

MORGAN STANLEY EMERGING MARKETS DEBT FUND INC  
Form N-14 8C/A  
September 22, 2009

As filed with the Securities and Exchange Commission on September 22, 2009

Securities Act File No. 333-160673

Investment Company Act File No. 811-07694

## U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

---

### FORM N-14

---

**Registration Statement Under the Securities Act of 1933**

**Pre-Effective Amendment No. 1**

**Post Effective Amendment No.**

**X**

**X**

**o**

---

## MORGAN STANLEY EMERGING MARKETS DEBT FUND, INC.

(Exact Name of Registrant as Specified in Charter)

**522 Fifth Avenue**

**New York, New York 10036**

(Address of Principal Executive Offices)

**(212) 296-6970**

(Area Code and Telephone Number)

---

Stefanie V. Chang Yu, Esq.

Morgan Stanley Investment Management Inc.

522 Fifth Avenue

New York, New York 10036

(Name and Address of Agent for Service)

Copy to:

Carl Frischling, Esq.  
Kramer Levin Naftalis & Frankel LLP  
1177 Avenue of the Americas  
New York, New York 10036

Stuart M. Strauss, Esq.  
Dechert LLP  
1095 Avenue of the Americas  
New York, New York 10036

---

**Approximate Date of Proposed Public Offering:**

As soon as practicable after the effective date of this Registration Statement.

---

**CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933**

<b>Title of Securities Being Registered</b>	<b>Amount Being Registered (1)</b>	<b>Proposed Maximum Offering Price per Unit (1)(2)</b>		<b>Proposed Maximum Aggregate Offering Price (1)(2)</b>		<b>Amount Of Registration Fee</b>	
Common Stock, par value \$0.01 per share	3,225,807 shares	\$	10.85	\$	35,000,000	\$	1,953.00(3)

---

(1) Estimated solely for the purpose of calculating the registration fee.

(2) Net asset value per share of common stock on September 8, 2009.

(3) Includes fee of \$55.80 previously paid.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

---

**MORGAN STANLEY GLOBAL OPPORTUNITY  
BOND FUND, INC.**

**522 Fifth Avenue  
New York, New York 10036  
(800) 231-2608**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS  
TO BE HELD NOVEMBER 18, 2009**

**To the Stockholders of Morgan Stanley Global Opportunity Bond Fund, Inc.:**

Notice is hereby given of a Special Meeting of the Stockholders of Morgan Stanley Global Opportunity Bond Fund, Inc. ("Global Opportunity Bond") to be held in Conference Room C, 3rd Floor, 522 Fifth Avenue, New York, New York 10036, at 9:00 a.m., New York time, on November 18, 2009, and any adjournments or postponements thereof (the "Meeting"), for the following purposes:

1. To consider and vote upon a proposal to approve the actions and transactions described in that certain Agreement and Plan of Reorganization, dated June 19, 2009 (the "Reorganization Agreement"), between Global Opportunity Bond and Morgan Stanley Emerging Markets Debt Fund, Inc. ("Emerging Markets Debt"), pursuant to which substantially all of the assets of Global Opportunity Bond would be transferred to Emerging Markets Debt and stockholders of Global Opportunity Bond would become stockholders of Emerging Markets Debt receiving shares of common stock of Emerging Markets Debt with a value equal to the value of their holdings in Global Opportunity Bond and Global Opportunity Bond would be dissolved (the "Reorganization"); and
2. To act upon such other matters as may properly come before the Meeting, or any adjournments or postponements thereof.

The Reorganization is more fully described in the accompanying Proxy Statement and Prospectus and a copy of the Reorganization Agreement is attached as Exhibit A thereto, both of which are incorporated herein by reference and form a part of this Notice of Special Meeting of Stockholders. Stockholders of record of Global Opportunity Bond at the close of business on September 4, 2009 are entitled to notice of, and to vote at, the Meeting. Please read the Proxy Statement and Prospectus carefully before telling us, through your Proxy or in person, how you wish your shares to be voted. Alternatively, if you are eligible to vote telephonically by touchtone telephone or electronically on the Internet (as discussed in the enclosed Proxy Statement) you may do so in lieu of attending the Meeting in person. **The Board of Directors of Global Opportunity Bond recommends you vote in favor of the Reorganization. We urge you to sign, date and mail the enclosed Proxy promptly.**

By: Order of the Board of Directors,

MARY E. MULLIN  
*Secretary*

September 23, 2009

**You can help avoid the necessity and expense of sending follow-up letters to ensure a quorum by promptly returning the enclosed Proxy. If you are unable to be present in person, please fill in, sign and return the enclosed Proxy in order that the necessary quorum be represented at the Meeting. The enclosed envelope requires no postage if mailed in the United States. Stockholders of Global Opportunity Bond will be able to vote telephonically by touchtone telephone or electronically on the Internet by following instructions on their Proxy Cards or on the enclosed Voting Information Card.**

---



**MORGAN STANLEY EMERGING MARKETS  
DEBT FUND, INC.**

**522 Fifth Avenue  
New York, New York 10036  
(800) 231-2608**

**Acquisition of the Assets of  
Morgan Stanley Global Opportunity Bond Fund, Inc.  
By and in Exchange for Shares of Common Stock of  
Morgan Stanley Emerging Markets Debt Fund, Inc.**

This Proxy Statement and Prospectus is being furnished to stockholders of Morgan Stanley Global Opportunity Bond Fund, Inc. ("Global Opportunity Bond") in connection with an Agreement and Plan of Reorganization, dated June 19, 2009 (the "Reorganization Agreement"), pursuant to which substantially all the assets of Global Opportunity Bond will be transferred to Morgan Stanley Emerging Markets Debt Fund, Inc. ("Emerging Markets Debt") in exchange for shares of common stock ("common shares") of Emerging Markets Debt and Global Opportunity Bond will be dissolved (the "Reorganization"). As a result of this transaction, stockholders of Global Opportunity Bond will become stockholders of Emerging Markets Debt and will receive common shares of Emerging Markets Debt with an aggregate net asset value ("NAV") equal to the aggregate NAV of their holdings in Global Opportunity Bond. The terms and conditions of this transaction are more fully described in this Proxy Statement and Prospectus and in the Reorganization Agreement between Global Opportunity Bond and Emerging Markets Debt attached hereto as Exhibit A. The address of Global Opportunity Bond is that of Emerging Markets Debt set forth above. This Proxy Statement also constitutes a Prospectus of Emerging Markets Debt, which is dated September 23, 2009, filed by Emerging Markets Debt with the Securities and Exchange Commission (the "Commission") as part of its Registration Statement on Form N-14 (the "Registration Statement").

Emerging Markets Debt, a Maryland corporation, is a closed-end management investment company whose primary investment objective is to seek a high level of current income and, as a secondary investment objective, seeks capital appreciation. Emerging Markets Debt seeks to achieve its investment objectives through investments primarily in debt securities of government and government-related issuers located in emerging market countries and of entities organized to restructure outstanding debt of such issuers.

This Proxy Statement and Prospectus sets forth concisely information about Emerging Markets Debt that stockholders of Global Opportunity Bond ought to know before voting on the Reorganization. Enclosed and incorporated herein by reference is Emerging Markets Debt's Annual Report for the fiscal year ended December 31, 2008. A Statement of Additional Information, dated September 23, 2009, relating to the Reorganization, described in this Proxy Statement and Prospectus has been filed with the Commission and is also incorporated herein by reference. Such documents, including the Statement of Additional Information, as well as additional information about Emerging Markets Debt and Global Opportunity Bond, have been filed with the Commission and are available upon request without charge by calling (800) 231 2608 (toll-free) or by visiting the Commission's website at [www.sec.gov](http://www.sec.gov). The common shares of Global Opportunity Bond and Emerging Markets Debt trade on the New York Stock Exchange ("NYSE"). Reports, proxy statements and other information concerning Global Opportunity Bond and Emerging Markets Debt can be inspected at 20 Broad Street, New York, New York 10004.

*Investors are advised to read and retain this Proxy Statement and Prospectus for future reference.*

**These securities have not been approved or disapproved by the Securities and Exchange Commission, nor has the Securities and Exchange Commission passed on the accuracy or adequacy of this Proxy Statement and Prospectus. Any representation to the contrary is a criminal offense.**

**This Proxy Statement and Prospectus is dated September 23, 2009.**

---

**TABLE OF CONTENTS**  
**PROXY STATEMENT AND PROSPECTUS**

	<b>Page</b>
<b>Introduction</b>	1
General	1
Record Date; Share Information	1
Proxies	2
Expenses of Solicitation	2
Vote Required	3
<b>Fee Table</b>	3
Example	3
<b>Synopsis</b>	4
The Reorganization	4
Comparison of Global Opportunity Bond and Emerging Markets Debt	5
Principal Risks	6
Tax Consequences of the Reorganization	6
Dividends	7
<b>Financial Highlights</b>	7
Global Opportunity Bond	8
Emerging Markets Debt	9
Financial Information	10
<b>The Reorganization</b>	10
The Proposal	10
The Board's Considerations	10
The Reorganization Agreement	11
Tax Aspects of the Reorganization	12
Description of Common Shares	14
Appraisal Rights	14
Capitalization Table (unaudited)	14
<b>Comparison of Investment Objectives, Policies and Restrictions</b>	14
Investment Objectives and Policies	14
Investment Restrictions	15
<b>Information About The Funds</b>	16
General	16

Edgar Filing: MORGAN STANLEY EMERGING MARKETS DEBT FUND INC - Form N-14 8C/A

Management of the Funds	16
Investment Advisory Agreement	16
Portfolio Management	17
Administrator	17
Other Service Providers	17
Security Ownership of Certain Beneficial Owners	18
Description of Capital Stock	18
Trading History and Share Price Data	20
<b>Dividends And Distributions; Dividend Reinvestment and Cash Purchase Plan</b>	21
Details of the Plan	22
<b>Principal Risk Factors</b>	23
Additional Risk Considerations	35
<b>Financial Statements and Experts</b>	36
<b>Legal Matters</b>	36
<b>Additional Information</b>	36
<b>Other Business</b>	37
Exhibit A Agreement and Plan of Reorganization	

---



**MORGAN STANLEY GLOBAL OPPORTUNITY  
BOND FUND, INC.**

**522 Fifth Avenue  
New York, New York 10036  
(800) 231-2608**

**PROXY STATEMENT AND PROSPECTUS**

**SPECIAL MEETING OF STOCKHOLDERS  
TO BE HELD NOVEMBER 18, 2009**

**INTRODUCTION**

**General**

This Proxy Statement and Prospectus is being furnished to the stockholders of Morgan Stanley Global Opportunity Bond Fund, Inc., a Maryland corporation ("Global Opportunity Bond"), which is a closed-end, non-diversified management investment company, in connection with the solicitation by the Board of Directors (the "Board") of Global Opportunity Bond of Proxies to be used at the Special Meeting of Stockholders of Global Opportunity Bond to be held in Conference Room C, 3rd Floor, 522 Fifth Avenue, New York, New York 10036, at 9:00 a.m., New York time, on November 18, 2009, and any adjournments or postponements thereof (the "Meeting"). It is expected that the first mailing of this Proxy Statement and Prospectus will be made on or about September 23, 2009.

At the Meeting, stockholders of Global Opportunity Bond will consider and vote upon the actions and transactions described in that certain Agreement and Plan of Reorganization, dated June 19, 2009 (the "Reorganization Agreement"), between Global Opportunity Bond and Morgan Stanley Emerging Markets Debt Fund, Inc. ("Emerging Markets Debt" and, together with Global Opportunity Bond, the "Funds"), pursuant to which substantially all of the assets of Global Opportunity Bond will be transferred to Emerging Markets Debt in exchange for shares of common stock ("common shares") of Emerging Markets Debt and Global Opportunity Bond will be dissolved (the "Reorganization"). As a result of the Reorganization, stockholders of Global Opportunity Bond will become stockholders of Emerging Markets Debt and will receive common shares of Emerging Markets Debt equal to the aggregate net asset value ("NAV") of the aggregate NAV of their holdings in Global Opportunity Bond on the date of such Reorganization. The common shares to be issued by Emerging Markets Debt pursuant to the Reorganization (the "Emerging Markets Debt Shares") will be issued at NAV. Further information relating to Global Opportunity Bond and Emerging Markets Debt is set forth herein.

Global Opportunity Bond and Emerging Markets Debt are non-diversified, closed-end management investment companies. It is proposed that, upon approval of the Reorganization, stockholders of Global Opportunity Bond receive Emerging Markets Debt Shares equal to the aggregate NAV of the aggregate NAV of their holdings in Global Opportunity Bond on the date of the Reorganization. The information concerning Global Opportunity Bond and Emerging Markets Debt contained herein has been supplied by Global Opportunity Bond and Emerging Markets Debt, respectively. Each of Global Opportunity Bond and Emerging Markets Debt is referred to herein as a "Fund" and together as the "Funds." The fund resulting from the Reorganization is referred to as the "Combined Fund."

**Record Date; Share Information**

The Board has fixed the close of business on September 4, 2009 as the record date (the "Record Date") for the determination of the stockholders of Global Opportunity Bond entitled to notice of, and to vote at, the Meeting. As of the Record Date, there were 4,085,596 common shares of Global Opportunity Bond issued and outstanding. Stockholders of Global Opportunity Bond on the Record Date are entitled to one vote per common share and a fractional vote for a fractional share on each matter submitted to a vote at the Meeting. A majority of the outstanding common shares entitled to vote, represented in person or by proxy, will constitute a quorum at the Meeting.

## Proxies

The enclosed form of Proxy, if properly executed and returned, will be voted in accordance with the choice specified thereon. The Proxy will be voted in favor of the Reorganization unless a choice is indicated to vote against or to abstain from voting on the Reorganization. The Board knows of no business, other than that set forth in the Notice of Special Meeting of Stockholders, to be presented for consideration at the Meeting. However, the Proxy confers discretionary authority upon the persons named therein to vote as they determine on other business, not currently contemplated, which may come before the Meeting.

Abstentions and "broker non-votes" will have the effect of votes against the Reorganization, and "broker non-votes" will not be deemed to be present at the meeting for purposes of determining whether a quorum is present. Broker "non-votes" are common shares held in street name for which the broker indicates that instructions have not been received from the beneficial owners or other persons entitled to vote and for which the broker does not have discretionary voting authority. If a Global Opportunity Bond stockholder executes and returns a Proxy but fails to indicate how the votes should be cast, the Proxy will be voted in favor of the Reorganization. The Proxy may be revoked at any time prior to the voting thereof by: (i) delivering written notice of revocation to the Secretary of Global Opportunity Bond, 522 Fifth Avenue, New York, New York 10036; (ii) attending the Meeting and voting in person; or (iii) completing and returning a new Proxy (whether by mail or, as discussed below, by touchtone telephone or the Internet) (if returned and received in time to be voted). Attendance at the Meeting will not in and of itself revoke a Proxy.

In the event that the necessary quorum to transact business or the vote required to approve or reject the Reorganization is not obtained at the Meeting, the persons named as proxies may propose one or more adjournments of the Meeting to permit further solicitation of Proxies. Any such adjournment will require the affirmative vote of the holders of a majority of common shares of Global Opportunity Bond present in person or by proxy at the Meeting. The persons named as proxies will vote in favor of such adjournment those proxies which they are entitled to vote in favor of the Reorganization and will vote against any such adjournment those proxies required to be voted against the Reorganization. Abstentions and "broker non-votes" will not be counted for purposes of approving an adjournment.

## Expenses of Solicitation

The expenses of this solicitation, including the cost of preparing and mailing this Proxy Statement and Prospectus, will be borne by both Funds, which expenses are expected to approximate \$71,025. The expenses will be allocated among Global Opportunity Bond and Emerging Markets Debt in the amounts of \$65,492 and \$5,533, respectively. Global Opportunity Bond and Emerging Markets Debt will bear all of their respective other expenses associated with the Reorganization.

The solicitation of Proxies will be by mail, which may be supplemented by solicitation by mail, telephone or otherwise through officers of Global Opportunity Bond or officers and regular employees of Morgan Stanley Investment Management Inc. (the "Adviser") and/or Morgan Stanley Smith Barney, without special compensation therefor. As described below, Global Opportunity Bond will employ Computershare Fund Services, Inc. ("Computershare") to make telephone calls to stockholders of Global Opportunity Bond to remind them to vote. In addition, Global Opportunity Bond may also employ Computershare as proxy solicitor if it appears that the required number of votes to achieve a quorum will not be received. In the event that Computershare is retained as proxy solicitor, Computershare will be paid a project management fee as well as telephone solicitation expenses incurred for reminder calls, outbound telephone voting, confirmation of telephone votes, inbound telephone contact, obtaining stockholders' telephone numbers and providing additional materials upon stockholder request, at an estimated cost of \$6,600 and the expenses outlined below.

Stockholders of Global Opportunity Bond will be able to vote their common shares by touchtone telephone or electronically on the Internet by following the instructions on the Proxy Card or on the Voting Information Card accompanying this Proxy Statement. To vote by Internet or by telephone, stockholders can access the website or call the toll-free number listed on the Proxy Card or noted in the enclosed voting instructions. To vote by touchtone telephone, stockholders will need the number that appears on the Proxy Card.

In certain instances, Morgan Stanley or Computershare may call stockholders of Global Opportunity Bond to ask if they would be willing to have their votes recorded by telephone. The telephone voting procedure is designed to authenticate stockholders' identities, to allow stockholders to authorize the voting of their common shares in accordance with their instructions and to confirm that their instructions have been recorded properly. No recommendation will be made as to how a stockholder should vote on any proposal other than to refer to the recommendations of the Board. Global Opportunity Bond has been advised by counsel that these procedures are consistent with the requirements of applicable law. Stockholders voting by telephone in this manner will be asked for identifying information and will be given an opportunity to authorize proxies to vote their common shares in accordance with their instructions. To ensure that the stockholders' instructions have been recorded correctly, stockholders will receive a confirmation of their instructions in the mail. A special toll-free number set forth in the confirmation will be available in case the information contained in the confirmation is incorrect. Although a stockholder's vote may be taken by telephone, each stockholder will receive a copy of this Proxy Statement and may vote by mail using the enclosed Proxy Card or by touchtone telephone or electronically on the Internet as set forth above. The last proxy vote received in time to be voted, whether by Proxy Card, touchtone telephone or the Internet, will be the last vote that is counted and will revoke all previous votes by the stockholder.

### Vote Required

Approval of the Reorganization by the stockholders of Global Opportunity Bond requires the affirmative vote of a majority of all votes entitled to be cast by the stockholders of Global Opportunity Bond on the matter. If the Reorganization is not approved by stockholders of Global Opportunity Bond, Global Opportunity Bond will continue in existence and the Board will consider alternative actions.

### FEE TABLE

The following table briefly describes the fees and expenses that the stockholders of the Funds bear directly and indirectly from an investment in the Funds. These expenses are deducted from each respective Fund's assets and are based on expenses paid by each Fund for the period ended June 30, 2009. Global Opportunity Bond and Emerging Markets Debt each pays expenses for management of its assets and other services, and those expenses are reflected in the NAV per share of each Fund. The table also sets forth pro forma fees for the Combined Fund reflecting what the fee schedule would have been on June 30, 2009, if the Reorganization had been consummated twelve (12) months prior to that date.

	<b>Global Opportunity Bond</b>	<b>Emerging Markets Debt</b>	<b>Combined Fund (Pro Forma)(1)</b>
<b>Annual Fund Operating Expenses</b> (as a percentage of net assets attributable to common shares)			
Advisory Fees	1.00%	1.00%	1.00%
Interest Payment on Borrowed Funds(2)	0.38%	0.07%	0.07%
Other Expenses	0.60%	0.18%(3)	0.18%(3)
<b>Total Annual Fund Operating Expenses</b>	<b>1.98%</b>	<b>1.25%(3)</b>	<b>1.25%(3)</b>

### Example

The following example illustrates the expenses that an investor would pay on a \$1,000 investment in either Global Opportunity Bond, Emerging Markets Debt or the Combined Fund that is held for the time periods provided in the table. The example assumes that the investment has a 5% return each year and that the operating expenses for each Fund remain the same (as set forth in the chart above). Although a stockholder's actual costs may be higher or lower, the tables below show a stockholder's costs at the end of each period based on these assumptions depending upon whether or not a stockholder sold his common shares at the end of each period.

	Global Opportunity Bond	Emerging Markets Debt	Combined Fund (Pro Forma)
<b>After 1 Year</b>	\$ 20	\$ 13	\$ 13
<b>After 3 Years</b>	\$ 62	\$ 40	\$ 40
<b>After 5 Years</b>	\$ 107	\$ 69	\$ 69
<b>After 10 Years</b>	\$ 231	\$ 151	\$ 151

(1) *Pro forma expenses are calculated based on the assets of the Funds as of June 30, 2009.*

(2) *This amount reflects interest rate payments on reverse repurchase agreements representing 0.38%, 0.07% and 0.07% of the net assets of Global Opportunity Bond, Emerging Markets Debt and the Combined Fund, respectively. The use of reverse repurchase agreements beyond this amount would cause this amount to increase accordingly. The amount shown in the table assumes an interest rate of 3.31%, 0.77% and 0.77% for each of Global Opportunity Bond, Emerging Markets Debt and the Combined Fund, respectively. The interest rate costs of any reverse repurchase agreements will vary over time based on market conditions.*

(3) *The Adviser has voluntarily agreed to waive receipt of a portion of the administration fee so that the administration fee will not exceed 0.02435% of each of Emerging Markets Debt and the Combined Fund's average net assets plus \$24,000 per annum. The Net Annual Expenses taking into account the fee waiver would be 1.21% for each of Emerging Markets Debt and the Combined Fund.*

The projected post-Reorganization pro forma Total Annual Fund Operating Expenses and Example presented above represent good faith estimates; however, there can be no assurance that any particular level of expenses or expense savings will be achieved, because expenses depend on a variety of factors, including the future level of fund assets, many of which are beyond the control of Emerging Markets Debt or the Adviser. Consequently, the Example should not be considered a representation of future expenses. Actual expenses may be greater or less than those shown.

The purpose of the foregoing fee table is to assist the stockholder in understanding the various costs and expenses that a stockholder in each Fund will bear directly or indirectly. For a more complete description of these costs and expenses, see "Synopsis Comparison of Global Opportunity Bond and Emerging Markets Debt Investment Advisory Fees; and Other Significant Fees" below.

#### SYNOPSIS

*The following is a synopsis of certain information contained in this Proxy Statement and Prospectus. This synopsis is only a summary and is qualified in its entirety by the more detailed information contained in this Proxy Statement and Prospectus and the Reorganization Agreement. Stockholders should carefully review this Proxy Statement and Prospectus and the Reorganization Agreement in their entirety.*

#### The Reorganization

The Reorganization Agreement provides for the acquisition by Emerging Markets Debt of substantially all of the assets and the assumption of substantially all of the liabilities of Global Opportunity Bond in exchange for newly-issued Emerging Markets Debt Shares. The aggregate NAV of the Emerging Markets Debt Shares issued in the exchange will equal the aggregate value of the net assets of Global Opportunity Bond received by Emerging Markets Debt. On or after the closing date scheduled for the Reorganization (the "Closing Date"), Global Opportunity Bond will distribute the Emerging Markets Debt Shares received by Global Opportunity Bond to stockholders of Global Opportunity Bond as of the Valuation Date (as defined below) in complete liquidation of Global Opportunity Bond, and Global Opportunity Bond will thereafter be deregistered under the Investment Company Act of 1940, as amended (the "1940 Act") and dissolved under Maryland law, the state of its incorporation. As a result of the Reorganization, each Global Opportunity Bond stockholder will receive that number of full and fractional Emerging Markets Debt Shares equal in value to such stockholder's *pro rata* interest in the net assets of Global Opportunity Bond transferred to Emerging Markets Debt. The Board has determined that the interests of stockholders of Global Opportunity Bond will not be diluted as a result of the Reorganization. The "Valuation Date" is the date, following the receipt of the

requisite approval by the stockholders of Global Opportunity Bond of the Reorganization Agreement, as the Funds may agree, on which date the number of Emerging Markets Debt Shares to be delivered to Global Opportunity Bond will be determined.

At least one but not more than 20 business days prior to the Valuation Date, Global Opportunity Bond will declare and pay a dividend or dividends which, together with all previous such dividends, will have the effect of distributing to stockholders of Global Opportunity Bond substantially all of Global Opportunity Bond's investment company taxable income for all periods since the inception of Global Opportunity Bond through and including the Valuation Date (computed without regard to any dividends paid deduction), and substantially all of Global Opportunity Bond's net capital gain, if any, realized in such periods (after reduction for any capital loss carryovers).

**For the reasons set forth below under "The Reorganization The Board's Considerations," the Board, including the Directors who are not "interested persons" of Global Opportunity Bond ("Independent Directors"), as such term is defined in the 1940 Act, has concluded that the Reorganization is advisable and in the best interests of Global Opportunity Bond and its stockholders and recommends approval of the Reorganization.**

#### **Comparison of Global Opportunity Bond and Emerging Markets Debt**

Global Opportunity Bond is a non-diversified closed-end management investment company, with assets as of June 30, 2009, of \$28,054,641, that invests in high yield bonds of issuers located throughout the world, including U.S. issuers and issuers in emerging market countries. Emerging Markets Debt is a non-diversified closed-end management investment company and is significantly larger than Global Opportunity Bond, with assets as of June 30, 2009, of \$210,802,103. Emerging Markets Debt pursues investment strategies that are similar to those of Global Opportunity Bond.

**Investment Objectives and Policies.** The investment objectives and policies of the Funds are generally similar, except as outlined below. The following table shows the investment objectives and principal investment policies of each Fund.

<b>Global Opportunity Bond</b>	<b>Emerging Markets Debt</b>
<p><b>Investment Objectives</b></p> <p>seeks to produce high current income and, as a secondary investment objective, capital appreciation</p> <p><b>Investment Policies</b></p> <p>under normal market circumstances, invests at least 80% of its net assets in bonds</p> <p>invests primarily in high yield bonds of issuers located throughout the world, including U.S. issuers and issuers in emerging countries</p> <p>invests at least 65% of its total assets in high yield bonds</p> <p>may invest up to 35% of its total assets in high yielding fixed-income equity instruments such as preferred stock</p>	<p><b>Investment Objectives</b></p> <p>seeks high current income and, as a secondary investment objective, capital appreciation</p> <p><b>Investment Policies</b></p> <p>under normal market circumstances, invests at least 80% of its assets in debt securities of government and government related issuers located in emerging countries, entities organized to restructure outstanding debt of such issuers and debt securities of corporate issuers located in or organized under the laws of emerging countries</p> <p>invests at least 65% of its total assets in debt securities of government and government-related issuers located in emerging market countries and of entities organized and operated for the purposes of restructuring the outstanding debt of such issuers</p> <p>may invest up to 35% of its total assets in debt securities of corporate issuers located in emerging market countries</p>

**Global Opportunity Bond**

may use derivatives, including futures, options, swaps, including credit default swaps, structured investments, forward foreign currency exchange contracts and cross currency hedging transactions

may invest in banks loans and mortgage-related securities, including mortgage-backed securities, collateralized mortgage obligations ("CMOs"), commercial mortgage-backed securities ("CMBS") and stripped mortgage-backed securities

may invest in repurchase agreements and reverse repurchase agreements

may invest substantially all of its assets in securities rated below investment grade or unrated securities

a non-diversified fund

**Emerging Markets Debt**

may use derivatives, including futures, options, swaps, including credit default swaps, structured investments, forward foreign currency exchange contracts and cross currency hedging transactions

may invest in banks loans and mortgage-related securities, including mortgage-backed securities, collateralized mortgage obligations ("CMOs"), commercial mortgage-backed securities ("CMBS") and stripped mortgage-backed securities

may invest in repurchase agreements and reverse repurchase agreements

may invest substantially all of its assets in securities rated below investment grade or unrated securities

a non-diversified fund

The principal differences between the Funds' investment policies are more fully described under "Comparison of Investment Objectives, Policies and Restrictions" below. The investment objectives of both Funds are fundamental and may not be changed without stockholder approval.

**Investment Advisory Fees.** The Funds obtain advisory services from the Adviser. Each Fund pays the Adviser a fee computed weekly and payable monthly at an annual rate of 1.00% of the Fund's average weekly net assets.

**Other Significant Fees.** The Funds pay additional fees in connection with their operations, including legal, auditing, transfer agent, Directors' fees and custody fees. See "Fee Table" above for the percentage of average net assets represented by such "Other Expenses."

Each Fund is a closed-end investment company that currently has outstanding one class of common shares, par value \$0.01 per common share. The common shares are not subject to a sales charge or 12b-1 fee. Each Fund's common shares trade on the NYSE (Global Opportunity Bond symbol: MGB; Emerging Markets Debt symbol: MSD) and may only be purchased and sold through a broker or dealer at the market price, plus a brokerage commission.

**Business Structures.** Each Fund is organized as a Maryland corporation and is governed by its Charter, Bylaws and Maryland law.

**Principal Risks**

Each Fund is subject to the following principal risks: debt securities risk, foreign and emerging markets securities risk, sovereign debt risk, foreign currency risk, lower rated and unrated securities risk, derivatives risk, leverage risk and illiquid investments risk. Global Opportunity Bond is subject to additional risks associated with investments in banks loans and mortgage-related securities, including mortgage-backed securities, CMOs, CMBS and stripped mortgage-backed securities. A description of each of these risks, and additional risks associated with an investment in the Funds, is provided under "Principal Risk Factors" below.

**Tax Consequences of the Reorganization**

As a condition to the Reorganization, Global Opportunity Bond has requested an opinion of Dechert LLP to the effect that the Reorganization will constitute a tax-free reorganization for federal income tax purposes, and that no gain or loss will be recognized by Global Opportunity Bond, Emerging Markets Debt or stockholders of Global Opportunity Bond for federal income tax purposes as a result of the transactions included in the Reorganization. Receipt of such opinion is a condition to the Reorganization. For further information about the tax consequences of the Reorganization, see "The Reorganization Tax Aspects of the Reorganization" below.

**Dividends**

Each Fund declares dividends and normally pays dividends from net investment income quarterly. Each Fund usually distributes net capital gains, if any, in December. The Funds, however, may determine either to distribute or to retain all or part of any net long-term capital gains in any year for reinvestment. Dividends and capital gains distributions are automatically reinvested in additional common shares of each Fund at NAV unless the stockholder elects to receive cash.

**FINANCIAL HIGHLIGHTS**

The financial highlights tables that follow are intended to help you understand the financial performance of the common shares of the Funds for the periods presented. The total returns in the tables represent the rate that an investor would have earned (or lost) on an investment in each Fund (assuming reinvestment of all dividends and distributions). The information has been audited by Ernst & Young LLP, the independent registered public accounting firm for the Funds (except for the information for the six months ended June 30, 2009). Ernst & Young LLP's reports, along with each Fund's financial statements, are included in each Fund's Annual Report for the fiscal year ended December 31, 2008, which are available upon request.

**Global Opportunity Bond**

	Six Months Ended June 30, 2009 (unaudited)	2008	FOR THE YEAR ENDED DECEMBER 31,			
			2007	2006	2005	2004
<b>Common shares</b>						
Selected Per Share Data and Ratios:						
<b>Net Asset Value, Beginning of Period</b>						
	\$ 5.98	\$ 7.97	\$ 8.12	\$ 7.93	\$ 8.07	\$ 7.91
Net Investment Income						
	0.27	0.51	0.51	0.49	0.61	0.63
Net Realized and Unrealized Gain (Loss) on Investments						
	0.86	(2.02)	(0.11)	0.25	(0.08)	0.16
Total From Investment Operations						
	1.13	(1.51)	0.40	0.74	0.53	0.79
Distributions from and/or in Excess of:						
Net investment income						
	(0.24)	(0.51)	(0.56)	(0.55)	(0.67)	(0.63)
Increase from Payment by Affiliate						
		0.01				
Anti-Dilutive Effect of Share Repurchase Program						
	0.00	0.02	0.01			
<b>Net Asset Value, End of Period</b>						
	\$ 6.87	\$ 5.98	\$ 7.97	\$ 8.12	\$ 7.93	\$ 8.07
<b>Per Share Market Value, End of Period</b>						
	\$ 5.78	\$ 4.81	\$ 6.97	\$ 9.63	\$ 9.06	\$ 10.25
Total Investment Return						
Market Value	25.54%#	(24.14)%	(22.04)%	13.25%	(4.24)%	42.60%
Net Asset Value(1)	19.82%#	(17.49)%**	5.85%	8.96%	6.46%	10.14%
<b>Ratios, Supplemental Data:</b>						
<b>Net Assets, End of Period</b>	\$ 28,055	\$ 24,523	\$ 33,292	\$ 34,125	\$ 33,289	\$ 33,858



(Thousands)

Ratio of Expenses to Average Net Assets	1.98%*+	2.00%+	1.91%+	2.20%	2.45%	1.91%
Ratio of Expenses to Average Net Assets Excluding Non Operating Expenses	1.60%*+	1.65%+	1.46%+	1.59%	1.61%	1.61%
Ratio of Net Investment Income to Average Net Assets	9.02%*+	6.97%+	6.21%+	6.18%	7.53%	8.00%
Rebate from Morgan Stanley Affiliates to Average Net Assets	0.00%*§	0.00%§	0.00%§	N/A	N/A	N/A
Portfolio Turnover Rate	52%#	55%	40%	39%	53%	91%

(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.

Amount is less than \$0.005 per share.

Per share amount is based on average shares outstanding.

+ The Ratio of Expenses and Net Investment Income reflect the rebate of certain Fund expenses in connection with the investments in Morgan Stanley affiliates during the period. The affect of the rebate on the ratios is disclosed in the above table as "Rebate from Morgan Stanley Affiliates to Average Net Assets".

\*\* The Adviser reimbursed the Fund for losses incurred on derivative transactions that breached an investment guideline of the Fund during the period. The impact of this reimbursement is reflected in the total investment return shown above. Without this reimbursement, the total investment return based on net asset value would have been (17.62)%.

\* Annualized

# Not Annualized

§ Amount is less than 0.005%.

## Emerging Markets Debt

	Six Months Ended June 30, 2009 (unaudited)	2008	2007	2006	2005	2004
<b>Common shares</b>						
Selected Per Share Data and Ratios:						
<b>Net Asset Value, Beginning of Period</b>						
	\$ 8.79	\$ 11.27	\$ 11.19	\$ 10.80	\$ 10.39	\$ 10.24
Net Investment Income						
	0.34	0.65	0.69	0.67	0.91	0.83
Net Realized and Unrealized Gain (Loss) on Investments Total From Investment Operations						
	1.17	(2.32)	0.03	0.49	0.44	0.19
Distributions from and/or in Excess of:						
Net investment income						
	(0.24)	(0.86)	(0.66)	(0.77)	(0.94)	(0.87)
Anti-Dilutive Effect of Share Repurchase Program						
	0.01	0.05	0.02			
<b>Net Asset Value, End of Period</b>						
	\$ 10.07	\$ 8.79	\$ 11.27	\$ 11.19	\$ 10.80	\$ 10.39
<b>Per Share Market Value, End of Period</b>						
	\$ 8.29	\$ 7.07	\$ 9.70	\$ 10.84	\$ 10.88	\$ 9.61
Total Investment Return Market Value						
	20.72%#	(18.74)%	(4.52)%	7.38%	23.98%	7.95%
Net Asset Value(1)						
	17.81%#	(12.95)%	7.46%	11.66%	13.83%	11.24%
<b>Ratios, Supplemental Data:</b>						
<b>Net Assets, End of Period (Thousands)</b>						
	\$ 210,802	\$ 185,706	\$ 245,831	\$ 246,684	\$ 238,091	\$ 229,044
Ratio of Expenses to						
	1.21%*+	1.23%+	1.29%+	1.34%	1.36%	1.22%

Edgar Filing: MORGAN STANLEY EMERGING MARKETS DEBT FUND INC - Form N-14 8C/A

Average Net Assets(2) Ratio of Expenses to Average Net Assets Excluding Non Operating Expenses	1.14%*+	1.15%+	1.10%+	1.16%	1.16%	1.16%
Ratio of Net Investment Income to Average Net Assets(2)	8.19%*+	6.19%+	6.11%+	6.12%	8.58%	8.18%
Rebate from Morgan Stanley Affiliates to Average Net Assets	0.00%*§	0.00%§	0.00%§	N/A	N/A	N/A
Portfolio Turnover Rate	50%#	64%	56%	44%	50%	118%

**(2) Supplemental Information on the Ratios to Average Net Assets:**

Ratios Before Expenses Waived

by Administrator:

Ratio of Expenses to Average Net Assets	1.25%*+	1.28%+	1.34%+	1.38%	1.41%	1.23%
Ratio of Net Investment Income to Average Net Assets	8.15%*+	6.14%+	6.06%+	6.08%	8.53%	8.17%

(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 amount is based on average shares outstanding.

§ Amount is less than 0.005%

+ The Ratio of Expenses and Net Investment Income reflect the rebate of certain Fund expenses in connection with the investments in Morgan Stanley affiliates during the period. The affect of the rebate on the ratios is disclosed in the above table as "Rebate from Morgan Stanley Affiliates to Average Net Assets".

\* Annualized

# *Not Annualized*

§ *Amount is less than 0.005%.*

## Financial Information

Additional financial information about each Fund is available in its respective Annual Report for the fiscal year ended December 31, 2008.

## THE REORGANIZATION

### The Proposal

The Board of Global Opportunity Bond, including the Independent Directors, having reviewed the financial position of Global Opportunity Bond and the prospects for achieving economies of scale through the Reorganization and having determined that the Reorganization is in the best interests of Global Opportunity Bond and its stockholders and that the interests of the stockholders of Global Opportunity Bond will not be diluted as a result thereof, recommends approval of the Reorganization by stockholders of Global Opportunity Bond.

### The Board's Considerations

At a meeting held on June 18-19, 2009, the Board, including the Independent Directors, unanimously approved, and declared advisable, the Reorganization Agreement and the Reorganization described therein, and determined to recommend that stockholders of Global Opportunity Bond approve the Reorganization. In reaching this decision, the Board made an extensive inquiry into a number of factors, particularly the comparative expenses currently incurred in the operations of each Fund. The Board also considered other factors, including, but not limited to, the general compatibility of the investment objectives, policies and restrictions of each Fund; the extent to which common shares of each Fund have historically traded at a discount or premium; the terms and conditions of the Reorganization which would affect the price of common shares to be issued in the Reorganization; the tax-free nature of the Reorganization; and any direct or indirect costs to be incurred by the Funds in connection with the Reorganization.

In recommending the Reorganization to stockholders of Global Opportunity Bond, the Board of Global Opportunity Bond considered that the Reorganization would have the following benefits to stockholders:

1. Once the Reorganization is consummated, the expenses which would be borne by stockholders of the Combined Fund will be substantially lower on a percentage basis than the expenses of Global Opportunity Bond. The Board noted that the annual advisory fee (as a percentage of net assets) payable by each Fund is the same. The Board also considered that, to the extent that the Reorganization would result in stockholders of Global Opportunity Bond becoming stockholders of a combined larger fund, further economies of scale could be achieved since various fixed expenses (*e.g.*, auditing and legal) can be spread over a larger number of common shares.
2. Stockholders of Global Opportunity Bond will be invested in a closed-end fund with similar investment objectives and policies taking into account a larger asset base and lower annual Fund operating expenses per common share.
3. As of September 4, 2009, Global Opportunity Bond common shares were trading at a 11.2% discount to NAV. If consummated, because stockholders of Global Opportunity Bond will receive common shares of Emerging Markets Debt with an aggregate NAV equal to the aggregate NAV of their holdings in Global Opportunity Bond, the Reorganization will give stockholders of Global Opportunity Bond the opportunity to capture the value of the discount between market price and NAV of the common shares, if any, at the time of the Reorganization. However, the Board of Global Opportunity Bond also noted that Emerging Market Debt is trading at a greater discount to NAV than Global Opportunity Bond.
4. The Reorganization has been structured in a manner intended to qualify as a tax-free reorganization for federal income tax purposes, pursuant to which no gain or loss will be recognized by the Funds or their stockholders for federal income tax purposes as a result of transactions included in the Reorganization.

The Board also considered the fact that Global Opportunity Bond had a small amount of capital loss carryovers, but that it is not entirely certain how much of these capital loss carryovers it would be able to utilize in future years (as set forth in greater detail under "The Reorganization Tax Aspects of the Reorganization"). In light of the large

reduction in annual Fund operating expenses and other potential benefits of the Reorganization, as well as the uncertainty regarding the extent to which any lost capital loss carryovers could have been utilized for the benefit of stockholders of Global Opportunity Bond, the Board concluded that the Reorganization was advisable and in the best interests of the stockholders of Global Opportunity Bond.

The Board of Emerging Markets Debt, including a majority of the Independent Directors, also has determined that the Reorganization is advisable and in the best interests of Emerging Markets Debt and its stockholders and that the interests of existing stockholders of Emerging Markets Debt will not be diluted as a result thereof. In addition, the Board of Emerging Markets Debt determined that its stockholders will benefit as a result of the Reorganization from potential better pricing on portfolio transactions (given the larger asset base) following the elimination of a similar competing Morgan Stanley Fund. Further, the Reorganization would create a clearer, more understandable offering of products, which should support a more focused marketing effort. The transaction will enable Emerging Markets Debt to acquire investment securities which are consistent with Emerging Markets Debt's investment objectives, without the brokerage costs attendant to the purchase of such securities in the market. Accordingly, the Board of Emerging Markets Debt has approved the Reorganization Agreement and the Reorganization.

### **The Reorganization Agreement**

The terms and conditions under which the Reorganization would be consummated, as summarized below, are set forth in the Reorganization Agreement. This summary is qualified in its entirety by reference to the form of Reorganization Agreement, a copy of which is attached as Exhibit A to this Proxy Statement and Prospectus.

The Reorganization Agreement provides that (i) Global Opportunity Bond will transfer substantially all of its assets, including portfolio securities, cash, cash equivalents and receivables to Emerging Markets Debt on the Closing Date in exchange for the assumption by Emerging Markets Debt of substantially all of the liabilities of Global Opportunity Bond, including all expenses, costs, charges and reserves, as reflected on an unaudited statement of assets and liabilities of Global Opportunity Bond prepared by the Treasurer of Global Opportunity Bond as of the Valuation Date in accordance with generally accepted accounting principles consistently applied from the prior audited period, and the delivery of the Emerging Markets Debt Shares; (ii) the Emerging Markets Debt Shares would be distributed to stockholders of Global Opportunity Bond on the Closing Date or as soon as practicable thereafter; (iii) Global Opportunity Bond would be de-registered as an investment company under the 1940 Act and dissolved under Maryland law; and (iv) the outstanding common shares of Global Opportunity Bond would be canceled.

The number of Emerging Markets Debt Shares to be delivered to Global Opportunity Bond will be determined by dividing the aggregate NAV of the common shares of Global Opportunity Bond acquired by Emerging Markets Debt by the NAV per common share of Emerging Markets Debt; these values will be calculated as of the close of business of the NYSE on the Valuation Date. As an illustration, assume that on the Valuation Date, common shares of Global Opportunity Bond had an aggregate NAV of \$100,000. If the NAV per Emerging Markets Debt Shares were \$10 per share at the close of business on the Valuation Date, the number of Emerging Markets Debt Shares to be issued would be 10,000 ( $\$100,000 \div \$10$ ). These 10,000 Emerging Markets Debt Shares would be distributed to the former stockholders of Global Opportunity Bond. This example is given for illustration purposes only and does not bear any relationship to the dollar amounts or common shares expected to be involved in the Reorganization.

On the Closing Date or as soon as practicable thereafter, Global Opportunity Bond will distribute *pro rata* to its stockholders of record as of the close of business on the Valuation Date, the Emerging Markets Debt Shares that it receives. Emerging Markets Debt will cause its transfer agent to credit and confirm an appropriate number of Emerging Markets Debt Shares to each Global Opportunity Bond stockholder.

The Closing Date will be the Valuation Date or the next business day following the Valuation Date. The consummation of the Reorganization is contingent upon the approval of the Reorganization by the stockholders of Global Opportunity Bond and the receipt of the other opinions and certificates set forth in Sections 6, 7 and 8 of the Reorganization Agreement and the occurrence of the events described in those Sections, certain of which may be waived by the Funds. The Reorganization Agreement may be amended in any mutually agreeable manner.

The Reorganization Agreement may be terminated and the Reorganization abandoned at any time, before or after approval by stockholders of Global Opportunity Bond, by mutual consent of the Funds. In addition, either party

may terminate the Reorganization Agreement upon the occurrence of a material breach of the Reorganization Agreement by the other party or if, by March 4, 2010, any condition set forth in the Reorganization Agreement has not been fulfilled or waived by the party entitled to its benefits.

Under the Reorganization Agreement, within one year after the Closing Date, Global Opportunity Bond shall either pay or make provision for all of its liabilities to former stockholders of Global Opportunity Bond that received Emerging Markets Debt Shares. Global Opportunity Bond shall be deregistered as an investment company and dissolved promptly following the distributions of Emerging Markets Debt Shares to stockholders of record of Global Opportunity Bond.

The effect of the Reorganization is that stockholders of Global Opportunity Bond who vote their common shares in favor of the Reorganization Agreement are electing to sell their common shares of Global Opportunity Bond (at NAV on the Valuation Date) and reinvest the proceeds in Emerging Markets Debt Shares at NAV, pursuant to a transaction designed to occur without recognition of taxable gain or loss for federal income tax purposes. See "Tax Aspects of the Reorganization" below. If Global Opportunity Bond recognizes net gain from the sale of securities prior to the Closing Date, substantially all of such gain, to the extent not offset by capital loss carryforwards, will be distributed to stockholders of Global Opportunity Bond on or prior to the Closing Date and will be taxable to stockholders of Global Opportunity Bond as capital gain.

Stockholders of Global Opportunity Bond will continue to be able to trade their common shares of Global Opportunity Bond on the NYSE until the close of business on the business day next preceding the Closing Date.

### **Tax Aspects of the Reorganization**

***Tax Consequences of the Reorganization to the Stockholders.*** The Reorganization is intended to qualify for federal income tax purposes as a tax-free reorganization under Section 368(a)(1)(C) of the Internal Revenue Code of 1986, as amended (the "Code").

As a condition to the Reorganization, the Funds have requested an opinion of Dechert LLP substantially to the effect that, based on certain assumptions, facts, the terms of the Reorganization Agreement and representations set forth in the Reorganization Agreement or otherwise provided by the Funds:

1. The transfer of Global Opportunity Bond's assets in exchange for Emerging Markets Debt Shares and the assumption by Emerging Markets Debt of certain stated liabilities of Global Opportunity Bond followed by the distribution by Global Opportunity Bond of the Emerging Markets Debt Shares to stockholders of Global Opportunity Bond in exchange for their common shares of Global Opportunity Bond pursuant to and in accordance with the terms of the Reorganization Agreement will constitute a "reorganization" within the meaning of Section 368(a)(1)(C) of the Code;
2. No gain or loss will be recognized by Emerging Markets Debt upon the receipt of the assets of Global Opportunity Bond solely in exchange for the Emerging Markets Debt Shares and the assumption by Emerging Markets Debt of the stated liabilities of Global Opportunity Bond;
3. No gain or loss will be recognized by Global Opportunity Bond upon the transfer of the assets of Global Opportunity Bond to Emerging Markets Debt in exchange for Emerging Markets Debt Shares and the assumption by Emerging Markets Debt of the stated liabilities or upon the distribution of Emerging Markets Debt Shares to stockholders of Global Opportunity Bond in exchange for their common shares of Global Opportunity Bond;
4. No gain or loss will be recognized by stockholders of Global Opportunity Bond upon the exchange of the common shares of Global Opportunity Bond for the Emerging Markets Debt Shares;
5. The aggregate tax basis for the Emerging Markets Debt Shares received by each of the stockholders of Global Opportunity Bond pursuant to the Reorganization will be the same as the aggregate tax basis of the common shares in Global Opportunity Bond held by each such stockholder immediately prior to the Reorganization;
6. The holding period of the Emerging Markets Debt Shares to be received by each Global Opportunity Bond stockholder will include the period during which the common shares in Global Opportunity Bond surrendered in

exchange therefor were held (provided such common shares in Global Opportunity Bond were held as capital assets on the date of the Reorganization);

7. The tax basis of the assets of Global Opportunity Bond acquired by Emerging Markets Debt will be the same as the tax basis of such assets of Global Opportunity Bond immediately prior to the Reorganization; and

8. The holding period of the assets of Global Opportunity Bond in the hands of Emerging Markets Debt will include the period during which those assets were held by Global Opportunity Bond.

The advice of counsel is not binding on the Internal Revenue Service (the "IRS") or the courts and neither Fund has sought a ruling with respect to the tax treatment of the Reorganization. The opinion of counsel, if delivered, will be based on the Code, regulations issued by the Treasury Department under the Code, court decisions and administrative pronouncements issued by the IRS with respect to all of the foregoing, all as in effect on the date of the opinion, and all of which may be repealed, revoked or modified thereafter, possibly on a retroactive basis.

Global Opportunity Bond will make a distribution prior to the Reorganization to the extent that it has any undistributed net income or net gains. Any such distribution will be taxable to stockholders that are subject to taxation.

**Stockholders of the Funds should consult their tax advisors regarding the effect, if any, of the proposed Reorganization in light of their individual circumstances. Because the foregoing discussion only relates to federal income tax consequences of the proposed Reorganization, stockholders of the Funds should also consult their tax advisors as to state and local tax consequences, if any, of the proposed Reorganization.**

***Tax Consequences of the Reorganization to Global Opportunity Bond and Emerging Markets Debt.*** Under the Code, the Reorganization may result in limitations on the utilization of the capital loss carryovers of Global Opportunity Bond. The effect of any such limitations will depend on the existence and amount of each Fund's capital loss carryovers, built-in capital losses and built-in capital gains at the time of the Reorganization. In general, a fund will have built-in capital gains if the fair market value of its assets on the date of the Reorganization exceeds its tax basis in such assets and a fund will have built-in capital losses if its tax basis in its assets exceeds the fair market value of such assets on the date of the Reorganization.

As of its fiscal year ended December 31, 2008, Global Opportunity Bond had approximately \$15,139,000 of estimated capital loss carryovers. Additionally, as of December 31, 2008, Global Opportunity Bond had approximately \$6,075,000 of built-in capital losses. Emerging Markets Debt had approximately \$8,660,000 of capital loss carryovers (as of December 31, 2008) and \$39,588,000 of built-in capital losses (as of December 31, 2008).

Under the Code, assuming certain continuity of business requirements are followed after the Reorganization, each Fund's capital loss carryovers can be carried forward for eight years from the year in which incurred. The capital loss carry