

ALLIANCE WORLD DOLLAR GOVERNMENT FUND II INC  
Form N-14 8C  
September 22, 2006

N-14 8C as filed with the Securities and Exchange Commission on September 22, 2006

Securities Act File No. 333-[\_\_\_\_\_]   
Investment Company Act File No. 811-07732

-----  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
-----

FORM N-14

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933  
Pre-Effective Amendment No. [\_\_]  
Post-Effective Amendment No. [\_\_]  
(Check appropriate box or boxes)

-----  
Alliance World Dollar Government Fund II, Inc.  
(Exact Name of Registrant as Specified in Charter)

(800) 221-5672  
(Area Code and Telephone Number)

1345 Avenue of the Americas, New York, New York 10105  
(Address of Principal Executive Office) (Zip Code)

-----  
EMILIE D. WRAPP  
AllianceBernstein L.P.  
1345 Avenue of the Americas  
New York, New York 10105  
(Name and Address of Agent for Service)

Copies of communications to:  
Kathleen K. Clarke  
Seward & Kissel LLP  
1200 G Street, N.W.  
Washington, D.C. 20005

-----  
Approximate Date Of Proposed Public Offering:  
As soon as practicable after the Registration Statement  
becomes effective under the Securities Act of 1933.  
-----

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933:

Proposed                      Proposed

Edgar Filing: ALLIANCE WORLD DOLLAR GOVERNMENT FUND II INC - Form N-14 8C

Title of Securities Being Registered	Amount Being Registered(1)	Maximum Offering Price per Unit(1)	Maximum Aggregate Offering Price(1)	Amount of Registration Fee(2)
Common Stock (\$0.01 par value)	8,897,497	\$12.97	\$115,400,536	\$12,348

- 
1. Estimated solely for the purpose of calculating the filing fee in accordance with Rule 457(f) under the Securities Act of 1933, as amended.
  2. Paid by wire to the SEC's account at Mellon Bank in Pittsburgh, Pennsylvania in payment of the required registration fee due in connection with this registration statement.

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

ALLIANCE WORLD DOLLAR GOVERNMENT FUND II, INC.

CONTENTS OF FORM N-14 REGISTRATION STATEMENT

This Registration Statement contains the following papers and documents:

- o Cover Sheet
- o Contents of Registration Statement
- o Form N-14 Cross Reference Sheet
- o Letter to Stockholders
- o Notice of Special Meetings of Stockholders
- o Part A - Proxy Statement/Prospectus
- o Part B - Statement of Additional Information
- o Part C - Other Information
- o Signatures
- o Exhibits

CROSS REFERENCE SHEET

ITEM NO.

PROXY/PROSPECTUS

-----

-----

## Edgar Filing: ALLIANCE WORLD DOLLAR GOVERNMENT FUND II INC - Form N-14 8C

### Part A

1. Beginning of Registration Statement and Outside Front Cover Page of Prospectus	Cover Page/Questions & Answers
2. Beginning of Outside Back Cover Page of Prospectus	Questions & Answers
3. Fee Table, Synopsis Information and Risk Factors	Summary, Appendix A
4. Information about the Transaction	Letter to Stockholders, Questions and Answers, Summary, Information About the Proposed Transaction
5. Information about the Registrant	Letter to Stockholders, Questions and Answers, Summary, Information About the Funds
6. Information about the Company Being Acquired	Letter to Stockholders, Questions and Answers, Summary, Information About the Funds
7. Voting Information	Voting Information
8. Interest of Certain Persons and Experts	Experts
9. Additional Information Required for Reoffering by Persons Deemed to be Underwriters	Not Applicable

### Part B

10. Cover Page	Cover Page
11. Table of Contents	Table of Contents
12. Additional Information About the Registrant	SAI
13. Additional Information about the Company being Acquired	SAI
14. Financial Statements	Incorporated by Reference to the SAI
15-17.	Information required to be included in Part C is set forth under the appropriate item, so numbered, in Part C of this Registration Statement.

Edgar Filing: ALLIANCE WORLD DOLLAR GOVERNMENT FUND II INC - Form N-14 8C

[LOGO]

ALLIANCE WORLD DOLLAR GOVERNMENT FUND, INC.

1345 Avenue of the Americas  
New York, New York 10105

Dear Stockholders:

The Board of Directors (the "Directors") of Alliance World Dollar Government Fund, Inc. ("AWDGF") is pleased to invite you to a Special Meeting of Stockholders of AWDGF (the "Meeting") to be held on Tuesday, December 12, 2006. At this Meeting, we are asking you to approve the acquisition of the assets and the assumption of the liabilities of AWDGF by Alliance World Dollar Government Fund II, Inc. ("AWDGF II") and the dissolution of AWDGF. (AWDGF and AWDGF II are each a "Fund" and collectively, the "Funds"). The proposed acquisition is described in more detail in the attached Prospectus/Proxy Statement.

AWDGF II is much larger than AWDGF, with a similar investment objective and slightly broader investment policies. We anticipate that the proposed acquisition will result in benefits to the stockholders of AWDGF as more fully discussed in the Prospectus/Proxy Statement.

The Directors of AWDGF have given careful consideration to the proposed acquisition and have concluded that the acquisition is in the best interests of AWDGF and its stockholders. The Directors recommend that you vote "for" the proposed acquisition of AWDGF by AWDGF II.

If the acquisition of AWDGF by AWDGF II is approved by stockholders of AWDGF, each AWDGF stockholder will receive shares of AWDGF II having an aggregate net asset value ("NAV") equal to the aggregate NAV of the stockholder's shares in AWDGF. AWDGF would then cease operations. You will not be assessed any sales charges or other fees in connection with the proposed acquisition.

We welcome your attendance at the Meeting. If you are unable to attend, we encourage you to authorize proxies to cast your vote. The Altman Group, Inc. (the "Proxy Solicitor"), a proxy solicitation firm, has been selected to assist in the proxy solicitation process. If we have not received your proxy as the date of the Meeting approaches, you may receive a telephone call from the Proxy Solicitor to remind you to submit your proxy. No matter how many shares you own, your vote is important.

Sincerely,

Marc O. Mayer  
President  
October [\_\_\_], 2006

[LOGO]

ALLIANCE WORLD DOLLAR GOVERNMENT FUND, INC.

1345 Avenue of the Americas  
New York, New York 10105  
Toll Free (800) 221-5672

NOTICE OF A SPECIAL MEETING OF SHAREHOLDERS  
SCHEDULED FOR DECEMBER 12, 2006

To the stockholders of Alliance World Dollar Government Fund, Inc. ("AWDGF"), a

Edgar Filing: ALLIANCE WORLD DOLLAR GOVERNMENT FUND II INC - Form N-14 8C

Maryland corporation:

Notice is hereby given that a Special Meeting of the Stockholders of AWDGF (the "Meeting") will be held at 1345 Avenue of the Americas, [ ] Floor, New York, New York 10105 on Tuesday, December 12, 2006, at 11:30 a.m., Eastern Time, to consider and vote on the following Proposal, which is more fully described in the accompanying Prospectus/Proxy Statement dated October [ ], 2006:

1. To approve an Agreement and Plan of Acquisition and Liquidation (the "Plan") among AWDGF, Alliance World Dollar Government Fund II, Inc. ("AWDGF II"), a Maryland corporation, and AllianceBernstein L.P. providing for the acquisition by AWDGF II of all of the assets and assumption of all of the liabilities of AWDGF in exchange for shares of AWDGF II. A vote in favor of this Proposal by the stockholders of AWDGF also will constitute a vote in favor of the dissolution of AWDGF and termination of its registration under the Investment Company Act of 1940, as amended.
2. To transact any other business that may properly come before the Meeting and any adjournments or postponements thereof.

Any stockholder of record of AWDGF at the close of business on October 13, 2006 (the "Record Date") is entitled to notice of, and to vote at, the Meeting or any adjournments or postponements thereof. Proxies are being solicited on behalf of the Board of Directors. Each stockholder who does not expect to attend the Meeting in person is requested to complete, date, sign and promptly return the enclosed Proxy Card, or to submit voting instructions by telephone at [ ] as described on the enclosed Proxy Card.

By Order of the Board of Directors,

Marc O. Mayer  
President

New York, New York  
[ ], 2006

YOUR VOTE IS IMPORTANT

Please indicate your voting instructions on the enclosed Proxy Card, sign and date it, and return it in the envelope provided, which needs no postage if mailed in the United States. You may by telephone authorize a proxy to cast your votes. To do so, please follow the instructions on the enclosed Proxy Card. Your vote is very important no matter how many shares you own. In order to save any additional costs of further proxy solicitation and to allow the Meeting to be held as scheduled, please complete, date, sign and return your Proxy Card promptly.

AllianceBernstein(R) and the AB Logo are registered trademarks and service marks used by permission of the owner AllianceBernstein L.P.

PROSPECTUS/PROXY STATEMENT

Acquisition of the Assets and Assumption of the Liabilities of

ALLIANCE WORLD DOLLAR GOVERNMENT FUND, INC.

By, and in Exchange for Shares of,

ALLIANCE WORLD DOLLAR GOVERNMENT FUND II, INC.

[\_\_\_\_\_], 2006

TABLE OF CONTENTS

Questions and Answers.....

Proposal - Approval of an Agreement and Plan of Acquisition and Liquidation  
among AWDGF II, AWDGF and the Adviser.....

Summary.....

    Comparison of Total Expense Ratios.....

    Comparison of Investment Advisory Fees.....

    Comparison of Investment Objectives and Policies.....

    Principal Risks.....

    Federal Income Tax Consequences.....

    Service Providers.....

    Comparison of Stockholder Services.....

    Comparison of Business Structures.....

Information about the Proposed Transaction.....

    Introduction.....

    Description of the Plan.....

    Reasons for the Acquisition.....

    Description of Securities to be Issued.....

    Dividend and Other Distributions.....

    Surrender and Exchange of AWDGF Stock Certificates.....

    Federal Income Tax Consequences.....

    Capitalization Information.....

    Trading History and Share Price Data.....

Information about the Funds.....

    Management of the Funds.....

    Advisory Agreement and Fees.....

    Administrator.....

    Other Service Providers.....

Voting Information.....

Legal Matters.....

Experts

Financial Highlights.....

Appendix A - Fee Table.....

Appendix B - Comparison of Investment Objectives and Policies.....

Appendix C - Description of Principal Risks of the Funds.....

Appendix D - Other Information.....

Appendix E - Form of Agreement and Plan of Acquisition and Liquidation among  
Alliance World Dollar Government Fund II, Inc., Alliance  
World Dollar Government, Inc. and AllianceBernstein L.P.....

Appendix F - Capitalization.....

Appendix G - Trading History and Share Price Data.....

Appendix H - Legal Proceedings.....

Appendix I - Share Ownership Information.....

Appendix J - Financial Highlights.....

QUESTIONS AND ANSWERS

The following questions and answers provide an overview of key features of the proposed acquisition and of the information contained in this Prospectus/Proxy Statement. Please review the full Prospectus/Proxy Statement prior to casting your vote.

1. What is this document and why did we send it to you?

This is a combined Prospectus/Proxy Statement that provides you with information about the proposed acquisition (the "Acquisition") of the assets and liabilities of Alliance World Dollar Government Fund, Inc. ("AWDGF") by Alliance

## Edgar Filing: ALLIANCE WORLD DOLLAR GOVERNMENT FUND II INC - Form N-14 8C

World Dollar Government Fund II, Inc. ("AWDGF II") and the subsequent dissolution of AWDGF. (AWDGF II and AWDGF are each a "Fund" and collectively, the "Funds"). This document also solicits your vote on the Acquisition by requesting that you approve the Agreement and Plan of Acquisition and Liquidation dated as of September 20, 2006, among AWDGF II, AWDGF and AllianceBernstein L.P. (the "Adviser") (the "Plan").

On September 13, 2006, the Directors approved and declared advisable the Acquisition of AWDGF by AWDGF II and the subsequent dissolution of AWDGF and directed that the Acquisition and dissolution be submitted to the stockholders for approval at a Special Meeting of Stockholders to be held on December 12, 2006 (the "Meeting"). Each stockholder of record of AWDGF as of the close of business on the record date has the right under applicable legal and regulatory requirements to vote on the Acquisition and dissolution. The Acquisition will not occur unless it is approved by AWDGF stockholders. This Prospectus/Proxy Statement contains the information you should know before voting on the proposed Acquisition.

You may contact a Fund at 1-800-221-5672 or write to a Fund at 1345 Avenue of the Americas, New York, NY 10105.

### 2. Who is eligible to vote on the Acquisition?

Stockholders of record at the close of business on October 13, 2006 (the "Record Date") are entitled to notice of and to vote at the Meeting or any adjournment or postponement of the Meeting. If you owned shares of AWDGF on the Record Date, you have the right to vote even if you later sold your shares.

Each share is entitled to one vote. Shares represented by properly executed proxies, unless revoked before or at the Meeting, will be voted according to stockholders' instructions. If you sign and return a Proxy Card but do not fill in a vote, your shares will be voted "FOR" the Acquisition. If any other business properly comes before the Meeting, your shares will be voted at the discretion of the persons named as proxies.

### 3. How will the Acquisition work?

The Plan provides for (i) the transfer of all of the assets of AWDGF to AWDGF II, (ii) the assumption by AWDGF II of all of the liabilities of AWDGF and the subsequent redemption of shares of AWDGF, (iii) the liquidating distribution to AWDGF stockholders of shares of AWDGF II, equal in aggregate net asset value ("NAV") to the NAV of their former AWDGF shares and (iv) the dissolution of AWDGF.

As a result of the Acquisition, stockholders of AWDGF will no longer hold shares of AWDGF, and instead, will become stockholders of AWDGF II having the same aggregate NAV as the shares of AWDGF that they held immediately before the Acquisition. Please note that AWDGF stockholders who do not participate in AWDGF's Dividend Reinvestment Plan will receive cash in lieu of fractional shares. You will not be assessed any sales charges or other fees in connection with the proposed Acquisition. The Acquisition will not occur unless it is approved by the stockholders of AWDGF.

### 4. Why is the Acquisition being proposed?

Based on the recommendation of the Adviser, the Board of Directors of AWDGF (the "Board") concluded that participation by AWDGF in the proposed Acquisition is in the best interests of AWDGF and its stockholders. The Board also concluded that the proposed Acquisition would not dilute stockholders' interests. In reaching this conclusion, the Board considered, among other things, the Funds' similar investment objectives and investment policies, expense benefits for stockholders of AWDGF expected to result from the Acquisition, the investment

## Edgar Filing: ALLIANCE WORLD DOLLAR GOVERNMENT FUND II INC - Form N-14 8C

performance and trading history of the Funds, the costs of the Acquisition, and the tax-free nature of the Acquisition.

5. When will the Acquisition take place?

If the stockholders of AWDGF approve the Acquisition on [\_\_\_\_], 2006, the Acquisition is expected to take place in the first quarter of 2007.

6. Where May I Find Additional Information Regarding the Funds?

Additional information about the Funds is available in the Statement of Additional Information ("SAI") dated [\_\_\_\_], 2006 that has been filed with the SEC in connection with this Prospectus/Proxy Statement. The SAI and each Fund's Annual Report to Stockholders, which contain audited financial statements for the Funds' respective fiscal years, are incorporated by reference into this Prospectus/Proxy Statement. In addition, the Semi-Annual Report for AWDGF for the six months ended April 30, 2006 and the Semi-Annual Report for AWDGF II for the six months ended March 31, 2006 are also incorporated by reference into this Prospectus/Proxy Statement.

All of this information is filed with the SEC. You may view or obtain these documents from the SEC:

In person: at the SEC's Public Reference Room in Washington, D.C.

By phone: 202-551-8090 (for information on the operations of the Public Reference Room only)

By mail: Public Reference Section, Securities and Exchange Commission, Washington, DC 20549-0102 (duplicating fee required)

By electronic mail: [publicinfo@sec.gov](mailto:publicinfo@sec.gov) (duplicating fee required)

On the Internet: [www.sec.gov](http://www.sec.gov)

The shares of the Funds are listed and publicly traded on the New York Stock Exchange ("NYSE") under the following symbols: AWDGF - "AWG" and AWDGF II - "AWF." Reports, proxy statements and other information concerning the Funds may be inspected at the offices of the NYSE. Additional copies of the annual and semi-annual reports, as well as the Prospectuses and SAI, are available upon request without charge by writing to or calling the address and telephone number listed below.

By Mail: AllianceBernstein Investor Services, Inc.  
P.O. Box 786003  
San Antonio, TX 78278-6003

By Phone: For Information: (800) 221-5672  
For Literature: (800) 227-4618

Other Important Things to Note:

- o You may lose money by investing in the Fund.
- o The SEC has not approved or disapproved these securities or passed upon the adequacy of this Prospectus/Proxy Statement. Any representation to the contrary is a criminal offense.

PROPOSAL



## Edgar Filing: ALLIANCE WORLD DOLLAR GOVERNMENT FUND II INC - Form N-14 8C

### APPROVAL OF AN AGREEMENT AND PLAN OF ACQUISITION AND LIQUIDATION AMONG AWDGF II, AWDGF AND THE ADVISER

On September 13, 2006, the Board of Directors of AWDGF declared advisable and voted to approve the Plan and the Acquisition, subject to the approval of the stockholders of AWDGF. The Plan provides for (i) the transfer of all of the assets of AWDGF to AWDGF II, (ii) the assumption by AWDGF II of all of the liabilities of AWDGF, (iii) the liquidating distribution to AWDGF stockholders of shares of AWDGF II, equal in aggregate net asset value ("NAV") to the NAV of their former AWDGF shares and (iv) the dissolution of AWDGF.

Each AWDGF stockholder will receive the number of full shares of AWDGF II, plus fractional shares for stockholders that participate in a Dividend Reinvestment and Cash Purchase Plan ("DRIP") and cash in lieu of any fractional shares for non-DRIP participating stockholders, having an aggregate NAV that is equal to the aggregate NAV of the stockholder's shares of AWDGF. Stockholders of AWDGF will recognize no gain or loss, except with respect to any cash received in lieu of fractional AWDGF II shares by non-DRIP participating stockholders. If approved by stockholders of AWDGF, the Acquisition is expected to occur in the first quarter of 2007.

An exchange of AWDGF shares for AWDGF II shares at NAV may result in AWDGF stockholders' receiving AWDGF II shares with an aggregate market value on the date of exchange that is higher or lower than the market value of their shares immediately prior to the exchange. The reason for this difference is that the market price for shares of the Funds in relation to their NAVs may be different, i.e., a Fund's shares may trade at different discounts or premiums to its NAV.

The stockholders of AWDGF must approve the Acquisition for it to occur. Approval of the Acquisition requires the affirmative vote of the holders of a majority of the votes entitled to be cast. The Acquisition does not require approval of the stockholder of AWDGF II.

A quorum for the transaction of business by stockholders of AWDGF at the Meeting will consist of the presence in person or by proxy of the holders of a majority of the shares of AWDGF entitled to vote at the Meeting.

The Board of Directors of AWDGF concluded that participation by the Fund in the proposed Acquisition is in the best interests of the Fund and its stockholders. The Board also concluded that the proposed Acquisition would not dilute stockholders' interests. In reaching this conclusion, the Board considered, among other things, the similar investment strategies of the Funds, the expense benefits for the stockholders expected to result from the Acquisition, the cost thereof, and the tax-free nature of the Acquisition.

For a more complete discussion of the factors considered by the Board in approving the Acquisition, see "Reasons for the Acquisition" in Information About the Proposed Transaction.

#### SUMMARY

The following summary highlights differences between the Funds. This summary is not complete and does not contain all of the information that you should consider before voting on the Acquisition. For more complete information, please read this entire document. Note that certain information is presented as of March 31, 2006. At the September 13, 2006 Special Board Meeting referred to below, the Adviser represented to the Board that, if the information was updated, it would not differ in any material respect.

#### Comparison of Total Expense Ratios

AWDGF, because of its small asset size, has higher operating costs and

## Edgar Filing: ALLIANCE WORLD DOLLAR GOVERNMENT FUND II INC - Form N-14 8C

therefore a higher expense ratio. The Acquisition is expected to result in an expense ratio for the combined Fund that is lower than the current expense ratio of AWDGF. The current and estimated combined Fund expense ratios, before interest expense, as of March 31, 2006, are set forth below:

	Total Annual Expense Ratio (as of March 31, 2006)	Projected Total Annual Expense Ratio Reduction
AWDGF	1.36%	.34%
AWDGF II	1.03%	.01%
Combined Fund	1.02% (pro forma)	-

As the table indicates, the Acquisition would benefit AWDGF stockholders through a sizeable reduction in expenses before interest expense. The Fee Table, attached hereto as Appendix A, describes the fees and expenses of each Fund as of March 31, 2006 and includes expenses for the combined Fund on a pro forma basis assuming that the Acquisition is approved by stockholders of AWDGF.

### Comparison of Investment Advisory Fees

Since October 1, 2005, the advisory fee rates for each of AWDGF and AWDGF II are identical. The advisory fee rates for the Funds are as follows:

	Advisory Fee Rates
AWDGF	.90%
AWDGF II	.90%*
Combined Fund	.90%

\* The effective advisory fee rate for AWDGF II, as of March 31, 2006, was .95%, which is a blended rate because prior to October 1, 2005, the Fund paid the Adviser an advisory fee at an annual rate of 1.00%.

### Comparison of Investment Objectives and Policies

The Funds' investment objectives and strategies are similar but AWDGF II has a somewhat broader strategy that allows for investments of up to 20% of its assets in corporate fixed-income securities. The following table shows the Funds' investment objectives and certain principal investment strategies.

	AWDGF	AWDGF II
Investment Objective:	AWDGF's investment objective is to seek high current income by investing exclusively in fixed income securities denominated in U.S. dollars.	AWDGF II's primary investment objective is to seek high current income. Its secondary investment objective is capital appreciation.
Principal Investment Strategies:	o Under normal circumstances, the Fund invests at least 80% of its net assets in U.S.	o The Fund invests, under normal circumstances, at least 80% of its total assets

- dollar-denominated debt obligations issued or guaranteed by foreign governments and zero coupon obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities, including participation 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 ("Sovereign Debt Obligations").
- o Under normal circumstances, the Fund invests at least 75% of its total assets in (i) Sovereign Debt Obligations and (ii) Zero Coupon Obligations.
- o Substantially all of the Fund's assets are invested in high yield, high risk (i.e., below investment grade) debt securities.
- in U.S. dollar-denominated debt securities issued or guaranteed by foreign governments, including Sovereign Debt Obligations.
- o The Fund may invest up to 20% of its total assets in U.S. corporate fixed income securities.
- o Substantially all of the Fund's assets are invested in high yield, high risk (i.e., below investment grade) debt securities.

-----

As the table above shows, each Fund invests a majority of its assets in Sovereign Debt Obligations. In addition, the Funds are subject to similar investment strategies and have the same portfolio management team. However, as noted above, AWDGF II may invest up to 20% of its total assets in U.S. corporate fixed income securities whereas AWDGF normally does not invest in corporate fixed-income securities. A more detailed comparison of the investment strategies and policies of the Funds is provided in Appendix B. You can find additional information on the Funds in the SAI.

At its Meeting on September 13, 2006, the Board of Directors of AWDGF II approved a change in AWDGF II's investment policies to allow it to invest in non-U.S. Dollar-denominated debt securities as well as U.S. Dollar-denominated debt securities. Under the policies approved by the Board, AWDGF II would also be able to invest without limit in emerging market and developed market Government securities as well as in debt securities of U.S. and non-U.S. corporate issuers. The Adviser expects that these broader guidelines will allow the combined Fund access to broader investment opportunities over time. The combined Fund will continue to invest a substantial portion of its assets in high yield, below investment grade securities. In connection with these policy changes, the Board approved a change in AWDGF II's name to AllianceBernstein Global High Income Fund, Inc.

The contemplated policy changes are dependent on AWDGF II's stockholders approving the elimination of a fundamental policy that requires AWDGF II to invest at least 65% of its assets in U.S. Dollar-denominated Sovereign Debt Obligations. The 65% limitation policy would not permit the combined Fund to invest, without limit, in non-U.S. Dollar-denominated debt securities. The

Acquisition is not contingent on AWDGF II's stockholders approving the elimination of this fundamental policy. If the proposal is not approved by its stockholders, AWDGF II's investment guidelines will be expanded only with respect to 35% of its assets. The Board believes that AWDGF stockholders should benefit over time from the broadened investment mandate of AWDGF II, regardless of whether the elimination of the fundamental policy is approved by AWDGF II's stockholders. However, AWDGF stockholders should recognize that AWDGF II's broader investment universe, both now and as it is proposed to be further broadened, involves greater risk than that of AWDGF.

In connection with the Acquisition, at the Board meeting held on September 13, 2006, the Board of Directors of AWDGF approved adoption of a new policy, upon approval of the Acquisition, that AWDGF may invest up to 20% of its net assets in corporate fixed income securities, which include debt securities, convertible securities and preferred stocks of corporate issuers. In addition to the adoption of that policy, the Board of Directors also granted the Adviser the authority to operate AWDGF pursuant to the same investment policies and restrictions that govern AWDGF II. Each of the foregoing changes is subject to AWDGF stockholders approving the Acquisition.

The intent of these changes is to allow the repositioning of AWDGF's portfolio to align it with the broader investment strategies of AWDGF II prior to the effective date of the Acquisition. The costs of the portfolio repositioning are expected to be approximately \$75,000. Upon the recommendation of the Adviser, the Board determined that it would be appropriate for AWDGF to pay the costs of the portfolio repositioning because AWDGF's stockholders would derive the greatest benefits from the Acquisition.

#### Principal Risks

Each Fund is subject to market risk, interest rate risk, foreign risk, emerging markets risk, and currency risk. A description of each of these and other risks is provided in Appendix C.

#### Federal Income Tax Consequences

No gain or loss will be recognized by the AWDGF stockholders except with respect to cash received in lieu of fractional shares of AWDGF II by non-DRIP stockholders, as a result of the Acquisition. The aggregate tax basis of the shares of AWDGF II received by a stockholder of AWDGF (including any fractional shares to which the stockholder may be entitled) will be the same as the aggregate tax basis of the stockholder's shares of AWDGF, decreased by any cash received and increased by any gain recognized with respect to cash received in lieu of fractional shares by non-DRIP stockholders. The holding period of the shares of AWDGF II received by a stockholder of AWDGF (including any fractional shares to which the stockholder may be entitled) will include the holding period of the shares of AWDGF held by the stockholder, provided that such shares are held as capital assets by the stockholder of AWDGF at the time of the Acquisition. The holding period and tax basis of each asset of AWDGF in the hands of AWDGF II as a result of the Acquisition will be the same as the holding period and tax basis of each such asset in the hands of AWDGF prior to the Acquisition. Any gain or loss realized by a stockholder of AWDGF upon receipt of cash in lieu of fractional shares of AWDGF II by non-DRIP stockholders will be recognized by the stockholder and measured by the difference between the amount of cash received and the basis of the fractional share and, provided that the AWDGF shares surrendered constitute capital assets in the hands of the stockholder, will be capital gain or loss. This tax information is based on the advice of Seward & Kissel LLP, counsel to each of the Fund. It is a condition to the closing of the Acquisition that such advice be confirmed in a written opinion of counsel. An opinion of counsel is not binding on the Internal Revenue Service.

## Edgar Filing: ALLIANCE WORLD DOLLAR GOVERNMENT FUND II INC - Form N-14 8C

AWDGF has realized capital gains and capital loss carryforwards, which would partially offset these gains leaving no capital loss carryforwards that would be transferred in the Acquisition. AWDGF will make a distribution to stockholders prior to the closing of the Acquisition. The per share amount of capital loss carryforwards of AWDGF II before the Acquisition, as of March 31, 2006, was \$1.15 per share and, after giving effect to the Acquisition as if it occurred on such date, the per share amount of capital loss carryforwards of the combined Fund will be \$1.02 per share. The decrease in per share amount is due to the spreading of losses remaining available over the merged share base based on the estimated share conversion ratio. AWDGF's stockholders would potentially benefit from the increased amount of losses available, but, as a practical matter, we do not believe that this will affect AWDGF's stockholders since we do not expect the redeployment of the combined Fund's assets or its continuing investments to result in substantial capital gains.

### Service Providers

The Funds have the same service providers, which will continue in their capacity after the Acquisition.

### Comparison of Stockholder Services

The stockholder services of each Fund are generally the same. The DRIP, which is available to the Funds' stockholders, provides automatic reinvestment of dividends and capital gain distributions in additional Fund shares. The DRIP also allows stockholders to make optional cash investments in Fund shares through a plan agent. Assuming the Acquisition is approved, the DRIP stockholders of AWDGF will automatically be enrolled in the DRIP for AWDGF II. A more detailed discussion of the DRIP and other stockholder services and procedures is provided in Appendix D.

### Comparison of Business Structures

Each Fund is organized as a Maryland corporation and is governed by its Charter, Bylaws and Maryland law. Generally, there are no significant differences between the Funds in terms of their respective corporate organizational structure. For more information on the comparison of the business structure of the Funds, see Appendix D.

## INFORMATION ABOUT THE PROPOSED TRANSACTION

### Introduction

This Prospectus/Proxy Statement is provided to you to solicit your proxy for exercise at the Meeting to approve the acquisition of the assets and assumption of the liabilities of AWDGF by AWDGF II and the subsequent liquidation and dissolution of AWDGF. The Meeting will be held at 1345 Avenue of the Americas, [\_\_\_] Floor, New York, New York 10105 at 11:30 a.m., Eastern Time, on December 12, 2006. This Prospectus/Proxy Statement, the accompanying Notice of the Special Meeting of Stockholders and the enclosed Proxy Card are being mailed to stockholders of AWDGF on or about October [\_\_\_], 2006.

### Description of the Plan

As provided in the Plan, AWDGF II will acquire all the assets and assume all the liabilities of AWDGF at the effective time of the Acquisition (the "Effective Time"). In return, AWDGF II will issue, and AWDGF will distribute to its stockholders, a number of full and fractional shares of AWDGF II (and cash in lieu of fractional shares for non-DRIP stockholders), determined by dividing the net value of all the assets of AWDGF by the NAV of one share of AWDGF II. For this purpose, the Plan provides the times for and methods of determining the

net value of the assets of each Fund. The Plan provides that stockholders of AWDGF will be credited with shares of AWDGF II (or cash in lieu of fractional shares for non-DRIP stockholders) corresponding to the aggregate NAV of the AWDGF's shares that the stockholder holds of record at the Effective Time.

Following the distribution of shares of AWDGF II in full liquidation of AWDGF, AWDGF will wind up its affairs, and liquidate and dissolve as soon as is reasonably practicable after the Acquisition. In the event the Acquisition does not receive the required stockholder approval, AWDGF will continue its operations and its Directors will consider what future action, if any, is appropriate.

The projected expenses of the Acquisition, largely those for legal, accounting, printing and proxy solicitation expenses, are estimated to total approximately \$[\_\_\_\_\_] and will be borne by AWDGF.

The Acquisition is expected to occur in the first quarter of 2007. The Acquisition is conditioned upon approval of the Plan by AWDGF stockholders and AWDGF satisfying the terms of the Plan. Under applicable legal and regulatory requirements, none of AWDGF's stockholders will be entitled to exercise objecting stockholders' appraisal rights, i.e., to demand the fair value of their shares in connection with the Acquisition. Therefore, stockholders will be bound by the terms of the Acquisition under the Plan. However, any stockholder of AWDGF may sell shares of the Fund's common stock on the NYSE prior to the Acquisition. The shares of AWDGF may cease trading on the NYSE beginning several days prior to the date of the Acquisition. Any cessation of trading will be accomplished in compliance with NYSE rules, including issuance of a press release.

After the Acquisition, AWDGF's shares of common stock will be removed from listing on the NYSE. In addition, AWDGF's shares of common stock will be withdrawn from registration under the Securities Exchange Act of 1934 and AWDGF will deregister as an investment company under the Investment Company Act of 1940, as amended (the "1940 Act") and will dissolve under Maryland law.

Completion of the Acquisition is subject to certain conditions set forth in the Plan, some of which may be waived by a party to the Plan. The Plan may be amended in any mutually agreed manner, except that no amendment may be made subsequent to stockholder approval of the Acquisition that materially alters the obligations of either party. The parties to the Plan may terminate the Plan by mutual consent and either party has the right to terminate the Plan under certain circumstances. Among other circumstances, either party may at any time terminate the Plan unilaterally upon a determination by the party's Board of Directors that proceeding with the Plan is not in the best interests of the Fund or its stockholders.

A copy of a form of the Plan is attached as Appendix E.

#### Reasons for the Acquisition

At the Special Meeting of the Board of Directors of AWDGF held on September 13, 2006, the Adviser recommended that the Board of Directors approve and recommend to the Fund's stockholders for their approval the proposed Plan and the Acquisition. The Directors considered the factors discussed below from the point of view of the interests of the Fund and its stockholders. After careful consideration, the Board of Directors (including all Directors who are not "interested persons" of the Fund, the Adviser or its affiliates) determined that the Acquisition would be in the best interests of the Fund's stockholders and that the interests of existing stockholders of the Fund would not be diluted as a result of the Acquisition. The Directors approved the Plan and the Acquisition and recommended that the stockholders of AWDGF vote in favor of the Acquisition by approving the Plan.

The Adviser presented the following reasons in favor of the Acquisition:

- o The Funds date back to 1992-93, when they were launched in close succession. AWDGF's current assets are, as of March 31, 2006, \$129 million. AWDGF II's current assets are, as of March 31, 2006, \$984 million. AWDGF II was modeled after AWDGF and has similar investment objectives, with a somewhat broader strategy that allows for investments in corporate fixed-income securities.
- o The Adviser discussed with the Board that it believes that the Acquisition of AWDGF, which is a smaller fund with higher operating expenses, by its larger counterpart, AWDGF II, would benefit the Fund and its stockholders. AWDGF and AWDGF II have similar investment strategies of primarily investing in U.S. Dollar-denominated Sovereign Debt Obligations. The Adviser believes that AWDGF's stockholders would benefit from the somewhat broader strategy of AWDGF II because it may also invest in corporate securities. The Adviser believes that this benefit would be augmented by virtue of the policy changes that it recommended to, and were approved by, the Board, which would permit AWDGF II to also invest in non-U.S. Dollar-denominated debt securities.
- o The Adviser discussed that, historically, there has been some disparity between the Funds' respective performances at NAV, with AWDGF II generally outperforming AWDGF. The Adviser believes that these disparities are primarily due to AWDGF II's ability to invest in corporate debt and its lower expenses. As of July 31, 2006, AWDGF II's cumulative return for year-to-date, and average annual total returns for 1, 3, 5 and 10 years outperformed AWDGF's returns for the same periods. The five-year annualized return, for example, was .81% higher for AWDGF II. On a calendar year basis, AWDGF II outperformed AWDGF in seven of the last ten years.

At the meeting, the Directors (with the advice and assistance of independent counsel) also considered, among other things.

- o potential stockholder benefits including (i) the fact that total expenses before interest expense of the combined Fund would be significantly lower than the current expenses before interest expense of AWDGF and (ii) the potential for AWDGF's stockholders to benefit from increased earnings of the combined Fund due to the higher earnings of AWDGF II, and (iii) the redeployment of AWDGF's portfolio immediately prior to the Acquisition to take advantage of AWDGF II's ability to invest in corporate debt securities;
- o the current asset levels of AWDGF and the combined pro forma asset levels of AWDGF II;
- o the historical investment performance of the Funds, including the fact that AWDGF II's investment performance over time has been better than that of AWDGF;
- o the similar investment objectives and principal investment strategies of the Funds, as well as the fact that AWDGF II may also invest in corporate fixed income securities and the proposed change to AWDGF II's fundamental and non-fundamental investment policies discussed above;
- o the distribution and trading history of the two Funds, including the fact that the trading price of AWDGF II's common stock compared to its net asset value has, over time and currently, been somewhat more

## Edgar Filing: ALLIANCE WORLD DOLLAR GOVERNMENT FUND II INC - Form N-14 8C

favorable than that of AWDGF (trading price information for the two Funds is provided in Appendix G);

- o the amount and type of leverage used by the two Funds;
- o the tender offer/repurchase policies of the two Funds, which are very similar; and
- o the portfolio management team, which is the same for AWDGF and AWDGF II, and will continue to manage the combined portfolios after the Acquisition.

The Directors also considered, among other things:

- o the historical and pro forma tax attributes of AWDGF, including that AWDGF has realized gains and no loss carryforwards and that AWDGF II has sizeable capital loss carryforwards, although the availability of these capital loss carry forwards in the combined Fund may not be meaningful because it is not expected that the redeployment of the Fund's assets or its continuing investments would result in substantial capital gains;
- o the form of the Plan and the terms and conditions of the Acquisition;
- o the fact that the Funds have identical advisory fees;
- o whether the Acquisition would result in the dilution of stockholders' interests;
- o the number of stockholder accounts and average account sizes of the Funds;
- o changes in service providers that would result from the Acquisition;
- o the fact that realignment of the investment holdings of AWDGF before the effective date of the Acquisition is anticipated and associated costs would be borne by AWDGF;
- o the benefits of the Acquisition to persons other than AWDGF and its stockholders, in particular, the Adviser, which will benefit from the elimination of monitoring and administering AWDGF, a relatively small fund that is duplicative of its substantially similar and larger counterpart, AWDGF II;
- o the fact that AWDGF II will assume all the liabilities of AWDGF;
- o the expected federal income tax consequences of the Acquisition;
- o whether the Acquisition would be preferable to acquisition by potential acquirers other than AWDGF II, including funds that are not sponsored by the Adviser;
- o the fact that the costs of the Acquisition will be borne by AWDGF; and
- o the fact that the Adviser has agreed to indemnify AWDGF II for a three-year period against any undisclosed or other liability of AWDGF, to reimburse AWDGF II for any costs in connection with investigating any such liability and to continue certain insurance coverage for AWDGF for a three-year period.

Also on September 13, 2006, the Board of Directors of AWDGF II (comprised of the same persons as the Board of AWDGF) approved the proposed Plan. No vote



## Edgar Filing: ALLIANCE WORLD DOLLAR GOVERNMENT FUND II INC - Form N-14 8C

of stockholders of AWDGF II is required in connection with the Acquisition.

### Description of Securities to be Issued

Under the Plan, AWDGF II will issue additional shares of common stock for distribution to AWDGF. Under its Charter and Bylaws, AWDGF II may issue up to 100,000,000 shares of common stock, par value \$.01 per share. Each share of AWDGF II represents an equal proportionate interest with other shares of the Fund. Each share has equal earnings, assets and voting privileges and is entitled to dividends and other distributions out of the income earned and gain realized on the assets belonging to the Fund as authorized by the Board of Directors. Shares of AWDGF II entitle their holders to one vote per full share and fractional votes for fractional shares held. Shares of AWDGF II issued in the Acquisition will be fully paid and non-assessable.

### Dividends and Other Distributions

On or before the Closing Date, as defined in the Plan, AWDGF will, if necessary, declare and pay as a distribution substantially all of its undistributed net investment income, net short-term capital gain, net long-term capital gain and net gains from foreign currency transactions as applicable to maintain its treatment as a regulated investment company.

### Surrender and Exchange of AWDGF Stock Certificates

After the Plan's Effective Time, each holder of a certificate (or certificates) formerly representing shares of AWDGF will be entitled to receive, upon surrender of the certificate, a certificate representing the number of AWDGF II shares distributable as a result of the Acquisition. Promptly, after the Plan's Effective Time, Computershare Trust Company, N.A. will mail to AWDGF's certificate holders instructions and a letter of transmittal for use in surrendering the certificates. Please do not send share certificates at this time. Although the certificates will be deemed for all purposes to evidence ownership of the equivalent number of AWDGF II shares, no dividends will be paid to holders of certificates of AWDGF until the holder surrenders the certificates in accordance with the instructions and letter of transmittal. Any dividends on AWDGF II shares payable after the Effective Time, will be paid to the certificate holder, without interest, when that holder surrenders an AWDGF share certificate for exchange.

Each AWDGF stockholder will receive the number of full shares of AWDGF II, plus fractional shares for stockholders that participate in a DRIP and cash in lieu of any fractional shares for non-DRIP stockholders, having an aggregate NAV that, on the effective date of the Acquisition, is equal to the aggregate NAV of the stockholder's shares of AWDGF II. Stockholders of AWDGF will recognize no gain or loss, except with respect to any cash received in lieu of fractional AWDGF II shares by non-DRIP stockholders.

### Federal Income Tax Consequences

Subject to certain stated assumptions contained therein, the Funds will receive an opinion of Seward & Kissel LLP, its counsel, substantially to the following effect: (i) the Acquisition will constitute a "reorganization" within the meaning of section 368(a) of the Code and that the Funds will each be "a party to a reorganization" within the meaning of section 368(b) of the Code; (ii) a stockholder of AWDGF will recognize no gain or loss on the exchange of the stockholder's shares of AWDGF solely for shares of AWDGF II, except with respect to cash received in lieu of a fractional share of AWDGF II by non-DRIP stockholders in connection with the Acquisition; (iii) neither AWDGF nor AWDGF II will recognize any gain or loss upon the transfer of all of the assets of AWDGF to AWDGF II in exchange for shares of AWDGF II (plus cash in lieu of certain fractional shares by non-DRIP stockholders) and the assumption by AWDGF

II of the liabilities of AWDGF pursuant to a Plan or upon the distribution of shares of AWDGF II to stockholders of AWDGF (and cash to non-DRIP stockholders for their fractional shares) in exchange for shares of AWDGF; (iv) the holding period and tax basis of the assets of AWDGF acquired by AWDGF II will be the same as the holding period and tax basis that AWDGF had in such assets immediately prior to the Acquisition; (v) the aggregate tax basis of shares of AWDGF II received in connection with the Acquisition by each stockholder of AWDGF (including any fractional share to which the stockholder may be entitled) will be the same as the aggregate tax basis of the shares of AWDGF surrendered in exchange therefor, decreased by any cash received by non-DRIP stockholders and increased by any gain recognized on the exchange; (vi) the holding period of shares of AWDGF II received in connection with the Acquisition by each stockholder of AWDGF (including any fractional share to which the stockholder may be entitled) will include the holding period of the shares of AWDGF surrendered in exchange therefor, provided that such AWDGF shares constitute capital assets in the hands of the stockholder as of the Closing Date; (vii) AWDGF II will succeed to the capital loss carryovers of AWDGF, if any, under section 381 of the Code, but the use by AWDGF II of any such capital loss carryovers (and of capital loss carryovers of AWDGF II) may be subject to limitation under section 383 of the Code; and (viii) any gain or loss realized by a non-DRIP stockholder of AWDGF upon the receipt of cash for a fractional share of AWDGF II to which the stockholder is entitled will be recognized to the stockholder and measured by the difference between the amount of cash received and the basis of the fractional share and, provided that the AWDGF shares surrendered constitute capital assets in the hands of the stockholder, will be capital gain or loss. This opinion of counsel will not be binding on the Internal Revenue Service or a court and there is no assurance that the Internal Revenue Service or a court will not take a view contrary to those expressed in the opinion.

Stockholders of AWDGF are encouraged to consult their tax advisers regarding the effect, if any, of the Acquisition in light of their individual circumstances. Because the foregoing only relates to the federal income tax consequences of the Acquisition, those stockholders also are encouraged to consult their tax advisers as to state and local tax consequences, if any, of the Acquisition.

#### Capitalization Information

For information on the existing and pro forma capitalization of the Funds, see Appendix F.

#### Trading History and Share Price Data

For information on the trading history and share price data for the Funds, see Appendix G.

#### INFORMATION ABOUT THE FUNDS

AWDGF and AWDGF II are each a non-diversified, closed-end management investment company registered under the 1940 Act and organized as Maryland corporations in 1992 and 1993, respectively.

#### Management of the Funds

The Board of Directors of each Fund directs the management of the business and affairs of the Fund. Each Board of Directors approves all significant agreements between the respective Fund and persons or companies furnishing services to it, including a Fund's agreements with the Adviser and the Fund's administrator, custodian and transfer and dividend disbursing agent. The day-to-day operations of a Fund are delegated to its officers and the Fund's Adviser, subject to the Fund's investment objective and policies and to general

## Edgar Filing: ALLIANCE WORLD DOLLAR GOVERNMENT FUND II INC - Form N-14 8C

supervision by the Fund's Board of Directors. Subsequent to the consummation of the Acquisition, the directors and officers of AWDGF II will continue to serve as the directors and officers of the combined Fund. Messrs. Paul J. DeNoon, Fernando Grisales, Michael Mon, Douglas Peebles and Matthew Sheridan, members of the Adviser's Global Fixed Income Emerging Market Investment Team, are primarily responsible for day-to-day management of AWDGF's and AWDGF II's portfolios. Mr. DeNoon is a Senior Vice President of the Adviser with which he has been associated since prior to 2001. Mr. Grisales is an Assistant Vice President of the Adviser with which he has been associated since October 2001. Messrs. Mon and Sheridan are Vice Presidents of the Adviser with which they have been associated since prior to 2001. Mr. Peebles is an Executive Vice President of the Adviser with which he has been associated since prior to 2001. Subsequent to the consummation of the Acquisition, Messrs. DeNoon, Grisales, Mon, Peebles and Sheridan will continue to be primarily responsible for day-to-day management of the combined Fund.

The SAI provides additional information about the portfolio managers' compensation, other accounts managed by the portfolio managers, and the portfolio managers' ownership of securities in the Fund.

### Advisory Agreement and Fees

Each Fund's investment adviser is AllianceBernstein L.P., 1345 Avenue of the Americas, New York, New York 10105. The Adviser is a leading international investment adviser managing client accounts with assets as of June 30, 2006 totaling more than \$625 billion (of which more than \$88 billion represented the assets of investment companies). As of June 30, 2006, the Adviser managed retirement assets for many of the largest public and private employee benefit plans (including 41 of the nations' FORTUNE 100 companies), for public employee retirement funds in 37 states, for investment companies, and for foundations, endowments, banks and insurance companies worldwide. The 45 registered investment companies managed by the Adviser, comprising 126 separate investment portfolios, currently have approximately 4.0 million stockholder accounts.

Under each Fund's advisory agreement with the Adviser (the "Advisory Agreement"), the Adviser provides office space, investment advisory services, and order placement facilities for the Fund and pays all compensation of directors and officers of the Fund who are affiliated persons of the Adviser. Under the Advisory Agreements of AWDGF and AWDGF II, each of the Funds pays the Adviser an advisory fee at an annual rate of .90% of its average weekly net assets. Prior to October 1, 2005, each of the Funds paid the Adviser an advisory fee at an annual rate of 1.00% of its average weekly net assets. Such fee is accrued daily and paid monthly.

The Advisory Agreements by their terms continue in effect from year to year if such continuance is specifically approved, at least annually, by a majority vote of the directors of a Fund who neither are interested persons of the Fund nor have any direct or indirect financial interest in the Advisory Agreement, cast in person at a meeting called for the purpose of voting on such approval. A discussion regarding the basis for the Board of Directors approving the investment advisory contracts of AWDGF and AWDGF II is available in AWDGF's Annual Report to Stockholders for AWDGF's fiscal year ended October 31, 2005 and AWDGF II's Semi-Annual Report for the six months ended September 30, 2005, respectively.

The Adviser is the subject of certain legal proceedings instituted by the Securities and Exchange Commission and the Office of the New York Attorney General. A discussion of those proceedings is presented in Appendix H.

### Administrator

Under administration agreements, the Adviser serves as administrator for

## Edgar Filing: ALLIANCE WORLD DOLLAR GOVERNMENT FUND II INC - Form N-14 8C

AWDGF and AWDGF II. Under the administration agreements, the Adviser performs standard administration services for the Funds.

Pursuant to an Administration Agreement, effective October 1, 2005, AWDGF pays the Adviser an administrative fee in the amount of \$106,000 per year for its costs incurred for providing administrative services and AWDGF II reimburses the Adviser for its costs, including legal and accounting costs, in serving as Administrator of the Fund, provided, however that the reimbursement may not exceed the prior fee of .15% of average weekly net assets. Prior to October 1, 2005, each of the Funds paid the Adviser an administration fee at an annual rate of .15% of its average weekly net assets.

### Other Service Providers

AllianceBernstein Investor Services, Inc. ("ABIS"), an affiliate of the Adviser, provides stockholder services for the Funds. The Funds compensate ABIS for these services. The Bank of New York, One Wall Street, New York, NY 10286, serves as custodian for AWDGF and AWDGF II. Computershare Trust Company N.A., P.O. Box 43010, Providence, RI 02940, serves as transfer agent for AWDGF and AWDGF II. The Bank of New York and Computershare Trust Company will serve, respectively, as custodian and transfer agent for the combined Fund. Ernst & Young LLP serves as the Funds' independent registered public accounting firm.

### VOTING INFORMATION

The Board of Directors of AWDGF has fixed the close of business on October 13, 2006 as the Record Date for the determination of stockholders entitled to notice of, and to vote at, the Meeting and at any adjournments thereof. Appendix I to this Prospectus/Proxy Statement lists the total number of AWDGF's shares outstanding as of that date entitled to vote at the Meeting. It also identifies holders of more than five percent of shares of each Fund, and contains information about the executive officers and Directors of each Fund and their shareholdings in each Fund.

Those stockholders who hold shares directly and not through a broker or nominee (that is, a stockholder of record) may authorize their proxies to cast their votes by completing a Proxy Card and returning it by mail in the enclosed postage-paid envelope as well as telephoning toll free [ ]-[ ]. Owners of shares held through a broker or nominee (who is the stockholder of record for those shares) should follow directions provided to the stockholder by the broker or nominee to submit voting instructions. Instructions to be followed by a stockholder of record to submit a proxy via telephone, including use of the Control Number on the stockholder's Proxy Card, are designed to verify stockholder identities, to allow stockholders to give voting instructions and to confirm that stockholder instructions have been recorded properly. Stockholders who authorize proxies by telephone should not also return a Proxy Card. A stockholder of record may revoke that stockholder's proxy at any time prior to exercise thereof by giving written notice to the Secretary of the applicable Fund at 1345 Avenue of the Americas, New York, New York 10105, by authorizing a later-dated proxy (either by signing and mailing another Proxy Card or, by telephone as indicated above), or by personally attending and voting at the Meeting.

Properly executed proxies may be returned with instructions to abstain from voting or to withhold authority to vote (an "abstention") or represent a broker "non-vote" (which is a proxy from a broker or nominee indicating that the broker or nominee has not received instructions from the beneficial owner or other person entitled to vote shares on a particular matter with respect to which the broker or nominee does not have the discretionary power to vote). Approval of the Proposal requires the affirmative vote of the holders of a majority of the votes entitled to be cast. Abstentions and broker non-votes will be considered present for purposes of determining the existence of a quorum for the

transaction of business but will have the effect of a vote against the Proposal.

If any proposal, other than the Proposal, properly comes before the Meeting, the shares represented by proxies will be voted on all such proposals in the discretion of the person or persons voting the proxies. AWDGF has not received notice of, and is not aware of, any other matter to be presented at the Meeting.

A quorum for the transaction of business by stockholders of AWDGF at the Meeting will consist of the presence in person or by proxy of the holders of a majority of the shares of the Fund entitled to vote at the Meeting. In the event that a quorum is not represented at the Meeting or, even if a quorum is so present, in the event that sufficient votes in favor of the position recommended by the Board of Directors on the Proposal are not timely received, the Chairman of the Board of Directors may authorize, or the persons named as proxies may propose and vote for, one or more adjournments of the Meeting with no other notice than announcement at the Meeting, up to 120 days after the Record Date, in order to permit further solicitation of proxies. Shares represented by proxies indicating a vote against the Proposal will be voted against adjournment.

AWDGF has engaged The Altman Group, Inc. (the "Proxy Solicitor"), 60 East 42nd Street, Suite 405, New York, New York 10165 to assist in soliciting proxies for the Meeting. The Proxy Solicitor will receive a fee of \$[\_\_\_\_\_] from the Fund for its solicitation services, plus reimbursement of out-of-pocket expenses.

#### LEGAL MATTERS

The validity of the shares offered hereby will be passed upon for AWDGF by Seward & Kissel LLP. Seward & Kissel LLP will rely upon the opinion of Venable LLP for certain matters relating to Maryland law.

#### EXPERTS

The audited financial statements and financial highlights in the Prospectus/Proxy Statement and the SAI has been included in reliance on the report of Ernst & Young LLP, the independent registered public accounting firm for the Funds, 5 Times Square, New York, NY 10036, given on its authority as experts in auditing and accounting.

#### FINANCIAL HIGHLIGHTS

Financial highlights information for the Funds is available at Appendix J.

THE DIRECTORS RECOMMEND THAT YOU VOTE FOR THE ACQUISITION OF THE ASSETS AND LIABILITIES OF ALLIANCE WORLD DOLLAR GOVERNMENT FUND, INC. BY ALLIANCE WORLD DOLLAR GOVERNMENT FUND II, INC. AND THE DISSOLUTION OF ALLIANCE WORLD DOLLAR GOVERNMENT FUND, INC.

#### APPENDIX A

#### FEE TABLE

The purpose of the tables below is to assist an investor in understanding the various costs and expenses that a stockholder bears directly and indirectly from an investment in the Funds. The tables allow you to compare the sales charges, expenses of each Fund and the estimates for the pro forma combined Fund in its first year following the Acquisition.

-----

Edgar Filing: ALLIANCE WORLD DOLLAR GOVERNMENT FUND II INC - Form N-14 8C

	AWDGF	AWDGF II	AWDGF II (pro forma)
Shareholder Transaction Expenses			
Sales Load (as a percentage of offering price)	None	None	None
Dividend Reinvestment Plan Fees(a)	None	None	None
Annual Expenses (as a percentage of net assets attributable to common shares)			
Management Fees	.90%	.90%	.90%
Interest Payments on Borrowed Funds	.09%	.08%	.08%
Other Expenses	.46%	.13%	.12% (b)
Total Annual Expenses	1.45%	1.11%	1.10%
Total Annual Expenses Net of Interest			
Payment on Borrowed Funds	1.36%	1.03% (c)	1.02%

(a) There are no charges with respect to shares issued directly by a Fund to satisfy the dividend reinvestment requirements. However, each participant will pay a pro-rata share of brokerage commissions incurred with respect to a Fund's dividend reinvestment plan agent's open market purchases of shares. In each case, the cost per share of shares purchased for each stockholder's account will be the average cost, including brokerage commissions, of any shares purchased in the open market plus the cost of any shares issued by a Fund.

(b) Based on estimated expenses.

(c) Assumes that the current lower advisory fee and the conversion of the administrative change from a fixed fee to a reimbursement of expenses subject to a 0.15% cap were in effect for a full year.

EXAMPLE

You would pay the following on a \$1,000 investment assuming a 5% annual return. The Example assumes the reinvestment of all dividends and distributions at net asset value and reflects all recurring and nonrecurring fees.

	AWDGF	AWDGF II	AWDGF II (pro forma)
After 1 Year	\$15	\$11	\$11
After 3 Years	\$46	\$35	\$35
After 5 Years	\$79	\$61	\$61

Edgar Filing: ALLIANCE WORLD DOLLAR GOVERNMENT FUND II INC - Form N-14 8C

After 10 Years                      \$174                      \$135                      \$134

-----

The projected post-Acquisition pro forma Annual Fund Expenses and Example presented above are based upon numerous material assumptions, including that (1) the current contractual agreements will remain in place and (2) certain fixed costs involved in operating the AWDGF are eliminated. Although these projections represent good faith estimates, there can be no assurance that any particular level of expenses or expense savings will be achieved, because expenses depend on a variety of factors, including the future level of fund assets, many of which are beyond the control of AWDGF II or the Adviser. Consequently, the Example should not be considered a representation of future expenses. Actual expenses may be greater or less than those shown.

APPENDIX B

COMPARISON OF INVESTMENT OBJECTIVES AND POLICIES

	AWDGF	AWDGF II	Differences
Investment Objective			
Investment Objective	The Fund's investment objective is to seek high current income by investing exclusively in fixed income securities denominated in U.S. dollars. (F)	The Fund's primary investment objective is to seek high current income. Its secondary investment objective is capital appreciation. (F)	As a practical matter, the Funds' primary investment objectives are identical.
Investment Policies(1)			
Status	The Fund is non-diversified.	The Fund is non-diversified.	None.
Investment Policies	The Fund will invest, under normal circumstances, at least 80% of its net assets in U.S. dollar denominated debt obligations issued or guaranteed by foreign governments and zero coupon obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities.  Under normal circumstances, the Fund invests at least 75% of its total assets in a combination of (i) U.S. dollar-denominated debt obligations issued or guaranteed by foreign governments, including participations in loans between foreign governments and financial institutions,	The Fund will normally invest at least 80% of its total assets in U.S. dollar-denominated debt 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 ("Sovereign Debt Obligations"). The balance of the Fund's investment portfolio, up to 20% of its total assets, may be invested in U.S. corporate fixed	As a practical matter, the Funds' investment policies are substantially identical because both Funds invest primarily in Sovereign Debt Obligations.

and interests in entities organized and operated for the purpose of restructuring the investment characteristics of instruments issued or guaranteed by foreign governments ("Sovereign Debt Obligations") and (ii) zero coupon obligations issued or guaranteed by the U.S. government, its agencies or instrumentalities ("Zero Coupon Obligations"). (F)

income securities.

The Fund will invest at least 65% of its total assets in Sovereign Debt Obligations. (F)

The Fund will emphasize investments in the Sovereign Debt Obligations of countries that are considered emerging market countries at the time of purchase.

The Fund invests substantially all of its assets in Sovereign Debt Obligations and Zero Coupon Obligations.

U.S. Corporate Fixed Income Securities

The Fund may invest up to 20% of its total assets in U.S. corporate income securities which include debt securities, convertible securities and preferred stocks of corporate issuers.

AWDGF II has the fixed flexibility invest in U.S. corporate fixed income securities while AWDGF does not.

Securities of Any One Country

The Fund will not invest 25% or more of its total assets in the Sovereign Debt Obligations of any one country.

The Fund will not invest 25% or more of its total assets in the Sovereign Debt Obligations of any one of Argentina, Brazil, Mexico, Morocco, the Philippines, Russia or Venezuela (or of any other single foreign country), and the Fund does not expect to invest more than 5% of its total assets in the Sovereign Debt Obligations of any other single foreign country.

As a practical matter, the Funds' investment policies are identical.

High Yield Debt Securities

Substantially all of the Fund's assets may be invested in high yield, high risk debt securities that are low-rated (i.e., below investment grade) or unrated and in both cases that are considered to be predominantly speculative as regards the issuer's capacity to pay interest and repay principal.

Substantially all of the Fund's investments in Sovereign Debt Obligations and U.S. corporate fixed income securities will be in high yield, high risk debt securities that are low-rated (i.e., below investment grade) or unrated and in both cases that are considered to be predominantly speculative as regards the issuer's capacity to pay interest and repay principal.

In practice, the Funds' investment policies are identical.

Structured Securities

The Fund may invest up to 25% of its total assets in interests in entities

The Fund may invest up to 25% of its total assets in interests in entities

None.



Edgar Filing: ALLIANCE WORLD DOLLAR GOVERNMENT FUND II INC - Form N-14 8C

	organized and operated solely for the purpose of restructuring the investment characteristics of Sovereign Debt Obligations.	organized and operated solely for the purpose of restructuring the investment characteristics of Sovereign Debt Obligations.	
Loan Participations and Assignments	The Fund may invest in fixed and floating rate loans ("Loans") arranged through private negotiations between an issuer of Sovereign Debt Obligations and one or more financial institutions ("Lenders"). The Fund's investments in Loans are expected in most instances to be in the form of participations in Loans ("Participations") and assignments of all or a portion of Loans ("Assignments") from third parties. The Fund may invest up to 25% of its total assets in Participations and Assignments. The government that is the borrower on the Loan will be considered by the Fund to be the issuer of a Participation or Assignment for purposes of the Fund's fundamental investment policy that it will not invest 25% or more of its total assets in securities of issuers conducting their principal business activities in the same industry (for this purpose, each foreign government is treated as a separate industry).	The Fund may invest in fixed and floating rate loans ("Loans") arranged through private negotiations between an issuer of Sovereign Debt Obligations and one or more financial institutions ("Lenders"). The Fund's investments in Loans are expected in most instances to be in the form of participations in Loans ("Participations") and assignments of all or a portion of Loans ("Assignments") from third parties. The Fund may invest up to 25% of its total assets in Participations and Assignments. The government that is the borrower on the Loan will be considered by the Fund to be the issuer of a Participation or Assignment for purposes of the Fund's fundamental investment policy that it will not invest 25% or more of its total assets in securities of issuers conducting their principal business activities in the same industry (i.e., foreign government).	The Funds' investment policies are identical.
Concentration	The Fund will not invest 25% or more of its total assets (valued at the time of investment) in securities of issuers conducting their principal business activities in the same industry, except that this restriction does not apply to U.S. Government Securities. (F)	The Fund will not invest 25% or more of its total assets (valued at the time of investment) in securities of issuers conducting their principal business activities in the same industry, except that this restriction does not apply to U.S. Government Securities. (F)	None.
Loans	The Fund will not make loans except through (i) the purchase of debt obligations in accordance with its investment objective and policies; (ii) the lending of portfolio securities; or (iii) the use of repurchase agreements. (F)	The Fund will not make loans except through (i) the purchase of debt obligations in accordance with its investment objective and policies; (ii) the lending of portfolio securities; or (iii) the use of repurchase agreements. (F)	None.

Borrowing and Senior Securities	The Fund may not borrow money or issue senior securities, except that the Fund may borrow from a bank or other entity in a privately arranged transaction for (i) the repurchase and/or tenders for its shares or to pay dividends for purposes of complying with the Internal Revenue Code of 1986, as amended, if after such borrowing there is asset coverage of at least 300% as defined in the 1940 Act and (ii) temporary purposes in an amount not exceeding 5% of the value of the total assets of the Fund. (F)	The Fund may not borrow money or issue senior securities, except that (a) the Fund may borrow from a bank or other entity in a privately arranged transaction for (i) the repurchase and/or tenders for its shares or to pay dividends for purposes of complying with the Internal Revenue Code of 1986, as amended, if after such borrowing there is asset coverage of at least 300% as defined in the 1940 Act and (ii) temporary purposes in an amount not exceeding 5% of the value of the total assets of the Fund ; (b) the Fund may enter into reverse repurchase agreements and dollar rolls; and (c) the Fund may write put and call options. (F)	As a practical matter, the Funds' investment policies are the same.
---------------------------------	--	--	---

Borrowings	The Fund may borrow from a bank or other entity in a privately arranged transaction to the maximum extent permitted under the 1940 Act, but only in order to finance the repurchase and/or tenders of its shares or to pay distributions for purposes of complying with the Code.	The Fund may borrow from a bank or other entity in a privately arranged transaction to the maximum extent permitted under the 1940 Act, but only in order to finance the repurchase and/or tenders of its shares or to pay distributions for purposes of complying with the Code.	None.
	The 1940 Act requires the Fund to maintain "asset coverage" of not less than 300% of its "senior securities representing indebtedness" as those terms are defined and used in the 1940 Act. In addition, the Fund may not pay any cash dividend or make any cash distribution to stockholders if, after the dividend or distribution, there would be less than 300% asset coverage of a senior security representing indebtedness for borrowings (excluding for this purpose certain evidences of indebtedness made to a bank or other entity and privately arranged, and not intended to be publicly distributed).	The 1940 Act requires the Fund to maintain "asset coverage" of not less than 300% of its "senior securities representing indebtedness" as those terms are defined and used in the 1940 Act. In addition, the Fund may not pay any cash dividend or make any cash distribution to stockholders if, after the dividend or distribution, there would be less than 300% asset coverage of a senior security representing indebtedness for borrowings (excluding for this purpose certain evidences of indebtedness made to a bank or other entity and privately arranged, and not intended to be publicly distributed).	

Edgar Filing: ALLIANCE WORLD DOLLAR GOVERNMENT FUND II INC - Form N-14 8C

	The Fund may also borrow for temporary purposes in an amount not exceeding 5% of the value of the total assets of the Fund. Such borrowings are not subject to the asset coverage restrictions set forth in the preceding paragraph.	The Fund may also borrow for temporary purposes in an amount not exceeding 5% of the value of the total assets of the Fund. Such borrowings are not subject to the asset coverage restrictions set forth in the preceding paragraph.	
Money Market Instruments	The Fund may also at any time temporarily invest funds awaiting reinvestment or held for reserves for dividends and other distributions to stockholders in such U.S. dollar-denominated money market instruments.	The Fund may also at any time, with respect to up to 20% of its total assets, temporarily invest funds awaiting reinvestment or held for reserves for dividends and other distributions to stockholders in such U.S. dollar-denominated money market instruments.	As a practical matter, the Funds' investment policies are the same.
Zero Coupon Obligations	The Zero Coupon Obligations in which the Fund may invest include Treasury bills and the principal components of U.S. Treasury bonds, U.S. Treasury notes and obligations of U.S. government agencies or instrumentalities.		AWDGF II does not have an investment policy to invest in zero coupon obligations.
Options	The Fund may write covered put and call options and purchase put and call options that are traded on U.S. and foreign securities exchanges and over-the-counter, including options on market indices. The Fund may also write call options for cross-hedging purposes. There are no specific limitations on the Fund's writing and purchasing of options.	Same.	None.
Warrants	The Fund may invest in warrants, which are securities permitting, but not obligating, their holder to subscribe for other securities. The Fund may invest in warrants for debt securities or warrants for equity securities that are acquired as units with debt instruments.	The Fund may invest in warrants, which are securities permitting, but not obligating, their holder to subscribe for other securities. The Fund may invest in warrants for debt securities or warrants for equity securities that are acquired as units with debt instruments.	None.
Illiquid Securities	The Fund may invest up to 50% of its total assets in securities that are not readily marketable. These securities include, among	The Fund may invest up to 50% of its total assets in securities that are not readily marketable. These securities include, among	None.

others, (i) direct placements or other securities that are subject to legal or contractual restrictions on resale or for which there is no readily available market (e.g., trading in the security is suspended or, in the case of unlisted securities, market makers do not exist or will not entertain bids or offers), and (ii) repurchase agreements not terminable within seven days. Securities eligible for resale under Rule 144A under the Securities Act, that have legal or contractual restrictions on resale but have a readily available market are not deemed securities not readily marketable for purposes of this limitation.

others, (i) direct placements or other securities which are subject to legal or contractual restrictions on resale or for which there is no readily available market (e.g., trading in the security is suspended or, in the case of unlisted securities, market makers do not exist or will not entertain bids or offers), and (ii) repurchase agreements not terminable within seven days. Securities eligible for resale under Rule 144A under the Securities Act of 1933, as amended (the "1933 Act"), that have legal or contractual restrictions on resale but have a readily available market are not deemed securities not readily marketable for purposes of this limitation.

Interest  
Rate  
Transac-  
tions

The Fund may enter into interest rate swaps and may purchase or sell (i.e., write) interest rate caps and floors. The Fund expects to enter into these transactions primarily to preserve a return or spread on a particular investment or portion of its portfolio. The Fund may also enter into these transactions to protect against any increase in the price of securities the Fund anticipates purchasing at a later date. The Fund does not intend to use these transactions in a speculative manner.

The Fund may enter into interest rate swaps and may purchase or sell (i.e., write) interest rate caps and floors. The Fund expects to enter into these transactions primarily to preserve a return or spread on a particular investment or portion of its portfolio. The Fund may also enter into these transactions to protect against any increase in the price of securities the Fund anticipates purchasing at a later date. The Fund does not intend to use these transactions in a speculative manner.

The Funds' investment policies are identical.

Forward  
Commitments

The Fund may enter into forward commitments for the purchase or sale of securities. Such transactions may include purchases on a "when-issued" basis or purchases or sales on a "delayed delivery" basis. In some cases, a forward commitment may be conditioned upon the occurrence of a subsequent event, such as approval and consummation of a debt restructuring (i.e., a "when, as and if issued"

The Fund may enter into forward commitments for the purchase or sale of securities. Such transactions may include purchases on a "when-issued" basis or purchases or sales on a "delayed delivery" basis. In some cases, a forward commitment may be conditioned upon the occurrence of a subsequent event, such as approval and consummation of a debt restructuring (i.e., a "when, as and if issued"

None.

Edgar Filing: ALLIANCE WORLD DOLLAR GOVERNMENT FUND II INC - Form N-14 8C

	trade).	trade).	
Loans of Portfolio Securities	<p>The Fund may make secured loans of its portfolio securities to entities with which it can enter into repurchase agreements, provided that cash and/or U.S. Government Securities equal to at least 100% of the market value of the securities loaned are deposited and maintained by the borrower with the Fund.</p> <p>The Fund does not lend portfolio securities in excess of 30% of the value of its total assets, nor lend its portfolio securities to any officer, director, employee or affiliate of the Fund or Alliance.</p>	<p>The Fund may make secured loans of its portfolio securities to entities with which it can enter into repurchase agreements, provided that cash and/or U.S. Government Securities equal to at least 100% of the market value of the securities loaned are deposited and maintained by the borrower with the Fund.</p> <p>The Fund will not lend portfolio securities in excess of 30% of the value of its total assets, nor lend its portfolio securities to any officer, director, employee or affiliate of the Fund or the Adviser.</p>	None.
Repurchase Agreements	<p>The Fund may enter into repurchase agreements pertaining to the types of securities in which it invests with member banks of the Federal Reserve System or "primary dealers" (as designated by the Federal Reserve Bank of New York) in securities in which the Fund may invest. The Fund may enter into repurchase agreements with respect to up to 35% of its total assets. The Fund currently enters into repurchase agreements only with its custodian and such primary dealers.</p>	<p>The Fund may enter into repurchase agreements pertaining to the types of securities in which it invests with member banks of the Federal Reserve System or "primary dealers" (as designated by the Federal Reserve Bank of New York) in securities in which the Fund may invest. The Fund may enter into repurchase agreements with respect to up to 35% of its total assets. The Fund currently enters into repurchase agreements only with its custodian and such primary dealers.</p>	None.
Reverse Repurchase Agreements and Dollar Rolls	<p>The Fund may also use reverse repurchase agreements and dollar rolls as part of its investment strategy.</p> <p>Under the requirements of the 1940 Act, the Fund is required to maintain an asset coverage of at least 300% of all borrowings. The Fund does not engage in reverse repurchase agreements and dollar rolls with respect to greater than 33% of its total assets less liabilities (other than the amount borrowed).</p>	<p>The Fund may also use reverse repurchase agreements and dollar rolls as part of its investment strategy.</p> <p>Under the requirements of the 1940 Act, the Fund is required to maintain an asset coverage of at least 300% of all borrowings. The Fund does not expect to engage in reverse repurchase agreements and dollar rolls with respect to greater than 33% of its total assets less liabilities (other than the amount borrowed).</p>	None.
Standby	<p>The Fund may from time to</p>	<p>The Fund may from time to</p>	None.

Edgar Filing: ALLIANCE WORLD DOLLAR GOVERNMENT FUND II INC - Form N-14 8C

Commitment Agreements	time enter into standby commitment agreements.	time enter into standby commitment agreements.	
	<p>The Fund enters into such agreements only for the purpose of investing in the security underlying the commitment at a yield and price that are considered advantageous to the Fund and that are unavailable on a firm commitment basis. The Fund will not enter into a standby commitment with a remaining term in excess of 45 days and will limit its investment in such commitments so that the aggregate purchase price of the securities subject to the commitments, together with the value of portfolio securities that are not readily marketable, will not exceed 50% of its assets taken at the time of acquisition of such commitment of security.</p>	<p>The Fund will enter into such agreements only for the purpose of investing in the security underlying the commitment at a yield and price that are considered advantageous to the Fund and that are unavailable on a firm commitment basis. The Fund will not enter into a standby commitment with a remaining term in excess of 45 days and will limit its investment in such commitments so that the aggregate purchase price of the securities subject to the commitments, together with the value of portfolio securities that are not readily marketable, will not exceed 50% of its assets taken at the time of acquisition of such commitment of security.</p>	
Pledge, Hypothecate, Mortgage or Encumber Assets	The Fund may not pledge, hypothecate, mortgage or otherwise encumber its assets, except to secure permitted borrowings. (F)	The Fund may not pledge, hypothecate, mortgage or otherwise encumber its assets, except to secure permitted borrowings. (F)	None.
Investments for Control	The Fund may not invest in companies for the purpose of exercising control. (F)	The Fund may not invest in companies for the purpose of exercising control. (F)	None.
Short Sales	<p>The Fund may not make short sales of securities or maintain a short position, unless at all times when a short position is open it owns an equal amount of such securities or securities convertible into or exchangeable for, without payment of any further consideration, securities of the same issue as, and equal in amount to, the securities sold short ("short sales against the box"), and unless not more than 10% of the Fund's net assets (taken at market value) is held as collateral for such sales at any one time (it being the Fund's present intention to make such sales only for the purpose of deferring</p>	<p>The Fund may not make short sales of securities or maintain a short position, unless at all times when a short position is open it owns an equal amount of such securities or securities convertible into or exchangeable for, without payment of any further consideration, securities of the same issue as, and equal in amount to, the securities sold short ("short sales against the box"), and unless not more than 10% of the Fund's net assets (taken at market value) is held as collateral for such sales at any one time (it being the Fund's present intention to make such sales only for the purpose of deferring</p>	None.

Edgar Filing: ALLIANCE WORLD DOLLAR GOVERNMENT FUND II INC - Form N-14 8C

	realization of gain or loss for federal income tax purposes). (F)	realization of gain or loss for federal income tax purposes). (F)	
Real Estate	The Fund may not purchase or sell real estate, except that it may purchase and sell securities of companies which deal in real estate or interests therein and securities that are secured by real estate, provided such securities are Sovereign Debt Obligations. (F)	The Fund may not purchase or sell real estate, except that it may purchase and sell securities of companies which deal in real estate or interests therein and securities that are secured by real estate, provided such securities are securities of the type in which the Fund may invest. (F)	In practice, the Funds' investment policies are identical.
Oil, Gas and Minerals	The Fund may not invest in interests in oil, gas, or other mineral exploration or development programs. (F)	The Fund may not invest in interests in oil, gas, or other mineral exploration or development programs. (F)	None.
Margin	The Fund may not purchase securities on margin, except for such short-term credits as may be necessary for the clearance of transactions.(F)	The Fund may not purchase securities on margin, except for such short-term credits as may be necessary for the clearance of transactions.(F)	None.
Underwriting Securities	The Fund may not act as an underwriter of securities, except that the Fund may acquire restricted securities under circumstances in which, if such securities were sold, the Fund might be deemed to be an underwriter for purposes of the Securities Act of 1933. (F)	The Fund will not act as an underwriter of securities, except that the Fund may acquire restricted securities under circumstances in which, if such securities were sold, the Fund might be deemed to be an underwriter for purposes of the 1933 Act.	As a practical matter, the Funds' investment policies are identical.
Commodities	The Fund will not purchase or sell commodities or commodity contracts.	The Fund may not purchase or sell commodities or commodity contracts, including futures contracts (except forward commitment contracts or contracts for the future acquisition or delivery of debt securities). (F)	As a practical matter, the Funds' investment policies are identical.
Portfolio Turnover	The Fund may engage in active short-term trading to benefit from yield disparities among different issues of securities, to seek short-term profits during periods of fluctuating interest rates or for other reasons. Such trading will increase the Fund's rate of turnover and the incidence of short-term capital gain taxable as ordinary income. Alliance anticipates that the annual turnover in the Fund	The Fund is actively managed and, in some cases in response to market conditions, the Fund's portfolio turnover may exceed 100%.	As a practical matter, the Funds' investment policies are identical.

will not be in excess of 500% (excluding turnover of securities having a maturity of one year or less).

Investments in Other Investment Companies	In accordance with the 1940 Act, the Fund may invest up to 10% of its total assets in securities of other investment companies. In addition, under the 1940 Act the Fund may not own more than 3% of the total outstanding voting stock of any investment company and not more than 5% of the value of the Fund's total assets may be invested in the securities of any investment company.	The Fund may invest in other investment companies whose investment objectives and policies are consistent with those of the Fund. In accordance with the 1940 Act, the Fund may invest up to 10% of its total assets in securities of other investment companies. In addition, under the 1940 Act the Fund may not own more than 3% of the total outstanding voting stock of any investment company and not more than 5% of the value of the Fund's total assets may be invested in the securities of any investment company.	As a practical matter, the Funds' investment policies are identical.
---	---	---	--

(1) Policies with the notation "F" are fundamental policies, which means that they may not be changed without a stockholder vote..

APPENDIX C

DESCRIPTION OF PRINCIPAL RISKS OF THE FUNDS

Among the principal risks of investing in a Fund are market risk, interest rate risk, credit risk, leverage risk, foreign (non-U.S.) risk, emerging market risk, currency risk, derivatives risk, liquidity risk and management risk. Each of these risks is more fully described below. Each Fund could become subject to additional risks because the types of investments made by each Fund can change over time.

Market Risk and Net Asset Value of Shares	This is the risk that the value of a Fund's investments will fluctuate as the stock or bond markets fluctuate and that prices overall will decline over shorter- or longer-term periods. Shares of common stock of closed-end investment companies, such as the Funds, frequently trade at a discount to their NAVs. Whether an investor will realize gains or losses upon the sale of shares of a Fund does not depend directly upon changes in the Fund's NAV, but rather upon whether the market price of the shares at the time of sale is above or below the investor's purchase price for the shares. The market price of the shares of each Fund is determined by such factors as relative demand for and supply of the shares in the market, general market and economic conditions, changes in the Fund's NAV and other factors beyond
---	---



the control of the Fund. This market risk is separate and distinct from the risk that each Fund's NAV may decrease.

---

Interest Rate Risk

Changes in interest rates will affect the yield and value of a Fund's investments in fixed-income securities. When interest rates rise, the value of a Fund's investments tends to fall and this decrease in value may not be offset by higher interest income from new investments. Interest rate risk is generally greater for Funds that invest in fixed-income securities with longer maturities or durations.

---

Credit Risk

This is the risk that the issuer or the guarantor of a fixed-income security, or the counterparty to a derivatives or other contract, will be unable or unwilling to make timely payments of interest or principal, or to otherwise honor its obligations. The issuer or guarantor may default causing a loss of the full principal amount of a security and any accrued interest. The degree of risk for a particular security may be reflected in its credit rating. Investments in fixed-income securities with lower ratings tend to have a higher probability that an issuer will default or fail to meet its payment obligations.

---

Leverage Risk

When a Fund borrows money or otherwise leverages its portfolio, it may be volatile because leverage tends to ex-aggregate the effect of any increase or decrease in the value of a Fund's investments. A Fund may create leverage through the use of reverse repurchase arrangements, forward contracts or dollar rolls or by borrowing money.

---

Foreign (Non-U.S.) Risk

A Fund's investments in foreign (non-U.S.) securities may experience more rapid and extreme changes in value than investments in securities of U.S. companies. The securities markets of many foreign countries are relatively small, with a limited number of companies representing a small number of securities. Foreign companies usually are not subject to the same degree of regulation as U.S. issuers. Reporting, accounting, and auditing standards of foreign countries differ, in some cases significantly, from U.S. standards. Nationalization, expropriation or confiscatory taxation, currency blockage, political changes, or diplomatic developments could adversely affect a Fund's investments in a foreign country. These risks are heightened for emerging market countries because there may be more economic, political and social instability, and investments in companies in emerging markets may have more risk because these securities may be more volatile and less liquid. To the extent a Fund invests in a particular country or geographic region, the Fund may have more significant risk due to market changes or other factors affecting that

country or region, including political instability and unpredictable economic conditions.

---

Emerging Market Risk                      Foreign investment risk may be particularly high to the extent a Fund invests in emerging market securities of issuers based in countries with developing economies. These securities may present market, credit, currency, liquidity, legal, political and other risks different from, or greater than, the risks of investing in developed foreign (non-U.S.) countries.

---

Currency Risk                                      This is the risk that fluctuations in the exchange rates between the U.S. Dollar and foreign (non-U.S.) currencies may negatively affect the value of a Fund's investments or reduce the returns of a Fund. When AWDGF II expands its investments to non-U.S. Dollar-denominated debt securities, the Fund will be exposed to increased currency risk.

---

Derivatives Risk                                  The Funds may use derivatives. These investment strategies may be riskier than other investment strategies and may result in greater volatility for a Fund, particularly during periods of market declines.

---

Liquidity Risk                                      Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing a Fund from selling out of these illiquid securities at an advantageous time or price. Derivatives and securities involving substantial market and credit risk tend to involve greater liquidity risk.

---

Non-Diversification Risk                      A Fund may have more risk if it is "non-diversified" meaning that it can invest more of its assets in a smaller number of companies than many other funds.

---

Management Risk                                  Each Fund is subject to management risk because it is an actively managed investment portfolio. The Adviser will apply its investment techniques and risk analyses in making investment decisions for each Fund, but there can be no guarantee that its decisions will produce the desired results.

---

APPENDIX D  
OTHER INFORMATION

The following information provides only a summary of the key features of the organizational structure, governing documents, and stockholder services of the Funds.

Each Fund is organized as a Maryland corporation. The Bylaw provisions that govern each of the Funds are the same. Unless noted below, there are no significant differences between the Funds in terms of their respective corporate

organizational structures.

The procedures available to a Fund's stockholders for calling stockholders' meetings and for the removal of directors are the same. Under the Funds' charters, a director may be removed only for cause at a meeting duly called and at which a quorum is present by the affirmative vote of the holders of 75% of all the votes entitled to be cast for the election of directors.

Stockholder-requested special meetings of stockholders for any purpose may be called by a Fund's Secretary only upon the written request of holders of shares entitled to cast not less than a majority of the votes entitled to be cast at a meeting.

Except as otherwise required by law, the presence in person or by proxy of the holders of a majority of the shares entitled to be cast constitutes a quorum at any meeting of stockholders of a Fund. Under Maryland law, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business, unless approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. However, a Maryland corporation may provide in its charter for approval of these matters by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. Subject to various exceptions, each Fund's charter generally provides for approval of charter amendments and extraordinary transactions by the stockholders entitled to cast at least a majority of the votes entitled to be cast on the matter. The Bylaws of each Fund provides that each director shall be elected by the affirmative vote of the holders of a majority of the votes entitled to be cast thereon. For other matters not requiring a vote under the 1940 Act, when a quorum is present, the affirmative vote of a majority of the votes cast shall decide any question brought before such meeting unless a statute or charter requires a higher voting margin.

#### Shares of Common Stock of the Funds

-----

There are no subscription/preemptive or exchange rights under any of the charters. Each share of a Fund has equal voting, dividend, distribution and liquidation rights. Stockholders are entitled to one vote per share. All voting rights for the election of directors are non-cumulative, which means that the holders of more than 50% of the shares of common stock of a Fund can elect 100% of the directors then nominated for election if they choose to do so and, in such event, the holders of the remaining shares of common stock will not be able to elect any directors. Under the rules of the NYSE applicable to listed companies, each Fund is required to hold an annual meeting of stockholders each year.

#### Distributions

-----

The Funds intend to distribute all of their net investment income. Dividends from such net investment income will be declared and paid monthly to stockholders. All net realized long or short-term capital gains, if any, will be distributed at least annually. To permit a Fund to maintain a more stable monthly distribution, a Fund may, from time to time, pay out less than the entire amount of net investment income and net realized short-term capital gains earned in any particular period. Any such amount retained by a Fund would be available to stabilize future distributions. As a result, distributions paid by a Fund for any particular period may be more or less than the amount of net investment income and net realized short-term capital gains actually earned by the Fund during such period. There are no assurances that a Fund will be able to maintain a constant level of monthly distributions to stockholders.

## Edgar Filing: ALLIANCE WORLD DOLLAR GOVERNMENT FUND II INC - Form N-14 8C

Distributions are taxable to stockholders as ordinary income or capital gains. Stockholders may be proportionately liable for taxes on income and gains of a Fund but stockholders not subject to tax on their income will not be required to pay tax on amounts distributed to them. A Fund distributes written notice to stockholders regarding the tax status of all distributions made during each calendar year.

### Dividend Reinvestment Plans

-----

Stockholders of a Fund whose shares are registered in their own names may elect to be participants in a Fund's Dividend Reinvestment and Cash Purchase Plan (the "DRIP"), under which dividends and capital gain distributions to stockholders will be paid or reinvested in additional shares of the Fund (the "Dividend Shares"). Assuming the Acquisition is approved, the DRIP stockholders of AWDGF will automatically be enrolled in the DRIP for AWDGF II. Computershare Trust Company (the "Agent") acts as the agent for participants under the AWDGF II DRIP. Stockholders whose shares are held in the name of a broker or nominee will automatically have distributions reinvested by the broker or nominee in additional shares under the DRIP, unless the automatic reinvestment service is not provided by the particular broker or nominee or the stockholder elects to receive distributions in cash.

Stockholders who do not elect to participate in the DRIP will receive all distributions in cash paid by check mailed directly to the stockholder of record (or, if the shares are held in street or other nominee name, then to the nominee) by Computershare Trust Company as dividend paying agent.

The automatic reinvestment of dividends and distributions will not relieve participants of any income taxes that may be payable (or required to be withheld) on dividends and distributions.

A stockholder who has elected to participate in the DRIP may withdraw from the DRIP at any time. There will be no penalty for withdrawal from the DRIP and stockholders who have previously withdrawn from the DRIP may rejoin it at any time. Changes in elections must be in writing and should include the stockholder's name and address as they appear on the share certificate. An election to withdraw from the DRIP will, until such election is changed, be deemed to be an election by a stockholder to take all subsequent distributions in cash. An election will be effective only for a distribution declared and having a record dated of at least 10 days after the date on which the election is received. A stockholder whose shares are held in the name of a broker or nominee should contact such broker or nominee concerning changes in that stockholder's election.

All correspondence concerning the DRIP for AWDGF II should be directed to Computershare Trust Company, P.O. Box 43011, Providence, RI 02940-3011.

### Repurchase of Shares

-----

Each Fund's Board of Directors has determined that it would be in the interest of stockholders of a Fund to attempt to reduce or eliminate any market value discount should it exist. To that end, each Fund's Board of Directors presently contemplates that a Fund would from time to time take action either to repurchase in the open market or to make a tender offer for its own shares at net asset value. AWDGF II's policy also states that the Fund would take such actions and the Board would only consider such actions if the Fund's shares had been trading at a discount to NAV in excess of 5% as of the last day of each week in the 12 weeks preceding a Board meeting. The Boards of Directors presently intend each quarter to consider the making of a tender offer. A Board of Directors may at any time, however, decide that a Fund should not make a

tender offer.

Any tender offer made by a Fund will be at a price equal to the NAV of the shares on a date subsequent to receipt by the Fund of all tenders. Each offer will be made and stockholders notified in accordance with the requirements of the Securities and Exchange Act of 1934 and the 1940 Act, either by publication or mailing or both. Each offering document will contain such information as is prescribed by such laws and the rules and regulations promulgated thereunder. When a tender offer is authorized to be made by a Board of Directors, a stockholder wishing to accept the offer will be required to tender all (and not less than all) of the shares owned by such stockholder (or attributed to the stockholder for federal income tax purposes under Section 318 of the Code). A Fund will purchase all shares tendered in accordance with the terms of the offer unless it determines to accept none of them (based upon one of the conditions set forth above). Each person tendering shares will be required to submit a check in the amount of \$25.00, payable to the Fund, which will be used to help defray the costs associated with effecting the tender offer. This \$25.00 fee will be imposed upon each tendering stockholder any of whose tendered shares are purchased in the offer, and will be imposed regardless of the number of shares purchased. A Fund expects the cost to the Fund of effecting a tender offer will exceed the aggregate of all such fees received from those who tender offer their shares. Costs associated with the tender offer will be charged against capital. During the period of the tender offer, a Fund's stockholders will be able to obtain the Fund's current net asset value by use of a toll-free telephone number.

Certain Anti-Takeover Provisions of the Funds' Charters and Bylaws  
-----

The Funds presently have provisions in their Charters and Bylaws (together, the "Charter Documents") that are intended to limit (i) the ability of other entities or persons to acquire control of a Fund, (ii) a Fund's freedom to engage in certain transactions, or (iii) the ability of a Fund's directors or stockholders to amend the Charter Documents or effect changes in the Fund's management. These provisions of the Charter Documents may be regarded as "anti-takeover" provisions.

The Board of Directors of each Fund is divided into three classes, each having a term of three years. Each class of Directors serves for a three year term. Accordingly, only those directors in one class may be changed in any one year, and it would require two years to change a majority of the Board of Directors (although under Maryland law procedures are available for the removal of directors even if they are not then standing for reelections and under SEC regulations procedures are available for including stockholder proposals in management's annual proxy statement). Such a system of electing directors may have the effect of maintaining the continuity of management and, thus, make it more difficult for a Fund's stockholders to change the majority of directors. Generally, under a Fund's Charter, the affirmative vote of the holders of a majority of the votes entitled to be cast is required for the consolidation of the Fund with another corporation, a merger of the Fund with or into another corporation (except for certain mergers in which the Fund is the successor), a statutory share exchange in which the Fund is not the successor, a sale or transfer of all or substantially all of the Fund's assets, the dissolution of the Fund and certain amendments to the Fund's Charter. In addition, the affirmative vote of 75% (which is higher than that required under Maryland law or the 1940 Act) of the outstanding shares of common stock of a Fund is required generally to authorize any of the following transactions or to amend the provisions of the Charter relating to such transactions:

- (i) merger, consolidation or statutory share exchange of the Fund with or into any corporation, person or other entity;

- (ii) issuance of any securities of the Fund to any corporation, person or other entity for cash;
- (iii) sale, lease or exchange of all or any substantial part of the assets of the Fund to any corporation, person or other entity (except assets having an aggregate fair market value of less than \$1,000,000); or
- (iv) sale, lease or exchange to the Fund, in exchange for securities of the Fund, of any assets of any corporation, person or other entity (except assets having an aggregate fair market value of less than \$1,000,000);

if such corporation, person or entity is directly, or indirectly through affiliates, the beneficial owner of more than 5% of the outstanding shares of the Fund (a "principal stockholder"). However, such vote would not be required where, under certain conditions, the Board of Directors approves the transaction, although in certain cases involving merger, consolidation or statutory share exchange or sale of all or substantially all of a Fund's assets the affirmative vote of a majority of the outstanding shares of the Fund would nevertheless be required.

The provisions of the Charter Documents described above and a Fund's right to repurchase or make a tender offer for its common stock could have the effect of depriving the owners of shares of opportunities to sell their shares at a premium over prevailing market prices, by discouraging a third party from seeking to obtain control of the Fund in a tender offer or similar transaction. The overall effect of these provisions is to render more difficult the accomplishment of a merger or the assumption of control by a principal stockholder. However, they provide the advantage of potentially requiring persons seeking control of the Fund to negotiate with its management regarding the price to be paid and facilitating the continuity of the Fund's management and investment objective and policies. The Board of Directors of each Fund has considered the foregoing anti-takeover provisions and concluded that they are in the best interests of the Fund and its stockholders.

#### Indemnification and Liability of Directors and Officers

-----

The charters of each of the Funds generally provides for the indemnification of officers and directors, as applicable, to the full extent permitted by law. This indemnification does not protect any such person against any liability to a Fund or any stockholder thereof to which such person would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the satisfaction of such person's office.

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (i) actual receipt of an improper benefit or profit in money, property or services or (ii) active and deliberate dishonesty established by a final judgment as being material to the cause of action. Each Fund's charter contains such a provision which eliminates directors' and officers' liability to the maximum extent permitted by Maryland law. This indemnification does not protect any such person against any liability to a Fund or any stockholder thereof to which such person would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the satisfaction of such person's office.

Edgar Filing: ALLIANCE WORLD DOLLAR GOVERNMENT FUND II INC - Form N-14 8C

FORM OF AGREEMENT AND PLAN OF ACQUISITION AND LIQUIDATION  
AMONG ALLIANCE WORLD DOLLAR GOVERNMENT FUND, INC.,  
ALLIANCEBERNSTEIN L.P. AND ALLIANCE WORLD DOLLAR GOVERNMENT FUND II, INC.

AGREEMENT AND PLAN OF ACQUISITION AND LIQUIDATION  
RELATING TO THE ACQUISITION OF ALL OF THE ASSETS AND LIABILITIES  
OF ALLIANCE WORLD DOLLAR GOVERNMENT FUND, INC.

As of

[\_\_\_\_\_], 2006

This Agreement and Plan of Acquisition and Liquidation (the "Plan") is made as of this [\_\_] day of [\_\_\_\_\_], 2006, by and among \_\_\_\_\_ (the "Acquiring Fund"), a Maryland corporation, \_\_\_\_\_ (the "Acquired Fund"), a Maryland corporation, and AllianceBernstein L.P. (the "Adviser").

WHEREAS, the Acquiring Fund and the Acquired Fund are closed-end management investment companies registered with the Securities and Exchange Commission (the "SEC") under the Investment Company Act of 1940, as amended (the "1940 Act") and the Securities Exchange Act of 1934, as amended (the "1934 Act") and shares of common stock of each Fund are currently purchased and sold on the New York Stock Exchange (the "NYSE");

WHEREAS, the parties desire that the Acquiring Fund acquire the assets and assume the liabilities of the Acquired Fund in exchange for shares of equal net asset value of the Acquiring Fund and the distribution of such shares of the Acquiring Fund to the stockholders of the Acquired Fund (the "Acquisition") and that the Acquired Fund thereafter liquidate and dissolve; and

WHEREAS, the parties intend that the Acquisition qualify as a "reorganization" within the meaning of section 368(a) of the United States Internal Revenue Code of 1986, as amended (the "Code"), and any successor provisions, and that with respect to the Acquisition, the Acquiring Fund and the Acquired Fund will each be a "party to a reorganization" within the meaning of section 368(b) of the Code;

Now, therefore, the Acquiring Fund and the Acquired Fund agree as follows:

1. Definitions

In addition to the terms elsewhere defined herein, each of the following terms shall have the meaning indicated for that term as follows:

- 1933 Act..... Securities Act of 1933, as amended.
- Acquiring Fund Share..... A share of common stock of the Acquiring Fund.
- Assets..... All assets of any kind and all interests, rights, privileges and powers of or attributable to the Acquired Fund or its shares, as appropriate, whether or not determinable at the appropriate Effective Time and wherever located, including, without limitation, all cash, cash equivalents, securities, claims (whether absolute or contingent, known or unknown, accrued or unaccrued or conditional or unmatured), contract rights and receivables (including

	dividend and interest receivables) owned by the Acquired Fund or attributable to its shares and any deferred or prepaid expense, other than unamortized organizational expenses, shown as an asset on the Acquired Fund's books.
Closing Date.....	Shall be on such date following the date that stockholders of the Acquired Fund approve the Plan, as the parties may agree.
Effective Time.....	5:00 p.m. Eastern Time on the Closing Date, or such other time as the parties may agree to in writing.
Financial Statements.....	The audited financial statements of the relevant Fund for its most recently completed fiscal year and, if applicable, the unaudited financial statements of that Fund for its most recently completed semi-annual period.
Fund.....	The Acquiring Fund and/or the Acquired Fund, as the case may be.
Liabilities.....	All liabilities, expenses and obligations of any kind whatsoever of the Acquired Fund, whether known or unknown, accrued or unaccrued, absolute or contingent or conditional or unmatured, except that expenses of the Acquisition, if any, contemplated hereby to be paid by the Acquired Fund pursuant to Section 25 of this Plan, which shall not be assumed or paid by the Acquiring Fund, shall not fall within the definition of Liabilities for purposes of this Plan.
N-14 Registration Statement...	The Registration Statement of the Acquiring Fund on Form N-14 under the 1940 Act that will register the Acquiring Fund Shares to be issued in the Acquisition and will include the proxy materials necessary for the stockholders of the Acquired Fund to approve the Acquisition.
Valuation Time.....	The close of regular session trading on the NYSE on the Closing Date, when for purposes of the Plan, the Acquiring Fund determines its net asset value per Acquiring Fund Share and the Acquired Fund determines the net value of the Assets.
NAV.....	A Fund's net asset value is calculated by valuing and totaling assets and then subtracting liabilities and then dividing the balance by the number of shares that are outstanding.

2. Regulatory Filings

The Acquiring Fund shall promptly prepare and file the N-14 Registration Statement with the SEC, and the Acquiring Fund and the Acquired Fund also shall make any other required or appropriate filings



with respect to the actions contemplated hereby.

3. Stockholder Action

As soon as practicable after the effective date of the N-14 Registration Statement, the Acquired Fund shall hold a stockholders meeting to consider and approve the Acquisition and this Plan and such other matters as the Board of Directors may determine. Such approval by the stockholders of the Acquired Fund shall, to the extent necessary to permit the consummation of the transactions contemplated herein without violating any investment objective, policy or restriction of the Acquired Fund, be deemed to constitute approval by the stockholders of a temporary amendment of any investment objective, policy or restriction that would otherwise be inconsistent with or violated upon the consummation of such transactions solely for the purpose of consummating such transactions.

4. Transfer of the Acquired Fund's Assets.

The Acquiring Fund and the Acquired Fund shall take the following steps with respect to the Acquisition, as applicable:

- (a) On or prior to the Closing Date, the Acquired Fund shall pay or provide for the payment of all of the Liabilities, expenses, costs and charges of or attributable to the Acquired Fund that are known to the Acquired Fund and that are due and payable prior to or as of the Closing Date.
- (b) Prior to the Effective Time, except to the extent prohibited by Rule 19b-1 under the 1940 Act, the Acquired Fund will declare to Acquired Fund shareholders of record a dividend or dividends which, together with all previous such dividends, shall have the effect of distributing (a) all the excess of (i) Acquired Fund's investment income excludable from gross income under section 103(a) of the Code over (ii) Acquired Fund's deductions disallowed under section 265 and 171(a)(2) of the Code, (b) all of Acquired Fund's investment company taxable income (as defined in Code section 852), (computed in each case without regard to any deduction for dividends paid), and (c) all of Acquired Fund's net realized capital gain (as defined in Code section 1222), if any (after reduction for any capital loss carryover), in each case for both the taxable year ending on [\_\_\_\_\_], and the short taxable year beginning on [\_\_\_\_\_], and ending on the Closing Date. Such dividends will be made to ensure continued qualification of the Acquired Fund as a "regulated investment company" for tax purposes and to eliminate fund-level tax.
- (c) At the Effective Time, pursuant to Articles of Transfer accepted for record by the State Department of Assessments and Taxation of Maryland (the "SDAT"), the Acquired Fund shall assign, transfer, deliver and convey the Assets to the Acquiring Fund, subject to the Liabilities. The Acquiring Fund shall then accept the Assets and assume the Liabilities such that at and after the Effective Time (i) the Assets at or after the Effective Time shall become and be assets of the Acquiring Fund, and (ii) the Liabilities at the Effective Time shall attach to the Acquiring Fund, and shall be enforceable against the Acquiring Fund to the same extent as if initially incurred by the Acquiring Fund.
- (d) Within a reasonable time prior to the Closing Date, the Acquired Fund shall provide, if requested, a list of the Assets to the Acquiring Fund. The Acquired Fund may sell any asset on such list prior to the Effective Time. After the Acquired Fund provides

such list, the Acquired Fund will not acquire any additional securities or permit to exist any encumbrances, rights, restrictions or claims not reflected on such list, without the approval of the Acquiring Fund. Within a reasonable time after receipt of the list and prior to the Closing Date, the Acquiring Fund will advise the Acquired Fund in writing of any investments shown on the list that the Acquiring Fund has determined to be inconsistent with its investment objective, policies and restrictions. The Acquired Fund will dispose of any such securities prior to the Closing Date to the extent practicable and consistent with applicable legal requirements, including the Acquired Fund's investment objectives, policies and restrictions. In addition, if the Acquiring Fund determines that, as a result of the Acquisition, the Acquiring Fund would own an aggregate amount of an investment that would exceed a percentage limitation applicable to the Acquiring Fund, the Acquiring Fund will advise the Acquired Fund in writing of any such limitation and the Acquired Fund shall dispose of a sufficient amount of such investment as may be necessary to avoid the limitation as of the Effective Time, to the extent practicable and consistent with applicable legal requirements, including the Acquired Fund's investment objectives, policies and restrictions.

(e) The Acquired Fund shall assign, transfer, deliver and convey the Assets to the Acquiring Fund at the Effective Time on the following basis:

- (1) The value of the Assets less the Liabilities, both determined as of the Valuation Time, shall be divided by the then NAV of one Acquiring Fund Share, and, in exchange for the transfer of the Assets, the Acquiring Fund shall simultaneously issue and deliver to the Acquired Fund the number of full Acquiring Fund Shares so determined that are allocable to all shares held by or for those stockholders of the Acquired Fund on a stockholder by stockholder basis plus fractional Acquiring Fund Shares, rounded to the second decimal place or such other decimal place as the parties may agree to in writing, allocable to those stockholders of the Acquired Fund that at the Effective Time participate in the Acquired Fund's Dividend Reinvestment Plan ("DRIP Stockholders"), regardless of whether the shares of the Acquired Fund with respect to which such fractional Acquiring Fund Shares are to be issued and delivered are held by or for the DRIP Stockholders directly or in the Acquired Fund's Dividend Reinvestment Plan. The Acquiring Fund shall at the same time deliver to the Acquired Fund cash in lieu of any fractional Acquiring Fund Shares allocable to those stockholders of the Acquired Fund that are not DRIP Stockholders;
- (2) The NAV of the Acquiring Fund Shares to be delivered to the Acquired Fund shall be determined as of the Valuation Time in accordance with the Acquiring Fund's then applicable valuation procedures, and the net value of the Assets to be conveyed to the Acquiring Fund shall be determined as of the Valuation Time in accordance with the then applicable valuation procedures of the Acquired Fund; and
- (3) The portfolio securities of the Acquired Fund shall be made available by the Acquired Fund to \_\_\_\_\_, as custodian for the Acquiring Fund (the "Custodian"), for examination no later than five business days preceding the

Valuation Time. On the Closing Date, such portfolio securities and all the Acquired Fund's cash shall be delivered by the Acquired Fund to the Custodian for the account of the Acquiring Fund, such portfolio securities to be duly endorsed in proper form for transfer in such manner and condition as to constitute good delivery thereof in accordance with the custom of brokers or, in the case of portfolio securities held in the U.S. Treasury Department's book-entry system or by The Depository Trust Company, Participants Trust Company or other third party depositories, by transfer to the account of the Custodian in accordance with Rule 17f-4, Rule 17f-5 or Rule 17f-7, as the case may be, under the 1940 Act and accompanied by all necessary federal and state stock transfer stamps or a check for the appropriate purchase price thereof. The cash delivered shall be in the form of currency or certified or official bank checks, payable to the order of \_\_\_\_\_, the Custodian, or shall be wired to an account pursuant to instructions provided by the Acquiring Fund.

(f) Promptly after the Closing Date, the Acquired Fund will deliver to the Acquiring Fund a Statement of Assets and Liabilities of the Acquired Fund as of the Closing Date.

5. Liquidation and Dissolution of the Acquired Fund, Registration of Acquiring Fund Shares and Access to Records.

The Acquired Fund and the Acquiring Fund also shall take the following steps, as applicable:

(a) At or as soon as reasonably practical after the Effective Time, the Acquired Fund shall liquidate and dissolve by transferring pro rata to its stockholders of record, the Acquiring Fund Shares and cash it receives pursuant to Section 4(e)(1) of this Plan. The Acquiring Fund shall record on its books the ownership by the Acquired Fund's stockholders of the Acquiring Fund Shares so transferred to such stockholders, and the Acquired Fund shall simultaneously cancel on its books all of the issued and outstanding shares of the Acquired Fund. The Acquiring Fund shall not issue certificates representing Acquiring Fund Shares to replace certificates representing Acquired Fund shares unless the Acquired Fund share certificates are first surrendered to the Acquiring Fund.

Following distribution by the Acquired Fund to its stockholders of all the Acquiring Fund Shares delivered to the Acquired Fund, the Acquired Fund shall wind up its affairs and shall take all steps as are necessary and proper to liquidate and dissolve as soon as is reasonably possible after the Effective Time, including filing of Articles of Dissolution with SDAT.

(b) At and after the Closing Date, the Acquired Fund shall provide the Acquiring Fund and its transfer agent with immediate access to: (i) all records containing the names, addresses and taxpayer identification numbers of all of the Acquired Fund's stockholders and the number and percentage ownership of the outstanding shares of the Acquired Fund owned by stockholders as of the Effective Time, and (ii) all original documentation (including all applicable Internal Revenue Service forms, certificates, certifications and correspondence) relating to the Acquired Fund stockholders' taxpayer identification numbers and their liability for or exemption from back-up withholding. The Acquired Fund

shall preserve and maintain, or shall direct its service providers to preserve and maintain, records with respect to the Acquired Fund as required by Section 31 of, and Rules 31a-1 and 31a-2 under, the 1940 Act.

6. Certain Representations and Warranties of the Acquired Fund.

The Acquired Fund represents and warrants to the Acquiring Fund as follows:

- (a) The Acquired Fund is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Maryland. The Acquired Fund is registered with the SEC as a closed-end management investment company under the 1940 Act and is duly registered with the SEC under the 1934 Act, and such registrations will be in full force and effect as of the Effective Time.
- (b) The Acquired Fund has the power and all necessary federal, state and local qualifications and authorizations to own all of the Assets, to carry on its business, to enter into this Plan and to consummate the transactions contemplated herein.
- (c) The Board of Directors of the Acquired Fund has duly authorized the execution and delivery of this Plan and the transactions contemplated herein. Duly authorized officers of the Acquired Fund have executed and delivered the Plan. The Plan represents a valid and binding contract, enforceable in accordance with its terms, subject as to enforcement to bankruptcy, insolvency, reorganization, arrangement, moratorium, and other similar laws of general applicability relating to or affecting creditors' rights and to general equity principles. The execution and delivery of this Plan does not, and, subject to the approval of stockholders referred to in Section 3 hereof, the consummation of the transactions contemplated by this Plan will not, violate the Acquired Fund's Charter, its Bylaws or any material agreement to which the Acquired Fund is subject. Except for the approval of its stockholders, the Acquired Fund does not need to take any other action to authorize its officers to effectuate this Plan and the transactions contemplated herein.
- (d) The Acquired Fund has qualified as a regulated investment company under Part I of Subchapter M of Subtitle A, Chapter 1, of the Code, in respect of each taxable year since the commencement of its operations and intends to continue to qualify as a regulated investment company for its taxable year ending upon its liquidation.
- (e) The information pertaining to the Acquired Fund included within the N-14 Registration Statement when filed with the SEC, when Part A of the N-14 Registration Statement is distributed to stockholders, at the time of the stockholders meeting of the Acquired Fund for approval of the Acquisition and at the Effective Time shall (i) comply in all material respects with the applicable provisions of the 1933 Act, the 1934 Act and the 1940 Act, and the rules and regulations thereunder and applicable state securities laws, and (ii) not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein not misleading.
- (f) The Acquired Fund has duly authorized and validly issued all of

its issued and outstanding shares of common stock, and all such shares are fully paid and non-assessable and were offered for sale and sold in conformity with the registration requirements of all applicable federal and state securities laws. There are no outstanding options, warrants or other rights to subscribe for or purchase any of the shares of the Acquired Fund, nor are there any securities convertible into shares of the Acquired Fund.

- (g) The Acquired Fund shall operate its business in the ordinary course between the date hereof and the Effective Time. Such ordinary course of business will include the declaration and payment of customary dividends and distributions and any other dividends and distributions referred to in Section 4(b) hereof.
- (h) At the Effective Time, the Acquired Fund will have good and marketable title to the Assets and full right, power and authority to assign, transfer, deliver and convey the Assets.
- (i) The Financial Statements of the Acquired Fund, a copy of which has been previously delivered to the Acquiring Fund, fairly present the financial position of the Acquired Fund as of the Acquired Fund's most recent fiscal year-end and the results of the Acquired Fund's operations and changes in the Acquired Fund's net assets for the periods indicated.
- (j) To the knowledge of the Acquired Fund, the Acquired Fund has no liabilities, whether or not determined or determinable, other than the Liabilities disclosed or provided for in its Financial Statements or Liabilities incurred in the ordinary course of business subsequent to the date of the most recent Financial Statement referencing Liabilities.
- (k) To the knowledge of the Acquired Fund, except as has been disclosed in writing to the Acquiring Fund, no claims, actions, suits, investigations or proceedings of any type are pending or threatened against the Acquired Fund or any of its properties or assets or any person whom the Acquired Fund may be obligated to indemnify in connection with such litigation, proceeding or investigation. Subject to the foregoing, there are no facts that the Acquired Fund has reason to believe are likely to form the basis for the institution of any such claim, action, suit, investigation or proceeding against the Acquired Fund. The Acquired Fund is not a party to nor subject to the provisions of any order, decree or judgment of any court or governmental body that adversely affects, or is reasonably likely to adversely affect, its financial condition, results of operations, or the Assets or its ability to consummate the transactions contemplated by the Plan.
- (l) Except for agreements entered into or granted in the ordinary course of its business, in each case under which no material default exists, and this Plan, the Acquired Fund is not a party to or subject to any material contract or other commitments, which if terminated, may result in material liability to the Acquired Fund or under which (whether or not terminated) any material payment for periods subsequent to the Closing Date will be due from the Acquired Fund.
- (m) The Acquired Fund has filed its federal income tax returns, copies of which have been previously made available to the Acquiring Fund, for all taxable years for which such returns are due and has paid all taxes payable pursuant to such returns. All

of the Acquired Fund's tax liabilities will have been adequately provided for on its books. No such return is currently under audit and no unpaid assessment has been asserted with respect to such returns. To the best of the Acquired Fund's knowledge, it will not have any tax deficiency or liability asserted against it or question with respect thereto raised, and it will not be under audit by the Internal Revenue Service or by any state or local tax authority for taxes in excess of those already paid. The Acquired Fund will timely file its federal income tax return for each subsequent taxable year including its current taxable year.

- (n) For federal income tax purposes, the Acquired Fund qualifies as a "regulated investment company," and the provisions of section 851 through 855 of the Code apply to the Acquired Fund for the remainder of its current taxable year beginning [\_\_\_\_\_], and will continue to apply through the Closing Date.
- (o) Since the date of the Financial Statements of the Acquired Fund, there has been no material adverse change in its financial condition, results of operations, business, or Assets. For this purpose, negative investment performance shall not be considered a material adverse change.
- (p) The Acquired Fund's investment operations from inception to the date hereof have been in compliance in all material respects with the investment policies and investment restrictions set forth in its prospectus or prospectuses and statement or statements of additional information as in effect from time to time, except as previously disclosed in writing to the Acquiring Fund.
- (q) The Acquiring Fund Shares to be issued to the Acquired Fund pursuant to paragraph 4(e)(1) will not be acquired for the purpose of making any distribution thereof other than to the Acquired Fund Stockholders as provided in paragraph 4(e)(1).
- (r) The Acquired Fund, or its agents, (i) holds a valid Form W-8Ben, Certificate of Foreign Status of Beneficial Owner for United States Withholding (or other appropriate series of Form W-8, as the case may be) or Form W-9, Request for Taxpayer Identification Number and Certification, for each Acquired Fund stockholder of record, which Form W-8 or Form W-9 can be associated with reportable payments made by the Acquired Fund to such stockholder, and/or (ii) has otherwise timely instituted the appropriate backup withholding procedures with respect to such stockholder as provided by Section 3406 of the Code and the regulations thereunder.

7. Certain Representations and Warranties of Acquiring Fund.

The Acquiring Fund represents and warrants to the Acquired Fund as follows:

- (a) The Acquiring Fund is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Maryland. The Acquiring Fund is registered with the SEC as a closed-end management investment company under the 1940 Act and is duly registered with the SEC under the 1934 Act, and such registrations will be in full force and effect as of the Effective Time.
- (b) The Acquiring Fund shall operate its business in the ordinary course between the date hereof and the Effective Time. Such

ordinary course of business will include the declaration and payment of customary dividends and distributions and any other dividends and distributions referred to in Section 4(b) hereof.

- (c) The Acquiring Fund has the power and all necessary federal, state and local qualifications and authorizations to own all of its assets, to carry on its business, to enter into this Plan and to consummate the transactions contemplated herein.
- (d) The Board of Directors of the Acquiring Fund has duly authorized execution and delivery of this Plan and the transactions contemplated herein. Duly authorized officers of the Acquiring Fund have executed and delivered the Plan. The Plan represents a valid and binding contract, enforceable in accordance with its terms, subject as to enforcement to bankruptcy, insolvency, reorganization, arrangement, moratorium and other similar laws of general applicability relating to or affecting creditors' rights and to general equity principles. The execution and delivery of this Plan does not, and the consummation of the transactions contemplated by this Plan will not violate the Charter of the Acquiring Fund, its Bylaws or any material agreement to which the Acquiring Fund is subject. Except for the approval of its Board, the Acquiring Fund does not need to take any other action to authorize its officers to effectuate the Plan and the transactions contemplated herein.
- (e) The Acquiring Fund has qualified as a regulated investment company under Part I of Subchapter M of Subtitle A, Chapter 1, of the Code, in respect of each taxable year since the commencement of its operations and qualifies and intends to continue to qualify as a regulated investment company for its current taxable year.
- (f) The N-14 Registration Statement, when filed with the SEC, when Part A of the N-14 Registration Statement is distributed to stockholders, at the time of the stockholder meeting of the Acquired Fund for approval of the Acquisition and at the Effective Time, insofar as it relates to the Acquiring Fund shall (i) comply in all material respects with the applicable provisions of the 1933 Act, the 1934 Act and the 1940 Act, and the rules and regulations thereunder and applicable state securities laws and (ii) not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.
- (g) The Acquiring Fund has duly authorized and validly issued all issued and outstanding Acquiring Fund Shares, and all such shares are fully paid and non-assessable and were offered for sale and sold in conformity with the registration requirements of all applicable federal and state securities laws. The Acquiring Fund has duly authorized the Acquiring Fund Shares referred to in Section 4(e) hereof to be issued and delivered to the Acquired Fund as of the Effective Time. When issued and delivered, such Acquiring Fund Shares shall be validly issued, fully paid and non-assessable, and no stockholder of the Acquiring Fund shall have any preemptive right of subscription or purchase in respect of any such share. There are no outstanding options, warrants or other rights to subscribe for or purchase any Acquiring Fund Shares, nor are there any securities convertible into Acquiring Fund Shares.

- (h) To the knowledge of the Acquiring Fund, except as has been disclosed in writing to the Acquiring Fund, no claims, actions, suits, investigations or proceedings of any type are pending or threatened against the Acquiring Fund or any of its properties or assets or any person whom the Acquiring Fund may be obligated to indemnify in connection with such litigation, proceeding or investigation. Subject to the foregoing, there are no facts that the Acquiring Fund currently has reason to believe are likely to form the basis for the institution of any such claim, action, suit, investigation or proceeding against the Acquiring Fund. The Acquiring Fund is not a party to or subject to the provisions of any order, decree or judgment of any court or governmental body that adversely affects, or is reasonably likely to adversely affect its financial condition, results of operations, its assets or its ability to consummate the transactions contemplated by this Plan.
- (i) Except for agreements entered into or granted in the ordinary course of its business, in each case under which no material default exists, the Acquiring Fund is not a party to or subject to any material contract, debt instrument, employee benefit plan, lease, franchise, license or permit of any kind or nature whatsoever.
- (j) The Acquiring Fund has filed its federal income tax returns, copies of which have been previously made available to the Acquired Fund, for all taxable years for which such returns are due and has paid all taxes payable pursuant to such returns. All of the Acquiring Fund's tax liabilities will have been adequately provided for on its books. No such return is currently under audit and no unpaid assessment has been asserted with respect to such returns. To the best of the Acquiring Fund's knowledge, it will not have any tax deficiency or liability asserted against it or question with respect thereto raised, and it will not be under audit by the Internal Revenue Service or by any state or local tax authority for taxes in excess of those already paid. The Acquiring Fund will timely file its federal income tax return for each subsequent taxable year including its current taxable year.
- (k) For federal income tax purposes, the Acquiring Fund qualifies as a "regulated investment company," and the provisions of section 851 through 855 of the Code apply to the Acquiring Fund for the remainder of its current taxable year beginning [\_\_\_\_\_], and will continue to apply through the Closing Date.
- (l) The Financial Statements of the Acquiring Fund, a copy of which has been previously delivered to the Acquired Fund, fairly present the financial position of the Acquiring Fund's most recent fiscal year-end and the results of the Acquiring Fund's operations and changes in the Acquiring Fund's net assets for the period indicated.
- (m) Since the date of the Financial Statements of the Acquiring Fund, there has been no material adverse change in its financial condition, results of operations, business or assets. Negative investment performance shall not be considered a material adverse change.
- (n) The Acquiring Fund's investment operations from inception to the date hereof have been in compliance in all material respects with the investment policies and investment restrictions set forth in



its prospectus or prospectuses and statement or statements of additional information as in effect from time to time, except as previously disclosed in writing to the Acquired Fund.

- (o) The Acquiring Fund will use all reasonable efforts to obtain the approvals and authorizations required by the 1933 Act, the 1940 Act and such other state securities laws as it may deem appropriate in order to continue its operations after the Closing Date.

8. Conditions to the Obligations of the Acquiring Fund and the Acquired Fund.

The obligations of the Acquiring Fund and the Acquired Fund with respect to the Acquisition shall be subject to the following conditions precedent:

- (a) The stockholders of the Acquired Fund shall have approved the Acquisition in the manner required by the Charter of the Acquired Fund, its Bylaws and applicable law. If stockholders of the Acquired Fund fail to approve the Acquisition as required, that failure shall release the Funds of their obligations under this Plan.
- (b) The Acquiring Fund and the Acquired Fund shall have delivered to the other party a certificate dated as of the Closing Date and executed in its name by its Secretary or an Assistant Secretary, in a form reasonably satisfactory to the receiving party, stating that the representations and warranties of the Acquiring Fund or the Acquired Fund, as applicable, in this Plan that apply to the Acquisition are true and correct in all material respects at and as of the Valuation Time.
- (c) The Acquiring Fund and the Acquired Fund shall have performed and complied in all material respects with each of its representations and warranties required by this Plan to be performed or complied with by it prior to or at the Valuation Time and the Effective Time.
- (d) There has been no material adverse change in the financial condition, results of operations, business, properties or assets of the Acquiring Fund or the Acquired Fund since the date of the most recent Financial Statements. Negative investment performance shall not be considered a material adverse change.
- (e) The Acquiring Fund and the Acquired Fund shall have received an opinion of Seward & Kissel LLP reasonably satisfactory to each of them, substantially to the effect that for federal income tax purposes:
  - (1) the Acquisition will constitute a "reorganization" within the meaning of section 368(a) of the Code and that the Acquiring Fund and the Acquired Fund will each be "a party to a reorganization" within the meaning of section 368(b) of the Code;
  - (2) a stockholder of the Acquired Fund will recognize no gain or loss on the exchange of the stockholder's shares of the Acquired Fund solely for Acquiring Fund Shares, except with respect to cash received in lieu of a fractional share of the Acquiring Fund in connection with the Acquisition;

- (3) neither the Acquired Fund nor the Acquiring Fund will recognize any gain or loss upon the transfer of all of the Assets to the Acquiring Fund in exchange for Acquiring Fund Shares (plus cash in lieu of fractional shares) and the assumption by Acquiring Fund of the Liabilities pursuant to this Plan or upon the distribution of Acquiring Fund Shares and cash to stockholders of the Acquired Fund in exchange for their respective shares of the Acquired Fund;
- (4) the holding period and tax basis of the Assets acquired by the Acquiring Fund will be the same as the holding period and tax basis that the Acquired Fund had in such Assets immediately prior to the Acquisition;
- (5) the aggregate tax basis of the Acquiring Fund Shares received in connection with the Acquisition by each stockholder of the Acquired Fund (including any fractional share to which the stockholder may be entitled) will be the same as the aggregate tax basis of the shares of the Acquired Fund surrendered in exchange therefor, decreased by any cash received and increased by any gain recognized on the exchange;
- (6) the holding period of the Acquiring Fund Shares received in connection with the Acquisition by each stockholder of the Acquired Fund (including any fractional share to which the stockholder may be entitled) will include the holding period of the shares of the Acquired Fund surrendered in exchange therefor, provided that such Acquired Fund shares constitute capital assets in the hands of the stockholder as of the Closing Date;
- (7) The Acquiring Fund will succeed to the capital loss carryovers of the Acquired Fund, if any, under section 381 of the Code, but the use by the Acquiring Fund of any such capital loss carryovers (and of capital loss carryovers of the Acquiring Fund) may be subject to limitation under section 383 of the Code; and
- (8) any gain or loss realized by a stockholder of the Acquired Fund upon the sale of a fractional share of the Acquiring Fund to which the stockholder is entitled will be recognized to the stockholder and measured by the difference between the amount of cash received and the basis of the fractional share and, provided that the Acquired Fund shares surrendered constitute capital assets in the hands of the stockholder, will be a capital gain or loss.

The opinion will be based on certain factual certifications made by officers of the Funds and will also be based on customary assumptions and subject to certain qualifications. The opinion is not a guarantee that the tax consequences of the Acquisition will be as described above.

Notwithstanding this subparagraph (e), Seward & Kissel LLP will express no view with respect to the effect of the Acquisition on any transferred asset as to which any unrealized gain or loss is required to be recognized at the end of a taxable year (or on the termination or transfer thereof) under federal income tax principles. Each Fund shall agree to make and provide additional representations to Seward & Kissel LLP with respect to the Funds that are reasonably necessary to enable Seward & Kissel LLP to deliver the tax opinion. Notwithstanding anything in this Plan to the contrary, neither Fund may waive in any material respect the conditions set forth under this subparagraph (e).

- (f) The N-14 Registration Statement shall have become effective under the 1933 Act as to the Acquiring Fund Shares, and the SEC shall not have instituted and to the knowledge of the Acquiring Fund is not contemplating instituting, any stop order suspending the effectiveness of the N-14 Registration Statement.
- (g) No action, suit or other proceeding shall be threatened or pending before any court or governmental agency in which it is sought to restrain or prohibit, or obtain damages or other relief in connection with, the Acquisition.
- (h) The SEC shall not have issued any unfavorable advisory report under Section 25(b) of the 1940 Act nor instituted any proceeding seeking to enjoin consummation of the Acquisition under Section 25(c) of the 1940 Act.
- (i) Neither party shall have terminated this Plan with respect to the Acquisition pursuant to Section 13 of this Plan.
- (j) The NYSE shall have approved, upon official notice of issuance, the listing of the Acquiring Fund Shares to be issued and delivered to the Acquired Fund pursuant hereto.

9. Conditions to the Obligations of the Acquired Fund.

The obligations of the Acquired Fund with respect to the Acquisition shall be subject to the following conditions precedent:

- (a) The Acquired Fund shall have received an opinion of Seward & Kissel LLP, counsel to the Acquiring Fund, in form and substance reasonably satisfactory to the Acquired Fund and dated as of the Closing Date, substantially to the effect that:
  - (1) The Acquiring Fund is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Maryland and is a closed-end, management investment company registered under the 1940 Act and duly registered under the 1934 Act;
  - (2) This Plan has been duly authorized, executed and delivered by the Acquiring Fund and, assuming the N-14 Registration Statement referred to in Section 2 of this Plan does not contain any material misstatements or omissions, and assuming due authorization, execution and delivery of this Plan by the Acquired Fund, represents a legal, valid and binding contract, enforceable in accordance with its terms, subject to the effect of bankruptcy, insolvency, moratorium, fraudulent conveyance and transfer and similar laws relating to or affecting creditors' rights generally and court decisions with respect thereto, and further subject to the application of equitable principles in any proceeding, whether at law or in equity or with respect to the enforcement of provisions of the Plan and the effect of judicial decisions which have held that certain provisions are unenforceable when their enforcement would violate an implied covenant of good faith and fair dealing or would be commercially unreasonable or when default under the Plan is not material;
  - (3) The Acquiring Fund Shares to be delivered as provided for by this Plan are duly authorized and upon delivery will be

validly issued, fully paid and non-assessable by the Acquiring Fund;

- (4) The execution and delivery of this Plan did not, and the consummation of the Acquisition will not, violate the Charter of the Acquiring Fund, its Bylaws or any agreement of the Acquiring Fund known to such counsel, after reasonable inquiry; and
- (5) To the knowledge of such counsel, no consent, approval, authorization or order of any federal or state court or administrative or regulatory agency, other than the acceptance of record of Articles of Transfer by the SDAT, is required for the Acquiring Fund to enter into this Plan or carry out its terms, except those that have been obtained under the 1933 Act, the 1934 Act, the 1940 Act and the rules and regulations under those Acts or that may be required under state securities laws or subsequent to the Effective Time or when the failure to obtain the consent, approval, authorization or order would not have a material adverse effect on the operation of the Acquiring Fund.

In rendering such opinion, Seward & Kissel LLP may (i) rely on the opinion of Venable LLP as to matters of Maryland law to the extent set forth in such opinion, (ii) make assumptions regarding the authenticity, genuineness and/or conformity of documents and copies thereof without independent verification thereof, (iii) limit such opinion to applicable federal and state law, (iv) define the word "knowledge" and related terms to mean the knowledge of attorneys then with such firm who have devoted substantive attention to matters directly related to this Plan and (v) rely on certificates of officers or directors of the Acquiring Fund as to factual matters.

- (b) The Acquiring Fund shall have received a letter from the Adviser with respect to insurance matters in form and substance satisfactory to the Acquired Fund.

10. Conditions to the Obligations of the Acquiring Fund.

The obligations of the Acquiring Fund with respect to the Acquisition shall be subject to the following conditions precedent:

- (a) The Acquiring Fund shall have received an opinion of Seward & Kissel LLP, counsel to the Acquired Fund, in form and substance reasonably satisfactory to the Acquiring Fund and dated as of the Closing Date, substantially to the effect that:
  - (1) The Acquired Fund is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Maryland and is a closed-end management investment company registered under the 1940 act and duly registered under the 1934 Act;
  - (2) This Plan has been duly authorized, executed and delivered by the Acquired Fund and, assuming the N-14 Registration Statement referred to in Section 2 of this Plan does not contain any material misstatements or omissions, and assuming due authorization, execution and delivery of this Plan by the Acquiring Fund, represents a legal, valid and binding contract, enforceable in accordance with its terms, subject to the effect of bankruptcy, insolvency, moratorium, fraudulent conveyance and transfer and similar laws relating to or affecting creditors' rights generally and court

decisions with respect thereto, and further subject to the application of equitable principles in any proceeding, whether at law or in equity or with respect to the enforcement of provisions of the Plan and the effect of judicial decisions which have held that certain provisions are unenforceable when their enforcement would violate an implied covenant of good faith and fair dealing or would be commercially unreasonable or when default under the Plan is not material;

- (3) The execution and delivery of this Plan did not, and the consummation of the Acquisition will not, violate the Charter of the Acquired Fund, its Bylaws or any agreement of the Acquired Fund known to such counsel, after reasonable inquiry, and no approval of the Plan by stockholders of the Acquiring Fund is required under its Charter, Bylaws or applicable law; and
- (4) To the knowledge of such counsel, no consent, approval, authorization or order of any federal or state court or administrative or regulatory agency, other than the acceptance of record of Articles of Transfer by the SDAT, is required for the Acquired Fund to enter into the Plan or carry out its terms, except those that have been obtained under the 1933 Act, the 1934 Act, the 1940 Act and the rules and regulations under those Acts or that may be required under state securities laws or subsequent to the Effective Time or when the failure to obtain the consent, approval, authorization or order would not have a material adverse effect on the operation of the Acquired Fund.

In rendering such opinion, Seward & Kissel LLP may (i) rely on the opinion of Venable LLP as to matters of Maryland law, (ii) make assumptions regarding the authenticity, genuineness and/or conformity of documents and copies thereof without independent verification thereof, (iii) limit such opinion to applicable federal and state law, (iv) define the word "knowledge" and related terms to mean the knowledge of attorneys then with such firm who have devoted substantive attention to matters directly related to this Plan and (v) rely on certificates of officers or directors of the Acquired Fund as to factual matters.

- (b) The Acquiring Fund shall have received a letter from the Adviser agreeing to indemnify the Acquiring Fund in respect of certain liabilities of the Acquired Fund in form and substance satisfactory to the Acquiring Fund.

#### 11. Closing

- (a) The Closing shall be held at the offices of the Funds, 1345 Avenue of the Americas, New York, New York 10105, or at such other time place as the parties may agree.
- (b) In the event that at the Valuation Time (a) the New York Stock Exchange shall be closed to trading or trading thereon shall be restricted, or (b) trading or the reporting of trading on said Exchange or elsewhere shall be disrupted so that accurate appraisal of the value of the net assets of the Acquired Fund or the Acquiring Fund is impracticable, the Closing Date shall be postponed until the first business day after the day when trading shall have been fully resumed and reporting shall have been restored; provided that if trading shall not be fully resumed and reporting restored within three business days of the Valuation Time, this Plan may be terminated by either the Acquired Fund or

the Acquiring Fund upon the giving of written notice to the other party.

- (c) The Acquiring Fund will provide to the Acquired Fund evidence satisfactory to the Acquired Fund that the Acquiring Fund Shares issuable pursuant to the Acquisition have been credited to the Acquired Fund's account on the books of the Acquiring Fund. After the Closing Date, the Acquiring Fund will provide to the Acquired Fund evidence satisfactory to the Acquired Fund that such Shares have been credited pro rata to open accounts in the names of the Acquired Fund Stockholders.
- (d) At the Closing each party shall deliver to the other such bills of sale, instruments of assumption of liabilities, checks, assignments, stock certificates, receipts or other documents as such other party or its counsel may reasonably request in connection with the transfer of assets, assumption of liabilities and liquidation contemplated by the Plan.

12. Survival of Representations and Warranties.

No representations, warranties or covenants in or pursuant to this Plan (including certificates of officers) hereto shall survive the completion of the transactions contemplated herein.

13. Termination of Plan.

A majority of either Fund's Board of Directors may terminate this Plan with respect to that Fund at any time before the applicable Effective Time if: (i) the Fund's conditions precedent set forth in Sections 8, 9 or 10 as appropriate, are not satisfied; or (ii) the Board of Directors determines that the consummation of the Acquisition is not in the best interests of the Fund or its stockholders and gives notice of such termination to the other party.

14. Governing Law.

This Plan and the transactions contemplated hereby shall be governed, construed and enforced in accordance with the laws of the State of New York, except to the extent preempted by federal law, without regard to conflicts of law principles.

15. Brokerage Fees.

Each party represents and warrants that there are no brokers or finders entitled to receive any payments in connection with the transactions provided for in the Plan.

16. Amendments.

The parties may, by agreement in writing authorized by their respective Board of Directors, amend this Plan at any time before or after the stockholders of the Acquired Fund approve the Acquisition. However, after stockholders of the Acquired Fund approve the Acquisition, the parties may not amend this Plan in a manner that materially alters the obligations of the other party. This Section shall not preclude the parties from changing the Closing Date or the Effective Time by mutual agreement.

17. Waivers.

At any time prior to the Closing Date, either party may by written instrument signed by it (i) waive the effect of any inaccuracies in the

representations and warranties made to it contained herein and (ii) waive compliance with any of the agreements, covenants or conditions made for its benefit contained herein. Any waiver shall apply only to the particular inaccuracy or requirement for compliance waived, and not any other or future inaccuracy or lack of compliance.

18. Indemnification of Directors.

The Acquiring Fund agrees that all rights to indemnification and all limitations of liability existing in favor of the Acquired Fund's current and former Directors and officers, acting in their capacities as such, under the Acquired Fund's Articles of Incorporation and Bylaws as in effect as of the date of this Plan shall survive the Acquisition as obligations of the Acquiring Fund and shall continue in full force and effect, without any amendment thereto, and shall constitute rights which may be asserted against the Acquiring Fund, its successors or assigns.

19. Other Matters.

Pursuant to Rule 145 under the 1933 Act, and in connection with the issuance of any shares to any person who at the time of the Acquisition is, to the Acquiring Fund's knowledge, an affiliate of a party to the Acquisition pursuant to Rule 145(c), the Acquiring Fund will cause to be affixed upon the certificate(s) issued to such person (if any) a legend as follows:

THESE SHARES ARE SUBJECT TO RESTRICTIONS ON TRANSFER UNDER THE SECURITIES ACT OF 1933 AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED EXCEPT TO ACQUIRING FUND (OR ITS STATUTORY SUCCESSOR) UNLESS (I) A REGISTRATION STATEMENT WITH RESPECT TO SUCH SHARES IS EFFECTIVE UNDER THE SECURITIES ACT OF 1933 OR (II) IN THE OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE FUND, SUCH REGISTRATION IS NOT REQUIRED.

20. Cooperation and Further Assurances.

Each party will cooperate with the other in fulfilling its obligations under this Plan and will provide such information and documentation as is reasonably requested by the other in carrying out the Plan's terms. Each party will provide such further assurances concerning the performance of its obligations hereunder and execute all documents for or in connection with the consummation of the Acquisition as, with respect to such assurances or documents, the other shall deem necessary or appropriate.

21. Updating of N-14 Registration Statement.

If at any time prior to the Effective Time, a party becomes aware of any untrue statement of a material fact or omission to state a material fact required to be stated therein or necessary to make the statements made not misleading in the N-14 Registration Statement, the party discovering the item shall notify the other party and the parties shall cooperate in promptly preparing, filing and clearing with the SEC and, if appropriate, distributing to stockholders appropriate disclosure with respect to the item.

22. Limitation on Liabilities.

The obligations of the Acquired Fund and the Acquiring Fund shall not bind any of the directors, stockholders, nominees, officers, agents, employees or agents of the Acquired Fund or the Acquiring Fund personally, but shall bind only the Acquired Fund or Acquiring Fund, as appropriate. The execution and delivery of this Plan by an officer of either party shall

not be deemed to have been made by the officer individually or to impose any liability on the officer personally, but shall bind only the Acquired Fund or the Acquiring Fund, as appropriate.

23. Termination of the Acquired Fund.

If the parties complete the Acquisition, the Acquired Fund shall terminate its registration under the 1940 Act, the 1933 Act, and the 1934 Act and will liquidate and dissolve.

24. Notices.

Any notice, report, statement, certificate or demand required or permitted by any provision of the Plan shall be in writing and shall be given in person or by telecopy, certified mail or overnight express courier to:

For the Acquired Fund:

[Acquired Fund]

1345 Avenue of the Americas  
New York, New York 10105

Attention: Secretary

For the Acquiring Fund:

[Acquiring Fund]

1345 Avenue of the Americas  
New York, New York 10105

Attention: Secretary

25. Expenses.

The Acquisition expenses shall be paid by the Acquired Fund.

26. General.

This Plan supersedes all prior agreements between the parties with respect to the subject matter hereof and may be amended only in writing signed by both parties. The headings contained in this Plan are for reference only and shall not affect in any way the meaning or interpretation of this Plan. Whenever the context so requires, the use in the Plan of the singular will be deemed to include the plural and vice versa. Nothing in this Plan, expressed or implied, confers upon any other person any rights or remedies under or by reason of this Plan. Neither party may assign or transfer any right or obligation under this Plan without the written consent of the other party.

In Witness Whereof, the parties hereto have executed this Plan as of the day and year first above written.

[Acquired Fund]

Attest:



Edgar Filing: ALLIANCE WORLD DOLLAR GOVERNMENT FUND II INC - Form N-14 8C

\_\_\_\_\_  
 Name: \_\_\_\_\_ By: \_\_\_\_\_  
 Title: \_\_\_\_\_ Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

[Acquiring Fund]

Attest:

\_\_\_\_\_  
 Name: \_\_\_\_\_ By: \_\_\_\_\_  
 Title: \_\_\_\_\_ Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

Accepted and agreed with respect to Section [25] only:

Alliance Bernstein L.P.

By: AllianceBernstein  
 Corporation, its General Partner

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

APPENDIX F  
 CAPITALIZATION

The following table sets forth (i) the capitalization of the Funds and (ii) the pro forma capitalization of the combined Fund as adjusted giving effect to the proposed acquisition of assets at net asset value as of March 31, 2006:

	AWDGF	AWDGF II	Adjustments	AWDGF II (pro forma)
Total Net Assets	\$129,364,129	\$983,787,664	--	\$1,113,151,793
Shares Outstanding	8,897,497	67,648,715		76,546,212
NAV Per Share	\$14.54	\$14.54	--	\$14.54

\* Assumes the Acquisition was consummated on [\_\_\_\_], 2006 and is for information purposes only. No assurance can be given as to how many shares of AWDGF II will be received by the stockholders of AWDGF on the date the Acquisition takes place, and the foregoing should not be relied upon to reflect the number of shares of AWDGF II that actually will be received on or after such date.

APPENDIX G

TRADING HISTORY AND SHARE PRICE DATA

Shares of each of the Funds are traded on the NYSE under the following symbols: AWDGF - "AWG" and AWDGF II - "AWF." Shares of closed-end management companies frequently trade at discounts from their NAVs, and the Funds' shares have also traded at a discount in recent times. The following tables set forth for each Fund's fiscal quarter within the two most recent fiscal years and each

Edgar Filing: ALLIANCE WORLD DOLLAR GOVERNMENT FUND II INC - Form N-14 8C

Fund's fiscal quarter since the beginning of the current fiscal year: (a) the per share high and low sales prices as reported by the NYSE; (b) the NAV per share, based on the Fund's computation as of 4:00 p.m. on the last NYSE business day for the week corresponding to the dates on which the respective high and low prices were recorded; and (c) the discount or premium to NAV represented by the high and low sales prices shown. The range of NAVs and of premiums and discounts for the shares during the periods shown may be broader than is shown in this table. On September 15, 2006, the closing price per share was \$12.63 and \$12.88, the NAV per share was \$14.64 and \$14.63 and the discount to NAV was (13.73)% and (11.96)%, for AWDGF and AWDGF II, respectively.

AWDGF FYE: October 31	Sales Price		Corresponding Net Asset Value		(Discount) or Premium to Net Asset Value	
	High	Low	High	Low	High	Low
Quarter Ended						
1/31/04	\$13.99	\$12.55	\$14.00	\$13.14	1.25%	(4.49)%
4/30/04	\$13.20	\$11.05	\$13.80	\$12.73	(2.74)%	(14.35)%
7/31/04	\$11.59	\$ 9.90	\$12.97	\$11.96	(9.91)%	(17.22)%
10/31/04	\$12.26	\$11.44	\$13.50	\$12.97	(9.19)%	(12.61)%
1/31/05	\$12.70	\$11.85	\$13.97	\$13.60	(9.09)%	(12.87)%
4/30/05	\$13.03	\$11.44	\$14.08	\$13.49	(7.46)%	(15.20)%
7/31/05	\$12.58	\$11.74	\$14.13	\$13.68	(10.97)%	(14.48)%
10/31/05	\$12.64	\$11.99	\$14.42	\$13.95	(10.49)%	(14.71)%
1/31/06	\$12.76	\$12.09	\$14.71	\$14.30	(12.95)%	(15.45)%
4/30/06	\$13.05	\$12.15	\$14.86	\$14.31	(12.18)%	(15.09)%
7/31/06	\$12.42	\$11.85	\$14.45	\$13.82	(13.50)%	(15.44)%

AWDGF II FYE: March 31	Sales Price		Corresponding Net Asset Value		(Discount) or Premium to Net Asset Value	
	High	Low	High	Low	High	Low
Quarter Ended						
6/30/04	\$13.04	\$ 9.80	\$13.61	\$11.91	(4.19)%	(17.72)%
9/30/04	\$12.23	\$11.03	\$13.52	\$12.52	(9.14)%	(12.47)%
12/31/04	\$12.41	\$11.90	\$13.66	\$13.55	(9.04)%	(13.11)%
3/31/05	\$12.79	\$11.40	\$14.08	\$13.39	(9.16)%	(15.30)%
6/30/05	\$12.42	\$11.58	\$14.16	\$13.47	(11.99)%	(14.24)%
9/30/05	\$12.61	\$12.28	\$14.10	\$14.06	(10.57)%	(13.68)%
12/31/05	\$12.74	\$11.89	\$14.42	\$14.00	(11.65)%	(15.15)%

Edgar Filing: ALLIANCE WORLD DOLLAR GOVERNMENT FUND II INC - Form N-14 8C

3/31/06	\$13.16	\$12.42	\$14.92	\$14.45	(11.62)%	(14.22)%
6/30/06	\$12.70	\$12.01	\$14.54	\$14.02	(12.28)%	(14.79)%

APPENDIX H  
LEGAL PROCEEDINGS

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.

Excluding the occurrences of tender offers or stock repurchases, the shares of a Fund are not redeemable by a Fund, but are traded on an exchange at prices established by the market. Accordingly, the Fund and its stockholders 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 one or more of the Funds 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 (the "Mutual Fund MDL"). 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 a 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 Discontinuation 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 stockholders 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 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 stockholders 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.

On February 10, 2004, the Adviser received (i) a subpoena duces tecum from the Office of the Attorney General of the State of West Virginia and (ii) a request for information from West Virginia's Office of the State Auditor, Securities Commission (the "West Virginia Securities Commission") (together, the "Information Requests"). Both Information Requests require the Adviser to produce documents concerning, among other things, any market timing or late trading in the Adviser's sponsored mutual funds. The Adviser responded to the Information Requests and has been cooperating fully with the investigation.

On April 11, 2005, a complaint entitled The Attorney General of the State of West Virginia v. AIM Advisors, Inc., et al. ("WVAG Complaint") was filed against the Adviser, Alliance Capital Management Holding L.P. ("Alliance Holding"), and various other defendants not affiliated with the Adviser. The WVAG Complaint was filed in the Circuit Court of Marshall County, West Virginia by the Attorney General of the State of West Virginia. The WVAG Complaint makes factual allegations generally similar to those in certain of the complaints related to the lawsuits discussed above. On May 31, 2005, defendants removed the WVAG Complaint to the United States District Court for the Northern District of West Virginia. On July 12, 2005, plaintiff moved to remand. On October 19, 2005, the WVAG Complaint was transferred to the Mutual Fund MDL.

On August 30, 2005, the deputy commissioner of securities of the West Virginia Securities Commission signed a "Summary Order to Cease and Desist, and Notice of Right to Hearing" addressed to the Adviser and Alliance Holding. The Summary Order claims that the Adviser and Alliance Holding violated the West Virginia Uniform Securities Act, and makes factual allegations generally similar to those in the SEC Order and the NYAG Order. On January 26, 2006, the Adviser, Alliance Holding, and various unaffiliated defendants filed a Petition for Writ of Prohibition and Order Suspending Proceedings in West Virginia state court seeking to vacate the Summary Order and for other relief. The Adviser intends to vigorously defend against the allegations in the WVAG Complaint.

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 Fund was not named as a defendant in the Aucoin Complaint. The Aucoin Complaint was filed in the United States District Court for the Southern District of New York by an alleged stockholder 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, nine additional lawsuits making factual allegations substantially similar to those in the Aucoin Complaint were filed against the Adviser and certain other defendants. All nine of the lawsuits (i) were brought as class actions filed in the United States District Court for the Southern District of New York, (ii) assert claims substantially identical to the Aucoin Complaint, and (iii) are brought on behalf of stockholders of the Funds.

On February 2, 2005, plaintiffs filed a consolidated amended class action complaint ("Aucoin Consolidated Amended Complaint") that asserts claims substantially similar to the Aucoin Complaint and the nine additional lawsuits referenced above. On October 19, 2005, the District Court dismissed each of the claims set forth in the Aucoin Consolidated Amended Complaint, except for plaintiff's claim under Section 36(b) of the Investment Company Act. On January 11, 2006, the District Court granted defendants' motion for reconsideration and dismissed the remaining Section 36(b) claim. Plaintiffs have moved for leave to amend their consolidated complaint.

On October 19, 2005, the District Court granted in part, and denied in part, defendants' motion to dismiss the Aucoin Complaint and as a result the only claim remaining is plaintiffs' Section 36(b).

On August 7, 2006, the Mutual Fund MDL signed an Order staying the actions (including discovery) against the Alliance defendants pending settlement.

The Adviser believes that these matters are not likely to have a material adverse effect on the Fund or the Adviser's ability to perform advisory services relating to the Fund.

APPENDIX I  
SHARE OWNERSHIP INFORMATION

Shares Outstanding

As of August 15, 2006 each Fund had the following number of shares of common stock outstanding.

Fund	Number of Outstanding Shares of Common Stock
AWDGF	8,897,497
AWDGF II	67,648,715

Ownership of Shares

As of August 15, 2006, the directors and officers of each Fund as a group beneficially owned less than 1% of the outstanding shares of common stock of that Fund and, to the knowledge of each Fund, no person owned either of record or beneficially, 5% or more of the outstanding shares of the Fund.

APPENDIX J  
FINANCIAL HIGHLIGHTS TABLE

The financial highlights table is intended to help you understand each Fund's

Edgar Filing: ALLIANCE WORLD DOLLAR GOVERNMENT FUND II INC - Form N-14 8C

financial performance for the past 5 years. Certain information reflects financial results for a single share of each Fund. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all dividends and distributions). This information has been audited by Ernst & Young LLP, the independent registered public accounting firm for the Funds, whose reports, along with each Fund's financial statements, are included in each Fund's annual report, which is available upon request.

	AWDGF II -----		
	Year Ended March 31,		
	2006 -----	2005 -----	2004 (a) -----
Net asset value, beginning of period .....	\$13.55	\$13.59	\$11.42
Income From Investment Operations			
Net investment income (b) .....	.90	.87	.99
Net realized and unrealized gain (loss) on .....	.99	(.08)	2.36
Net increase in net asset value from operations .....	1.89	.79	3.35
Less: Dividends			
Dividends from net investment income .....	(.90)	(.83)	(1.18)
Net asset value, end of period .....	\$14.54	\$13.55	\$13.59
Market value, end of period .....	\$12.59	\$11.80	\$12.91
Discount .....	(13.41)%	(12.92)%	(5.00)%
Total Return			
Total investment return based on: (c)			
Market value .....	14.62%	(1.96)%	29.27%
Net asset value .....	15.28%	6.94%	30.01%
Ratios/Supplemental Data			
Net assets, end of period (000's omitted)	\$983,788	\$916,838	\$919,453
Ratio to average net assets of:			
Expenses .....	1.23%	1.30%	1.29%
Expenses, excluding interest expense .	1.15%	1.28%	1.25%
Net investment income .....	6.33%	6.50%	7.65%
Portfolio turnover rate .....	79%	147%	158%

(a) As of April 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 April 1, 2003, these interim payments were reflected within interest income/expense on the statement of operations. The effect of this change for the year ended March 31, 2004, was to decrease net investment income per share by \$0.06 and increase net realized and unrealized gain (loss) on investment transactions per share by \$0.06, and decrease the ratios of net investment income and expenses to average net assets by 0.50% and 0.20%, respectively.

- (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 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.

	AWDGF			
	Six Months Ended April 30, 2006 (unaudited)	2005	2004 (a)	Year Ended O 200
Net asset value, beginning of period ..	\$14.17	\$13.63	\$13.05	\$
Income From Investment Operations				
Net investment income (c) .....	.40	.78	.77	
Net realized and unrealized gain (loss) on investment transactions ...	.31	.59	.76	
Net increase in net asset value from operations .....	.71	1.37	1.53	
Less: Dividends and Distributions				
Dividends from net investment income ..	(.41)	(.83)	(.95)	
Distributions in excess of net investment income .....	-0-	-0-	-0-	
Tax return of capital .....	-0-	-0-	-0-	
Total dividends and distributions .....	(.41)	(.83)	(.95)	
Net asset value, end of period .....	\$14.47	\$14.17	\$13.63	\$1
Market value, end of period .....	\$12.39	\$12.09	\$12.20	\$1
Premium/(Discount) .....	(14.37)%	(14.68)%	(10.49)%	(
Total Return				
Total investment return based on: (d)				
Market value .....	5.89%	5.95%	3.67%	4
Net asset value .....	5.52%	11.15%	12.71%	4
Ratios/Supplemental Data				
Net assets, end of period (000's omitted) .....	\$128,761	\$126,113	\$121,267	\$115

Edgar Filing: ALLIANCE WORLD DOLLAR GOVERNMENT FUND II INC - Form N-14 8C

Ratio to average net assets of:

Expenses .....	1.46%(e)	1.54%	1.59%
Expenses, excluding interest expense	1.37%(e)	1.54%	1.58%
Net investment income .....	5.53%(e)	5.60%	5.82%
Portfolio turnover rate .....	43%	86%	198%

-----

- (a) As of November 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 November 1, 2003, these interim payments were reflected within interest income/expense on the statement of operations. The effect of this change for the year ended October 31, 2004, was to decrease net investment income per share by \$.09 and increase net realized and unrealized gain (loss) on investment transactions per share by \$.09, and decrease the ratio of net investment income to average net assets by .67%.
- (b) As required, effective November 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 October 31, 2002 was to decrease net investment income per share by \$0.02, increase net realized and unrealized gain on investment per share by \$0.02, and decrease the ratio of net investment income to average net assets from 10.67% to 10.55%. Per share, ratios and supplemental data for periods prior to November 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 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 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) Annualized.

SK 00250 0209 694559

FORM OF PROXY CARD

Vote by Touch-Tone Phone or by Mail!!

CALL: To vote by phone call toll-free 1-800-[\_\_\_\_]-[\_\_\_\_] and Follow the recorded instructions.



Edgar Filing: ALLIANCE WORLD DOLLAR GOVERNMENT FUND II INC - Form N-14 8C

MAIL: Return the signed proxy card in the enclosed envelope.

PROXY IN CONNECTION WITH THE SPECIAL MEETING OF  
SHAREHOLDERS TO BE HELD DECEMBER 12, 2006

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF THE FUND

Alliance World Dollar Government Fund, Inc.

The undersigned hereby appoints Christina A. Morse and Carol H. Rappa, or either of them, as proxies for the undersigned, each with full power of substitution, to attend the Meeting of Shareholders (the "Meeting") of Alliance World Dollar Government Fund, Inc. (the "Fund"), to be held at 11:30 a.m., Eastern Time, on December 12, 2006 at the offices of the Fund at 1345 Avenue of the Americas, [ ] Floor, New York, New York 10105, and at any postponement or adjournment thereof, to cast on behalf of the undersigned all votes that the undersigned is entitled to cast at the Meeting and otherwise to represent the undersigned at the Meeting with all powers possessed by the undersigned if personally present at the Meeting. The undersigned hereby acknowledges receipt of the Notice of Meeting and accompanying Proxy Statement, revokes any proxy previously given with respect to the Meeting and instructs said proxies to vote said shares as indicated on the reverse side of this proxy card.

IF THIS PROXY CARD IS PROPERLY EXECUTED, THE VOTES ENTITLED TO BE CAST BY THE UNDERSIGNED WILL BE CAST AS SPECIFIED. IF THIS PROXY CARD IS PROPERLY EXECUTED BUT NO SPECIFICATION IS MADE FOR THE PROPOSAL, THE VOTES ENTITLED TO BE CAST BY THE UNDERSIGNED WILL BE CAST "FOR" THE PROPOSAL AS DESCRIBED IN THE PROSPECTUS/PROXY STATEMENT. ADDITIONALLY, THE VOTES ENTITLED TO BE CAST BY THE UNDERSIGNED WILL BE CAST IN THE DISCRETION OF THE PROXYHOLDER ON ANY OTHER MATTER THAT MAY PROPERLY COME BEFORE THE MEETING OR ANY ADJOURNMENT THEREOF.

PLEASE VOTE, DATE AND SIGN ON THE REVERSE SIDE AND RETURN THIS PROXY CARD PROMPTLY IN THE ENCLOSED ENVELOPE.

[x] Please mark votes as in this example.

-----

THE PROPOSAL Acquisition by Alliance World Dollar Government Fund II, Inc. of all of the assets and the assumption of all of the liabilities of the Fund in exchange for shares of Alliance World Dollar Government Fund II, Inc.

FOR	AGAINST	ABSTAIN
[ ]	[ ]	[ ]

To vote and otherwise represent the undersigned on any other matter that may properly come before the Meeting, any postponement or adjournment thereof, including any matter incidental to the conduct of the Meeting, in the discretion of the Proxy holder(s).

Please check here if you plan to attend the Meeting.

[ ] I WILL ATTEND THE MEETING.

Please be sure to sign your name(s) exactly as it appears on this Proxy Card.

-----  
Signature(s) of Shareholder(s)

Date: \_\_\_\_\_, 2006

-----  
Signature(s) of Shareholder(s)

Date: \_\_\_\_\_, 2006

IMPORTANT: Please sign legibly and exactly as the name appears on this Proxy Card. Joint owners must EACH sign the Proxy Card. When signing as executor, administrator, attorney, trustee or guardian, or as custodian for a minor, please give the FULL title of such. If a corporation, please give the FULL corporate name and indicate the signer's office. If a partner, please sign in the partnership name.

\*\*\*PLEASE MARK, SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE\*\*\*

SK 00250 0209 702702

ALLIANCE WORLD DOLLAR GOVERNMENT FUND II, INC.

1345 Avenue of the Americas  
New York, New York  
Toll Free (800) 221-5672

STATEMENT OF ADDITIONAL INFORMATION  
October [\_\_], 2006

This Statement of Additional Information ("SAI") relates specifically to the proposed Acquisition (as defined in the Prospectus/Proxy Statement) wherein Alliance World Dollar Government Fund II, Inc. ("AWDGF II") would acquire all of the assets and assume all of the liabilities of Alliance World Dollar Government Fund, Inc. ("AWDGF") in exchange solely for shares of AWDGF II, and cash in lieu of fractional shares for those stockholders who do not participate in AWDGF's Dividend Reinvestment and Cash Purchase Plan ("DRIP"). (AWDGF II and AWDGF are each a "Fund" and collectively, the "Funds").

AllianceBernstein, L.P. (the "Adviser") serves as investment adviser to the Funds. This SAI is not a prospectus, and should be read in conjunction with the Prospectus/Proxy Statement for the Funds dated [\_\_\_\_], 2006. This SAI does not include all information that a prospective investor should consider before purchasing shares of the Fund, and investors should obtain and read the Prospectus/Proxy Statement prior to purchasing shares. A copy of the Prospectus/Proxy Statement may be obtained without charge, by calling 1-800-227-4618. This SAI incorporates by reference the entire Prospectus/Proxy Statement.

TABLE OF CONTENTS

Page

INVESTMENT OBJECTIVES AND POLICIES.....	2
INVESTMENT PRACTICES.....	6
INVESTMENT RESTRICTIONS.....	11
RISK FACTORS AND SPECIAL CONSIDERATIONS.....	12
MANAGEMENT OF THE FUNDS.....	17
VALUATION OF PORTFOLIO SECURITIES.....	31
DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN.....	33
DESCRIPTION OF COMMON STOCK.....	35
PORTFOLIO TRANSACTIONS.....	36
DISTRIBUTIONS.....	37
TAXATION.....	37
PROXY VOTING.....	41
LEGAL MATTERS.....	42
EXPERTS.....	42
FINANCIAL STATEMENTS.....	43
APPENDIX A.....	A-1

The following supplements the information contained in the Prospectus/Proxy Statement concerning the Funds. AWDGF II and AWDGF are each a non-diversified closed-end investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act").

#### INVESTMENT OBJECTIVES AND POLICIES

GENERAL. The Funds are non-diversified, closed-end management investment companies. The primary investment objective of AWDGF II is to seek high current income, with a secondary investment objective of capital appreciation. The investment objective of AWDGF is to seek high current income by investing exclusively in fixed income securities denominated in U.S. Dollars. In seeking to achieve its investment objectives, each Fund invests principally in Sovereign Debt Obligations (as defined below) and utilizes certain other investment techniques, including options, futures, forwards and swaps, intended to enhance income and reduce market risk. AWDGF II may also invest in U.S. corporate fixed income securities. The Funds are designed primarily for long term investment and investors should not consider any Fund to be a short-term trading vehicle. As with all investment companies, there can be no assurance that a Fund's objective will be achieved.

AWDGF II normally invests at least 80% of its total assets in Sovereign Debt Obligations (as defined below). The balance of the Fund's investment portfolio, up to 20% of its total assets, may be invested in U.S. corporate fixed income securities which include debt securities, convertible securities and preferred stocks of corporate issuers. AWDGF II has also adopted a fundamental policy that it will invest at least 65% of its total assets in Sovereign Debt Obligations (as defined below). AWDGF invests, under normal circumstances, at least 80% of its net assets in Sovereign Debt Obligations (as defined below) and zero coupon obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities ("Zero Coupon Bonds"). AWDGF has adopted a fundamental policy that, under normal circumstances, the Fund will invest at least 75% of its total assets in (i) Sovereign Debt Obligations (as defined below) and (ii) Zero Coupon Obligations. Each Fund's investment objective and fundamental policies (and its investment restrictions set forth below under "Investment Restrictions") may be changed only with the approval of the holders of a "majority of the Fund's outstanding voting securities," which means the lesser of (i) 67% of the shares of the Fund represented at a meeting at which more than 50% of the outstanding shares are present in person or represented by proxy, or (ii) more than 50% of the outstanding shares. A Fund's other investment policies described below, except as set forth under "Investment Restrictions," are not fundamental and may be changed by the Fund without stockholder approval.

SOVEREIGN DEBT OBLIGATIONS. Sovereign Debt Obligations are U.S. Dollar-denominated debt 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.

Sovereign Debt Obligations held by the Funds will take the form of bonds, notes, bills, debentures, warrants, short-term paper, loan participations, loan assignments and interests issued by entities organized and operated for the purpose of restructuring the investment characteristics of other Sovereign Debt Obligations.

AWDGF II emphasizes investments in the Sovereign Debt Obligations of countries that are considered emerging market countries at the time of purchase. A substantial part of the Fund's investment focus is in the Sovereign Debt Obligations of Argentina, Brazil, Mexico, Morocco, the Philippines and Venezuela. AWDGF invests substantially all of its assets in (i) Sovereign Debt Obligations and (ii) Zero Coupon Obligations.

HIGH YIELD DEBT SECURITIES. Substantially all of AWDGF II's investments in Sovereign Debt Obligations and U.S. corporate fixed income securities and AWDGF's assets will be in high yield, high risk debt securities that are low-rated (i.e., below investment grade) or unrated and in both cases that are considered to be predominantly speculative as regards the issuer's capacity to pay interest and repay principal.

STRUCTURED SECURITIES. The Funds may invest in securities issued in structured financing transactions, which generally involve aggregating various types of debt in a pool or special purpose entity and then issuing new securities. Each Fund may invest up to 25% of its total assets in interests in entities organized and operated solely for the purpose of restructuring the investment characteristics of Sovereign Debt Obligations. This type of restructuring involves the deposit with or purchase by an entity, such as a corporation or trust, of specified instruments (such as commercial bank loans) and the issuance by that entity of one or more classes of securities ("Structured Securities") backed by, or representing interests in, the underlying instruments. The cash flow on the underlying instruments may be apportioned among the newly issued Structured Securities to create securities with different investment characteristics such as varying maturities, payment priorities and interest rate provisions, and the extent of the payments made with respect to Structured Securities is dependent on the extent of the cash flow on the underlying instruments. Because Structured Securities of the type in which a Fund anticipates it will invest typically involve no credit enhancement, their credit risk generally will be equivalent to that of the underlying instruments.

The Funds are permitted to invest in a class of Structured Securities that is either subordinated or unsubordinated to the right of payment of another class. Subordinated Structured Securities typically have higher yields and present greater risk