash or liquid securities to cover its obligations under those instruments. At certain levels, this can cause the Portfolio to lose flexibility in managing its investments properly, responding to shareholder redemption requests, or meeting other obligations. If a Portfolio is in that position, it could be forced to sell other securities that it wanted to retain.

Hedging the Portfolio's currency risks involves the risk of mismatching the Portfolio's obligations under a forward or futures contract with the value of securities denominated in a particular currency.

Investment Discretion

In pursuing the Portfolios' investment objectives, Morgan Stanley Investment Management has consider-

able leeway in deciding which investments it buys, holds or sells on a day-to-day basis, and which trading strategies it uses. For example, Morgan Stanley Investment Management may determine to use some permitted trading strategies while not using others. The success or failure of such decisions will affect the Portfolios' performance.

Bank Investors

An investment in a Portfolio is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Temporary Defensive Investments

When Morgan Stanley Investment Management believes that changes in economic, financial or political conditions warrant, each Portfolio may invest without limit in certain short- and medium-term fixed income securities for temporary defensive purposes. If Morgan Stanley Investment Management incorrectly predicts the effects of these changes, such defensive investments may adversely affect a Portfolio's performance and the Portfolio may not achieve its investment objective.

Portfolio Turnover

Consistent with its investment policies, a Portfolio will purchase and sell securities without regard to the effect on portfolio turnover. Higher portfolio turnover (*e.g.*, over 100% per year) will cause a Portfolio to incur additional transaction costs and may result in taxable gains being passed through to shareholders.

Fees and Expenses of the Portfolios

The Commission requires that the Fund disclose in this table the fees and expenses that you may pay if you buy and hold shares of the Portfolios. The Annual Portfolio Operating Expenses in the table do not reflect voluntary fee waivers and/or expense reimbursements, which are described in the footnotes, from Morgan Stanley Investment Management.

2001 Annual Portfolio Operating Expenses

	Global Value Equity Portfolio	International Equity Portfolio	International Small Cap Portfolio	European Value Equity Portfolio
Shareholder Fees (fees paid directly from your investment)				
Redemption Fee (as a % of the amount redeemed)†	2.00%	2.00%	2.00%	2.00%
Management Fees (expenses that are deducted from Fund assets)*				
Class A	0.80%	0.80%	0.95%	0.80%
Class B	0.80%	0.80%	n/a	0.80%
12b-1 Fee				
Class A	None	None	None	None
Class B	0.25%	0.25%	n/a	0.25%
Other Expenses				
Class A	0.36%	0.21%	0.24%	0.51%
Class B	0.36%	0.21%	n/a	0.51%
Total Annual Portfolio Operating Expenses				
Class A	1.16%	1.01%	1.19%	1.31%
Class B	1.41%	1.26%	n/a	1.56%

n/a Not applicable.

† Payable to the Portfolio on shares redeemed within 60 days of purchase. The redemption fee may be waived by the Fund in certain circumstances. See "Shareholder Information" for more information on redemption fees.

* The Management Fees for the Portfolios shown in the table above are the highest that could be charged. This table does not show the effects of Morgan Stanley Investment Management's voluntary fee waivers and/or expense reimbursements. Morgan Stanley Investment Management has voluntarily agreed to reduce its management fee and/or reimburse the Portfolios so that total annual operating expenses, excluding certain investment related expenses described below, will not exceed 1.00% for Class A shares and 1.25% for Class B shares of the Global Value Equity, International Equity and European Value Equity Portfolios, and 1.15% for Class A shares of the International Small Cap Portfolio.

In determining the actual amount of voluntary management fee waiver and/or expense reimbursement for a Portfolio, if any, certain investment related expenses, such as foreign country tax expense and interest expense on borrowing, are excluded from annual operating expenses. If these expenses were incurred, the Portfolios' total operating expenses after voluntary fee waivers and/or expense reimbursements would exceed the expense ratios shown above.

For the year ended December 31, 2001, after giving effect to Morgan Stanley Investment Management's voluntary management fee waiver and/or expense reimbursement, the total operating expenses incurred by investors, including certain investment related expenses, were 1.01% for Class A shares and 1.26% for Class B shares of the Global Value Equity Portfolio, 1.15% for Class A shares of the International Small Cap Portfolio, and 1.07% for Class A shares and 1.32% for Class B shares of the European Value Equity Portfolio. Excluding investment related expenses, the total operating expenses after fee waivers and/or expense reimbursements were 1.15% for Class A shares of the International Small Cap Portfolio and 1.00% for Class A shares and 1.25% for Class B shares of the Global Value Equity and European Value Equity Portfolios. Total operating expenses for the International Equity Portfolio did not exceed the amounts shown above and accordingly, total operating expenses incurred by investors in the Portfolio were as shown in the table above.

Fee waivers and/or expense reimbursements are voluntary and Morgan Stanley Investment Management reserves the right to terminate any waiver and/or reimbursement at any time and without notice.

Fees and Expenses of the Portfolios (Cont'd)

The example assumes that you invest \$10,000 in each Portfolio for the time periods indicated and then redeem all of your shares at the end of those periods. The example assumes that your investment has a 5% return each year and that each Portfolio's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions, your costs would be equal to the amounts reflected in the table to the right.

Example

	1 Year	3 Years	5 Years	10 Years
Global Value Equity Portfolio				
Class A	\$118	\$368	\$638	\$1,409
Class B	\$144	\$446	\$771	\$1,691
International Equity Portfolio				
Class A	\$103	\$322	\$558	\$1,236
Class B	\$128	\$400	\$692	\$1,523
International Small Cap Portfolio				
Class A	\$121	\$378	\$654	\$1,443
European Value Equity Portfolio				
Class A	\$133	\$415	\$718	\$1,579
Class B	\$159	\$493	\$850	\$1,856

Investment Adviser

Morgan Stanley Investment Management Inc. (“Morgan Stanley Investment Management”), with principal offices at 1221 Avenue of the Americas, New York, New York 10020, conducts a worldwide portfolio management business and provides a broad range of portfolio management services to customers in the United States and abroad. Morgan Stanley Dean Witter & Co. (“Morgan Stanley”) is the direct parent of Morgan Stanley Investment Management and Morgan Stanley & Co. Incorporated (“Morgan Stanley & Co.”), the Fund’s

Distributor. Morgan Stanley is a preeminent global financial services firm that maintains leading market positions in each of its three primary businesses – securities, asset management and credit services. As of December 31, 2001, Morgan Stanley Investment Management, together with its affiliated asset management companies, had approximately \$415.9 billion in assets under management with approximately \$178.1 billion in institutional assets.

Management Fees

For the year ended December 31, 2001, Morgan Stanley Investment Management received from each Portfolio the management fee set forth in the table below:

Management Fee Paid in Fiscal Year Ended December 31, 2001

(net of waivers and as a percentage of average net assets)

	Global Value Equity Portfolio	International Equity Portfolio	International Small Cap Portfolio	European Value Equity Portfolio
Class A	0.65%	0.80%	0.92%	0.57%
Class B	0.65%	0.80%	N/A	0.57%

N/A Not applicable.

Portfolio Management

Global Value Equity Portfolio

The Portfolio’s assets are managed by the Global Value Team. Current members of the team include Frances Campion, Managing Director, Paul Boyne, Executive Director, and Emilio Alvarez, Executive Director.

International Equity Portfolio

The Portfolio’s assets are managed by the International Value Team. Current members of the team include Dominic Caldecott, Managing Director, Peter Wright, Managing Director, William Lock, Managing Director and Walter Riddell, Vice President.

International Small Cap Portfolio

The Portfolio’s assets are managed by the European Value and International Small Cap Teams. Current members of the teams include Margaret Naylor, Managing Director, Willem Vinke, Executive Director, Nathalie Degans, Executive Director, and Arthur Pollock, Vice President.

European Value Equity Portfolio

The Portfolio’s assets are managed by the European Value Team. Current members of the team include Willem Vinke, Executive Director, and Felicity Smith, Vice President.

Shareholder Information

Distribution Of Portfolio Shares

Morgan Stanley & Co. is the exclusive Distributor of Class A shares and Class B shares of each Portfolio. Morgan Stanley & Co. receives no compensation from the Fund for distributing Class A shares of the Portfolios. The Fund has adopted a Plan of Distribution with respect to the Class B shares of each Portfolio pursuant to Rule 12b-1 (the "Plan") under the Investment Company Act of 1940. Under the Plan, each Portfolio pays the Distributor a distribution fee of 0.25% of the Class B shares' average daily net assets on an annualized basis. The distribution fee compensates the Distributor for marketing and selling Class B shares. The Distributor may pay others for providing distribution-related and other services, including account maintenance services. Over time the distribution fees will increase the cost of your investment and may cost you more than paying other types of sales charges.

About Net Asset Value

The net asset value ("NAV") per share of a class of shares of a Portfolio is determined by dividing the total of the value of the Portfolio's investments and other assets attributable to the class, less any liabilities attributable to the class, by the total number of outstanding shares of that class of the Portfolio. In making this calculation, each Portfolio generally values securities at market price. If market prices are unavailable or may be unreliable because of events occurring after the close of trading, fair value prices may be determined in good faith using methods approved by the Board of Directors. The Portfolios may hold portfolio securities that are listed on foreign exchanges. These securities may trade on weekends or other days when the Portfolios do not calculate NAV. As a result, the value of these investments may change on days when you cannot purchase or sell shares.

Pricing Of Portfolio Shares

You may buy or sell (redeem) Class A and Class B shares of each Portfolio at the NAV next determined for the class after receipt of your order. The Fund determines the NAV per share for the Portfolios as of the close of the New York Stock Exchange ("NYSE") (normally 4:00 p.m. Eastern Time) on each day that the Portfolios are open for business (the "Pricing Time").

How To Purchase Shares

You may purchase Class A shares and Class B shares of each Portfolio directly from the Fund, from the Distributor or through certain third parties ("Financial Intermediaries") on each day that the Portfolios are open for business.

The minimum initial investment generally is \$500,000 for Class A shares and \$100,000 for Class B shares of each Portfolio. The minimum additional investment generally is \$1,000 for each account that you have. If the value of your account falls below the minimum initial investment amount for Class A shares or Class B shares as a result of share redemptions, the Fund will notify you. Your account may be subject to involuntary conversion from Class A shares to Class B shares or involuntary redemption in the case of Class B shares if the value of your account remains below the minimum initial investment amount for 60 consecutive days. Morgan Stanley Investment Management may waive the minimum initial investment and involuntary conversion or redemption features for certain investors, including individuals purchasing through a Financial Intermediary.

Shares may, in the Fund's discretion, be purchased with investment securities (in lieu of or, in conjunction with, cash) acceptable to the Fund. The securities would be accepted by the Fund at their market value in return for Portfolio shares of equal value.

Initial Purchase by Mail

You may open an account, subject to acceptance by Morgan Stanley Institutional Fund, Inc., by completing and signing an Account Registration Form provided by J.P. Morgan Investor Services Company ("J.P. Morgan"), the Fund's transfer agent, which you can obtain by calling J.P. Morgan at 1-800-548-7786 and mailing it to J.P. Morgan Investor Services Company, 73 Tremont Street, Boston, MA 02108-3919 together with a check payable to Morgan Stanley Institutional Fund, Inc.

Please note that payments to investors who redeem shares purchased by check will not be made until payment of the purchase has been collected, which may take up to eight business days after purchase. You can avoid this delay by purchasing shares by wire.

Shareholder Information (Cont'd)

Initial Purchase by Wire

You may purchase shares of each Portfolio by wiring Federal Funds to the Custodian. *You should forward a completed Account Registration Form to J.P. Morgan in advance of the wire. For all Portfolios, except the Money Market and Municipal Money Market Portfolios, notification must be given to J.P. Morgan at 1-800-548-7786 prior to the determination of NAV.* See the section above entitled "Pricing of Portfolio Shares." (Prior notification must also be received from investors with existing accounts.) Instruct your bank to send a Federal Funds wire in a specified amount to the Custodian using the following wire instructions:

J.P. Morgan Chase & Co.

1 Chase Manhattan Plaza
New York, NY 10081
ABA #021000021
DDA #910-2-733293
Attn: Morgan Stanley Institutional Fund, Inc.
Subscription Account
Ref: (Portfolio Name, Account Number,
Account Name)

Other Transactional Information

Frequent trades in your account(s) can disrupt management of a Portfolio and raise its expenses. Therefore, the Fund may, in its sole discretion, bar a shareholder who trades excessively from making further exchanges or purchases.

Shares of a Portfolio redeemed within 60 days of purchase will be subject to a 2% redemption fee, payable to the Portfolio. The redemption fee is designed to protect the Portfolio and remaining shareholders from the effects of short-term trading. The Fund may waive the redemption fee in certain instances, including when it determines that imposition of the redemption fee is not necessary to protect the Portfolio from the effects of short-term trading. The redemption fee is calculated based on and deducted from the redemption proceeds.

How To Redeem Shares

You may redeem Portfolio shares directly from the Fund, through the Distributor or through your Financial Intermediary, each as described above under "How To Purchase Shares." The redemption price will be the NAV per share calculated at the next Pricing Time, which may be more or less than the purchase price of your shares.

The Fund will ordinarily distribute redemption proceeds in cash within one business day of your redemption request, but it may take up to seven days. However, if you purchased shares by check, the Fund will not distribute redemption proceeds until it has collected your purchase payment, which may take up to eight days. In certain circumstances, for example, if payment of redemption proceeds in cash would be detrimental to the remaining shareholders, the Portfolio may pay a portion of the redemption proceeds by a distribution-in-kind of readily marketable portfolio securities.

Shares of a Portfolio redeemed within 60 days of purchase will be subject to the 2% redemption fee described under the section "Other Transactional Information."

Exchange Features

You may exchange Portfolio shares for the same class of shares of other available portfolios of the Fund. In addition, you may exchange Class A shares for Institutional Class shares or Class B shares for Adviser Class shares of available portfolios of Morgan Stanley Institutional Fund Trust. Exchanges are effected based on the respective NAVs of the applicable portfolios. To obtain a prospectus for another portfolio, call the Fund at 1-800-548-7786 or contact your Financial Intermediary. If you purchased Portfolio shares through a Financial Intermediary, certain portfolios may be unavailable for exchange. Contact your Financial Intermediary to determine which portfolios are available for exchange.

You can process your exchange by contacting your Financial Intermediary. Otherwise, you should send exchange requests by mail to the Fund's Transfer Agent, J.P. Morgan Investor Services Company, 73 Tremont Street, Boston, MA 02108-3919. Exchange requests can also be made by calling 1-800-548-7786.

When you exchange for shares of another portfolio, your transaction will be treated the same as an initial purchase. You will be subject to the same minimum initial investment and account size as an initial purchase. Accordingly, you will not necessarily receive the same class of shares that you tendered for exchange. Your exchange price will be the price calculated at the next Pricing Time after the Fund receives your exchange order. The Fund, in its sole discretion, may waive the minimum initial investment amount in certain cases. An exchange of Portfolio shares held for less than 60 days from the date of purchase will

Shareholder Information (Cont'd)

be subject to the 2% redemption fee described under the section "Other Transactional Information."

Dividends And Distributions

Each Portfolio's policy is to distribute to shareholders substantially all of its net investment income, if any, in the form of an annual dividend and to distribute net realized capital gains, if any, at least annually.

The Fund automatically reinvests all dividends and distributions in additional shares. However, you may elect to receive distributions in cash by giving written notice to the Fund or your Financial Intermediary or by checking the appropriate box in the Distribution Option section on the Account Registration Form.

Taxes

The dividends and distributions you receive from a Portfolio may be subject to Federal, state and local taxation, depending on your tax situation. The tax treatment of dividends and distributions is the same whether or not you reinvest them. Dividends are taxed as ordinary

income, long-term capital gains distributions to an individual are taxed at a maximum rate of 20% regardless of how long you have held your shares, and short-term capital gains distributions are taxed at ordinary income rates. A Portfolio may be able to pass through to you a credit for foreign income taxes it pays. The Fund will tell you annually how to treat dividends and distributions.

If you redeem shares of a Portfolio, you may be subject to tax on any gains you earn based on your holding period for the shares and your marginal tax rate. An exchange of shares of a Portfolio for shares of another portfolio is a sale of Portfolio shares for tax purposes. Conversions of shares between classes will not result in taxation.

Because each investor's tax circumstances are unique and the tax laws may change, you should consult your tax advisor about your investment.

The Fund currently consists of the following portfolios:

U.S. Equity

Equity Growth Portfolio
Focus Equity Portfolio
MicroCap Portfolio†
Small Company Growth Portfolio
Technology Portfolio
U.S. Equity Plus Portfolio†
U.S. Real Estate Portfolio
Value Equity Portfolio

Global And International Equity

Active International Allocation Portfolio
Asian Real Estate Portfolio
Asian Equity Portfolio
China Growth Portfolio†
Emerging Markets Portfolio
European Value Equity Portfolio
European Real Estate Portfolio
Global Franchise Portfolio

Global Value Equity Portfolio
Gold Portfolio†
International Equity Portfolio*
International Magnum Portfolio
International Small Cap Portfolio
Japanese Value Equity Portfolio
Latin American Portfolio

Fixed Income

Emerging Markets Debt Portfolio
Fixed Income III Portfolio††
Global Fixed Income II Portfolio
High Yield II Portfolio††
Mortgage-Backed Securities Portfolio†
Municipal Bond Portfolio†

Money Market

Money Market Portfolio
Municipal Money Market Portfolio

* Portfolio is currently closed to new investors

† Portfolio is not operational

†† Portfolio may be reorganized subject to shareholder approval

Financial Highlights

The financial highlights tables that follow are intended to help you understand the financial performance of the Class A shares and Class B shares of each Portfolio for the past five years or, if less than five years, the life of the Portfolio or Class. Certain information reflects financial results for a single Portfolio share. The total returns in the tables represent the rate that an investor would have earned (or lost) on an investment in each Portfolio (assuming reinvestment of all dividends and distributions). The information for the fiscal years ended December 31, 2000 and December 31, 2001 has been

audited by Ernst & Young LLP. The financial highlights for prior fiscal periods have been audited by other independent accountants. Ernst & Young LLP's report, along with the Portfolios' financial statements, are incorporated by reference into the Fund's SAI and are included in the Fund's December 31, 2001 Annual Report to Shareholders. The Annual Report and the Portfolios' financial statements, as well as the SAI, are available at no cost from the Fund at the toll-free number noted on the back cover to this Prospectus.

Global Value Equity Portfolio

Class A	Year Ended December 31,				
	2001	2000	1999	1998	1997
Selected per share data and ratios					
Net Asset Value, Beginning of Period	\$17.05	\$18.32	\$20.74	\$18.52	\$16.24
Income from Investment Operations					
Net Investment Income(1)	0.13	0.26	0.44	0.15	0.21
Net Realized and Unrealized Gain (Loss) on Investments	(1.56)	1.75	0.32	2.55	3.61
Total from Investment Operations	(1.43)	2.01	0.76	2.70	3.82
Distributions					
Net Investment Income	(0.17)	(0.61)	(0.38)	(0.17)	(0.40)
In Excess of Net Investment Income	—	(0.01)	(0.06)	—	—
Net Realized Gain	—	(2.55)	(2.74)	(0.31)	(1.14)
In Excess of Net Realized Gain	—	(0.11)	—	—	—
Total Distributions	(0.17)	(3.28)	(3.18)	(0.48)	(1.54)
Net Asset Value, End of Period	\$15.45	\$17.05	\$18.32	\$20.74	\$18.52
Total Return	(8.36)%	11.75%	4.01%	14.60%	23.75%
Ratios and Supplemental Data:					
Net Assets, End of Period (Thousands)	\$34,079	\$40,418	\$115,646	\$228,748	\$108,074
Ratio of Expenses to Average Net Assets(1)	1.01%	1.01%	1.01%	1.00%	1.00%
Ratio of Expenses to Average Net Assets Excluding Interest Expense	1.00%	1.00%	1.00%	n/a	n/a
Ratio of Net Investment Income to Average Net Assets(1)	0.79%	1.16%	1.26%	0.96%	1.07%
Portfolio Turnover Rate	51%	48%	41%	39%	30%
(1)Effect of voluntary expense limitation during the period:					
Per share benefit to net investment income	\$0.02	\$0.04	\$0.02	\$0.01	\$0.02
Ratios before expense limitation:					
Expenses to Average Net Assets	1.16%	1.17%	1.06%	1.07%	1.11%
Net Investment Income to Average Net Assets	0.64%	1.00%	1.20%	0.90%	0.96%

n/a Not applicable during the period indicated.

Global Value Equity Portfolio

Class B	Year ended December 31,				
	2001	2000	1999	1998	1997
Selected per share data and ratios					
Net Asset Value, Beginning of Period	\$16.92	\$18.20	\$20.63	\$18.46	\$16.21
Income from Investment Operations					
Net Investment Income(2)	0.13	0.27	0.21	0.15	0.16
Net Realized and Unrealized Gain (Loss) on Investments	(1.58)	1.68	0.50	2.46	3.60
Total from Investment Operations	(1.45)	1.95	0.71	2.61	3.76
Distributions					
Net Investment Income	(0.14)	(0.56)	(0.35)	(0.13)	(0.37)
In Excess of Net Investment Income	–	(0.01)	(0.05)	–	–
Net Realized Gain	–	(2.55)	(2.74)	(0.31)	(1.14)
In Excess of Net Realized Gain	–	(0.11)	–	–	–
Total Distributions	(0.14)	(3.23)	(3.14)	(0.44)	(1.51)
Net Asset Value, End of Period	\$15.33	\$16.92	\$18.20	\$20.63	\$18.46
Total Return	(8.58)%	11.52%	3.75%	14.15%	23.37%
Ratios and Supplemental Data:					
Net Assets, End of Period (Thousands)	\$30,089	\$30,196	\$28,089	\$13,123	\$5,910
Ratio of Expenses to Average Net Assets(2)	1.26%	1.26%	1.26%	1.25%	1.25%
Ratio of Expenses to Average Net Assets Excluding Interest Expense	1.25%	1.25%	1.25%	n/a	n/a
Ratio of Net Investment Income to Average Net Assets(2)	0.78%	1.14%	0.89%	0.68%	0.80%
Portfolio Turnover Rate	51%	48%	41%	39%	30%
(2) Effect of voluntary expense limitation during the period:					
Per share benefit to net investment income	\$0.02	\$0.04	\$0.01	\$0.01	\$0.02
Ratios before expense limitation:					
Expenses to Average Net Assets	1.41%	1.42%	1.31%	1.32%	1.36%
Net Investment Income to Average Net Assets	0.64%	0.97%	0.83%	0.62%	0.69%

n/a Not applicable during the period indicated.

International Equity Portfolio

Class A	Year Ended December 31,				
	2001	2000	1999	1998	1997
Selected per share data and ratios					
Net Asset Value, Beginning of Period	\$17.88	\$19.62	\$18.25	\$17.16	\$16.95
Income from Investment Operations					
Net Investment Income(1)	0.25	0.25	0.24	0.27	0.30
Net Realized and Unrealized Gain (Loss) on Investments	(2.00)	1.44	2.80	2.86	2.01
Total from Investment Operations	(1.75)	1.69	3.04	3.13	2.31
Distributions					
Net Investment Income	(0.34)	(0.04)	(0.18)	(0.38)	(0.48)
Net Realized Gain	(0.20)	(3.39)	(1.49)	(1.66)	(1.62)
Total Distributions	(0.54)	(3.43)	(1.67)	(2.04)	(2.10)
Net Asset Value, End of Period	\$15.59	\$17.88	\$19.62	\$18.25	\$17.16
Total Return	(9.74)%	9.29%	16.91%	18.30%	13.91%

Ratios and Supplemental Data:

Net Assets, End of Period (Thousands)	\$4,004,817	\$4,810,852	\$4,630,035	\$3,400,498	\$2,822,900
Ratio of Expenses to Average Net Assets(1)	1.00%	1.00%	1.00%	1.00%	1.00%
Ratio of Net Investment Income to Average Net Assets(1)	1.35%	1.45%	1.28%	1.33%	1.49%
Portfolio Turnover Rate	63%	53%	37%	33%	33%

(1)Effect of voluntary expense limitation during the period:

Ratios before expense limitation:					
Expenses to Average Net Assets	1.01%	1.00%	1.01%	1.02%	1.02%
Net Investment Income to Average Net Assets	1.34%	1.45%	1.27%	1.32%	1.47%

International Equity Portfolio

Class B	Year ended December 31,				
	2001	2000	1999	1998	1997
Selected per share data and ratios					
Net Asset Value, Beginning of Period	\$17.81	\$19.58	\$18.22	\$17.13	\$16.93
Income from Investment Operations					
Net Investment Income(2)	0.07	0.23	0.19	0.24	0.23
Net Realized and Unrealized Gain (Loss) on Investments	(1.83)	1.39	2.81	2.85	2.02
Total from Investment Operations	(1.76)	1.62	3.00	3.09	2.25
Distributions					
Net Investment Income	(0.32)	–	(0.15)	(0.34)	(0.43)
Net Realized Gain	(0.20)	(3.39)	(1.49)	(1.66)	(1.62)
Total Distributions	(0.52)	(3.39)	(1.64)	(2.00)	(2.05)
Net Asset Value, End of Period	\$15.53	\$17.81	\$19.58	\$18.22	\$17.13
Total Return	(9.83)%	8.94%	16.68%	18.13%	13.57%
Ratios and Supplemental Data:					
Net Assets, End of Period (Thousands)	\$165,439	\$59,945	\$41,374	\$17,076	\$3,074
Ratio of Expenses to Average Net Assets(2)	1.25%	1.25%	1.25%	1.25%	1.25%
Ratio of Net Investment Income to Average Net Assets(2)	0.73%	1.44%	0.93%	0.96%	1.21%
Portfolio Turnover Rate	63%	53%	37%	33%	33%
(2)Effect of voluntary expense limitation during the period:					
Ratios before expense limitation:					
Expenses to Average Net Assets	1.26%	1.25%	1.26%	1.28%	1.27%
Net Investment Income to Average Net Assets	0.72%	1.44%	0.92%	0.95%	1.19%

International Small Cap Portfolio

Class A	Year Ended December 31,				
	2001	2000	1999	1998	1997
Selected per share data and ratios					
Net Asset Value, Beginning of Period	\$16.30	\$19.67	\$15.25	\$15.61	\$16.83
Income from Investment Operations					
Net Investment Income(1)	0.21	0.24	0.22	0.22	0.25
Net Realized and Unrealized Gain (Loss) on Investments*	(1.18)	(0.83)	5.66	0.39	(0.42)
Total from Investment Operations	(0.97)	(0.59)	5.88	0.61	(0.17)

Distributions

Net Investment Income	(0.25)	(0.17)	(0.27)	(0.24)	(0.31)
In Excess of Net Investment Income	(0.02)	–	(0.02)	–	(0.05)
Net Realized Gain	(0.24)	(2.60)	(1.20)	(0.79)	(0.77)
In Excess of Net Realized Gain	–	(0.01)	–	–	–
Total Distributions	(0.51)	(2.78)	(1.49)	(1.03)	(1.13)
Transaction Fees	–	0.03	0.03	0.06	0.08
Net Asset Value, End of Period	\$14.82	\$16.30	\$19.67	\$15.25	\$15.61
Total Return	(5.88)%	(2.92)%	39.34%	4.25%	(0.55)%

Ratios and Supplemental Data:

Net Assets, End of Period (Thousands)	\$376,981	\$374,924	\$357,708	\$252,642	\$230,095
Ratio of Expenses to Average Net Assets(1)	1.15%	1.16%	1.15%	1.15%	1.15%
Ratio of Expenses to Average Net Assets Excluding Interest Expense	1.15%	1.15%	n/a	n/a	n/a
Ratio of Net Investment Income to Average Net Assets(1)	1.38%	1.32%	1.30%	1.23%	1.37%
Portfolio Turnover Rate	39%	54%	48%	39%	31%

(1) Effect of voluntary expense limitation during the period:

Per share benefit to net investment income	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01
Ratios before expense limitation:					
Expenses to Average Net Assets	1.19%	1.22%	1.20%	1.21%	1.22%
Net Investment Income to Average Net Assets	1.34%	1.38%	1.25%	1.18%	1.30%

* Includes a 1% transaction fee on purchases and redemptions of capital shares through 1999 and 0.50% for the year ended December 31, 2001.
n/a Not applicable during the period indicated.

European Value Equity Portfolio

Class A	Year Ended December 31,				
	2001	2000	1999	1998	1997
Selected per share data and ratios					
Net Asset Value, Beginning of Period	\$14.17	\$15.09	\$15.75	\$17.96	\$16.70
Income from Investment Operations					
Net Investment Income(1)	0.18	0.25	0.29	0.43	0.39
Net Realized and Unrealized Gain (Loss) on Investments	(2.08)	0.76	1.10	1.08	2.58
Total from Investment Operations	(1.90)	1.01	1.39	1.51	2.97
Distributions					
Net Investment Income	(0.35)	(0.21)	(0.32)	(0.42)	(0.37)
In Excess of Net Investment Income	(0.01)	–	(0.03)	–	–
Net Realized Gain	(0.04)	(1.72)	(1.70)	(3.30)	(1.34)
In Excess of Net Realized Gain	(0.45)	–	–	–	–
Total Distributions	(0.85)	(1.93)	(2.05)	(3.72)	(1.71)
Net Asset Value, End of Period	\$11.42	\$14.17	\$15.09	\$15.75	\$17.96
Total Return	(13.47)%	7.38%	9.60%	8.09%	17.88%
Ratios and Supplemental Data:					
Net Assets, End of Period (Thousands)	\$34,117	\$65,747	\$105,030	\$168,712	\$242,868
Ratio of Expenses to Average Net Assets(1)	1.07%	1.02%	1.09%	1.00%	1.00%
Ratio of Expenses to Average Net Assets Excluding Interest Expense	1.00%	1.00%	1.00%	n/a	n/a
Ratio of Net Investment Income to Average Net Assets(1)	1.42%	1.22%	1.46%	1.47%	1.96%
Portfolio Turnover Rate	59%	47%	74%	52%	43%
(1)Effect of voluntary expense limitation during the period:					
Per share benefit to net investment income	\$0.04	\$0.03	\$0.03	\$0.02	\$0.02
Ratios before expense limitation:					
Expenses to Average Net Assets	1.31%	1.14%	1.22%	1.08%	1.09%
Net Investment Income to Average Net Assets	1.19%	1.09%	1.34%	1.40%	1.87%

n/a Not applicable during the period indicated.

European Value Equity Portfolio

Class B	Year Ended December 31,				
	2001	2000	1999	1998	1997
Selected per share data and ratios					
Net Asset Value, Beginning of Period	\$14.19	\$15.11	\$15.74	\$17.94	\$16.67
Income from Investment Operations					
Net Investment Income(2)	0.03	0.19	0.12	0.33	0.28
Net Realized and Unrealized Gain (Loss) on Investments	(1.96)	0.78	1.23	1.13	2.66
Total from Investment Operations	(1.93)	0.97	1.35	1.46	2.94
Distributions					
Net Investment Income	(0.32)	(0.17)	(0.26)	(0.36)	(0.33)
In Excess of Net Investment Income	(0.01)	–	(0.02)	–	–
Net Realized Gain	(0.04)	(1.72)	(1.70)	(3.30)	(1.34)
In Excess of Net Realized Gain	(0.45)	–	–	–	–
Total Distributions	(0.82)	(1.89)	(1.98)	(3.66)	(1.67)
Net Asset Value, End of Period	\$11.44	\$14.19	\$15.11	\$15.74	\$17.94
Total Return	(13.71)%	7.08%	9.36%	7.80%	17.73%
Ratios and Supplemental Data:					
Net Assets, End of Period (Thousands)	\$1,009	\$2,287	\$2,196	\$5,181	\$4,654
Ratio of Expenses to Average Net Assets(2)	1.32%	1.27%	1.34%	1.25%	1.25%
Ratio of Expenses to Average Net Assets Excluding Interest Expense	1.25%	1.25%	1.25%	n/a	n/a
Ratio of Net Investment Income to Average Net Assets(2)	1.05%	0.96%	1.30%	1.15%	1.55%
Portfolio Turnover Rate	59%	47%	74%	52%	43%
(2) Effect of voluntary expense limitation during the period:					
Per share benefit to net investment income	\$0.03	\$0.03	\$0.01	\$0.02	\$0.02
Ratios before expense limitation:					
Expenses to Average Net Assets	1.56%	1.39%	1.48%	1.34%	1.34%
Net Investment Income to Average Net Assets	0.81%	0.83%	1.16%	1.08%	1.46%

n/a Not applicable during the period indicated.

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Where to find Additional Information

Statement of Additional Information

In addition to this Prospectus, the Fund has an SAI, dated May 1, 2002, which contains additional, more detailed information about the Fund and the Portfolios. The SAI is incorporated by reference into this Prospectus and, therefore, legally forms a part of this Prospectus.

Shareholder Reports

The Fund publishes annual and semi-annual reports containing financial statements. These reports contain additional information about each Portfolio's investments. In the Fund's shareholder reports, you will find a discussion of the market conditions and the investment strategies that significantly affected each Portfolio's performance during that period.

For additional Fund information, including information regarding investments comprising the Fund's Portfolios, please call 1-800-548-7786. You may obtain the SAI and shareholder reports without charge by contacting the Fund at the toll-free number above. If you purchased shares through a Financial Intermediary, you may also obtain these documents, without charge, by contacting your Financial Intermediary.

Information about the Fund, including the SAI, and the annual and semi-annual reports, may be obtained from the Commission in any of the following ways: (1) In person: you may review and copy documents in the Commission's Public Reference Room in Washington D.C. (for information on the operation of the Public Reference Room, call 1-202-942-8090); (2) On-line: you may retrieve information from the EDGAR Database on the Commission's web site at "<http://www.sec.gov>"; or (3) By mail: you may request documents, upon payment of a duplicating fee, by writing to the Securities and Exchange Commission, Public Reference Section, Washington, D.C. 20549-0102. You may also obtain this information, upon payment of a duplicating fee, by e-mailing the Commission at the following address: publicinfo@sec.gov. To aid you in obtaining this information, the Fund's Investment Company Act registration number is 811-05624.

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