

as the Independent General Partners shall designate and during normal business hours. The Partners may vote at any meeting of Partners in person or by proxy.

Section 11.5. Election of General Partners. In any election of Independent General Partners by Limited Partners, those candidates receiving the highest number of votes cast, at a meeting at which a majority in Interest of the Limited Partners is present in person or by proxy, up to the number of Independent General Partners proposed to be elected, shall be elected; and each Limited Partner shall have one vote for each Unit owned by him. In the election of the Managing General Partner, the candidate receiving the highest number of votes cast shall be elected pursuant to the foregoing provision. Any vote for the election of General Partners shall be subject to the limitations of Section 11.2.

Section 11.6. Record Dates. The Independent General Partners may set in advance a date for determining the Limited Partners entitled to Notification of and to vote at any meeting. All record dates shall not be more than 60 days prior to the date of the meeting to which such record date relates.

Section 11.7. Submissions to Limited Partners. The Independent General Partners shall give all the Limited Partners Notification of any proposal or other matter required by any provision of this Agreement or by law to be submitted for the consideration and approval of the Limited Partners. Such Notification shall include any information required by the relevant provision of this Agreement or by law.

ARTICLE TWELVE

BOOKS AND RECORDS; ACCOUNTING; TAX ELECTIONS; ETC.

Section 12.1. Books and Records. The books and records of the Partnership, including information relating to the sale by the General Partner or any of its Affiliates of goods or services to the Partnership, and a list of the names and residence, business or mailing addresses and Interests of all Limited Partners, shall be maintained at the principal office of the Partnership or at the office of the Fund Administrator and shall be available for examination there by any Partner or by such Partner's

duly authorized representatives at any and all reasonable times upon reasonable notice for any purpose reasonably related to the Limited Partner's interest as a limited partner in the Partnership. Any Limited Partner, or such Partner's duly authorized representatives, upon Notification to the Managing General Partner and upon paying the costs of collections, duplication and mailing, shall be entitled for any purpose reasonably related to the Limited Partner's interest as a limited partner in this Partnership to a copy of information to which such Partner is entitled under the Act. The Partnership may maintain such other books and records and may provide such financial or other statements as the Independent General Partners in their discretion deem advisable.

Section 12.2. Accounting; Tax Year.

A. The books and records of the Partnership shall be kept on the accrual basis. The Partnership may report its operations for tax purposes on the accrual method. The taxable year of the Partnership shall be its Fiscal Year.

B. The Accountants shall audit all annual financial statements of the Partners, which shall be prepared in accordance with generally accepted accounting principles.

C. There shall be an interim closing of the books of account of the Partnership as of the day before the date of each admission thereto of Additional Limited Partners pursuant to Section 3.3A and, with respect to the Initial Closing, the withdrawal therefrom of the Initial Limited Partner, and at such time as the Partnership's taxable year ends pursuant to the Internal Revenue Code and such times as the Independent General Partners shall determine are required by good accounting practices or may be appropriate under the circumstances.

Section 12.3. Bank Accounts. The bank accounts of the Partnership shall be maintained in such banking institutions as the General Partners shall determine, and withdrawals shall be made only in the regular course of Partnership business on such signature or signatures as the General Partners may determine. All deposits and other funds not needed in the operation of the business may be deposited in Temporary Investments; provided, however, that no such investment shall be made in a

Temporary Investment which is not an Exempt Investment if, at the time of such Investment, less than 70% of the Partnership's assets is invested in Exempt Investments and Enhanced Yield Investments in Managed Companies.

Section 12.4. Reports.

A. Within 60 days after the end of each of the first three fiscal quarters, the General Partners shall send to each Person who was a Limited Partner at any time during the quarter then ended, the following (none of which need be audited): (1) quarterly financial statements prepared in accordance with generally accepted accounting principles; (2) a report as to the nature and terms of each Capital Transaction occurring in the quarter then ended and as to the Profits (including the amount of any recapture gain) or Losses and Distributable Capital Proceeds arising from such Capital Transaction; (3) a report in narrative form describing dealings between the Partnership and the General Partners, the Investment Adviser or their Affiliates, including (a) any new contract or arrangement entered into by the Partnership and any Partner or any Affiliate of any Partner during the period then ended, (b) the amount of all fees and other compensation and distributions paid by the Partnership for such period to the General Partners or any of their Affiliates; (4) until the Limited Partners' Capital Contributions shall have been invested or returned to the Limited Partners pursuant to Section 3.4, a report as to Enhanced Yield Investments made during such quarter; and (5) a narrative report of the activities of the Partnership during such quarter. The various reports required by this Section 12.4A may be sent earlier than or separately from any of the other reports required by this Section 12.4A, and the information required to be contained in any of such reports may be contained, in the aggregate, in more than one report.

B. Within 120 days after the end of each fiscal year, the General Partners shall furnish to each Person who is a Limited Partner as of the date of the mailing of such report a report as to (1) the General Partner's evaluation as to the status of the Partnership's Enhanced Yield Investments as of the close of such year and (2) such other information, if any, as to the value or operation of the Partnership's Enhanced Yield Investments or the prospects of the Partnership as the General Partners shall elect. The reports referred to in clauses (1) and

(2), insofar as they relate to the value of Enhanced Yield Investments, may, but need not, be based upon appraisals prepared, at the expense of the Partnership, by an independent appraiser; provided, however, that if such reports are not based upon such appraisals, such report shall indicate the bases for the General Partners' belief. The General Partners shall not have any liability obligation or responsibility to any Person for or on account of or with respect to any loss, expense, liability, or other obligation directly or indirectly caused by, resulting from or arising out of any appraisal prepared by an independent appraiser or any belief expressed by the General Partners in good faith.

C. Within 75 days after the end of each fiscal year, the General Partners shall send to each Person who was a Limited Partner at any time during the fiscal year then ended such tax information as shall be necessary for the preparation by such Limited Partner of his, her or its Federal income tax return.

D. Within 120 days after the end of each fiscal year, the General Partners shall send to each Person who was a Limited Partner at any time during the fiscal year then ended (1) a balance sheet as of the end of such fiscal year and statement of income and Partners' equity for such fiscal year, all of which shall be prepared in accordance with generally accepted accounting principles and accompanied by an auditor's report containing an opinion of the Accountants; (2) a statement of cash flows; (3) a statement (which need not be audited) showing the Distributable Cash from Investments and Distributable Capital Proceeds distributed to the Partners with respect to such year; (4) a report (which shall be audited) setting forth the amount of fees and other compensation and remuneration paid by the Partnership for that year to the General Partners, the Investment Adviser and their Affiliates; (5) a narrative report of the activities of the Partnership during such fiscal year, including a status report for each Enhanced Yield Investment representing at least 10% of the Partnership's assets; and (6) reports (which need not be audited) setting forth such information, with respect to such fiscal year, as is set forth in the reports made pursuant to clauses (6) and (7) of Section 12.4A. The various reports required by this Section 12.4D may be sent earlier than or separately from any of the other reports required by this Section 12.4D, and the information required to be contained in any such

reports may be contained, in the aggregate, in more than one report.

Section 12.5. Elections. The General Partners, in their sole discretion, may cause the Partnership to make all elections required or permitted to be made by the Partnership under the Code and not otherwise expressly provided for in this Agreement, in the manner that the General Partners believe will be most advantageous to individual taxpayers who (A) are married and filing joint Federal income tax returns, (B) are not "dealers" for Federal income tax purposes, (C) have income at least part of which, without giving effect to any additional tax on preference items, is subject to the highest Federal income tax bracket.

Section 12.6. Capital Accounts. The Partnership shall maintain a Capital Account with respect to each Partner.

ARTICLE THIRTEEN

MISCELLANEOUS PROVISIONS

Section 13.1. Appointment of the General Partners as Attorneys-in-fact.

A. The Initial Limited Partner by execution of this Agreement, each Additional Limited Partner by subscribing to purchase Interests, making payment therefor and by executing this Agreement, and each Substituted Limited Partner by the execution of a Notification pursuant to Section 8.2, irrevocably constitutes and appoints the General Partners, and each of them, the true and lawful attorneys-in-fact of such Person with full power and authority in the name, place and stead of such Person to:

(1) execute, sign, acknowledge, deliver, swear to, file and record at the appropriate public offices such documents as may be necessary or appropriate to carry out the provisions of this Agreement and the Certificate, including, without limitation, all agreements, certificates and other instruments (including counterparts of this Agreement and the Certificate), and amendments thereof (any such

amendment relating to the admission of each Limited Partner, and the making of the Capital Contribution of each such Limited Partner to the Partnership), that the General Partner deems appropriate;

(2) execute, sign, acknowledge, deliver, swear to, file and record all instruments to qualify or continue the Partnership as a limited partnership (or a partnership in which the Limited Partners will have limited liability comparable to that provided by the Act) in each such jurisdiction in which the Partnership may conduct business;

(3) execute, sign, acknowledge, deliver, swear to, file and record all instruments which the General Partners deem appropriate to reflect a change or modification of the Partnership in accordance with the terms of this Agreement;

(4) execute, sign, acknowledge, deliver, swear to, file and record all instruments or papers required by law in connection with the issuance of limited partnership interests senior to the Units; and

(5) execute, sign, acknowledge, deliver, swear to, file and record all documents and conveyances and other instruments which the General Partners deem appropriate to reflect the dissolution and termination of the Partnership, including, without limitation, a certificate of cancellation.

B. The appointment by all Limited Partners of the General Partners as attorneys-in-fact shall be deemed to be a power coupled with an interest, in recognition of the fact that each of the Partners under this Agreement will be relying upon the power of the General Partners to act as contemplated by this Agreement in any filing and other action by them on behalf of the Partnership, and shall survive, and not be affected by, the subsequent Incapacity of any Person or by a transfer or assignment of all or any of the interest of such Person giving such power, pursuant to Article Seven hereof; provided, however, that in the event of the transfer by a Limited Partner of all of the Interest of such Limited Partner, the foregoing power of attorney of a transferor Partner shall survive such transfer only until such time as the transferee shall have been admitted to the Partnership as

a Substituted Limited Partner and all required documents and instruments shall have been duly executed, filed and recorded to effect such substitution.

C. The foregoing power of attorney-in-fact may be exercised by the General Partners either by signing separately or jointly as attorney-in-fact for each or all Limited Partner(s), or by a single signature of any General Partner acting as attorney-in-fact for all of them.

D. Each Limited Partner shall execute and deliver to the General Partners within five days after receipt of the General Partner's request therefor such further designations, powers-of-attorney and other instruments as the General Partners deem necessary or appropriate to carry out the terms of this Agreement.

Section 13.2. Limitations on Ownership. No Limited Partner shall at any time, either directly or indirectly, own any stock or other interest in the General Partners or in any Affiliates of the General Partners if such ownership by itself or in conjunction with the stock or other interest owned by other Limited Partners would, in the opinion of counsel for the Partnership, jeopardize the classification of the Partnership as a partnership for Federal income tax purposes. The General Partners shall be entitled to make such reasonable inquiry of the Limited Partners as is required to establish compliance by the Limited Partners with the provisions of this Section 13.2.

Section 13.3. Valuation of the Partnership's Assets. Except as otherwise provided in Section 4A.2.B, any security held by the Partnership shall be valued for all purposes as provided herein. Any security for which market quotations are available which is not subject to restrictions on resale shall be valued at the last sale or bid price quoted for such security. Any security for which market quotations are not available or which is subject to restrictions on resale (and any other property of the Partnership) shall be valued by the Managing General Partner pursuant to policies approved by the Independent General Partners.

The Independent General Partners shall have the power and authority to hire an independent consultant to review the Managing General Partner's valuation of the Partnership's assets or to conduct valuations of such

assets. The expenses of any such consultant shall be paid by the Partnership.

Section 13.4. Notification.

A. Any notification to any Limited Partner shall be at the address of such Partner set forth in the books and records of the Partnership or such other mailing address of which such Limited Partner shall advise the Managing General Partner in writing. Any notification to the Partnership or the General Partners shall be at the principal office of the Managing General Partner, as set forth in the books and records of the Partnership. The Managing General Partner may at any time change the location of its principal office. Notification of any such change shall be given to the Partners on or before the date of any such change.

B. Any notification shall be deemed to have been duly given if personally delivered or sent by United States mails or by telegram or telex confirmed by letter and will be deemed given, unless earlier received, (1) if sent by certified or registered mail, return receipt requested, or by first-class mail, five calendar days after being deposited in the United States mails, postage prepaid, (2) if sent by United States Express Mail, two calendar days after being deposited in the United States mails, postage prepaid, (3) if sent by telegram or telex or facsimile transmission, on the date sent provided confirmatory notice is sent by first class mail, postage prepaid, and (4) if delivered by hand, on the date of receipt.

Section 13.5. Binding Provisions. The covenants and agreements contained herein shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the respective parties hereto.

Section 13.6. No Waiver. The failure of any Partner to seek redress for violation, or to insist on strict performance, of any covenant or condition of this Agreement shall not prevent a subsequent act which would have constituted a violation from having the effect of an original violation.

Section 13.7. Legends. If certificates are issued evidencing a Limited Partner's Interest, each such

certificate shall bear such legends as may be required by applicable federal and state laws, or as may be deemed necessary or appropriate by the General Partners, to reflect restrictions upon transfer contemplated herein.

Section 13.8. Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State.

Section 13.9. Separability of Provisions. Each provision of this Agreement shall be considered separable and if for any reason any provision or provisions of this Agreement, or the application of such provision to any Person or circumstance, shall be held invalid or unenforceable in any jurisdiction, such provision or provisions shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without invalidating the remaining provisions hereof, or the application of the affected provision to Persons or circumstances other than those to which it was held invalid or unenforceable, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 13.10. Entire Agreement. This Agreement constitutes the entire agreement among the parties. This Agreement supersedes any prior agreement or understanding among the parties and may not be modified or amended in any manner other than as set forth herein or therein.

Section 13.11. Section Titles. Section titles are for descriptive purposes only and shall not control or alter the meaning of this Agreement as set forth in the text.

Section 13.12. Counterparts. This Agreement may be executed in several counterparts, all of which together shall constitute one agreement binding on all parties hereto notwithstanding that all the parties have not signed the same counterpart.

IN WITNESS WHEREOF the undersigned have executed this Amended and Restated Agreement as of the date first above written.

EQUITABLE CAPITAL MANAGEMENT CORPORATION

By /s/ James P. Pappas
Name: James P. Pappas
Title: Senior Vice President

INDEPENDENT GENERAL PARTNERS:

/s/ Robert W. Lear
Robert W. Lear

/s/ Robert F. Shapiro
Robert F. Shapiro

LIMITED PARTNERS:

All Limited Partners now and hereafter admitted as limited partners of the Partnership, pursuant to Powers of Attorney and authorizations now and hereafter executed in favor of, and granted and delivered to, the General Partners:

**EQUITABLE CAPITAL MANAGEMENT
CORPORATION, Attorney-in-fact**

By /s/ James P. Pappas
Name: James P. Pappas
Title: Senior Vice President

**WITHDRAWING AND INITIAL
LIMITED PARTNER:**

 /s/ James P. Pappas
James P. Pappas

As filed with the Securities and Exchange Commission on March 2, 1990

Registration No. 33-32015

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM N-2
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933
Pre-Effective Amendment No. 1
Post-Effective Amendment No.

RECD S.E.C.
MAR 2 1990
98 <input type="checkbox"/>

Equitable Capital Partners II, L.P.
Equitable Capital Partners (Retirement Fund) II, L.P.
(Exact Name of Registrants as specified in Charter)

1285 Avenue of the Americas
New York, New York
(Address of Principal Executive Offices)

10019
(Zip Code)

Registrant's Telephone Number, including Area Code: (212) 554-2000

James P. Pappas, Senior Vice President
Equitable Capital Management Corporation
1285 Avenue of the Americas
New York, New York 10019
(Name and Address of Agent for Service)

Copies to:

Marcia L. MacHarg
Debevoise & Plimpton
555 13th Street, N.W.
Washington, D.C. 20004

Susan D. Lewis
Brown & Wood
One World Trade Center
New York, N.Y. 10048

Approximate date of Proposed Public Offering: As soon as possible after this Registration Statement becomes effective.

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Amount Being Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Units of Limited Partnership Interest.....	100,000 (1)	\$1,000	\$100,000,000	\$20,000

(1) An aggregate amount of 100,000 Units of Limited Partnership Interest in Equitable Capital Partners II, L.P. and Equitable Capital Partners (Retirement Fund) II, L.P. is being registered hereby.

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

PROSPECTUS



Equitable Capital Partners II
Equitable Capital Partners II, L.P.
Equitable Capital Partners (Retirement Fund) II, L.P.

Investment Adviser:

Equitable Capital Management Corporation

100,000 Units of Limited Partnership Interest
Minimum Investment—5 Units
(For Individual Retirement Accounts—2 Units)

\$100,000,000
\$1,000 Per Unit

Equitable Capital Partners II, L.P. (the "Enhanced Yield Fund II") and Equitable Capital Partners (Retirement Fund) II, L.P. (the "Enhanced Yield Retirement Fund II"; the Enhanced Yield Fund II and the Enhanced Yield Retirement Fund II are sometimes individually referred to in this Prospectus as a "Fund" and are collectively referred to in this Prospectus as the "Funds"), newly formed Delaware limited partnerships, are each organized as a business development company under the Investment Company Act of 1940, as amended. The investment objective of each Fund is to provide current income and capital appreciation by investing primarily in privately-structured, friendly leveraged acquisitions, leveraged recapitalizations, and other leveraged financings. Each Fund intends to achieve this objective by investing in subordinated debt and/or preferred stock and related equity securities issued in conjunction with the "mezzanine financing" of such leveraged transactions. Because these investments in leveraged transactions are intended to combine the return from high yield subordinated debt with capital appreciation from related equity securities, they provide the opportunity for "enhanced yields."

Generally, individual retirement accounts, Keogh plans and other tax-exempt investors may only subscribe for interests in the Enhanced Yield Retirement Fund II. (The limited partnership interests in the Enhanced Yield Fund II and the Enhanced Yield Retirement Fund II are denominated in and collectively referred to in this Prospectus as the "Units.") All other investors purchasing Units may only subscribe for Units of the Enhanced Yield Fund II. The investment objective, policies and restrictions of each Fund are identical except that the Enhanced Yield Fund II may borrow to fund or refinance its portfolio investments and the Enhanced Yield Retirement Fund II may not do so. This restriction has been imposed on the Enhanced Yield Retirement Fund II to avoid the possibility that tax-exempt investors may receive material amounts of unrelated business taxable income because of borrowings made to fund the acquisition of investments. There is no assurance that the investment objective of the Funds will be realized. Each Fund is a non-diversified company as such term is defined in the Investment Company Act of 1940 as amended. A Fund may be held jointly liable with the other Fund for statements made or omitted in this joint Prospectus.

Equitable Capital Management Corporation ("Equitable Capital"), an indirect wholly-owned subsidiary of The Equitable Life Assurance Society of the United States, acts as investment adviser to, and is the managing general partner of, each Fund. ML Fund Administrators Inc., an indirect wholly-owned subsidiary of Merrill Lynch & Co., Inc., will be the administrator of each Fund and will coordinate investor relations. The Funds' investor relations representative is accessible at (800) 288-3694 during business hours. See "Management Arrangements".

The Units are illiquid securities. There is no public market for the Units, and there are restrictions contained in the partnership agreement relating to each Fund which are intended to prevent the development of a public market. See "Transferability of Units".

Investors should read this Prospectus and retain it for future reference. The Funds' principal executive offices are located at 1285 Avenue of the Americas, New York, New York 10019 (telephone number (212) 554-2000).

INVESTING IN LEVERAGED ACQUISITIONS, LEVERAGED RECAPITALIZATIONS AND OTHER LEVERAGED FINANCINGS IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. THESE ARE SPECULATIVE SECURITIES. SEE "RISK AND OTHER IMPORTANT FACTORS".

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE FUNDS WILL NOT BE PERMITTED TO COMMENCE OPERATIONS WITHOUT RECEIPT OF EXEMPTIVE RELIEF FROM CERTAIN PROVISIONS OF THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED. THERE IS NO ASSURANCE THAT SUCH RELIEF WILL BE GRANTED. PENDING ANY APPROVAL BY THE SECURITIES AND EXCHANGE COMMISSION OF THE REQUESTED RELIEF, ALL SUBSCRIPTION PROCEEDS WILL BE HELD IN AN ESCROW ACCOUNT. IF THE RELIEF IS NOT GRANTED BY JUNE 30, 1990 OR SUCH OTHER SUBSEQUENT DATE NOT LATER THAN SEPTEMBER 30, 1990 AS IS THE TERMINATION DATE OF THE OFFERING, THE SUBSCRIPTION PROCEEDS WILL BE RETURNED TO THE SUBSCRIBERS, TOGETHER WITH ANY NET INTEREST EARNED THEREON. FURTHERMORE, THE SUBSCRIPTION PAYMENTS IN THE ESCROW ACCOUNT CANNOT BE WITHDRAWN BY SUBSCRIBERS. SEE "PROSPECTUS SUMMARY—EXEMPTIVE RELIEF" AND "OFFERING AND SALE OF UNITS—PAYMENT FOR UNITS".

	Price to Public (1)(2)	Commissions (1)(2)	Proceeds to the Fund(s) (1)(2)(3)
Per Unit (5 Units minimum) (4).....	\$ 1,000	\$ 60	\$ 940
Total Minimum Per Fund (25,000 Units) (5).....	\$ 25,000,000	\$1,500,000	\$23,500,000
Total Combined Minimum (75,000 Units) (5)....	\$ 75,000,000	\$4,500,000	\$70,500,000
Total Combined Maximum (100,000 Units) (6)..	\$100,000,000	\$6,000,000	\$94,000,000

(continued on following page)

Merrill Lynch Capital Markets

The date of this Prospectus is , 1990

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any State.

- (1) The selling commission to Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") will equal 6% of the Price to Public, subject to certain discounts for purchases of 500 or more Units and for purchases by certain persons. The Proceeds to the Fund(s) net of commissions will not be affected by such discounts. In addition, MLPF&S will receive a financial advisory fee equal to 1½% of the Price to Public for services rendered in connection with the structuring of the offering, subject to certain discounts for purchases of 500 or more Units and for purchases by certain persons. This table does not reflect any such discounts. Each Fund may, under certain circumstances, have more than one closing of the sale of Units. If more than one such closing for a Fund occurs, the Price to Public after the first closing of the sale of Units in such Fund may be adjusted to approximate the market value of Units based on their net asset value. See "Offering and Sale of Units".
- (2) MLPF&S will be reimbursed by the Funds for actual marketing and sales expenses in an amount not to exceed ½% of the aggregate Price to Public and for the fees and expenses of its counsel. The amounts paid as reimbursement will reduce the Proceeds to the Fund(s). See footnote (3) below and "Estimated Use of Proceeds". The Funds and Equitable Capital have agreed to indemnify MLPF&S and certain Selected Dealers against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Offering and Sale of Units".
- (3) Before deducting offering and organizational expenses payable by the Funds not to exceed \$6,000,000 in aggregate for both Funds or, together with the amount of the selling commissions, financial advisory fees and marketing and sales expense reimbursements payable to MLPF&S, 15% of the total offering proceeds of each Fund (estimated to be not in excess of \$43.33 per Unit for the Combined Minimum) including the reimbursement of expenses of MLPF&S set forth above in footnote (2). Such offering and organizational expenses will be allocated between the Funds in proportion to the number of Units issued by each Fund. After deducting such estimated expenses and reimbursements, the Enhanced Yield Fund II and the Enhanced Yield Retirement Fund II are estimated to have Net Proceeds Available for Investment as follows:

	Gross Offering Proceeds	Net Proceeds Available for Investment	
		Enhanced Yield Fund II	Enhanced Yield Retirement Fund II
Minimum Per Fund.....	\$ 25,000,000	\$21,916,700	\$21,916,700
Combined Minimum.....	\$ 75,000,000	\$65,750,000	\$65,750,000
Combined Maximum.....	\$100,000,000	\$88,750,000	\$88,750,000

Each of the figures for the Combined Minimum and Combined Maximum under the captions "Enhanced Yield Fund II" and "Enhanced Yield Retirement Fund II" is based on the assumption that all of the Units sold were Units of the Fund listed above the figure. See "Estimated Use of Proceeds". Assuming that the Enhanced Yield Fund II has borrowed an amount equal to 50% of Net Proceeds Available for Investment, the net funds available for investment for the Minimum Per Fund, Combined Minimum and Combined Maximum for such Fund would be \$32,875,050, \$98,625,000 and \$133,125,000, respectively. See "Estimated Use of Proceeds".

- (4) The minimum purchase requirement for individual retirement accounts (which may only purchase Units in the Enhanced Yield Retirement Fund II) is two Units (\$2,000).
- (5) The minimum number of Units which may be sold in a Fund is 25,000. However, unless 75,000 Units are subscribed for in the Funds together (which may be in one Fund or, if the 25,000 Unit minimum is met by both Funds, in the Funds combined) no Units will be sold.
- (6) The total Combined Maximum may be sold in either Fund, or in any proportion between the Funds but not more than such maximum may be sold by the Funds collectively. See "Offering and Sale of Units".

The Units are being offered by MLPF&S, as selling agent, on a "best efforts" basis and by certain participating broker-dealers, including Equico Securities, Inc., an affiliate of Equitable Capital. This offering will terminate not later than September 30, 1990, or such subsequent date not later than May 31, 1991, as Equitable Capital, MLPF&S and the Funds may agree upon (the "Termination Date"). If subscriptions acceptable to Equitable Capital for 75,000 Units have not been received by the Termination Date, no Units will be sold. The minimum amount of subscriptions for a Fund is 25,000 Units. Funds paid by subscribers will be deposited in a bank escrow account and subscriptions may not be terminated or funds withdrawn by subscribers. In the event that at the Termination Date the offering of Units in one or both Funds is not completed, subscription payments for Units in such Fund or Funds will be refunded promptly with any net interest earned thereon. Equitable Capital, MLPF&S, and certain affiliates and related persons thereof may subscribe for Units (which subscription(s) may be made for up to an aggregate of 10,000 Units (but not for more than 15% of the Units subscribed for in a Fund) to satisfy the 75,000 Unit combined minimum) on the same terms and conditions as other investors except that Equitable Capital, MLPF&S and certain affiliates and related persons thereof will not pay a sales commission or financial advisory fee upon such purchase. See "Offering and Sale of Units".

PROSPECTUS SUMMARY

The summary information below should be read in conjunction with the detailed information appearing elsewhere in this Prospectus.

Offering: Equitable Capital Partners II, L.P. (the "Enhanced Yield Fund II") and Equitable Capital Partners (Retirement Fund) II, L.P. (the "Enhanced Yield Retirement Fund II"; the Enhanced Yield Fund II and the Enhanced Yield Retirement Fund II are sometimes individually referred to herein as a "Fund" and are collectively referred to herein as the "Funds") are offering in aggregate 100,000 units of limited partnership interest (the "Units") through Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"), acting as selling agent for the Funds on a "best efforts" basis. Each Unit represents a capital contribution (the "Capital Contribution") of \$1,000 in either the Enhanced Yield Fund II or the Enhanced Yield Retirement Fund II, as applicable.

Individual retirement accounts ("IRAs"), Keogh plans and other tax-exempt investors ("Tax-Exempt Investors") generally may only subscribe for Units representing interests in the Enhanced Yield Retirement Fund II. All other investors may only subscribe for Units representing interests in the Enhanced Yield Fund II.

The minimum investment in each of the Funds is five Units (\$5,000), except that the minimum investment for IRAs in the Enhanced Yield Retirement Fund II is two Units (\$2,000). Additional Units may be purchased in increments of \$1,000. The actual purchase price for each Unit will reflect any discounts in commissions or financial advisory fees payable to MLPF&S. Each Fund may have more than one closing of the sale of Units. If a Fund has more than one such closing, Units may be sold after the initial closing at a market price based on

the net asset value of the Units, which may be higher or lower than \$1,000 per Unit. Any change in the public offering price of Units will be set forth in a supplement to this Prospectus. See "Terms of the Offering" and "How to Subscribe" below. In the future, the Funds may make an offshore offering to a foreign investment fund or other entity that will be formed for the purpose of investing in the Funds. Interests in the foreign fund will in turn be sold to non-U.S. investors. See "Foreign Offering". Any such offering, if made, may be made pursuant to this Prospectus or an amendment thereto or may be separate from the offering made by this Prospectus, in which case this Prospectus would not purport to relate to such offering. In any case, the total number of Units sold in the Funds, including any interests sold to a foreign fund, will not exceed 100,000 Units. The offering price of interests sold in any foreign offering will closely approximate the then net asset value of Units plus applicable sales commissions, financial advisory fees, and other fees and expenses which, depending on the timing of such offering, may be more or less than the public offering price offered to U.S. investors.

The Funds:

Each Fund is a limited partnership organized under Delaware law which has been formed to invest primarily in subordinated debt and/or preferred stock and related equity securities issued in conjunction with the "mezzanine financing" of privately-structured, friendly leveraged acquisitions, leveraged recapitalizations, and other leveraged financings ("Leveraged Transactions"). A "friendly" transaction is a Leveraged Transaction of a business not opposed by its board of directors. Each Fund may also invest up to 10% of its Available Capital (as defined below under "Investment Objective") in securities issued in connection with certain other types of acquisitions or corporate restruc-

turings. See "Mezzanine Investments" and "Other Investments" under "Investment Objective and Policies". Equitable Capital Management Corporation ("Equitable Capital") will serve as investment adviser to each Fund.

The investment objective, policies and restrictions of each Fund are identical (see "Investment Objective and Policies") except that the Enhanced Yield Fund II may borrow in order to fund or refinance its portfolio investments (see "Leverage" under "Investment Objective and Policies") and the Enhanced Yield Retirement Fund II may not do so. This restriction has been imposed on the Enhanced Yield Retirement Fund II primarily to avoid the possibility that Tax-Exempt Investors may receive material amounts of unrelated business taxable income because of any borrowings made to fund the acquisition of investments.

All net investment income and net capital gains realized on a Fund's portfolio investments, after providing for certain reserves and certain additional investments, will be distributed to the Partners of such Fund quarterly, as described in this Prospectus under "Distributions and Allocations". Cash distributions to investors in a Fund from Temporary Investments (as defined below) are expected to begin within three to six months, and from Mezzanine Investments (as defined below) within twelve months, of the Fund's closing of the sale of Units offered hereby.

Each Fund has elected to be a business development company under the Investment Company Act of 1940, as amended (the "Investment Company Act"). Each Fund is a "non-diversified company" as defined in the Investment Company Act and as such is subject to certain risks arising out of its holdings to which diversified companies are not subject.

As a business development company, each Fund will be subject to certain provisions of the Investment Company Act and certain of its proposed activities will be subject to review by the Securities and Exchange Commission (the "SEC"). The Funds, the Equitable Capital Partners I Funds (as defined below), and Equitable Capital have applied for an exemptive order from the SEC relieving them, subject to the terms and conditions set forth in the application for such order, from certain of the provisions of the Investment Company Act to permit the coinvestments described under "Investment Objective and Policies -- Coinvestments". Receipt of such order is one of the conditions precedent to closing of the sale of Units in the Funds. See "Offering and Sale of Units". The Funds are also seeking an exemptive order from the SEC determining that (i) the independent general partners of each Fund (the "Independent General Partners") are not "interested persons" of such Fund or of Equitable Capital, within the meaning of the Investment Company Act, solely by reason of being general partners of each Fund and co-partners of Equitable Capital, (ii) the Independent General Partners of each Fund will not be deemed to be "interested persons" of such Fund by virtue of their service as Independent General Partners of the other Fund or as independent general partners of the Equitable Capital Partners I Funds (as hereinafter defined below), and (iii) persons who become limited partners of a Fund who own less than 5% of the Units in such Fund will not be "affiliated persons" of a Fund or any of its other partners solely by reason of their status as limited partners. This offering will not commence until such orders are obtained. There can be no assurance that the SEC will issue either order. The issuance of any order to the Funds by the SEC does not constitute SEC approval of the Funds. See "Regulation".

Each Fund will be governed by a separate Amended and Restated Agreement of Limited Partnership substantially in the form attached hereto as Exhibit A (the "Partnership Agreement"). Each Fund will be a separate limited partnership and investors purchasing Units in one Fund will have no interest in the other Fund. The limited partners of a Fund are referred to herein as the "Limited Partners"; the general partners of a Fund are referred to herein as the "General Partners"; the Limited Partners and the General Partners are sometimes collectively referred to herein as the "Partners".

The principal executive offices of the Funds are located at 1285 Avenue of the Americas, New York, New York 10019.

Coinvestment: Subject to the terms of the exemptive order sought from the SEC with respect to coinvestments by the Funds, the Funds expect to "coinvest" with each other and with Equitable Capital Partners, L.P. (the "Enhanced Yield Fund I") and Equitable Capital Partners (Retirement Fund), L.P. (the "Enhanced Yield Retirement Fund I", and together with the Enhanced Yield Fund I, the "Equitable Capital Partners I Funds"). The Equitable Capital Partners I Funds are business development companies under common control with the Funds and have the same investment objective as the Funds. In addition, the Funds may coinvest with certain other affiliates of Equitable Capital (these affiliates together with the Equitable Capital Partners I Funds are sometimes referred to collectively herein as "Equitable Affiliates"). See "Investment Objective and Policies -- Coinvestments". The Equitable Capital Partners I Funds and the Equitable Affiliates will coinvest with the Funds on terms and conditions that are the same in all material respects.

Subject to the terms of the SEC exemptive order referred to above and receipt of such

order, investments generally will be allocated among the Funds, the Equitable Capital Partners I Funds and the other Equitable Affiliates in proportion to a ratio based on the amount of capital (including borrowings or commitments to borrow) that each such investor has indicated to Equitable Capital is available for investment. However, the Funds together will have the right to an aggregate allocation of at least 25% of any investment which meets the investment objective of the Funds during the period that the Equitable Capital Partners I Funds together are entitled to an aggregate 25% allocation right to any such proposed investment pursuant to the terms of the SEC exemptive order under which they operate (i.e. from the date that each Equitable Capital Partners I Fund has become 75% invested until each such Fund is fully invested). At the time that the Funds commence their investment activities, Equitable Capital expects that each of the Equitable Capital Partners I Funds will be at least 75% invested. In addition, Equitable Capital expects that at such time, Institutional Fund I (as hereinafter defined) will no longer have an allocation right. Institutional Fund II (as hereinafter defined) has no allocation rights, although Equitable Capital may grant allocation rights to other Equitable Affiliates, subject to the rights of the Funds and the Equitable Capital Partners I Funds and provided that no Equitable Affiliate will have the right to an allocation that is greater than the allocation right in effect for the Funds.

Investments will be allocated between the Funds based on the ratio of Available Capital of each Fund. During the first two years of the Investment Period (see "Business Plan" below) the ratio will be determined as if the Enhanced Yield Fund II had borrowed an amount equal to 50% of its Net Proceeds Available for Investment (as defined under "Estimated Use of Proceeds")

and thereafter will be made based on the actual borrowings or commitments to borrow of such Fund, if any.

Each Fund's ability to coinvest with Equitable Affiliates is subject to certain limitations. Further, there can be no assurance that the Equitable Capital Partners I Funds or other Equitable Affiliates will have capital available to coinvest with the Funds. See "Investment Objective and Policies -- Coinvestments".

Term of Each Fund:

Each Fund will terminate upon the liquidation of all of its investments, but no later than December 31, 2000 (or ten years from the final closing of the sale of the Units in such Fund (such Fund's "Final Closing"), if later (see "Offering and Sale of Units")). The Independent General Partners of a Fund have the right to extend the term of such Fund for up to two additional one-year periods if they determine that such extensions are in the best interest of such Fund, after which such Fund will liquidate any remaining investments as soon as practicable but in any event within five years. See "Summary of the Partnership Agreement".

Investment Objective:

The investment objective of each Fund is to provide current income and capital appreciation by investing primarily in privately-structured, friendly Leveraged Transactions. Each Fund will pursue its objective by investing in subordinated debt and/or preferred stock, which may include dividend-paying and convertible preferred stock, and related equity securities issued in conjunction with the "mezzanine financing" of such transactions, as described below under "Mezzanine Investments" and under "Investment Objective and Policies -- Mezzanine Financing". Investments relating to such mezzanine financing are referred to herein as "Mezzanine Investments". The Enhanced Yield Fund II may borrow an amount up to 50% of

Net Proceeds Available for Investment (as defined under "Estimated Use of Proceeds") to provide an additional source of funds for the purchase or refinancing of portfolio investments. Any such borrowing will be non-recourse to the Limited Partners, and is expected to be non-recourse to the General Partners, of the Enhanced Yield Fund II. The Enhanced Yield Retirement Fund II may not borrow for such purposes.

Each Fund may also invest up to 10% of its Available Capital in debt or equity securities issued in connection with certain other types of acquisitions and corporate restructurings referred to below under "Other Investments". Such investments are referred to in this Prospectus as "Other Investments".

Each Fund may also make "Bridge Investments" (as described below) but only in a Portfolio Company (as defined under "Enhanced Yield Investments") in which it has made or expects to make a Mezzanine Investment. Pending other applications of funds, each Fund will make "Temporary Investments" (as described below).

Each Fund will be limited in the amount of Available Capital it may invest in Mezzanine Investments or Bridge Investments in any one Portfolio Company. Generally, each Fund may not invest more than 10% of its Available Capital in Mezzanine Investments or 20% of its Available Capital in Bridge Investments (or Mezzanine Investments taken together with Bridge Investments) in a single Portfolio Company. However, with the approval of its Independent General Partners, a Fund may make (i) Mezzanine Investments in up to two Portfolio Companies, utilizing, in each case, up to 20% of its Available Capital, and (ii) Bridge Investments (or Mezzanine Investments taken together with Bridge Investments) in one Portfolio Company utilizing up to 25% of its Available Capital. No more than 50% of

the Available Capital of any Fund may be invested in Bridge Investments.

A Fund's "Available Capital" is the amount of the net offering proceeds from the sale of Units in such Fund, increased, in the case of the Enhanced Yield Fund II, by the principal amount of any borrowings or borrowing commitments, and reduced by capital distributed to the holders of such Units and realized losses from such Fund's investments. At least 90% of each Fund's Available Capital (other than capital invested in Bridge Investments and Temporary Investments) will be invested in Mezzanine Investments and related Follow On Investments (as defined below).

The investment objective of the Funds may not be changed without the consent of a majority in interest of the Limited Partners.

There can be no assurance that a Fund's investment objective will be attained. See "Investment Objective and Policies".

**Enhanced
Yield
Investments:**

Mezzanine Investments, Other Investments, Bridge Investments and Follow On Investments are collectively referred to herein as "Enhanced Yield Investments". Because Enhanced Yield Investments in leveraged transactions are intended to combine the return from high yield subordinated debt with capital appreciation from related equity securities, they provide the opportunity for "enhanced yields". See "Business Plan" below and "Investment Objective and Policies". The companies in which Enhanced Yield Investments are made are referred to herein as "Portfolio Companies".

The Enhanced Yield Investments in which the Funds will invest will generally be unrated. Equitable Capital believes that such investments would be, if rated, classified as speculative securities and

the lowest rating which would be assigned to such securities by Standard & Poor's Corporation ("Standard & Poor's") or Moody's Investors Service, Inc. ("Moody's") would be B. Certain Temporary Investments may also be unrated, but Equitable Capital believes that, if rated, the lowest rating that would be assigned by Standard & Poor's and Moody's to such unrated Temporary Investments would be A. See Appendix I for a description of certain ratings by major rating agencies.

**Mezzanine
Investments:**

Mezzanine Investments may include the subordinated debt and/or preferred stock portions of Leveraged Transactions, combined in most instances, with a contingent interest component or investment in an equity participation (an equity "kicker") which provides the potential for capital appreciation. An equity participation may take the form of common stock or preferred stock, which may include dividend-paying and convertible preferred stock, or other securities exercisable for or convertible into equity, including options and warrants. Certain Mezzanine Investments may, however, not contain an equity participation. In other instances a Mezzanine Investment may include senior debt (including senior subordinated debt) combined with subordinated debt, preferred stock and an equity participation. In order to facilitate a Fund's acquisition of a Mezzanine Investment, a Fund may purchase senior debt which Equitable Capital does not expect will be held by such Fund as a part of the permanent Mezzanine Investment. A Fund may not purchase senior debt or senior subordinated debt that is not part of a permanent Mezzanine Investment if, with respect to senior debt, after such purchase more than 15% of its Available Capital would be invested in such senior debt or, with respect to senior subordinated debt, more than 15% of its Available Capital would be invested in such senior subordinated debt.

**Other
Investments:**

Each Fund may invest up to 10% of its Available Capital in securities issued in connection with other types of acquisitions and corporate restructurings, including investments in workouts and restructurings of financially-troubled companies, "turn around situations" (i.e. investments in companies whose performance may have been relatively weak but are expected by Equitable Capital to improve significantly), debt and equity securities of highly leveraged companies issued other than in the context of a Leveraged Transaction, non-leveraged acquisitions and recapitalizations, and equity without related debt. The debt securities included in Other Investments are typically rated below investment grade, and more frequently, not rated at all. However, Equitable Capital believes that the lowest rating that would be assigned to such securities, if rated by Moody's or Standard & Poor's would be B. The characteristics of such rating are set forth in Appendix I. Both debt and equity securities of such companies have substantial speculative features.

**Bridge
Investments:**

Each Fund may provide interim debt financing ("Bridge Investments") to certain Portfolio Companies. The Bridge Investments made by the Funds, if any, will be in debt instruments that are designed to provide interim financing of Leveraged Transactions of Portfolio Companies. Equitable Capital expects that Bridge Investments will have a term of twelve months or less. Bridge Investments may include senior debt, senior subordinated debt, increasing rate notes, subordinated debt, preferred stock or common equity. All Bridge Investments made by a Fund must be approved by the Independent General Partners of such Fund.

Each Fund will only make a Bridge Investment in a Portfolio Company in which it has made or expects to make a Mezzanine Investment. Part or all of a Bridge Investment may be retired by a Mezzanine Investment.