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ACM MANAGED DOLLAR INCOME FUND INC
Form SC TO-I
May 16, 2005

As filed with the Securities and Exchange Commission on May 13, 2005

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

Schedule TO

Tender Offer Statement under Section 14(d)(1) or 13(e)(4)
of the Securities Exchange Act of 1934
(Amendment No.)*

ACM Managed Dollar Income Fund, Inc.
(Name of Subject Company (Issuer))

ACM Managed Dollar Income Fund, Inc.
(Name of Filing Persons (Offeror and Issuer))

Common Stock, Par Value \$.01 Per Share
(Title of Class of Securities)

000949107
(CUSIP Number of Class of Securities)

Mark R. Manley
Alliance Capital Management L.P.
1345 Avenue of the Americas
New York, New York 10105
(212) 969-1000

(Name, address, and telephone number of person authorized to
receive notices and communications on behalf of filing persons)

With a copy to:
Patricia A. Poglinco, Esquire
Seward & Kissel LLP
One Battery Park Place
New York, New York 10004
Calculation of Filing Fee

| Transaction Valuation | Amount of Filing Fee |
|--------------------------|----------------------|
| \$8,935,479.95 (a) | \$1,051.71 (b) |

(a) Calculated as the aggregate maximum purchase price to be paid for 1,135,385 shares in the offer, based upon the net asset value per share of \$7.87 at May 11, 2005.

(b) Calculated as the Transaction Valuation multiplied by 0.00011770.

Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid:
Form or Registration No.:

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Filing Party:
Date Filed:

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

- third-party tender offer subject to Rule 14d-1.
- issuer tender offer subject to Rule 13e-4.
- going-private transaction subject to Rule 13e-3.
- amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer.

=====

Introductory Statement

This Tender Offer Statement on Schedule TO relates to an offer by ACM Managed Dollar Income Fund, Inc., a Maryland corporation (the "Fund"), to purchase for cash up to 1,135,385 of the Fund's issued and outstanding shares of Common Stock, par value \$0.01 per share, upon the terms and subject to the conditions contained in the Offer to Purchase dated May 13, 2005 and the related Letter of Transmittal (which, together with any amendments or supplements thereto, collectively constitute the "Offer") and are filed as exhibits to this Schedule TO.

The information in the Offer to Purchase and the related Letter of Transmittal is incorporated herein by reference in answer to the items required to be disclosed in this Schedule TO.

Item 12. Exhibits.

- (a) (1) (i) Offer to Purchase, dated May 13, 2005.
- (a) (1) (i) (A) Consent of Ernst & Young LLP, dated May 13, 2005.
- (a) (1) (ii) Form of Letter of Transmittal.
- (a) (1) (iii) Form W-9, Form W-8BEN, and Form W-8IMY - not being filed available at <http://www.irs.gov>
- (a) (1) (iv) Form of Notice of Guaranteed Delivery.
- (a) (1) (v) Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
- (a) (1) (vi) Form of Letter to Clients of Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
- (a) (1) (vii) Form of Letter to Stockholders Who Have Requested Information.
- (a) (2) None.
- (a) (3) Not Applicable.
- (a) (4) Not applicable.
- (a) (5) (i) Advertisement printed in The Wall Street Journal on May 13, 2005.
- (a) (5) (ii) Press release issued on May 10, 2005 (Previously filed as a preliminary communication with the Fund's Schedule TO submitted via EDGAR on May 11, 2005).

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- (a) (5) (iii) Press release issued on March 14, 2005. (Previously filed as a preliminary communication with the Fund's Schedule TO submitted via EDGAR on May 11, 2005).
- (a) (5) (iv) Press release issued on December 14, 2004. (Previously filed as a preliminary communication with the Fund's Schedule TO submitted via EDGAR on May 11, 2005).
- (b) None.
- (d) Advisory Agreement between ACM Managed Dollar Income Fund, Inc. and Alliance Capital Management L.P. dated October 22, 1993 (Previously filed as Exhibit (c) (1) to the Fund's Schedule 13E-4 submitted via EDGAR on May 8, 1997).
- (g) None.
- (h) None.

Item 13. Information Required by Schedule 13E-3.

Not applicable.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

ACM MANAGED DOLLAR INCOME FUND, INC.

/s/ Mark R. Manley

Name: Mark R. Manley

Title: Secretary

Dated: May 13, 2005

00250.0158 #566841

Exhibit (a) (1) (i)

ACM MANAGED DOLLAR INCOME FUND, INC.

OFFER TO PURCHASE FOR CASH 1,135,385 OF ITS ISSUED
AND OUTSTANDING SHARES AT NET ASSET VALUE PER SHARE

THIS OFFER WILL EXPIRE AT 12:00 MIDNIGHT EASTERN TIME ON
JUNE 10, 2005, UNLESS THIS OFFER IS EXTENDED.

To the Stockholders of ACM Managed Dollar Income Fund, Inc.:

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ACM Managed Dollar Income Fund, Inc., a non-diversified, closed-end management investment company incorporated in Maryland (the "Fund"), is offering to purchase 1,135,385 of its issued and outstanding shares of Common Stock, par value \$0.01 per share (the "Shares"), to fulfill an undertaking made in connection with the initial public offering of the Shares. See Section 2. The offer is for cash at a price equal to the net asset value ("NAV") per Share determined as of the close of the regular trading session of the New York Stock Exchange, the principal market in which the Shares are traded (the "NYSE"), on the date after the date the offer expires, and is upon the terms and subject to the conditions set forth in this Offer to Purchase and the related Letter of Transmittal (which together with any amendments or supplements thereto collectively constitute the "Offer"). The Offer will expire at 12:00 Midnight Eastern Time on June 10, 2005, unless extended. The Shares are traded on the NYSE under the symbol "ADF". The NAV as of the close of the regular trading session of the NYSE on May 11, 2005 was \$7.87 per Share. During the pendency of the Offer, current NAV quotations can be obtained from D.F King & Co., Inc. (the "Information Agent"), by calling (800) 859-8509 between the hours of 9:00 a.m. and 8:00 p.m. Eastern Time, Monday through Friday (except holidays).

THIS OFFER IS SUBJECT TO CERTAIN CONDITIONS. SEE SECTION 3.

IMPORTANT INFORMATION

Stockholders who desire to tender their Shares should either: (1) properly complete and sign the Letter of Transmittal, provide thereon the original of any required signature guarantee(s) and mail or deliver it together with the Shares (in proper certificated or uncertificated form), any other documents required by the Letter of Transmittal, and a check in the amount of \$25.00 payable to EquiServe Trust Company, N.A. Depositary (the "Processing Fee"); or (2) request their broker, dealer, commercial bank, trust company or other nominee to effect the transaction on their behalf. Stockholders who desire to tender Shares registered in the name of such a firm must contact that firm to effect a tender on their behalf. Tendering Stockholders will not be obligated to pay brokerage commissions in connection with their tender of Shares, but they may be charged a fee by such a firm for processing the tender(s). The Fund reserves the absolute right to reject tenders determined not to be in appropriate form or not accompanied by the Processing Fee.

If you do not wish to tender your Shares, you need not take any action.

NEITHER THE FUND NOR ITS BOARD OF DIRECTORS NOR ALLIANCE CAPITAL MANAGEMENT L.P. (THE "INVESTMENT ADVISER") MAKES ANY RECOMMENDATION TO ANY STOCKHOLDER AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING SHARES. NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY RECOMMENDATION ON BEHALF OF THE FUND, ITS BOARD OF DIRECTORS OR THE INVESTMENT ADVISER AS TO WHETHER STOCKHOLDERS SHOULD TENDER OR REFRAIN FROM TENDERING SHARES PURSUANT TO THE OFFER OR TO MAKE ANY REPRESENTATION OR TO GIVE ANY INFORMATION IN CONNECTION WITH THE OFFER OTHER THAN AS CONTAINED HEREIN OR IN THE LETTER OF TRANSMITTAL. IF MADE OR GIVEN, ANY SUCH RECOMMENDATION, REPRESENTATION OR INFORMATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE FUND, ITS BOARD OF DIRECTORS OR THE INVESTMENT ADVISER. STOCKHOLDERS ARE URGED TO EVALUATE CAREFULLY ALL INFORMATION IN THE OFFER, CONSULT THEIR OWN INVESTMENT AND TAX ADVISERS AND MAKE THEIR OWN DECISIONS WHETHER TO TENDER OR REFRAIN FROM TENDERING THEIR SHARES.

EQUISERVE TRUST COMPANY, N.A., DEPOSITARY

Telephone Number: (800) 219-4218

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| | | |
|---|--|--|
| By First Class Mail: | By Registered, Certified Or Express Mail or Overnight Courier: | By Hand: |
| EquiServe Trust Company, N.A. Attn: Corporate Actions P.O. Box 859208 Braintree, MA 02185-9208 | EquiServe Trust Company, N.A. Attn: Corporate Actions 161 Bay State Drive Braintree, MA 02184 | Equiserve Attn: Corporate Actions 17 Battery Place, 11th Floor New York, NY 10004 |

D.F. KING & CO., INC., INFORMATION AGENT

48 Wall Street
New York, New York 10005

Banks and Brokers Call Collect: (212) 269-5550

All Others Call Toll-Free: (800) 859-8509

SUMMARY TERM SHEET

(Section references are to this Offer to Purchase)

This Summary Term Sheet highlights certain information concerning this tender offer. To understand the offer fully and for a more complete discussion of the terms and conditions of the offer, you should read carefully the entire Offer to Purchase and the related Letter of Transmittal.

What is the tender offer?

- o ACM Managed Dollar Income Fund, Inc. (the "Fund") is offering to purchase 1,135,385 of its shares of Common Stock for cash at a price per share equal to the per share net asset value as of the close of the regular trading session of the NYSE on June 13, 2005 (or, if the offer is extended, on the date after the date to which the offer is extended) upon specified terms and subject to conditions as set forth in the tender offer documents.

When will the tender offer expire, and may the offer be extended?

- o The tender offer will expire at 12:00 Midnight Eastern Time on June 10, 2005, unless extended. The Fund may extend the period of time the offer will be open by issuing a press release or making some other public announcement by no later than the next business day after the offer otherwise would have expired. See Section 15.

What is the net asset value per Fund share and the closing sale price on the NYSE per Fund share as of a recent date?

- o As of May 11, 2005, the net asset value per share was \$7.87 and the closing sale price per share was \$7.67. See Section 8 of the Offer to Purchase for details. During the pendency of the tender offer, current net asset value quotations can be obtained from D.F. King & Co., Inc. by calling (800) 859-8509 between 9:00 a.m. and 8:00 p.m. Eastern Time, Monday through Friday (except holidays). You can find the current market price per share, as quoted on the NYSE, under the symbol "ADF".

Will the net asset value be higher or lower on the date that the price to be paid for tendered shares is to be determined?

- o No one can accurately predict the net asset value at a future date.

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What happens if I tender my shares and the net asset value on the date of determination of the tender price is lower than the then current market price per share on the NYSE?

- o You would receive less money for your shares than if you had sold them on the NYSE.

How do I tender my shares?

- o If your shares are registered in your name, you should obtain the tender offer materials, including the Offer to Purchase and the related Letter of Transmittal, read them, and if you should decide to tender, complete a Letter of Transmittal and submit any other documents required by the Letter of Transmittal. These materials must be received by EquiServe Trust Company, N.A., the Depositary, in proper form before 12:00 Midnight Eastern Time on June 10, 2005 (unless the tender offer is extended by the Fund in which case the new deadline will be as stated in the public announcement of the extension). If your shares are held by a broker, dealer, commercial bank, trust company or other nominee (e.g., in "street name"), you should contact that firm to obtain the package of information necessary to make your decision, and you can only tender your shares by directing that firm to complete, compile and deliver the necessary documents for submission to the Depositary by June 10, 2005 (or if the offer is extended, the expiration date as extended). See Section 4.

Is there any cost to me to tender?

- o There is a \$25.00 processing fee per tendering stockholder. A tender will not be a proper one unless a check payable to EquiServe Trust Company, N.A. for this fee accompanies the tender documents submitted to EquiServe Trust Company, N.A. The processing fee will be refunded only if no shares tendered are purchased pursuant to the offer. Your broker, dealer, commercial bank, trust company or other nominee may charge you fees according to its individual policies. See the Letter of Transmittal.

May I withdraw my shares after I have tendered them and, if so, by when?

- o Yes, you may withdraw your shares at any time prior to 5:00 P.M. Eastern Time on June 14, 2005 (or if the offer is extended, at any time prior to 5:00 P.M. Eastern Time on the second day on which the NYSE is open for trading after the new expiration date). Withdrawn shares may be re-tendered by following the tender procedures before the offer expires (including any extension period). In addition, if shares tendered have not by then been accepted for payment, you may withdraw your tendered shares at any time after July 11, 2005. See Section 5.

How do I withdraw tendered shares?

- o A notice of withdrawal of tendered shares must be timely received by EquiServe Trust Company, N.A., which specifies the name of the stockholder who tendered the shares, the number of shares being withdrawn (which must be all of the shares tendered) and, as regards share certificates which represent tendered shares that have been delivered or otherwise identified to EquiServe Trust Company, N.A., the name of the registered owner of such shares if different than

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the person who tendered the shares. See Section 5.

May I place any conditions on my tender of shares?

- No.

Is there a limit on the number of shares I may tender?

- No. Also, your tender will be proper only if you tender all Fund shares you own or which you are considered to own under specified federal tax rules. See Sections 1 and 14.

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What if more than 1,135,385 shares are tendered (and not timely withdrawn)?

- The Fund will purchase duly tendered shares from tendering stockholders pursuant to the terms and conditions of the tender offer on a pro rata basis (disregarding fractions) in accordance with the number of shares tendered by each stockholder (and not timely withdrawn), unless the Fund determines not to purchase any shares. The Fund's present intention, if the tender offer is oversubscribed, is not to purchase more than 1,135,385 shares. See Section 1.

If I decide not to tender, how will the tender offer affect the Fund shares I hold?

- Your percentage ownership interest in the Fund will increase after completion of the tender offer. See Section 11.

Does the Fund have the financial resources to make payment?

- Yes.

If shares I tender are accepted by the Fund, when will payment be made?

- It is contemplated, subject to change, that payment for tendered shares, if accepted, will be made on or about June 21, 2005. See Section 6.

Is my sale of shares in the tender offer a taxable transaction?

- For most stockholders, yes. All U.S. stockholders, other than those who are tax-exempt, who sell shares in the tender offer will recognize gain or loss for U.S. federal income tax purposes equal to the difference between the cash they receive for the shares sold and their adjusted basis in the shares. The sale date for tax purposes will be the date the Fund accepts shares for purchase. See Section 14 for details, including the nature of the income or loss and the differing rules for U.S. and non-U.S. stockholders. Please consult your tax advisor as well.

Is the Fund required to complete the tender offer and purchase all shares tendered up to the number of shares tendered for?

- Under most circumstances, yes. There are certain circumstances, however, in which the Fund will not be required to purchase any shares tendered as described in Section 3.

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Is there any reason shares tendered would not be accepted?

- o In addition to those circumstances described in Section 3 in which the Fund is not required to accept tendered shares, the Fund has reserved the right to reject any and all tenders determined by it not to be in appropriate form. Tenders will be rejected if all shares actually and constructively (as determined under the Internal Revenue Code) owned by the tendering stockholder are not tendered or if the tender does not include original signature(s) or the original of any required signature guarantee(s).

How will tendered shares be accepted for payment?

- o Properly tendered shares, up to the number tendered for, will be accepted for payment by a determination of the Fund's Board of Directors followed by notice of acceptance to EquiServe Trust Company, N.A. which is thereafter to make payment as directed by the Fund with funds to be deposited with it by the Fund. See Section 6.

What action need I take if I decide not to tender my shares?

- o None.

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Does management encourage stockholders to participate in the tender offer, and will they participate in the tender offer?

- o No. Neither the Fund, its Board of Directors nor the Fund's investment adviser is making any recommendation to tender or not to tender shares in the tender offer. No director or officer of the Fund intends to tender shares. See Section 10.

Will this be my last opportunity to tender shares to the Fund?

- o Under the terms of the Fund's original prospectus undertaking, the Fund is also to conduct a tender offer during each year after 2005, subject to a policy that the Fund would not proceed with a tender offer in a particular year if Fund shares have traded on the NYSE during a specified 12 week period (the "Measurement Period") at an average price at or above their net asset value ("NAV") or at an average discount from NAV of less than 3%, determined on the basis of the average market price per share and discounts as of the last trading day in each week. The Measurement Period is required to commence on a date designated by the Fund's Board of Directors which shall be no later than the end of the first calendar quarter of that year. Pursuant to the undertaking, the Fund may, but is not required to, conduct other tender offers. See Section 2.

How do I obtain information?

- o Questions and requests for assistance or requests for additional copies of the Offer to Purchase, the Letter of Transmittal and all other tender offer documents should be directed to D.F. King & Co., Inc. the Information Agent for the tender offer, at (800) 859-8509 (Toll-Free) or (212) 269-5550 (Call Collect). If you do not own shares directly, you should obtain this information and the documents from your broker, dealer, commercial bank, trust company or other nominee, as appropriate.

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1. Price; Number of Shares. Upon the terms and subject to the conditions of the Offer, the Fund will accept for payment and purchase for cash up to 1,135,385 of its issued and outstanding Shares that are properly tendered prior to 12:00 Midnight Eastern Time on June 10, 2005 (and not withdrawn in accordance with Section 5). The Fund reserves the right to amend, extend or terminate the Offer. See Sections 3 and 15. The Fund will not be obligated to purchase Shares pursuant to the Offer under certain circumstances. See Section 3. The later of June 10, 2005 or the latest date to which the Offer is extended is hereinafter called the "Expiration Date." The purchase price of the Shares will be their NAV per Share determined as of the close of the regular trading session of the NYSE on the date after the Expiration Date. The Fund will not pay interest on the purchase price under any circumstances. The NAV as of the close of the regular trading session of the NYSE on May 11, 2005 was \$7.87 per Share. During the pendency of the Offer, current NAV quotations can be obtained from the Depository by calling (800) 219-4218 between the hours of 9:00 a.m. and 5:00 p.m. Eastern Time, Monday through Friday (except holidays).

The Offer is being made to all Stockholders and is not conditioned upon Stockholders tendering in the aggregate any minimum number of Shares. Pursuant to the Fund's Prospectus dated October 22, 1993 (the "Prospectus"), however, a Stockholder wishing to accept the Offer is required to tender all (but not less than all) Shares owned by the Stockholder and all Shares attributed to the Stockholder for federal income tax purposes under Section 318 of the Internal Revenue Code of 1986, as amended (the "Code"), as of the date of purchase of Shares by the Fund pursuant to the Offer. See Section 14 concerning the tax consequences of tendering Shares.

If more than 1,135,385 Shares are duly tendered pursuant to the Offer (and not withdrawn as provided in Section 5), unless the Fund determines not to purchase any Shares, the Fund will purchase Shares from tendering Stockholders, in accordance with the terms and conditions specified in the Offer, on a pro rata basis (disregarding fractions), in accordance with the number of Shares duly tendered by or on behalf of each Stockholder (and not so withdrawn). If Shares duly tendered by or on behalf of a Stockholder include Shares held pursuant to the Fund's Dividend Reinvestment Plan, the proration will be applied first with respect to other Shares tendered and only thereafter, if and as necessary, with respect to Shares held pursuant to that Plan.

On May 11, 2005, there were 22,707,703 Shares issued and outstanding, and there were 864 holders of record of Shares. Certain of these holders of record were brokers, dealers, commercial banks, trust companies and other institutions that held Shares in nominee name on behalf of multiple beneficial owners.

2. Purpose of the Offer; Plans or Proposals of the Fund. The purpose of the Offer is to fulfill an undertaking made in connection with the initial public offering of the Shares, as set forth in the Fund's Prospectus. In the Prospectus, the Fund indicated that, in recognition of the possibility that the Shares might trade at a discount to NAV, the Fund's Board of Directors (the "Board of Directors" or the "Board") had determined that it would be in the interest of Stockholders to take action to attempt to reduce or eliminate a market value discount from NAV.

In this regard, in the Prospectus, the Fund undertook to conduct a tender offer for Shares during the second quarter of 1995 and each year thereafter subject to a policy that the Fund would not proceed with the tender offer in a particular year if Shares have traded on the principal securities exchange where Shares are listed (at present the NYSE) at an average price at or above NAV or at an average discount from NAV of less than 3% determined on the basis of the average market prices per Share and discounts as of the last trading day in each week (a "weekly valuation day") during a period of 12 calendar weeks of the

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relevant year (the "Measurement Period"). The Measurement Period is required to commence on a date designated by the Fund's Board of Directors which shall be no later than the end of the first calendar quarter of that year. At the December 2004 Regular Meeting, the Board fixed as the Measurement Period for purposes of determining whether a mandatory tender offer was required to be conducted during the second quarter of 2005, the 12 weeks ended March 11, 2005. The average trading price of the Shares on the weekly valuation days during the Measurement Period was approximately \$7.89 per Share, and the average NAV per Share on the same days was approximately \$8.18, reflecting an average discount of 3.55%. Accordingly, the Fund is conducting the Offer.

In addition to tender offers pursuant to the above-described undertaking, the Board considers from time to time more frequent tender offers for Shares and may consider other steps to reduce or eliminate the Fund's market value discount from NAV such as open market repurchases of Shares. There can be no assurance that the Board will authorize any such action. There can also be no assurance that the Offer, other Share tender offers, Share repurchases or other steps will result in the Shares trading at a price that approximates or is equal to their NAV. The market price of the Shares will be

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determined by, among other things, the relative demand for and supply of Shares in the market, the Fund's investment performance, the Fund's dividends and yield, and investor perception of the Fund's overall attractiveness as an investment as compared with other investment alternatives.

Except as set forth above, as referred to in Section 7 or the last paragraph of Section 10, or in connection with the operation of the Fund's Dividend Reinvestment Plan, the Fund does not have any present plans or proposals and is not engaged in any negotiations that relate to or would result in (a) any extraordinary transaction, such as a merger, reorganization or liquidation, involving the Fund or any of its subsidiaries; (b) other than in connection with transactions in the ordinary course of the Fund's operations and for purposes of funding the Offer, any purchase, sale or transfer of a material amount of assets of the Fund or any of its subsidiaries; (c) any material change in the Fund's present dividend rate or policy, or indebtedness or capitalization of the Fund; (d) any change in the composition of the Board or management of the Fund, including, but not limited to, any plans or proposals to change the number or the term of members of the Board, to fill any existing vacancies on the Board or to change any material term of the employment contract of any executive officer; (e) any other material change in the Fund's corporate structure or business, including any plans or proposals to make any changes in the Fund's investment policy for which a vote would be required by Section 13 of the Investment Company Act of 1940, as amended (the "1940 Act"); (f) any class of equity securities of the Fund to be delisted from a national securities exchange or to cease to be authorized to be quoted in an automated quotations system operated by a national securities association; (g) any class of equity securities of the Fund becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); (h) the suspension of the Fund's obligation to file reports pursuant to Section 15(d) of the Exchange Act; (i) the acquisition by any person of additional securities of the Fund, or the disposition of securities of the Fund; or (j) any changes in the Fund's charter, bylaws or other governing instruments or other actions that could impede the acquisition of control of the Fund.

3. Certain Conditions of the Offer. Notwithstanding any other provision of the Offer or the Prospectus, the announced policy of the Board, which may be changed by the Board, is that the Fund will not purchase Shares pursuant to the

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Offer if (a) such transaction, if consummated, would (i) result in the delisting of the Shares from the NYSE (the NYSE having advised the Fund that it would consider delisting if the aggregate market value of the outstanding publicly held Shares is less than \$5,000,000, the number of publicly held Shares falls below 600,000 or the number of round-lot holders falls below 1,200) or (ii) impair the Fund's status as a regulated investment company under the Code (which would make the Fund a taxable entity, causing the Fund's income to be taxed at the corporate level in addition to the taxation of Stockholders who receive dividends from the Fund); (b) the Fund would not be able to liquidate portfolio securities in an orderly manner and consistent with the Fund's investment objective and policies in order to purchase Shares tendered pursuant to the Offer; (c) there is any (i) material legal action or proceeding instituted or threatened which challenges, in the Board's judgment, the Offer or otherwise materially adversely affects the Fund, (ii) suspension of or limitation on prices for trading securities generally on the NYSE or any foreign exchange on which portfolio securities of the Fund are traded, (iii) declaration of a banking moratorium by Federal, state or foreign authorities or any suspension of payment by banks in the United States, New York State or in a foreign country which is material to the Fund, (iv) limitation which affects the Fund or the issuers of its portfolio securities imposed by Federal, state or foreign authorities on the extension of credit by lending institutions or on the exchange of foreign currencies, (v) commencement of war, armed hostilities or other international or national calamity directly or indirectly involving the United States or any foreign country that is material to the Fund, or (vi) other event or condition which, in the Board's judgment, would have a material adverse effect on the Fund or its Stockholders if Shares tendered pursuant to the Offer were purchased; or (d) the Board determines that effecting the transaction would constitute a breach of their fiduciary duty owed the Fund or its stockholders. The Board may modify these conditions in light of experience.

The foregoing conditions are for the Fund's sole benefit and may be asserted by the Fund regardless of the circumstances giving rise to any such condition (including any action or inaction of the Fund), and any such condition may be waived by the Fund, in whole or in part, at any time and from time to time in its reasonable judgment. The Fund's failure at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right; the waiver of any such right with respect to particular facts and circumstances shall not be deemed a waiver with respect to any other facts or circumstances; and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time. Any determination by the Fund concerning the events described in this Section 3 shall be final and binding.

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The Fund reserves the right, at any time during the pendency of the Offer, to amend, extend or terminate the Offer in any respect. See Section 15.

4. Procedures for Tendering Shares.

a. Proper Tender of Shares. For Shares to be properly tendered pursuant to the Offer, a properly completed and duly executed Letter of Transmittal bearing original signature(s) and the original of any required signature guarantee(s), all Shares actually, or as determined under Section 318 of the Code constructively, owned by the tendering Stockholder (see Sections 1 and 14) (in proper certificated or uncertificated form), any other documents required by the Letter of Transmittal and the Processing Fee must be received by the Depository at the appropriate address set forth on page 2 of this Offer before 12:00 Midnight Eastern Time on the Expiration Date. Letters of Transmittal and certificates representing tendered Shares should not be sent or delivered to the Fund. Stockholders who desire to tender Shares registered in the name of a

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broker, dealer, commercial bank, trust company or other nominee must contact that firm to effect a tender on their behalf.

Section 14(e) of the Exchange Act and Rule 14e-4 promulgated thereunder make it unlawful for any person, acting alone or in concert with others, directly or indirectly, to tender Shares in a partial tender offer for such person's own account unless at the time of tender, and at the time the Shares are accepted for payment, the person tendering has a net long position equal to or greater than the amount tendered in (a) Shares and will deliver or cause to be delivered such Shares for the purpose of tender to the Fund within the period specified in the Offer, or (b) an equivalent security and, upon the acceptance of his or her tender, will acquire Shares by conversion, exchange, or exercise of such equivalent security to the extent required by the terms of the Offer, and will deliver or cause to be delivered the Shares so acquired for the purpose of tender to the Fund prior to or on the Expiration Date. Section 14(e) and Rule 14e-4 provide a similar restriction applicable to the tender or guarantee of a tender on behalf of another person.

The acceptance of Shares by the Fund for payment will constitute a binding agreement between the tendering Stockholder and the Fund upon the terms and subject to the conditions of the Offer, including the tendering Stockholder's representation that the Stockholder has a net long position in the Shares being tendered within the meaning of Rule 14e-4 and that the tender of such Shares complies with Rule 14e-4.

b. Signature Guarantees and Method of Delivery. No signature guarantee is required if (a) the Letter of Transmittal is signed by the registered holder(s) (including, for purposes of this document, any participant in The Depository Trust Company ("DTC") book-entry transfer facility whose name appears on DTC's security position listing as the owner of Shares) of the Shares tendered thereby, unless such holder(s) has completed either the box entitled "Special Payment Instructions" or the box entitled "Special Delivery Instructions" in the Letter of Transmittal or (b) the Shares tendered are tendered for the account of a firm (an "Eligible Institution") which is a broker, dealer, commercial bank, credit union, savings association or other entity and which is a member in good standing of a stock transfer association's approved medallion program (such as STAMP, SEMP or MSP). In all other cases, all signatures on the Letter of Transmittal must be guaranteed by an Eligible Institution. See Instruction 5 of the Letter of Transmittal.

If the Letter of Transmittal is signed by the registered holder(s) of the Shares tendered thereby, the signature(s) must correspond with the name(s) as written on the face of the certificate(s) for the Shares tendered without alteration, enlargement or any change whatsoever.

If any of the Shares tendered thereby are owned of record by two or more joint owners, all such owners must sign the Letter of Transmittal.

If any of the tendered Shares are registered in different names (including Shares constructively owned by the tendering Stockholder as determined under Section 318 of the Code which must also be tendered--see Sections 1 and 14), it is necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations.

If the Letter of Transmittal or any certificates for Shares tendered or stock powers relating to Shares tendered are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and proper evidence satisfactory to the Fund of their authority so to act must be submitted.

If the Letter of Transmittal is signed by the registered holder(s) of the Shares transmitted therewith, no endorsements of certificates or separate stock powers with respect to such Shares are required unless payment is to be made to, or certificates for Shares not purchased are to be issued in the name of, a person other than the registered holder(s). Signatures on such certificates or stock powers must be guaranteed by an Eligible Institution.

If the Letter of Transmittal is signed by a person other than the registered holder(s) of the certificate(s) listed thereon, the certificate(s) must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear(s) on the certificate(s) for the Shares involved. Signatures on such certificates or stock powers must be guaranteed by an Eligible Institution. See Section 6.

c. Dividend Reinvestment Plan. EquiServe Trust Company, N.A., the Fund's Transfer Agent, holds Shares in uncertificated form for certain Stockholders pursuant to the Fund's Dividend Reinvestment Plan. In addition to tendering all of their other Shares, Stockholders wishing to accept the Offer must tender all such uncertificated Shares. See Section 1 concerning the manner in which any necessary proration will be made.

d. Book-Entry Delivery. The Depositary has established an account with respect to the Shares at DTC for purposes of the Offer. Any financial institution that is a participant in the DTC system may make book-entry delivery of tendered Shares by causing DTC to transfer such Shares into the Depositary's account at DTC in accordance with DTC's procedures for such transfers. However, although delivery of Shares may be effected through book-entry transfer into the Depositary's account at DTC, a Letter of Transmittal properly completed and bearing original signature(s) and the original of any required signature guarantee(s), or an Agent's Message (as defined below) in connection with a book-entry transfer, any other documents required by the Letter of Transmittal and the Processing Fee, must in any case be received by the Depositary prior to 12:00 Midnight Eastern Time on the Expiration Date at one of its addresses set forth on page 2 of this Offer, or the tendering Stockholder must comply with the guaranteed delivery procedures described below.

The term "Agent's Message" means a message from DTC transmitted to, and received by, the Depositary forming a part of a timely confirmation of a book-entry transfer of Shares (a "Book-Entry Confirmation") which states that (a) DTC has received an express acknowledgment from the DTC participant tendering the Shares that are the subject of the Book-Entry Confirmation, (b) the DTC participant has received and agrees to be bound by the terms of the Letter of Transmittal, and (c) the Fund may enforce such agreement against the DTC participant.

Delivery of documents to DTC in accordance with DTC's procedures does not constitute delivery to the Depositary.

e. Guaranteed Delivery. Notwithstanding the foregoing, if a Stockholder desires to tender Shares pursuant to the Offer and the certificates for the Shares to be tendered are not immediately available, or time will not permit the Letter of Transmittal and all documents required by the Letter of Transmittal to reach the Depositary prior to 12:00 Midnight Eastern Time on the Expiration Date, or a Stockholder cannot complete the procedures for delivery by book-entry transfer on a timely basis, then such Stockholder's Shares may nevertheless be tendered, provided that all of the following conditions are satisfied:

- (i) the tender is made by or through an Eligible Institution; and

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(ii) a properly completed and duly executed Notice of Guaranteed Delivery in the form provided by the Fund is received by the Depository prior to 12:00 Midnight Eastern Time on the Expiration Date; and

(iii) the certificates for all such tendered Shares, in proper form for transfer, or a Book-Entry Confirmation with respect to such Shares, as the case may be, together with a Letter of Transmittal properly completed and bearing original signature(s) and the original of any required signature guarantee(s) (or, in the case of a book-entry transfer, an Agent's Message), any documents required by the Letter of Transmittal and the Processing Fee, are received by the Depository prior to 5:00 P.M. Eastern Time on the second NYSE trading day after the date of execution of the Notice of Guaranteed Delivery.

The Notice of Guaranteed Delivery may be delivered by hand or transmitted by facsimile transmission or mail to the Depository and must include a guarantee by an Eligible Institution and a representation that the Stockholder owns the Shares tendered within the meaning of, and that the tender of the Shares effected thereby complies with, Rule 14e-4 under the Exchange Act, each in the form set forth in the Notice of Guaranteed Delivery.

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THE METHOD OF DELIVERY OF ANY DOCUMENTS, INCLUDING SHARE CERTIFICATES, THE LETTER OF TRANSMITTAL AND ANY OTHER REQUIRED DOCUMENTS, IS AT THE OPTION AND SOLE RISK OF THE TENDERING STOCKHOLDER. IF DOCUMENTS ARE SENT BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. Stockholders have the responsibility to cause their Shares tendered (in proper certificated or uncertificated form), the Letter of Transmittal properly completed and bearing original signature(s) and the original of any required signature guarantee(s), and any other documents required by the Letter of Transmittal and the Processing Fee, to be timely delivered. Timely delivery is a condition precedent to acceptance of Shares for purchase pursuant to the Offer and to payment of the purchase amount.

Notwithstanding any other provision hereof, payment for Shares accepted for payment pursuant to the Offer will in all cases be made only after timely receipt by the Depository of Share certificates evidencing such Shares or a Book-Entry Confirmation of the delivery of such Shares (if available), a Letter of Transmittal properly completed and bearing original signature(s) and the original of any required signature guarantee(s) or, in the case of a book-entry transfer, an Agent's Message, any other documents required by the Letter of Transmittal and the Processing Fee.

f. Determinations of Validity. All questions as to the validity, form, eligibility (including time of receipt) and acceptance of tenders will be determined by the Fund, in its sole discretion, which determination shall be final and binding. The Fund reserves the absolute right to reject any or all tenders determined not to be in appropriate form or not accompanied by the Processing Fee or to refuse to accept for payment, purchase, or pay for, any Shares if, in the opinion of the Fund's counsel, accepting, purchasing or paying for such Shares would be unlawful. The Fund also reserves the absolute right to waive any of the conditions of the Offer or any defect in any tender, whether generally or with respect to any particular Share(s) or Stockholder(s). The Fund's interpretations of the terms and conditions of the Offer shall be final and binding.

NEITHER THE FUND, ITS BOARD OF DIRECTORS, THE INVESTMENT ADVISER, THE DEPOSITARY NOR ANY OTHER PERSON IS OR WILL BE OBLIGATED TO GIVE ANY NOTICE OF ANY DEFECT OR IRREGULARITY IN ANY TENDER, AND NONE OF THEM WILL INCUR ANY

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LIABILITY FOR FAILURE TO GIVE ANY SUCH NOTICE.

g. United States Federal Income Tax Withholding. To prevent the imposition of U.S. federal backup withholding tax equal to 28% of the gross payments made pursuant to the Offer, prior to such payments each Stockholder accepting the Offer who has not previously submitted to the Fund a correct, completed and signed Internal Revenue Service ("IRS") Form W-9 ("Form W-9") (for U.S. Stockholders) or IRS Form W-8BEN ("Form W-8BEN") (or, if appropriate, Form W-8IMY ("Form W-8IMY")) (for non-U.S. Stockholders), or otherwise established an exemption from such withholding, must submit the appropriate form to the Depository. See Section 14.

Under certain circumstances (see Section 14), the Depository will withhold a tax equal to 30% of the gross payments payable to a non-U.S. Stockholder unless the Depository determines that a reduced rate of withholding or an exemption from withholding is applicable. (Exemption from backup withholding tax does not exempt a non-U.S. Stockholder from the 30% withholding tax.) For this purpose, a "Non-U.S. Stockholder", is, in general, a Stockholder that is not (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of the source of such income, or (iv) a trust if (A) a court within the United States is able to exercise primary supervision over the administration of the trust and (B) one or more U.S. persons have the authority to control all substantial decisions of the trust. The Depository will determine a Stockholder's status as a Non-U.S. Stockholder and the Stockholder's eligibility for a reduced rate of, or an exemption from, withholding by reference to any outstanding certificates or statements concerning such eligibility, unless facts and circumstances indicate that such reliance is not warranted. A Non-U.S. Stockholder that has not previously submitted the appropriate certificates or statements with respect to a reduced rate of, or exemption from, withholding for which such Stockholder may be eligible should consider doing so in order to avoid over-withholding. See Section 14.

5. Withdrawal Rights. At any time prior to 5:00 P.M. Eastern Time on the second day on which the NYSE is open for trading after the Expiration Date, and, if the Shares have not by then been accepted for payment by the Fund, at any time after July 11, 2005, any Stockholder may withdraw all, but not less than all, of the Shares that the Stockholder has tendered.

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To be effective, a written notice of withdrawal of Shares tendered must be timely received by the Depository at the appropriate address set forth on page 2 of this Offer. Stockholders may also send a facsimile transmission notice of withdrawal, which must be timely received by the Depository at (781) 380-3388, and the original notice of withdrawal must be delivered to the Depository by overnight courier or by hand the next day. Any notice of withdrawal must specify the name(s) of the person having tendered the Shares to be withdrawn, the number of Shares to be withdrawn (which may not be less than all of the Shares tendered by the Stockholder—see Sections 1 and 14) and, if one or more certificates representing such Shares have been delivered or otherwise identified to the Depository, the name(s) of the registered owner(s) of such Shares as set forth in such certificate(s) if different from the name(s) of the person tendering the Shares. If one or more certificates have been delivered to the Depository, then, prior to the release of such certificate(s), the certificate number(s) shown on the particular certificate(s) evidencing such Shares must also be submitted and the signature on the notice of withdrawal must be guaranteed by an Eligible Institution.

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All questions as to the validity, form and eligibility (including time of receipt) of notices of withdrawal will be determined by the Fund in its sole discretion, which determination shall be final and binding. Shares properly withdrawn will not thereafter be deemed to be tendered for purposes of the Offer. Withdrawn Shares, however, may be re-tendered by following the procedures described in Section 4 prior to 12:00 Midnight Eastern Time on the Expiration Date. Except as otherwise provided in this Section 5, tenders of Shares made pursuant to the Offer will be irrevocable.

NEITHER THE FUND, ITS BOARD OF DIRECTORS, THE INVESTMENT ADVISER, THE DEPOSITARY NOR ANY OTHER PERSON IS OR WILL BE OBLIGATED TO GIVE ANY NOTICE OF ANY DEFECT OR IRREGULARITY IN ANY NOTICE OF WITHDRAWAL, NOR SHALL ANY OF THEM INCUR ANY LIABILITY FOR FAILURE TO GIVE ANY SUCH NOTICE.

6. Payment for Shares. For purposes of the Offer, the Fund will be deemed to have accepted for payment and purchased Shares that are tendered (and not withdrawn in accordance with Section 5 pursuant to the Offer) when, as and if it gives oral or written notice to the Depositary of its acceptance of such Shares for payment pursuant to the Offer. Under the Exchange Act, the Fund is obligated to pay for or return tendered Shares promptly after the termination, expiration or withdrawal of the Offer. Upon the terms and subject to the conditions of the Offer, the Fund will pay for Shares properly tendered as soon as practicable after the Expiration Date. The Fund will make payment for Shares purchased pursuant to the Offer by depositing the aggregate purchase price therefor with the Depositary, which will make payment to Stockholders promptly as directed by the Fund. The Fund will not pay interest on the purchase price under any circumstances.

In all cases, payment for Shares purchased pursuant to the Offer will be made only after timely receipt by the Depositary of: (a) a Letter of Transmittal properly completed and bearing original signature(s) and any required signature guarantee(s), (b) such Shares (in proper certificated or uncertificated form), (c) any other documents required by the Letter of Transmittal, and (d) the Processing Fee. Stockholders may be charged a fee by a broker, dealer or other institution for processing the tender requested. Certificates representing Shares tendered but not purchased will be returned promptly following the termination, expiration or withdrawal of the Offer, without further expense to the tendering Stockholder. The Fund will pay any transfer taxes payable on the transfer to it of Shares purchased pursuant to the Offer. If, however, tendered Shares are registered in the name of any person other than the person signing the Letter of Transmittal, the amount of any such transfer taxes (whether imposed on the registered owner or such other person) payable on account of the transfer to such person of such Shares will be deducted from the purchase price unless satisfactory evidence of the payment of such taxes, or exemption therefrom, is submitted. The Fund may not be obligated to purchase Shares pursuant to the Offer under certain conditions. See Section 3.

Any tendering Stockholder or other payee who has not previously submitted a correct, completed and signed Form W-8BEN (or, if appropriate, Form W-8IMY) or Form W-9, as necessary, and who fails to complete fully and sign either the Form W-8BEN (or, if appropriate, Form W-8IMY) or Substitute Form W-9 in the Letter of Transmittal and provide that form to the Depositary, may be subject to federal backup withholding tax of 28% of the gross proceeds paid to such Stockholder or other payee pursuant to the Offer. See Section 14 regarding this tax as well as possible withholding at the rate of 30% (or lower applicable treaty rate) on the gross proceeds payable to tendering Non-U.S. Stockholders.

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7. Source and Amount of Funds. The total cost to the Fund of purchasing 1,135,385 of its issued and outstanding Shares pursuant to the Offer would be \$8,935,480 (based on a price per Share of \$7.87, the NAV as of the close of the regular trading session of the NYSE on May 11, 2005). On May 11, 2005, the aggregate value of the Fund's net assets was \$178,778,788.

To pay the aggregate purchase price of Shares accepted for payment pursuant to the Offer, the Fund anticipates that funds will first be derived from any cash on hand and then from the proceeds from the sale of portfolio securities held by the Fund. The selection of which portfolio securities to sell, if any, will be made by the Investment Adviser, taking into account investment merit, relative liquidity and applicable investment restrictions and legal requirements. The Fund reserves the right to finance a portion of the Offer through temporary borrowing.

The purchase of Shares by the Fund will decrease the net assets of the Fund and, therefore, have the effect of increasing the Fund's expense ratio. In addition, the purchases may have an adverse effect on the Fund's investment performance.

Because the Fund may sell portfolio securities to raise cash for the purchase of Shares, during the pendency of the Offer, and possibly for a short time thereafter, the Fund may hold a greater than normal percentage of its assets in cash and cash equivalents, which would tend to decrease the Fund's net income. As of May 11, 2005, cash and cash equivalents constituted approximately 1% of the Fund's total assets.

Under some market circumstances, it may be necessary for the Fund to raise cash by liquidating portfolio securities in a manner that could reduce the market value of such securities and, thus, reduce both the NAV of the Shares and the proceeds from the sale of such securities. Liquidating portfolio securities, if necessary, may also lead to the premature disposition of portfolio investments and additional transaction costs. Depending upon the timing of such sales, any such decline in NAV may adversely affect any tendering Stockholders whose Shares are accepted for purchase by the Fund, as well as those Stockholders who do not sell Shares pursuant to the Offer. Stockholders who retain their Shares may be subject to certain other effects of the Offer. See Section 11.

8. Price Range of Shares; Dividends/Distributions. The following table sets forth, for the periods indicated, the high and low NAVs per Share and the high and low closing sale prices per Share as reported on the NYSE Composite Tape, and the amounts of cash dividends/distributions per Share paid during such periods.

| | Net Asset Value | | Market Price | | Dividends/ Distribution |
|-----------------------------------|-----------------|------|--------------|------|----------------------------|
| | High | Low | High | Low | |
| Fiscal Year (ending September 30) | | | | | |
| 2003 | | | | | |
| 1st Quarter | 6.88 | 6.33 | 7.60 | 6.29 | .2175 |
| 2nd Quarter | 7.99 | 6.91 | 8.50 | 7.31 | .1875 |
| 3rd Quarter | 7.70 | 7.08 | 8.46 | 7.28 | .2025 |
| 4th Quarter | 8.04 | 7.61 | 8.49 | 7.82 | .2025 |
| 2004 | | | | | |
| 1st Quarter | 8.29 | 7.95 | 8.58 | 8.02 | .2125 |

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| | | | | | |
|------------------------------------|------|------|------|------|-------|
| 2nd Quarter | 8.11 | 7.12 | 8.56 | 6.87 | .2600 |
| 3rd Quarter | 7.93 | 7.43 | 8.24 | 7.66 | .2025 |
| 4th Quarter | 8.19 | 7.87 | 8.03 | 7.73 | .1240 |
| 2005 | | | | | |
| 1st Quarter | 8.27 | 7.84 | 7.98 | 7.34 | .1695 |
| 2nd Quarter (through May 11, 2005) | 7.95 | 7.83 | 7.70 | 7.51 | .2825 |

As of the close of business on May 11, 2005, the Fund's NAV was \$7.87 per Share, and the high, low and closing prices per Share on the NYSE on that date were \$7.71, \$7.61 and \$7.67, respectively. During the pendency of the Offer, current NAV quotations can be obtained by contacting the Depositary in the manner indicated in Section 1.

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The tendering of Shares, unless and until Shares tendered are accepted for payment and purchase, will not affect the record ownership of any such tendered Shares for purposes of entitlement to any dividends payable by the Fund.

9. Selected Financial Information. Set forth below is a summary of selected financial information for the Fund as of and for the fiscal years ended September 30, 2004 and September 30, 2003. The information with respect to the two fiscal years has been excerpted from the Fund's audited financial statements contained in its Annual Reports to Stockholders for these years. A copy of the two audited statements is included as Exhibit A to this Offer to Purchase. The summary of selected financial information set forth below is qualified in its entirety by reference to such statements and the financial information, the notes thereto and related matter contained therein.

SUMMARY OF SELECTED FINANCIAL INFORMATION

For the Period Indicated Below

| | Year Ended September 30, 2004 | Year Ended September 30, 2003 |
|---|----------------------------------|-------------------------------------|
| | ----- (Audited) ----- | ----- (Audited) ----- |
| STATEMENT OF ASSETS AND LIABILITIES | | |
| (AT END OF PERIOD) | | |
| Total assets | \$ 229,737,177 | \$ 254,811,177 |
| Total liabilities | 51,001,685 | 81,177,177 |
| Net assets | \$ 178,735,492 | \$ 173,634,000 |
| Net asset value per Share | \$ 7.87 | \$ 7.87 |
| Shares outstanding | 22,697,719 | 22,037,719 |
| STATEMENT OF OPERATIONS | | |
| Investment income | \$ 19,723,717 | \$ 20,177,177 |
| Expenses | 2,544,505 | 2,544,505 |
| Net investment income | 17,179,212 | 17,632,672 |
| Net gain (loss) on investment transactions | 5,218,642 | 4,632,672 |
| Net increase (decrease) in net assets from operations | \$ 22,397,854 | \$ 22,265,344 |

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SELECTED DATA FOR A SHARE OF COMMON STOCK OUTSTANDING THROUGHOUT EACH PERIOD

| | | |
|--|----|--------|
| Income From Investment Operations | | |
| Net investment income (a) | \$ | 0.76 |
| Net realized and unrealized gain (loss) on investment and option transactions | | 0.23 |
| | | ----- |
| Net increase (decrease) in net asset value from operations ... | | 0.99 |
| | | ----- |
| Dividends and Distributions | | |
| Dividends from net investment income | | (0.80) |
| Total dividends and distributions | | (0.80) |
| | | ----- |
| Net asset value, end of period | \$ | 7.87 |
| | | ----- |
| Market value, end of period | \$ | 7.87 |
| | | ----- |

RATIOS

| | |
|---|-------|
| Expenses to average net assets | 1.44% |
| Expenses to average net assets excluding interest expense | 1.15% |
| Net investment income to average net assets | 9.76% |

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SUMMARY OF SELECTED FINANCIAL INFORMATION (continued)

For the Period Indicated Below

| | Year Ended September 30, 2004 | Year Ended September 30, 2003 |
|---------------------------------------|----------------------------------|----------------------------------|
| | ----- (Audited) | ----- (Audited) |
| | ----- | ----- |
| TOTAL INVESTMENT RETURN | | |
| Total investment return based on: (b) | | |
| Market value | 6.91% | 45.71% |
| Net asset value | 13.45% | 54.77% |

-
- (a) Based on average shares outstanding
- (b) Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of the period reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Generally, total investment return based on net asset value will be higher than the total investment return based on market value in periods where there is an increase in the discount or a decrease in the premium of the market value to the net asset value from the beginning to the end of such periods. Conversely, total investment return based on the net asset value will be lower than total investment return based on market value in periods where there is a decrease in the discount or an increase in the premium of the market value

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to the net asset value from the beginning to the end of such periods. Total investment return calculated for a period of less than one full year is not annualized.

10. Interest of Directors, Executive Officers and Certain Related Persons. The directors and executive officers of the Fund and the aggregate number and percentage of the Shares each of them beneficially owns is set forth in the table below. The address of each of them is in care of the Fund at 1345 Avenue of the Americas, New York, New York 10105, Telephone: (212) 969-1000. It is the policy of the Boards of Directors of all registered investment companies to which the Investment Adviser provides investment advisory services, including the Fund, (collectively, the "Alliance Fund Complex") that each Director will invest specified minimum amounts and an overall total of at least \$150,000 in shares of investment companies, within the Alliance Fund Complex. As of May 11, 2005, the directors of the Fund as a group beneficially owned less than 1% of the Shares. As of May 11, 2005 the Investment Adviser owned 0 Shares.

| Name and Position ----- | Number of Shares Beneficially Owned ----- | Percent Shares Bene Owne ----- |
|---|--|---|
| Mark O. Mayer, President and Director | 0 | |
| Philip J. Kirstein, Senior Vice President and Independent Compliance Officer | 0 | |
| Paul J. DeNoon, Vice President | 0 | |
| Sheryl Rothman, Vice President | 0 | |
| Mark R. Manley, Secretary | 0 | |
| Vincent S. Noto, Contoller | 0 | |
| Mark D. Gersten, Treasurer and Chief Financial Officer | 0 | |
| William H. Foulk, Jr., Chairman and Director | 500 | 0.00 |
| Ruth Block, Director | 3,000 | 0.01 |
| David H. Dievler, Director | 0 | |
| John H. Dobkin, Director | 0 | |
| Michael J. Downey, Director | 0 | |
| Dr. James M. Hester, Director | 0 | |

Pursuant to an Advisory Agreement dated as of October 22, 1993 with the Investment Adviser (a copy of which is incorporated by reference as an exhibit to Schedule TO filed with the Securities and Exchange Commission-See Section 13), the Fund employs the Investment Adviser to manage the investment and reinvestment of the assets of the Fund. The Investment Adviser, whose business address and telephone numbers are 1345 Avenue of the Americas, New York, New York 10105 and (212) 969-1000, has been the Fund's investment adviser since the Fund's commencement of operations. For services provided by the Investment Adviser under the Investment Advisory Agreement, the Fund pays the Investment

Adviser a fee computed and paid monthly in arrears on the last day of each calendar month at an annualized rate of .75% of the Fund's average weekly net assets. For purposes of calculating this fee, average weekly net assets are determined on the basis of the Fund's average net assets for each weekly period (ending on Friday) ending during the month. The net assets for each weekly period are determined by averaging the net assets on the Friday of such weekly period with the net assets on the Friday of the immediately preceding weekly period. When a Friday is not a Fund business day, the calculation is determined

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with reference to the net assets of the Fund on the Fund business day immediately preceding such Friday. During the fiscal years ended September 30, 2004 and September 30, 2003, the Fund paid to the Investment Adviser fees totaling \$1,320,701 and \$1,154,590, respectively, pursuant to the Investment Advisory Agreement.

During the past sixty days, there have not been any transactions involving Shares that were effected by the Fund. Based upon the Fund's records and upon information provided to the Fund, there have not been any transactions in Shares that were effected during such period by any director or executive officer of the Fund, any person controlling the Fund, any director or executive officer of any corporation or other person ultimately in control of the Fund, any associate or minority-owned subsidiary of the Fund or any executive officer or director of any subsidiary of the Fund. Based upon information provided or available to the Fund, no director, officer or affiliate of the Fund intends to tender Shares pursuant to the Offer. The Offer does not, however, restrict the purchase of Shares pursuant to the Offer from any such person.

11. Certain Effects of the Offer. The purchase of Shares pursuant to the Offer will have the effect of increasing the proportionate interest in the Fund of Stockholders who do not tender Shares. All Stockholders remaining after the Offer will be subject to any increased risks associated with the reduction in the number of outstanding Shares and the reduction in the Fund's assets resulting from payment for the tendered Shares, such as any greater volatility due to decreased portfolio diversification and proportionately higher expenses. Under certain circumstances, the need to raise cash in connection with the purchase of Shares pursuant to the Offer may have an adverse effect on the Fund's NAV and/or income per Share. See Section 7. All Shares purchased by the Fund pursuant to the Offer will be retired and thereafter will be authorized and unissued Shares.

12. Certain Information about the Fund. The Fund was incorporated in Maryland on August 10, 1993 and is registered as a non-diversified, closed-end management investment company under the 1940 Act. The Fund's primary investment objective is to seek high current income. Its secondary investment objective is capital appreciation. In seeking to achieve these objectives, the Fund invests at least 35% of its total assets in U.S. corporate fixed income securities. The balance of the Fund's investment portfolio is invested in (a) fixed income securities issued or guaranteed by foreign governments, including participations in loans between foreign governments and financial institutions, and interests in entities organized and operated for the purpose of restructuring the investment characteristics of instruments issued or guaranteed by foreign governments and (b) non-U.S. corporate fixed income securities. Substantially all of the Fund's assets are to be invested in high yield, high risk securities that are low-rated (i.e., below investment grade), or of comparable quality and unrated, and that are considered to be predominately speculative as regards the issuer's capacity to pay interest and repay principal. The Fund is permitted to invest up to 50% of its total assets in securities that are not readily marketable.

Reference is made to Sections 2, 8 and 9 and to the financial statements referred to in Section 9.

The principal executive office and business address of the Fund is located at 1345 Avenue of the Americas, New York, New York 10105. The Fund's business telephone number is (212) 969-1000.

13. Additional Information. As has been previously reported, the staff of the U.S. Securities and Exchange Commission ("SEC") and the Office of the New York Attorney General ("NYAG") have been investigating practices in the mutual fund industry identified as "market timing" and "late trading" of mutual fund shares. Certain other regulatory authorities have also been conducting

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investigations into these practices within the industry and have requested that the Investment Adviser provide information to them. The Investment Adviser has been cooperating and will continue to cooperate with all of these authorities. The shares of the Fund are not redeemable by the Fund, but are traded on an exchange at prices established by the market. Accordingly, the Fund and its shareholders are not subject to the market timing and late trading practices that are the subject of the investigations mentioned above or the lawsuits described below. Please see below for a description of the agreements reached by the Investment Adviser and the SEC and NYAG in connection with the investigations mentioned above.

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Numerous lawsuits have been filed against the Investment Adviser and certain other defendants in which plaintiffs make claims purportedly based on or related to the same practices that are the subject of the SEC and NYAG investigations referred to above. Some of these lawsuits name the Fund as a party. The lawsuits are now pending in the United States District Court for the District of Maryland pursuant to a ruling by the Judicial Panel on Multidistrict Litigation transferring and centralizing all of the mutual funds involving market and late trading in the District of Maryland. Management of the Investment Adviser believes that these private lawsuits are not likely to have a material adverse effect on the results of operations or financial condition of the Fund. On December 18, 2003, the Investment Adviser confirmed that it had reached terms with the SEC and the NYAG for the resolution of regulatory claims relating to the practice of "market timing" mutual fund shares in some of the AllianceBernstein Mutual Funds. The agreement with the SEC is reflected in an Order of the Commission ("SEC Order"). The agreement with the NYAG is memorialized in an Assurance of Discontinuance dated September 1, 2004 ("NYAG Order"). Among the key provisions of these agreements are the following: (i) The Investment Adviser agreed to establish a \$250 million fund (the "Reimbursement Fund") to compensate mutual fund shareholders for the adverse effects of market timing attributable to market timing relationships described in the SEC Order. According to the SEC Order, the Reimbursement Fund is to be paid, in order of priority, to fund investors based on

(i) their aliquot share of losses suffered by the fund due to market timing, and (ii) a proportionate share of advisory fees paid by such fund during the period of such market timing;

(ii) The Investment Adviser agreed to reduce the advisory fees it receives from some of the AllianceBernstein long-term, open-end retail funds, commencing January 1, 2004, for a period of at least five years; and

(iii) The Investment Adviser agreed to implement changes to its governance and compliance procedures. Additionally, the SEC Order contemplates that the Investment Adviser's registered investment company clients, including the Fund, will introduce governance and compliance changes.

The shares of the Fund are not redeemable by the Fund, but are traded on an exchange at prices established by the market. Accordingly, the Fund and its shareholders are not subject to the market timing practices described in the SEC Order and are not expected to participate in the Reimbursement Fund. Since the Fund is a closed-end fund, it will not have its advisory fee reduced pursuant to the terms of the agreements mentioned above.

The Investment Adviser and approximately twelve other investment management firms were publicly mentioned in connection with the settlement by the SEC of charges that an unaffiliated broker/dealer violated federal securities laws relating to its receipt of compensation for selling specific

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mutual funds and the disclosure of such compensation. The SEC has indicated publicly that, among other things, it is considering enforcement action in connection with mutual funds' disclosure of such arrangements and in connection with the practice of considering mutual fund sales in the direction of brokerage commissions from fund portfolio transactions. The SEC has issued subpoenas to the Investment Adviser in connection with this matter and the Investment Adviser has provided documents and other information to the SEC and is cooperating fully with its investigation.

On June 22, 2004, a purported class action complaint entitled Aucoin, et al. v. Alliance Capital Management L.P., et al. ("Aucoin Complaint") was filed against the Investment Adviser, Alliance Capital Management Holding L.P., Alliance Capital Management Corporation, AXA Financial, Inc., AllianceBernstein Investment Research & Management, Inc., certain current and former directors of the AllianceBernstein Mutual Funds, and unnamed Doe defendants. The Aucoin Complaint names certain of the AllianceBernstein mutual funds as nominal defendants. The Aucoin Complaint was filed in the United States District Court for the Southern District of New York by an alleged shareholder of an AllianceBernstein mutual fund. The Aucoin Complaint alleges, among other things, (i) that certain of the defendants improperly authorized the payment of excessive commissions and other fees from fund assets to broker-dealers in exchange for preferential marketing services, (ii) that certain of the defendants misrepresented and omitted from registration statements and other reports material facts concerning such payments, and (iii) that certain defendants caused such conduct as control persons of other defendants. The Aucoin Complaint asserts claims for violation of Sections 34(b), 36(b) and 48(a) of the Investment Company Act, Sections 206 and 215 of the Advisers Act, breach of common law fiduciary duties, and aiding and abetting breaches of common law fiduciary duties. Plaintiffs seek an unspecified amount of compensatory damages and punitive damages, rescission of their contracts with the Investment Adviser, including recovery of all fees paid to the Investment Adviser pursuant to such contracts, an accounting of all fund-related fees,

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commissions and soft dollar payments, and restitution of all unlawfully or discriminatorily obtained fees and expenses.

Since June 22, 2004, numerous additional lawsuits making factual allegations substantially similar to those in the Aucoin Complaint were filed against the Investment Adviser and certain other defendants, and others may be filed. The Investment Adviser believes that these matters are not likely to have a material adverse effect on the Fund or the Investment Adviser's ability to perform advisory services relating to the Fund.

An Issuer Tender Offer Statement on Schedule TO (the "Schedule TO") including the exhibits thereto, filed with the Securities and Exchange Commission (the "SEC"), provides certain additional information relating to the Offer, and may be inspected and copied at the prescribed rates at the SEC's public reference facilities at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549 and Citicorp Center, 500 W. Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Copies of the Schedule TO and the exhibits are available on the EDGAR Database on the SEC's Web site at <http://www.sec.gov> and copies of this information may also be obtained, after paying a duplicating fee, by electronic request at the following E-mail address: publicinfo@sec.gov or by writing the SEC's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549.

14. Certain United States Federal Income Tax Consequences. The following discussion is a general summary of the U.S. federal income tax consequences of a

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sale of Shares pursuant to the Offer based on current U.S. federal income tax law, including applicable Treasury regulations and IRS rulings. Each Stockholder is encouraged to consult the Stockholder's tax advisor for a full understanding of the tax consequences of such a sale, including potential state, local and foreign taxation by jurisdictions of which the Stockholder is a citizen, resident or domiciliary. In view of the requirement of the Offer that a tendering Stockholder must tender, or cause the tender of, both all of the Shares owned by the Stockholder and all of the Shares attributed to the Stockholder under Section 318 of the Code as of the date of purchase of Shares by the Fund pursuant to the Offer, tax advisors should also be consulted regarding the application of the constructive ownership rules of Section 318. In general, Section 318 provides that Shares owned by certain family members of a tendering Stockholder, and by certain entities in which the Stockholder has a direct or indirect interest, are treated as owned by the Stockholder for purposes of determining the federal income tax consequences of a sale of Shares pursuant to the Offer.

U.S. Stockholders. It is anticipated that Stockholders (other than tax-exempt persons) who are citizens and/or residents of the U.S., corporations, partnerships or other entities created or organized in or under the laws of the U.S. or any political subdivision thereof, estates the income of which is subject to U.S. federal income taxation regardless of the source of such income, and trusts if (A) a court within the United States is able to exercise primary supervision over the administration of the trust and (B) one or more United States persons have the authority to control all substantial decisions of the trust ("U.S. Stockholders"), and who sell Shares pursuant to the Offer will recognize gain or loss for U.S. federal income tax purposes equal to the difference between the amount of cash they receive pursuant to the Offer and their adjusted tax basis in the Shares sold. The sale date for tax purposes will be the date the Fund accepts Shares for purchase. This gain or loss will be capital gain or loss if the Shares sold are held by the tendering U.S. Stockholder at the time of sale as a capital asset and will be treated as either long-term or short-term if the Shares have been held at that time for more than one year or one year or less, respectively. Any such long-term capital gain realized by a non-corporate U.S. Stockholder will be taxed at a maximum rate of 15%. This U.S. federal income tax treatment, however, is based on the expectation that not all Stockholders will tender their Shares pursuant to the Offer and that the continuing ownership interest in the Fund of tendering Stockholders will be sufficiently reduced. It is therefore possible that the cash received for the Shares purchased would be taxable as a distribution by the Fund, rather than as a gain from the sale of the Shares. In that event, the cash received by a U.S. Stockholder will be taxable as a dividend, i.e., as ordinary income, to the extent of the U.S. Stockholder's allocable share of the Fund's current or accumulated earnings and profits, with the excess of the cash received over the portion so taxable constituting a non-taxable return of capital to the extent of the U.S. Stockholder's tax basis in the Shares sold and with any remaining excess of such cash being treated as either long-term or short-term capital gain from the sale of the Shares depending on how long they were held by the U.S. Stockholder. If cash received by a U.S. Stockholder is taxable as a dividend, the Stockholder's tax basis in the purchased Shares will be considered transferred to the remaining Shares held by the Stockholder. In the case of a tendering U.S. Stockholder that is a corporation treated as receiving a distribution from the Fund pursuant to the Offer, special basis adjustments may also be applicable with respect to any Shares of such U.S. Stockholder not purchased pursuant to the Offer. Some or all of the distributions from a mutual fund may be treated as "qualified dividend income," taxable to individuals at the

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reduced maximum rate of 15%, provided that both the fund and the individual satisfy certain holding period and other requirements. Based upon the investment policies of the Fund, it is expected that only a small portion, if any, of the Fund's distributions would be treated as "qualified dividend income."

Under the "wash sale" rules under the Code, a loss recognized on Shares sold pursuant to the Offer will ordinarily be disallowed to the extent a U.S. Stockholder acquires Shares within 30 days before or after the date the Shares are purchased pursuant to the Offer and, in that event, the basis and holding period of the Shares acquired will be adjusted to reflect the disallowed loss.

The Depositary may be required to withhold 28% of the gross proceeds paid to a U.S. Stockholder or other payee pursuant to the Offer unless either: (a) the U.S. Stockholder has completed and submitted to the Depositary a Form W-9 (or Substitute Form W-9), providing the U.S. Stockholder's employer identification number or social security number as applicable, and certifying under penalties of perjury that: (a) such number is correct; (b) either (i) the U.S. Stockholder is exempt from backup withholding, (ii) the U.S. Stockholder has not been notified by the IRS that the U.S. Stockholder is subject to backup withholding as a result of an under-reporting of interest or dividends, or (iii) the IRS has notified the U.S. Stockholder that the U.S. Stockholder is no longer subject to backup withholding; or (c) an exception applies under applicable law. A Substitute Form W-9 is included as part of the Letter of Transmittal for U.S. Stockholders.

Non-U.S. Stockholders. The U.S. federal income taxation of a Non-U.S. Stockholder on a sale of Shares pursuant to the Offer depends on whether this transaction is "effectively connected" with a trade or business carried on in the U.S. by the Non-U.S. Stockholder as well as the tax characterization of the transaction as either a sale of the Shares or a distribution by the Fund, as discussed above for U.S. Stockholders. If the sale of Shares pursuant to the Offer is not so effectively connected and if, as anticipated for U.S. Stockholders, it gives rise to gain or loss, any gain realized by a Non-U.S. Stockholder upon the tender of Shares pursuant to the Offer will not be subject to U.S. federal income tax or to any U.S. tax withholding, provided, however, that such a gain will be subject to U.S. federal income tax at the rate of 30% (or such lower rate as may be applicable under a tax treaty) if the Non-U.S. Stockholder is a non-resident alien individual who is physically present in the United States for more than 182 days during the taxable year of the sale. If, however, U.S. Stockholders are deemed to receive a distribution from the Fund with respect to Shares they tender, the cash received by a tendering Non-U.S. Stockholder will also be treated for U.S. tax purposes as a distribution by the Fund, with the cash then being characterized in the same manner as described above for U.S. Stockholders. In such an event, the portion of the distribution treated as a dividend (which would not include the portion of such dividend attributable to certain interest income and certain capital gain income) to the Non-U.S. Stockholder would be subject to a U.S. withholding tax at the rate of 30% (or such lower rate as may be applicable under a tax treaty) if the dividend is not effectively connected with the conduct of a trade or business in the United States by the Non-U.S. Stockholder. If the amount realized on the tender of Shares by a Non-U.S. Stockholder is so effectively connected, regardless of whether the tender is characterized as a sale or as giving rise to a distribution from the Fund for U.S. federal income tax purposes, the transaction will be treated and taxed in the same manner as if the Shares involved were tendered by a U.S. Stockholder.

Non-U.S. Stockholders should provide the Depositary with a completed Form W-8BEN (or, if appropriate, Form W-8IMY) in order to avoid 28% backup withholding on the cash they receive from the Fund regardless of how they are taxed with respect to their tender of the Shares involved. A copy of Form W-8BEN (or, if appropriate, Form W-8IMY) is provided with the Letter of Transmittal for Non-U.S. Stockholders.

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15. Amendments; Extension of Tender Period; Termination. The Fund reserves the right, at any time during the pendency of the Offer, to amend, extend or terminate the Offer in any respect. Without limiting the manner in which the Fund may choose to make a public announcement of such an amendment, extension or termination, the Fund shall have no obligation to publish, advertise or otherwise communicate any such public announcement, except as provided by applicable law (including Rule 14e-1(d) promulgated under the Exchange Act) and by the requirements of the NYSE (including the listing agreement with respect to the Shares).

Except to the extent required by applicable law (including Rule 13e-4(f)(1) promulgated under the Exchange Act), the Fund will have no obligation to extend the Offer. In the event that the Fund is obligated to, or elects to, extend the Offer, the purchase price for each Share purchased pursuant to the Offer will be the per Share NAV determined as of the close of the regular trading session of the NYSE on the date after the Expiration Date as extended. No Shares will be accepted for payment until on or after the new Expiration Date.

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16. Miscellaneous. The Offer is not being made to, nor will the Fund accept tenders from, or on behalf of, owners of Shares in any jurisdiction in which the making of the Offer or its acceptance would not comply with the securities or "blue sky" laws of that jurisdiction. The Fund is not aware of any jurisdiction in which the making of the Offer or the acceptance of tenders of, purchase of, or payment for, Shares in accordance with the Offer would not be in compliance with the laws of such jurisdiction. The Fund, however, reserves the right to exclude Stockholders in any jurisdiction in which it is asserted that the Offer cannot lawfully be made or tendered Shares cannot lawfully be accepted, purchased or paid for. So long as the Fund makes a good-faith effort to comply with any state law deemed applicable to the Offer, the Fund believes that the exclusion of holders residing in any such jurisdiction is permitted under Rule 13e-4(f)(9) promulgated under the Exchange Act. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on the Fund's behalf by one or more brokers or dealers licensed under the laws of such jurisdiction.

May 13, 2005

ACM MANAGED DOLLAR INCOME FUND, INC.

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EXHIBIT A

PORTFOLIO OF INVESTMENTS
September 30, 2004

| Principal Amount (000) | U.S. \$ Value |
|------------------------------|---------------|
|------------------------------|---------------|

SOVEREIGN DEBT OBLIGATIONS-63.0%

Argentina-2.1%
Republic of Argentina FRN

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| | | |
|----------------------------|----------|--------------|
| 1.98%, 8/03/12(a) | \$ 2,315 | \$ 1,710,785 |
| 6.00%, 3/31/23(b) | 1,225 | 643,125 |
| 11.375%, 1/30/17(b) | 175 | 53,375 |
| 11.75%, 6/15/15(b) | 350 | 105,875 |
| 12.25%, 6/19/18(b) | 833 | 244,926 |
| 15.50%, 12/19/08(a)(b) | 3,093 | 927,900 |
| | | ----- |
| | | 3,685,986 |
| | | ----- |
| Brazil-13.7% | | |
| Republic of Brazil | | |
| 7.72%, 6/29/09(a) | 682 | 746,108 |
| 8.25%, 1/20/34 | 250 | 222,875 |
| 10.125%, 5/15/27 | 650 | 689,000 |
| 10.50%, 7/14/14 | 1,785 | 1,988,490 |
| 11.00%, 8/17/40(c) | 5,546 | 6,214,293 |
| 12.00%, 4/15/10 | 1,350 | 1,606,500 |
| 12.75%, 1/15/20 | 1,145 | 1,451,287 |
| Republic of Brazil-DCB FRN | | |
| Series L | | |
| 2.125%, 4/15/12(a) | 1,313 | 1,217,756 |
| C-Bonds | | |
| 8.00%, 4/15/14(c) | 10,432 | 10,314,953 |
| | | ----- |
| | | 24,451,262 |
| | | ----- |
| Bulgaria-0.5% | | |
| Republic of Bulgaria | | |
| 8.25%, 1/15/15(d) | 451 | 556,985 |
| 8.25%, 1/15/15 | 355 | 438,425 |
| | | ----- |
| | | 995,410 |
| | | ----- |
| Colombia-2.7% | | |
| Republic of Colombia | | |
| 8.25%, 12/22/14 | 510 | 503,625 |
| 10.75%, 1/15/13 | 237 | 271,721 |
| 11.75%, 2/25/20(c) | 3,290 | 4,030,250 |
| | | ----- |
| | | 4,805,596 |
| | | ----- |
| Ecuador-0.9% | | |
| Republic of Ecuador | | |
| 8.00%, 8/15/30(a) | 1,805 | 1,471,075 |
| 8.00%, 8/15/30(a)(d) | 75 | 61,125 |
| | | ----- |
| | | 1,532,200 |
| | | ----- |
| El Salvador-0.3% | | |
| Republic of El Salvador | | |
| 7.625%, 9/21/34(d) | 150 | 153,750 |
| 8.50%, 7/25/11(d) | 400 | 444,400 |
| | | ----- |
| | | 598,150 |
| | | ----- |

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| | (000) | U.S. \$ Value |
|----------------------------|--------|---------------|
| ----- | | |
| Indonesia-0.5% | | |
| Republic of Indonesia | | |
| 6.75%, 3/10/14 (d) | \$ 945 | \$ 922,556 |
| | | ----- |
| Jamaica-0.4% | | |
| Government of Jamaica | | |
| 11.75%, 5/15/11 | 565 | 658,225 |
| 12.75%, 9/01/07 | 65 | 75,725 |
| | | ----- |
| | | 733,950 |
| | | ----- |
| Mexico-7.9% | | |
| United Mexican States | | |
| 8.00%, 9/24/22 (c) | 4,472 | 5,042,180 |
| 8.125%, 12/30/19 (c) | 2,085 | 2,376,900 |
| 11.375%, 9/15/16 (c) | 4,508 | 6,638,030 |
| | | ----- |
| | | 14,057,110 |
| | | ----- |
| Panama-1.2% | | |
| Republic of Panama | | |
| 8.875%, 9/30/27 | 200 | 209,400 |
| 9.375%, 4/01/29 | 306 | 342,567 |
| 9.625%, 2/08/11 | 300 | 344,700 |
| 10.75%, 5/15/20 | 1,050 | 1,248,450 |
| | | ----- |
| | | 2,145,117 |
| | | ----- |
| Peru-1.9% | | |
| Republic of Peru | | |
| 8.375%, 5/03/16 | 775 | 806,000 |
| 9.125%, 2/21/12 | 1,300 | 1,443,000 |
| 9.875%, 2/06/15 | 979 | 1,125,850 |
| | | ----- |
| | | 3,374,850 |
| | | ----- |
| Philippines-2.0% | | |
| Republic of Philippines | | |
| 8.25%, 1/15/14 | 25 | 24,600 |
| 9.00%, 2/15/13 | 100 | 103,000 |
| 9.875%, 1/15/19 (c) | 2,600 | 2,688,400 |
| 10.625%, 3/16/25 | 779 | 833,530 |
| | | ----- |
| | | 3,649,530 |
| | | ----- |
| Russia-19.5% | | |
| Ministry Finance of Russia | | |
| Series V | | |
| 3.00%, 5/14/08 | 3,530 | 3,194,650 |
| Series VII | | |
| 3.00%, 5/14/11 | 1,420 | 1,127,196 |
| Russian Federation | | |
| 5.00%, 3/31/30 (a) (d) | 30,060 | 28,895,175 |
| 5.00%, 3/31/30 (a) | 1,775 | 1,706,219 |
| | | ----- |
| | | 34,923,240 |
| | | ----- |
| Turkey-3.1% | | |
| Republic of Turkey | | |
| 9.875%, 3/19/08 | 400 | 449,000 |

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| | | |
|----------------------|-------|-----------|
| 11.50%, 1/23/12 (c) | 1,325 | 1,649,625 |
| 11.75%, 6/15/10 | 750 | 930,375 |
| 12.375%, 6/15/09 (c) | 2,000 | 2,490,000 |
| | | ----- |
| | | 5,519,000 |
| | | ----- |

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| | Principal Amount (000) | U.S. \$ Value |
|--|------------------------------|---------------|
| ----- | | |
| Ukraine-2.2% | | |
| Ukraine Government | | |
| 6.875%, 3/04/11 (d) | \$ 500 | \$ 490,000 |
| 7.65%, 6/11/13 | 1,765 | 1,765,000 |
| 11.00%, 3/15/07 | 1,528 | 1,665,931 |
| | | ----- |
| | | 3,920,931 |
| | | ----- |
| Uruguay-0.7% | | |
| Republic of Uruguay | | |
| 7.875%, 1/15/33 | 1,483 | 1,197,795 |
| | | ----- |
| Venezuela-3.4% | | |
| Republic of Venezuela | | |
| 5.375%, 8/07/10 | 975 | 878,963 |
| 9.25%, 9/15/27 (c) | 5,200 | 5,124,600 |
| | | ----- |
| | | 6,003,563 |
| | | ----- |
| Total Sovereign Debt Securities (cost \$90,396,410) | | 112,516,246 |
| | | ----- |
| U.S. CORPORATE DEBT OBLIGATIONS-45.7% | | |
| Aerospace/Defense-0.7% | | |
| DRS Technologies, Inc. | | |
| 6.875%, 11/01/13 | 325 | 338,000 |
| K&F Industries, Inc. Series B | | |
| 9.625%, 12/15/10 | 175 | 194,687 |
| Sequa Corp. | | |
| 9.00%, 8/01/09 | 210 | 232,050 |
| TD Funding Corp. | | |
| 8.375%, 7/15/11 | 450 | 481,500 |
| | | ----- |
| | | 1,246,237 |
| | | ----- |
| Air Transportation-0.4% | | |
| American Trans Air, Inc. | | |
| 6.99%, 4/15/16 (d) | 490 | 362,331 |
| Series RJ04 | | |
| 9.558%, 9/01/19 | 283 | 283,377 |
| | | ----- |
| | | 645,708 |
| | | ----- |
| Automotive-1.3% | | |

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| | | |
|---|-----|-----------|
| Dana Corp. 10.125%, 3/15/10 | 235 | 266,725 |
| Dura Operating Corp. Series D 9.00%, 5/01/09 | 392 | 348,880 |
| HLI Operating, Inc. 10.50%, 6/15/10 | 266 | 289,940 |
| Keystone Automotive Operations, Inc. 9.75%, 11/01/13 | 365 | 392,375 |
| TRW Automotive, Inc. 9.375, 2/15/13 | 91 | 103,968 |
| 11.00%, 2/15/13 | 156 | 185,640 |
| United Auto Group, Inc. 9.625%, 3/15/12 | 260 | 286,650 |
| United Rentals North America, Inc. 6.50%, 2/15/12 | 494 | 475,475 |
| | | ----- |
| | | 2,349,653 |
| | | ----- |

23

| | Principal Amount (000) | U.S. \$ Value |
|---|------------------------------|---------------|
| ----- | | |
| Broadcasting & Media-1.1% | | |
| Albritton Communications Co. 7.75%, 12/15/12 | \$ 385 | \$ 398,475 |
| Emmis Operating Co. 6.875%, 5/15/12 | 335 | 347,563 |
| PRIMEDIA, Inc. 8.00%, 5/15/13(d) | 80 | 76,100 |
| 8.875%, 5/15/11 | 305 | 305,000 |
| Radio One, Inc. 8.875%, 7/01/11 | 235 | 259,088 |
| Sinclair Broadcast Group, Inc. 8.00%, 3/15/12 | 90 | 93,375 |
| 8.75%, 12/15/11 | 265 | 287,525 |
| Young Broadcasting, Inc. 8.50%, 12/15/08 | 180 | 191,250 |
| | | ----- |
| | | 1,958,376 |
| | | ----- |
| Building & Real Estate-2.4% | | |
| Associated Materials, Inc. 11.25%, 3/01/14(d)(e) | 935 | 680,212 |
| Dayton Superior Corp. 10.75%, 9/15/08 | 180 | 192,600 |
| D.R. Horton, Inc. 6.875%, 5/01/13 | 340 | 371,450 |
| KB HOME 7.75%, 2/01/10 | 520 | 565,500 |
| LNR Property Corp. 7.25%, 10/15/13 | 500 | 545,000 |
| 7.625%, 7/15/13 | 125 | 136,875 |
| Meritage Corp. 9.75%, 6/01/11(a) | 440 | 493,900 |
| Nortek, Inc. 8.50%, 9/01/14(d) | 490 | 513,275 |

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| | | |
|---|-------|-----------------------------|
| Schuler Homes, Inc. 10.50%, 7/15/11 | 360 | 414,000 |
| William Lyon Homes, Inc. 10.75%, 4/01/13 | 265 | 306,075 |
| | | ----- 4,218,887 ----- |
| Cable-2.6% | | |
| Cablevision Systems Corp. 8.00%, 4/15/12(d) | 895 | 935,275 |
| Charter Communications Operating LLC 8.00%, 4/30/12(d) | 1,000 | 997,500 |
| CSC Holdings, Inc. 6.75%, 4/15/12(d) | 880 | 882,200 |
| | 405 | 413,100 |
| DirectTV Holdings LLC 8.375%, 3/15/13 | 285 | 324,187 |
| Echostar DBS Corp. 6.375%, 10/01/11 | 650 | 658,125 |
| Insight Midwest LP 9.75%, 10/01/09 | 380 | 397,100 |
| | | ----- 4,607,487 ----- |

24

| | Principal Amount (000) | U.S. \$ Value |
|---|------------------------------|-----------------------------|
| ----- | | |
| CHEMICALS-1.2% | | |
| Equistar Chemical Funding LP 10.125%, 9/01/08 | \$ 520 | \$ 586,300 |
| | 130 | 148,200 |
| Huntsman Advanced Materials LLC 11.00%, 7/15/10(d) | 275 | 319,000 |
| Huntsman International LLC 9.875%, 3/01/09 | 325 | 358,313 |
| Resolution Performance Products LLC 9.50%, 4/15/10 | 410 | 423,325 |
| Westlake Chemical Corp. 8.75%, 7/15/11 | 270 | 303,075 |
| | | ----- 2,138,213 ----- |
| Communications - Fixed-1.9% | | |
| Cincinnati Bell, Inc. 8.375%, 1/15/14 | 535 | 488,187 |
| FairPoint Communications, Inc. 11.875%, 3/01/10 | 300 | 342,000 |
| Qwest Communications International, Inc. 7.50%, 2/15/14(d) | 205 | 188,088 |
| Qwest Corp. 9.125%, 3/15/12(d) | 1,420 | 1,562,000 |
| Time Warner Telecom, Inc. 9.25%, 2/15/14* | 875 | 870,625 |
| | | ----- 3,450,900 ----- |

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| | | |
|------------------------------------|-------|-----------|
| ----- | | |
| Communications - Mobile-1.9% | | |
| Iridium LLC Capital Corp. | | |
| Series B | | |
| 14.00%, 7/15/05(b) | 5,000 | 462,500 |
| Nextel Communications, Inc. | | |
| 6.875%, 10/31/13 | 480 | 499,200 |
| 7.375%, 8/01/15 | 430 | 462,250 |
| 9.50%, 2/01/11 | 465 | 527,775 |
| PanAmSat Corp. | | |
| 9.00%, 8/15/14(d) | 690 | 717,600 |
| Rural Cellular Corp. | | |
| 8.25%, 3/15/12(d) | 240 | 244,200 |
| TeleCorp PCS, Inc. | | |
| 10.625%, 7/15/10 | 203 | 225,514 |
| Tritel PCS, Inc. | | |
| 10.375%, 1/15/11 | 234 | 267,004 |
| | | ----- |
| | | 3,406,043 |
| | | ----- |
| Consumer Manufacturing-1.3% | | |
| Broder Brothers Co. | | |
| 11.25%, 10/15/10 | 500 | 500,000 |
| Jostens, Inc. | | |
| 7.625%, 10/01/12(d) | 275 | 276,375 |
| 12.75%, 5/01/10 | 605 | 680,195 |
| K2, Inc | | |
| 7.375%, 7/01/14(d) | 355 | 376,300 |
| Playtex Products, Inc. | | |
| 8.00%, 3/01/11 | 315 | 333,900 |
| St. John Knits International, Inc. | | |
| 12.50%, 7/01/09 | 200 | 214,000 |
| | | ----- |
| | | 2,380,770 |
| | | ----- |

25

| | Principal Amount (000) | U.S. \$ Value |
|-----------------------------|------------------------------|---------------|
| ----- | | |
| Energy-3.1% | | |
| Belden & Blake Corp. | | |
| 8.75%, 7/15/12(d) | \$ 340 | \$ 362,100 |
| Chesapeake Energy Corp. | | |
| 7.75%, 1/15/15 | 350 | 381,500 |
| Grant Prideco, Inc. | | |
| 9.00%, 12/15/09 | 360 | 402,300 |
| Hilcorp Energy | | |
| 10.50%, 9/01/10(d) | 770 | 852,775 |
| Northwest Pipelines Corp. | | |
| 8.125%, 3/01/10 | 310 | 347,587 |
| Premco Refining Group, Inc. | | |
| 9.50%, 2/01/13 | 250 | 294,375 |
| Pride International, Inc. | | |
| 7.375%, 7/15/14(d) | 395 | 438,450 |
| Southern Natural Gas Co. | | |
| 7.35%, 2/15/31 | 365 | 360,438 |
| 8.875%, 3/15/10 | 290 | 326,250 |

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| | | |
|---|-------|-----------|
| Universal Compression, Inc. 7.25%, 5/15/10 | 220 | 233,200 |
| Williams Cos., Inc. 7.625%, 7/15/19 | 1,345 | 1,472,775 |
| | | ----- |
| | | 5,471,750 |
| | | ----- |
| Entertainment & Leisure-0.5% | | |
| Gaylord Entertainment Co. 8.00%, 11/15/13 | 315 | 331,538 |
| Universal City Development Partners 11.75%, 4/01/10 | 425 | 495,125 |
| | | ----- |
| | | 826,663 |
| | | ----- |
| Financial-2.0% | | |
| Crum & Foster Holdings Corp. 10.375%, 6/15/13 | 195 | 208,162 |
| Markel Capital Trust I Series B 8.71%, 1/01/46(f) | 615 | 651,900 |
| Nationwide CSN Trust 9.875%, 2/15/25(d) | 1,000 | 1,067,831 |
| PXRE Capital Trust I 8.85%, 2/01/27 | 510 | 525,300 |
| Western Financial Bank 9.625%, 5/15/12 | 420 | 474,600 |
| Williams Scotsman, Inc. 9.875%, 6/01/07 | 740 | 708,550 |
| | | ----- |
| | | 3,636,343 |
| | | ----- |
| Food/Beverage-1.1% | | |
| Del Monte Food Co. 8.625%, 12/15/12 | 145 | 161,312 |
| 9.25%, 5/15/11 | 255 | 280,500 |
| DIMON, Inc. 7.75%, 6/01/13 | 110 | 107,250 |
| Series B 9.625%, 10/15/11 | 395 | 416,725 |
| Dole Food Company, Inc. 8.625%, 5/01/09(a) | 240 | 261,600 |
| 8.875%, 3/15/11 | 145 | 157,687 |

26

| | Principal Amount (000) | U.S. \$ Value |
|--|------------------------------|---------------|
| ----- | | |
| Merisant Co. 9.50%, 7/15/13(d) | \$ 300 | \$ 285,000 |
| North Atlantic Trading Co. 9.25%, 3/01/12 | 250 | 240,000 |
| | | ----- |
| | | 1,910,074 |
| | | ----- |
| Gaming-3.3% | | |
| Ameristar Casinos, Inc. 10.75%, 2/15/09 | 215 | 244,025 |

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| | | |
|--|-----|-----------------------------|
| Argosy Gaming Co. 9.00%, 9/01/11 | 220 | 246,950 |
| Boyd Gaming Corp. 7.75%, 12/15/12 | 255 | 273,487 |
| Harrah's Operating Company, Inc. 7.875%, 12/15/05 | 215 | 227,631 |
| MGM Mirage, Inc. 8.375%, 2/01/11* | 575 | 634,656 |
| Mandalay Resort Group 10.25%, 8/01/07 | 530 | 601,550 |
| Mohegan Tribal Gaming 6.375%, 7/15/09 | 140 | 145,250 |
| 7.125%, 8/15/14 (d) | 695 | 728,012 |
| Park Place Entertainment 7.00%, 4/15/13 | 305 | 339,313 |
| 7.875%, 3/15/10 | 135 | 152,550 |
| 9.375%, 2/15/07 | 230 | 257,025 |
| Riviera Holdings Corp. 11.00%, 6/15/10 | 300 | 330,000 |
| Seneca Gaming Corp. 7.25%, 5/01/12* | 765 | 789,863 |
| Turning Stone Casino Resort Enterprise 9.125%, 12/15/10 (d) | 270 | 291,600 |
| Venetian Casino Resort, LLC 11.00%, 6/15/10 | 570 | 659,775 |
| | | ----- 5,921,687 ----- |
| Healthcare-3.1% | | |
| Alliance Imaging, Inc. 10.375%, 4/15/11* | 395 | 429,069 |
| Concentra Operating Corp. 9.125%, 6/01/12 (d) | 175 | 191,625 |
| 9.50%, 8/15/10 | 200 | 221,000 |
| Extencicare Health Services 9.50%, 7/01/10 | 315 | 353,588 |
| Genesis HealthCare Corp. 8.00%, 10/15/13 | 330 | 359,700 |
| HCA, Inc. 7.875%, 2/01/11 | 455 | 514,566 |
| Hanger Orthopedic Group, Inc. 10.375%, 2/15/09 | 595 | 547,400 |
| IASIS Healthcare LLC 8.75%, 6/15/14 (d) | 490 | 513,275 |
| PacifiCare Health Systems, Inc. 10.75%, 6/01/09 | 380 | 437,950 |
| Select Medical Corp. 7.50%, 8/01/13 | 690 | 724,500 |
| Tenet Healthcare Corp. 7.375%, 2/01/13 | 310 | 291,400 |

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| | Principal Amount (000) | U.S. \$ Value |
|---|------------------------------|---------------|
| ----- Triad Hospitals, Inc. 7.00%, 11/15/13 | \$ 520 | \$ 529,100 |
| Universal Hospital Services, Inc. | | |

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| | | |
|---|-------|-----------|
| 10.125%, 11/01/11 | 440 | 446,600 |
| | | ----- |
| | | 5,559,773 |
| | | ----- |
| Hotels & Lodging-1.2% | | |
| Corrections Corp. of America | | |
| 7.50%, 5/01/11 | 40 | 42,250 |
| 9.875%, 5/01/09 | 260 | 290,225 |
| 10.00%, 9/15/08 | 28 | 29,400 |
| Host Marriott LP | | |
| 9.25%, 10/01/07 | 100 | 112,000 |
| 9.50%, 1/15/07 | 310 | 343,325 |
| La Quinta Corp. | | |
| 8.875%, 3/15/11 | 375 | 420,000 |
| Starwood Hotels & Resorts Worldwide, Inc. | | |
| 7.875%, 5/01/12 | 400 | 452,500 |
| Vail Resorts, Inc. | | |
| 6.75%, 2/15/14 | 355 | 358,550 |
| | | ----- |
| | | 2,048,250 |
| | | ----- |
| Index-2.5% | | |
| Dow Jones CDX HY | | |
| 7.75%, 12/29/09 (d) * | 4,500 | 4,556,250 |
| | | ----- |
| Industrial-2.5% | | |
| AMSTED Industries, Inc. | | |
| 10.25%, 10/15/11 (d) | 465 | 511,500 |
| Case New Holland, Inc. | | |
| 9.25%, 8/01/11 (d) | 645 | 722,400 |
| FastenTech, Inc. | | |
| 11.50%, 5/01/11 (d) | 325 | 365,625 |
| Flowserve Corp. | | |
| 12.25%, 8/15/10 | 370 | 419,950 |
| H & E Equipment/Finance | | |
| 11.125%, 6/15/12 | 600 | 618,000 |
| NMHG Holding Co. | | |
| 10.00%, 5/15/09 | 220 | 242,000 |
| SPX Corp. | | |
| 7.50%, 1/01/13 | 205 | 208,331 |
| Terex Corp. | | |
| 10.375%, 4/01/11 | 375 | 423,750 |
| Trinity Industries, Inc. | | |
| 6.50%, 3/15/14 | 530 | 522,050 |
| TriMas Corp. | | |
| 9.875%, 6/15/12 | 470 | 487,625 |
| | | ----- |
| | | 4,521,231 |
| | | ----- |
| Metals/Mining-0.7% | | |
| AK Steel Corp. | | |
| 7.875%, 2/15/09 | 355 | 352,337 |
| International Steel Group, Inc. | | |
| 6.50%, 4/15/14 (d) | 437 | 437,000 |
| Peabody Energy Corp. | | |
| 6.875%, 3/15/13 | 380 | 410,400 |
| | | ----- |
| | | 1,199,737 |
| | | ----- |

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| | Principal Amount (000) | U.S. \$ Value |
|--------------------------------------|------------------------------|---------------|
| ----- | | |
| Paper & Packaging-3.0% | | |
| Ball Corp. | | |
| 6.875%, 12/15/12 | \$ 1,000 | \$ 1,065,000 |
| Berry Plastics Corp. | | |
| 10.75%, 7/15/12 | 390 | 440,700 |
| Crown Paper Co. | | |
| 11.00%, 9/01/05(b) | 5,000 | 1 |
| Georgia-Pacific Corp. | | |
| 9.375%, 2/01/13* | 715 | 841,913 |
| Graphic Packaging Int'l Corp. | | |
| 9.50%, 8/15/13 | 655 | 748,338 |
| Greif Bros. Corp. | | |
| 8.875%, 8/01/12 | 260 | 289,900 |
| Owens-Brockway Glass Container, Inc. | | |
| 8.875%, 2/15/09 | 735 | 799,312 |
| Pliant Corp. | | |
| 11.125%, 9/01/09 | 520 | 540,800 |
| Russell-Stanley Holdings, Inc. | | |
| 9.00%, 11/30/08(d)(g) | 855 | 85,449 |
| Stone Container Corp. | | |
| 9.25%, 2/01/08 | 535 | 597,863 |
| 9.75%, 2/01/11 | 12 | 13,290 |
| | | ----- |
| | | 5,422,566 |
| | | ----- |
| Publishing-1.3% | | |
| American Media, Inc. | | |
| 8.875%, 1/15/11 | 105 | 108,937 |
| 10.25%, 5/01/09 | 475 | 499,937 |
| Dex Media East LLC | | |
| 9.875%, 11/15/09 | 110 | 126,500 |
| 12.125%, 11/15/12 | 195 | 242,775 |
| Dex Media West LLC | | |
| 8.50%, 8/15/10 | 160 | 181,600 |
| 9.875%, 8/15/13 | 571 | 670,925 |
| PEI Holdings, Inc. | | |
| 11.00%, 3/15/10 | 143 | 166,059 |
| RH Donnelley, Inc. | | |
| 10.875%, 12/15/12(d) | 255 | 309,188 |
| | | ----- |
| | | 2,305,921 |
| | | ----- |
| Restaurants-0.1% | | |
| Domino's, Inc. | | |
| 8.25%, 7/01/11 | 237 | 256,552 |
| | | ----- |
| RETAIL-0.4% | | |
| J.C. Penney Corporation, Inc. | | |
| 8.00%, 3/01/10 | 455 | 518,131 |
| Petro Stopping Centers LP | | |
| 9.00%, 2/15/12 | 250 | 265,000 |
| | | ----- |
| | | 783,131 |
| | | ----- |
| Service-1.1% | | |
| Allied Waste North America | | |

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| | | |
|---------------------|-----|---------|
| 8.50%, 12/01/08 | 80 | 86,800 |
| 8.875%, 4/01/08 | 600 | 651,000 |
| Iron Mountain, Inc. | | |
| 7.75%, 1/15/15 | 115 | 121,900 |
| 8.625%, 4/01/13 | 350 | 379,750 |

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| | Principal Amount (000) | U.S. \$ Value |
|---------------------------------|------------------------------|---------------|
| ----- | | |
| National Waterworks, Inc. | | |
| 10.50%, 12/01/12 | \$ 235 | \$ 266,725 |
| Service Corp. International | | |
| 6.50%, 3/15/08 | 240 | 249,900 |
| 7.70%, 4/15/09 | 240 | 258,600 |
| | | ----- |
| | | 2,014,675 |
| | | ----- |
| Supermarket & Drugstore-1.4% | | |
| Couche-Tard, Inc. | | |
| 7.50%, 12/15/13 | 298 | 317,370 |
| Pathmark Stores, Inc. | | |
| 8.75%, 2/01/12* | 610 | 570,350 |
| Rite Aid Corp. | | |
| 9.25%, 6/01/13 | 75 | 76,875 |
| 9.50%, 2/15/11 | 615 | 676,500 |
| Roundy's, Inc. | | |
| Series B | | |
| 8.875%, 6/15/12 | 250 | 269,375 |
| Stater Bros. Holdings, Inc. | | |
| 8.125%, 6/15/12 (d) | 595 | 623,263 |
| | | ----- |
| | | 2,533,733 |
| | | ----- |
| Technology-1.8% | | |
| Amkor Technologies, Inc. | | |
| 7.75%, 5/15/13 | 1,165 | 955,300 |
| Fairchild Semiconductor | | |
| 10.50%, 2/01/09 | 470 | 502,900 |
| ON Semiconductor Corp. | | |
| 12.00%, 3/15/10 | 465 | 534,750 |
| Unisys Corp. | | |
| 6.875%, 3/15/10 | 1,000 | 1,042,500 |
| 7.875%, 4/01/08 | 185 | 190,088 |
| | | ----- |
| | | 3,225,538 |
| | | ----- |
| Transportation-0.1% | | |
| Horizon Lines, LLC | | |
| 9.00%, 11/01/12 (d) | 195 | 205,725 |
| | | ----- |
| Utilities - Electric & Gas-1.7% | | |
| AES Corporation | | |
| 8.75%, 5/15/13 (d) | 65 | 73,287 |
| 9.00%, 5/15/15 (d) | 105 | 118,387 |
| 10.00%, 7/15/05 (d) | 172 | 174,224 |
| Calpine Corp. | | |
| 8.50%, 7/15/10 (d) | 715 | 546,975 |

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| | | |
|--|-----|------------|
| Dynegy Holdings, Inc. 10.125%, 7/15/13(d) | 305 | 350,750 |
| NRG Energy, Inc. 8.00%, 12/15/13(d) | 490 | 524,912 |
| Ormat Funding Corp. 8.25%, 12/30/20(d) | 395 | 390,607 |
| PG&E Corp. 6.875%, 7/15/08 | 370 | 400,525 |
| SEMCO Energy, Inc. 7.125%, 5/15/08 | 125 | 131,875 |
| 7.75%, 5/15/13 | 235 | 253,213 |
| | | ----- |
| | | 2,964,755 |
| | | ----- |
| Total U.S. Corporate Debt Obligations (cost \$90,625,683) | | 81,766,628 |
| | | ----- |

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| | Principal Amount (000) | U.S. \$ Value |
|---|------------------------------|---------------|
| ----- | | |
| NON-U.S. CORPORATE DEBT OBLIGATIONS-8.6% | | |
| Bahamas-0.2% | | |
| Sun International Hotels, Ltd. 8.875%, 8/15/11 | \$ 245 | \$ 268,581 |
| | | ----- |
| Bermuda-0.4% | | |
| NCL Corp 10.625%, 7/15/14(d) | 685 | 717,538 |
| | | ----- |
| Brazil-0.7% | | |
| PF Export Receivables Master Trust 6.436%, 6/01/15(d) | 1,309 | 1,313,608 |
| | | ----- |
| Canada-1.0% | | |
| Celestica, Inc. 7.875%, 7/01/11 | 610 | 632,875 |
| Fairfax Financial Holdings 7.375%, 4/15/18 | 250 | 202,500 |
| 7.75%, 4/26/12 | 285 | 257,925 |
| Intrawest Corp. 7.50%, 10/15/13 | 195 | 202,069 |
| 10.50%, 2/01/10 | 140 | 151,200 |
| Russel Metals, Inc. 6.375%, 3/01/14 | 345 | 345,000 |
| | | ----- |
| | | 1,791,569 |
| | | ----- |
| France-0.3% | | |
| Crown Euro Holdings S.A. 9.50%, 3/01/11 | 405 | 451,575 |
| | | ----- |
| Great Britian-0.6% | | |
| Inmarsat Finance PLC 7.625%, 6/30/12(d) | 560 | 555,800 |
| Royal & Sun Alliance Insurance Group PLC 8.95%, 10/15/29 | 420 | 522,510 |

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| | | |
|-------------------------------|-----|-----------------------------|
| | | ----- 1,078,310 ----- |
| Ireland-0.4% | | |
| Eircom Funding | | |
| 8.25%, 8/15/13 | 230 | 251,850 |
| MDP Acquisitions PLC | | |
| 9.625%, 10/01/12 | 390 | 440,700 |
| | | ----- 692,550 ----- |
| Kazakhstan-0.4% | | |
| Hurricane Finance BV | | |
| 9.625%, 2/12/10(d) | 400 | 432,000 |
| Kazkommerts International BV | | |
| 8.50%, 4/16/13(d) | 350 | 355,250 |
| | | ----- 787,250 ----- |
| Liberia-0.4% | | |
| Royal Caribbean Cruises, Ltd. | | |
| 8.00%, 5/15/10 | 625 | 703,906 |
| | | ----- |

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| | Principal Amount (000) | U.S. \$ Value |
|---|------------------------------|-----------------------------|
| ----- | | |
| Mexico-2.6% | | |
| Innova S. de R.L. | | |
| 9.375%, 9/19/13 | \$ 2,865 | \$ 3,115,687 |
| 12.875%, 4/01/07 | 1,003 | 1,025,772 |
| Vitro Envases Norteamerica | | |
| 10.75%, 7/23/11(d) | 420 | 411,600 |
| | | ----- 4,553,059 ----- |
| Romania-0.3% | | |
| Mobifon Holdings BV | | |
| 12.50%, 7/31/10 | 425 | 497,250 |
| | | ----- |
| Russia-1.1% | | |
| Gazprom OAO | | |
| 9.625%, 3/01/13(d) | 150 | 166,500 |
| Mobile Telesystems Finance S.A. | | |
| 9.75%, 1/30/08 | 525 | 561,750 |
| 9.75%, 1/30/08(d) | 100 | 106,250 |
| 10.95%, 12/21/04 | 1,105 | 1,116,050 |
| Tyumen Oil | | |
| 11.00%, 11/06/07(d) | 70 | 78,575 |
| | | ----- 2,029,125 ----- |
| Singapore-0.2% | | |
| Flextronics International, Ltd. | | |
| 6.50%, 5/15/13 | 425 | 434,563 |
| | | ----- |
| Total Non-U.S. Corporate Debt Obligations | | |

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| | | |
|--|-----|------------|
| (cost \$14,393,799) | | 15,318,884 |
| | | ----- |
| NON-CONVERTIBLE PREFERRED STOCK-0.7% | | |
| Sovereign Real Estate Investment Trust | | |
| 12.00% (d) | 870 | 1,278,900 |
| | | ----- |
| Total Non-Convertible Preferred Stock | | |
| (cost \$818,725) | | 1,278,900 |
| | | ----- |

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| | Contracts (h), or Shares | U.S. \$ Value |
|--|-----------------------------|----------------|
| ----- | | |
| WARRANTS (i)-0.0% | | |
| Central Bank of Nigeria | | |
| Warrants, expiring 11/15/20 (i) | \$ 1,000 | \$ 0 |
| Republic of Venezuela | | |
| Warrants, expiring 4/15/20 (i) | 7,140 | 0 |
| | | ----- |
| Total Warrants | | 0 |
| (cost \$0) | | ----- |
| CALL OPTIONS PURCHASED (i)-0.0% | | |
| Republic of Brazil C-Bonds | | |
| Expiring Oct '04 @ 111.50 | 150,000 | 2,850 |
| Expiring Oct '04 @ 112.50 | 300,000 | 4,500 |
| Expiring Oct '04 @ 113.00 | 300,000 | 3,900 |
| | | ----- |
| Total Call Options Purchased | | 11,250 |
| (cost \$14,595) | | ----- |
| Total Investments Before Security | | |
| Lending Collateral-118.0% | | |
| (cost \$196,249,212) | | 210,891,908 |
| | | ----- |
| Investments of Cash Collateral for | | |
| Securites Loaned-2.1% | | |
| Short-Term Investment | | |
| UBS Private Money Market Fund, LLC 1.66% | | |
| (cost \$3,828,575) | 3,828,575 | 3,828,575 |
| | | ----- |
| Total Investments-120.1% | | 214,720,483 |
| (cost \$200,077,787) | | (35,984,991) |
| Other Assets Less Liabilities-(20.1)% | | ----- |
| Net Assets-100.0% | | \$ 178,735,492 |
| | | ----- |

CREDIT DEFAULT SWAP CONTRACTS (see Note C)

| Swap Counterparty & Reference Obligation | Notional Amount (000) | Interest Rate | Termination Date | Unrealized Appreciation/ (Depreciation) |
|---|-----------------------------|------------------|---------------------|---|
| ----- | | | | |
| | | | | |

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Buy Contracts:

| | | | | |
|---------------------------------|-----|-------|----------|------------|
| Citigroup Global Markets, Inc. | | | | |
| Federal Republic of Hungary | | | | |
| 4.50%, 2/06/13 | 350 | 0.50% | 11/26/13 | \$ (7,436) |
| Citigroup Global Markets, Inc. | | | | |
| Federal Republic of Philippines | | | | |
| 10.625%, 3/16/25 | 510 | 5.60 | 3/20/14 | (12,001) |
| JP Morgan Chase Bank | | | | |
| Federal Republic of Ecuador | | | | |
| 7.00%, 8/15/30 | 275 | 3.70 | 4/30/05 | (7,478) |

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CREDIT DEFAULT SWAP CONTRACTS (see Note C) (continued)

| Swap Counterparty & Reference Obligation | Notional Amount (000) | Interest Rate | Termination Date | Unrealized Appreciation/ (Depreciation) |
|---|-----------------------------|------------------|---------------------|---|
| Sale Contracts: | | | | |
| Citigroup Global Markets, Inc. | | | | |
| Federal Republic of Brazil | | | | |
| 12.25%, 3/06/30 | 1,000 | 6.35% | 8/20/05 | \$ 58,508 |
| Citigroup Global Markets, Inc. | | | | |
| Federal Republic of Brazil | | | | |
| 12.25%, 3/06/30 | 900 | 4.40 | 5/20/06 | 58,610 |
| Credit Suisse First Boston Int'l. | | | | |
| Federal Republic of Brazil | | | | |
| 12.25%, 3/06/30 | 750 | 6.90 | 6/20/07 | 92,625 |
| Morgan Stanley Dean Witter | | | | |
| Federal Republic of Brazil | | | | |
| 12.25%, 3/06/30 | 680 | 3.80 | 8/20/06 | 24,763 |
| Citigroup Global Markets, Inc. | | | | |
| Federal Republic of Philippines | | | | |
| 10.625%, 3/16/25 | 510 | 4.95 | 3/20/09 | 13,190 |
| Citigroup Global Markets, Inc. | | | | |
| Federal Republic of Mexico | | | | |
| 8.30%, 8/15/31 | 750 | 2.40 | 5/20/14 | 56,625 |
| Citigroup Global Markets, Inc. | | | | |
| Federal Republic of Mexico | | | | |
| 8.30%, 8/15/31 | 1,100 | 2.05 | 5/20/09 | 58,797 |

REVERSE REPURCHASE AGREEMENTS (see Note C)

Interest

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| Broker | Rate | Maturity | Amount |
|---------------------------------|-------|----------|--------------|
| Barclays Securities | 1.50% | 12/30/05 | \$ 2,275,189 |
| Barclays Securities | 1.40 | 12/30/05 | 4,410,343 |
| Chase Manhattan Bank | 0.25 | 12/30/05 | 6,472,665 |
| Chase Manhattan Bank | 0.75 | 12/30/05 | 2,556,250 |
| Chase Manhattan Bank | 1.65 | 12/30/05 | 2,480,796 |
| Chase Manhattan Bank | 1.65 | 12/30/05 | 1,234,500 |
| Citigroup Global Markets, Inc | 0.75 | 12/30/05 | 9,290,508 |
| Citigroup Global Markets, Inc | 1.35 | 12/30/05 | 5,467,977 |
| Merrill Lynch | 1.40 | 12/30/05 | 3,585,000 |
| Merrill Lynch | 1.70 | 12/30/05 | 962,891 |
| Santander Investment Securities | 1.70 | 12/30/05 | 3,740,751 |
| | | | ----- |
| | | | \$42,476,870 |
| | | | ----- |

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- * Represents entire or partial securities out on loan. See Note F for securities lending information.
- (a) Coupon changes periodically based upon a predetermined schedule. Stated interest rate in effect at September 30, 2004.
 - (b) Security is in default and is non-income producing.
 - (c) Positions, or portions thereof, with an aggregate market value of \$42,597,463 have been segregated to collateralize reverse repurchase agreements.
 - (d) Security is exempt from registration under Rule 144A of the Securities Act of 1933. These securities are considered liquid and may be resold in transactions exempt from registration, normally to qualified institutional buyers. At September 30, 2004, the aggregate market value of these securities amounted to \$59,711,229 or 33.4% of net assets.
 - (e) Indicates a security that has a zero coupon that remains in effect until a predetermined date at which time the stated coupon rate becomes effective until final maturity.
 - (f) Illiquid security, valued at fair market value (see Note A).
 - (g) Security exempt from registration under Rule 144A of the Securities Act of 1933. This security, which represents 0.05% of net assets as of September 30, 2004, is considered illiquid and restricted.

| Restricted Security | Acquisition Date | Acquisition Cost | Market Value | Percentage of Net Assets |
|---|---------------------|------------------|--------------|--------------------------|
| ----- | ----- | ----- | ----- | ----- |
| Russell-Stanley Holdings, Inc. 9.00%; 11/30/08 | 2/26/99- 8/16/04 | \$4,978,465 | \$85,449 | 0.05% |

- (h) One contract relates to principal amount of \$1.00.
- (i) Non-income producing security.

Glossary of Terms:

DCB - Debt Conversion Bond
FRN - Floating Rate Note

See notes to financial statements.

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STATEMENT OF ASSETS & LIABILITIES
September 30, 2004

Assets

| | |
|---|--------------------|
| Investments in securities, at value (cost \$200,077,787-including investment of cash collateral for securities loaned of \$3,828,575) | \$ 214,720,483 (a) |
| Cash | 3,043,614 |
| Receivable for investment securities sold | 7,508,869 |
| Interest and dividends receivable | 4,091,523 |
| Unrealized appreciation on credit default swap contracts .. | 363,118 |
| Prepaid expenses | 9,570 |
| | ----- |
| Total assets | 229,737,177 |
| | ----- |

Liabilities

| | |
|---|------------|
| Reverse repurchase agreements | 42,476,870 |
| Payable for collateral received on securities loaned | 3,828,575 |
| Due to broker | 3,115,728 |
| Payable for investment securities purchased | 1,305,371 |
| Advisory fee payable | 123,279 |
| Unrealized depreciation on credit default swap contracts .. | 26,915 |
| Administrative fee payable | 19,727 |
| Accrued expenses and other liabilities | 105,220 |
| | ----- |
| Total liabilities | 51,001,685 |
| | ----- |

| | |
|------------------|----------------|
| Net Assets | \$ 178,735,492 |
| | ===== |

Composition of Net Assets

| | |
|---|----------------|
| Common stock, at par | \$ 226,977 |
| Additional paid-in capital | 296,774,513 |
| Distributions in excess of net investment income | (382,449) |
| Accumulated net realized loss on investment transactions .. | (132,862,448) |
| Net unrealized appreciation of investments | 14,978,899 |
| | ----- |
| | \$ 178,735,492 |
| | ===== |

Net Asset Value Per Share

| | |
|--|---------|
| (based on 22,697,719 shares outstanding) | \$ 7.87 |
| | ===== |

(a) Includes securities on loan with a value of \$3,674,409 (see Note F)

See notes to financial statements.

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STATEMENT OF OPERATIONS
Year Ended September 30, 2004

Investment Income

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| | | |
|--|---------------|-------------|
| Interest | \$ 19,551,527 | |
| Dividends | 172,190 | \$ 19,723,7 |
| | ----- | |
| Expenses | | |
| Advisory fee | 1,320,701 | |
| Administrative fee | 251,049 | |
| Custodian | 117,577 | |
| Audit and legal | 112,883 | |
| Printing | 64,772 | |
| Transfer agency | 46,447 | |
| Directors' fees | 33,857 | |
| Registration | 26,125 | |
| Miscellaneous | 45,616 | |
| | ----- | |
| Total expenses before interest | 2,019,027 | |
| Interest expense | 525,478 | |
| | ----- | |
| Total expenses | | 2,544,5 |
| | | ----- |
| Net investment income | | 17,179,2 |
| | | ----- |
| Realized and Unrealized Gain (Loss) on Investment Transactions | | |
| Net realized gain on: | | |
| Investment transactions | | 11,701,0 |
| Swap contracts | | 2,295,2 |
| Written options | | 224,3 |
| Net change in unrealized appreciation/depreciation of: | | |
| Investments | | (8,367,8 |
| Swap contracts | | (634,0 |
| | | ----- |
| Net gain on investment transactions | | 5,218,6 |
| | | ----- |
| Net Increase in Net Assets from Operations | | \$ 22,397,8 |
| | | ===== |

See notes to financial statements.

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STATEMENTS OF CHANGES IN NET ASSETS

| | Year Ended September 30, 2004 | Yea Septe |
|---|-------------------------------------|--------------|
| ----- | | |
| Increase (Decrease) in Net Assets | | |
| Resulting from Operations | | |
| Net investment income | \$ 17,179,212 | \$ 18 |
| Net realized gain on investment transactions | 14,220,638 | 3 |
| Net change in unrealized appreciation/depreciation of investments | (9,001,996) | 43 |
| | ----- | ----- |
| Net increase in net assets from operations | 22,397,854 | 65 |
| Dividends and Distributions to Shareholders from | | |
| Net investment income | (18,071,829) | (18 |
| Common Stock Transactions | | |
| Reinvestment of dividends resulting in the issuance of Common Stock .. | 1,227,800 | 1 |

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| | | |
|--|----------------|--------|
| Total increase | 5,553,825 | 48 |
| Net Assets | | |
| Beginning of period | 173,181,667 | 124 |
| End of period (including distributions in excess of net investment income of \$382,449 and \$123,407, respectively.) | \$ 178,735,492 | \$ 173 |

See notes to financial statements.

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STATEMENT OF CASH FLOWS
Year Ended September 30, 2004

Increase (Decrease) in Cash from Operation Activities:

| | | |
|---|---------------|--------|
| Interest and dividends received | \$ 19,354,791 | |
| Interest expense paid | (572,479) | |
| Operating expenses paid | (2,057,932) | |
| Net increase in cash from operating activities | | \$ 16, |
| Investing Activities: | | |
| Purchases of long-term investments | (215,236,454) | |
| Proceeds from disposition of long-term investments | 227,660,021 | |
| Proceeds from disposition of short-term investments, net | | |
| Cash collateral received on securities loaned | 3,828,575 | |
| Net premium received on option transactions | 78,104 | |
| Net premium received on swaps transactions | 2,295,256 | |
| Net increase in cash from investing activities | | 18, |
| Financing Activities:* | | |
| Cash dividends paid | (16,844,029) | |
| Proceeds from reverse repurchase agreements | (16,155,022) | |
| Net decrease in cash from financing activities | | (32, |
| Net increase in cash | | 2, |
| Cash at beginning of period | | |
| Cash at end of period | | \$ 3, |
| <hr/> | | |
| Reconciliation of Net Increase in Net Assets from Operations to Net Increase in Cash from Operating Activities: | | |
| Net increase in net assets from operations | | \$22, |
| Adjustments: | | |
| Decrease in dividends and interest receivable | \$ 1,475,867 | |
| Accretion of bond discount and amortization of bond premium | (1,844,793) | |
| Decrease in accrued expenses and other assets | (38,905) | |
| Decrease in interest payable | (47,001) | |
| Net realized gain on investment transactions | (14,220,638) | |
| Net change in unrealized appreciation/depreciation of investments .. | 9,001,996 | |
| Total adjustments | | (5, |
| Net Increase in Cash from Operating Activities | | \$16, |

* Non-cash financing activities not included herein consist of reinvestment of dividends and distributions.

See notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS
September 30, 2004

NOTE A

Significant Accounting Policies

ACM Managed Dollar Income Fund, Inc. (the "Fund") was incorporated under the laws of the State of Maryland on August 10, 1993 and is registered under the Investment Company Act of 1940 as a non-diversified, closed-end management investment company. The financial statements have been prepared in conformity with U.S. generally accepted accounting principles, which requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements and amounts of income and expenses during the reporting period. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund.

1. Security Valuation

Portfolio securities are valued at their current market value determined on the basis of market quotations or, if market quotations are not readily available or are deemed unreliable, at "fair value" as determined in accordance with procedures established by and under the general supervision of the Fund's Board of Directors.

In general, the market value of securities which are readily available and deemed reliable are determined as follows. Securities listed on a national securities exchange or on a foreign securities exchange are valued at the last sale price at the close of the exchange or foreign securities exchange. If there has been no sale on such day, the securities are valued at the mean of the closing bid and asked prices on such day. Securities listed on more than one exchange are valued by reference to the principal exchange on which the securities are traded; securities not listed on an exchange but traded on The NASDAQ Stock Market, Inc. ("NASDAQ") are valued in accordance with the NASDAQ Official Closing Price; listed put or call options are valued at the last sale price. If there has been no sale on that day, such securities will be valued at the closing bid prices on that day; open futures contracts and options thereon are valued using the closing settlement price or, in the absence of such a price, the most recent quoted bid price. If there are no quotations available for the day of valuation, the last available closing settlement price is used; securities traded in the over-the-counter market, (OTC) (but excluding securities traded on NASDAQ) are valued at the mean of the current bid and asked prices as reported by the National Quotation Bureau or other comparable sources; U.S. Government securities and other debt instruments having 60 days or less remaining until maturity are valued at amortized cost if their original maturity was 60 days or less; or by amortizing their fair value as of the 61st day prior to maturity if their original term to maturity exceeded 60 days; fixed-income securities, including mortgage backed and asset backed securities, may be valued on the basis of prices provided by a pricing service or at a price obtained from

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one or more of the major broker/dealers. In cases where broker/dealer quotes are obtained, Alliance Capital Management, L.P. (the "Adviser") may establish procedures whereby changes in market yields or spreads are used to adjust, on a daily basis, a recently obtained quoted price on a security; and OTC and other derivatives are valued on the basis of a quoted bid price or spread from a major broker/dealer in such security.

Securities for which market quotations are not readily available (including restricted securities) or are deemed unreliable are valued at fair value. Factors considered in making this determination may include, but are not limited to, information obtained by contacting the issuer, analysts, analysis of the issuer's financial statements or other available documents. In addition, the Fund may use fair value pricing for securities primarily traded in non-U.S. markets because, most foreign markets close well before the Fund values its securities at 4:00 p.m., Eastern Time. The earlier close of these foreign markets gives rise to the possibility that significant events, including broad market moves, may have occurred in the interim and may materially affect the value of those securities.

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2. Taxes

It is the Fund's policy to meet the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its investment company taxable income and net realized gains, if any, to shareholders. Therefore, no provisions for federal income or excise taxes are required. The Fund may be subject to taxes imposed by countries in which it invests. Such taxes are generally based on income and/or capital gains earned or required. Taxes are accrued and applied to net investment income, net realized gains and net unrealized appreciation/depreciation as such income and/or gains are earned.

3. Investment Income and Investment Transactions

Interest income is accrued daily. Dividend income is recorded on the ex-dividend date or as soon as the Fund is informed of the dividend. Investment transactions are accounted for on the date the securities are purchased or sold. Investment gains and losses are determined on the identified cost basis. The Fund accretes discounts as adjustments to interest income. Additionally, the Fund amortizes premiums on debt securities for financial statement reporting purposes only.

4. Dividends and Distributions

Dividends and distributions to shareholders are recorded on the ex-dividend date. Income and capital gains distributions are determined in accordance with federal tax regulations and may differ from those determined in conformity with U.S. generally accepted accounting principles. To the extent these differences are permanent, such amounts are reclassified within the capital accounts based on their federal tax basis treatment; temporary differences do not require such reclassification.

5. Repurchase Agreements

The Fund's custodian or designated subcustodian will take control of securities as collateral under repurchase agreements and determine on a daily basis that the value of such securities are sufficient to cover the value of the repurchase agreements. If the seller defaults and the value of collateral declines, or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of collateral by the Fund may be delayed or limited.

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NOTE B

Advisory, Administrative Fees and Other Transactions with Affiliates

Under the terms of an Investment Advisory Agreement, the Fund pays the Adviser an advisory fee at an annual rate of .75 of 1% of the average adjusted weekly net assets of the Fund. Such fee is accrued daily and paid monthly. Under the terms of a Shareholder Inquiry Agency Agreement with Alliance

Global Investor Services, Inc. (AGIS), a wholly-owned subsidiary of the Adviser, the Fund reimburses AGIS for costs relating to servicing phone inquiries on behalf of the Fund. During the year ended September 30, 2004, the Fund reimbursed \$265 to AGIS.

Under the terms of an Administration Agreement, the Fund paid Princeton Administrators, L.P. (the "Administrator") a fee at an annual rate of .15 of 1% of the average adjusted weekly net assets of the Fund for the period September 1, 2003 through June 30, 2004. Effective July 1, 2004, this fee was reduced so as to charge the Fund at a reduced annual rate of .12 of 1% of the average adjusted weekly net assets of the Fund but in no event less than \$12,500 per month. Such fee is accrued daily and paid monthly. The Administrator prepares certain financial and regulatory reports for the Fund and provides clerical and other services.

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NOTE C

Investment Transactions

Purchases and sales of investment securities (excluding short-term investments) for the year ended September 30, 2004, were as follows:

| | Purchases | Sales |
|---|----------------|-------------|
| Investment securities (excluding U.S. government securities) | \$ 209,461,003 | \$ 230,120, |
| U.S. government securities | -0- | -0- |

At September 30, 2004, the cost of investments for federal income tax purposes, gross unrealized appreciation and gross unrealized depreciation (excluding written options and swap contracts) are as follows:

| | | |
|-------------------------------------|----------------|--|
| Cost | \$ 201,224,761 | |
| | ===== | |
| Gross unrealized appreciation | \$ 28,690,049 | |
| Gross unrealized depreciation | (15,194,327) | |
| | ----- | |
| Net unrealized appreciation | \$ 13,495,722 | |
| | ===== | |

1. Option Transactions

For hedging and investment purposes, the Fund may purchase and write (sell) put and call options on U.S. and foreign government securities and foreign currencies that are traded on U.S. and foreign securities exchanges and

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over-the-counter markets.

The risk associated with purchasing an option is that the Fund pays a premium whether or not the option is exercised. Additionally, the Fund bears the risk of loss of the premium and a change in market value should the counterparty not perform under the contract. Put and call options purchased are accounted for in the same manner as portfolio securities. The cost of securities acquired through the exercise of call options is increased by the premiums paid. The proceeds from securities sold through the exercise of put options are decreased by the premiums paid.

When the Fund writes an option, the premium received by the Fund is recorded as a liability and is subsequently adjusted to the current market value of the option written. Premiums received from written options which expire unexercised are recorded by the Fund on the expiration date as realized gains from options written. The difference between the premium received and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or if the premium received is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium received is added to the proceeds from the sale of the underlying security or currency in determining whether the Fund has realized a gain or loss. If a put option is exercised, the premium received reduces the cost basis of the security or currency purchased by the Fund. In writing an option, the Fund bears the market risk of an unfavorable change in the price of the security or currency underlying the written option. Exercise of an option written by the Fund could result in the Fund selling or buying a security or currency at a price different from the current market value.

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Transactions in written options for the year ended September 30, 2004 were as follows:

| | Number of Contracts (000) | Premiums Received |
|--|---------------------------------|----------------------|
| | ----- | ----- |
| Options outstanding at September 30, 2003 | -0- | \$ -0- |
| Options written | 12,258 | 224,373 |
| Options exercised | (770) | (11,935) |
| Options terminated in closing purchase transactions .. | -0- | -0- |
| Options expired | (11,488) | (212,438) |
| | ----- | ----- |
| Options outstanding at September 30, 2004 | -0- | \$ -0- |
| | ----- | ----- |

2. Swap Agreements

The Fund may enter into swaps on sovereign debt obligations to hedge its exposure to interest rates and credit risk or for investment purposes. A swap is an agreement that obligates two parties to exchange a series of cash flows at specified intervals based upon or calculated by reference to changes in specified prices or rates for a specified amount of an underlying asset. The payment flows are usually netted against each other, with the difference being paid by one party to the other.

Risks may arise as a result of the failure of the counterparty to the swap contract to comply with the terms of the swap contract. The loss incurred by the failure of a counterparty is generally limited to the net interest payment to be received by the Fund, and/or the termination value at the end of the contract.

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Therefore the Fund considers the creditworthiness of each counterparty to a swap contract in evaluating potential credit risk. Additionally, risks may arise from unanticipated movements in interest rates or in the value of the underlying securities.

As of October 1, 2003, the Portfolios have adopted the method of accounting for interim payments on swap contracts in accordance with Financial Accounting Standards Board Statement No. 133. The Fund accrues for the interim payments on swap contracts on a daily basis, with the net amount recorded within unrealized appreciation/depreciation of swap contracts on the statement of assets and liabilities. Once the interim payments are settled in cash, the net amount is recorded as realized gain/loss on swaps, in addition to realized gain/loss recorded upon the termination of swaps contracts on the statements of operations. Prior to October 1, 2003, these interim payments were reflected within interest income in the statement of operations. Fluctuations in the value of swap contracts are recorded as a component of net change in unrealized appreciation/depreciation of investments.

The Fund may enter into credit default swaps. The Fund may purchase credit protection on the referenced obligation of the credit default swap ("Buy Contract") or provide credit protection on the referenced obligation of the credit default swap ("Sale Contract"). A sale/(buy) in a credit default swap provides upon the occurrence of a credit event, as defined in the swap agreement, for the Fund to buy/(sell) from/(to) the counterparty at the notional amount (the "Notional Amount") and receive/(deliver) the principal amount of the referenced obligation. If a credit event occurs, the maximum payout amount for a Sale Contract is limited to the Notional Amount of the swap contract ("Maximum Payout Amount"). During the term of the swap agreement, the Fund receives/(pays) semi-annual fixed payments from/(to) the respective counterparty, calculated at the agreed upon interest rate applied to the Notional Amount. These interim payments are recorded within unrealized appreciation/depreciation of swap contracts on the statement of assets and liabilities.

Credit default swaps may involve greater risks than if a Fund had invested in the referenced obligation directly. Credit default swaps are subject to general market risk, liquidity risk, counterparty risk and credit risk. If the Fund is a buyer and no credit event occurs, it will lose its investment. In addition, if the Fund is a seller and a credit event occurs, the value of the referenced obligation received by the Fund coupled with the periodic payments previously received, may be less than the Maximum Payout Amount it pays to the buyer, resulting in a loss to the Fund.

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At September 30, 2004, the Fund had Sale Contracts outstanding with Maximum Payout Amounts aggregating \$5,690,000, with net unrealized appreciation of \$363,118 and terms ranging from 1 year to 10 years, as reflected in the portfolio of investments.

In certain circumstances, the Fund may hold Sale Contracts on the same referenced obligation and with the same counterparty it has purchased credit protection, which may reduce its obligation to make payments on Sale Contracts, if a credit event occurs. The Fund had Buy Contracts outstanding with a Notional Amount of \$510,000 with respect to the same referenced obligation and same counterparty of certain Sale Contracts outstanding, which reduced its obligation to make payments on Sale Contracts to \$5,180,000 as of September 30, 2004.

3. Reverse Repurchase Agreements

Under a reverse repurchase agreement, the Fund sells securities and agrees to

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repurchase them at a mutually agreed upon date and price. At the time the Fund enters into a reverse repurchase agreement, it will establish a segregated account with the custodian containing liquid assets having a value at least equal to the repurchase price.

For the year ended September 30, 2004, the average amount of reverse repurchase agreements outstanding was \$56,493,655 and the daily weighted average annual interest rate was 0.93%.

NOTE D

Capital Stock

There are 300,000,000 shares of \$.01 par value common stock authorized of which 22,697,719 shares were issued and outstanding at September 30, 2004. During the year ended September 30, 2004 and the year ended September 30, 2003, the Fund issued 157,097 and 182,814 shares, respectively, in connection with the Fund's dividend reinvestment plan.

NOTE E

Risks Involved in Investing in the Fund

Interest Rate Risk and Credit Risk—Interest rate risk is the risk that changes in interest rates will affect the value of the Fund's investments in fixed-income debt securities such as bonds or notes. Increases in interest rates may cause the value of the Fund's investments to decline. Credit risk is the risk that the issuer or guarantor of a debt security, or the counterparty to a derivative contract, will be unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligations. The degree of risk for a particular security may be reflected in its credit risk rating. Credit risk is greater for medium quality and lower-rated securities. Lower-rated debt securities and similar unrated securities (commonly known as "junk bonds") have speculative elements or are predominantly speculative risks.

Concentration of Risk -- Investing in securities of foreign companies and foreign governments involves special risks which include the possibility of future political and economic developments which could adversely affect the value of such securities. Moreover, securities of many foreign companies and foreign governments and their markets may be less liquid and their prices more volatile than those of comparable U.S. companies and the United States government.

The Fund invests in the Sovereign Debt Obligations of countries that are considered emerging market countries at the time of purchase. Therefore, the Fund is susceptible to governmental factors and economic and debt restructuring developments adversely affecting the economics of these emerging market countries. In addition, these debt obligations may be less liquid and subject to greater volatility than debt obligations of more developed countries.

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Indemnification Risk -- In the ordinary course of business, the Fund enters into contracts that contain a variety of indemnifications. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these indemnification provisions and expects the risk of loss thereunder to be remote.

NOTE F

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Securities Lending

The Fund has entered into a securities lending agreement with AG Edwards & Sons, Inc. (the "Lending Agent"). Under the terms of the agreement, the Lending Agent, on behalf of the Fund, administers the lending of portfolio securities to certain broker-dealers. In return, the Fund receives fee income from the lending transactions or it retains a portion of interest on the investment of any cash received as collateral. The Fund also continues to receive dividends or interest on the securities loaned. Unrealized gain or loss on the value of the securities loaned that may occur during the term of the loan will be reflected in the accounts of the Fund. All loans are continuously secured by collateral exceeding the value of the securities loaned. All collateral consists of either cash or U.S. Government securities. The Lending Agent may invest the cash collateral received in accordance with the investment restrictions of the Fund in one or more of the following investments: U.S. Government or U.S. Government agency obligations, bank obligations, corporate debt obligations, asset-backed securities, structured products, repurchase agreements and an eligible money market fund. The Lending Agent will indemnify the Fund for any loss resulting from a borrower's failure to return a loaned security when due. As of September 30, 2004, the Fund had loaned securities with a value of \$3,674,409 and received cash collateral of \$3,828,575, which was invested in a money market fund as included in the portfolio of investments. For the year ended September 30, 2004, the Fund earned fee income of \$20,102, which is included in interest income in the accompanying statement of operations.

NOTE G

Distributions to Shareholders

The tax character of the distributions paid to shareholders during the fiscal years ended September 30, 2004 and September 30, 2003 were as follows:

| | 2004 | 2003 |
|-----------------------------------|---------------|---------------|
| Distributions paid from: | | |
| Ordinary income | \$ 18,071,829 | \$ 18,177,141 |
| | ----- | ----- |
| Total taxable distributions | 18,071,829 | 18,177,141 |
| Tax return of capital | -0- | -0- |
| | ----- | ----- |
| Total distributions paid | \$ 18,071,829 | \$ 18,177,141 |
| | ===== | ===== |

As of September 30, 2004, the components of accumulated earnings/(deficit) on a tax basis were as follows:

| | |
|--|----------------------|
| Accumulated capital and other losses | \$ (132,040,578) (a) |
| Unrealized appreciation/(depreciation) | 13,774,580 (b) |
| | ----- |
| Total accumulated earnings/(deficit) | \$ (118,265,998) |
| | ===== |

- (a) On September 30, 2004, the Fund had a net capital loss carryforward of \$132,040,578 of which \$43,032,718 expires in the year 2007, \$24,635,181 expires in the year 2008, \$10,899,598 expires in the year 2009, \$33,249,705 expires in 2010 and \$20,223,376 expires in the year 2011. To the extent future capital gains are offset by capital loss carryforwards, such gains will not be distributed. During the fiscal year, the Fund utilized capital loss carryforwards of \$14,423,021
- (b) The difference between book-basis and tax-basis unrealized appreciation/(depreciation) is attributable primarily to the tax deferral of losses on wash sales, the difference between book and tax amortization methods for premium and the difference between book and tax treatment of

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swap income.

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During the current fiscal year, permanent differences, primarily due to distributions in excess of net investment income, the tax character of paydown gains/losses, tax treatment of swap income and the tax treatment of bond premium, resulted in a net decrease in distributions in excess of net investment income, a net increase in accumulated net realized loss on investments and a decrease in additional paid-in capital. This reclassification had no effect on net assets.

NOTE H

Legal Proceedings

As has been previously reported, the staff of the U.S. Securities and Exchange Commission ("SEC") and the Office of the New York Attorney General ("NYAG") have been investigating practices in the mutual fund industry identified as "market timing" and "late trading" of mutual fund shares. Certain other regulatory authorities have also been conducting investigations into these practices within the industry and have requested that the Adviser provide information to them. The Adviser has been cooperating and will continue to cooperate with all of these authorities. The shares of the Fund are not redeemable by the Fund, but are traded on an exchange at prices established by the market. Accordingly, the Fund and its shareholders are not subject to the market timing and late trading practices that are the subject of the investigations mentioned above or the lawsuits described below. Please see below for a description of the agreements reached by the Adviser and the SEC and NYAG in connection with the investigations mentioned above.

Numerous lawsuits have been filed against the Adviser and certain other defendants in which plaintiffs make claims purportedly based on or related to the same practices that are the subject of the SEC and NYAG investigations referred to above. Some of these lawsuits name the Fund as a party. The lawsuits are now pending in the United States District Court for the District of Maryland pursuant to a ruling by the Judicial Panel on Multidistrict Litigation transferring and centralizing all of the mutual funds involving market and late trading in the District of Maryland. Management of the Adviser believes that these private lawsuits are not likely to have a material adverse effect on the results of operations or financial condition of the Fund.

On December 18, 2003, the Adviser confirmed that it had reached terms with the SEC and the NYAG for the resolution of regulatory claims relating to the practice of "market timing" mutual fund shares in some of the AllianceBernstein Mutual Funds. The agreement with the SEC is reflected in an Order of the Commission ("SEC Order"). The agreement with the NYAG is memorialized in an Assurance of Discontinuance dated September 1, 2004 ("NYAG Order"). Among the key provisions of these agreements are the following:

- (i) The Adviser agreed to establish a \$250 million fund (the "Reimbursement Fund") to compensate mutual fund shareholders for the adverse effects of market timing attributable to market timing relationships described in the SEC Order. According to the SEC Order, the Reimbursement Fund is to be paid, in order of priority, to fund investors based on (i) their aliquot share of losses suffered by the fund due to market timing, and (ii) a proportionate share of advisory fees paid by such fund during the period of such market timing;

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- (ii) The Adviser agreed to reduce the advisory fees it receives from some of the AllianceBernstein long-term, open-end retail funds, commencing January 1, 2004, for a period of at least five years; and
- (iii) The Adviser agreed to implement changes to its governance and compliance procedures. Additionally, the SEC Order contemplates that the Adviser's registered investment company clients, including the Fund, will introduce governance and compliance changes.

The shares of the Fund are not redeemable by the Fund, but are traded on an exchange at prices established by the market. Accordingly, the Fund and its shareholders are not subject to the market timing practices described in the SEC Order and are not expected to participate in the Reimbursement Fund. Since the Fund is a closed-end fund, it will not have its advisory fee reduced pursuant to the terms of the agreements mentioned above.

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The Adviser and approximately twelve other investment management firms were publicly mentioned in connection with the settlement by the SEC of charges that an unaffiliated broker/dealer violated federal securities laws relating to its receipt of compensation for selling specific mutual funds and the disclosure of such compensation. The SEC has indicated publicly that, among other things, it is considering enforcement action in connection with mutual funds' disclosure of such arrangements and in connection with the practice of considering mutual fund sales in the direction of brokerage commissions from fund portfolio transactions. The SEC has issued subpoenas to the Adviser in connection with this matter and the Adviser has provided documents and other information to the SEC and is cooperating fully with its investigation.

On June 22, 2004, a purported class action complaint entitled *Aucoin, et al. v. Alliance Capital Management L.P., et al. ("Aucoin Complaint")* was filed against the Adviser, Alliance Capital Management Holding L.P., Alliance Capital Management Corporation, AXA Financial, Inc., AllianceBernstein Investment Research & Management, Inc., certain current and former directors of the AllianceBernstein Mutual Funds, and unnamed Doe defendants. The Aucoin Complaint names certain of the AllianceBernstein mutual funds as nominal defendants. The Aucoin Complaint was filed in the United States District Court for the Southern District of New York by an alleged shareholder of an AllianceBernstein mutual fund. The Aucoin Complaint alleges, among other things, (i) that certain of the defendants improperly authorized the payment of excessive commissions and other fees from fund assets to broker-dealers in exchange for preferential marketing services, (ii) that certain of the defendants misrepresented and omitted from registration statements and other reports material facts concerning such payments, and (iii) that certain defendants caused such conduct as control persons of other defendants. The Aucoin Complaint asserts claims for violation of Sections 34(b), 36(b) and 48(a) of the Investment Company Act, Sections 206 and 215 of the Advisers Act, breach of common law fiduciary duties, and aiding and abetting breaches of common law fiduciary duties. Plaintiffs seek an unspecified amount of compensatory damages and punitive damages, rescission of their contracts with the Adviser, including recovery of all fees paid to the Adviser pursuant to such contracts, an accounting of all fund-related fees, commissions and soft dollar payments, and restitution of all unlawfully or discriminatorily obtained fees and expenses.

Since June 22, 2004, numerous additional lawsuits making factual allegations substantially similar to those in the Aucoin Complaint were filed against the Adviser and certain other defendants, and others may be filed.

The Adviser believes that these matters are not likely to have a material

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adverse effect on the Fund or the Adviser's ability to perform advisory services relating to the Fund.

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FINANCIAL HIGHLIGHTS

Selected Data For A Share Of Common Stock Outstanding Throughout Each Period

| | Year Ended September | | |
|---|----------------------|------------|------------|
| | 2004 (a) | 2003 | 2002 (b) |
| Net asset value, beginning of period | \$ 7.68 | \$ 5.58 | \$ 6.33 |
| <hr style="border-top: 1px dashed black;"/> | | | |
| Income From Investment Operations | | | |
| Net investment income (c) | 0.76 | 0.81 | 0.84 |
| Net realized and unrealized gain (loss) on investment transactions | 0.23 | 2.10 | (0.71) |
| <hr style="border-top: 1px dashed black;"/> | | | |
| Net increase (decrease) in net asset value from operations | 0.99 | 2.91 | 0.13 |
| <hr style="border-top: 1px dashed black;"/> | | | |
| Less: Dividends and Distributions | | | |
| Dividends from net investment income | (0.80) | (0.81) | (0.85) |
| Tax return of capital | -0- | -0- | (0.03) |
| <hr style="border-top: 1px dashed black;"/> | | | |
| Total dividends and distributions | (0.80) | (0.81) | (0.88) |
| <hr style="border-top: 1px dashed black;"/> | | | |
| Net asset value, end of period | \$ 7.87 | \$ 7.68 | \$ 5.58 |
| <hr style="border-top: 1px dashed black;"/> | | | |
| Market value, end of period | \$ 7.87 | \$ 8.15 | \$ 6.29 |
| <hr style="border-top: 1px dashed black;"/> | | | |
| Premium/Discount | 0.00% | 6.12% | 12.72% |
| Total Return | | | |
| Total investment return based on: (d) | | | |
| Market value | 6.91% | 45.71% | (6.14)% |
| Net asset value | 13.45% | 54.77% | .23% |
| <hr style="border-top: 1px dashed black;"/> | | | |
| Ratios/Supplemental Data | | | |
| Net assets, end of period (000's omitted) | \$ 178,735 | \$ 173,182 | \$ 124,834 |
| <hr style="border-top: 1px dashed black;"/> | | | |
| Ratios to average net assets of: | | | |
| Expenses | 1.44% | 1.72% | 2.12% |
| Expenses, excluding interest expense (e) | 1.15% | 1.21% | 1.15% |
| Net investment income | 9.76% | 11.88% | 10.81% |
| Portfolio turnover rate | 95% | 80% | 63% |

(a) As of October 1, 2003, the Fund has adopted the method of accounting for interim payments on swap contracts in accordance with Financial Accounting Standards Board Statement No. 133. These interim payments are reflected within net realized and unrealized gain (loss) on swap contracts, however, prior to October 1, 2003, these interim payments were reflected within interest income/expense on the statement of operations. The effect of this change for the fiscal year ended September 30, 2004, was to decrease net investment income per share by \$0.01 and increase net realized and unrealized gain (loss) on investment transactions per share by \$0.01 and decrease the ratio of net investment income to average net assets by 0.17%.

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- (b) As required, effective October 1, 2001, the Fund has adopted the provisions of the AICPA Audit and Accounting Guide, Audits of Investment Companies, and began amortizing premium on debt securities for financial statement reporting purposes only. The effect of this change for the year end September 30, 2002 was to decrease net investment income per share by \$0.01, decrease net realized and unrealized loss on investment by \$0.01 and decrease the ratio of net investment income to average net assets from 10.91% to 10.81%. Per share, ratios and supplemental data for periods prior to October 1, 2001 have not been restated to reflect this change in presentation.
- (c) Based on average shares outstanding.
- (d) Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each period reported. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Generally, total investment return based on net asset value will be higher than total investment return based on market value in periods where there is an increase in the discount or a decrease in the premium of the market value to the net asset value from the beginning to the end of such periods. Conversely, total investment return based on net asset value will be lower than total investment return based on market value in periods where there is a decrease in the discount or an increase in the premium of the market value to the net asset value from the beginning to the end of such periods. Total investment return calculated for a period of less than one year is not annualized.
- (e) Excludes net interest expense of .29%, .51%, .97%, 1.62% and 1.61%, respectively, on borrowings.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
ACM Managed Dollar Income Fund, Inc.

We have audited the accompanying statement of assets and liabilities of ACM Managed Dollar Income Fund, Inc. (the "Fund"), including the portfolio of investments, as of September 30, 2004, and the related statements of operations and cash flows for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights. Our procedures included confirmation of securities owned as of September 30, 2004, by correspondence with the custodian and others. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to

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above present fairly, in all material respects, the financial position of ACM Managed Dollar Income Fund, Inc. at September 30, 2004, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

New York, New York

November 22, 2004

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PORTFOLIO OF INVESTMENTS September 30, 2003

| | Principal Amount (000) | U.S. \$ Value |
|-----------------------------------|------------------------------|---------------|
| ----- | | |
| SOVEREIGN DEBT OBLIGATIONS-67.6% | | |
| Argentina-0.3% | | |
| Republic of Argentina FRN | | |
| 1.162%, 8/03/12(a) | \$ 800 | \$ 492,000 |
| ----- | | |
| Belize-0.5% | | |
| Government of Belize | | |
| 9.50%, 8/15/12 | 850 | 854,250 |
| ----- | | |
| Brazil-11.8% | | |
| Banco Nacional de Desenvolvimento | | |
| 6.50%, 6/15/06(b) | 475 | 484,500 |
| Republic of Brazil | | |
| 8.875%, 4/15/24 | 1,550 | 1,243,875 |
| 10.00%, 1/16/07 | 50 | 53,375 |
| 10.00%, 8/07/11 | 1,150 | 1,124,125 |
| 10.125%, 5/15/27 | 1,250 | 1,118,750 |
| 11.00%, 8/17/40(c) | 5,275 | 4,984,875 |
| 11.50%, 3/12/08 | 450 | 492,300 |
| 12.00%, 4/15/10 | 200 | 215,300 |
| 12.75%, 1/15/20 | 1,500 | 1,607,250 |
| 14.50%, 10/15/09 | 1,000 | 1,201,500 |
| Republic of Brazil-DCB FRN | | |
| Series L | | |
| 2.1875%, 4/15/12(a) | 3,075 | 2,460,000 |
| C-Bonds | | |
| 8.00%, 4/15/14(c) | 6,065 | 5,572,241 |
| ----- | | |
| | | 20,558,091 |
| ----- | | |
| Bulgaria-1.1% | | |
| Republic of Bulgaria | | |
| 8.25%, 1/15/15(b) | 1,624 | 1,848,875 |
| ----- | | |
| Colombia-2.8% | | |
| Republic of Colombia | | |
| 8.375%, 2/15/27 | 625 | 566,562 |

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| | | |
|------------------------------|-------|-----------|
| 9.75%, 4/23/09 | 250 | 276,875 |
| 10.00%, 1/23/12 | 900 | 980,100 |
| 10.50%, 7/09/10 | 150 | 168,600 |
| 10.75%, 1/15/13 | 550 | 616,000 |
| 11.75%, 2/25/20 (c) | 1,910 | 2,242,340 |
| | | 4,850,477 |
| ----- | | |
| Ecuador-0.8% | | |
| Republic of Ecuador | | |
| 7.00%, 8/15/30 (a) (b) | 1,775 | 1,112,037 |
| 12.00%, 11/15/12 (b) | 275 | 227,563 |
| | | ----- |
| | | 1,339,600 |
| ----- | | |
| El Salvador-0.5% | | |
| Republic of El Salvador | | |
| 7.75%, 1/24/23 (b) | 450 | 469,125 |
| 8.50%, 7/25/11 (b) | 400 | 434,600 |
| | | ----- |
| | | 903,725 |
| ----- | | |

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| | Principal Amount (000) | U.S. \$ Value |
|----------------------------|------------------------------|---------------|
| ----- | | |
| Mexico-7.8% | | |
| United Mexican States | | |
| 11.375%, 9/15/16 (c) | \$ 9,375 | \$13,476,563 |
| | | ----- |
| Panama-0.7% | | |
| Republic of Panama | | |
| 9.375%, 4/01/29 | 475 | 535,563 |
| 10.75%, 5/15/20 | 550 | 654,500 |
| | | ----- |
| | | 1,190,063 |
| ----- | | |
| Peru-2.0% | | |
| Republic of Peru | | |
| 9.125%, 2/21/12 | 1,525 | 1,700,375 |
| 9.875%, 2/06/15 (c) | 1,025 | 1,186,438 |
| Republic of Peru FLIRB VRN | | |
| 4.50%, 3/07/17 (a) | 650 | 567,125 |
| | | ----- |
| | | 3,453,938 |
| ----- | | |
| Philippines-2.2% | | |
| Republic of Philippines | | |
| 9.00%, 2/15/13 | 150 | 160,500 |
| 9.875%, 1/15/19 (c) | 2,300 | 2,501,250 |
| 10.625%, 3/16/25 (c) | 1,075 | 1,243,238 |
| | | ----- |
| | | 3,904,988 |
| ----- | | |
| Russia-27.7% | | |
| Ministry Finance of Russia | | |
| Series V | | |
| 3.00%, 5/14/08 | 650 | 570,375 |

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| | | |
|----------------------------------|--------|------------|
| Series VI | | |
| 3.00%, 5/14/06 | 3,600 | 3,478,680 |
| Russian Federation | | |
| 5.00%, 3/31/30 (a) (b) (c) | 44,550 | 42,252,891 |
| 5.00%, 3/31/30 (a) (b) | 1,850 | 1,751,025 |
| | | ----- |
| | | 48,052,971 |
| | | ----- |
| TURKEY-5.1% | | |
| Republic of Turkey | | |
| 9.50%, 1/15/14(c) | 6,400 | 6,544,000 |
| 9.875%, 3/19/08 | 400 | 431,600 |
| 11.75%, 6/15/10 | 1,175 | 1,341,263 |
| 11.875%, 1/15/30 | 400 | 464,000 |
| | | ----- |
| | | 8,780,863 |
| | | ----- |
| Ukraine-0.8% | | |
| Ukraine Government | | |
| 11.00%, 3/15/07(b) | 1,241 | 1,380,377 |
| | | ----- |
| Uruguay-0.9% | | |
| Republic of Uruguay | | |
| 7.50%, 3/15/15 | 151 | 117,219 |
| 7.875%, 1/15/33 | 2,065 | 1,393,875 |
| | | ----- |
| | | 1,511,094 |
| | | ----- |
| Venezuela-2.6% | | |
| Republic of Venezuela | | |
| 5.375%, 8/07/10 | 400 | 287,000 |
| 9.25%, 9/15/27 | 3,675 | 2,844,450 |
| 10.75%, 9/19/13(b) | 1,000 | 922,500 |

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| | Principal Amount (000) | U.S. \$ Value |
|---------------------------------------|------------------------------|---------------|
| ----- | | |
| Republic of Venezuela DCB FRN | | |
| Series DL | | |
| 1.875%, 12/18/07 (a) | \$ 536 | \$ 484,282 |
| | | ----- |
| | | 4,538,232 |
| | | ----- |
| Total Sovereign Debt Obligations | | |
| (cost \$84,462,440) | | 117,136,107 |
| | | ----- |
| U.S. CORPORATE DEBT OBLIGATIONS-50.4% | | |
| Aerospace/Defense-0.5% | | |
| K&F Industries, Inc. | | |
| Series B | | |
| 9.625%, 12/15/10 | 190 | 209,950 |
| Sequa Corp. | | |
| 9.00%, 8/01/09 | 210 | 231,000 |
| TD Funding Corp. | | |
| 8.375%, 7/15/11(b) | 450 | 486,000 |
| | | ----- |
| | | 926,950 |

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| | | |
|--------------------------------|-----|-----------|
| Automotive-1.5% | | |
| Dana Corp. | | |
| 10.125%, 3/15/10 | 575 | 645,438 |
| Dura Operating Corp. | | |
| Series D | | |
| 9.00%, 5/01/09 | 422 | 394,570 |
| HLI Operating, Inc. | | |
| 10.50%, 6/15/10(b) | 440 | 481,800 |
| TRW Automotive, Inc. | | |
| 9.375%, 2/15/13(b) | 410 | 463,300 |
| 11.00%, 2/15/13(b) | 255 | 298,350 |
| United Auto Group, Inc. | | |
| 9.625%, 3/15/12 | 280 | 307,300 |
| | | ----- |
| | | 2,590,758 |
| | | ----- |
| Broadcasting & Media-1.4% | | |
| Albritton Communications Co. | | |
| 7.75%, 12/15/12 | 415 | 425,375 |
| Emmis Communications Corp. | | |
| 12.50%, 3/15/11(d) | 350 | 313,250 |
| PRIMEDIA, Inc. | | |
| 8.00%, 5/15/13(b) | 80 | 81,200 |
| 8.875%, 5/15/11 | 325 | 338,813 |
| Radio One, Inc. | | |
| 8.875%, 7/01/11 | 415 | 453,388 |
| Sinclair Broadcast Group, Inc. | | |
| 8.00%, 3/15/12 | 270 | 286,200 |
| 8.75%, 12/15/11 | 285 | 311,363 |
| Young Broadcasting, Inc. | | |
| 8.50%, 12/15/08 | 195 | 208,650 |
| | | ----- |
| | | 2,418,239 |
| | | ----- |
| Building & Real Estate-2.1% | | |
| Beazer Homes USA, Inc. | | |
| 8.375%, 4/15/12 | 195 | 211,575 |
| Jacuzzi Brands, Inc. | | |
| 9.625%, 7/01/10(b) | 300 | 312,750 |

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| | Principal Amount (000) | U.S. \$ Value |
|---------------------------|------------------------------|---------------|
| KB HOME | | |
| 7.75%, 2/01/10 | \$ 560 | \$ 593,600 |
| LNR Property Corp. | | |
| 7.625%, 7/15/13(b) | 125 | 129,375 |
| 10.50%, 1/15/09 | 725 | 775,750 |
| M.D.C Holdings, Inc. | | |
| 7.00%, 12/01/12 | 200 | 220,209 |
| Meritage Corp. | | |
| 9.75%, 6/01/11 | 470 | 517,000 |
| Schuler Homes, Inc. | | |
| 10.50%, 7/15/11 | 385 | 438,419 |
| Werner Holdings Co., Inc. | | |
| Series A | | |

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| | | |
|-------------------------------------|-------|-----------|
| 10.00%, 11/15/07 | 200 | 204,000 |
| William Lyon Homes, Inc. | | |
| 10.75%, 4/01/13 | 285 | 310,650 |
| | | ----- |
| | | 3,713,328 |
| | | ----- |
| Cable-1.6% | | |
| CSC Holdings, Inc. | | |
| 7.625%, 7/15/18 | 405 | 390,825 |
| DirectTV Holdings LLC | | |
| 8.375%, 3/15/13 | 305 | 345,412 |
| Echostar DBS Corp. | | |
| 5.75%, 10/01/08(b) | 435 | 437,719 |
| 6.375%, 10/01/11(b) | 255 | 256,275 |
| 9.375%, 2/01/09 | 795 | 851,644 |
| Insight Midwest LP | | |
| 9.75%, 10/01/09 | 405 | 410,062 |
| | | ----- |
| | | 2,691,937 |
| | | ----- |
| Chemicals-2.3% | | |
| Equistar Chemical Funding LP | | |
| 10.125%, 9/01/08 | 555 | 552,225 |
| 10.625%, 5/01/11(b) | 130 | 129,350 |
| FMC Corp. | | |
| 10.25%, 11/01/09 | 270 | 309,150 |
| Georgia Gulf Corp. | | |
| 10.375%, 11/01/07 | 500 | 530,625 |
| Huntsman Advanced Materials LLC | | |
| 11.00%, 7/15/10(b) | 295 | 308,275 |
| Huntsman International LLC | | |
| 9.875%, 3/01/09 | 780 | 822,900 |
| Millennium America, Inc. | | |
| 9.25%, 6/15/08 | 275 | 286,688 |
| Resolution Performance Products LLC | | |
| 9.50%, 4/15/10 | 560 | 574,000 |
| Westlake Chemical Corp. | | |
| 8.75%, 7/15/11(b) | 445 | 463,913 |
| | | ----- |
| | | 3,977,126 |
| | | ----- |
| Communications - Fixed-1.7% | | |
| FairPoint Communications, Inc. | | |
| 11.875%, 3/01/10 | 300 | 343,500 |
| Qwest Corp. | | |
| 8.875%, 3/15/12(b) | 1,525 | 1,700,375 |
| Time Warner Telecom, Inc. | | |
| 10.125%, 2/01/11 | 940 | 942,350 |
| | | ----- |
| | | 2,986,225 |
| | | ----- |

| | Principal Amount (000) | U.S. \$ Value |
|------------------------------|------------------------------|---------------|
| Communications - Mobile-2.9% | | |
| ACC Escrow Corp. | | |

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| | | | | |
|---------------------------------------|----|-------|----|-----------|
| 10.00%, 8/01/11(b) | \$ | 660 | \$ | 712,800 |
| Dobson Communications Corp. | | | | |
| 8.875%, 10/01/13(b) | | 790 | | 802,837 |
| Dobson/Sygnnet Communications | | | | |
| 12.25%, 12/15/08 | | 675 | | 727,312 |
| Iridium LLC Capital Corp. | | | | |
| Series B | | | | |
| 14.00%, 7/15/05(e) | | 5,000 | | 400,000 |
| Nextel Communications, Inc. | | | | |
| 7.375%, 8/01/15 | | 460 | | 466,900 |
| 9.50%, 2/01/11 | | 500 | | 555,000 |
| 9.95%, 2/15/08 | | 430 | | 454,188 |
| TeleCorp PCS, Inc. | | | | |
| 10.625%, 7/15/10 | | 203 | | 240,514 |
| Tritel PCS, Inc. | | | | |
| 10.375%, 1/15/11 | | 234 | | 282,607 |
| Triton PCS, Inc. | | | | |
| 8.75%, 11/15/11 | | 405 | | 406,012 |
| | | | | ----- |
| | | | | 5,048,170 |
| | | | | ----- |
| Consumer Manufacturing-2.2% | | | | |
| Applica, Inc. | | | | |
| 10.00%, 7/31/08 | | 162 | | 170,505 |
| Broder Brothers Co. | | | | |
| 11.25%, 10/15/10(b) | | 500 | | 508,750 |
| Central Garden & Pet Company | | | | |
| 9.125%, 2/01/13 | | 195 | | 213,525 |
| Collins & Aikman Floorcoverings, Inc. | | | | |
| 9.75%, 2/15/10 | | 260 | | 275,600 |
| Hines Nurseries, Inc. | | | | |
| 10.25%, 10/01/11(b) | | 235 | | 246,750 |
| Jostens, Inc. | | | | |
| 12.75%, 5/01/10 | | 650 | | 757,250 |
| Rayovac Corp. | | | | |
| 8.50%, 10/01/13(b) | | 185 | | 185,000 |
| Salton, Inc. | | | | |
| 12.25%, 4/15/08 | | 490 | | 481,425 |
| Sealy Mattress Co. | | | | |
| 9.875%, 12/15/07 | | 410 | | 414,100 |
| St. John Knits International, Inc. | | | | |
| 12.50%, 7/01/09 | | 200 | | 220,000 |
| Warnaco, Inc. | | | | |
| 8.875%, 6/15/13(b) | | 280 | | 301,700 |
| | | | | ----- |
| | | | | 3,774,605 |
| | | | | ----- |
| Energy-4.6% | | | | |
| Chesapeake Energy Corp. | | | | |
| 7.75%, 1/15/15 | | 855 | | 906,300 |
| CITGO Petroleum Corp. | | | | |
| 11.375%, 2/01/11(b) | | 1,630 | | 1,850,050 |
| Frontier Escrow Corp. | | | | |
| 8.00%, 4/15/13(b) | | 90 | | 91,800 |
| Frontier Oil Corp. | | | | |
| 11.75%, 11/15/09 | | 260 | | 295,100 |
| Grant Prideco, Inc. | | | | |
| 9.00%, 12/15/09 | | 600 | | 649,500 |

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| | Principal Amount (000) | U.S. \$ Value |
|-------------------------------------|------------------------------|---------------|
| ----- | | |
| Grey Wolf, Inc. | | |
| 8.875%, 7/01/07 | \$ 90 | \$ 92,250 |
| Hilcorp Energy | | |
| 10.50%, 9/01/10(b) | 1,055 | 1,126,212 |
| Northwest Pipelines Corp. | | |
| 8.125%, 3/01/10 | 330 | 359,700 |
| Pioneer Natural Resources Co. | | |
| 8.875%, 4/15/05 | 395 | 427,588 |
| Premco Refining Group, Inc. | | |
| 9.50%, 2/01/13 | 270 | 298,350 |
| Pride International, Inc. | | |
| 9.375%, 5/01/07 | 145 | 150,075 |
| Southern Natural Gas Co. | | |
| 7.35%, 2/15/31 | 365 | 337,625 |
| 8.875%, 3/15/10 | 290 | 311,750 |
| Universal Compression, Inc. | | |
| 7.25%, 5/15/10 | 220 | 227,700 |
| Westport Resources Corp. | | |
| 8.25%, 11/01/11(b) | 80 | 87,800 |
| 8.25%, 11/01/11 | 190 | 208,525 |
| XTO Energy, Inc. | | |
| 6.25%, 4/15/13 | 215 | 223,600 |
| 7.50%, 4/15/12 | 250 | 279,375 |
| | | ----- |
| | | 7,923,300 |
| | | ----- |
| Entertainment & Leisure-1.3% | | |
| Cinemark USA, Inc. | | |
| 9.00%, 2/01/13 | 365 | 391,462 |
| Premier Parks | | |
| 9.75%, 6/15/07 | 165 | 162,938 |
| Six Flags, Inc. | | |
| 9.50%, 2/01/09 | 1,050 | 1,005,375 |
| 9.75%, 4/15/13(b) | 85 | 80,325 |
| Universal City Development Partners | | |
| 11.75%, 4/01/10(b) | 455 | 514,150 |
| | | ----- |
| | | 2,154,250 |
| | | ----- |
| Financial-2.3% | | |
| Crum & Forster Holdings Corp. | | |
| 10.375%, 6/15/13(b) | 210 | 229,425 |
| iStar Financial, Inc. | | |
| 7.00%, 3/15/08 | 85 | 88,825 |
| 8.75%, 8/15/08 | 350 | 393,750 |
| Markel Capital Trust I | | |
| Series B | | |
| 8.71%, 1/01/46(f) | 660 | 676,500 |
| Nationwide CSN Trust | | |
| 9.875%, 2/15/25(b) | 1,000 | 1,162,100 |
| PXRE Capital Trust I | | |
| 8.85%, 2/01/27 | 510 | 453,900 |
| Western Financial Bank | | |
| 9.625%, 5/15/12 | 420 | 456,750 |
| Williams Scotsman, Inc. | | |
| 9.875%, 6/01/07 | 550 | 544,500 |
| | | ----- |

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4,005,750

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| | Principal Amount (000) | U.S. \$ Value |
|--|------------------------------|---------------|
| ----- | | |
| Food/Beverage-1.1% | | |
| Del Monte Food Co. | | |
| 8.625%, 12/15/12 (b) | \$ 145 | \$ 159,137 |
| 9.25%, 5/15/11 | 255 | 281,137 |
| DIMON, Inc. | | |
| 7.75%, 6/01/13 (b) | 110 | 113,300 |
| Series B | | |
| 9.625%, 10/15/11 | 175 | 195,562 |
| Dole Food Company, Inc. | | |
| 8.625%, 5/01/09 | 255 | 272,850 |
| 8.875%, 3/15/11 (b) | 145 | 155,150 |
| Merisant Co. | | |
| 9.50%, 7/15/13 (b) | 300 | 322,500 |
| Swift & Co. | | |
| 10.125%, 10/01/09 | 345 | 382,950 |
| | | ----- |
| | | 1,882,586 |
| | | ----- |
| Gaming-3.4% | | |
| Ameristar Casinos, Inc. | | |
| 10.75%, 2/15/09 | 230 | 262,775 |
| Argosy Gaming Co. | | |
| 9.00%, 9/01/11 | 235 | 256,737 |
| Boyd Gaming Corp. | | |
| 7.75%, 12/15/12 | 255 | 264,563 |
| Harrah's Operating Company, Inc. | | |
| 7.875%, 12/15/05 | 230 | 249,550 |
| Horseshoe Gaming Holding Corp. | | |
| Series B | | |
| 8.625%, 5/15/09 | 195 | 209,869 |
| MGM Mirage, Inc. | | |
| 8.375%, 2/01/11 | 575 | 635,375 |
| Mandalay Resort Group | | |
| 10.25%, 8/01/07 | 570 | 658,350 |
| Mohegan Tribal Gaming | | |
| 6.375%, 7/15/09 (b) | 140 | 141,925 |
| 8.375%, 7/01/11 | 220 | 240,900 |
| Park Place Entertainment | | |
| 7.00%, 4/15/13 | 305 | 316,819 |
| 7.875%, 3/15/10 | 295 | 317,125 |
| 9.375%, 2/15/07 | 230 | 254,725 |
| Riviera Holdings Corp. | | |
| 11.00%, 6/15/10 | 320 | 318,800 |
| Station Casinos, Inc. | | |
| 8.375%, 2/15/08 | 235 | 254,681 |
| Trump Holdings and Funding | | |
| 11.625%, 3/15/10 | 560 | 503,300 |
| Turning Stone Casino Resort Enterprise | | |
| 9.125%, 12/15/10 (b) | 290 | 312,838 |
| Venetian Casino Resort, LLC | | |
| 11.00%, 6/15/10 | 610 | 698,450 |

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| | | |
|-------------------------|-----|-----------------------------|
| | | ----- 5,896,782 ----- |
| Healthcare-2.7% | | |
| Alliance Imaging, Inc. | | |
| 10.375%, 4/15/11 | 425 | 444,125 |
| AmerisourceBergen Corp. | | |
| 8.125%, 9/01/08 | 190 | 207,100 |

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| | Principal Amount (000) | U.S. \$ Value |
|---|------------------------------|-----------------------------|
| ----- | | |
| Concentra Operating Corp. | | |
| 9.50%, 8/15/10(b) | \$ 200 | \$ 210,000 |
| 13.00%, 8/15/09 | 430 | 479,450 |
| Extendicare Health Services | | |
| 9.50%, 7/01/10 | 340 | 370,600 |
| HCA, Inc. | | |
| 7.875%, 2/01/11 | 655 | 732,268 |
| Hanger Orthopedic Group, Inc. | | |
| 10.375%, 2/15/09 | 380 | 426,075 |
| PacifiCare Health Systems, Inc. | | |
| 10.75%, 6/01/09 | 585 | 675,675 |
| Select Medical Corp. | | |
| 7.50%, 8/01/13(b) | 390 | 404,625 |
| Triad Hospitals, Inc. | | |
| Series B | | |
| 8.75%, 5/01/09 | 455 | 497,087 |
| 11.00%, 5/15/09 | 245 | 270,725 |
| | | ----- 4,717,730 ----- |
| Hotels & Lodging-1.7% | | |
| Extended Stay America, Inc. | | |
| 9.875%, 6/15/11 | 405 | 449,044 |
| Felcor Lodging LP | | |
| 8.50%, 6/01/11 | 145 | 155,150 |
| 10.00%, 9/15/08 | 200 | 216,000 |
| Host Marriott LP | | |
| 9.25%, 10/01/07 | 105 | 115,106 |
| 9.50%, 1/15/07 | 330 | 363,000 |
| La Quinta Corp. | | |
| 8.875%, 3/15/11(b) | 400 | 435,500 |
| MeriStar Hospitality Corp. | | |
| 9.125%, 1/15/11 | 100 | 105,500 |
| MeriStar Hospitality Operating Partnership, LPP | | |
| 10.50%, 6/15/09 | 210 | 227,850 |
| Starwood Hotels & Resorts Worldwide, Inc. | | |
| 7.875%, 5/01/12 | 515 | 566,500 |
| Vail Resorts, Inc. | | |
| 8.75%, 5/15/09 | 280 | 295,750 |
| | | ----- 2,929,400 ----- |
| INDUSTRIAL-2.3% | | |
| AMSTED Industries, Inc. | | |
| 10.25%, 10/15/11(b) | 545 | 588,600 |

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| | | |
|---|-----|---------|
| Case New Holland, Inc. 9.25%, 8/01/11(b) | 685 | 739,800 |
| Dayton Superior Corp. 10.75%, 9/15/08(b) | 245 | 252,350 |
| FastenTech, Inc. 11.50%, 5/01/11(b) | 350 | 367,500 |
| Flowserve Corp. 12.25%, 8/15/10 | 370 | 429,200 |
| H&E Equipment/Finance 11.125%, 6/15/12 | 260 | 222,300 |
| NMHG Holding Co. 10.00%, 5/15/09 | 220 | 243,100 |
| SPX Corp. 7.50%, 1/01/13 | 205 | 216,788 |

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| | Principal Amount (000) | U.S. \$ Value |
|---|------------------------------|-----------------------------|
| ----- | | |
| Terex Corp. 10.375%, 4/01/11 | \$ 400 | \$ 450,000 |
| TriMas Corp. 9.875%, 6/15/12 | 505 | 515,100 |
| | | ----- 4,024,738 ----- |
| Metals/Mining-0.8% | | |
| AK Steel Corp. 7.875%, 2/15/09 | 1,315 | 946,799 |
| Peabody Energy Corp. 6.875%, 3/15/13 | 410 | 429,475 |
| | | ----- 1,376,274 ----- |
| Paper & Packaging-3.8% | | |
| Anchor Glass Container Corp. 11.00%, 2/15/13(b) | 45 | 50,625 |
| 11.00%, 2/15/13 | 395 | 444,375 |
| Ball Corp. 6.875%, 12/15/12 | 1,000 | 1,036,250 |
| Berry Plastics Corp. 10.75%, 7/15/12 | 390 | 436,800 |
| Constar International, Inc. 11.00%, 12/01/12 | 140 | 118,300 |
| Crown Paper Co. 11.00%, 9/01/05(e) | 5,000 | 0 |
| Georgia-Pacific Corp. 9.375%, 2/01/13 | 765 | 857,756 |
| Graphic Packaging Int'l Corp. 9.50%, 8/15/13(b) | 655 | 722,137 |
| Greif Bros. Corp. 8.875%, 8/01/12 | 280 | 304,500 |
| Owens-Brockway Glass Container, Inc. 8.875%, 2/15/09 | 795 | 850,650 |
| Plastipak Holdings, Inc. 10.75%, 9/01/11 | 275 | 302,500 |
| Pliant Corp. 11.125%, 9/01/09(b) | 385 | 412,913 |

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| | | |
|--|-----|-----------|
| Russell-Stanley Holdings, Inc. | | |
| 9.00%, 11/30/08 (b) (f) (g) | 782 | 359,596 |
| Stone Container Corp. | | |
| 9.25%, 2/01/08 | 535 | 584,488 |
| 9.75%, 2/01/11 | 12 | 13,140 |
| | | ----- |
| | | 6,494,030 |
| | | ----- |
| Publishing-2.0% | | |
| American Media, Inc. | | |
| 8.875%, 1/15/11 | 105 | 113,006 |
| 10.25%, 5/01/09 | 500 | 536,875 |
| Dex Media East LLC | | |
| 9.875%, 11/15/09 | 110 | 125,125 |
| 12.125%, 11/15/12 | 320 | 388,000 |
| Dex Media West LLC | | |
| 8.50%, 8/15/10 (b) | 160 | 174,800 |
| 9.875%, 8/15/13 (b) | 625 | 709,375 |
| Hollinger International Publishing, Inc. | | |
| 9.00%, 12/15/10 | 530 | 561,137 |
| Houghton Mifflin Co. | | |
| 8.25%, 2/01/11 | 280 | 294,700 |
| 9.875%, 2/01/13 | 100 | 106,500 |

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| | Principal Amount (000) | U.S. \$ Value |
|-------------------------------|------------------------------|---------------|
| ----- | | |
| PEI Holdings, Inc. | | |
| 11.00%, 3/15/10 | \$ 205 | \$ 227,550 |
| RH Donnelley, Inc. | | |
| 10.875%, 12/15/12 (b) | 255 | 302,175 |
| | | ----- |
| | | 3,539,243 |
| | | ----- |
| Restaurants-0.2% | | |
| Domino's Inc. | | |
| 8.25%, 7/01/11 (b) | 350 | 371,437 |
| | | ----- |
| Retail-0.8% | | |
| J.C. Penney Corporation, Inc. | | |
| 8.00%, 3/01/10 | 490 | 540,225 |
| Payless ShoeSource, Inc. | | |
| 8.25%, 8/01/13 (b) | 500 | 510,000 |
| Saks, Inc. | | |
| 8.25%, 11/15/08 | 290 | 319,000 |
| | | ----- |
| | | 1,369,225 |
| | | ----- |
| Service-2.6% | | |
| Allied Waste North America | | |
| 8.50%, 12/01/08 | 85 | 92,225 |
| 8.875%, 4/01/08 | 645 | 701,438 |
| 10.00%, 8/01/09 | 1,230 | 1,339,162 |
| Coinmach Corp. | | |
| 9.00%, 2/01/10 | 250 | 267,500 |
| Corrections Corp. of America | | |
| 7.50%, 5/01/11 | 40 | 41,450 |

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| | | |
|------------------------------|-----|-----------|
| 9.875%, 5/1/09 | 280 | 315,700 |
| Iron Mountain, Inc. | | |
| 7.75%, 1/15/15 | 115 | 119,313 |
| 8.625%, 4/01/13 | 350 | 374,500 |
| National Waterworks, Inc. | | |
| 10.50%, 12/01/12 | 235 | 257,913 |
| Service Corp. International | | |
| 6.50%, 3/15/08 | 240 | 238,800 |
| 7.70%, 4/15/09 | 240 | 246,600 |
| United Rentals, Inc. | | |
| 10.75%, 4/15/08(b) | 200 | 222,500 |
| 10.75%, 4/15/08 | 205 | 228,062 |
| | | ----- |
| | | 4,445,163 |
| | | ----- |
| Supermarket & Drugstore-1.0% | | |
| Pathmark Stores, Inc. | | |
| 8.75%, 2/01/12 | 310 | 319,300 |
| 8.75%, 2/01/12 (b) | 185 | 189,625 |
| Rite Aid Corp. | | |
| 9.25%, 6/01/13 (b) | 75 | 79,875 |
| 9.50%, 2/15/11 | 660 | 749,100 |
| Roundy's, Inc. | | |
| Series B | | |
| 8.875%, 6/15/12 | 270 | 283,500 |
| Stater Bros. Holdings, Inc. | | |
| 10.75%, 8/15/06 | 150 | 157,875 |
| | | ----- |
| | | 1,779,275 |
| | | ----- |

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| | Principal Amount (000) | U.S. \$ Value |
|---------------------------------|------------------------------|---------------|
| ----- | | |
| Technology-1.7% | | |
| Cooperative Computing, Inc. | | |
| 10.50%, 6/15/11 (b) | \$ 305 | \$ 330,925 |
| Fairchild Semiconductor | | |
| 10.50%, 2/01/09 | 505 | 564,337 |
| ON Semiconductor Corp. | | |
| 12.00%, 3/15/10 | 715 | 841,913 |
| Unisys Corp. | | |
| 6.875%, 3/15/10 | 1,000 | 1,045,000 |
| 7.875%, 4/01/08 | 185 | 193,325 |
| | | ----- |
| | | 2,975,500 |
| | | ----- |
| Utilities - Electric & Gas-1.9% | | |
| AES Corporation | | |
| 8.75%, 5/15/13 (b) | 65 | 68,575 |
| 9.00%, 5/15/15 (b) | 105 | 111,562 |
| 10.00%, 7/15/05 (b) | 290 | 300,150 |
| Calpine Corp. | | |
| 8.50%, 7/15/10 (b) | 1,580 | 1,461,500 |
| PG&E Corp. | | |
| 6.875%, 7/15/08 (b) | 395 | 416,725 |
| SEMCO Energy, Inc. | | |

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| | | |
|---|-------|------------|
| 7.125%, 5/15/08(b) | 125 | 126,250 |
| 7.75%, 5/15/13(b) | 235 | 237,938 |
| The Williams Companies, Inc. | | |
| 8.625%, 6/01/10 | 485 | 517,738 |
| | | ----- |
| | | 3,240,438 |
| | | ----- |
| Total U.S. Corporate Debt Obligations | | |
| (cost \$94,979,445) | | 87,252,459 |
| | | ----- |
| NON-U.S. CORPORATE DEBT OBLIGATIONS-10.9% | | |
| Argentina-0.2% | | |
| Supercanal Holdings, SA | | |
| 10.75%, 11/07/02(e)(f) | 3,478 | 417,315 |
| | | ----- |
| Bahamas-0.2% | | |
| Sun International Hotels, Ltd. | | |
| 8.875%, 8/15/11 | 245 | 266,744 |
| | | ----- |
| Canada-0.6% | | |
| Fairfax Financial Holdings | | |
| 7.375%, 4/15/18 | 250 | 225,000 |
| Intrawest Corp. | | |
| 9.75%, 8/15/08 | 220 | 232,375 |
| 10.50%, 2/01/10 | 150 | 166,312 |
| Norske Skog Canada, Ltd. | | |
| Series D | | |
| 8.625%, 6/15/11 | 335 | 350,494 |
| | | ----- |
| | | 974,181 |
| | | ----- |
| Cayman Islands-0.8% | | |
| PF Export Receivables Master Trust | | |
| 6.436%, 6/01/15(b) | 1,462 | 1,454,918 |
| | | ----- |
| France-0.3% | | |
| Crown Euro Holdings S.A | | |
| 9.50%, 3/01/11(b) | 405 | 437,400 |
| | | ----- |

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| | Principal Amount (000) | U.S. \$ Value |
|--|------------------------------|---------------|
| ----- | | |
| Great Britian-0.3% | | |
| Danka Business Systems | | |
| 11.00%, 6/15/10(b) | \$ 95 | \$ 87,875 |
| Royal & Sun Alliance Insurance Group PLC | | |
| 8.95%, 10/15/29 | 450 | 408,162 |
| | | ----- |
| | | 496,037 |
| | | ----- |
| Ireland-0.4% | | |
| Eircom Funding | | |
| 8.25%, 8/15/13(b) | 245 | 264,600 |
| MDP Acquisitions PLC | | |
| 9.625%, 10/01/12 | 390 | 429,000 |
| | | ----- |

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| | | |
|---|--------|------------|
| | | 693,600 |
| | | ----- |
| Kazakhstan-0.7% | | |
| Hurricane Finance BV | | |
| 9.625%, 2/12/10(b) | 400 | 436,000 |
| Kazkommerts International BV | | |
| 8.50%, 4/16/13(b) | 850 | 830,875 |
| | | ----- |
| | | 1,266,875 |
| | | ----- |
| Liberia-0.4% | | |
| Royal Caribbean Cruises, Ltd. | | |
| 8.00%, 5/15/10 | 625 | 662,500 |
| | | ----- |
| Luxembourg-1.3% | | |
| Mobile Telesystems Finance S.A | | |
| 10.95%, 12/21/04 | 2,130 | 2,273,775 |
| | | ----- |
| Mexico-4.2% | | |
| Innova S. de R.L. | | |
| 9.375%, 9/19/13(b) | 2,865 | 2,897,231 |
| 12.875%, 4/01/07 | 4,275 | 4,424,625 |
| | | ----- |
| | | 7,321,856 |
| | | ----- |
| Romania-0.3% | | |
| Mobifon Holdings BV | | |
| 12.50%, 7/31/10(b) | 425 | 465,375 |
| | | ----- |
| Russia-1.0% | | |
| Gazprom OAO | | |
| 9.625%, 3/01/13(b) | 1,000 | 1,076,875 |
| Tyumen Oil Company | | |
| 11.00%, 11/06/07(b) | 550 | 615,000 |
| | | ----- |
| | | 1,691,875 |
| | | ----- |
| Singapore-0.2% | | |
| Flextronics International, Ltd. | | |
| 6.50%, 5/15/13(b) | 425 | 423,937 |
| | | ----- |
| Total Non-U.S. Corporate Debt Obligations | | |
| (cost \$20,782,877) | | 18,846,388 |
| | | ----- |
| CONVERTIBLE PREFERRED STOCK-0.0% | | |
| PSINet, Inc. | | |
| 7.00%(b) | 15,000 | 0 |
| | | ----- |
| Total Convertible Preferred Stock | | |
| (cost \$600,000) | | 0 |
| | | ----- |

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| | Principal Amount (000) | U.S. \$ Value |
|---------------------------------------|------------------------------|---------------|
| ----- | | |
| NON-CONVERTIBLE PREFERRED STOCKS-1.5% | | |
| CSC Holdings, Inc. | | |

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| | | |
|--|-----------|--------------|
| Series M | | |
| 11.125% | \$ 12,187 | \$ 1,276,588 |
| Sovereign Real Estate Investment Trust | | |
| 12.00% (b) | 870 | 1,287,600 |
| | | ----- |
| Total Non-Convertible Preferred Stocks | | |
| (cost \$1,973,483) | | 2,564,188 |
| | | ----- |
| COMMON STOCK & WARRANTS-0.0% | | |
| Central Bank of Nigeria | | |
| Warrants, expiring 11/15/20 (h) | 1,000 | 0 |
| Republic of Venezuela | | |
| Warrants, expiring 4/15/20 (h) | 7,140 | 0 |
| Russell-Stanley Holdings, Inc. | | |
| Common Stock (h) (i) | 100,000 | 1 |
| | | ----- |
| Total Common Stock & Warrants | | |
| (cost \$0) | | 1 |
| | | ===== |

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| | Contracts (j), or Shares | U.S. Value |
|--|-----------------------------|----------------|
| CALL OPTION PURCHASED (H)-0.0% | | |
| Federal Republic of Brazil C -Bonds | | |
| Expiring Oct '03 @ 90.9375 | | |
| (cost \$24,782) | 2,154,968 | \$ 34,479 |
| | | ----- |
| Total Investments Before Security | | |
| Lending Collateral-130.4% | | |
| (cost \$202,823,027) | | 225,833,622 |
| | | ----- |
| Investment of Cash Collateral for | | |
| Securities Loaned*-2.1% | | |
| Short-Term Investment | Shares | |
| UBS Private Money Market Fund, LLC | | |
| 1.03% | | |
| (cost \$3,594,750) | 3,594,750 | 3,594,750 |
| | | ----- |
| Total Investments-132.5% | | |
| (cost \$206,417,777) | | 229,428,372 |
| Other assets less liabilities - (32.5)% | | (56,246,705) |
| | | ----- |
| Net Assets-100.0% | | \$ 173,181,667 |
| | | ----- |

* See Note F for securities lending information.

CREDIT DEFAULT SWAP CONTRACTS (see Note C)

| Swap Counterparty & Reference Obligation | Notional Amount (000) | Interest Rate | Termination Date | Unrealized Appreciation/ (Depreciation) |
|---|-----------------------------|------------------|---------------------|---|
| ----- | | | | |

Buy Contracts:

Deutsche Bank A.G. London
Federal Republic of Peru

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| | | | | |
|---|-------|-------|----------|------------|
| 9.875%, 2/06/15 | 700 | 3.90% | 12/20/08 | \$ (4,760) |
| JP Morgan Chase Federal Republic of Venezuela 1.875%, 12/18/07 | 1,050 | 5.00 | 9/20/04 | (10,395) |
| Sales Contracts: Citigroup Global Markets, Inc. Federal Republic of Brazil 12.25%, 3/06/30 | 1,000 | 6.35 | 8/20/05 | 33,300 |
| Deutsche Bank A.G. London Federal Republic of Brazil 12.25%, 3/06/30 | 600 | 17.85 | 2/06/08 | 219,420 |
| Deutsche Bank A.G. London Federal Republic of Brazil 12.25%, 3/06/30 | 1,500 | 14.50 | 3/08/08 | 374,550 |
| Deutsche Bank A.G. London Federal Republic of Romania 8.50%, 5/08/12 | 1,550 | 3.55% | 4/03/10 | 105,865 |
| JP Morgan Chase Federal Republic of Venezuela 1.875%, 12/18/07 | 1,050 | 7.70 | 9/20/06 | 7,770 |
| JP Morgan Chase Federal Republic of Brazil 8.00%, 4/15/14 | 500 | 8.60 | 9/20/08 | 20,550 |

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CREDIT DEFAULT SWAP CONTRACTS (see Note C) (continued)

| Swap Counterparty & Reference Obligation | Notional Amount (000) | Interest Rate | Termination Date | Unrealized Appreciation/ (Depreciation) |
|---|-----------------------------|------------------|---------------------|---|
| ----- | | | | |
| Sales Contracts (continued): JP Morgan Chase Federal Republic of Brazil 8.00%, 4/15/14 | 500 | 9.05 | 9/20/13 | 44,800 |
| JP Morgan Chase Federal Republic of Brazil 8.00%, 4/15/14 | 2,000 | 9.34 | 9/20/13 | 179,200 |

REVERSE REPURCHASE AGREEMENTS (see Note C)

| Broker | Interest Rate | Maturity | Amount |
|---------------|------------------|----------|------------|
| ----- | | | |
| Deutsche Bank | 1.05% | 10/01/03 | 15,184,024 |
| Deutsche Bank | 1.10 | 10/01/03 | 945,029 |

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| | | | |
|-----------------|------|----------|--------------|
| Deutsche Bank | 0.25 | 12/31/03 | 2,641,922 |
| Deutsche Bank | 0.45 | 12/31/03 | 2,103,471 |
| Deutsche Bank | 1.05 | 12/31/03 | 13,005,379 |
| Deutsche Bank | 1.10 | 12/31/03 | 26,730,084 |
| JP Morgan Chase | 0.95 | 12/31/03 | 4,408,567 |
| Lehman Brothers | 0.15 | 12/31/03 | 1,154,628 |
| Lehman Brothers | 0.25 | 12/31/03 | 6,180,215 |
| Lehman Brothers | 0.75 | 12/31/03 | 1,124,179 |
| Lehman Brothers | 0.85 | 12/31/03 | 1,322,123 |
| | | | ----- |
| | | | \$74,799,621 |
| | | | ===== |

- (a) Coupon changes periodically based upon a predetermined schedule. Stated interest rate in effect at September 30, 2003.
- (b) Security is exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At September 30, 2003, the aggregate market value of these securities amounted to \$85,971,468 or 50% of net assets.
- (c) Positions, or portions thereof, with an aggregate market value of \$73,502,438 have been segregated to collateralize reverse repurchase agreements.
- (d) Indicates a security that has a zero coupon that remains in effect until a predetermined date at which time the stated coupon rate becomes effective until final maturity.
- (e) Security is in default and is non-income producing.
- (f) Illiquid security, valued at fair market value (see Note A).
- (g) Coupon is paid in-kind.
- (h) Non-income producing security.
- (i) Common stock, par value is \$0.01 per share.
- (j) One contract relates to principal amount of \$1.00.

Glossary of Terms:

DCB - Debt Conversion Bond
 FLIRB - Front Loaded Interest Reduction Bond
 FRN - Floating Rate Note
 VRN - Variable Rate Note

See notes to financial statements.

STATEMENT OF ASSETS & LIABILITIES
 September 30, 2003

Assets

| | |
|---|--------------------|
| Investments in securities, at value (cost \$206,417,777) | |
| --including investment of cash collateral for securities | |
| loaned of \$3,594,750 | \$ 229,428,372 (a) |
| Cash | 692,783 |
| Due from broker | 13,005,000 |
| Interest and dividends receivable | 5,567,390 |
| Receivable for investment securities sold | 4,870,809 |
| Unrealized appreciation on credit default swap contracts | 985,455 |
| Paydown receivable | 177,327 |
| Other assets | 14,010 |
| | ----- |

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| | | |
|---|----------------|--|
| Total assets | 254,741,146 | |
| | ----- | |
| Liabilities | | |
| Reverse repurchase agreements | 74,799,621 | |
| Payable for collateral on securities loaned | 3,594,750 | |
| Payable for investment securities purchased | 2,858,382 | |
| Advisory fee payable | 112,173 | |
| Administrative fee payable | 22,433 | |
| Unrealized depreciation on credit default swap contracts | 15,155 | |
| Accrued expenses and other liabilities | 156,965 | |
| | ----- | |
| Total liabilities | 81,559,479 | |
| | ----- | |
| Net Assets | \$ 173,181,667 | |
| | ===== | |
| Composition of Net Assets | | |
| Common stock, at par | \$ 225,406 | |
| Additional paid-in capital | 296,111,267 | |
| Distributions in excess of net investment income | (123,407) | |
| Accumulated net realized loss on investment transactions | (147,012,494) | |
| Net unrealized appreciation of investments | 23,980,895 | |
| | ----- | |
| | \$ 173,181,667 | |
| | ===== | |
| Net Asset Value Per Share | | |
| (based on 22,540,621 shares outstanding) | \$ 7.68 | |
| | ===== | |

(a) Includes securities on loan with a value of \$3,420,869 (see Note F).

See notes to financial statements.

STATEMENT OF OPERATIONS
Year Ended September 30, 2003

| | | |
|--------------------------------------|---------------|-------------|
| Investment Income | | |
| Interest | \$ 20,898,974 | |
| Dividends | 43,912 | \$ 20,942,8 |
| | ----- | |
| Expenses | | |
| Advisory fee | 1,154,590 | |
| Administrative fee | 230,916 | |
| Printing | 126,309 | |
| Custodian | 98,912 | |
| Audit and legal | 98,072 | |
| Transfer agency | 51,746 | |
| Directors' fees | 38,548 | |
| Registration fees | 24,938 | |
| Miscellaneous | 45,797 | |
| | ----- | |
| Total expenses before interest | 1,869,828 | |
| Interest expense | 779,443 | |
| | ----- | |
| Total expenses | | 2,649,2 |
| | | ----- |

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| | |
|--|-------------|
| Net investment income | 18,293,6 |
| Realized and Unrealized Gain (Loss) on Investment Transactions | |
| Net realized gain (loss) on: | |
| Investment transactions | 3,255,2 |
| Swap contracts | (191,7 |
| Written options | 120,8 |
| Net change in unrealized appreciation/depreciation of: | |
| Investments | 42,802,4 |
| Swap contracts | 970,3 |
| Net gain on investment transactions | 46,957,0 |
| Net Increase in Net Assets from Operations | \$ 65,250,6 |

See notes to financial statements.

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STATEMENTS OF CHANGES IN NET ASSETS

| | Year Ended September 30, 2003 | Year Septemb 200 |
|---|-------------------------------------|------------------------|
| ----- | | |
| Increase (Decrease) in Net Assets Resulting from Operations | | |
| Net investment income | \$ 18,293,615 | \$ 18,6 |
| Net realized gain (loss) on investment transactions | 3,184,282 | (30,4 |
| Net change in unrealized appreciation/depreciation of investments | 43,772,735 | 14,5 |
| Net increase in net assets from operations | 65,250,632 | 2,7 |
| Dividends and Distributions to Shareholders from | | |
| Net investment income | (18,177,141) | (18,8 |
| Tax return of capital | -0- | (7 |
| Common Stock Transactions | | |
| Reinvestment of dividends resulting in the issuance of Common Stock .. | 1,273,690 | 1,5 |
| Total increase (decrease) | 48,347,181 | (15,2 |
| Net Assets | | |
| Beginning of period | 124,834,486 | 140,1 |
| End of period | \$ 173,181,667 | \$ 124,8 |
| | ===== | ===== |

See notes to financial statements.

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STATEMENT OF CASH FLOWS
Year Ended September 30, 2003

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Increase (Decrease) in Cash from Operation Activities:

| | | |
|--|---------------|-------------|
| Interest and dividends received | \$ 17,558,683 | |
| Interest expense paid | (1,014,107) | |
| Operating expenses paid | (1,852,491) | |
| | ----- | |
| Net increase in cash from operating activities | | \$ 14,692,0 |
| Investing Activities: | | |
| Purchases of long-term investments | (168,937,890) | |
| Proceeds from disposition of long-term investments | 162,118,133 | |
| Proceeds from disposition of short-term investments, net | 247,250 | |
| Cash collateral received on securities loaned | 3,594,750 | |
| Net premium received on option transactions | 39,607 | |
| Net premium paid on swaps transactions | (191,781) | |
| | ----- | |
| Net decrease in cash from investing activities | | (3,129,9 |
| Financing Activities:* | | |
| Cash dividends paid | (16,903,451) | |
| Proceeds from reverse repurchase agreements | 6,033,839 | |
| | ----- | |
| Net decrease in cash from financing activities | | (10,869,6 |
| | | ----- |
| Net increase in cash | | 692,5 |
| Cash at beginning of period | | 2 |
| | | ----- |
| Cash at end of period | | \$ 692,7 |
| | | ===== |

| | | |
|---|----------------|-------------|
| ----- | | |
| Reconciliation of Net Increase in Net | | |
| Assets from Operations to Net Increase | | |
| in Cash from Operating Activities: | | |
| Net increase in net assets from operations | | \$ 65,250,6 |
| Adjustments: | | |
| Increase in dividends and interest receivable | \$ (1,031,452) | |
| Accretion of bond discount and amortization of bond premium | (2,352,751) | |
| Increase in accrued expenses and other assets | 17,337 | |
| Decrease in interest payable | (234,664) | |
| Net realized loss on investment transactions | (3,184,282) | |
| Net change in unrealized appreciation/depreciation of investments | (43,772,735) | |
| | ----- | |
| Total adjustments | | (50,558,5 |
| | | ----- |
| Net Increase in Cash from Operating Activities | | \$ 14,692,0 |
| | | ===== |

* Non-cash financing activities not included herein consist of reinvestment of dividends and distributions.

See notes to financial statements.

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NOTE A

Significant Accounting Policies

ACM Managed Dollar Income Fund, Inc. (the "Fund") was incorporated under the laws of the State of Maryland on August 10, 1993 and is registered under the Investment Company Act of 1940 as a non-diversified, closed-end management investment company. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States, which requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements and amounts of income and expenses during the reporting period. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund.

1. Security Valuation

In accordance with Pricing Policies adopted by the Board of Directors of the Fund (the "Pricing Policies") and applicable law, portfolio securities are valued at current market value or at fair value. The Board of Directors has delegated to the Adviser, subject to the Board's continuing oversight, certain responsibilities with respect to the implementation of the Pricing Policies. Pursuant to the Pricing Policies, securities for which market quotations are readily available are valued at their current market value. In general, the market value of these securities is determined as follows:

Securities listed on a national securities exchange or on a foreign securities exchange are valued at the last sale price at the close of the exchange or foreign securities exchange. If there has been no sale on such day, the securities are valued at the mean of the closing bid and asked prices on such day. If no bid or asked prices are quoted on such day, then the security is valued in good faith at fair value in accordance with the Pricing Policies. Securities listed on more than one exchange are valued by reference to the principal exchange on which the securities are traded; securities not listed on an exchange but traded on The Nasdaq Stock Market, Inc. ("NASDAQ") are valued in accordance with the NASDAQ Official Closing Price; listed put or call options are valued at the last sale price. If there has been no sale on that day, such securities will be valued at the closing bid prices on that day; open futures contracts and options thereon are valued using the closing settlement price or, in the absence of such a price, the most recent quoted bid price. If there are no quotations available for the day of valuations, the last available closing settlement price is used; securities traded in the over-the-counter market, (but excluding securities traded on NASDAQ) are valued at the mean of the current bid and asked prices as reported by the National Quotation Bureau or other comparable sources; U.S. Government securities and other debt instruments having 60 days or less remaining until maturity are valued at amortized cost if their original maturity was 60 days or less, or by amortizing their fair value as of the 61st day prior to maturity if their original term to maturity exceeded 60 days; fixed-income securities, including mortgage backed and asset backed securities, may be valued on the basis of prices provided by a pricing service or at a price obtained from one or more of the major broker/dealers. In cases where broker/dealer quotes are obtained, the Pricing Policies provide that the Adviser may establish procedures whereby changes in market yields or spreads are used to adjust, on a daily basis, a recently obtained quoted price on a security; and OTC and other derivatives are valued on the basis of a quoted bid price or spread from a major broker/dealer in such security. Securities for which market quotations are not readily available are valued at fair value in accordance with the Pricing Policies.

2. Taxes

It is the Fund's policy to meet the requirements of the Internal Revenue Code

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applicable to regulated investment companies and to distribute substantially all of its investment company taxable income and net realized gains, if any, to shareholders. Therefore, no provisions for federal income or excise taxes are required.

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3. Investment Income and Investment Transactions

Interest income is accrued daily. Dividend income is recorded on the ex-dividend date. Investment transactions are accounted for on the date the securities are purchased or sold. Investment gains and losses are determined on the identified cost basis. The Fund accretes discounts as adjustments to interest income. Additionally, the Fund amortizes premiums on debt securities for financial statement reporting purposes only.

4. Dividends and Distributions

Dividends and distributions to shareholders are recorded on the ex-dividend date. Income and capital gains distributions are determined in accordance with federal tax regulations and may differ from those determined in conformity with accounting principles generally accepted in the United States. To the extent these differences are permanent, such amounts are reclassified within the capital accounts based on their federal tax basis treatment; temporary differences do not require such reclassification.

5. Repurchase Agreements

The Fund's custodian or designated subcustodian will take control of securities as collateral under repurchase agreements and determine on a daily basis that the value of such securities are sufficient to cover the value of the repurchase agreements. If the seller defaults and the value of collateral declines, or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of collateral by the Fund may be delayed or limited.

NOTE B

Advisory, Administrative Fees and Other Transactions with Affiliates

Under the terms of an Investment Advisory Agreement, the Fund pays Alliance Capital Management L.P. (the "Adviser") an advisory fee at an annual rate of .75 of 1% of the average adjusted weekly net assets of the Fund. Such fee is accrued daily and paid monthly.

Under the terms of a Shareholder Inquiry Agency Agreement with Alliance Global Investor Services, Inc. (AGIS), a wholly-owned subsidiary of the Adviser, the Fund reimburses AGIS for costs relating to servicing phone inquiries on behalf of the Fund. During the year ended September 30, 2003, the Fund reimbursed to AGIS \$1,130.

Under the terms of an Administration Agreement, the Fund pays Princeton Administrators, L.P. (the "Administrator") a fee at an annual rate of .15 of 1% of the average adjusted weekly net assets of the Fund. Such fee is accrued daily and paid monthly. The Administrator prepares certain financial and regulatory reports for the Fund and provides clerical and other services.

NOTE C

Investment Transactions

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Purchases and sales of investment securities (excluding short-term investments) for the year ended September 30, 2003, were as follows:

| | Purchases ===== | Sales ===== |
|---|--------------------|----------------|
| Investment securities (excluding U.S. government securities) .. | \$ 169,585,665 | \$ 163,816,23 |
| U.S. government securities | -0- | - |

The cost of investments for federal income tax purposes, gross unrealized appreciation and gross unrealized depreciation (excluding swap contracts) are as follows:

| | |
|-------------------------------------|-------------------------|
| Cost | \$ 207,214,925 ===== |
| Gross unrealized appreciation | \$ 40,637,969 |
| Gross unrealized depreciation | (18,424,522) ----- |
| Net unrealized appreciation | \$ 22,213,447 ===== |

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1. Option Transactions

For hedging and investment purposes, the Fund may purchase and write (sell) put and call options on U.S. and foreign government securities and foreign currencies that are traded on U.S. and foreign securities exchanges and over-the-counter markets.

The risk associated with purchasing an option is that the Fund pays a premium whether or not the option is exercised. Additionally, the Fund bears the risk of loss of the premium and a change in market value should the counterparty not perform under the contract. Put and call options purchased are accounted for in the same manner as portfolio securities. The cost of securities acquired through the exercise of call options is increased by the premiums paid. The proceeds from securities sold through the exercise of put options are decreased by the premiums paid.

When the Fund writes an option, the premium received by the Fund is recorded as a liability and is subsequently adjusted to the current market value of the option written. Premiums received from written options which expire unexercised are recorded by the Fund on the expiration date as realized gains from options written. The difference between the premium received and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or if the premium received is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium received is added to the proceeds from the sale of the underlying security or currency in determining whether the Fund has realized a gain or loss. If a put option is exercised, the premium received reduces the cost basis of the security or currency purchased by the Fund. In writing an option, the Fund bears the market risk of an unfavorable change in the price of the security or currency underlying the written option. Exercise of an option written by the Fund could result in the Fund selling or buying a security or currency at a price different from the current market value.

Transactions in written options for the year ended September 30, 2003 were as

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follows:

| | Number of Contracts (000) ===== | Premiums Received ===== |
|---|--|-------------------------------|
| Options outstanding at September 30, 2002 | -0- | \$ -0- |
| Options written | 95,826 | 125,734 |
| Options terminated in closing purchase transactions ... | (31,628) | (41,392) |
| Options expired | (64,198) | (84,342) |
| Options outstanding at September 30, 2003 | -0- | -0- |

2. Swap Agreements

The Fund may enter into swaps on sovereign debt obligations to hedge its exposure to interest rates and credit risk or for investment purposes. A swap is an agreement that obligates two parties to exchange a series of cash flows at specified intervals based upon or calculated by reference to changes in specified prices or rates for a specified amount of an underlying asset. The payment flows are usually netted against each other, with the difference being paid by one party to the other.

Risks may arise as a result of the failure of the counterparty to the swap contract to comply with the terms of the swap contract. The loss incurred by the failure of a counterparty is generally limited to the net interest payment to be received by the Fund, and/or the termination value at the end of the contract. Therefore the Fund considers the creditworthiness of each counterparty to a swap contract in evaluating potential credit risk. Additionally, risks may arise from unanticipated movements in interest rates or in the value of the underlying securities.

The Fund records a net receivable or payable on a daily basis for the net interest income or expense expected to be received or paid in the interest period. Net interest received or paid on these contracts is recorded as interest

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income (or as an offset to interest income). Fluctuations in the value of swap contracts are recorded for financial statement purposes as a component of net change in unrealized appreciation/depreciation of investments. Realized gains and/or losses from terminated swap contracts are included in net realized gain or loss on investment transactions.

The Fund may enter into credit default swaps. A sell/(buy) in a credit default swap provides, upon the occurrence of a credit event, as defined in the swap agreement, for the Fund to buy/(sell) from/(to) the counterparty at par and take/(deliver) the principal amount (the "Notional Amount") of the referenced obligation. During the term of the swap agreement, the Fund receives/(pays) semi-annual fixed interest payments from/(to) the respective counterparty, calculated at the agreed upon interest rate applied to the Notional Amount.

Credit default swaps may involve greater risks than if a Fund had invested in the referenced obligation directly. Credit default swaps are subject to general market risk, liquidity risk and credit risk. If the Fund is a buyer and no credit event occurs, it will lose its investment. In addition, the value of the referenced obligation received by the Fund as a seller if a credit event occurs, coupled with the periodic payments previously received, may be less than the full notional value it pays to the buyer, resulting in a loss of value to the Fund.

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3. Reverse Repurchase Agreements

Under a reverse repurchase agreement, the Fund sells securities and agrees to repurchase them at a mutually agreed upon date and price. At the time the Fund enters into a reverse repurchase agreement, it will establish a segregated account with the custodian containing liquid assets having a value at least equal to the repurchase price.

"Due from broker" shown on the statement of assets and liabilities represents the receivable from the respective broker for the reverse repurchase agreement entered into on September 30, 2003.

For the year ended September 30, 2003, the average amount of reverse repurchase agreements outstanding was \$60,189,635 and the daily weighted average annual interest rate was 1.28%.

NOTE D

Capital Stock

There are 300,000,000 shares of \$.01 par value common stock authorized of which 22,540,621 shares were issued and outstanding at September 30, 2003. During the years ended September 30, 2003 and September 30, 2002, the Fund issued 182,814 and 223,517 shares, respectively, in connection with the Fund's dividend reinvestment plan.

NOTE E

Concentration of Risk

Investing in securities of foreign companies and foreign governments involves special risks which include changes in foreign exchange rates and the possibility of future political and economic development which could adversely affect the value of such securities. Moreover, securities of many foreign companies and foreign governments and their markets may be less liquid and their prices more volatile than those of comparable U.S. companies and the United States Government.

The Fund invests in Sovereign Debt Obligations of countries that are considered emerging market countries at the time of purchase. Therefore, the Fund is susceptible to governmental factors and economic and debt restructuring developments adversely affecting the economies of these emerging market countries. In addition, these debt obligations may be less liquid and subject to greater volatility than debt obligations of more developed countries.

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NOTE F

Securities Lending

The Fund has entered into a securities lending agreement with AG Edwards & Sons, Inc. (the "Lending Agent"). Under the terms of the agreement, the Lending Agent, on behalf of the Fund, administers the lending of portfolio securities to certain broker-dealers. In return, the Fund receives fee income from the lending transactions or it retains a portion of interest on the investment of any cash received as collateral. The Fund also continues to receive dividends or interest on the securities loaned. Unrealized gain or loss on the value of the securities loaned that may occur during the term of the loan will be reflected in the accounts of the Fund. All loans are continuously secured by collateral exceeding

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the value of the securities loaned. All collateral consists of either cash or U.S. Government securities. The Lending Agent may invest the cash collateral received in accordance with the investment restrictions of the Fund in one or more of the following investments: U.S. Government or U.S. Government agency obligations, bank obligations, corporate debt obligations, asset-backed securities, structured products, repurchase agreements and an eligible money market fund. The Lending Agent will indemnify the Fund for any loss resulting from a borrower's failure to return a loaned security when due. As of September 30, 2003, the Fund had loaned securities with a value of \$3,420,869 and received cash collateral of \$3,594,750, which was invested in a money market fund as included in the portfolio of investments. For the year ended September 30, 2003, the Fund earned fee income of \$10,189, which is included in interest income in the accompanying statement of operations.

NOTE G

Distributions to Shareholders

The tax character of distributions paid to shareholders during the fiscal years ended September 30, 2003 and September 30, 2002 were as follows:

| | 2003 | 2002 |
|-----------------------------------|-----------------|-----------------|
| | ===== | ===== |
| Distributions paid from: | | |
| Ordinary income | \$ (18,177,141) | \$ (18,835,190) |
| | ----- | ----- |
| Total taxable distributions | (18,177,141) | (18,835,190) |
| Tax return of capital | -0- | (730,704) |
| | ----- | ----- |
| Total distributions paid | (18,177,141) | (19,565,894) |
| | ===== | ===== |

As of September 30, 2004, the components of accumulated earnings/(deficit) on a tax basis were as follows:

| | | |
|--|-------------------|--|
| Undistributed ordinary income | \$ 124,846 | |
| Accumulated capital and other losses | (146,463,599) (a) | |
| Unrealized appreciation/(depreciation) | 23,183,747 (b) | |
| | ----- | |
| Total accumulated earnings/(deficit) | \$ (123,155,006) | |
| | ===== | |

- (a) On September 30, 2003, the Fund had a net capital loss carryforward of \$146,463,599 of which \$57,455,739 expires in the year 2007, \$24,635,181 expires in the year 2008, \$10,899,598 expires in the year 2009, \$33,249,705 expires in 2010 and \$20,223,376 expires in the year 2011. To the extent future capital gains are offset by capital loss carryforwards, such gains will not be distributed.
- (b) The difference between book-basis and tax-basis unrealized appreciation/(depreciation) is attributable primarily to the tax deferral of losses on wash sales and the difference between book and tax amortization methods for premium.

During the current fiscal year, permanent differences, primarily due to the tax treatment of bond premium and the tax character of paydown gains, resulted in a net increase in distributions in excess of net investment income and a decrease in accumulated net realized loss on investment transactions. This reclassification had no effect on net assets.

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FINANCIAL HIGHLIGHTS

Selected Data For A Share Of Common Stock Outstanding Throughout Each Period

| | Year Ended September | | |
|---|----------------------|------------|------------|
| | 2003 | 2002 (a) | 2001 |
| Net asset value, beginning of period | \$ 5.58 | \$ 6.33 | \$ 8.09 |
| Income From Investment Operations | | | |
| Net investment income (b) | .81 | .84 | .98 |
| Net realized and unrealized gain (loss) on investment transactions | 2.10 | (.71) | (1.72) |
| Net increase (decrease) in net asset value from operations | 2.91 | .13 | (.74) |
| Less: Dividends and Distributions | | | |
| Dividends from net investment income | (.81) | (.85) | (.95) |
| Distributions in excess of net investment income . | -0- | -0- | -0- |
| Tax return of capital | -0- | (.03) | (.07) |
| Total dividends and distributions | (.81) | (.88) | (1.02) |
| Net asset value, end of period | \$ 7.68 | \$ 5.58 | \$ 6.33 |
| Market value, end of period | \$ 8.15 | \$ 6.29 | \$ 7.62 |
| Premium/(Discount) | 6.12% | 12.72% | 20.38% |
| Total Return | | | |
| Total investment return based on: (c) | | | |
| Market value | 45.71% | (6.14)% | 3.02% |
| Net asset value | 54.77% | .23% | (10.08) |
| Ratios/Supplemental Data | | | |
| Net assets, end of period (000's omitted) | \$ 173,182 | \$ 124,834 | \$ 140,110 |
| Ratios to average net assets of: | | | |
| Expenses | 1.72% | 2.12% | 2.75% |
| Expenses, excluding interest expense (d) | 1.21% | 1.15% | 1.13% |
| Net investment income | 11.88% | 10.81% | 9.90% |
| Portfolio turnover rate | 80% | 63% | 129% |

(a) As required, effective October 1, 2001, the Fund has adopted the provisions of the AICPA Audit and Accounting Guide, Audits of Investment Companies, and began amortizing premium on debt securities for financial statement reporting purposes only. The effect of this change for the year ended September 30, 2002 was to decrease net investment income per share by \$0.01, decrease net realized and unrealized loss on investment by \$0.01 and decrease the ratio of net investment income to average net assets from 10.91% to 10.81%. Per share, ratios and supplemental data for periods prior to October 1, 2001 have not been restated to reflect this change in presentation.

(b) Based on average shares outstanding.

(c) Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each period reported. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at prices obtained

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under the Fund's dividend reinvestment plan. Generally, total investment return based on net asset value will be higher than total investment return based on market value in periods where there is an increase in the discount or a decrease in the premium of the market value to the net asset value from the beginning to the end of such periods. Conversely, total investment return based on net asset value will be lower than total investment return based on market value in periods where there is a decrease in the discount or an increase in the premium of the market value to the net asset value from the beginning to the end of such periods. Total investment return calculated for a period of less than one year is not annualized.

- (d) Net of interest expense of .51%, .97%, 1.62%, 1.61%, and 1.35%, respectively, on borrowings.

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REPORT OF ERNST & YOUNG LLP
INDEPENDENT AUDITORS

To the Shareholders and Board of Directors of
ACM Managed Dollar Income Fund, Inc.

We have audited the accompanying statement of assets and liabilities of ACM Managed Dollar Income Fund, Inc. (the "Fund"), including the portfolio of investments, as of September 30, 2003, and the related statements of operations and cash flows for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights. Our procedures included confirmation of securities owned as of September 30, 2003, by correspondence with the custodian and others. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of ACM Managed Dollar Income Fund, Inc. at September 30, 2003, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP

New York, New York
November 14, 2003

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Exhibit (a) (1) (i) (A)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use of our reports dated November 22, 2004 and November 14, 2003 on ACM Managed Dollar Income Fund, Inc., which are included in Schedule TO of the Tender Offer Statement under Section 13(e) (4) of the Securities and Exchange Act of 1934 of ACM Managed Dollar Income Fund, Inc.

ERNST & YOUNG LLP

New York, New York

May 12, 2005

Exhibit (a) (1) (ii)

LETTER OF TRANSMITTAL

to Accompany Shares of Common Stock, \$0.01 Par Value

of

ACM MANAGED DOLLAR INCOME FUND, INC.

Tendered Pursuant to the Offer to Purchase Dated May 13, 2005

THE OFFER WILL EXPIRE AT 12:00 MIDNIGHT EASTERN TIME
ON JUNE 10, 2005, UNLESS THE OFFER IS EXTENDED.

Information Agent Telephone Number: (800) 859-8509

Depository Addresses:

By First Class Mail:
EquiServe Trust Company, N.A.
Attn: Corporate Actions
P.O. Box 859208
Braintree, MA 02185-9208

By Registered, Certified Or Express
Mail or Overnight Courier:
EquiServe Trust Company, N.A.
Attn: Corporate Actions
161 Bay State Drive
Braintree, MA 02184

By Hand:
Equiserve
Attn: Corporate Action
17 Battery Place, 11th Fl
New York, NY 10004

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE DOES NOT CONSTITUTE A VALID DELIVERY. THE INSTRUCTIONS ACCOMPANYING THIS LETTER OF TRANSMITTAL SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

This Letter of Transmittal is to be used (a) if you desire to effect the tender transaction yourself, (b) if you intend to request

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 DESCRIPTION OF SHARES TENDERED (See Instructions 3 and 4)

Name(s) and Address(es) of Registered Owner(s) (Attach Add
 (Please Fill in, if Blank, Exactly the Name(s) in Which Shares are Registered)

Share Certifi
 Number(s)

Total Shares....

-
- * If the Shares tendered hereby are in certificate form, the certificates representing such S with this Letter of Transmittal.
 - ** Need not be completed for Book-Entry Shares.
-

your broker, dealer, commercial bank, trust company or other nominee to effect the transaction for you and the Shares are not registered in the name of such broker, dealer, commercial bank, trust company or other nominee, and (c) by a broker, dealer, commercial bank, trust company or other nominee effecting the transaction as a registered owner or on behalf of a registered owner. To accept the Offer in accordance with its terms, a Letter of Transmittal properly completed and bearing original signature(s) and the original of any required signature guarantee(s), any certificates representing Shares tendered, any other documents required by this Letter of Transmittal and a check payable to EquiServe Trust Company, N.A. (the "Depository") in the amount of \$25.00 (the "Processing Fee"), must be mailed or delivered to the Depository at an appropriate address set forth above and must be received by the Depository prior to 12:00 Midnight Eastern Time on June 10, 2005, or such later time and date to which the Offer is extended, unless the tendering party has satisfied the conditions for guaranteed delivery described in Section 4(e) of the Offer to Purchase. Delivery of documents to a book-entry transfer facility does not constitute delivery to the Depository.

THE UNDERSIGNED ALSO TENDERS ALL UNCERTIFICATED SHARES HELD IN THE NAME(S) OF THE UNDERSIGNED BY THE FUND'S TRANSFER AGENT PURSUANT TO THE FUND'S DIVIDEND REINVESTMENT PLAN, IF ANY. CHECK THIS BOX IF THERE ARE ANY SUCH SHARES.

THIS BOX SHOULD BE CHECKED IF, IN ADDITION TO SHARES TENDERED HEREBY, SHARES ARE ALSO CONSTRUCTIVELY OWNED BY THE UNDERSIGNED AS DETERMINED UNDER SECTION 318 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

A SEPARATE LETTER OF TRANSMITTAL MUST BE SUBMITTED BY EACH REGISTERED OWNER OF

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SHARES WHICH ARE CONSIDERED TO BE CONSTRUCTIVELY OWNED BY THE UNDERSIGNED.

The boxes below are to be checked by eligible institutions only.

CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE DEPOSITARY WITH THE DEPOSITARY TRUST COMPANY ("DTC") AND COMPLETE THE FOLLOWING:

NAME OF TENDERING INSTITUTION: _____

DTC PARTICIPANT NUMBER: _____

CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE DEPOSITARY AND COMPLETE THE FOLLOWING:

NAME(S) OF REGISTERED HOLDER(S): _____

WINDOW TICKET NUMBER (IF ANY): _____

DATE OF EXECUTION OF NOTICE OF GUARANTEED DELIVERY: _____

NAME OF ELIGIBLE INSTITUTION WHICH GUARANTEED DELIVERY: _____

DTC PARTICIPANT NUMBER (IF DELIVERED BY BOOK-ENTRY TRANSFER): _____

NOTE: SIGNATURE(S) MUST BE PROVIDED BELOW

PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

Ladies and Gentlemen:

The person(s) signing this Letter of Transmittal (the "Signatory") hereby tender(s) to ACM Managed Dollar Income Fund, Inc., a non-diversified, closed-end management investment company incorporated in Maryland (the "Fund"), the above-described shares of common stock, par value \$0.01 per share (the "Shares"), of the Fund, for purchase by the Fund at a price (the "Purchase Price") equal to the net asset value ("NAV") per Share determined as of the close of the regular trading session of the New York Stock Exchange on June 13, 2005 (or, if the Offer as defined below is extended, on the date after the Expiration Date as defined in the Offer to Purchase) in cash, under the terms and subject to the conditions set forth in the Offer to Purchase dated May 13, 2005, receipt of which is hereby acknowledged, and in this Letter of Transmittal (which Offer to Purchase and Letter of Transmittal together with any amendments or supplements thereto collectively constitute the "Offer").

Subject to, and effective upon, acceptance for payment of, or payment for, Shares tendered herewith in accordance with the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms or conditions of any such extension or amendment), the Signatory hereby sells, assigns and transfers to, or upon the order of, the Fund, all right, title and interest in and to all of the Shares that are being tendered hereby that are purchased pursuant to the Offer, and hereby irrevocably constitutes and appoints EquiServe Trust Company, N.A. (the "Depositary") as attorney-in-fact of the Signatory with respect to such Shares, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to (a) present certificate(s) for such Shares, if any, for cancellation and transfer on the Fund's books and (b) receive all benefits and otherwise exercise all rights of beneficial ownership of such Shares, subject to the next paragraph, all in accordance with the terms and subject to the

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conditions set forth in the Offer.

The Signatory hereby represents and warrants that (a) the Signatory, if a broker, dealer, commercial bank, trust company or other nominee, has obtained the tendering Stockholder's instructions to tender pursuant to the terms and conditions of this Offer in accordance with the letter from the Fund to brokers, dealers, commercial banks, trust companies and other nominees; (b) when and to the extent the Fund accepts the Shares for purchase, the Fund will acquire good, marketable and unencumbered title thereto, free and clear of all security interests, liens, restrictions, charges, encumbrances, conditional sales agreements or other obligations relating to their sale or transfer, and not subject to any adverse claim; (c) on request, the Signatory will execute and deliver any additional documents that the Depositary or the Fund deems necessary or desirable to complete the assignment, transfer and purchase of the Shares tendered hereby; and (d) the Signatory has read and agrees to all of the terms and conditions of the Offer.

The name(s) and address(es) of the registered owner(s) should be printed as on the registration of the Shares. If the Shares tendered hereby are in certificate form, the certificate(s) representing such Shares must be returned together with this Letter of Transmittal.

The Signatory recognizes that, under certain circumstances as set forth in the Offer to Purchase, the Fund may amend, extend or terminate the Offer or may not be required to purchase any of the Shares tendered hereby. In any such event, the Signatory understands that certificate(s) for the Shares not purchased, if any, will be returned to the Signatory at its registered address unless otherwise indicated under the Special Delivery Instructions below. The Signatory recognizes that the Fund has no obligation, pursuant to the Special Payment Instructions set forth below, to transfer any Shares from the name of the registered owner thereof if the Fund purchases none of such Shares.

The Signatory understands that acceptance of Shares by the Fund for payment will constitute a binding agreement between the Signatory and the Fund upon the terms and subject to the conditions of the Offer.

The check for the purchase price of the tendered Shares purchased will be issued to the order of the Signatory and mailed to the address indicated, unless otherwise indicated below in the box titled Special Payment Instructions or the box titled Special Delivery Instructions. The Fund will not pay interest on the purchase price under any circumstances.

All authority herein conferred or agreed to be conferred shall survive the death or incapacity of the Signatory and all obligations of the Signatory hereunder shall be binding upon the heirs, personal representatives, successors and assigns of the Signatory. Except as stated in the Offer, this tender is irrevocable.

Unless otherwise indicated herein under "Special Payment Instructions," please issue the check for the purchase price and/or return any Share certificates not accepted for payment in the name(s) of the registered holder(s) appearing above under "Description of Shares Tendered." Similarly, unless otherwise indicated under "Special Delivery Instructions," please mail the check for the purchase price for any Shares purchased and/or return any Share certificates not accepted for payment (and accompanying documents, as appropriate) to the address(es) of the registered holder(s) appearing under "Description of Shares Tendered." In the event that both the Special Payment Instructions and the Special Delivery Instructions are completed, please issue the check for the purchase price and/or return any Share certificates not

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accepted for payment in the name of, and deliver such check and/or return any such Share certificates to, the person(s) so indicated. The undersigned recognizes that the Fund has no obligation pursuant to the Special Payment Instructions to transfer any Shares from the name of the registered holder thereof if the Fund does not accept for payment any of the Shares tendered hereby.

SPECIAL PAYMENT INSTRUCTIONS
(See Instructions 1, 5, 6 and 7)

To be completed ONLY if any certificate for Shares not purchased, and/or a check for the purchase price of Shares accepted for payment, is to be issued in the name of someone other than the undersigned.

Issue: Check to:
 Certificate(s) to:

Name(s) _____
(Please Print)

Address(es) _____

(Include Zip Code)

(Tax Identification or Social Security Number(s))

SPECIAL PAYMENT INSTRUCTIONS
(See Instructions 1, 5, 6 and 7)

To be completed ONLY if any certificate for Shares not purchased, and/or a check for the purchase price of Shares accepted for payment and issued in the name of the registered owner(s), is to be sent to someone other than the registered owner(s) or to the registered owner(s) at an address other than that shown above.

Issue: Check to:
 Certificate(s) to:

Name(s) _____
(Please Print)

Address(es) _____

(Include Zip Code)

(Tax Identification or Social Security Number(s))

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STOCKHOLDER(S) SIGN HERE
(See Instructions 1 and 5)
(Please See Substitute Form W-9)
(Please Print Except for Signature)

Must be signed by registered owner(s) exactly as Shares are registered. If signature is by an attorney-in-fact, executor, administrator, trustee, guardian, officer of a corporation or another acting in a fiduciary or representative capacity, please set forth the full title. See Instruction 5. Signature guarantees are required in certain circumstances. See Instruction 1. By signing this Letter of Transmittal, you represent that you have read the entire Letter of Transmittal.

(Signature(s) Exactly as Shares Are Registered)

Dated _____, 2005

Name(s) _____

(Please Print Name(s) of Owner(s) Exactly as Shares Are Registered)

(Tax Identification or Social Security Number(s)) _____

Daytime Telephone Number, including Area Code _____

GUARANTEE OF SIGNATURE(S)
(See Instructions 1 and 5)
(Please Print Except for Signature)

Authorized Signature _____

Name _____

Title _____

Name of Firm _____

Address _____

(Include Zip Code)

Telephone Number, including Area Code _____

Dated _____, 2005

INSTRUCTIONS

Forming Part of the Terms and Conditions of the Offer

1. Guarantee of Signatures. No signature guarantee is required on this Letter of Transmittal if (a) this Letter of Transmittal is signed by the registered holder(s) of Shares tendered hereby (including, for purposes of this document, any participant in the book-entry transfer facility of The Depository Trust Company ("DTC") whose name appears on DTC's security position listing as the owner of Shares), unless such holder(s) has completed either the box

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entitled "Special Payment Instructions" or the box entitled "Special Delivery Instructions" included in this Letter of Transmittal, or (b) the Shares are tendered for the account of a firm (an "Eligible Institution") which is a broker, dealer, commercial bank, credit union, savings association or other entity which is a member in good standing of a stock transfer association's approved medallion program (such as STAMP, SEMP or MSP). In all other cases, all signatures on this Letter of Transmittal must be guaranteed by an Eligible Institution. See Instruction 5.

2. Delivery of Letter of Transmittal and Certificates. This Letter of Transmittal is to be used (a) if Shares are to be forwarded herewith, (b) if uncertificated Shares held by the Fund's transfer agent pursuant to the Fund's Dividend Reinvestment Plan are to be tendered, or (c) if tenders are to be made by book-entry transfer to the account maintained by the Depository pursuant to the procedure set forth in Section 4 of the Offer to Purchase.

THE METHOD OF DELIVERY OF ANY DOCUMENTS, INCLUDING SHARE CERTIFICATES, THIS LETTER OF TRANSMITTAL, AND ALL OTHER REQUIRED DOCUMENTS, INCLUDING DELIVERY THROUGH ANY BOOK-ENTRY TRANSFER FACILITY IS AT THE OPTION AND SOLE RISK OF THE TENDERING STOCKHOLDER. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE TIMELY DELIVERY.

Delivery will be deemed made only when actually received by the Depository. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. Stockholders have the responsibility to cause their Shares (in proper certificated or uncertificated form), this Letter of Transmittal properly completed and bearing original signature(s) and the original of any required signature guarantee(s) and any other documents required by this Letter of Transmittal and the Processing Fee to be timely delivered in accordance with the Offer.

The Fund will not accept any alternative, conditional or contingent tenders. All tendering Stockholders, brokers, dealers, commercial banks, trust companies and other nominees, by execution of this Letter of Transmittal, waive any right to receive any notice of the acceptance of their tender.

3. Inadequate Space. If the space provided in any of the boxes to be completed is inadequate, the necessary information should be listed on a separate schedule signed by all of the required signatories and attached hereto.

4. Tender of All Shares Held by the Stockholder. A Stockholder wishing to accept the Offer must tender, or cause the tender of, all Shares owned by the Stockholder and all Shares attributed to the Stockholder for federal income tax purposes under Section 318 of the Internal Revenue Code of 1986, as amended, as of the date of purchase of Shares pursuant to the Offer. Stockholders should consult their tax advisors as to the application of the constructive ownership rules of Section 318. If more than 1,135,385 Shares are duly tendered prior to the expiration of the Offer (and not timely withdrawn), the Fund will purchase Shares from tendering Stockholders, in accordance with the terms and subject to the conditions specified in the Offer to Purchase, on a pro rata basis (disregarding fractions) in accordance with the number of Shares duly tendered by each Stockholder during the period the Offer is open (and not timely withdrawn), unless the Fund determines not to purchase any Shares. Certificates representing Shares tendered but not purchased will be returned promptly following the termination, expiration or withdrawal of the Offer, without further expense to the tendering Stockholder.

5. Signatures on Letter of Transmittal, Authorizations and Endorsements.

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If this Letter of Transmittal is signed by the registered holder(s) of the Shares tendered hereby, the signature(s) must correspond with the name(s) as written on the face of the certificate(s) for the Shares tendered without alteration, enlargement or any change whatsoever.

If any of the Shares tendered hereby are owned of record by two or more joint owners, all such owners must sign this Letter of Transmittal.

If any of the tendered Shares are registered in different names (including Shares attributed to the tendering Stockholder for Federal income tax purposes under Section 318 of the Code) on several certificates, it is necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations.

If this Letter of Transmittal or any certificate for Shares tendered or stock powers relating to Shares tendered are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and proper evidence satisfactory to the Fund of their authority so to act must be submitted.

If this Letter of Transmittal is signed by the registered holder(s) of the Shares transmitted hereby, no endorsements of certificates or separate stock powers are required unless payment is to be made to, or certificates for Shares not purchased are to be issued in the name of, a person other than the registered holder(s). Signatures on such certificates or stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal is signed by a person other than the registered holder(s) of the certificate(s) listed thereon, the certificate(s) must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear(s) on the certificate(s) for the Shares involved. Signatures on such certificates or stock powers must be guaranteed by an Eligible Institution.

6. Transfer Taxes. The Fund will pay any transfer taxes payable on the transfer to it of Shares purchased pursuant to the Offer, provided, however, that if (a) payment of the Purchase Price is to be made to, or (in the circumstances permitted by the Offer) unpurchased Shares are to be registered in the name(s) of, any person(s) other than the registered owner(s), or (b) if any tendered certificate(s) are registered, or the Shares tendered are otherwise held, in the name(s) of any person(s) other than the registered owner, the amount of any transfer taxes (whether imposed on the registered owner(s) or such other person(s)) payable on account of the transfer to such person(s) will be deducted from the Purchase Price unless satisfactory evidence of the payment of such taxes, or exemption therefrom, is submitted herewith.

7. Special Payment and Delivery Instructions. If certificate(s) for unpurchased Shares and/or check(s) are to be issued in the name of a person other than the registered owner(s) or if such certificate(s) and/or check(s) are to be sent to someone other than the registered owner(s) or to the registered owner(s) at a different address, the captioned boxes "Special Payment Instructions" and/or "Special Delivery Instructions" in this Letter of Transmittal must be completed.

8. Determinations of Validity. All questions as to the validity, form, eligibility (including time of receipt) and acceptance of tenders will be determined by the Fund, in its sole discretion, which determination shall be final and binding. The Fund reserves the absolute right to reject any or all tenders determined not to be in appropriate form or to refuse to accept for payment, purchase or pay for, any Shares if, in the opinion of the Fund's counsel, accepting, purchasing or paying for such Shares would be unlawful. The

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Fund also reserves the absolute right to waive any of the conditions of the Offer or any defect in any tender, whether generally or with respect to any particular Share(s) or Stockholder(s). The Fund's interpretations of the terms and conditions of the Offer (including these instructions) shall be final and binding.

NEITHER THE FUND, ITS BOARD OF DIRECTORS, THE INVESTMENT ADVISER, THE DEPOSITARY NOR ANY OTHER PERSON IS OR WILL BE OBLIGATED TO GIVE ANY NOTICE OF ANY DEFECT OR IRREGULARITY IN ANY TENDER, AND NONE OF THEM WILL INCUR ANY LIABILITY FOR FAILURE TO GIVE ANY SUCH NOTICE.

9. Questions and Requests for Assistance and Additional Copies. Questions and requests for assistance or requests for additional copies of the Offer to Purchase and this Letter of Transmittal may be directed to the Information Agent at the mailing address provided in the Offer to Purchase or by telephoning (800) 859-8509. Stockholders who do not own Shares directly may also obtain such information and copies from their broker, dealer, commercial bank, trust company or other nominee. Stockholders who do not own Shares directly are required to tender their Shares through their broker, dealer, commercial bank, trust company or other nominee and should NOT submit this Letter of Transmittal to the Depositary.

10. Restriction on Short Sales. Section 14(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 14e-4 promulgated thereunder, make it unlawful for any person, acting alone or in concert with others, to tender Shares in a partial tender offer for such person's own account unless at the time of tender, and at the time the Shares are accepted for payment, the person tendering has a "net long position" equal to or greater than the amount tendered in (a) Shares, and will deliver or cause to be delivered such Shares for the purpose of tender to the person making the Offer within the period specified in the Offer, or (b) an equivalent security and, upon acceptance of his or her tender, will acquire Shares by conversion, exchange, or exercise of such equivalent security to the extent required by the terms of the Offer, and will deliver or cause to be delivered the Shares so acquired for the purpose of tender to the Fund prior to or on the Expiration Date. Section 14(e) and Rule 14e-4 provide a similar restriction applicable to the tender or guarantee of a tender on behalf of another person.

The acceptance of Shares by the Fund for payment will constitute a binding agreement between the tendering Stockholder and the Fund upon the terms and subject to the conditions of the Offer, including the tendering Stockholder's representation that the Stockholder has a "net long position" in the Shares being tendered within the meaning of Rule 14e-4 and that the tender of such Shares complies with Rule 14e-4.

11. Backup Withholding Tax. Under the U.S. federal income tax laws, the Depositary may be required to withhold 28% of the amount of any payment made to certain holders pursuant to the Offer. In order to avoid such backup withholding tax, each tendering U.S. Stockholder who has not already submitted a correct, completed and signed Form W-9 or Substitute Form W-9 to the Fund should provide the Depositary with the Stockholder's correct taxpayer identification number ("TIN") by completing a Substitute Form W-9, a copy of which is included in this Letter of Transmittal. In general, if a U.S. Stockholder is an individual, the TIN is the individual's Social Security number. If the Depositary is not provided with the correct TIN, the U.S. Stockholder may be subject to a penalty imposed by the Internal Revenue Service. Certain U.S. Stockholders (including, among others, all U.S. corporations) are not subject to these backup withholding and reporting requirements, but should nonetheless complete a Substitute Form W-9 to avoid the possible erroneous imposition of a backup withholding tax.

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In order for a non-U.S. Stockholder to avoid the 28% backup withholding tax, the non-U.S. Stockholder must submit a statement to the Depositary signed under penalties of perjury attesting as to its non-U.S. status. A copy of Form W-8BEN and Form W-8IMY and instructions for completing those forms are enclosed for such Stockholders.

Backup withholding tax is not an additional federal income tax. Rather, the federal income tax liability of a person subject to backup withholding tax will be reduced by the amount of tax withheld. If backup withholding results in an overpayment of taxes, the Stockholder may claim a refund from the Internal Revenue Service. All Stockholders are urged to consult their own tax advisors as to the specific tax consequences to them of the Offer.

The tax information set forth above is included for general information only and may not be applicable to the situations of certain taxpayers.

* * *

IMPORTANT: THIS LETTER OF TRANSMITTAL PROPERLY COMPLETED AND BEARING ORIGINAL SIGNATURE(S) AND THE ORIGINAL OF ANY REQUIRED SIGNATURE GUARANTEE(S), SHARES (IN PROPER CERTIFICATED OR UNCERTIFICATED FORM) AND OTHER REQUIRED DOCUMENTS AND THE PROCESSING FEE MUST BE RECEIVED BY THE DEPOSITARY, OR A PROPERLY COMPLETED AND DULY EXECUTED NOTICE OF GUARANTEED DELIVERY MUST BE RECEIVED BY THE DEPOSITARY PRIOR TO THE EXPIRATION OF THE OFFER.

Exhibit (a) (1) (iv)

Notice of Guaranteed Delivery
Regarding the Offer by

ACM MANAGED DOLLAR INCOME FUND, INC.

To Purchase for Cash 1,135,385 of Its Issued and Outstanding
Shares at Net Asset Value Per Share

This form must be used to accept the Offer (as defined below) if a Stockholder's certificates for Shares are not immediately available or if time will not permit the Letter of Transmittal and other required documents to reach the Depositary on or before the Expiration Date. Each term used in this form that is not otherwise defined herein shall have the meaning specified in the Offer to Purchase dated May 13, 2005. This form must be signed by the Stockholder and sent to the Depositary by hand, overnight courier, mail or facsimile at the appropriate address or facsimile number set forth below. Tenders using this form may be made only by or through an Eligible Institution as defined in Section 4(b) of the Offer to Purchase.

Depositary Addresses:

By First Class Mail:

EquiServe Trust Company, N.A.
Attn: Corporate Actions
P.O. Box 859208
Braintree, MA 02185-9208

By Registered, Certified Or Express
Mail Or Overnight Courier:

EquiServe Trust Company, N.A.

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Attn: Corporate Actions
161 Bay State Drive
Braintree, MA 02184

By Hand:

Equiserve
Attn: Corporate Actions

17 Battery Place, 11th Floor
New York, NY 10004

By Facsimile (for Eligible Institutions Only):

EquiServe Trust Company, N.A.
(781) 380-3388

Depository Telephone Number to Confirm Receipt of Notices:
(781) 843-1833, Ext. 200

DELIVERY OF THIS INSTRUMENT
OTHER THAN AS SET FORTH ABOVE DOES NOT
CONSTITUTE VALID DELIVERY.

Ladies and Gentlemen:

The undersigned hereby tenders to ACM Managed Dollar Income Fund, Inc. (the "Fund"), upon the terms and subject to the conditions set forth in its Offer to Purchase dated May 13, 2005 and the related Letter of Transmittal (which together with any amendments or supplements thereto collectively constitute the "Offer"), receipt of which are hereby acknowledged, (i) the number of Shares specified below pursuant to the guaranteed delivery procedures set forth in Section 4(e) of the Offer to Purchase and (ii) all Shares held in the name(s) of the registered holder(s) by the Fund's transfer agent pursuant to the Fund's Dividend Reinvestment Plan.

(Please Print Except for Signature(s))

Number of Shares Tendered:_____

Certificate Nos. (if available):_____

If Shares will be tendered by book-entry transfer to The Depository Trust Company, please check box:

DTC Participant Number:_____

Name(s) of Record Holder(s):_____

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Address:_____

Telephone Number, including Area Code:_____

If the undersigned is the beneficial owner of the Shares being tendered, the undersigned hereby represents and warrants that all Shares owned by the undersigned as of the date of purchase of Shares by the Fund pursuant to the Offer and all Shares attributed to the undersigned for Federal income tax purposes as of such date under Section 318 of the Internal Revenue Code of 1986, as amended, have been or will be tendered pursuant to the Offer.

Dated: _____, 2005

Individuals:_____

Signature(s)_____

Entity

Name of Firm

Authorized Signature

Name:

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Title:

GUARANTEE

The undersigned, an Eligible Institution as defined in Section 4(b) of the Offer to Purchase, hereby, with respect to the Shares tendered hereby pursuant to the guaranteed delivery procedures set forth in Section 4(e) of the Offer to Purchase: (a) represents that the person(s) named on the previous page "own(s)" such Shares within the meaning of Rule 14e-4 under the Securities Exchange Act of 1934, as amended; (b) represents that the tender of such Shares complies with Rule 14e-4; and (c) guarantees to deliver to the Depository certificates representing such Shares, in proper form for transfer (or to tender Shares pursuant to the procedure for book-entry transfer into the Depository's account at The Depository Trust Company if so specified on the foregoing page), together with a properly completed and duly executed Letter of Transmittal with any required signature guarantees, any other required documents, and the \$25.00 Processing Fee payable to EquiServe Trust Company, N.A. prior to 5:00 P.M. Eastern Time on the second New York Stock Exchange trading day after the date of execution of this Guarantee.

(Please Print Except for Signature)

Name of Firm: _____

Authorized Signature: _____

Name: _____

Title _____

Address: _____

(Include Zip Code)

Telephone Number, including Area Code: _____

Dated: _____, 2005

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Account Number: _____

Name(s) and Tax Identification or Social Security Number(s) of Beneficial Owner(s):

Address: _____

Telephone Number(s) including Area Code(s): _____

(Signature of beneficial owner)

(Signature of additional beneficial owner, if any)

Dated: _____, 2005

Exhibit (a) (1) (v)

Form of Letter to Brokers, Dealers,
Commercial Banks, Trust Companies and Other Nominees
Regarding the Offer by

ACM MANAGED DOLLAR INCOME FUND, INC.

To Purchase for Cash 1,135,385 of its Issued and Outstanding
Shares at Net Asset Value Per Share

To Brokers, Dealers, Commercial Banks,
Trust Companies and Other Nominees:

Pursuant to your request, we are enclosing the material listed below relating to the offer by ACM Managed Dollar Income Fund, Inc. (the "Fund") to purchase 1,135,385 of its issued and outstanding shares of common stock, par value \$0.01 per share (the "Shares"), for cash at a price equal to their net asset value ("NAV") determined as of the close of the regular trading session of the New York Stock Exchange ("NYSE") on June 13, 2005 upon the terms and subject to the conditions set forth in the Offer to Purchase dated May 13, 2005 and the related Letter of Transmittal (which together with any amendments or supplements thereto collectively constitute the "Offer"). THE OFFER EXPIRES AT 12:00 MIDNIGHT EASTERN TIME ON JUNE 10, 2005, UNLESS EXTENDED (THE "EXPIRATION DATE"). If the Offer is extended beyond June 10, 2005, the purchase price for Shares will be their NAV determined as of the close of the regular trading session of

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the NYSE on the date after the new Expiration Date.

The following documents are enclosed:

- (1) Offer to Purchase dated May 13, 2005;
- (2) Letter of Transmittal to be used to tender all Shares;
- (3) Notice of Guaranteed Delivery; and
- (4) Form of Letter to Clients, which may be sent upon request for information by your clients for whose account you hold shares registered in your name (or in the name of your nominee).

No fees or commissions will be payable to brokers, dealers or other persons for soliciting tenders of Shares pursuant to the Offer. The Fund will pay all transfer taxes on its purchase of Shares, subject to Instruction 6 of the Letter of Transmittal. Backup withholding tax at a 28% rate may be required unless an exemption is proved or unless the required taxpayer identification information is or has previously been provided to the Fund or the Depository. Certain withholdings may also apply with respect to payments to non-U.S. Stockholders. See Instruction 11 of the Letter of Transmittal.

The Offer is not being made to (nor will tenders be accepted from or on behalf of) Stockholders in any jurisdiction in which the making of the Offer or the acceptance thereof would not be in compliance with the laws of such jurisdiction. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of the Fund by one or more registered brokers or dealers licensed under the laws of that jurisdiction.

If a client instructs you by telephone to tender Shares, please record the telephone conversation (in accordance with applicable law) and ask the client to affirm that all Shares owned by such client as of the date of purchase of Shares pursuant to the Offer and all Shares attributed to such client for Federal income tax purposes as of such date under Section 318 of the Internal Revenue Code of 1986, as amended, have been or will be tendered pursuant to the Offer.

Additional copies of the enclosed material may be obtained from D.F. King & Co., Inc., the Information Agent, in the manner indicated in the Offer to Purchase. Any questions you have with respect to the Offer should be directed to the Information Agent, at (800) 859-8509.

Very truly yours,

ACM MANAGED DOLLAR INCOME FUND, INC.

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY OTHER PERSON AS THE AGENT OF EITHER THE FUND OR THE DEPOSITARY OR AUTHORIZE YOU OR ANY OTHER PERSON TO MAKE ANY STATEMENTS WITH RESPECT TO THE OFFER, OTHER THAN THE STATEMENTS SPECIFICALLY SET FORTH IN THE OFFER TO PURCHASE AND THE LETTER OF TRANSMITTAL, OR TO DISTRIBUTE ANY MATERIAL WITH RESPECT TO THE OFFER OTHER THAN AS SPECIFICALLY AUTHORIZED HEREIN.

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Exhibit (a) (1) (vi)

Form of Letter to Clients of Brokers, Dealers,
Commercial Banks, Trust Companies and Other Nominees
Regarding the Offer by

ACM MANAGED DOLLAR INCOME FUND, INC.

To Purchase for Cash 1,135,385 of Its Issued and Outstanding
Shares at Net Asset Value Per Share

To Our Clients:

Pursuant to your request, enclosed for your consideration are the Offer to Purchase dated May 13, 2005 of ACM Managed Dollar Income Fund, Inc. (the "Fund") and the related Letter of Transmittal pursuant to which the Fund is offering to purchase 1,135,385 shares of its issued and outstanding common stock, par value \$0.01 per share (the "Shares"), for cash at a price equal to their net asset value ("NAV") determined as of the close of the regular trading session of the New York Stock Exchange ("NYSE") on June 13, 2005, upon the terms and subject to the conditions set forth in the Offer to Purchase dated May 13, 2005 and the related Letter of Transmittal (which together with any amendments or supplements thereto collectively constitute the "Offer"). THE OFFER EXPIRES AT 12:00 MIDNIGHT EASTERN TIME ON JUNE 10, 2005, UNLESS EXTENDED (THE "EXPIRATION DATE"). If the Offer is extended beyond June 10, 2005, the purchase price for Shares will be their NAV determined as of the close of the regular trading session of the NYSE on the date after the new Expiration Date, as extended.

The Offer is being made to fulfill an undertaking made in connection with the initial public offering of the Shares. Information regarding this undertaking, as well as information regarding possible future tender offers by the Fund, is set forth in the Offer to Purchase.

The Offer to Purchase and the Letter of Transmittal are being forwarded to you as the beneficial owner of Shares held by us for your account but not registered in your name. We are sending you the Letter of Transmittal for your information only; you cannot use it to tender Shares we hold for your account. A tender of such Shares can be made only by us as the holder of record and only pursuant to your instructions.

Your attention is called to the following:

1. Unless extended, the Offer expires at 12:00 Midnight Eastern Time on June 10, 2005 and withdrawal rights expire at 5:00 P.M. Eastern Time on June 14, 2005.
2. The Offer is subject to certain conditions set forth in the Offer to Purchase. Under certain circumstances, the Fund will not be required to accept for payment, purchase or pay for any Shares tendered, and the Fund may also amend, extend or terminate the Offer.
3. A Stockholder wishing to accept the Offer must tender, or cause the tender of, all Shares owned by the Stockholder and all Shares attributed to the Stockholder for federal income tax purposes under Section 318 of the Internal Revenue Code of 1986, as amended, as of the date of purchase of Shares pursuant to the Offer. Stockholders should consult their tax advisors as to the application of the constructive ownership rules of Section 318.
4. If more than 1,135,385 Shares are duly tendered (and not timely withdrawn), the Fund will purchase Shares from tendering

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Stockholders, in accordance with the terms and subject to the conditions specified in the Offer to Purchase, on a pro rata basis (disregarding fractions) in accordance with the number of Shares duly tendered by each Stockholder during the period the Offer is open and not timely withdrawn), unless the Fund determines not to purchase any Shares.

5. Each tendering stockholder is required to submit a check in the amount of \$25.00 payable to EquiServe Trust Company, N.A. (the "Depository") as a processing fee to help defray the cost associated with effecting to Offer. A broker, dealer, commercial bank, trust company or other nominee may also charge a fee for processing transactions on behalf of a Stockholder. Tendering Stockholders are not obligated to pay brokerage commissions or, subject to Instruction 6 of the Letter of Transmittal, transfer taxes on the purchase of Shares of the Fund pursuant to the Offer.

IF YOU WISH TO HAVE US TENDER YOUR SHARES, PLEASE SO INSTRUCT US BY COMPLETING, EXECUTING AND RETURNING TO US THE INSTRUCTION FORM ON THE REVERSE SIDE HEREOF. YOUR INSTRUCTIONS SHOULD BE FORWARDED TO US IN AMPLE TIME TO PERMIT US TO SUBMIT A TENDER ON YOUR BEHALF ON OR BEFORE THE EXPIRATION OF THE OFFER. THE OFFER EXPIRES AT 12:00 MIDNIGHT EASTERN TIME ON JUNE 10, 2005, UNLESS EXTENDED.

The Offer is not being made to (nor will tenders be accepted from or on behalf of) holders of Shares in any jurisdiction in which the Offer or its acceptance would violate the laws of such jurisdiction. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of the Fund by one or more registered brokers or dealers licensed under the laws of that jurisdiction.

Very truly yours,

ACM MANAGED DOLLAR INCOME FUND, INC.

Instructions Regarding the Offer by

ACM MANAGED DOLLAR INCOME FUND, INC.

To Purchase for Cash 1,135,385 of Its Issued and Outstanding
Shares at Net Asset Value Per Share

THIS FORM IS NOT TO BE USED TO TENDER SHARES DIRECTLY TO THE DEPOSITARY. IT SHOULD BE SENT TO YOUR BROKER, DEALER, COMMERCIAL BANK, TRUST COMPANY OR OTHER NOMINEE IF THAT FIRM IS THE HOLDER OF RECORD OF YOUR SHARES AND WILL BE EFFECTING THE TENDER ON YOUR BEHALF.

DO NOT COMPLETE THIS FORM IF YOU HAVE DECIDED NOT TO TENDER YOUR SHARES.

The undersigned acknowledge(s) receipt of your letter and the accompanying Offer to Purchase dated May 13, 2005 and the related Letter of Transmittal (which together with any amendments or supplements thereto collectively constitute the "Offer") in connection with the Offer by ACM Managed Dollar Income Fund, Inc. (the "Fund") to purchase 1,135,385 shares of its issued and

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outstanding common stock, par value \$0.01 per share (the "Shares"), at the net asset value per Share as of the close of the regular trading session of the New York Stock Exchange on the date after the Expiration Date (as defined in the Offer to Purchase), on the terms and subject to the conditions of the Offer.

The undersigned hereby instructs you to tender to the Fund all Shares that are held by you for the account of the undersigned, including all uncertificated Shares that may be held for the account of the undersigned by the Fund's transfer agent pursuant to the Fund's Dividend Reinvestment Plan, upon the terms and subject to the conditions of the Offer.

The undersigned hereby represents and warrants that: (i) all Shares owned by the undersigned as of the date of purchase of Shares pursuant to the Offer and all Shares attributed to the undersigned for Federal income tax purposes as of such date under Section 318 of the Internal Revenue Code of 1986, as amended, have been or will be tendered pursuant to the Offer; (ii) the undersigned has a "net long position" in such Shares within the meaning of Rule 14e-4 promulgated under the Securities Exchange Act of 1934, as amended; and (iii) the tender of such Shares complies with Rule 14e-4.

(Please Print Except for Signature(s))

Account Number: _____

Name(s) and Tax Identification or Social Security Number(s) of Beneficial Owner(s):

Address: _____

Telephone Number(s) including Area Code(s): _____

(Signature of beneficial owner) (Signature of additional beneficial owner, if any)

Dated: _____, 2005

Exhibit (a) (1) (vii)

Form of Letter to Stockholders Who Have Requested Information Regarding the Offer by

ACM MANAGED DOLLAR INCOME FUND, INC.

To Purchase for Cash 1,135,385 of Its Issued and Outstanding Shares at Net Asset Value Per Share

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Dear Stockholder:

Pursuant to your request, enclosed for your consideration are the Offer to Purchase dated May 13, 2005 of ACM Managed Dollar Income Fund, Inc. (the "Fund") and the related Letter of Transmittal pursuant to which the Fund is offering to purchase 1,135,385 shares of its issued and outstanding common stock, par value \$0.01 per share (the "Shares"), for cash at a price equal to their net asset value ("NAV") determined as of the close of the regular trading session of the New York Stock Exchange ("NYSE") on June 13, 2005, upon the terms and subject to the conditions set forth in the Offer to Purchase dated May 13, 2005 and the related Letter of Transmittal (which together with any amendments or supplements thereto collectively constitute the "Offer"). THE OFFER EXPIRES AT 12:00 MIDNIGHT EASTERN TIME ON JUNE 10, 2005, UNLESS EXTENDED (THE "EXPIRATION DATE"). If the Offer is extended beyond June 10, 2005, the purchase price for Shares will be their NAV determined as of the close of the regular trading session of the NYSE on the date after the new Expiration Date, as extended.

Neither the Fund nor its Board of Directors nor Alliance Capital Management L.P. (the Fund's investment adviser) is making any recommendation to any holder of Shares as to whether to tender Shares. Each Stockholder is urged to consult the Stockholder's own investment and tax advisors before deciding whether to tender Shares. If, after considering the Offer to Purchase and Letter of Transmittal, you wish to tender your Shares pursuant to the Offer, if you are the record owner of Shares, you should follow the instructions contained in the Offer to Purchase and Letter of Transmittal, and, if the Shares are held of record in the name of a broker, dealer, commercial bank, trust company or other nominee, you should contact that firm to effect the tender for you.

Your attention is called to the following:

1. Unless extended, the Offer expires at 12:00 Midnight Eastern Time on June 10, 2005 and withdrawal rights expire at 5:00 P.M. Eastern Time on June 14, 2005.
2. The Offer is subject to certain conditions set forth in the Offer to Purchase. Under certain circumstances, the Fund will not be required to accept for payment, purchase or pay for any Shares tendered, and the Fund may also amend, extend or terminate the Offer.
3. A Stockholder wishing to accept the Offer must tender, or cause the tender of, all Shares owned by the Stockholder and all Shares attributed to the Stockholder for federal income tax purposes under Section 318 of the Internal Revenue Code of 1986, as amended, as of the date of purchase of Shares pursuant to the Offer. Stockholders should consult their tax advisors as to the application of the constructive ownership rules of Section 318.
4. If more than 1,135,385 Shares are duly tendered (and not timely withdrawn), the Fund will purchase Shares from tendering Stockholders, in accordance with the terms and subject to the conditions specified in the Offer to Purchase, on a pro rata basis (disregarding fractions) in accordance with the number of Shares duly tendered by each Stockholder during the period the Offer is open (and not timely withdrawn), unless the Fund determines not to purchase any Shares.
5. Each tendering stockholder is required to submit a check in the amount of \$25.00 payable to EquiServe Trust Company, N.A. (the "Depository") as a processing fee to help defray the cost associated with effecting to Offer. A broker, dealer, commercial bank, trust company or other nominee may also charge a fee for processing

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transactions on behalf of a Stockholder. Tendering Stockholders are not obligated to pay brokerage commissions or, subject to Instruction 6 of the Letter of Transmittal, transfer taxes on the purchase of Shares by the Fund pursuant to the Offer.

The Offer is not being made to (nor will tenders be accepted from or on behalf of) holders of Shares in any jurisdiction in which the Offer or its acceptance would violate the laws of such jurisdiction. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of the Fund by one or more registered brokers or dealers licensed under the laws of that jurisdiction.

Should you have any other questions concerning the enclosed material, please contact your broker, dealer, commercial bank, trust company or other nominee, or call the Information Agent at the number indicated in the Offer to Purchase.

Very truly yours,

ACM MANAGED DOLLAR INCOME FUND, INC.

Exhibit (a) (5) (i)

This announcement is not an offer to purchase or a solicitation of an offer to sell Shares (as defined below). The Offer (as defined below) is made only by the Offer to Purchase dated May 13, 2005 and the related Letter of Transmittal and is not being made to (nor will tenders be accepted from or on behalf of) holders of Shares in any jurisdiction in which making or accepting the Offer would violate that jurisdiction's laws. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of the Fund (as defined below) by one or more registered brokers or dealers licensed under that jurisdiction's laws.

ACM MANAGED DOLLAR INCOME FUND, INC.

1345 Avenue of the Americas
New York, New York 10105

Notice of Offer to Purchase for Cash 1,135,385 of Its
Issued and Outstanding Shares of Common Stock at Net Asset Value Per Share

THE OFFER WILL EXPIRE AT 12:00 MIDNIGHT
EASTERN TIME ON JUNE 10, 2005, UNLESS THE OFFER IS EXTENDED.

ACM Managed Dollar Income Fund, Inc., a Maryland corporation (the "Fund"), is offering to purchase for cash, upon the terms and subject to the conditions set forth in the Offer to Purchase dated May 13, 2005 and the related Letter of Transmittal (which, together with any amendments or supplements thereto, collectively constitute the "Offer") 1,135,385 of its issued and outstanding shares of Common Stock, par value \$0.01 per share ("Shares") at a price equal to

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the net asset value ("NAV") per Share determined as of the close of the regular trading session of the New York Stock Exchange (the "NYSE") on June 13, 2005, or, if the Offer is extended by the Board of Directors of the Fund, on the date after the date to which the Offer is extended. The Offer will expire at 12:00 Midnight Eastern Time on June 10, 2005, unless extended. An extension would be communicated by issuance of a press release or other public announcement. The NAV as of the close of the regular trading session of the NYSE on May 11, 2005 was \$7.87 per Share. The purpose of the Offer is to fulfill an undertaking made by the Fund in connection with the initial public offering of Shares. The Offer is not conditioned upon stockholders tendering in the aggregate any minimum number of Shares.

If more than 1,135,385 Shares are duly tendered prior to the expiration of the Offer, including any extension (and not timely withdrawn), unless the Fund determines not to purchase any Shares, the Fund will purchase 1,135,385 Shares on a pro rata basis (disregarding fractions) in accordance with the number of Shares tendered by or on behalf of each stockholder during the period the Offer is open (and not timely withdrawn). The Fund does not contemplate extending the Offer and increasing the number of Shares covered thereby by reason of more than 1,135,385 Shares having been tendered. The acceptance of tendered Shares for payment and purchase will be by action of the Fund's Board of Directors with notice thereof to the Depositary. The Fund will deposit the aggregate purchase price with the Depositary, which will make payment to stockholders in accordance with the Offer. For taxable stockholders, the sale of Shares pursuant to the Offer will be a taxable transaction for federal income tax purposes and may also be a taxable transaction under applicable state, local and foreign tax laws.

Stockholders may tender Shares registered in their names only by completing a Letter of Transmittal and submitting it and any other documents required by the Letter of Transmittal in proper form to the Depositary at the appropriate address set forth in the Offer before the Offer expires, including any extension. Stockholders whose Shares are held by a broker, dealer, commercial bank, trust company or other nominee (e.g., in "street name") can only tender their Shares by directing that firm to properly complete, compile and deliver the necessary documents on a timely basis to the Depositary. Shares tendered pursuant to the Offer may be withdrawn by written or facsimile notice received by the Depositary at the appropriate address at any time prior to 5:00 p.m. Eastern Time on June 14, 2005 (or, if the Offer is extended, prior to that time on the second day on which the NYSE is open for trading after the new expiration date), and, if Shares tendered have not been accepted for payment by the Fund, the Shares may also be withdrawn at any time after July 11, 2005. The notice is to specify the name of the stockholder who tendered the Shares, the number of Shares being withdrawn (which must be all of the Shares tendered) and, as regards Share certificates which represent tendered Shares that have been delivered or otherwise identified to the Depositary, the name of the registered owner(s) of such Shares if different than the person who tendered the Shares.

The information required to be disclosed by paragraph (d)(1) of Rule 13e-4 under the Securities Exchange Act of 1934, as amended, is contained in the Offer to Purchase and is incorporated herein by reference.

The Offer to Purchase and the related Letter of Transmittal contain important information that should be read carefully before any decision is made with respect to the Offer.

Each stockholder tendering Shares is required to submit a check in the amount of \$25.00 payable to EquiServe Trust Company, N.A. which will help defray the costs associated with effecting the Offer.

Requests for copies of the Offer to Purchase, the related Letter of Transmittal and any other tender offer documents should be directed to the Information Agent at the Information Agent's address or telephone number below

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between the hours of 9:00 a.m. and 8:00 p.m. Eastern Time, Monday through Friday (except holidays). Copies of these documents will be furnished promptly to stockholders upon request at no expense to them. Stockholders who do not own Shares directly may also obtain such documents from the broker, dealer, commercial bank, trust company or other nominee that holds their Shares. Questions and requests for assistance and for current NAV quotations may be directed to the Information Agent at the Information Agent's address and telephone number below, also between the hours of 9:00 a.m. and 8:00 p.m. Eastern Time, Monday through Friday (except holidays).

Information Agent:

D.F.King & Co., Inc.

48 Wall Street

New York, New York 10005

Banks and Brokers Call Collect:

(212) 269-5550

All Others Call Toll-Free: (800) 859-8509

Depositary:

EquiServe Trust Company, N.A.

Attn: Corporate Actions

P.O. Box 859208

Braintree, Massachusetts 02185-9208

Telephone Number: (800) 219-4218

May 13, 2005