ACM MANAGED DOLLAR INCOME FUND INC
Form N-CSR
December 11, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-07964

ACM MANAGED DOLLAR INCOME FUND, INC.

(Exact name of registrant as specified in charter)

1345 Avenue of the Americas, New York, New York 10105
(Address of principal executive offices) (Zip code)

Mark R. Manley
AllianceBernstein L.P.
1345 Avenue of the Americas
New York, New York 10105
(Name and address of agent for service)

Registrant's telephone number, including area code: (800) 221-5672

Date of fiscal year end: September 30, 2006

Date of reporting period: September 30, 2006

ITEM 1. REPORTS TO STOCKHOLDERS.

ANNUAL REPORT

ACM Managed Dollar Income Fund

Annual Report

September 30, 2006

[LOGO]
ALLIANCEBERNSTEIN
INVESTMENTS

Investment Products Offered

- Are Not FDIC Insured
- May Lose Value

o Are Not Bank Guaranteed

You may obtain a description of the Fund's proxy voting policies and procedures, and information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30, without charge. Simply visit AllianceBernstein's web site at www.alliancebernstein.com, or go to the Securities and Exchange Commission's (the "Commission") web site at www.sec.gov, or call AllianceBernstein(R) at (800) 227-4618.

The Fund files its complete schedule of portfolio holdings with the Commission for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the Commission's web site at www.sec.gov. The Fund's Forms N-Q may also be reviewed and copied at the Commission's Public Reference Room in Washington, DC; information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330.

AllianceBernstein Investments, Inc. is an affiliate of AllianceBernstein L.P., the manager of the AllianceBernstein funds, and is a member of the NASD.

November 14, 2006

Annual Report

This report provides management's discussion of fund performance for ACM Managed Dollar Income Fund (the "Fund") for the annual reporting period ended September 30, 2006. The Fund is a closed-end fund that trades under the New York Stock Exchange symbol "ADF".

Investment Objective and Policies

This closed-end fund is designed for investors who seek high current income and capital appreciation over a period of years. The Fund normally invests at least 35% of its assets in U.S. corporate fixed-income securities. The balance of the Fund's investment portfolio will be invested in fixed-income securities issued or guaranteed by foreign governments and non-U.S. corporate fixed-income securities. Substantially all of the Fund's assets will be invested in high-yield, high-risk securities rated below investment-grade and considered to be predominantly speculative. For more information regarding the Fund's risks, please see "A Word About Risk" on pages 4-5 and "Note E--Risks Involved in Investing in the Fund" of the Notes to Financial Statements on page 35.

Investment Results

The table on page 6 shows the Fund's performance compared to its new composite benchmark, a 65%/35% blend of the J.P. Morgan Emerging Markets Bond Index Global (JPM EMBI Global) and the Credit Suisse First Boston High Yield (CSFBHY) Index, respectively, for the six- and 12-month periods ended September 30, 2006. In addition, performance for the Fund's old composite benchmark, a 65%/35% blend of the J.P. Morgan Emerging Markets Bond Index Plus (JPM EMBI+) and the Credit Suisse First Boston High Yield (CSFBHY) Index, respectively, for the same time periods is also included. The JPM EMBI Global is a more appropriate index for the Fund because it contains a broader representation of the emerging market debt universe than the JPM EMBI+. The JPM EMBI Global tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds. The JPM EMBI+ is a standard measure of the performance of a basket of unmanaged emerging market debt securities. The CSFBHY Index is a standard measure of the performance of a basket of unmanaged U.S. high yield debt securities. The Fund's performance is compared to a composite benchmark of both indices because this new composite more closely resembles the composition of the Fund's portfolio.

The Fund underperformed its new composite benchmark for both the six- and 12-month periods ended September 30, 2006. Within the Fund's high yield allocation, underweights to the automotive and airline industries, both of which outperformed during the annual period, detracted from relative performance. Security selection within the lodging/leisure and financial industries, as well as regional homebuilders within the housing industry, also detracted from performance. Contributing positively to relative performance within high yield was security selection within

the automotive industry as well as the Fund's pipeline subsidiary holdings within the utilities industry.

Within the Fund's emerging market allocation, contributing positively to performance for both the six- and 12-month periods were overweight positions in Latin America, particularly Brazil and Argentina. Brazil's stable growth, central bank easing and debt buy backs helped support its bond prices. Argentina benefited during the year from a completion of its debt restructuring and very strong economic growth. Both Brazil and Argentina were top performing countries within the Fund's benchmark.

Detracting from performance within the Fund's emerging market allocation for both the six- and 12-month periods was security selection in Argentina. Although the Fund's country selection of Argentina contributed positively to performance, its shorter-maturity bond selection in the country detracted from performance as Argentina's longer-duration bonds vastly outperformed.

Leverage had a minimal impact on the Fund's overall performance relative to its new composite benchmark during both the six and 12-month periods ended September 30, 2006.

Market Review and Investment Strategy

U.S. dollar denominated emerging market debt posted the strongest returns within fixed-income sectors for the 12-month reporting period, returning 7.81%, according to the JPM EMBI Global. Dollar reserve accumulation in major emerging market countries as well as positive supply-demand technicals continued to support that sector. Performance during the annual period was not even, however. Emerging market debt, along with high yield and the equity market, suffered periods of negative performance in the first half of 2006 due to the cumulative effects of U.S. interest rate hikes. During the year, the U.S. Federal Reserve (the "Fed") continued to raise official rates an additional 1.5% in quarter point increments.

Emerging market debt, along with other asset classes, bounced back strongly in the third quarter of 2006, sparked by evidence of a cooling U.S. economy led by a slowdown in the housing market, fading inflation concerns and the first U.S. monetary-policy shift in more than two years. The Fed left the Fed funds rate unchanged at 5.25% in August and September, following 425 basis points of consecutive rate hikes.

All 31 emerging countries represented within the JPM EMBI Global posted positive returns for the 12-month period ended September 30, 2006 with Latin countries, returning 9.59%, outperforming the non-Latin region which returned 5.46%. Outperforming countries for the year included Argentina at 22.53%, the Philippines at 16.64% and Brazil at 14.59%. Underperforming countries included Hungary at 1.04%, the Ukraine at 2.25% and Russia at 2.28%. Emerging market spreads tightened 27 basis points during the 12-month period to end the period at 208 basis points.

Countries favored within the Fund during the annual period included Brazil, Argentina, Russia, Peru and Panama. Brazil's creditworthiness was enhanced by extensive dollar reserve accumulation and a reduction of its debt-to-gross domestic product (GDP) ratio through the scheduled repurchase of approximately $24 billion in bonds (in U.S. dollar terms). Moody's Investors Service recently upgraded Brazil's sovereign credit rating from Ba3 to Ba2, placing the country two steps below investment grade.

Russia continued to amass tremendous reserves and repaid its entire Paris Club debt. (The Paris Club is an informal group of financial officials from 19 of the world's wealthiest nations which provide financial concessions such as debt restructuring, debt relief, and debt cancellation to indebted countries). Argentina continued to post strong growth during the period with GDP at 7.9% in the second quarter. Exports in Argentina remained solid with its economy benefiting from soft commodity prices. Peru was favored due to continued strong growth, low debt and low inflation.

Ecuador was underweighted in the Fund's portfolio due to rising political risk. Bond prices declined sharply late in the period as the less market friendly presidential candidate, Rafael Correa, showed strength in pre-election polls. Correa rattled bond markets with statements that he would renegotiate Ecuador's $11 billion in (U.S. dollar terms) in outstanding debt.

The high yield market outperformed investment-grade fixed-income assets which are more sensitive to the negative effects of rising interest rates. As represented by the CSFBHY Index, high yield posted a return of 7.76% for the 12-month period ended September 30, 2006. On an industry level, top performers included telecommunications at 14.29%, aerospace at 12.93% and manufacturing at 12.56%. Airlines helped the aerospace industry as fare prices increased while capacity was reduced. Underperforming industries included housing at 3.77% and health care at 5.26%. Housing was negatively impacted by higher mortgage rates and a slowdown in the real estate market, while health care was dragged down by Hospital Corporation of America (HCA) after it became a target for a leveraged buyout.

Within the Fund's high yield allocation, a defensive posture was maintained given perceived insufficient compensation for assuming risk and a lack of specific credit opportunities. Quantitative analysis indicated that the reward for assuming incremental risk is greatly diminished in times of a flat or inverted yield curve. At the same time, strong corporate profits and a low default rate have allowed high yield spreads to remain well below their long term average even as market and leveraged buy out risks increased. In this environment, therefore, the Fund is modestly underweighted in more volatile credits and thoroughly diversified to minimize risk.

HISTORICAL PERFORMANCE

An Important Note About the Value of Historical Performance

The performance on page 6 represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance information shown. All fees and expenses related to the operation of the Fund have been deducted. Performance assumes reinvestment of distributions and does not account for taxes.

ACM Managed Dollar Income Fund Shareholder Information

The daily net asset value of the Fund's shares is available from the Fund's Transfer Agent by calling 800.219.4218. The Fund also distributes its daily net asset value to various financial publications or independent organizations such as Lipper Inc., Morningstar, Inc. and Bloomberg. The Fund's NYSE trading symbol is "ADF". Weekly comparative net asset value (NAV) and market price information about the Fund is published each Monday in The Wall Street Journal, each Sunday in The New York Times and each Saturday in Barron's and other newspapers in a table called "Closed-End Funds." For additional shareholder information regarding this Fund, please see page 59.

Benchmark Disclosure

The unmanaged J.P. Morgan Emerging Markets Bond Index Global (JPM EMBI Global), the unmanaged J.P. Morgan Emerging Markets Bond Index Plus (JPM EMBI+) and the unmanaged Credit Suisse First Boston High Yield (CSFBHY) Index do not reflect fees and expenses associated with the active management of a mutual fund portfolio. The JPM EMBI Global tracks total returns for U.S.-dollar denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds. The JPM EMBI+ is composed of dollar-denominated restructured sovereign bonds; a large percentage of the index is made up of Brady bonds. The CSFBHY Index is a standard measure of lower-rated, fixed-income, non-convertible U.S. dollar-denominated securities meeting certain criteria developed by Credit Suisse designed to enable the index to reflect the high yield market. An investor cannot invest directly in an index, and its results are not indicative of the performance for any specific investment, including the Fund.

A Word About Risk

The Fund may use certain investment techniques that have increased risks. For example, the Fund may use leverage, through borrowings, to enhance its returns. For this purpose, the Fund may use reverse repurchase agreements and dollar rolls, which are considered borrowings, as part of its investment strategy. Borrowings allow the Fund to increase the amount of money available to invest in debt securities. As long as the income from the securities financed is greater than the interest cost of the borrowings, the Fund's investors benefit from higher returns than if the Fund were not leveraged.

Reverse repurchase agreements involve sales by a fund of portfolio assets concurrently with an agreement by the fund to repurchase the same assets at a later date at a fixed price. During the reverse repurchase agreement period, the fund continues to receive principal and interest payments on these securities. Generally, the effect of such a transaction is that a fund can recover all or most of the cash invested in the portfolio securities involved during the term of the reverse repurchase agreement, while it will be able to keep the interest income associated with those portfolio securities. Such transactions are advantageous only if the interest cost to a fund of the reverse repurchase transaction is less than the cost of otherwise obtaining the cash.

(Historical Performance continued on next page)

HISTORICAL PERFORMANCE
(continued from previous page)

The Fund may enter into dollar rolls in which the Fund sells securities for delivery in the current month and simultaneously contracts to repurchase substantially similar (same type and coupon) securities on a specified future date. During the roll period, the Fund forgoes principal and interest paid on the securities. The Fund is compensated by the difference between the current sales price and the lower forward price for the future purchase (often referred to as the "drop") as well as by the interest earned on the cash proceeds of the initial sale.

The use of leverage, which is usually considered speculative, involves certain risks to stockholders. These include a higher volatility of the NAV of the common stock caused by favorable or adverse changes in interest rates. In addition, fluctuations in the interest rates on a fund's borrowings will affect the return to stockholders, with increases in interest rates decreasing the fund's return.

To the extent that the current interest rate on a fund's borrowings approaches the net return on the leveraged portion of the fund's investment portfolio, the benefit of leverage to stockholders will be reduced. If the current interest rate on the borrowings were to exceed the net return on that portion of the fund's portfolio, the fund's leverage would result in a lower rate of return to stockholders and in a lower NAV than if a fund were not leveraged.

Part of the Fund's assets will be invested in foreign and emerging markets fixed-income securities which may magnify asset value fluctuations due to changes in foreign exchange rates and the possibility of substantial volatility due to political and economic uncertainties in foreign countries. This may have a significant effect on the Fund's asset value. Price fluctuations may be caused by changes in the general level of interest rates or changes in bond credit quality ratings. Please note, as interest rates rise, existing bond prices fall and can cause the value of an investment in the Fund to decline. Changes in interest rates have a greater effect on bonds with longer maturities than on those with shorter maturities. High yield bonds (i.e., "junk bonds") involve a greater risk of default and price volatility than other bonds. Investing in non-investment grade securities presents special risks, including credit risk. While the Fund invests principally in fixed-income securities, in order to achieve its investment objectives, the Fund may at times use certain types of investment derivatives, such as options, forwards and swaps. These instruments involve risks different from, and in certain cases, greater than, the risks presented by more traditional investments.

(Historical Performance continued on next page)

HISTORICAL PERFORMANCE
(continued from previous page)

THE FUND VS. ITS BENCHMARK
PERIODS ENDED SEPTEMBER 30, 2006

	Returns	
	6 Months	12 Months
ACM Managed Dollar Income Fund (NAV)	4.02%	7.46%
New Composite: 65% JPM EMBI Global / 35% CSFBHY Index	4.16%	7.79%
Old Composite: 65% JPM EMBI+ / 35% CSFBHY Index	4.20%	8.14%
JPM EMBI Global	4.28%	7.81%
JPM EMBI+	4.34%	8.35%
CSFBHY Index	3.93%	7.76%

The Fund's Market Price per share on September 30, 2006 was $7.37. The Fund's Net Asset Value Price per share on September 30, 2006 was $8.22. For additional Financial Highlights, please see page 42.

GROWTH OF A $10,000 INVESTMENT IN THE FUND
9/30/96 TO 9/30/06

ACM Managed Dollar Income Fund (NAV): $21,630
Old Composite: $26,093
New Composite: $25,518

[THE FOLLOWING DATA WAS REPRESENTED BY A MOUNTAIN CHART IN THE PRINTED MATERIAL]

	ACM Managed Dollar Income Fund (NAV)	New Composite	Old Composite
9/30/96	$10,000	$10,000	$10,000
9/30/97	$13,364	$12,201	$12,255
9/30/98	$ 8,514	$10,255	$10,218
9/30/99	$10,092	$12,027	$11,887
9/30/00	$11,100	$14,055	$14,133
9/30/01	$ 9,981	$14,116	$14,052
9/30/02	$10,004	$14,301	$14,088
9/30/03	$15,484	$18,961	$19,151
9/30/04	$17,567	$21,268	$21,532
9/30/05	$20,127	$23,673	$24,128
9/30/06	$21,630	$25,518	$26,093

This chart illustrates the total value of an assumed $10,000 investment in ACM Managed Dollar Income Fund at net asset value (NAV) (from 9/30/96 to 9/30/06) as compared to the performance of the Fund's new composite benchmark, a 65%/35% blend of the J.P. Morgan (JPM) Emerging Markets Bond Index (EMBI) Global and the Credit Suisse First Boston High Yield (CSFBHY) Index, respectively, and its old composite benchmark, a 65%/35% blend of the J.P. Morgan (JPM) Emerging

Markets Bond Index (EMBI) Plus and the CSFBHY Index, respectively. The chart assumes the reinvestment of dividends and capital gains distributions at prices obtained pursuant to the Fund's dividend reinvestment plan.

See Historical Performance and Benchmark disclosures on pages 4-5.

PORTFOLIO SUMMARY
September 30, 2006

PORTFOLIO STATISTICS
Net Assets ($mil): $168.4

SECURITY TYPE BREAKDOWN*

[ ] 47.9% Sovereign Debt Obligations [PIE CHART OMITTED]
[ ] 43.3% Corporate Debt Obligations
[ ] 3.9% Emerging Market-Corporate Debt Obligation
[ ] 2.3% Structured Note
[ ] 0.3% Preferred Stock & Warrants

[ ] 2.3% Short-Term

* All data are as of September 30, 2006. The Fund's security type breakdown is expressed as a percentage of total investments (excluding security lending collateral) and may vary over time.

PORTFOLIO OF INVESTMENTS
September 30, 2006

	Principal Amount (000)	U.S. $ Value
SOVEREIGN DEBT OBLIGATIONS-51.9%		
Argentina-4.6%		
Republic of Argentina		
7.00%, 3/28/11	$ 275	$ 264,642
8.28%, 12/31/33	2,969	2,862,165
Republic of Argentina FRN		
5.59%, 8/03/12(a)	5,051	4,659,465
		7,786,272
Brazil-8.2%		
Republic of Brazil		
7.125%, 1/20/37(b)	3,776	3,857,184
8.00%, 1/15/18	2,099	2,303,653
8.25%, 1/20/34	4,247	4,852,198
8.875%, 10/14/19	2,329	2,769,181

		13,782,216
Bulgaria-0.3%		
Republic of Bulgaria		
8.25%, 1/15/15(c)	355	417,657
Colombia-1.1%		
Republic of Colombia		
7.375%, 9/18/37	160	162,000
10.75%, 1/15/13	237	289,496
11.75%, 2/25/20	1,028	1,434,060
		1,885,556
Costa Rica-0.2%		
Republic of Costa Rica		
8.05%, 1/31/13(c)	181	194,394
8.11%, 2/01/12(c)	188	201,630
		396,024
Dominican Republic-0.2%		
Dominican Republic		
8.625%, 4/20/27(c)	270	285,795
9.50%, 9/27/11(c)	100	107,046
		392,841
Ecuador-0.4%		
Republic of Ecuador		
9.00%, 8/15/30(a)(c)	645	590,175
9.375%, 12/15/15(c)	87	84,390
		674,565

8 o ACM MANAGED DOLLAR INCOME FUND

	Principal Amount (000)	U.S. $ Value
El Salvador-0.6%		
Republic of El Salvador		
7.625%, 9/21/34(c)	$ 150	$ 163,875
7.65%, 6/15/35(c)	441	472,973
8.50%, 7/25/11(c)	400	441,000
		1,077,848
Indonesia-1.1%		
Republic of Indonesia		
6.75%, 3/10/14(c)	945	958,230
6.875%, 3/09/17(c)	378	386,505
7.25%, 4/20/15(c)	476	494,564
		1,839,299
Jamaica-0.3%		
Government of Jamaica		
9.25%, 10/17/25	100	106,600
10.625%, 6/20/17	270	314,550
		421,150
Lebanon-0.6%		
Lebanese Republic		
7.875%, 5/20/11(c)	325	317,362

10.125%, 8/06/08(c)	556	582,410
11.625%, 5/11/16(c)	146	172,937

		1,072,709
Mexico-6.5%		
United Mexican States		
8.00%, 9/24/22(b)	2,472	2,960,220
8.125%, 12/30/19(b)	5,135	6,162,000
11.375%, 9/15/16	1,296	1,858,464

		10,980,684
Nigeria-0.9%		
Central Bank of Nigeria		
6.25%, 11/15/20(a)	1,500	1,500,000
Panama-3.0%		
Republic of Panama		
6.70%, 1/26/36	433	433,000
7.125%, 1/29/26	927	977,985
7.25%, 3/15/15	2,050	2,188,375
8.875%, 9/30/27	559	691,763
9.375%, 7/23/12-4/01/29	541	683,267
9.625%, 2/08/11	135	153,562

		5,127,952

ACM MANAGED DOLLAR INCOME FUND o 9

	Principal Amount (000)	U.S. $ Value
Peru-3.3%		
Republic of Peru		
7.35%, 7/21/25	$ 2,611	$2,787,243
8.375%, 5/03/16	996	1,145,400
8.75%, 11/21/33(b)	1,299	1,591,275
9.875%, 2/06/15	23	28,462

		5,552,380
Philippines-4.0%		
Republic of Philippines		
7.75%, 1/14/31	340	354,450
8.25%, 1/15/14(b)	226	246,340
8.375%, 2/15/11	31	33,294
8.875%, 3/17/15	1,888	2,147,600
9.00%, 2/15/13	44	49,456
9.50%, 2/02/30	431	531,207
9.875%, 1/15/19	2,628	3,242,952
10.625%, 3/16/25	130	173,095

		6,778,394
Russia-6.5%		
Ministry Finance of Russia		
3.00%, 5/14/08-5/14/11	2,380	2,260,100
Russian Federation		
5.00%, 3/31/30(a)(c)	7,191	8,010,774
11.00%, 7/24/18(c)	435	624,007

		10,894,881

Turkey-4.1%		
Republic of Turkey		
6.875%, 3/17/36	1,161	1,053,608
7.00%, 6/05/20	1,150	1,114,350
7.375%, 2/05/25	680	671,500
9.50%, 1/15/14	151	171,762
11.00%, 1/14/13	610	734,440
11.50%, 1/23/12	1,447	1,745,806
11.75%, 6/15/10	883	1,033,110
11.875%, 1/15/30(b)	254	374,650
		6,899,226
Ukraine-0.6%		
Government of Ukraine		
6.875%, 3/04/11(c)	526	531,260
7.65%, 6/11/13(c)	191	201,982
11.00%, 3/15/07(c)	219	224,003
		957,245
Uruguay-1.1%		
Republic of Uruguay		
7.50%, 3/15/15	93	97,092
7.875%, 1/15/33(d)	1,072	1,109,829
9.25%, 5/17/17	505	590,345
		1,797,266

	Principal Amount (000)	U.S. $ Value
Venezuela-4.3%		
Republic of Venezuela		
5.75%, 2/26/16	$ 733	$ 672,069
6.511%, 4/20/11 FRN(a)(c)	120	118,704
7.00%, 12/01/18(c)	315	311,062
8.50%, 10/08/14	1,102	1,220,465
9.25%, 9/15/27(b)	2,339	2,847,732
10.75%, 9/19/13	1,659	2,028,127
13.625%, 8/15/18	35	51,625
		7,249,784
Total Sovereign Debt Obligations (cost $77,935,380)		87,483,949
CORPORATE DEBT OBLIGATIONS-47.0%		
Aerospace & Defense-0.4%		
DRS Technologies, Inc.		
6.875%, 11/01/13	150	148,125
L-3 Communications Corp.		
5.875%, 1/15/15	345	327,750
Sequa Corp.		
9.00%, 8/01/09	235	250,569
		726,444
Automotive-2.7%		
Autonation Inc.		
7.507%, 4/15/13 FRN(a)(c)	55	55,688

Ford Motor Co.		
7.45%, 7/16/31*	561	433,373
Ford Motor Credit Co.		
4.95%, 1/15/08	380	369,525
7.00%, 10/01/13	533	494,538
General Motors Acceptance Corp.		
6.875%, 9/15/11	765	760,947
8.375%, 7/15/33	580	501,700
Keystone Automotive Operations, Inc.		
9.75%, 11/01/13	310	291,400
Lear Corp.		
8.11%, 5/15/09*	205	197,825
Tenneco Inc.		
8.625%, 11/15/14	130	128,375
TRW Automotive, Inc.		
9.375%, 2/15/13	186	198,090
11.00%, 2/15/13	176	191,840
United Auto Group, Inc.		
9.625%, 3/15/12	290	307,400
Visteon Corp.		
7.00%, 3/10/14*	635	568,325
		4,499,026

ACM MANAGED DOLLAR INCOME FUND o 11

	Principal Amount (000)	U.S. $ Value
Broadcasting & Media-0.5%		
Allbritton Communications Co.		
7.75%, 12/15/12	$ 375	$ 377,813
Sirius Satellite Radio, Inc.		
9.625%, 8/01/13	190	185,725
XM Satellite Radio Inc.		
9.75%, 5/01/14	245	233,975
		797,513
Building & Real Estate-1.1%		
Associated Materials, Inc.		
11.25%, 3/01/14(a)	530	291,500
D.R. Horton, Inc.		
6.875%, 5/01/13	345	352,407
Goodman Global Holdings Company, Inc.		
7.875%, 12/15/12*	280	266,700
KB HOME		
7.75%, 2/01/10	480	480,000
William Lyon Homes, Inc.		
10.75%, 4/01/13	525	483,000
		1,873,607
Cable-3.7%		
Cablevision Systems Corp.		
8.00%, 4/15/12	435	440,437
Charter Communications Operating LLC		
8.00%, 4/30/12(c)	890	896,675
CSC Holdings, Inc.		
6.75%, 4/15/12	325	323,781
7.625%, 7/15/18	410	419,737

DirectTV Holdings LLC		
6.375%, 6/15/15	480	451,200
Echostar DBS Corp.		
6.375%, 10/01/11	325	316,469
7.125%, 2/1/16(c)	160	154,600
Inmarsat Finance PLC		
7.625%, 6/30/12	372	383,160
Insight Midwest LP		
9.75%, 10/01/09	295	300,162
Intelsat Bermuda, Ltd.		
8.625%, 1/15/15	285	291,412
10.484%, 1/15/12 FRN(a)	115	116,581
11.25%, 6/15/16(c)	702	745,875
PanAmSat Corp.		
9.00%, 8/15/14	313	323,172
Quebecor Media		
7.75%, 3/15/16	520	520,650
Rogers Cable, Inc.		
6.75%, 3/15/15	620	626,200

		6,310,111

	Principal Amount (000)	U.S. $ Value
Chemicals-1.7%		
Equistar Chemical Funding LP		
10.125%, 9/01/08	$ 480	$ 508,200
10.625%, 5/01/11	145	155,513
Hexion Nova Scotia Finance, ULC		
9.00%, 7/15/14	290	295,800
Huntsman International LLC		
9.875%, 3/01/09	203	211,628
Ineos Group Holdings		
8.50%, 2/15/16(c)	385	366,712
Lyondell Chemical Co.		
8.00%, 9/15/14	155	156,937
8.25%, 9/15/16	95	96,425
Nell AF S.a.r.l.		
8.375%, 8/15/15(c)*	369	366,232
Rhodia S.A.		
8.875%, 6/01/11	625	645,312

		2,802,759
Communications - Fixed-2.5%		
Citizens Communications Co.		
6.25%, 1/15/13	490	476,525
Hawaiian Telcom Communications, Inc.		
9.75%, 5/01/13*	285	292,838
L-3 Financing Inc.		
11.50%, 3/01/10	135	138,712
12.25%, 3/15/13*	906	1,010,190
Qwest Corp.		
8.875%, 3/15/12	1,610	1,756,913
Time Warner Telecommunications Holdings		
9.25%, 2/15/14	205	215,762
Windstream Corp.		

8.125%, 8/01/13(c)	198	210,127
8.625%, 8/01/16(c)	156	166,920

		4,267,987
Communications - Mobile-1.5%		
American Tower Corp.		
7.125%, 10/15/12	627	642,675
Digicel, Ltd.		
9.25%, 9/01/12(c)	349	362,087
Dobson Communications Corp.		
8.375%, 11/01/11(c)	143	148,541
8.875%, 10/01/13*	185	183,381
Rogers Wireless, Inc.		
7.25%, 12/15/12	335	350,494
7.50%, 3/15/15	508	542,290
Rural Cellular Corp.		
8.25%, 3/15/12	255	262,650

		2,492,118

ACM MANAGED DOLLAR INCOME FUND o 13

	Principal Amount (000)	U.S. $ Value
Consumer Manufacturing-0.7%		
ACCO Brands Corp.		
7.625%, 8/15/15	$ 470	$ 454,725
Broder Brothers Co.		
11.25%, 10/15/10	292	284,700
Jostens, Inc.		
7.625%, 10/01/12	210	211,050
Levi Strauss & Co.		
8.875%, 4/01/16	225	223,875

		1,174,350
Diversified Media-1.0%		
Dex Media East LLC		
9.875%, 11/15/09	125	131,719
12.125%, 11/15/12	220	245,575
Dex Media West LLC		
8.50%, 8/15/10	180	185,850
Lamar Media Corp.		
6.625%, 8/15/15	100	95,875
Liberty Media Corp.		
5.70%, 5/15/13	150	141,543
7.875%, 7/15/09	120	125,630
8.25%, 2/01/30	150	149,725
Rainbow National Services LLC		
8.75%, 9/01/12(c)	205	219,350
R.H. Donnelley Corp.		
6.875%, 1/15/13	387	353,137

		1,648,404
Energy-3.0%		
Chesapeake Energy Corp.		
6.625%, 1/15/16	655	632,075
7.50%, 9/15/13	185	187,775
7.75%, 1/15/15	485	494,700

El Paso Corp.		
7.75%, 6/01/13-1/15/32	956	978,938
Grant Prideco, Inc.		
6.125%, 8/15/15	245	233,975
Hilcorp Energy		
10.50%, 9/01/10(c)	266	286,283
Kerr-McGee Corp.		
6.875%, 9/15/11	420	444,905
6.95%, 7/01/24	260	278,559
Kinder Morgan Finance Co.		
5.35%, 1/05/11	190	184,789
Newfield Exploration Co.		
6.625%, 4/15/16	110	106,975
Petrohawk Energy Corp.		
9.125%, 7/15/13(c)	217	218,085
Pride International, Inc.		
7.375%, 7/15/14	400	412,000

	Principal Amount (000)	U.S. $ Value
Range Resources Corp.		
7.50%, 5/15/16	$ 265	$ 266,325
Tesoro Corp.		
6.25%, 11/01/12(c)	400	385,500
		5,110,884
Entertainment & Leisure-1.3%		
Gaylord Entertainment Co.		
8.00%, 11/15/13	350	356,125
Intrawest Corp.		
7.50%, 10/15/13	195	209,381
NCL Corp.		
10.625%, 7/15/14	250	241,875
Royal Caribbean Cruises		
8.00%, 5/15/10	385	407,996
Six Flags Inc.		
9.625%, 6/01/14*	290	258,100
Universal City Development		
11.75%, 4/01/10	335	360,962
Universal City Florida Holding, Co.		
8.375%, 5/01/10	110	110,412
Univision Communmications Inc.		
7.85%, 7/15/11	190	188,924
		2,133,775
Financial-1.9%		
C&M Finance Ltd.		
8.10%, 2/01/16(c)	250	245,000
Crum & Foster Holdings Corp.		
10.375%, 6/15/13	220	225,500
E*Trade Financial Corp.		
7.375%, 9/15/13	200	204,500
7.875%, 12/01/15	643	676,758
8.00%, 6/15/11	190	196,650
Iirsa Norte Finance LTD.		
8.75%, 5/30/24(c)	150	154,875

Liberty Mutual Group		
5.75%, 3/15/14(c)	280	275,354
TNK-BP Financial SA		
7.50%, 7/18/16(c)	575	599,763
TRAINS HY-1-2006		
7.548%, 5/01/16(c)	595	595,268
		3,173,668
Food & Beverage-1.8%		
Altria Group, Inc.		
7.75%, 1/15/27	415	502,487
Dean Foods Co.		
7.00%, 6/01/16	360	360,000
Del Monte Food Co.		
8.625%, 12/15/12	125	131,094

	Principal Amount (000)	U.S. $ Value
Dole Food Company, Inc.		
8.625%, 5/01/09	$ 180	$ 175,950
8.875%, 3/15/11	92	88,090
Domino's, Inc.		
8.25%, 7/01/11	262	275,100
Reynolds American, Inc.		
7.25%, 6/01/12-6/01/13(c)	825	848,723
7.625%, 6/01/16(c)	190	197,089
Rite Aid Corp.		
6.875%, 8/15/13	230	193,200
9.25%, 6/01/13	210	205,800
		2,977,533
Gaming-3.3%		
Boyd Gaming Corp.		
7.75%, 12/15/12	255	261,694
Greektown Holdings LLC		
10.75%, 12/01/13(c)	240	253,200
Mandalay Resort Group		
10.25%, 8/01/07	535	552,387
MGM Mirage, Inc.		
6.625%, 7/15/15	455	436,800
8.375%, 2/01/11	620	646,381
Mohegan Tribal Gaming Authority		
6.375%, 7/15/09	155	153,837
7.125%, 8/15/14	150	149,250
Park Place Entertainment		
7.00%, 4/15/13	305	313,551
7.875%, 3/15/10	150	156,000
9.375%, 2/15/07	255	258,187
Penn National Gaming, Inc.		
6.875%, 12/01/11	430	432,150
Riviera Holdings Corp.		
11.00%, 6/15/10	385	406,175
Seneca Gaming Corp.		
7.25%, 5/01/12	305	305,000
Station Casinos, Inc.		
6.625%, 3/15/18	235	212,087

Turning Stone Casino Resort Enterprise		
9.125%, 12/15/10(c)	300	303,750
Wynn Las Vegas LLC		
6.625%, 12/01/14	695	674,150

		5,514,599
Health Care-2.4%		
Concentra Operating Corp.		
9.125%, 6/01/12	5	5,200
9.50%, 8/15/10	280	291,200
Coventry HealthCare, Inc.		
5.875%, 1/15/12	160	158,747
6.125%, 1/15/15	170	168,698

16 o ACM MANAGED DOLLAR INCOME FUND

	Principal Amount (000)	U.S. $ Value
DaVita, Inc.		
7.25%, 3/15/15	$ 350	$ 343,875
Extendicare Health Services		
9.50%, 7/01/10	160	167,800
Hanger Orthopedic Group		
10.25%, 6/01/14	190	192,850
HCA, Inc.		
6.375%, 1/15/15	905	730,788
6.50%, 2/15/16	395	316,000
6.75%, 7/15/13	10	8,463
7.875%, 2/01/11	415	396,844
Healthsouth Corp.		
10.75%, 6/15/16(c)	250	255,313
IASIS Healthcare/CAP CRP Healthcare		
8.75%, 6/15/14	270	261,225
Select Medical Corp.		
7.625%, 2/01/15	285	240,112
Universal Hospital Services, Inc.		
10.125%, 11/01/11	260	273,000
Ventas Realty LP		
6.75%, 4/01/17	157	157,981

		3,968,096
Hotels & Lodging-0.8%		
Host Marriott LP		
6.75%, 6/01/16	225	221,906
9.25%, 10/01/07	110	113,437
9.50%, 1/15/07	310	312,712
Starwood Hotels & Resorts Worldwide, Inc.		
7.875%, 5/01/12	405	425,250
Vail Resorts, Inc.		
6.75%, 2/15/14	360	351,900

		1,425,205
Index-1.4%		
Dow Jones CDX HY		
8.25%, 6/29/10(c)*	955	959,976
8.375%, 12/29/11(c)	454	454,284
8.625%, 6/29/11(c)*	983	995,287

		2,409,547
Industrial-1.3%		
AMSTED Industries, Inc.		
10.25%, 10/15/11(c)	265	283,550
Case New Holland, Inc.		
9.25%, 8/01/11	315	333,900
FastenTech, Inc.		
11.50%, 5/01/11	170	176,800
Invensys PLC		
9.875%, 3/15/11(c)	221	238,680
RBS Global & Rexnord Corp.		
9.50%, 8/01/14(c)	250	255,000
11.75%, 8/01/16(c)	115	119,025

	Principal Amount (000)	U.S. $ Value
Trinity Industries, Inc.		
6.50%, 3/15/14	$ 535	$ 522,962
Tyco International Group SA		
6.875%, 1/15/29	188	209,289
		2,139,206
Metals & Mining-1.3%		
AK Steel Corp.		
7.875%, 2/15/09	430	428,387
Arch Western Finance		
6.75%, 7/01/13	165	158,400
International Steel Group, Inc.		
6.50%, 4/15/14	272	268,600
Ispat Inland ULC		
9.75%, 4/01/14	239	269,174
Massey Energy Co.		
6.875%, 12/15/13	165	149,325
Peabody Energy Corp.		
6.875%, 3/15/13	660	650,100
Southern Peru Copper Corp.		
7.50%, 7/27/35	300	313,984
		2,237,970
Paper & Packaging-1.5%		
Ball Corp.		
6.875%, 12/15/12	450	453,375
Berry Plastics Corp.		
8.875%, 9/15/14(c)	275	276,375
Covalence Specialty Materials Corp.		
10.25%, 3/01/16(c)	130	126,100
Crown Americas, Inc.		
7.625%, 11/15/13	375	379,687
Jefferson Smurfit Corp.		
8.25%, 10/01/12	8	7,660
Newpage Corp.		
10.00%, 5/01/12	285	294,262
Owens-Brockway Glass Container, Inc.		
8.875%, 2/15/09	655	673,012
Plastipak Holdings, Inc.		
8.50%, 12/15/15(c)	135	136,350

Russell-Stanley Holdings, Inc.		
9.00%, 11/30/08(c)(d)(f)	913	240,757
Stone Container Corp.		
9.75%, 2/01/11	10	10,300
		2,597,878
Retail-0.6%		
Burlington Coat Factory		
11.125%, 4/15/14(c)	130	125,450
GSC Holdings Corp.		
8.00%, 10/01/12	610	628,300

	Principal Amount (000)	U.S. $ Value
J.C. Penney Corporation, Inc.		
7.625%, 3/01/97	$ 205	$ 210,635
		964,385
Service-2.2%		
Allied Waste North America		
6.375%, 4/15/11	610	594,750
7.125%, 5/15/16	545	537,506
7.375%, 4/15/14*	185	182,225
Gallery Capital SA		
10.125%, 5/15/13(c)	149	145,767
Iron Mountain Inc.		
6.625%, 1/01/16	335	314,900
Service Corp. International		
6.50%, 3/15/08	605	605,000
7.70%, 4/15/09	270	277,087
United Rentals North America, Inc.		
6.50%, 2/15/12	454	438,110
7.00%, 2/15/14	85	79,900
7.75%, 11/15/13	538	529,930
		3,705,175
Supermarket & Drugstore-0.5%		
Couche-Tard, Inc.		
7.50%, 12/15/13	333	337,995
Elan Finance Corp.		
7.75%, 11/15/11	355	345,681
Stater Bros. Holdings, Inc.		
8.125%, 6/15/12	165	165,825
		849,501
Technology-2.2%		
Amkor Technologies Inc.		
9.25%, 6/01/16	175	164,063
Avago Technologies Finance		
10.125%, 12/01/13(c)	230	243,800
Computer Associates Inc.		
5.25%, 12/01/09(c)	200	194,569
Electronic Data Systems Corp		
6.50%, 8/01/13	178	180,568
Flextronics International, Ltd.		
6.50%, 5/15/13	535	529,650

Freescale Semiconductor		
7.125%, 7/15/14	220	235,950
Nortel Networks Corp.		
6.875%, 9/01/23	280	231,000
Seagate Technology		
6.375%, 10/01/11	443	440,785
6.80%, 10/01/16	221	219,895
Serena Software, Inc.		
10.375%, 3/15/16	270	282,825

	Principal Amount (000)	U.S. $ Value
SunGard Data Systems, Inc.		
9.125%, 8/15/13	$ 735	$ 760,725
Xerox Corp.		
6.40%, 3/15/16	240	238,800
		3,722,630
Transportation-0.9%		
AMR Corp.		
9.00%, 8/01/12*	232	233,160
Avis Budget Car Rental		
7.75%, 5/15/16(c)	315	304,762
BNSF Funding Trust		
6.613%, 12/15/55 VRN(a)	555	557,824
Hertz Corp.		
8.875%, 1/01/14(c)	205	214,738
10.50%, 1/01/16(c)*	235	258,500
		1,568,984
Utilities - Electric & Gas-4.8%		
AES Corporation		
7.75%, 3/01/14	490	509,600
8.75%, 5/15/13(c)	75	80,438
9.00%, 5/15/15(c)	115	123,913
Allegheny Energy Supply		
7.80%, 3/15/11	280	298,900
8.25%, 4/15/12(c)	495	539,550
Aquila, Inc.		
14.875%, 7/01/12	260	341,250
CMS Energy Corp.		
8.50%, 4/15/11	215	232,200
Edison Mission Energy		
7.50%, 6/15/13(c)*	500	505,000
7.75%, 6/15/16(c)	170	172,125
FirstEnergy Corp.		
6.45%, 11/15/11	205	213,851
Northwest Pipeline Corp.		
8.125%, 3/01/10	315	327,600
NRG Energy, Inc.		
7.25%, 2/01/14	85	84,362
7.375%, 2/01/16	475	472,031
Reliant Energy, Inc.		
6.75%, 12/15/14	65	61,831
9.50%, 7/15/13	390	404,625
Sierra Pacific Resources		

8.625%, 3/15/14	260	280,726
Southern Natural Gas Co.		
7.35%, 2/15/31	405	419,671
8.875%, 3/15/10	325	340,816
TECO Energy, Inc.		
7.00%, 5/01/12	425	439,875

	Principal Amount (000)	U.S. $ Value
The Williams Companies, Inc.		
7.625%, 7/15/19	$ 1,365	$1,419,600
TXU Corp.		
5.55%, 11/15/14	475	448,770
6.50%, 11/15/24	379	359,082
		8,075,816
Total Corporate Debt Obligations (cost $82,945,436)		79,167,171
EMERGING MARKET - CORPORATE DEBT OBLIGATIONS-4.2%		
Brazil-0.8%		
Banco BMG SA		
9.15%, 1/15/16(c)	350	350,875
PF Export Receivables Master Trust		
6.436%, 6/01/15(c)	1,059	1,069,687
		1,420,562
China-0.3%		
Chaoda Modern Agriculture		
7.75%, 2/08/10(c)	519	499,538
El Salvador-0.2%		
AES El Salvador Trust		
6.75%, 2/01/16(c)	270	266,613
Hong Kong-0.2%		
Noble Group, Ltd.		
6.625%, 3/17/15(c)	401	354,896
Kazakhstan-0.3%		
ALB Finance BV		
9.25%, 9/25/13(c)	173	171,139
Kazkommerts International BV		
8.50%, 4/16/13(c)	350	368,375
		539,514
Romania-0.3%		
Mobifon Holdings BV		
12.50%, 7/31/10	425	476,531
Russia-2.0%		
Alfa Bond ISS (Alpha Bank)		
8.625%, 12/09/15 VRN(a)	225	223,821
Citigroup (JSC Severstal)		
9.25%, 4/19/14(c)	464	493,130

Evraz Group SA		
8.25%, 11/10/15(c)	665	666,663

	Shares or Principal Amount (000)	U.S. $ Value
Gazprom OAO		
9.625%, 3/01/13(c)	$ 890	$1,052,021
Mobile Telesystems Finance S.A.		
9.75%, 1/30/08(c)	625	648,037
Russian Standard Finance SA		
7.50%, 10/07/10(c)	270	261,900
Tyumen Oil Co.		
11.00%, 11/06/07(c)	70	73,500
		3,419,072
Ukraine-0.1%		
Dresdner Bank AG (Kyivstar)		
7.75%, 4/27/12(c)	100	101,250
Total Emerging Market - Corporate Debt Obligations (cost $6,898,580)		7,077,976
STRUCTURED NOTE-2.5%		
RACERS Series 06-6-T		
5.429%, 5/01/07 FRN(a)(c) (cost $4,200,000)	4,200	4,246,137
NON-CONVERTIBLE PREFERRED STOCK-0.2%		
Sovereign Real Estate Investment Trust		
12.00%(c) (cost $168,350)	185	260,850
WARRANTS-0.1%		
Central Bank of Nigeria		
Warrants, expiring 11/15/20(g)	1,000	200,000
Republic of Venezuela		
Warrants, expiring 4/15/20(g)	7,140	-0-
Total Warrants (cost $0)		200,000
SHORT-TERM INVESTMENT-2.5%		
Time Deposit-2.5%		
Societe Generale		
5.32%, 10/02/06 (cost $4,200,000)	4,200	4,200,000
Total Investments Before Security Lending Collateral-108.4% (cost $176,347,746)		182,636,083

	Shares	U.S. $ Value
INVESTMENT OF CASH COLLATERAL FOR SECURITIES LOANED-2.2%		
Short-Term Investment		
UBS Private Money Market Fund, LLC (cost $3,725,518)	3,725,518	$ 3,725,518
Total Investments-110.6% (cost $180,073,264)		186,361,601
Other assets less liabilities-(10.6)%		(17,912,316)
Net Assets-100.0%		$168,449,285

CREDIT DEFAULT SWAP CONTRACTS (see Note C)

Swap Counterparty & Referenced Obligation	Notional Amount (000)	Interest Rate	Termination Date	Unrealized Appreciation/ (Depreciation)
Buy Contracts:				
Citigroup Global Markets, Inc. Republic of Hungary 4.50%, 2/06/13	$350	0.50%	11/26/13	$ 396
JP Morgan Chase Republic of Hungary 4.75%, 2/03/15	1,380	0.30	10/20/15	30,349
Sale Contracts:s				
Citigroup Global Markets, Inc. Republic of Brazil 12.25%, 3/06/30	2,562	1.98	4/20/07	45,098
Citigroup Global Markets, Inc. Republic of Philippines 10.625%, 3/16/25	510	4.95	3/20/09	48,508
Credit Suisse First Boston Republic of Brazil 12.25%, 3/06/30	750	6.90	6/20/07	50,281
Credit Suisse First Boston Republic of Venezuela 9.25%, 9/15/27	730	3.17	10/20/15	47,845
Deutsche Bank AG Republic of Brazil 12.25%, 3/06/30	2,562	1.90	4/20/07	47,307
JP Morgan Chase Gazprom OAO 10.50%, 10/21/09	1,490	1.04	10/20/10	12,721

REVERSE REPURCHASE AGREEMENTS (see Note C)

Broker	Interest Rate	Maturity	Amount
Barclays Securties	5.00%	12/29/06	$6,138,699

Barclays Securties	5.00	12/29/06	3,043,061
Chase Manhattan Bank	1.85	12/29/06	378,672
Chase Manhattan Bank	3.05	12/29/06	243,526
Chase Manhattan Bank	4.65	12/29/06	2,879,013
Chase Manhattan Bank	5.00	12/29/06	1,421,114
Chase Manhattan Bank	5.00	12/29/06	1,747,233
Chase Manhattan Bank	5.00	12/29/06	1,885,781
			$17,737,099

* Represents entire or partial securities out on loan. See Note F for securities lending information.

(a) Variable rate coupon, rate shown as of September 30, 2006.

(b) Positions, or portions thereof, with an aggregate market value of $18,039,402 have been segregated to collateralize reverse repurchase agreements.

(c) Security is exempt from registration under Rule 144A of the Securities Act of 1933. These securities are considered liquid and may be resold in transactions exempt from registration, normally to qualified institutional buyers. At September 30, 2006, the aggregate market value of these securities amounted to $42,082,352 or 25.0% of net assets.

(d) Payment in kind (PIK) quarterly coupon payment.

(e) Indicates a security that has a zero coupon that remains in effect until a predetermined date at which time the stated coupon rate becomes effective until final maturity.

(f) Security is exempt from registration under Rule 144A of the Securites Act of 1933. This security, which represents 0.14% of net assets as of September 30, 2006, is considered illiquid and restricted. Security is in default, is non-income producing, and valued at fair value.

Restricted Security	Acquisition Date	Acquisition Cost	Market Value	Percentage of Net Assets
Russell-Stanley Holdings, Inc. 9.00%, 11/30/08	2/26/99	$4,895,369	$240,757	0.14%

(g) Non-income producing security.

Glossary of Terms:

FRN - Floating Rate Note
VRN - Variable Rate Note

Please note: The sector classifications presented herein are based on the sector categorization methodology of the Adviser.

See notes to financial statements.

STATEMENT OF ASSETS & LIABILITIES
September 30, 2006

Assets	
Investments in securities, at value (cost $180,073,264--including investment of cash collateral for securities loaned of $3,725,518)	$186,361,601(a)
Cash	640,352
Interest receivable	3,217,367
Receivable for investment securities sold	1,207,196
Unrealized appreciation on credit default swap contracts	282,505
Total assets	191,709,021
Liabilities	
Reverse repurchase agreements	17,737,099
Payable for collateral received on securities loaned	3,725,518
Payable for investment securities purchased	1,424,048
Advisory fee payable	123,861
Tender fees payable	121,949
Administrative fee payable	19,818
Accrued expenses and other liabilities	107,443
Total liabilities	23,259,736
Net Assets	$168,449,285
Composition of Net Assets	
Common stock, at par	$ 204,937
Additional paid-in capital	278,179,061
Distributions in excess of net investment income	(384,956)
Accumulated net realized loss on investment transactions	(116,120,599)
Net unrealized appreciation of investments	6,570,842
	$168,449,285
Net Asset Value Per Share--300 million shares of capital stock authorized, $.01 par value (based on 20,493,702 shares outstanding)	$8.22

(a) Includes securities on loan with a value of $3,551,583 (see Note F).

See notes to financial statements.

STATEMENT OF OPERATIONS
Year Ended September 30, 2006

Investment Income		
Interest	$15,118,438	
Dividends	147,360	$15,265,798
Expenses		
Advisory fee	1,299,642	
Administrative fee	207,928	
Printing	97,897	
Legal	83,922	
Audit	78,945	
Custodian	60,918	
Directors' fees	41,432	
Transfer agency	13,806	
Registration	23,750	
Miscellaneous	45,973	
Total expenses before interest expense	1,954,213	
Interest expense	1,005,993	
Total expenses		2,960,206
Net investment income		12,305,592
Realized and Unrealized Gain (Loss)		

on Investment Transactions	
Net realized gain (loss) on:	
Investment transactions	13,257,982
Swap contracts	(126,352)
Written options	10,802
Net change in unrealized appreciation/depreciation of:	
Investments	(14,651,725)
Swap contracts	221,195
Net loss on investment transactions	(1,288,098)
Net Increase in Net Assets from Operations	$11,017,494

See notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

	Year Ended September 30, 2006	Year Ended September 30, 2005
Increase (Decrease) in Net Assets Resulting from Operations		
Net investment income	$12,305,592	$14,589,844
Net realized gain on investment transactions	13,142,432	3,564,731
Net change in unrealized appreciation/depreciation of investments	(14,430,530)	6,022,473
Net increase in net assets from operations	11,017,494	24,177,048
Dividends and Distributions to Shareholders from		
Net investment income	(12,533,183)	(15,094,355)
Common Stock Transactions		
Reinvestment of dividends resulting in the issuance of Common Stock	-0-	79,572
Tender offer (resulting in the redemption of 1,078,616 and 1,135,385 shares of common stock, respectively)	(8,434,777)	(9,162,557)
Tender offer costs	(160,449)	(175,000)
Total decrease	(10,110,915)	(175,292)
Net Assets		
Beginning of period	178,560,200	178,735,492
End of period (including distributions in excess of net investment income of $384,956 and $186,090, respectively)	$168,449,285	$178,560,200

See notes to financial statements.

STATEMENT OF CASH FLOWS
Year Ended September 30, 2006

Increase (Decrease) in Cash from Operation Activities:		
Interest and dividends received	$14,624,467	
Interest expense paid	(1,061,669)	
Operating expenses paid	(1,966,478)	
Net increase in cash from operating activities		$11,596,320
Investing Activities:		
Purchases of long-term investments	(112,365,095)	
Proceeds from disposition of long-term investments	139,113,918	
Purchases of short-term investments, net	(1,800,000)	
Premiums received on option transactions	10,802	
Proceeds from swap contracts	(126,352)	
Net increase in cash from investing activities		24,833,273
Financing Activities:*		
Cash dividends paid	(12,533,183)	
Proceeds from reverse repurchase agreements	(15,661,449)	
Tender offer	(8,535,259)	
Net decrease in cash from financing activities		(36,729,891)
Net decrease in cash		(300,298)
Cash at beginning of period		940,650
Cash at end of period		$640,352
Reconciliation of Net Increase in Net Assets from Operations to Net Increase in Cash from Operating Activities:		
Net increase in net assets from operations		$11,017,494
Adjustments:		
Increase in interest and dividends receivable	$ (49,696)	
Accretion of bond discount and amortization of bond premium	(591,635)	
Decrease in accrued expenses	(12,265)	
Decrease in interest payable	(55,676)	
Net realized gain on investment transactions	(13,142,432)	
Net change in unrealized appreciation/depreciation of investments	14,430,530	
Total adjustments		578,826
Net Increase in Cash from Operating Activities		$11,596,320

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

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

September 30, 2006

NOTE A

Significant Accounting Policies

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

1. Security Valuation

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

In general, the market value of securities which are readily available and deemed reliable are determined as follows. Securities listed on a national securities exchange (other than securities listed on the NASDAQ Stock Market, Inc. ("NASDAQ")) or on a foreign securities exchange are valued at the last sale price at the close of the exchange or foreign securities exchange. If there has been no sale on such day, the securities are valued at the mean of the closing bid and asked prices on such day. Securities listed on more than one exchange are valued by reference to the principal exchange on which the securities are traded; securities listed only on NASDAQ are valued in accordance with the NASDAQ Official Closing Price; listed put or call options are valued at the last sale price. If there has been no sale on that day, such securities will be valued at the closing bid prices on that day; open futures contracts and options thereon are valued using the closing settlement price or, in the absence of such a price, the most recent quoted bid price. If there are no quotations available for the day of valuation, the last available closing settlement price is used; securities traded in the over-the-counter market, (OTC) are valued at the mean of the current bid and asked prices as reported by the National Quotation Bureau or other comparable sources; U.S. Government securities and other debt instruments having 60 days or less remaining until maturity are valued at amortized cost if their original maturity was 60 days or less; or by amortizing their fair value as of the 61st day prior to maturity if their original term to maturity exceeded 60 days; fixed-income securities, including mortgage backed and asset backed securities, may be valued on the basis of prices provided by a pricing service or at a price obtained from one or more of the major broker/dealers. In cases where broker/dealer quotes are obtained, AllianceBernstein L.P. (prior to February 24, 2006 known

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

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

2. Taxes

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

3. Investment Income and Investment Transactions

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

4. Dividends and Distributions

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

5. Repurchase Agreements

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

NOTE B

Advisory, Administrative Fees and Other Transactions with Affiliates

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

Under the terms of the Shareholder Inquiry Agency Agreement with AllianceBernstein Investor Services, Inc. (prior to February 24, 2006 known as Alliance Global Investor Services, Inc.) ("ABIS"), a wholly-owned subsidiary of the Adviser, the Fund reimburses ABIS for costs relating to servicing phone inquiries on behalf of the Fund. During the year ended September 30, 2006, the Fund reimbursed $335 to ABIS.

Under the terms of the Administration Agreement, the Fund pays Princeton Administrators, LLC (the "Administrator") a fee at an annual rate of .12 of 1% of the average weekly adjusted net assets of the Fund, but in no event less than $12,500 per month. Such fee is accrued daily and paid monthly. The Administrator prepares certain financial and regulatory reports for the Fund and provides clerical and other services.

NOTE C

Investment Transactions

Purchases and sales of investment securities (excluding short-term investments) for the year ended September 30, 2006, were as follows:

	Purchases	Sales
Investment securities (excluding U.S. government securities)	$104,935,409	$113,118,337
U.S. government securities	-0-	-0-

At September 30, 2006, the cost of investments for federal income tax purposes, gross unrealized appreciation and gross unrealized depreciation (excluding written options and swap contracts) are as follows:

Cost	$180,426,372
Gross unrealized appreciation	$11,974,709
Gross unrealized depreciation	(6,039,480)
Net unrealized appreciation	$5,935,229

1. Option Transactions

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

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

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

Transactions in written options for the year ended September 30, 2006 were as follows:

	Number of Contracts (000)	Premiums Received
Options outstanding at September 30, 2005	-0-	$ -0-
Options written	950	10,802
Options exercised	-0-	-0-
Options terminated in closing purchase transactions	(360)	(4,280)
Options expired	(590)	(6,522)
Options outstanding at September 30, 2006	-0-	$ -0-

2. Swap Agreements

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

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

The Fund accrues for the interim payments on swap contracts on a daily basis, with the net amount recorded within unrealized appreciation/depreciation of swap contracts on the statement of assets and liabilities. Once the interim payments are settled in cash, the net amount is recorded as realized gain/loss on swaps, in addition to realized gain/loss recorded upon the termination of swaps contracts on the statements of operations. Fluctuations in the value of swap contracts are recorded as a component of net change in unrealized appreciation/depreciation of investments.

The Fund may enter into credit default swaps. The Fund may purchase credit protection on the referenced obligation of the credit default swap ("Buy Contract") or provide credit protection on the referenced obligation of the credit default swap ("Sale Contract"). A sale/(buy) in a credit default swap pro-

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

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

At September 30, 2006, the Fund had Sale Contracts outstanding with Maximum Payout Amounts aggregating $8,604,000, with net unrealized appreciation of $251,760 and terms ranging from 1 year to 9 years, as reflected in the portfolio of investments.

In certain circumstances, the Fund may hold Sale Contracts on the same referenced obligation and with the same counterparty it has purchased credit protection, which may reduce its obligation to make payments on Sale Contracts, if a credit event occurs. As of September 30, 2006, the Fund did not have Buy Contracts outstanding with respect to the same referenced obligation and same counterparty of certain Sale Contracts outstanding.

3. Reverse Repurchase Agreements

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

For the year ended September 30, 2006, the average amount of reverse repurchase agreements outstanding was $25,287,925 and the daily weighted average annual interest rate was 3.92%.

NOTE D

Capital Stock

During the year ended September 30, 2006, the Fund did not issue any shares in connection with the Fund's dividend reinvestment plan. During the year ended September 30, 2005, the Fund issued 9,984 shares in connection with the Fund's dividend reinvestment plan.

On July 5, 2006, the Fund purchased and retired 1,078,616 shares of its outstanding common stock for $7.82 per share pursuant to a tender offer. The Fund incurred costs of $170,000, which were charged to additional paid in capital. At July 5, 2006, 20,493,702 shares of common stock were outstanding. The purpose of the tender offer was to fulfill an undertaking made in connection with the initial public offering price of the Fund's shares.

NOTE E

Risks Involved in Investing in the Fund

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

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

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

Leverage Risk--The Fund may use certain investment techniques that have increased risks. For example, the Fund may use leverage, through borrowings, to

enhance its returns. For this purpose, the Fund may use reverse repurchase agreements and dollar rolls, which are considered borrowings, as part of its investment strategy. Borrowings allow the Fund to increase the amount of money available to invest in debt securities. As long as the income from the securities financed is greater than the interest cost of the borrowings, the Fund's investors benefit from higher returns than if the Fund were not leveraged.

The use of leverage, which is usually considered speculative, involves certain risks to stockholders. These include a higher volatility of the NAV of the common stock caused by favorable or adverse changes in interest rates. In addition, fluctuations in the interest rates on a fund's borrowings will affect the return to stockholders, with increases in interest rates decreasing the fund's return.

To the extent that the current interest rate on a fund's borrowings approaches the net return on the leveraged portion of the fund's investment portfolio, the benefit of leverage to stockholders will be reduced. If the current interest rate on the borrowings were to exceed the net return on that portion of the fund's portfolio, the fund's leverage would result in a lower rate of return to stockholders and in a lower NAV than if a fund were not leveraged.

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

NOTE F

Securities Lending

The Fund has entered into a securities lending agreement with AG Edwards & Sons, Inc. (the "Lending Agent"). Under the terms of the agreement, the Lending Agent, on behalf of the Fund, administers the lending of portfolio securities to certain broker-dealers. In return, the Fund receives fee income from the lending transactions or it retains a portion of interest on the investment of any cash received as collateral. The Fund also continues to receive dividends or interest on the securities loaned. Unrealized gain or loss on the value of the securities loaned that may occur during the term of the loan will be reflected in the accounts of the Fund. All loans are continuously secured by collateral exceeding the value of the securities loaned. All collateral consists of either cash or U.S. Government securities. The Lending Agent may invest the cash collateral received in accordance with the investment restrictions of the Fund in one or more of the following investments: U.S. Government or U.S. Government agency obligations, bank obligations, corporate debt obligations, asset-backed securities, structured products, repurchase agreements and an eligible money

market fund. The Lending Agent will indemnify the Fund for any loss resulting from a borrower's failure to return a loaned security when due. As of September 30, 2006, the Fund had loaned securities with a value of $3,551,583 and received cash collateral of $3,725,518, which was invested in a money market fund as included in the portfolio of investments. For the year ended September 30, 2006, the Fund earned fee income of $44,443, which is included in interest income in the accompanying statement of operations.

NOTE G

Distributions to Shareholders

The tax character of the distributions paid to shareholders during the fiscal years ended September 30, 2006 and September 30, 2005 were as follows:

	2006	2005
Distributions paid from:		
Ordinary income	$12,533,183	$15,094,355
Total taxable distributions	12,533,183	15,094,355

Tax return of capital	-0-	-0-
Total distributions paid	$12,533,183	$15,094,355

As of September 30, 2006, the components of accumulated earnings/(deficit) on a tax basis were as follows:

Accumulated capital and other losses	$(115,812,596)(a)
Unrealized appreciation/(depreciation)	5,877,883(b)
Total accumulated earnings/(deficit)	$(109,934,713)

(a) On September 30, 2006, the Fund had a net capital loss carryforward of $115,812,596 of which $26,804,736 expires in the year 2007, $24,635,181 expires in the year 2008, $10,899,598 expires in the year 2009, $33,249,705 expires in 2010 and $20,223,376 expires in the year 2011. To the extent future capital gains are offset by capital loss carryforwards, such gains will not be distributed. During the fiscal year, the Fund utilized capital loss carryforwards of $13,260,337.

(b) The difference between book-basis and tax-basis unrealized appreciation/(depreciation) is attributable primarily to the tax deferral of losses on wash sales, the difference between book and tax amortization methods for premium and the difference between book and tax treatment of swap income.

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

NOTE H

Legal Proceedings

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

Numerous lawsuits have been filed against the Adviser and certain other defendants in which plaintiffs make claims purportedly based on or related to the same practices that are the subject of the SEC and NYAG investigations referred to above. Some of these lawsuits name the Fund as a party. The lawsuits are now pending in the United States District Court for the District of Maryland pursuant to a ruling by the Judicial Panel on Multidistrict Litigation transferring and centralizing all of the mutual funds involving market and late trading in the District of Maryland (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 the Fund.

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

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

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

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

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

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 Commissioner") (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 October 19, 2005, the WVAG Complaint was transferred to the Mutual Fund MDL.

On August 30, 2005, the West Virginia Securities Commissioner 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 court denied the writ and in September 2006 the Supreme Court of Appeals declined the defendants' petition for appeal.

On September 22, 2006, Alliance and Alliance Holding filed an answer and motion to dismiss the Summary Order with the Securities Commissioner.

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 alleged shareholders 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 shareholders 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 plaintiffs' 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. On May 31, 2006 the District Court denied plaintiffs' motion for leave to file an amended complaint. On

July 5, 2006, plaintiffs filed a notice of appeal. On October 4, 2006 the appeal was withdrawn by stipulation, with plaintiffs reserving the right to reinstate it at a later date.

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.

NOTE I

Recent Accounting Pronouncements

On July 13, 2006, the Financial Accounting Standards Board ("FASB") released FASB Interpretation No. 48 "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded in the current period. Adoption of FIN 48 is required for fiscal years beginning after December 15, 2006 and is to be applied to all open tax years as of the effective date. At this time, management is evaluating the implications of FIN 48 and its impact on the financial statements has not yet been determined.

On September 20, 2006, the FASB released Statement of Financial Accounting Standards No. 157 "Fair Value Measurements" ("FAS 157"). FAS 157 establishes an authoritative definition of fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair-value measurements. The application of FAS 157 is required for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. At this time, management is evaluating the implications of FAS 157 and its impact on the financial statements has not yet been determined.

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

	Year Ended September 30,		
	2006	2005	2004(a)
Net asset value, beginning of period	$8.28	$7.87	$7.68
Income From Investment Operations			
Net investment income(c)	0.58	0.65	0.76
Net realized and unrealized gain (loss) on investment transactions	(0.05)	0.43	0.23
Net increase (decrease) in net asset value from operations	0.53	1.08	0.99
Less: Dividends and			

Distributions				
Dividends from net investment income	(0.59)	(0.67)	(0.80)	
Tax return of capital	-0-	-0-	-0-	
Total dividends and distributions	(0.59)	(0.67)	(0.80)	
Net asset value, end of period	$8.22	$8.28	$7.87	
Market value, end of period	$7.37	$7.74	$7.87	
Premium/(Discount)	(10.34)%	(6.52)%	0.00%	
Total Return				
Total investment return based on:(d)				
Market value	3.07%	7.10%	6.91%	
Net asset value	7.46%	14.57%	13.45%	
Ratios/Supplemental Data				
Net assets, end of period (000's omitted)	$168,449	$178,560	$178,735	$
Ratios to average net assets of:				
Expenses	1.71%	1.49%	1.44%	
Expenses, excluding interest expense(e)	1.13%	1.13%	1.15%	
Net investment income	7.10%	8.06%	9.76%	
Portfolio turnover rate	55%	63%	95%	

See footnote summary on page 43.

(a) As of October 1, 2003, the Fund has adopted the method of accounting for interim payments on swap contracts in accordance with Financial Accounting Standards Board Statement No. 133. These interim payments are reflected within net realized and unrealized gain (loss) on swap contracts, however, prior to October 1, 2003, these interim payments were reflected within interest income/expense on the statement of operations. The effect of this change for the fiscal year ended September 30, 2006, was to decrease net investment income per share by $0.01 and increase net realized and unrealized gain (loss) on investment transactions per share by $0.01 and decrease the ratio of net investment income to average net assets by 0.15%.

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

(c) Based on average shares outstanding.

(d) Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each period reported. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Generally, total investment return based on net asset value will be higher than total investment return based on market value in periods where there is an increase in the discount or a decrease in the premium of the market value to the net asset value from the beginning to the end of such periods. Conversely, total investment return based on net asset value will be lower than total investment return based on market value in periods where there is a decrease in the discount or an increase in the premium of the market value to the net asset value from the beginning to the end of such periods. Total investment return calculated for a period of less than one year is not annualized.

(e) Excludes net interest expense of .61%, .36%, .29%, .51%, .97% and 1.62%, respectively, on borrowings.

REPORT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying statement of assets and liabilities of ACM Managed Dollar Income Fund, Inc. (the "Fund"), including the portfolio of investments, as of September 30, 2006, and the related statement of operations and cash flows for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of September 30, 2006 by correspondence with the custodian and others or by other appropriate auditing procedures where replies from others were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of ACM Managed Dollar Income Fund, Inc. at September 30, 2006, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

New York, New York

November 17, 2006

TAX INFORMATION
(unaudited)

57.2% of the ordinary income dividends paid by the Fund during the fiscal year ended September, 2006, qualify as "interest related dividends" for non-U.S. shareholders.

ADDITIONAL INFORMATION
(unaudited)

ACM Managed Dollar Income Fund

Shareholders whose shares are registered in their own names may elect to be participants in the Dividend Reinvestment Plan (the "Plan"), pursuant to which distributions to shareholders will be paid in or reinvested in additional shares of the Fund. Computershare Trust Company N.A. (the "Agent") will act as agent for participants under the Plan. Shareholders whose shares are held in the name of a broker or nominee should contact such broker or nominee to determine whether or how they may participate in the Plan.

If the Board declares a distribution payable either in shares or in cash, as holders of the Common Stock may have elected, non-participants in the Plan will receive cash and participants in the Plan will receive the equivalent in shares of Common Stock of the Fund valued as follows:

(i) If the shares of Common Stock are trading at net asset value or at a premium above net asset value at the time of valuation, the Fund will issue new shares at the greater of net asset value or 95% of the then current market price.

(ii) If the shares of Common Stock are trading at a discount from net asset value at the time of valuation, the Agent will receive the distribution in cash and apply it to the purchase of the Fund's shares of Common Stock in the open market on the New York Stock Exchange or elsewhere, for the participants' accounts. Such purchases will be made on or shortly after the payment date for such distribution and in no event more than 30 days after such date except where temporary curtailment or suspension of purchase is necessary to comply with Federal securities laws. If, before the Agent has completed its purchases, the market price exceeds the net asset value of a share of Common Stock, the average purchase price per share paid by the Agent may exceed the net asset value of the Fund's shares of Common Stock, resulting in the acquisition of fewer shares than if the distribution had been paid in shares issued by the Fund.

The Agent will maintain all shareholders' accounts in the Plan and furnish written confirmation of all transactions in the account, including information needed by shareholders for tax records. Shares in the account of each Plan participant will be held by the Agent in non-certificate form in the name of the participant, and each shareholder's proxy will include those shares purchased or received pursuant to the Plan.

There will be no charges with respect to shares issued directly by the Fund to satisfy the dividend reinvestment requirements. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Agent's open market purchases of shares. In each case, the cost per share of shares purchased for each shareholder'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 the Fund.

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

Experience under the Plan may indicate that changes are desirable. Accordingly, the Fund reserves the right to amend or terminate the Plan as applied to any distribution paid subsequent to written notice of the change sent to participants in the Plan at least 90 days before the record date for such distribution. The Plan may also be amended or terminated by the Agent on at least 90 days' written notice to participants in the Plan. All correspondence concerning the Plan should be directed to the Agent at Computershare Trust Company N.A., P.O. Box 43010, Providence, RI 02940-3010.

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