

ALLIANCEBERNSTEIN INCOME FUND INC
Form N-CSR
March 06, 2009

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: 811-05207

ALLIANCEBERNSTEIN 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)

Joseph J. Mantineo

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: December 31, 2008

Date of reporting period: December 31, 2008

ITEM 1. REPORTS TO STOCKHOLDERS.

ANNUAL REPORT

AllianceBernstein Income Fund

December 31, 2008

Annual Report

Investment Products Offered

**Are Not FDIC Insured
May Lose Value
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® 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 FINRA.

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February 24, 2009

Annual Report

This report provides management's discussion of fund performance for AllianceBernstein Income Fund (the "Fund") for the annual reporting period ended December 31, 2008. The Fund is a closed-end fund that trades under the New York Stock Exchange symbol "ACG".

Investment Objectives and Policies

This closed-end fund is designed to provide high current income consistent with the preservation of capital. The Fund normally invests at least 80% of its net assets in income-producing securities. The Fund normally invests at least 65% of its total assets in securities issued or guaranteed by the US Government, its agencies or instrumentalities, and repurchase agreements pertaining to US Government securities. The Fund may also invest up to 35% of its total assets in other fixed-income securities, including those issued by non-governmental issuers in the US and those issued by foreign governments. The Fund may invest up to 35% of its net assets in below-investment grade securities. Additionally, the Fund may utilize other investment instruments, including options, swaps, forwards and futures, and may employ leverage. For more information regarding the Fund's risks, please see "A Word About Risk" on pages 3-4 and "Note G: Risks Involved in Investing in the Fund" of the Notes to Financial Statements on page 44.

Investment Results

The table on page 5 provides performance data for the Fund and its benchmark, the Barclays Capital

(formerly Lehman Brothers) US Aggregate Index, for the six- and 12-month periods ended December 31, 2008.

The Fund underperformed its benchmark for both the six- and 12-month periods ended December 31, 2008, as the credit crisis intensified and spreads widened dramatically across nongovernment sectors of the fixed-income markets. The Fund's credit exposure—particularly corporate high yield, emerging market and bank loan debt—all contributed to underperformance for both periods. Select issuers in the financial industry also detracted for both periods. Within the Fund's emerging-market allocation, overall individual country selection, including holdings in Russia, Ecuador and Argentina also hurt performance. Finally, leverage for both periods detracted, although it enhanced net income.

Market Review and Investment Strategy

After a tumultuous first quarter marked by an indiscriminate flight from risk and subprime-mortgage concerns, global fixed-income markets made fitful progress toward regaining stability in the second quarter of 2008 after the US Federal Reserve (the "Fed") orchestrated the takeover of Bear Stearns. The credit crisis, however, entered a new and more menacing phase late in the annual period with fear of counterparty risk paralyzing interbank lending. The inability to access capital led to a crisis for financial institutions, causing the failure of Lehman Brothers, prompting rapid-fire acquisitions, driving long-standing

independent firms to consider mergers and forcing the government to intervene. The severe difficulties that financial firms faced led to government rescues of Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, American International Group and Citigroup in the US; Bradford & Bingley in the UK; and Fortis and Dexia in the euro area. They also led to the rapid consolidations of Merrill Lynch with Bank of America, HBOS with Lloyds TSB, Washington Mutual with JPMorgan Chase and Wachovia with Wells Fargo.

The extreme risk aversion that seized the markets following the bankruptcy of Lehman Brothers in mid-September accelerated into the fourth quarter of 2008 as massive global deleveraging continued in October and November. Tumult in the financial markets bled into the real economy, in the US and across the globe. Economic data for virtually every country showed sharp if not historic declines. Investors flocked to the safety of governments and credit markets sold off violently. The yield on US Treasury bills even dropped slightly below zero in December 2008, showing that investors were willing to forgo a return on their investment in exchange for a safe place to park their cash. While global government bond yields hit or neared record lows, yield spreads on investment-grade corporate bonds shot to peaks unseen since the 1930s, and the Morgan Stanley Capital International (MSCI) World Index extended its decline and posted a return of -40.71% for the year in US dollars the worst annual loss since the equity benchmark's inception in 1970.

For the annual period, Treasuries posted one of their strongest rallies, returning 13.74%, as extreme risk aversion led to a flight to quality. Agencies and mortgages also posted strong positive returns for the year, benefiting from the Fed's announcement to purchase Agency debt. As a counterpoint, commercial mortgage backed securities (CMBS), at -20.52%, continued to sell off sharply and CMBS spreads broke the 1,000 basis-point mark to end the year at 1,010 basis points above Treasuries. Investment-grade corporate debt, at -4.94%, and particularly high-yield corporates at -26.16%, and emerging market debt at -14.75%, were swept up in the extreme risk aversion. Lower quality debt, as well as financial-related industries, building material and airline sectors were all negatively impacted.

The Fund's management team (the Team) views recent spread widening as an opportunity not seen in decades, particularly in investment-grade credit and CMBS. Current valuations in investment-grade corporates are near their widest levels since the Great Depression. While the breadth and depth of the global slowdown is unknown, and the recovery for both the credit markets and the economy will take time, worst-case scenarios, coupled with significant liquidity premiums, are priced into today's valuations. As risk aversion begins to abate and valuations align with fundamentals, the Team anticipates that investment-grade corporates and CMBS may significantly outperform.

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HISTORICAL PERFORMANCE

An Important Note About the Value of Historical Performance

The performance on page 5 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.

AllianceBernstein Income Fund Shareholder Information

The Fund's NYSE trading symbol is ACG. 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 in other newspapers in a table called "Closed-End Bond Funds." For additional shareholder information regarding this Fund, please see page 65.

Benchmark Disclosure

The unmanaged Barclays Capital US Aggregate Index does not reflect fees and expenses associated with the active management of a mutual fund portfolio. The Index covers the US investment-grade fixed-rate bond market, including government and credit securities, agency mortgage pass-through securities, asset-backed securities and commercial mortgage-backed securities. The Index is not leveraged, whereas the Fund utilizes leverage. 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 participates in a credit facility for the purpose of utilizing investment leverage. The Fund may utilize additional leverage through other investment techniques, including reverse repurchase agreements and dollar rolls.

Reverse repurchase agreements involve sales by the Fund of portfolio assets concurrently with an agreement by the Fund to repurchase the same assets at a later date at a fixed price. Generally, the effect of such a transaction is that the 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 only advantageous if the interest cost to the Fund of the reverse repurchase agreement transaction is less than the cost of otherwise obtaining the cash.

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.

Reverse repurchase agreements and dollar rolls are speculative techniques and are considered borrowings by the Fund. The effect of leverage can realize shareholders higher returns than if the Fund were not leveraged, and the use of leverage techniques can add to the net asset value (NAV) of the Common Stock. However, the risks of such techniques are potentially a higher volatility of the NAV of the Common Stock, potentially more volatility in the market value of the Common Stock, and the relatively greater effect on the NAV of the Common Stock caused by favorable or adverse changes in the currency exchange rates. In addition, changes in the interest rate environment can increase or decrease shareholder returns. The Fund maintains asset coverage of at least 300% with respect to borrowings.

(Historical Performance continued on next page)

ALLIANCEBERNSTEIN INCOME FUND 3

Historical Performance

To the extent that the current interest rate on the Fund's indebtedness approaches the net return on the leveraged portion of the Fund's investment portfolio, then the benefit to the shareholders will be reduced. If the rate on indebtedness were to exceed the net return on the same portion of the portfolio, then this would result in a lower rate of return for the shareholders. Similarly, the use of leverage in a declining market can advance the decrease of the Fund's NAV more so than if the Fund were not leveraged, which would likely be reflected in a greater decline in the market price for shares of Common Stock than if the Fund were not leveraged. In extreme cases, if the Fund's current investment income were not sufficient to meet interest payments on indebtedness or if the Fund failed to maintain the asset coverage required by the 1940 Act, then it could be necessary for the Fund to liquidate certain investments at a time when it may be disadvantageous to do so, thereby reducing its NAV.

Part of the Fund's assets will be invested in foreign securities. A significant portion of the Fund's investments in foreign securities is in emerging markets. Since the Fund invests in foreign currency denominated securities, fluctuations may be magnified by changes in foreign exchange rates. The Fund also may seek investment opportunities by taking long or short positions in currencies through the use of currency-related derivatives, including forward currency exchange contracts, futures and options on futures swaps and options. Foreign markets can be more volatile than the US market due to increased risks of adverse issuer, political, regulatory, market or economic developments. The Fund may invest in high-yield bonds or below-investment grade securities ("junk bonds"). High-yield bonds involve a greater risk of default and price volatility than other bonds.

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, futures, forwards and swaps. These instruments involve risks different from, and in certain cases, greater than, the risks presented by more traditional investments. These risks include the risk that the value of a derivative instrument may not correlate perfectly, or at all, with the value of the assets, reference rates or indices that they are designed to track. Other risks include: the possible absence of a liquid secondary market for a particular instrument and possible exchange-imposed price fluctuation limits, either of which may make it difficult or impossible to close out a position when desired; the risk that adverse price movements in an instrument can result in a loss substantially greater than the Fund's initial investment in that instrument (in some cases, the potential loss is unlimited); and the risk that the counterparty will not perform its obligations.

(Historical Performance continued on next page)

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Historical Performance

HISTORICAL PERFORMANCE

(continued from previous page)

THE FUND VS. ITS BENCHMARK	Returns	
PERIODS ENDED DECEMBER 31, 2008	6 Months	12 Months
AllianceBernstein Income Fund (NAV)*	-6.41%	-5.46%
Barclays Capital US Aggregate Index	4.07%	5.24%

The Fund's Market Price per share on December 31, 2008, was \$7.08. The Fund's Net Asset Value Price per share on December 31, 2008, was \$7.49. For additional Financial Highlights, please see page 49.

** Includes the impact of proceeds received and credited to the Fund resulting from class action settlements, which enhanced the Fund's performance by 0.00% and 0.33% for the six- and 12-month periods ended December 31, 2008, respectively.*

Formerly Lehman Brothers

See Historical Performance and Benchmark disclosures on pages 3-4.

ALLIANCEBERNSTEIN INCOME FUND 5

Historical Performance

PORTFOLIO SUMMARY

December 31, 2008

PORTFOLIO STATISTICS

Net Assets (\$mil): \$1,817.2

** All data are as of December 31, 2008. The Fund's security type and country breakdowns are expressed as a percentage of total investments and may vary over time. Other country weightings represent 0.2% or less in the following countries: Argentina, Austria, Bermuda, Canada, Dominican Republic, El Salvador, France, Greece, India, Jamaica, Panama, Poland, South Africa and Switzerland.*

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Portfolio Summary

PORTFOLIO OF INVESTMENTS

December 31, 2008

		Principal Amount (000)	U.S. \$ Value
GOVERNMENTS - TREASURIES 67.3%			
Treasuries 67.3%			
Brazil 2.4%			
Republic of Brazil			
10.25%, 1/10/28	BRL	20,818	\$ 7,967,438
12.50%, 1/05/16-1/05/22(a)		76,429	34,771,011
			42,738,449
Colombia 0.6%			
Republic of Colombia			
12.00%, 10/22/15	COP	22,469,000	10,986,885
Mexico 0.9%			
Mexican Bonos			
Series M 20			
8.00%, 12/07/23	MXN	18,624	1,320,511
Series M 30			
10.00%, 11/20/36		183,178	15,597,609
			16,918,120
Peru 0.5%			
Peru Bono Soberano			
Series 7			
8.60%, 8/12/17	PEN	28,327	9,660,775
United States 62.9%			
U.S. Treasury Bonds			
5.375%, 2/15/31(b)	US\$	1,961	2,694,536
6.625%, 2/15/27(c)		73,570	110,021,654
8.00%, 11/15/21		34,117	51,729,598
11.25%, 2/15/15(c)		168,000	255,163,104
12.50%, 8/15/14(b)		6,770	7,245,912
U.S. Treasury Notes			
4.00%, 6/15/09-3/15/10(c)		145,000	149,009,350
4.125%, 5/15/15		795	911,766
4.125%, 8/15/10(c)		21,844	23,138,432
4.375%, 8/15/12		700	784,547
4.50%, 2/15/16		598	703,958
4.875%, 8/15/16(c)		49,000	58,551,178
4.875%, 5/15/09(c)		85,000	86,457,580
5.125%, 5/15/16(d)		3,000	3,632,577
U.S. Treasury STRIPS			
Zero Coupon, 5/15/17(c)(e)(f)		259,750	207,716,360
Zero Coupon, 11/15/21(e)		285,350	185,002,963
			1,142,763,515

Total Governments Treasuries (cost \$1,060,768,819)	1,223,067,744
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ALLIANCEBERNSTEIN INCOME FUND 7

Portfolio of Investments

	Principal Amount (000)	U.S. \$ Value
MORTGAGE PASS-THRU S 34.7%		
Agency Fixed Rate 30-Year 25.9%		
Federal Gold Loan Mortgage Corp. Series 2007 7.00%, 2/01/37 ^(b)	US\$ 16,510	\$ 17,223,982
Federal Home Loan Mortgage Corp. Series 2006 6.00%, 9/01/36 ^(b)	67,684	69,802,148
Federal National Mortgage Association Series 1998 8.00%, 6/01/28 ^(b)	76	80,633
Series 1999 7.50%, 11/01/29 ^(b)	98	103,278
Series 2006 6.50%, 8/01/36	498	517,721
Series 2007 6.50%, 8/01/37 ^(b)	43,760	45,500,908
Series 2008 4.50%, 3/01/38-4/01/38 ^(b)	163,912	166,375,127
5.50%, 1/01/37-10/01/38 ^(b)	165,943	170,296,679
Government National Mortgage Association Series 1999 6.50%, 2/15/29	86	90,512
		469,990,988
Agency ARMs 8.8%		
Federal Home Loan Mortgage Corp. Series 2007 5.738%, 1/01/37 ^{(b)(g)}	35,637	36,393,036
5.808%, 2/01/37 ^{(b)(g)}	20,268	20,730,524
5.818%, 3/01/37 ^{(b)(g)}	22,060	22,588,800
5.979%, 2/01/37 ^{(b)(g)}	24,390	24,966,396
6.081%, 3/01/37 ^{(b)(g)}	13,708	14,056,950
Federal National Mortgage Association Series 2006 5.842%, 11/01/36 ^{(b)(g)}	17,258	17,708,096
Series 2007 5.885%, 3/01/37 ^{(b)(g)}	23,924	24,500,656
		160,944,458
Total Mortgage Pass-Thru s (cost \$614,312,093)		630,935,446
AGENCIES 14.3%		
Agency Debentures 14.3%		
Bank of America Corp. 3.125%, 6/15/12	8,600	8,936,965
Citigroup, Inc. 2.875%, 12/09/11	8,600	8,868,079

		Principal Amount (000)	U.S. \$ Value
Federal National Mortgage Association			
3.375%, 5/19/11 ^(b)	US\$	41,000	\$ 43,083,579
5.375%, 6/12/17 ^(c)		59,222	69,190,010
The Goldman Sachs Group, Inc.			
3.25%, 6/15/12		8,600	8,972,561
JPMorgan Chase & Co.			
3.125%, 12/01/11		8,600	8,934,531
Morgan Stanley			
3.25%, 12/01/11		8,600	8,962,344
Resolution Funding Corp. STRIPS			
Series 1990			
Zero Coupon, 10/15/20 ^{(b)(e)}		150,000	95,685,000
Wells Fargo & Co.			
3.00%, 12/09/11		6,255	6,503,067
Total Agencies			
(cost \$222,559,462)			259,136,136
CORPORATES - INVESTMENT GRADES 8.9%			
Industrial 4.5%			
Basic 1.6%			
Alcoa, Inc.			
5.55%, 2/01/17		7,883	6,203,606
Freeport-McMoRan Copper & Gold, Inc.			
8.375%, 4/01/17		7,500	6,150,000
GTL Trade Finance, Inc.			
7.25%, 10/20/17 ^(h)		2,536	2,127,349
Southern Copper Corp.			
7.50%, 7/27/35		5,107	3,821,057
Union Carbide Corp.			
7.75%, 10/01/96		1,785	1,051,458
United States Steel Corp.			
6.05%, 6/01/17		965	630,934
Vale Overseas Ltd.			
6.875%, 11/21/36		10,673	9,687,882
			29,672,286
Capital Goods 0.6%			
Caterpillar Financial Services Corp.			
6.20%, 9/30/13		9,580	9,876,185
Legrand SA			
8.50%, 2/15/25		10	8,747
Tyco International Finance SA			
6.00%, 11/15/13		140	131,364
			10,016,296
Communications - Media 0.0%			
BSKYB Finance UK PLC			
5.625%, 10/15/15 ^(h)		350	294,604

Portfolio of Investments

		Principal Amount (000)	U.S. \$ Value
Communications - Telecommunications 0.2%			
AT&T Corp.			
8.00%, 11/15/31	US\$	1,000	\$ 1,256,135
Embarq Corp.			
7.082%, 6/01/16		1,277	983,290
Qwest Corp.			
7.625%, 6/15/15		700	574,000
Telekom Finanzmanagement			
5.00%, 7/22/13	EUR	1,112	1,465,820
			4,279,245
Consumer Cyclical - Other 0.0%			
Starwood Hotels & Resorts Worldwide, Inc.			
7.375%, 11/15/15	US\$	1,213	727,800
Consumer Non - Cyclical 0.1%			
Cadbury Schweppes US Finance LLC			
5.125%, 10/01/13 ^(h)		1,000	938,798
Energy 1.5%			
Apache Corp.			
6.90%, 9/15/18		5,215	5,647,396
Gaz Capital SA			
6.212%, 11/22/16 ^(h)		12,232	7,956,325
6.51%, 3/07/22 ^(h)		14,249	8,434,936
TNK-BP Finance SA			
7.50%, 7/18/16 ^(h)		5,353	2,783,560
Weatherford International Ltd.			
5.15%, 3/15/13		1,595	1,404,511
6.00%, 3/15/18		730	613,024
			26,839,752
Other Industrial 0.2%			
Usiminas Commercial Ltd.			
7.25%, 1/18/18 ^(h)		4,263	3,751,440
Technology 0.0%			
Electronic Data Systems Corp.			
Series B			
6.00%, 8/01/13		600	621,738
Transportation - Airlines 0.3%			
Qantas Airways Ltd.			
6.05%, 4/15/16 ^(h)		5,000	4,572,635
Transportation - Railroads 0.0%			
Canadian Pacific Railway Co.			
6.50%, 5/15/18		15	13,229
			81,727,823

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Portfolio of Investments

		Principal Amount (000)	U.S. \$ Value
Financial Institutions 3.8%			
Banking 2.6%			
ATF Bank			
9.00%, 5/11/16 ^(h)	US\$	5,223	\$ 3,029,340
Barclays Bank PLC			
8.55%, 6/15/11 ^{(h)(i)}		638	313,204
The Bear Stearns Co., Inc.			
5.55%, 1/22/17		14,000	13,327,804
Capital One Financial Corp.			
6.75%, 9/15/17		1,830	1,772,490
JP Morgan Chase Capital XXV Series Y			
6.80%, 10/01/37		5,100	4,699,064
JPMorgan Chase & Co.			
7.00%, 6/28/17 ^(h)	RUB	46,000	402,423
Manufacturers & Traders Trust			
6.625%, 12/04/17	US\$	506	470,795
Merrill Lynch & Co., Inc.			
5.70%, 5/02/17		13,500	11,960,406
6.05%, 5/16/16		2,678	2,505,194
National Australia Bank Ltd. Series GMTN			
5.50%, 5/20/15	EUR	50	68,028
Royal Bank of Scotland Group PLC			
7.648%, 9/30/31 ⁽ⁱ⁾	US\$	1,629	787,537
UBS Preferred Funding Trust I			
8.622%, 10/01/10 ⁽ⁱ⁾		3,760	2,271,589
US Bank NA			
6.30%, 2/04/14		2,695	2,790,796
Wachovia Bank NA			
4.875%, 2/01/15		3,841	3,677,377
			48,076,047
Finance 1.0%			
CIT Group, Inc. Series MTN			
5.125%, 9/30/14		2,540	1,812,889
General Electric Capital Corp.			
6.44%, 11/15/22	GBP	198	254,780
IIRSA Norte Finance Ltd.			
8.75%, 5/30/24 ^(h)	US\$	350	255,710
Morgan Stanley			
10.09%, 5/03/17 ^(h)	BRL	11,615	2,888,808
SLM Corp.			
5.05%, 11/14/14	US\$	3,610	2,402,415
Series MTNA			
5.375%, 5/15/14		11,385	7,683,441

ALLIANCEBERNSTEIN INCOME FUND 11

Portfolio of Investments

		Principal Amount (000)	U.S. \$ Value
VTB Capital SA			
6.609%, 10/31/12 ^(h)	US\$	700	\$ 507,500
6.875%, 5/29/18 ^(h)		2,716	1,778,980
			17,584,523
Insurance 0.2%			
American International Group, Inc.			
4.25%, 5/15/13		4,480	3,301,702
AMP Group Finance Services Ltd.			
7.125%, 8/06/19 ⁽ⁱ⁾	GBP	50	72,521
AMP UK Finance Services PLC			
6.375%, 11/17/10		110	166,923
			3,541,146
Other Finance 0.0%			
Red Arrow International Leasing PLC			
8.375%, 6/30/12	RUB	11,147	167,927
			69,369,643
Non-Corporate Sectors 0.6%			
Agencies Not Government Guaranteed 0.6%			
TransCapitalInvest Ltd. for OJSC AK Transneft			
5.67%, 3/05/14 ^(h)	US\$	7,606	4,867,840
7.70%, 8/07/13 ^(h)		7,416	5,472,912
			10,340,752
Total Corporates - Investment Grades			
(cost \$190,845,036)			161,438,218
COMMERCIAL MORTGAGE-BACKED SECURITIES 6.2%			
Non-Agency Fixed Rate CMBS 6.2%			
Banc of America Commercial Mortgage, Inc.			
Series 2007-5, Class A4			
5.492%, 2/10/51		3,919	2,867,376
Bear Stearns Commercial Mortgage Securities, Inc.			
Series 2006-T24, Class A4			
5.537%, 10/12/41		9,100	7,617,778
Citigroup/Deutsche Bank Commercial Mortgage Trust			
Series 2007-CD4, Class A2B			
5.205%, 12/11/49		150	124,414
Commercial Mortgage Pass Through Certificates			
Series 2006-C8, Class A4			
5.306%, 12/10/46		4,830	3,525,222
Series 2007-C9, Class A4			
5.816%, 12/10/49		5,030	3,814,072

	Principal Amount (000)	U.S. \$ Value
Credit Suisse Mortgage Capital Certificates		
Series 2006-C3, Class A3		
5.826%, 6/15/38	US\$ 15,915	\$ 12,864,841
Series 2006-C4, Class A3		
5.467%, 9/15/39	9,000	6,621,877
Series 2006-C4, Class AM		
5.509%, 9/15/39	13,000	6,328,600
Series 2006-C5, Class A3		
5.311%, 12/15/39	13,000	10,087,019
Greenwich Capital Commercial Funding Corp.		
Series 2007-GG9, Class A2		
5.381%, 3/10/39	5,759	4,539,584
JP Morgan Chase Commercial Mortgage Securities		
Series 2006-CB15, Class A4		
5.814%, 6/12/43	15,890	12,225,485
Series 2006-CB15, Class AM		
5.855%, 6/12/43	1,651	825,166
Series 2006-CB17, Class A4		
5.429%, 12/12/43	21,106	16,019,764
Series 2007-C1, Class A4		
5.716%, 2/15/51	5,224	3,648,760
Series 2007-CB18, Class A4		
5.44%, 6/12/47	155	111,844
Merrill Lynch Mortgage Trust		
Series 2008-C1, Class A4		
5.69%, 2/12/51	6,000	4,443,826
Merrill Lynch/Countrywide Commercial Mortgage Trust		
Series 2006-4, Class AM		
5.204%, 12/12/49	10,000	4,703,375
Series 2007-9, Class A4		
5.70%, 9/12/49	5,220	3,617,314
Morgan Stanley Capital I		
Series 2005-HQ6, Class A4A		
4.989%, 8/13/42	7,800	6,372,411
Series 2007-IQ15, Class A4		
5.881%, 6/11/49	2,306	1,708,306
Wachovia Bank Commercial Mortgage Trust		
Series 2006-C27, Class A3		
5.765%, 7/15/45	100	79,871
		112,146,905
Non-Agency Floating Rate CMBS 0.0%		
Eclipse PLC		
Series 2007-1X, Class B		
6.188%, 1/25/20 ^{(g)(h)}	GBP 59	53,633
Total Commercial Mortgage-Backed Securities (cost \$145,172,077)		112,200,538

Portfolio of Investments

	Principal Amount (000)	U.S. \$ Value
CORPORATES - NON-INVESTMENT GRADES 4.2%		
Industrial 3.7%		
Basic 0.7%		
Evraz Group SA		
8.25%, 11/10/15 ^(h)	US\$ 489	\$ 239,610
8.875%, 4/24/13 ^(h)	3,697	1,922,440
Georgia Gulf Corp.		
10.75%, 10/15/16	250	60,000
Quality Distribution LLC		
9.00%, 11/15/10	1,875	600,000
Steel Capital SA for OAO Severstal		
9.25%, 4/19/14 ^(h)	230	115,000
9.75%, 7/29/13 ^(h)	9,646	5,112,380
Vedanta Resources PLC		
8.75%, 1/15/14 ^(h)	7,226	4,335,600
		12,385,030
Capital Goods 0.4%		
AMH Holdings, Inc		
11.25%, 3/01/14 ⁽ⁱ⁾	13,045	7,239,975
Berry Plastics Holding Corp.		
10.25%, 3/01/16	150	53,250
		7,293,225
Communications - Media 0.4%		
CCH I LLC		
11.00%, 10/01/15	4,009	701,575
11.75%, 5/15/14	11,000	563,750
Clear Channel Communications, Inc.		
5.75%, 1/15/13	220	31,900
Intelsat Bermuda Ltd.		
11.25%, 6/15/16	3,300	3,003,000
Paxson Communications Corp.		
11.003%, 1/15/13 ^{(g)(h)(k)}	6,730	731,837
Rainbow National Services LLC		
10.375%, 9/01/14 ^(h)	1,750	1,557,500
RH Donnelley Corp.		
Series A-1		
6.875%, 1/15/13	3	405
Series A-2		
6.875%, 1/15/13	6	810
Sirius Satellite Radio, Inc.		
9.625%, 8/01/13	1,650	307,312
Six Flags Operations, Inc.		
12.25%, 7/15/16 ^(h)	423	164,970
		7,063,059

		Principal Amount (000)	U.S. \$ Value
Communications - Telecommunications 0.9%			
Centennial Communications Corp.			
10.00%, 1/01/13	US\$	1,700	\$ 1,759,500
Digicel Ltd.			
9.25%, 9/01/12 ^(h)		5,465	4,645,250
Inmarsat Finance PLC			
10.375%, 11/15/12 ⁽ⁱ⁾		6,475	5,738,469
Nextel Communications, Inc.			
Series E			
6.875%, 10/31/13		3,830	1,627,750
Terrestar Networks, Inc.			
15.00%, 2/15/14 ^{(h)(k)}		2,790	697,509
Vip Finance			
8.375%, 4/30/13 ^(h)		3,985	2,590,250
			17,058,728
Consumer Cyclical - Automotive 0.6%			
Ford Motor Credit Co.			
7.00%, 10/01/13		2,350	1,623,679
Gallery Capital SA			
10.125%, 5/15/13 ^(h)		3,315	828,750
GMAC LLC			
6.75%, 12/01/14 ^(h)		6,140	4,218,303
6.875%, 9/15/11 ^(h)		2,508	2,054,303
8.00%, 11/01/31 ^(h)		2,456	1,459,822
			10,184,857
Consumer Cyclical - Other 0.0%			
Broder Brothers Co.			
Series B			
11.25%, 10/15/10		1,100	286,000
Six Flags, Inc.			
9.625%, 6/01/14		1,023	153,450
William Lyon Homes, Inc.			
10.75%, 4/01/13		2,000	500,000
			939,450
Consumer Cyclical - Retailers 0.2%			
Burlington Coat Factory Warehouse Corp.			
11.125%, 4/15/14		1,600	480,000
Limited Brands, Inc.			
6.90%, 7/15/17		5,593	3,393,883
			3,873,883
Consumer Non-Cyclical 0.2%			
Central European Distribution Corp.			
8.00%, 7/25/12 ^(h)	EUR	62	60,717
Select Medical Corp.			
7.625%, 2/01/15	US\$	250	132,500
8.834%, 9/15/15 ^(g)		5,000	2,600,000
			2,793,217

Portfolio of Investments

		Principal Amount (000)	U.S. \$ Value
Other Industrial 0.3%			
Noble Group Ltd. 6.625%, 3/17/15 ^(h)	US\$	3,560	\$ 1,976,085
8.50%, 5/30/13 ^(h)		3,093	2,134,170
RBS Global, Inc. and Rexnord Corp. 11.75%, 8/01/16		2,150	1,220,125
Yioula Glassworks SA 9.00%, 12/01/15 ^(h)	EUR	253	52,752
			5,383,132
Services 0.0%			
West Corp. 11.00%, 10/15/16	US\$	150	69,750
Technology 0.0%			
Freescall Semiconductor, Inc. 10.125%, 12/15/16		300	123,000
			67,167,331
Financial Institutions 0.5%			
Banking 0.1%			
ALB Finance BV 9.25%, 9/25/13 ^(h)		276	107,640
CenterCredit International 8.625%, 1/30/14 ^(h)		2,297	826,920
Kazkommerts International BV 8.50%, 4/16/13 ^(h)		325	188,500
RS Finance (RSB) 7.50%, 10/07/10 ^(h)		386	140,844
			1,263,904
Brokerage 0.0%			
Lehman Brothers Holdings, Inc. Series MTN 6.875%, 5/02/18 ^(l)		3,605	342,475
Finance 0.2%			
Chaoda Modern Agriculture Holdings Ltd. 7.75%, 2/08/10 ^(h)		4,505	3,405,690
Insurance 0.2%			
Fairfax Financial Holdings Ltd. 8.30%, 4/15/26		5,000	3,400,000
Resolution PLC 6.586%, 4/25/16 ⁽ⁱ⁾	GBP	50	10,064
			3,410,064
			8,422,133
			75,589,464

Total Corporates - Non-Investment Grades
(cost \$142,789,693)

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Portfolio of Investments

		Principal Amount (000)	U.S. \$ Value
INFLATION-LINKED SECURITIES 4.1%			
Brazil 0.1%			
Unibanco Grand Cayman			
8.70%, 2/11/10 ^(h)	BRL	5,313	\$ 2,107,845
United States 4.0%			
U.S. Treasury Notes			
2.00%, 4/15/12 (TIPS)	US\$	27,006	26,334,771
2.375%, 4/15/11 (TIPS) ^(d)		46,726	45,634,780
			71,969,551
Total Inflation-Linked Securities			
(cost \$74,451,433)			74,077,396
BANK LOANS 3.2%			
Industrial 2.7%			
Basic 0.4%			
Celanese US Holdings LLC			
5.55%, 4/02/14 ^(g)		995	679,879
Dresser, Inc.			
2.71%-4.49%, 5/04/14 ^(g)		1,699	1,058,732
Flakeboard			
8.96%-9.75%, 7/28/12 ^{(g)(k)}		1,819	909,291
Georgia-Pacific Corp.			
2.58%-4.19%, 12/20/12 ^(g)		1,328	1,085,975
Graphic Packaging Holding Co.			
3.21%-7.50%, 5/16/14 ^(g)		1,970	1,470,450
Hexion Specialty			
3.75%, 5/05/13 ^(g)		132	54,031
6.19%, 5/05/13 ^(g)		608	249,365
Huntsman International LLC			
2.22%, 4/21/14 ^(g)		939	578,439
Lyondellbasell			
6.72%, 12/22/14 ^(g)		1,389	625,271
Newpage Corp.			
5.31%, 12/22/14 ^(g)		495	314,325
			7,025,758
Capital Goods 0.1%			
Generac Acquisition Corp.			
6.65%, 11/10/13 ^(g)		449	239,205
Graham Packaging			
2.75%-6.31%, 10/07/11 ^(g)		990	714,726
Manitowoc Co., Inc.			
6.50%, 8/25/14 ^(g)		525	369,075
Sequa Corp.			
3.73%-5.08%, 12/03/14 ^(g)		398	211,680
			1,534,686

Portfolio of Investments

	Principal Amount (000)	U.S. \$ Value
Communications - Media 0.3%		
Cengage Learning Acquisitions, Inc. (Thomson Learning) 2.96%, 7/03/14 ^(g)	US\$ 1,481	\$ 957,524
Charter Communications Operating LLC 4.16%-5.47%, 3/06/14 ^(g)	1,485	1,084,466
CSC Holdings, Inc. (Cablevision) 2.95%, 3/29/13 ^(g)	1,487	1,253,015
IDEARC, Inc. (Verizon) 2.47%-3.46%, 11/17/14 ^(g)	1,477	448,490
Metro-Goldwyn Mayer 3.71%-4.71%, 4/09/12 ^(g)	2,431	1,004,909
Univision Communications, Inc. 2.71%, 9/29/14 ^(g)	1,500	612,090
Wide Open West Finance LLC 3.97%-5.97%, 6/30/14 ^(g)	2,500	1,250,000
		6,610,494
Communications - Telecommunications 0.4%		
Alltel Corp. 3.94%, 5/15/15 ^(g)	1,234	1,218,686
Cequel Communications LLC (Cebridge) 7.69%, 5/05/14 ^{(g)(k)}	1,250	490,000
8.23%-9.19%, 5/05/14 ^{(g)(k)}	2,569	1,079,062
Level 3 Communications 7.00%, 3/13/14 ^(g)	3,000	1,884,990
Sorenson Communications, Inc. 2.97%, 8/16/13 ^(g)	1,075	859,605
Sunshine Acquisition Limited (HIT Entertainment) 4.96%, 3/20/12 ^(g)	732	300,134
Telesat Canada 3.47%-6.52%, 10/31/14 ^(g)	1,828	1,235,036
4.46%, 10/31/14 ^(g)	157	106,074
		7,173,587
Consumer Cyclical - Automotive 0.1%		
Allison Transmission, Inc. 4.19%-4.64%, 8/07/14 ^(g)	487	273,697
Chrysler Financial Services Americas LLC 6.00%, 8/03/12 ^(g)	580	301,002
Ford Motor Co. 5.00%, 12/15/13 ^(g)	1,476	591,706
Visteon Corp. 7.75%, 6/13/13 ^(g)	2,000	492,000
		1,658,405

		Principal Amount (000)	U.S. \$ Value
Consumer Cyclical - Other 0.2%			
Harrah's Operating Co., Inc. 4.46%-6.54%, 1/28/15 ^(g)	US\$	1,489	\$ 865,336
London Arena and Waterfront 4.69%, 3/08/12 ^(g)		1,384	969,052
Penn National Gaming, Inc. 2.21%-5.29%, 10/03/12 ^(g)		645	526,965
Six Flags, Inc. 2.73%-6.14%, 4/30/15 ^(g)		985	571,300
VML US Finance LLC 2.72%, 5/25/13-5/27/13 ^(g)		1,750	866,250
			3,798,903
Consumer Cyclical - Retailers 0.1%			
Hanesbrands, Inc. 4.00%-5.27%, 9/05/13 ^(g)		898	716,770
Levlad LLC & Arbonne International LLC 3.71%-5.67%, 3/08/14 ^(g)		935	346,109
Mattress Holding Corp. 2.73%, 1/18/14 ^(g)		493	184,693
Petco Animal Supplies, Inc. 2.71%-5.67%, 10/26/13 ^(g)		980	622,300
Targus Group International 5.72%-6.60%, 11/22/12 ^(g)		902	448,181
			2,318,053
Consumer Non-Cyclical 0.6%			
Aramark Corp. 5.12%, 1/26/14 ^(g)	GBP	980	1,155,376
Best Brands Corp. 2.50%-7.93%, 12/12/12 ^{(g)(k)}	US\$	623	342,808
CHS/Community Health Systems, Inc. 3.40%, 7/25/14 ^{(g)(m)}		58	45,157
Golden Gate National Senior Care LLC 3.21%, 3/14/11 ^(g)		1,134	882,647
Harlan Sprague Dawlwy, Inc. 3.01%-7.25%, 7/11/14 ^(g)		945	755,754
HCA, Inc. 3.71%, 11/18/13 ^(g)		902	667,682
HCR Healthcare, LLC 2.96%-3.46%, 12/22/14 ^(g)		1,727	1,347,823
Health Management Associates 3.21%, 2/28/14 ^(g)		982	672,835
Mylan Laboratories, Inc. 3.75%-6.75%, 10/02/14 ^(g)		965	597,710
Onex Carestream Finance LP 7.45%-8.67%, 10/30/13 ^(g)		588	495,143
		1,000	225,000

ALLIANCEBERNSTEIN INCOME FUND 19

Portfolio of Investments

	Principal Amount (000)	U.S. \$ Value
Talecris Biotherapeutics, Inc. 5.64%, 12/06/13 ^(g)	US\$ 2,056	\$ 1,727,157
8.64%, 12/06/14 ^(g)	900	738,000
Wrigley Jr Company 7.75%, 10/06/14 ^(g)	900	859,500
		10,512,592
Energy 0.2%		
Ashmore Energy International 0.36%-3.10%, 3/30/12 ^(g)	179	110,326
4.46%, 3/30/14 ^(g)	776	477,382
Dalbo, Inc. 5.50%-7.38%, 8/27/12 ^(g)	680	544,289
Infrastrux Group, Inc. 0.50%-4.21%, 11/03/12 ^{(g)(k)}	1,687	1,400,594
Trinidad Drilling 3.93%, 5/01/11 ^(g)	973	827,333
		3,359,924
Services 0.1%		
First Data Corp. 3.21%, 9/24/14 ^(g)	1,976	1,256,238
Sabre, Inc. 3.89%-5.42%, 9/30/14 ^(g)	972	411,629
Travelport LLC 2.71%-3.71%, 8/23/13 ^(g)	445	192,157
3.71%, 8/23/13 ^(g)	89	38,556
West Corp. 2.84%-4.27%, 10/24/13 ^(g)	983	603,009
		2,501,589
Technology 0.2%		
Asurion Corp. 4.83%-5.71%, 7/03/14 ^(g)	1,000	671,880
Dealer Computer Services, Inc. 2.46%, 10/26/12 ^(g)	625	287,754
5.96%, 10/26/13 ^(g)	500	162,500
Freescall Semiconductor, Inc. 3.93%, 11/29/13 ^(g)	1,161	675,765
IPC Systems, Inc. 3.71%, 6/02/14 ^(g)	1,853	959,998
6.75%, 6/01/15 ^(g)	2,000	300,000
Sungard Data Systems, Inc. 3.58%-4.14%, 2/28/14 ^(g)	990	662,529
Vertafore, Inc. 7.91%, 1/31/14 ^(g)	500	250,000
		3,970,426
		50,464,417

	Principal Amount (000)	U.S. \$ Value
Utility 0.3%		
Electric 0.3%		
FirstLight Power Resources, Inc. 1.35%-2.65%, 11/01/13 ^(g)	US\$ 109	\$ 78,774
4.13%, 11/01/13 ^(g)	849	611,381
5.97%, 5/01/14 ^(g)	2,000	1,000,000
Northeast Biofuels LLC 8.25%, 6/28/13 ^{(g)(k)}	720	280,679
Riverside Energy Center, LLC 7.67%, 6/24/11 ^(g)	1,490	1,266,296
Rocky Mountain Energy 3.32%-4.35%, 6/24/11 ^(g)	127	108,322
7.67%, 6/24/11 ^(g)	745	633,592
Texas Competitive Electric Holdings Company LLC 3.96%-5.89%, 10/10/14 ^(g)	741	513,253
3.96%-5.89%, 10/10/14 ^(g)	1,785	1,230,142
		5,722,439
Other Utility 0.0%		
GBGH LLC 9.50%, 8/07/13 ^{(g)(k)}	653	568,270
		6,290,709
Financial Institutions 0.2%		
Finance 0.1%		
LPL Holdings 2.21%-3.21%, 6/28/13 ^(g)	1,735	1,232,074
Other Finance 0.0%		
Grosvenor Capital Management 3.90%-4.21%, 12/05/13 ^(g)	935	472,390
REITS - 0.1%		
Crescent Resources 3.96%, 9/07/12 ^(g)	980	164,081
Landsource Communities 8.25%, 5/31/09 ^{(g)(k)}	1,390	218,295
North Las Vegas 4.46%, 5/09/11 ^{(g)(k)}	61	33,370
8.71%, 5/09/12 ^{(g)(k)}	2,102	210,000
		625,746
		2,330,210
Total Bank Loans (cost \$99,623,546)		59,085,336

Portfolio of Investments

		Principal Amount (000)	U.S. \$ Value
EMERGING MARKETS - TREASURIES 2.2%			
Colombia 0.1%			
Republic of Colombia			
9.85%, 6/28/27	COP	3,498,000	\$ 1,547,357
Turkey 2.1%			
Turkey Government Bond			
Zero Coupon, 2/04/09	TRY	37,451	23,802,971
Zero Coupon, 5/06/09		682	418,767
16.00%, 3/07/12		22,812	14,498,332
			38,720,070
Total Emerging Markets - Treasuries (cost \$47,922,724)			40,267,427
QUASI-SOVEREIGNS 2.1%			
Quasi-Sovereign Bonds 2.1%			
Indonesia 0.2%			
Majapahit Holding BV			
7.875%, 6/29/37 ^(h)	US\$	6,188	2,784,600
Kazakhstan 0.4%			
KazMunaiGaz Finance Sub BV			
8.375%, 7/02/13 ^(h)		9,625	7,507,500
Russia 1.5%			
RSHB Capital SA for OJSC Russian Agricultural Bank			
6.299%, 5/15/17 ^(h)		22,568	12,863,760
7.125%, 1/14/14 ^{(g)(h)}		12,351	8,275,170
7.75%, 5/29/18 ^(h)		9,905	6,255,935
			27,394,865
Total Quasi-Sovereigns (cost \$48,046,589)			37,686,965
EMERGING MARKETS - SOVEREIGNS 1.8%			
Argentina 0.1%			
Argentina Bonos			
7.00%, 10/03/15	US\$	125	34,052
7.82%, 12/31/33	EUR	5,070	1,779,341
			1,813,393
Colombia 0.1%			
Republic of Colombia			
7.375%, 9/18/37	US\$	1,266	1,240,680

		Principal Amount (000)	U.S. \$ Value
Dominican Republic 0.0%			
Dominican Republic STP			
Zero Coupon, 7/23/09	DOP	28,958	\$ 717,182
Indonesia 1.1%			
Republic of Indonesia			
6.625%, 2/17/37 ^(h)	US\$	720	525,600
6.75%, 3/10/14 ^(h)		565	497,200
6.875%, 3/09/17-1/17/18 ^(h)		8,280	6,712,490
7.75%, 1/17/38 ^(h)		5,073	4,159,860
8.50%, 10/12/35 ^(h)		801	620,343
Republic of Indonesia STP			
12.90%, 3/15/16 ^(h)	IDR	2,102,200	199,157
14.25%, 6/19/13 ^(h)		80,000,000	7,818,164
			20,532,814
Panama 0.2%			
Republic of Panama			
9.375%, 4/01/29	US\$	2,284	2,535,240
Venezuela 0.3%			
Republic of Venezuela			
5.75%, 2/26/16 ^(h)		4,034	1,663,743
7.00%, 12/01/18 ^(h)		3,615	1,452,724
8.50%, 10/08/14		3,490	1,692,650
13.625%, 8/15/18		458	309,150
			5,118,267
Total Emerging Markets - Sovereigns (cost \$46,631,551)			31,957,576
GOVERNMENTS - SOVEREIGN			
BONDS 0.7%			
Brazil 0.3%			
Republic of Brazil			
8.25%, 1/20/34		4,331	5,294,648
Russia 0.4%			
Russian Federation			
7.50%, 3/31/30 ^(h)		9,212	8,034,338
Total Governments - Sovereign Bonds (cost \$12,933,396)			13,328,986
CMOs 0.3%			
Non-Agency ARMs 0.3%			
Merrill Lynch Mortgage Investors, Inc.			
Series 2005-A9, Class 2A1A			
5.149%, 12/25/35		5,802	4,513,739

Portfolio of Investments

	Principal Amount (000)	U.S. \$ Value
Agency Fixed Rate 0.0%		
Government National Mortgage Association Series 2006-32, Class XM 0.71%, 11/16/45 ⁽ⁿ⁾	US\$ 5,953	\$ 264,191
Total CMOs (cost \$5,731,474)		4,777,930
EMERGING MARKETS - CORPORATE BONDS 0.0%		
Financial Institutions 0.0%		
Banking 0.0%		
Alfa Bond Issuance PLC 8.625%, 12/09/15	300	95,697
Banco BMG SA 9.15%, 1/15/16 ^(h)	400	248,000
		343,697
Utility 0.0%		
Electric 0.0%		
AES El Salvador Trust 6.75%, 2/01/16 ^(h)	350	253,988
Industrial 0.0%		
Consumer Cyclical - Other 0.0%		
Peermont Global Pty Ltd. 7.75%, 4/30/14 ^(h)	EUR 50	35,447
Consumer Non-Cyclical 0.0%		
Foodcorp Ltd. 8.875%, 6/15/12 ^(h)	194	140,228
		175,675
Total Emerging Markets - Corporate Bonds (cost \$1,351,858)		773,360
Shares		
PREFERRED STOCKS 0.0%		
Financial Institutions 0.0%		
Finance 0.0%		
Preferred Blocker, Inc. 9.00% ^(h)	2,680	536,020
Non-Corporate Sectors 0.0%		
Agencies - Government Sponsored 0.0%		
Federal National Mortgage Association 8.25% ^(l)	125,325	104,020
Total Preferred Stocks (cost \$3,669,153)		640,040

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Portfolio of Investments

		Principal Amount (000)	U.S. \$ Value
LOCAL GOVERNMENTS - REGIONAL BONDS 0.0%			
Colombia 0.0%			
Bogota Distrito Capital			
9.75%, 7/26/28 ^(h)			
(cost \$192,076)	COP	438,000	\$ 158,313
Shares			
WARRANTS 0.0%			
Republic of Venezuela, expiring			
4/15/20 ^(o) (cost \$0)		1,785	0
SHORT-TERM INVESTMENTS 1.6%			
Investment Companies 1.6%			
AllianceBernstein Fixed-Income Shares, Inc. - Government STIF Portfolio ^(p)			
(cost \$29,232,150)		29,232,150	29,232,150
Total Investments 151.6%			
(cost \$2,746,233,130)			2,754,353,025
Other assets less liabilities (51.6)%			(937,121,799)
Net Assets 100.0%			\$ 1,817,231,226

ALLIANCEBERNSTEIN INCOME FUND 25

Portfolio of Investments

CREDIT DEFAULT SWAP CONTRACTS ON CORPORATE AND SOVEREIGN ISSUES (see Note C)

Reference Obligation	Fixed Deal (Pay) Receive Rate	Implied Credit Spread at Dec. 31, 2008 ⁽³⁾	Notional Amount ⁽⁴⁾ (000)	Market Value	Upfront Premiums Paid (Received)	Unrealized Appreciation/ (Depreciation)
Buy Contracts⁽¹⁾:						
Qantas Airways Limited						
5.125%, 6/20/13						
3/20/16*	(1.75)%	2.670%	5,000 ^(a)	\$ 266,449	\$ 0	\$ 266,449
Sale Contracts⁽²⁾:						
Republic of Brazil						
12.25%, 3/06/30						
8/20/10*	3.09	2.443	1,910 ^(b)	41,567	0	41,567
Republic of the Philippines						
10.625%, 3/16/25						
3/20/09*	4.95	3.714	3,360 ^(b)	14,690	0	14,690
Gazprom OAO						
5.875%- 10.50%, 10/21/09-4/28/34	1.04	11.638	10,000 ^(b)	(1,602,831)	0	(1,602,831)
10/20/10*						
Gazprom OAO						
5.875%- 10.50%, 10/21/09-4/28/34	1.04	11.638	1,380 ^(c)	(221,191)	0	(221,191)
10/20/10*						
Petroleos de Venezuela						
5.50%, 4/12/37						
5/20/09*	6.62	34.396	9,330 ^(c)	(848,094)	0	(848,094)

* Termination date.

Counterparties:

(a) Citibank N.A.

(b) Citigroup Global Markets Limited

(c) JPMorgan Chase Bank, N.A.

(1) If the Fund is a buyer of protection and a credit event occurs, as defined under the terms of the swap agreement, the Fund will either (i) receive from the seller of protection an amount equal to the notional amount of the swap and deliver the referenced obligation or (ii) receive a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation.

(2) If the Fund is a seller of protection and a credit event occurs, as defined under the terms of the swap agreement, the Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or (ii) pay a net settlement amount in the

form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation.

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Portfolio of Investments

(3) Implied credit spreads utilized in determining the market value of credit default swap agreements on corporate and sovereign issuers as of period end serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for the credit derivative. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement. A credit spread identified as *Defaulted* indicates a credit event has occurred for the referenced entity or obligation.

(4) The maximum potential amount the Fund could be required to pay as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of the swap agreement (see note (d)).

FINANCIAL FUTURES CONTRACTS (see Note C)

Type	Number of Contracts	Expiration Month	Original Value	Value at December 31, 2008	Unrealized Appreciation/ (Depreciation)
Sold Contracts					
U.S. Treasury Bond 30 Yr Futures	1,609	March 2009	\$ 200,479,247	\$ 222,117,422	\$ (21,638,175)
U.S. Treasury Note 10 Yr Futures	3,134	March 2009	370,974,427	394,100,500	(23,126,073)
U.S. Treasury Note 5 Yr Futures	1,640	March 2009	190,043,056	195,249,689	(5,206,633)
					\$ (49,970,881)

FORWARD CURRENCY EXCHANGE CONTRACTS (see Note C)

		Contract Amount (000)	U.S. \$ Value on Origination Date	U.S. \$ Value at December 31, 2008	Unrealized Appreciation/ (Depreciation)
Buy Contracts:					
Japanese Yen settling	2/04/09	1,716,739	\$ 18,322,637	\$ 18,949,659	\$ 627,022
Mexican Peso settling	2/10/09	115,295	8,466,387	8,224,290	(242,097)
New Zealand Dollar settling	1/12/09	14,919	8,866,025	8,708,671	(157,354)
New Zealand Dollar settling	1/12/09	35,948	21,447,479	20,984,205	(463,274)
New Zealand Dollar settling	1/12/09	4,050	2,234,628	2,364,157	129,529
Norwegian Krone settling	2/23/09	510	73,688	72,665	(1,023)
Swedish Krona settling	1/28/09	41,412	5,194,168	5,234,398	40,230
Swiss Franc settling	1/22/09	98,062	80,969,236	92,150,170	11,180,934
Sale Contracts:					
British Pound settling	2/26/09	1,460	2,229,173	2,096,221	132,952
Euro settling	2/02/09	2,723	3,531,206	3,780,499	(249,293)
Japanese Yen settling	2/04/09	1,721,986	18,529,925	19,007,570	(477,645)
New Zealand Dollar settling	1/12/09	216	122,330	126,332	(4,002)
New Zealand Dollar settling	1/12/09	54,700	29,136,324	31,930,702	(2,794,378)
Norwegian Krone settling	2/23/09	510	71,369	72,666	(1,297)
Swedish Krona settling	1/28/09	2	244	248	(4)
Swedish Krona settling	1/28/09	41,410	4,947,200	5,234,150	(286,950)
Swiss Franc settling	1/22/09	47,636	40,556,420	44,763,828	(4,207,408)
Swiss Franc settling	1/22/09	50,102	42,596,582	47,081,688	(4,485,106)
Turkish Lira settling	2/06/09	34,944	21,670,994	22,335,692	(664,698)

Portfolio of Investments

REVERSE REPURCHASE AGREEMENTS (see Note C)

Broker	Interest Rate	Maturity	Amount
Deutsche Bank	0.15%	1/06/09	\$ 68,774,126
Deutsche Bank	0.25%	1/06/09	290,232,576
HSBC Bank	0.40%	1/06/09	202,138,432
			\$ 561,145,134

(a) Position, or a portion thereof, has been segregated to collateralize forward currency exchange contracts. The market value of this security amounted to \$26,250,000.

(b) Position, or a portion thereof, has been segregated to collateralize loan payable outstanding. The aggregate market value of these securities amounted to \$698,020,822.

(c) Position, or a portion thereof, has been segregated to collateralize reverse repurchase agreements. The aggregate market value of these securities amounted to \$557,300,928.

(d) Position, or a portion thereof, has been segregated to collateralize credit default swaps. The aggregate market value of these securities amounted to \$2,453,199.

(e) PO Principal Only

(f) Position, or a portion thereof, has been segregated to collateralize margin requirements for open futures contracts. The market value of this security amounted to \$18,920,381.

(g) Floating Rate Security. Stated interest rate was in effect at December 31, 2008.

(h) 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 December 31, 2008, the aggregate market value of these securities amounted to \$162,847,264 or 9.0% of net assets.

(i) Variable rate coupon, rate shown as of December 31, 2008.

(j) 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.

(k) Pay-In-Kind Payments (PIK).

(l) Security is in default and is non-income producing.

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(m) This position represents unfunded or partially unfunded loan commitments. Investments in unfunded loan commitments obligate the Fund to fund these commitments at the borrower's discretion. At period end, the market value and unrealized gain/(loss) of these unfunded loan commitments amounted to \$30,104 and \$(9,232), respectively. The coupon rate will be determined at the time of funding and will be based upon the London-Interbank Offered Rate (LIBOR) plus a premium which was determined at the time of purchase.

(n) IO Interest Only

(o) Non-income producing security.

(p) Investment in affiliated money market mutual fund.

Currency Abbreviations:

BRL Brazilian Real
COP Colombian Peso
DOP Dominican Peso
EUR Euro Dollar
GBP Great British Pound
IDR Indonesian Rupiah
MXN Mexican Peso
PEN Peruvian New Sol
RUB Russian Rouble
TRY New Turkish Lira

See notes to financial statements.

Glossary:

ARMs Adjustable Rate Mortgages
CMBS Commercial Mortgage Backed Securities
CMOs Collateralized Mortgage Obligations
OJSC Open Joint Stock Company
REITs Real Estate Investment Trusts
STP Structured Product
TIPS Treasury Inflation Protected Security

STATEMENT OF ASSETS & LIABILITIES**December 31, 2008****Assets**

Investments in securities, at value	
Unaffiliated issuers (cost \$2,717,000,980)	\$ 2,725,120,875
Affiliated issuers (cost \$29,232,150)	29,232,150
Cash	3,071,641
Foreign currencies, at value (cost \$914,938)	876,761
Interest and dividends receivable	31,078,915
Unrealized appreciation of forward currency exchange contracts	12,110,667
Receivable for variation margin on futures contracts	11,149,531
Receivable for investment securities sold	2,677,273
Unrealized appreciation on credit default swap contracts	322,706

Total assets	2,815,640,519
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Liabilities

Reverse repurchase agreements	561,145,134
Loan payable	400,000,000
Dividends payable	18,198,409
Unrealized depreciation of forward currency exchange contracts	14,034,529
Unrealized depreciation on credit default swap contracts	2,672,116
Advisory fee payable	1,029,771
Loan interest payable	693,843
Administrative fee payable	39,814
Payable for investment securities purchased	39,670
Accrued expenses and other liabilities	556,007 ^(a)

Total liabilities	998,409,293
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Net Assets	\$ 1,817,231,226
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Composition of Net Assets

Common stock, at par	\$ 2,425,566
Additional paid-in capital	2,173,009,738
Distributions in excess of net investment income	(13,533,883)
Accumulated net realized loss on investment and foreign currency transactions	(297,998,961)
Net unrealized depreciation on investments and foreign currency denominated assets and liabilities	(46,671,234)
	\$ 1,817,231,226

Net Asset Value Per Share 300 million shares of common stock authorized, \$.01 par value (based on 242,556,594 shares outstanding)	\$ 7.49
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(a) Includes an amount of \$88,458 owed to Lehman Brothers resulting from the termination of credit default swap contracts subsequent to its bankruptcy filing on September 15, 2008.

See notes to financial statements.

Statement of Assets & Liabilities

STATEMENT OF OPERATIONS**Year Ended December 31, 2008**

Investment Income			
Interest	\$	180,152,617	
Dividends			
Affiliated issuers		2,382,062	
Unaffiliated issuers		275,715	\$ 182,810,394
Expenses			
Advisory fee (see Note B)		12,625,951	
Custodian		590,251	
Printing		321,540	
Registration fees		214,306	
Administrative		153,482	
Transfer agency		146,448	
Audit		116,607	
Directors' fees		48,036	
Legal		20,498	
Miscellaneous		51,165	
Total expenses before interest expense		14,288,284	
Interest expense		25,930,882	
Total expenses			40,219,166
Net investment income			142,591,228
Realized and Unrealized Gain (Loss) on Investment and Foreign Currency Transactions			
Net realized gain (loss) on:			
Investment transactions			(20,169,776)
Futures contracts			(68,606,579)
Swap contracts			471,105
Foreign currency transactions			(8,054,438)
Net change in unrealized appreciation/depreciation of:			
Investments			(105,295,761)
Futures contracts			(49,244,360)
Swap contracts			(1,834,914)
Foreign currency denominated assets and liabilities			(5,400,584)
Net loss on investment and foreign currency transactions			(258,135,307)
Contributions from Adviser (see Note B)			1,062
Net Decrease in Net Assets from Operations	\$	(115,543,017)	

See notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

	Year Ended December 31, 2008	Year Ended December 31, 2007
Increase (Decrease) in Net Assets from Operations		
Net investment income	\$ 142,591,228	\$ 138,569,624
Net realized gain (loss) on investment and foreign currency transactions	(96,359,688)	73,217,462
Net change in unrealized appreciation/depreciation of investments and foreign currency denominated assets and liabilities	(161,775,619)	32,360,445
Contributions from Adviser (see Note B)	1,062	0
Net increase (decrease) in net assets from operations	(115,543,017)	244,147,531
Dividends to Shareholders from		
Net investment income	(151,597,871)	(176,652,954)
Common Stock Transactions		
Shares issued in connection with the acquisition of ACM Government Opportunity Fund, Inc.	0	109,545,622 ^(a)
Total increase (decrease)	(267,140,888)	177,040,199
Net Assets		
Beginning of period	2,084,372,114	1,907,331,915
End of period (including distributions in excess of net investment income of (\$13,533,883) and (\$5,015,131), respectively)	\$ 1,817,231,226	\$ 2,084,372,114

*(a) Net of \$3,363 paid to shareholders in lieu of fractional shares.
See notes to financial statements.*

ALLIANCEBERNSTEIN INCOME FUND 31

Statement of Changes in Net Assets

STATEMENT OF CASH FLOWS

Year Ended December 31, 2008

Increase (Decrease) in Cash from Operating Activities:

Interest and dividends received	\$	180,283,584
Interest expense paid		(27,113,399)
Operating expenses paid		(14,260,750)

Net increase in cash from operating activities	\$	138,909,435
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Investing Activities:

Purchases of long-term investments	(1,474,438,216)
Proceeds from disposition of long-term investments	1,638,800,285
Purchase of short-term investments, net	111,145,371
Proceeds from swap contracts	471,105
Variation margin paid on futures contracts	(130,903,767)
Realized currency losses on foreign forward currency contracts closed	(13,108,300)

Net increase in cash from investing activities	131,966,478
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Financing Activities:

Cash dividends paid	(165,779,963)
Effect of exchange rate on cash	859,912
Decrease in reverse repurchase agreements	(107,707,083)

Net decrease in cash from financing activities	\$	(272,627,134)
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Net decrease in cash	(1,751,221)
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Cash at beginning of period	5,699,623
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Cash at end of period	\$	3,948,402
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Reconciliation of Net Decrease in Net Assets from Operations to Net Increase in**Cash from Operating Activities:**

Net decrease in net assets from operations	\$	(117,259,454)
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Adjustments:

Decrease in interest and dividends receivable	\$	15,402,673
Accretion of bond discount and amortization of bond premium		(16,214,108)
Decrease in interest payable		(1,182,517)
Increase in accrued expenses		27,534
Net realized loss on investment and foreign currency transactions		96,359,688
Net change in unrealized appreciation/depreciation of investments and foreign currency denominated assets and liabilities		161,775,619

Total adjustments	256,168,889
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Net increase in cash from operating activities	\$	138,909,435
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See notes to financial statements

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE A

Significant Accounting Policies

AllianceBernstein Income Fund, Inc. (the "Fund") is registered under the Investment Company Act of 1940 as a diversified, closed-end management investment company. The financial statements have been prepared in conformity with U.S. generally accepted accounting principles which require 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. (the "Adviser") may establish procedures whereby changes in market yields or spreads are used to

ALLIANCEBERNSTEIN INCOME FUND 33

Notes to Financial Statements

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. Investments in money market funds are valued at their net asset value each day.

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. Fair Value Measurements

The Fund adopted Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 157, Fair Value Measurements (FAS 157), effective January 1, 2008. In accordance with FAS 157, fair value is defined as the price that the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. FAS 157 also establishes a framework for measuring fair value, and a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Fund. Unobservable inputs reflect the Fund's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. Each investment is assigned a level based upon the observability of the inputs which are significant to the overall valuation. The three-tier hierarchy of inputs is summarized below.

Level 1 quoted prices in active markets for identical investments

Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The following table summarizes the valuation of the Fund's investments by the above fair value hierarchy levels as of December 31, 2008:

Level	Investments in Securities	Other Financial Instruments*
Level 1	\$ 29,232,150	\$ (49,970,881)
Level 2	2,493,846,109	(1,923,862)
Level 3	231,274,766	(2,349,410)
Total	\$ 2,754,353,025	\$ (54,244,153)

* Other financial instruments are derivative instruments, such as futures, forwards and swap contracts, which are valued at the unrealized appreciation/depreciation on the instrument.

Following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value:

	Investments in Securities	Other Financial Instruments
Balance as of 12/31/07	\$ 483,052,661	\$ (514,496)
Accrued discounts/premiums	6,853,566	0
Realized gain (loss)	7,761,848	(236,150)
Change in unrealized appreciation/depreciation	(114,091,421)	(1,834,914)
Net purchases (sales)	(133,203,290)	236,150
Net transfers in and/or out of Level 3	(19,098,598)	0
Balance as of 12/31/08	\$ 231,274,766	\$ (2,349,410)

Net change in unrealized appreciation/depreciation from investments held as of 12/31/08	\$ (103,213,614)*	\$ (2,662,236)*
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* The unrealized depreciation is included in net change in unrealized appreciation/depreciation of investments and other financial instruments in the accompanying statement of operations.

3. Currency Translation

Assets and liabilities denominated in foreign currencies and commitments under forward currency exchange contracts are translated into U.S. dollars at the mean of the quoted bid and asked prices of such currencies against the U.S. dollar. Purchases and sales of portfolio securities are translated into U.S. dollars at the rates of exchange prevailing when such securities were acquired or sold. Income and expenses are translated into U.S. dollars at rates of exchange prevailing when accrued.

Net realized gain or loss on foreign currency transactions represents foreign exchange gains and losses from sales and maturities of foreign fixed income investments, foreign currency exchange contracts, holding of foreign currencies, currency gains or losses realized between the trade and settlement dates on foreign investment transactions, and the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the Fund's books and

Notes to Financial Statements

the U.S. dollar equivalent amounts actually received or paid. Net unrealized currency gains and losses from valuing foreign currency denominated assets and liabilities at period end exchange rates are reflected as a component of net unrealized appreciation or depreciation of investments and foreign currency denominated assets and liabilities.

4. Taxes

It is the Fund's policy to meet the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute 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 repatriated. 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.

In accordance with Financial Accounting Standards Board (FASB) Interpretation No. 48, Accounting for Uncertainties in Income Taxes (FIN 48), management has analyzed the Fund's tax positions taken on federal and state income tax returns for all open tax years (the current and the prior three tax years) and has concluded that no provision for income tax is required in the Fund's financial statements.

5. Investment Income and Investment Transactions

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

6. Dividends and Distributions

Dividends and distributions to shareholders, if any, are recorded on the ex-dividend date. Income dividends and capital gains distributions are determined in accordance with federal tax regulations and may differ from those determined in accordance 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.

7. Repurchase Agreements

It is the Fund's policy that its custodian or designated subcustodian take control of securities as collateral under repurchase agreements and to 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 the 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 Fee and Other Transactions with Affiliates

Under the terms of the investment advisory agreement (the "Advisory Agreement"), the Fund pays the Adviser a monthly advisory fee in an amount equal to the sum of 1/12th of .30 of 1% of the Fund's average weekly net assets up to \$250 million, 1/12th of .25 of 1% of the Fund's average weekly net assets in excess of \$250 million, and 4.75% of the Fund's daily gross income (i.e., income other than gains from the sale of securities and foreign currency transactions or gains realized from options and futures contracts less interest on money borrowed by the Fund) accrued by the Fund during the month (the "Income Component"). However, such monthly advisory fee shall not exceed in the aggregate 1/12th of .80% of the Fund's average weekly net assets during the month (approximately .80% on an annual basis). Prior to February 12, 2007 the advisory fee could not exceed in the aggregate 1/12th of .95% of the Fund's average weekly net assets during the month (approximately .95% on an annual basis).

During the year ended December 31, 2008, the Adviser reimbursed the Fund \$1,062 for trading losses incurred due to a trade entry error.

Under the terms of the Shareholder Inquiry Agency Agreement with AllianceBernstein 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 December 31, 2008, there was no reimbursement paid to ABIS.

Pursuant to the investment advisory agreement, the Fund paid \$153,482 to the Adviser representing the cost of certain legal and accounting services provided to the Fund by the Adviser for the year ended December 31, 2008.

ALLIANCEBERNSTEIN INCOME FUND 37

Notes to Financial Statements

The Fund may invest in the AllianceBernstein Fixed-Income Shares, Inc. Government STIF Portfolio, an open-end management investment company managed by the Adviser. The Government STIF Portfolio is offered as a cash management option to mutual funds and other institutional accounts of the Adviser, and is not available for direct purchase by members of the public. The Government STIF Portfolio pays no investment management fees but does bear its own expenses. AllianceBernstein Fixed-Income Shares, Inc. Prime STIF Portfolio, also an open-end management investment company managed by the Adviser and which had been offered as a cash management option, ceased operations on February 29, 2008. A summary of the Fund's transactions in shares of the Government STIF Portfolio and Prime STIF Portfolio for the year ended December 31, 2008 is as follows:

	Market Value December 31, 2007 (000)	Purchases at Cost (000)	Sales Proceeds (000)	Dividend Income (000)	Market Value December 31, 2008 (000)
Government STIF	\$ 0	\$ 1,145,531	\$ 1,116,299	\$ 248	\$ 29,232
Prime STIF	50,297	224,488	274,785	2,134	0

NOTE C

Investment Transactions

Purchases and sales of investment securities (excluding short-term investments) for the year ended December 31, 2008 were as follows:

	Purchases	Sales
Investment securities (excluding U.S. government securities)	\$ 639,546,683	\$ 668,283,937
U.S. government securities	832,826,084	878,530,661

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

Cost	\$ 2,769,862,972
Gross unrealized appreciation	\$ 210,092,977
Gross unrealized depreciation	(225,602,924)
Net unrealized depreciation	\$ (15,509,947)

1. Financial Futures Contracts

The Fund may buy or sell financial futures contracts for the purpose of hedging its portfolio against adverse effects of anticipated movements in the market. The Fund bears the market risk that arises from changes in the value of these financial instruments and the imperfect correlation between movements in the price of the futures contracts and movements in the price of the securities hedged or used for cover. The Fund may also purchase or sell futures contracts for foreign currencies or options thereon for non-hedging purposes as a means of making direct investment in foreign currencies, as described below under Currency Transactions.

At the time the Fund enters into a futures contract, the Fund deposits and maintains as collateral an initial margin with the broker, as required by the exchange on which the transaction is effected. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contract. Such receipts or payments are known as variation margin and are recorded by the Fund as unrealized gains or losses. Risks may arise from the potential inability of a counterparty to meet the terms of the contract. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the time it was closed.

2. Forward Currency Exchange Contracts

The Fund may enter into forward currency exchange contracts in order to hedge its exposure to changes in foreign currency exchange rates on its foreign portfolio holdings or to hedge certain firm purchase and sales commitments denominated in foreign currencies and for non-hedging purposes as a means of making direct investments in foreign currencies, as described below under "Currency Transactions". A forward currency exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contract and the closing of such contract would be included in net realized gain or loss on foreign currency transactions.

Fluctuations in the value of open forward currency exchange contracts are recorded for financial reporting purposes as unrealized appreciation and/or depreciation by the Fund.

The Fund's custodian will place and maintain cash not available for investment or other liquid assets in a separate account of the Fund having a value at least equal to the aggregate amount of the Fund's commitments under forward currency exchange contracts entered into with respect to position hedges. Risks may arise from the potential inability of a counterparty to meet the terms of a contract and from unanticipated movements in the value of a foreign currency relative to the U.S. dollar. The face or contract amount, in U.S. dollars reflects the total exposure the Fund has in that particular currency contract.

3. Option Transactions

For hedging purposes, the Fund may purchase and write (sell) put and call options on U.S. and foreign securities, including government securities, and foreign currencies that are traded on U.S. and foreign securities exchanges and over-the-counter markets. The Fund may also use options transactions for non-hedging purposes as a means of making direct investments in foreign currencies, as described below under "Currency Transactions".

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 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 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. For the year ended December 31, 2008, the Fund had no transactions in written options.

4. Swap Agreements

The Fund may enter into swaps to hedge its exposure to interest rates, credit risk, or currencies. The Fund may also enter into swaps for non-hedging purposes as a means of making direct investments in foreign currencies, as described below under "Currency Transactions". 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. In addition, securities may be identified as collateral in accordance with the terms of the respective swap agreements to provide value and recourse in the event of default or bankruptcy/insolvency.

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 interim 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 termination of swap contracts on the statement of operations. Fluctuations in the value of swap contracts are recorded as a component of net change in unrealized appreciation/depreciation of investments.

On September 12, 2008, the FASB issued FASB Staff Position FAS No. 133-1 and FIN 45-4, Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of FASB Statement No. 133 and FASB Interpretation No. 45 (the Position). The Position amends FASB Statement No. 133 (FAS 133), Accounting for Derivative Instruments and Hedging Activities, and FASB Interpretation No. 45 (FIN 45), Guarantors' Accounting and Disclosure Requirements for Guarantees. With respect to credit derivatives sold by a reporting entity, the amendments to FAS 133 include required disclosure of the following in such entity's financial statements: (i) the nature of the credit derivative, including the approximate term, the reasons for entering into the contract, the events or circumstances that would require the seller to perform, and the status of the payment/performance risk; (ii) the undiscounted maximum potential amount of future payments the seller could be required to make before considering any amounts that may be recovered under recourse or collateralization provisions; (iii) the fair value of the credit derivative; and (iv) the nature of any recourse provisions, or any assets held by the seller as collateral or by a third party that would enable the seller to recover amounts paid under the derivative. The amendments to FIN 45 require an additional disclosure about the current status of the payment/performance risk of a guarantee. All such disclosures have been made in accordance with the Position and incorporated for the current period as part of the portfolio of investments and notes to financial statements.

The Fund may enter into credit default swaps. The Fund may purchase credit protection on the referenced obligation of the credit default swap (Buy Contract) or provide credit protection on the referenced obligation of the credit default swap (Sale Contract). A sale/(buy) in a credit default swap provides upon the occurrence of a credit event, as defined in the swap agreement, for the Fund to buy/(sell) from/(to) the counterparty at the notional amount (the Notional Amount) and receive/(deliver) the principal amount of the referenced obligation. If a credit event occurs, the maximum payout amount for a Sale Contract is limited to the Notional Amount of the swap contract (Maximum Payout Amount). During the term of the swap agreement, the Fund receives/(pays) 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.

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Notes to Financial Statements

Implied credit spreads utilized in determining the market value of credit default swaps on corporate issuers as of period end are disclosed in the footnotes to the portfolio of investments. The implied spreads serve as an indicator of the current status of the payment/performance risk and represent the likelihood of default for such credit derivative. The implied credit spread of a particular reference entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads and increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced entities credit soundness and greater likelihood of risk of default or other credit event occurring as defined in the terms of the agreement.

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 December 31, 2008, the Fund had Sale Contracts outstanding with Maximum Payout Amounts aggregating \$25,980,000, with net unrealized depreciation of \$2,615,859, and terms of less than 1 year to 2 years, as reflected in the portfolio of investments.

In certain circumstances these potential Maximum Payout amounts would be partially offset by any recovery values of the respective referenced obligations, upfront payment received upon entering into the agreement, or net amounts received from settlement of buy protection credit default swap agreements entered into by the Fund with respect to the same reference obligation and with the same counterparty. As of December 31, 2008, the Fund did not have Buy Contracts outstanding with respect to the same referenced obligation and same counterparty of certain Sale Contracts outstanding.

5. Currency Transactions

The Fund may invest in non-U.S. Dollar securities on a currency hedged or unhedged basis. The Fund may seek investment opportunities by taking long or short positions in currencies through the use of currency-related derivatives, including forward currency exchange contracts, futures and options on futures, swaps, and options. The Fund may enter into transactions for investment opportunities when it anticipates that a foreign currency will appreciate or depreciate in value but securities denominated in that currency are not held by the Fund and do not present attractive investment opportunities. Such transactions may also be used when the Adviser believes that it may be more efficient than a direct investment in a foreign currency-denominated security. The Fund may also

conduct currency exchange contracts on a spot basis (*i.e.*, for cash at the spot rate prevailing in the currency exchange market for buying or selling currencies).

6. Dollar Rolls

The Fund may enter into dollar rolls. Dollar rolls involve sales by the Fund of securities for delivery in the current month and the Fund simultaneously contracting 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. Dollar rolls involve the risk that the market value of the securities the Fund is obligated to repurchase under the agreement may decline below the repurchase price. Dollar rolls are speculative techniques and may be considered to be borrowings by the Fund. For the year ended December 31, 2008, the Fund had no transactions in dollar rolls.

7. 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 December 31, 2008, the average amount of reverse repurchase agreements outstanding was \$631,925,224 and the daily weighted average interest rate was 1.84%.

NOTE D

Common Stock

During the year ended December 31, 2008 and the year ended December 31, 2007, the Fund did not issue any shares in connection with the Fund's dividend reinvestment plan.

NOTE E

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. Under the terms of the securities lending agreement, security voting rights pass to the borrower, although the Fund can at will terminate a loan and regain the right to vote upon receipt of the security. 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, investment funds, 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 December 31, 2008, the Fund had no securities out on loan. For the year ended December 31, 2008, the Fund earned fee income of \$180 which is included in interest income in the accompanying statement of operations.

NOTE F

Bank Borrowing

The Fund participates in a credit facility for a commercial paper asset securitization program with Societe Generale (the "SG Program") as Administrative Agent, and Barton Capital Corporation ("Barton") as lender. The credit facility expires on August 8, 2012 and has a maximum limit of \$400 million. Under the SG Program, Barton will fund advances to the Fund through the issuance of commercial paper rated A-1+ by Standard & Poor's Ratings Services and P-1 by Moody's Investors Service, Inc. The collateral value must be at least 171% of outstanding borrowings. The borrowings under the SG Program are secured by the pledging of the Fund's portfolio securities as collateral. The interest rate on the Fund's borrowings is based on the interest rate carried by the commercial paper. The weighted average annual interest rate was 3.13% and the average borrowing was \$400,000,000 for the year. At December 31, 2008, the interest rate in effect was 1.78% and the amount of borrowings outstanding was \$400,000,000.

NOTE G

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.

Foreign Securities Risk Investing in securities of foreign companies or 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 or foreign governments and their markets may be less liquid and their prices more volatile than those of comparable U.S. companies or of 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.

Currency Risk This is the risk that changes in foreign currency exchange rates may negatively affect the value of the Fund's investments or reduce the returns of the Fund. For example, the value of the Fund's investments in foreign currency-denominated securities or currencies may decrease if the U.S. Dollar is strong (*i.e.*, gaining value relative to other currencies) and other currencies are weak (*i.e.*, losing value relative to the U.S. Dollar). Currency markets are generally not as regulated as securities markets. Independent of the Fund's investments denominated in foreign currencies, the Fund's positions in various foreign currencies may cause the Fund to experience investment losses due to the changes in exchange rates and interest rates.

Leverage Risk The Fund participates in a credit facility for the purpose of utilizing investment leverage. The Fund may utilize additional leverage through the investment techniques of reverse repurchase agreements and dollar rolls. Reverse repurchase agreements and dollar rolls are speculative techniques and are considered borrowings by the Fund.

The effect of leverage can produce higher shareholder returns than if the Fund were not leveraged, and the use of leverage techniques can add to the net asset value (NAV) of the Common Stock. However, the risks of such techniques are potentially a higher volatility of the NAV of the Common Stock, potentially more volatility in the market value of the Common Stock and the relatively greater effect on the NAV of the Common Stock caused by favorable or adverse changes in the currency exchange rates. In addition, changes in the interest rate environment can increase or decrease shareholder returns. The Fund maintains asset coverage of at least 300% with respect to borrowings.

To the extent that the current interest rate on the Fund's indebtedness approaches the net return on the leveraged portion of the Fund's investment portfolio, then the benefit to the shareholders will be reduced. If the rate on indebtedness were to exceed the net return on the same portion of the portfolio,

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Notes to Financial Statements

then this would result in a lower rate of return for the shareholders. Similarly, the use of leverage in a declining market can advance the decrease of the Fund's NAV more so than if the Fund were not leveraged, which would likely be reflected in a greater decline in the market price for shares of Common Stock than if the Fund were not leveraged. In extreme cases, if the Fund's current investment income were not sufficient to meet interest payments on indebtedness or if the Fund failed to maintain the asset coverage required by the 1940 Act, then it could be necessary for the Fund to liquidate certain investments at a time when it may be disadvantageous to do so, thereby reducing its NAV.

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

NOTE H

Acquisition of ACM Government Opportunity Fund, Inc.

On January 26, 2007, the Fund acquired all of the net assets and assumed all of the liabilities of ACM Government Opportunity Fund, Inc. (AOF) in a tax free event, pursuant to an Agreement and Plan of Acquisition and Liquidation approved by the stockholders of AOF at a Special Meeting of Stockholders held on December 12, 2006. As a result of the acquisition, stockholders of AOF received shares of the Fund equivalent to the aggregate net asset value of the shares they held in AOF. Stockholders participating in AOF's dividend reinvestment plan received full and fractional shares of the Fund. Certain other stockholders received cash of \$3,363 in lieu of 403 shares. On January 26, 2007, the acquisition was accomplished by a tax-free exchange of 13,120,718 shares of the Fund for 12,903,931 shares of ACM Government Opportunity Fund. The aggregate net assets of the Fund and ACM Government Opportunity Fund immediately before the acquisition were \$1,915,913,652 and \$109,548,985 (including \$4,222,117 of net unrealized appreciation of investments and foreign currency denominated assets and liabilities), respectively. Immediately after the acquisition, the combined net assets of the Fund amounted to \$2,025,462,637.

NOTE I

Distributions to Shareholders

The tax character of distributions paid during the fiscal years ended December 31, 2008 and December 31, 2007 were as follows:

	2008	2007
Distributions paid from:		
Ordinary income	\$ 151,597,871	\$ 176,652,954
Total taxable distributions	151,597,871	176,652,954
Total distributions paid	\$ 151,597,871	\$ 176,652,954

As of December 31, 2008, the components of accumulated earnings/(deficit) on a tax basis were as follows:

Undistributed ordinary income	\$ 2,160,665
Accumulated capital and other losses	(344,307,820) ^(a)
Unrealized appreciation/(depreciation)	(16,056,923) ^(b)
Total accumulated earnings/(deficit)	\$ (358,204,078)

^(a) On December 31, 2008, the Fund had a net capital loss carryforward of \$198,560,038 of which \$48,113,872 expires in the year 2009, \$137,668,099 expires in the year 2010, \$3,846,510 expires in the year 2014 and \$8,931,557 expires in the year 2016. To the extent future capital gains are offset by capital loss carryforwards, such gains will not be distributed. Based on certain provisions in the Internal Revenue Code, various limitations regarding the future utilization of these carryforwards, brought forward as a result of the Fund's merger with ACM Government Securities Fund, ACM Government Spectrum Fund, and ACM Government Opportunity Fund may apply. In addition the Fund had \$8,878,672 of capital loss carryforward which expired in the fiscal year ended December 31, 2008. For the year ended December 31, 2008, the Fund deferred losses on straddles of \$14,684,022. Net capital losses and net currency losses incurred after October 31, and within the taxable year are deemed to arise on the first business day of the Fund's next taxable year. The Fund deferred to January 1, 2009, post October capital loss of \$126,010,904 and post October currency loss of 5,052,855.

^(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, the realization for tax purposes of unrealized gains and losses on certain derivative instruments and the difference between book and tax treatment of swap income.

During the current fiscal year, permanent differences primarily due to the tax treatment of foreign currency gains and losses, tax treatment of swap income, tax treatment of paydown losses, the tax treatment of bond premium, capital gains tax reclassification, consent fee reclassification, contribution from adviser, and the expiration of a capital loss carryforward resulted in a net decrease in distributions in excess of net investment income, a net decrease in accumulated net realized loss on investment and foreign currency transactions and a net decrease to additional paid in capital. These reclassifications had no effect on net assets.

NOTE J

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.

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 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 K

Recent Accounting Pronouncement

On March 19, 2008, the FASB released Statement of Financial Accounting Standards No. 161, Disclosures about Derivative Instruments and Hedging Activities (FAS 161). FAS 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. The application of FAS 161 is required for fiscal years and interim periods beginning after November 15, 2008. At this time, management is evaluating the implications of FAS 161 and believes the adoption of FAS 161 will have no material impact on the Fund's financial statements.

FINANCIAL HIGHLIGHTS

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

	2008	2007	Year Ended December 31, 2006	2005	2004(a)
Net asset value, beginning of period	\$ 8.59	\$ 8.31	\$ 8.25	\$ 8.27	\$ 8.39
Income From Investment Operations					
Net investment income ^(b)	.59	.57	.60	.66	.67
Net realized and unrealized gain (loss) on investment and foreign currency transactions	(1.06)	.44	.08	0	(.01)
Contributions from Adviser	.00 ^(c)	0	0	0	0
Net increase (decrease) in net asset value from operations	(.47)	1.01	.68	.66	.66
Less: Dividends					
Dividends from net investment income	(.63)	(.73)	(.62)	(.68)	(.78)
Net asset value, end of period	\$ 7.49	\$ 8.59	\$ 8.31	\$ 8.25	\$ 8.27
Market value, end of period	\$ 7.08	\$ 8.05	\$ 8.14	\$ 8.28	\$ 8.16
Premium/(Discount), end of period	(5.47)%	(6.29)%	(2.05)%	.36 %	(1.33)%
Total Return					
Total investment return based on: ^(d)					
Market value	(4.64)%	8.01 %	6.10 %	10.18 %	4.63 %
Net asset value	(5.46)%*	12.89 %*	8.71 %	8.32 %	8.44 %
Ratios/Supplemental Data					
Net assets, end of period (000 s omitted)	\$1,817,231	\$2,084,372	\$1,907,332	\$1,889,926	\$1,888,272
Ratio to average net assets of:					
Expenses	2.02 %	3.35 %	3.47 %	2.46 %	1.66 %
Expenses, excluding interest expense ^(e)	.72 %	.71 %	.74 %	.79 %	.98 %
Net investment income	7.15 %	6.74 %	7.35 %	7.99 %	8.27 %
Portfolio turnover rate	51 %	90 %	177 %	160 %	139 %
Asset coverage ratio	530 %	589 %	529 %	443 %	492 %
Bank borrowing outstanding (in millions)	\$400	\$400	\$400	\$400	\$400

See footnote summary on page 50.

(a) As of January 1, 2004, 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 January 1, 2004, these interim payments were reflected within interest income/expense on the statement of operations. The effect of this change for the year ended December 31, 2004, was to decrease net investment income per share and increase net realized and unrealized gain (loss) on investment transactions. The effect on the per share amounts was less than \$0.005. The ratio of net investment income to average net assets was decreased by 0.02%.

(b) Based on average shares outstanding.

(c) Amount is less than \$0.005.

(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 of 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 1.30%, 2.64%, 2.73%, 1.67% and .68%, respectively, on borrowings (see Notes C and F).

* Includes the impact of proceeds received and credited to the Fund resulting from class action settlements, which enhanced the Fund's performance by .33% and 1.69% for the years ended December 31, 2008 and December 31, 2007, respectively.

See notes to financial statements.

REPORT OF INDEPENDENT REGISTERED

PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of

AllianceBernstein Income Fund, Inc.

We have audited the accompanying statement of assets and liabilities of AllianceBernstein Income Fund, Inc. (the Fund), including the portfolio of investments, as of December 31, 2008, and the related statements of operations and cash flows for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with 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 December 31, 2008, 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 AllianceBernstein Income Fund, Inc. at December 31, 2008, 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.

New York, New York

February 27, 2009

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Report of Independent Registered Public Accounting Firm

TAX INFORMATION

(unaudited)

72.0% of the ordinary income dividends paid by the Fund during the fiscal year ended December 31, 2008 qualify as interest related dividends for non-U.S. shareholders.

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Tax Information

ADDITIONAL INFORMATION

(unaudited)

Dividend Reinvestment and Cash Purchase Plan

Shareholders whose shares are registered in their own names may elect to be participants in the Dividend Reinvestment and Cash Purchase Plan (the Plan), pursuant to which dividends and capital gain distributions to shareholders will be paid in or reinvested in additional shares of the Fund (the Dividend Shares). Computershare Trust Company, N.A. (the Agent) will act as agent for participants under the Plan. The Plan also allows you to make optional cash investments in Fund shares through the Agent. 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 an income distribution or determines to make a capital gain distribution payable either in shares or in cash, 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 Plan Agent will receive the dividend or 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 dividend or 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 Plan 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 Plan 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 dividend or distribution had been paid in shares issued by the Fund.

The Plan 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 Plan 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 Plan Agent's open market purchases of shares.

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

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 voluntary cash payments made and any dividend or 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 dividend or distribution. The Plan may also be amended or terminated by the Plan Agent on at least 90 days written notice to participants in the Plan. All correspondence concerning the Plan should be directed to the Plan Agent at Computershare Trust Company, N.A., P.O. Box 43010, Providence, RI 02940-3010.

54 **ALLIANCEBERNSTEIN INCOME FUND**

Additional Information

BOARD OF DIRECTORS

William H. Foulk, Jr.⁽¹⁾, *Chairman*
John H. Dobkin⁽¹⁾

Michael J. Downey⁽¹⁾

D. James Guzy⁽¹⁾
OFFICERS

Robert M. Keith, President and Chief Executive Officer

Philip L. Kirstein, Senior Vice President and Independent Compliance Officer

Paul J. DeNoon⁽²⁾, Vice President

Gershon Distenfeld⁽²⁾, Vice President

Michael L. Mon, Vice President

Douglas J. Peebles⁽²⁾, Vice President

Administrator

AllianceBernstein L.P.

1345 Avenue of the Americas

New York, NY 10105

Dividend Paying Agent, Transfer Agent and Registrar

Computershare Trust Company, N.A.

P.O. Box 43010

Providence, RI 02940-3010

Custodian and Accounting Agent

State Street Bank and Trust Company

One Lincoln Street

Nancy P. Jacklin⁽¹⁾
Garry L. Moody⁽¹⁾

Marshall C. Turner, Jr.⁽¹⁾

Earl D. Weiner⁽¹⁾

Matthew S. Sheridan⁽²⁾, Vice President

Emilie D. Wrapp, Secretary

Joseph J. Mantineo, Treasurer and Chief Financial Officer

Phyllis J. Clarke, Controller

Legal Counsel

Seward & Kissel LLP

One Battery Park Plaza

New York, NY 10004

Independent Registered Public Accounting Firm

Ernst & Young LLP

5 Times Square

New York, NY 10036

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Boston, MA 02111

(1) Member of the Audit Committee, the Governance and Nominating Committee and the Independent Directors Committee. Mr. Foulk is the sole member of the Fair Value Pricing Committee.

(2) The most significant responsibility for the day-to-day management of and investment decisions for the Fund's portfolio are made by a team of investment professionals consisting of Messrs. DeNoon, Distenfeld, Peebles and Sheridan.

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940 that the Fund may purchase from time to time at market prices shares of its Common Stock in the open market.

This report, including the financial statements herein, is transmitted to the shareholders of AllianceBernstein Income Fund for their information. The financial information included herein is taken from the records of the Fund. This is not a prospectus, circular or representation intended for use in the purchase of shares of the Fund or any securities mentioned in this report.

Annual Certifications As required, on April 28, 2008, the Fund submitted to the New York Stock Exchange (NYSE) the annual certification of the Fund's Chief Executive Officer certifying that he is not aware of any violations of the NYSE's Corporate Governance listing standards. The Fund has also included the certifications of the Fund's Chief Executive Officer and Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act of 2002 as exhibits to the Fund's Form N-CSR filed with the Securities and Exchange Commission for the reporting period.

ALLIANCEBERNSTEIN INCOME FUND 55

Board of Directors

MANAGEMENT OF THE FUND

Board of Directors Information

The business and affairs of the Fund are managed under the direction of the Board of Directors. Certain information concerning the Fund's Directors is set forth below.

NAME, ADDRESS*, DATE OF BIRTH (FIRST YEAR ELECTED**) DISINTERESTED DIRECTORS	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	PORTFOLIOS IN FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER DIRECTORSHIP HELD BY DIRECTOR
William H. Foulk, Jr., #, ++ 76 (1998) <i>Chairman of the Board</i>	Investment Adviser and an Independent Consultant. Previously, he was Senior Manager of Barrett Associates, Inc., a registered investment adviser, with which he had been associated since prior to 2004. He was formerly Deputy Comptroller and Chief Investment Officer of the State of New York and, prior thereto, Chief Investment Officer of the New York Bank for Savings.	91	None
John H. Dobkin, # 67 (1998)	Consultant. Formerly President of Save Venice, Inc. (preservation organization) from 2001-2002, a Senior Advisor from June 1999-June 2000 and President of Historic Hudson Valley (historic preservation) from December 1989-May 1999. Previously, Director of the National Academy of Design.	89	None
Michael J. Downey, # 65 (2005)	Private Investor since January 2004. Formerly managing partner of Lexington Capital, LLC (investment advisory firm) from December 1997 until December 2003. From 1987 until 1993, Chairman and CEO of Prudential Mutual Fund Management.	89	Asia Pacific Fund, Inc., The Merger Fund and Prospect Acquisition Corp. (financial services)
D. James Guzy, # 72 (2005)	Chairman of the Board of PLX Technology (semi-conductors) and of SRC Computers Inc., with which he has been associated since prior to 2004.	89	Intel Corporation (semi-conductors) and Cirrus Logic (semi-conductors)

56 ALLIANCEBERNSTEIN INCOME FUND

Management of the Fund

NAME, ADDRESS*, DATE OF BIRTH (FIRST YEAR ELECTED**) DISINTERESTED DIRECTORS	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	PORTFOLIOS IN FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER DIRECTORSHIP HELD BY DIRECTOR
(continued)			
Nancy P. Jacklin, #	Professorial Lecturer at the Johns Hopkins School of Advanced International Studies and Adjunct Professor at Georgetown University Law Center in the 2008-2009 academic year. Formerly, U.S. Executive Director of the International Monetary Fund (December 2002-May 2006); Partner, Clifford Chance (1992-2002); Sector Counsel, International Banking and Finance, and Associate General Counsel, Citicorp (1985-1992); Assistant General Counsel (International), Federal Reserve Board of Governors (1982-1985); and Attorney Advisor, U.S. Department of the Treasury (1973-1982). Member of the Bar of the District of Columbia and of New York; and member of the Council on Foreign Relations.	89	None
60			
(2006)			
Garry L. Moody, #	Formerly, Partner, Deloitte & Touche LLP, Vice Chairman, and U.S. and Global Managing Partner, Investment Management Services Group from 1995-2008.	88	None
56			
(2008)			
Marshall C. Turner, Jr., #	Interim CEO of MEMC Electronic Materials, Inc. (semi-conductor and solar cell substrates) since November 2008 until March 2, 2009. He was Chairman and CEO of Dupont Photomasks, Inc. (components of semi-conductor manufacturing), 2003-2005, and President and CEO, 2005-2006, after the company was renamed Toppan Photomasks, Inc.	89	Xilinx, Inc. (programmable logic semi-conductors) and MEMC Electronic Materials, Inc.
67			
(2005)			

ALLIANCEBERNSTEIN INCOME FUND 57

Management of the Fund

NAME, ADDRESS*, DATE OF BIRTH (FIRST YEAR ELECTED**) DISINTERESTED DIRECTORS (continued)	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	PORTFOLIOS IN FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER DIRECTORSHIP HELD BY DIRECTOR
Earl D. Weiner, #	Of Counsel, and Partner prior to January 2007, of the law firm Sullivan & Cromwell LLP, member of ABA Federal Regulation of Securities Committee Task Force on Fund Director's Guidebook and member of Advisory Board of Sustainable Forestry Management Limited.	89	None
69			
(2007)			

* The address for each of the Fund's disinterested Directors is c/o AllianceBernstein L.P., Attn. Philip L. Kirstein, 1345 Avenue of the Americas, New York, NY 10105.

** There is no stated term of office for the Fund's Directors.

Member of the Audit Committee, the Governance and Nominating Committee and the Independent Directors Committee.

++ Member of the Fair Value Pricing Committee.

58 ALLIANCEBERNSTEIN INCOME FUND

Management of the Fund

Officer Information

Certain information concerning the Fund's Officers is listed below.

NAME, ADDRESS* AND DATE OF BIRTH	POSITION(S) HELD WITH FUND	PRINCIPAL OCCUPATION DURING PAST 5 YEARS
Robert M. Keith 48	President and Chief Executive Officer	Executive Vice President of the Adviser** since July 2008; Director of AllianceBernstein Investments, Inc. (ABI)** and the head of ABI since July 2008. Prior to joining ABI in 2006, Executive Managing Director of Bernstein Global Wealth Management, and prior thereto, Senior Managing Director and Global Head of Client Service and Sales of AllianceBernstein's institutional investment management business since 2004. Prior thereto, he was a Managing Director and Head of North American Client Service and Sales in AllianceBernstein's institutional investment management business, with which he had been associated since prior to 2004.
Philip L. Kirstein 62	Senior Vice President and Independent Compliance Officer	Senior Vice President and Independent Compliance Officer of the AllianceBernstein Funds, with which he has been associated since October 2004. Prior thereto, he was Of Counsel to Kirkpatrick & Lockhart, LLP from October 2003 to October 2004, and General Counsel of Merrill Lynch Investment Managers, L.P. since prior to 2004.
Paul J. DeNoon 46	Vice President	Senior Vice President of the Adviser**, with which he has been associated since prior to 2004.
Gershon Distenfeld 33	Vice President	Vice President of the Adviser**, with which he has been associated since prior to 2004.
Michael L. Mon 39	Vice President	Vice President of the Adviser**, with which he has been associated since prior to 2004.
Douglas J. Peebles 43	Vice President	Executive Vice President of the Adviser**, with which he has been associated since prior to 2004.
Matthew S. Sheridan 33	Vice President	Vice President of the Adviser**, with which he has been associated since prior to 2004.
Emilie D. Wrapp 53	Secretary	Senior Vice President, Assistant General Counsel and Assistant Secretary of ABI **, with which she has been associated since prior to 2004.
Joseph J. Mantineo 49	Treasurer and Chief Financial Officer	Senior Vice President of ABIS**, with which he has been associated since prior to 2004.

ALLIANCEBERNSTEIN INCOME FUND 59

Management of the Fund

NAME, ADDRESS* AND DATE OF BIRTH	POSITION(S)	PRINCIPAL OCCUPATION DURING PAST 5 YEARS
Phyllis J. Clarke 48	Controller	Assistant Vice President of ABIS**, with which she has been associated since prior to 2004.

* The address for each of the Fund's Officers is 1345 Avenue of the Americas, New York, NY 10105.

** The Adviser, ABI and ABIS are affiliates of the Fund.

60 ALLIANCEBERNSTEIN INCOME FUND

Management of the Fund

Information Regarding the Review and Approval of the Fund's Advisory and Administration Agreements

The disinterested directors (the "directors") of AllianceBernstein Income Fund, Inc. (the "Fund") unanimously approved the continuance of the Fund's Advisory Agreement with the Adviser and the continuance of the Fund's Administration Agreement with the Adviser (in such capacity, the "Administrator") at a meeting held on November 4-6, 2008.

Prior to approval of the continuance of the Advisory Agreement and the Administration Agreement, the directors had requested from the Adviser, and received and evaluated, extensive materials. They reviewed the proposed continuance of the Advisory Agreement and Administration Agreement with the Adviser and with experienced counsel who are independent of the Adviser, who advised on the relevant legal standards. The directors also discussed the proposed continuances in private sessions with counsel and the Fund's Senior Officer (who is also the Fund's Independent Compliance Officer).

The directors considered their knowledge of the nature and quality of the services provided by the Adviser to the Fund gained from their experience as directors or trustees of most of the registered investment companies advised by the Adviser, their overall confidence in the Adviser's integrity and competence they have gained from that experience, the Adviser's initiative in identifying and raising potential issues with the directors and its responsiveness, frankness and attention to concerns raised by the directors in the past, including the Adviser's willingness to consider and implement organizational and operational changes designed to improve investment results and the services provided to the AllianceBernstein Funds. The directors noted that they have four regular meetings each year, at each of which they receive presentations from the Adviser on the investment results of the Fund and review extensive materials and information presented by the Adviser.

The directors also considered all other factors they believed relevant, including the specific matters discussed below. In their deliberations, the directors did not identify any particular information that was all-important or controlling, and different directors may have attributed different weights to the various factors. The directors determined that the selection of the Adviser to manage the Fund and the overall arrangements (i) between the Fund and the Adviser, as provided in the Advisory Agreement, including the advisory fee and (ii) between the Fund and the Administrator, as provided in the Administration Agreement, including the administration fee, were fair and reasonable in light of the services performed, expenses incurred and such other matters as the directors considered relevant in the exercise of their business judgment. The material factors and conclusions that formed the basis for the directors' determinations included the following:

Nature, Extent and Quality of Services Provided

The directors considered the scope and quality of services provided by the Adviser under the Advisory Agreement and by the Administrator under the

Administration Agreement, including the quality of the investment research capabilities of the Adviser and the other resources it has dedicated to performing services for the Fund and the resources the Administrator has devoted to providing services to the Fund. They noted the professional experience and qualifications of the Fund's portfolio management team and other senior personnel of the Adviser. The quality of administrative and other services, including the Adviser's role in coordinating the activities of the Fund's other service providers, also were considered. The directors concluded that, overall, they were satisfied with the nature, extent and quality of services provided to the Fund under the Advisory Agreement and the Administration Agreement.

Costs of Services Provided and Profitability

The directors reviewed a schedule of the revenues and expenses and related notes indicating the profitability of the Fund to the Adviser for calendar years 2006 and 2007 that had been prepared with an expense allocation methodology arrived at in consultation with an independent consultant retained by the Fund's Senior Officer. The directors reviewed the assumptions and methods of allocation used by the Adviser in preparing fund-specific profitability data and noted that there are a number of potentially acceptable allocation methodologies for information of this type. The directors noted that the profitability information reflected all revenues and expenses of the Adviser's relationship with the Fund, including those relating to its subsidiaries which provide shareholder services to the Fund. The directors recognized that it is difficult to make comparisons of profitability between fund advisory contracts because comparative information is not generally publicly available and is affected by numerous factors. The directors focused on the profitability of the Adviser's relationship with the Fund before taxes. The directors concluded that they were satisfied that the Adviser's level of profitability from its relationship with the Fund was not unreasonable.

Fall-Out Benefits

The directors considered the benefits to the Adviser and its affiliates from their relationships with the Fund other than the fees payable under the Advisory and Administration Agreements, including but not limited to benefits relating to soft dollar arrangements (whereby the Adviser receives brokerage and research services from many of the brokers and dealers that execute purchases and sales of securities on behalf of its clients on an agency basis). The directors noted that since the Fund does not engage in brokerage transactions, the Adviser does not receive soft dollar benefits in respect of portfolio transactions of the Fund. The directors also noted that a subsidiary of the Adviser provides certain shareholder services to the Fund and receives compensation from the Fund for such services. The directors recognized that the Adviser's profitability would be somewhat lower without these benefits. The directors understood that the Adviser also might derive reputational and other benefits from its association with the Fund.

Investment Results

In addition to the information reviewed by the directors in connection with the meeting, the directors receive detailed performance information for the Fund at each regular Board meeting during the year. At the November 2008 meeting, the directors reviewed information prepared by Lipper showing the performance of the Fund as compared with that of a group of similar funds selected by Lipper (the Performance Group) and information prepared by the Adviser showing performance of the Fund as compared with the Lehman Brothers Aggregate Bond Index (the LB Aggregate Bond Index) and the Lehman Brothers U.S. Universal Index, in each case for the 1-, 3-, 5- and 10-year periods ended July 31, 2008 and (in the case of the LB Aggregate Bond Index) the since inception period (August 1987 inception). The directors noted that the Fund was 2nd out of 3 of the Performance Group for the 1-year period, 1st out of 3 of the Performance Group for the 3-year period, and 1st out of 2 of the Performance Group for the 5- and 10-year periods, and that the Fund outperformed both indices (which, they noted, are unleveraged) in all periods reviewed. The directors recognized that the Fund's relatively unusual investment style, which differs from that of the other funds in the Performance Group and from the indices, and the fact that there are only a small number of other funds in the Fund's Lipper category, made performance comparisons of limited utility. The directors also noted the Fund's absolute return over time. Based on their review, the directors concluded that the Fund's relative performance over time had been satisfactory.

Advisory Fees and Other Expenses

The directors considered the latest fiscal year actual management fee rate paid by the Fund (advisory fees paid to the Adviser and the administration fees currently paid to the Administrator) and information prepared by Lipper concerning advisory fee rates paid by other funds in the same Lipper category as the Fund. They compared the combined advisory and administration fees paid by the Fund to the advisory fees of other funds where there is no separate administrator. The directors recognized that it is difficult to make comparisons of advisory fees because there are variations in the services that are included in the fees paid by other funds.

The directors noted that in connection with the settlement of the market timing matter with the New York Attorney General in December 2003, the Adviser agreed to material reductions (averaging 20%) in the fee schedules of most of the open-end funds sponsored by the Adviser and that such open-end funds had benefited from such fee reductions since 2004.

The Adviser informed the directors that there are no institutional products managed by it that have an investment style substantially similar to that of the Fund. The directors reviewed relevant fee information from the Adviser's Form ADV and noted that the Adviser charged institutional clients lower fees for advising comparably sized institutional accounts using strategies that differ from

those of the Fund but which involve investments in securities of the same type that the Fund invests in (i.e., fixed income taxable securities). The Adviser reviewed with the directors the significantly greater scope of the services it provides to the Fund relative to institutional clients. In light of this information, the directors did not place significant weight on these fee comparisons.

The directors also considered the total expense ratio of the Fund in comparison to the fees and expenses of funds within two comparison groups created by Lipper: an Expense Group and an Expense Universe. Lipper described an Expense Group as a representative sample of funds comparable to the Fund and an Expense Universe as a broader group, consisting of all funds in the Fund's investment classification/objective. The expense ratio of the Fund was based on the Fund's latest fiscal year. The directors view the expense ratio information as relevant to their evaluation of the Adviser's services because the Adviser is responsible for coordinating services provided to the Fund by others. The directors noted that it was likely that the expense ratios of some funds in the Fund's Lipper category were lowered by waivers or reimbursements by those funds' investment advisers, which in some cases were voluntary and perhaps temporary.

The information reviewed by the directors showed that the Fund's latest fiscal year total management fee rate of 62.1 basis points (combined advisory fee paid to the Adviser plus the administration fee paid to the Administrator) was lower than the Expense Group median and higher than the Expense Universe median. The directors noted that the total management fee rate would have been lower if expressed as a percentage of the Fund's average weekly total assets (i.e., net assets plus assets supported by leverage). The directors further noted that the Advisory Agreement provides for a maximum fee rate of 80 basis points, and that the Advisory Agreement reflected reductions in the fee rate calculated based on the Fund's daily gross income and the maximum fee rate requested by the directors in the past. The directors also noted that the Fund's total expense ratio was higher than the Expense Group and Expense Universe medians, but that this was attributable primarily to the Fund's interest expense, which in turn reflected the Fund's use of significant leverage. The directors concluded that the Fund's expense ratio was acceptable.

Economies of Scale

The directors considered that the Fund is a closed-end fund and that it was not expected to have meaningful asset growth (absent a rights offering or an acquisition). In such circumstances, the directors did not view the potential for realization of economies of scale as the Fund's assets grow to be a material factor in their deliberations. The directors noted that if the Fund's net assets were to increase materially as a result of, e.g., an acquisition or rights offering, they would review whether potential economies of scale would be realized. The directors took account of the fact that the Fund's net assets had recently increased modestly by the acquisition of a much smaller fund, ACM Government Opportunity Fund, Inc., effective January 26, 2007.

SUMMARY OF GENERAL INFORMATION

Shareholder Information

The daily net asset value of the Fund's shares is available from the Fund's Transfer Agent by calling (800) 426-5523. 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 ACG. Weekly comparative net asset value (NAV) and market price information about the Fund is published each Monday in *The Wall Street Journal* and each Sunday in *The New York Times* and other newspapers in a table called "Closed-End Bond Funds."

Dividend Reinvestment Plan

A Dividend Reinvestment Plan provides automatic reinvestment of dividends and capital gains distributions in additional Fund shares. The Plan also allows you to make optional cash investments in Fund Shares through the Plan Agent. If you wish to participate in the Plan and your shares are held in your name, simply complete and mail the enrollment form in the brochure. If your shares are held in the name of your brokerage firm, bank or other nominee, you should ask them whether or how you can participate in the Plan.

For questions concerning shareholder account information, or if you would like a brochure describing the Dividend Reinvestment Plan, please call Computershare Trust Company, N.A. at (800) 219-4218.

ALLIANCEBERNSTEIN INCOME FUND 65

Summary of General Information

THIS PAGE IS NOT PART OF THE SHAREHOLDER REPORT OR THE FINANCIAL STATEMENTS

ALLIANCEBERNSTEIN FAMILY OF FUNDS

Wealth Strategies Funds

Balanced Wealth Strategy

Wealth Appreciation Strategy

Wealth Preservation Strategy

Tax-Managed Balanced Wealth Strategy

Tax-Managed Wealth Appreciation Strategy

Tax-Managed Wealth Preservation Strategy

Blended Style Funds

U.S. Large Cap Portfolio

International Portfolio

Tax-Managed International Portfolio

Growth Funds

Domestic

Growth Fund

Large Cap Growth Fund

Small Cap Growth Portfolio

Small/Mid Cap Growth Fund*

Global & International

Global Growth Fund*

Global Thematic Growth Fund*

Greater China 97 Fund

International Growth Fund

Value Funds

Domestic

Balanced Shares

Focused Growth & Income Fund

Growth & Income Fund

Small/Mid Cap Value Fund

Utility Income Fund

Value Fund

Global & International

Global Real Estate Investment Fund

Global Value Fund

International Value Fund

Taxable Bond Funds

Diversified Yield Fund

Global Bond Fund

High Income Fund

Intermediate Bond Portfolio

Short Duration Portfolio

Municipal Bond Funds

National

National II*

Arizona

California

Florida

Massachusetts

Michigan

Intermediate Municipal Bond Funds

Intermediate California

Intermediate Diversified

Intermediate New York

Closed-End Funds

AllianceBernstein Global High Income Fund

AllianceBernstein Income Fund

AllianceBernstein National Municipal Income Fund

ACM Managed Dollar Income Fund

Alliance California Municipal Income Fund

Minnesota

New Jersey

New York

Ohio

Pennsylvania

Virginia

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Alliance New York Municipal Income Fund

The Spain Fund

Retirement Strategies Funds

2000 Retirement Strategy	2020 Retirement Strategy	2040 Retirement Strategy
2005 Retirement Strategy	2025 Retirement Strategy	2045 Retirement Strategy
2010 Retirement Strategy	2030 Retirement Strategy	2050 Retirement Strategy
2015 Retirement Strategy	2035 Retirement Strategy	2055 Retirement Strategy

We also offer Exchange Reserves,** which serves as the money market fund exchange vehicle for the AllianceBernstein mutual funds.

You should consider the investment objectives, risks, charges and expenses of any AllianceBernstein fund/portfolio carefully before investing. For free copies of our prospectuses, which contain this and other information, visit us online at www.alliancebernstein.com or contact your financial advisor. Please read the prospectus carefully before investing.

* Prior to November 3, 2008, Small/Mid Cap Growth Fund was named Mid-Cap Growth Fund, Global Growth Fund was named Global Research Growth Fund, and Global Thematic Growth Fund was named Global Technology Fund. Prior to December 1, 2008, National II was named Insured National.

**** An investment in the Fund is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund.**

66 ALLIANCEBERNSTEIN INCOME FUND

AllianceBernstein Family of Funds

NOTES

ALLIANCEBERNSTEIN INCOME FUND PORTFOLIO 67

Privacy Notice (This information is not part of the Shareholder Report.)

AllianceBernstein L.P., the AllianceBernstein Family of Funds and AllianceBernstein Investments, Inc. (collectively, AllianceBernstein or we) understand the importance of maintaining the confidentiality of our clients' nonpublic personal information. Nonpublic personal information is personally identifiable financial information about our clients who are natural persons. To provide financial products and services to our clients, we may collect information about clients from sources, including: (1) account documentation, including applications or other forms, which may contain information such as a client's name, address, phone number, social security number, assets, income, and other household information, (2) clients' transactions with us and others, such as account balances and transactions history, and (3) information from visitors to our websites provided through online forms, site visitorship data, and online information collecting devices known as cookies.

It is our policy not to disclose nonpublic personal information about our clients (or former clients) except to our affiliates, or to others as permitted or required by law. From time to time, AllianceBernstein may disclose nonpublic personal information that we collect about our clients (or former clients), as described above, to non-affiliated third parties, including those that perform processing or servicing functions and those that provide marketing services for us or on our behalf under a joint marketing agreement that requires the third party provider to adhere to AllianceBernstein's privacy policy. We have policies and procedures to safeguard nonpublic personal information about our clients (and former clients) that include restricting access to such nonpublic personal information and maintaining physical, electronic and procedural safeguards, that comply with applicable standards, to safeguard such nonpublic personal information.

ALLIANCEBERNSTEIN INCOME FUND

1345 Avenue of the Americas

New York, NY 10105

800.221.5672

ACMI-0151-1208

ITEM 2. CODE OF ETHICS.

(a) The registrant has adopted a code of ethics that applies to its principal executive officer, principal financial officer and principal accounting officer. A copy of the registrant's code of ethics is filed herewith as Exhibit 12(a)(1).

(b) During the period covered by this report, no material amendments were made to the provisions of the code of ethics adopted in 2(a) above.

(c) During the period covered by this report, no implicit or explicit waivers to the provisions of the code of ethics adopted in 2(a) above were granted.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The registrant's Board of Directors has determined that independent directors Gary L. Moody and William H. Foulk, Jr. qualify as audit committee financial experts.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

(a) - (c) The following table sets forth the aggregate fees billed by the independent auditor Ernst & Young LLP, for the Fund's last two fiscal years for professional services rendered for: (i) the audit of the Fund's annual financial statements included in the Fund's annual report to stockholders; (ii) assurance and related services that are reasonably related to the performance of the audit of the Fund's financial statements and are not reported under (i), which include advice and education related to accounting and auditing issues and quarterly press release review (for those Funds that issue quarterly press releases), and preferred stock maintenance testing (for those Funds that issue preferred stock); and (iii) tax compliance, tax advice and tax return preparation.

Audit - Related

	Audit Fees	Fees	Tax Fees
2007	\$ 74,500	\$ 16,644	\$ 19,875
2008	\$ 80,200	\$ 6,373	\$ 35,114

(d) Not applicable.

(e) (1) Beginning with audit and non-audit service contracts entered into on or after May 6, 2003, the Fund's Audit Committee policies and procedures require the pre-approval of all audit and non-audit services provided to the Fund by the Fund's independent auditors. The Fund's Audit Committee policies and procedures also require pre-approval of all audit and non-audit services provided to the Adviser and Service Affiliates to the extent that these services are directly related to the operations or financial reporting of the Fund.

(e) (2) All of the amounts for Audit Fees, Audit-Related Fees and Tax Fees in the table under Item 4 (a) - (c) are for services pre-approved by the Fund's Audit Committee.

(f) Not applicable.

(g) The following table sets forth the aggregate non-audit services provided to the Fund, the Fund's Adviser and entities that control, are controlled by or under common control with the Adviser that provide ongoing services to the Fund, which include conducting an annual internal control report pursuant to Statement on Auditing Standards No. 70 (Service Affiliates):

	All Fees for Non-Audit Services Provided to the Portfolio, the Adviser and Service Affiliates	Pre-approved by the Audit Committee (Portion Comprised of Audit Related Fees) (Portion Comprised of Tax Fees)
2007	\$ 913,227	\$ 181,283
		\$ (161,408)
		\$ (19,875)
2008	\$ 879,179	\$ 186,254
		\$ (151,140)
		\$ (35,114)

(h) The Audit Committee of the Fund has considered whether the provision of any non-audit services not pre-approved by the Audit Committee provided by the Fund's independent auditor to the Adviser and Service Affiliates is compatible with maintaining the auditor's independence.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

The registrant has a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The audit committee members are as follows:

John H. Dobkin
Michael J. Downey
William H. Foulk, Jr.
D. James Guzy

Nancy P. Jacklin
Gary L. Moody
Marshall C. Turner, Jr.
Earl D. Weiner

ITEM 6. SCHEDULE OF INVESTMENTS.

Please see Schedule of Investments contained in the Report to Shareholders included under Item 1 of this Form N-CSR.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Statement of Policies and Procedures for

Proxy Voting

November 2008

1. Introduction

As a registered investment adviser, AllianceBernstein L.P. (AllianceBernstein , we or us) has a fiduciary duty to act solely in the best interests of our clients. We recognize that this duty requires us to vote client securities in a timely manner and make voting decisions that are in the best interests of our clients. Consistent with these obligations, we will disclose our clients' voting records only to them and as required by mutual fund vote disclosure regulations. In addition, the proxy committees may, after careful consideration, choose to respond to surveys regarding past votes.

This statement is intended to comply with Rule 206(4)-6 of the Investment Advisers Act of 1940. It sets forth our policies and procedures for voting proxies for our discretionary investment advisory clients, including investment companies registered under the Investment Company Act of 1940. This statement applies to AllianceBernstein's investment groups investing on behalf of clients in both U.S. and non-U.S. securities.

2. Proxy Policies

This statement is designed to be responsive to the wide range of proxy voting subjects that can have a significant effect on the investment value of the securities held in our clients' accounts. These policies are not exhaustive due to the variety of proxy voting issues that we may be required to consider. AllianceBernstein reserves the right to depart from these guidelines in order to make voting decisions that are in our clients' best interests. In reviewing proxy issues, we will apply the following general policies:

2.1. Corporate Governance

AllianceBernstein's proxy voting policies recognize the importance of good corporate governance in ensuring that management and the board of directors fulfill their obligations to shareholders. We favor proposals promoting transparency and accountability within a company. We support the appointment of a majority of independent directors on key committees and generally support separating the positions of chairman and chief executive officer, except in cases where a company has sufficient counter-balancing governance in place. Because we believe that good corporate governance

requires shareholders to have a meaningful voice in the affairs of the company, we generally will support shareholder proposals that request that companies amend their by-laws to provide that director nominees be elected by an affirmative vote of a majority of the votes cast. Furthermore, we have written to the SEC in support of shareholder access to corporate proxy statements under specified conditions with the goal of serving the best interests of all shareholders.

2.2. Elections of Directors

Unless there is a proxy fight for seats on the Board or we determine that there are other compelling reasons for withholding votes for directors, we will vote in favor of the management proposed slate of directors. That said, we believe that directors have a duty to respond to shareholder actions that have received significant shareholder support. Therefore, we may withhold votes for directors (or vote against directors in non-U.S. markets) who fail to act on key issues such as failure to implement proposals to declassify boards, failure to implement a majority vote requirement, failure to submit a rights plan to a shareholder vote or failure to act on tender offers where a majority of shareholders have tendered their shares. (We may vote against directors under these circumstances if the company has adopted a majority voting policy because, if a company has adopted such a policy, withholding votes from directors is not possible.) In addition, we will withhold votes for directors who fail to attend at least seventy-five percent of board meetings within a given year without a reasonable excuse, and we may abstain or vote against directors of non-U.S. issuers where there is insufficient information about the nominees disclosed in the proxy statement. Also, we will generally not withhold votes for directors who meet the definition of independence promulgated by the exchange on which the company's shares are traded. Finally, because we believe that cumulative voting provides a disproportionate voice to minority shareholders in the affairs of a company, we will generally vote against such proposals and vote for management proposals seeking to eliminate cumulative voting.

2.3. Appointment of Auditors

AllianceBernstein believes that the company is in the best position to choose its auditors, so we will generally support management's recommendation. However, we recognize that there are inherent conflicts when a company's independent auditor performs substantial non-audit services for the company. The Sarbanes-Oxley Act of 2002 prohibits certain categories of services by auditors to U.S. issuers, making this issue less prevalent in the U.S. Nevertheless, in reviewing a proposed auditor, we will consider the fees paid for non-audit services relative to total fees as well as if there are other reasons for us to question the independence or performance of the auditors.

2.4. Changes in Legal and Capital Structure

Changes in a company's charter, articles of incorporation or by-laws are often technical and administrative in nature. Absent a compelling reason to the contrary, AllianceBernstein will cast its votes in accordance with management's recommendations on such proposals. However, we will review and analyze on a case-by-case basis any non-routine proposals that are likely to affect the structure and operation of the company or have a material economic effect on the company. For example, we will generally support proposals to increase authorized common stock when it is necessary to implement a stock split, aid in a restructuring or acquisition, or provide a sufficient number of shares for an employee savings plan, stock option plan or executive compensation plan. However, a satisfactory explanation of a company's intentions must be disclosed in the proxy statement for proposals requesting an increase of greater than 100% of the shares outstanding. We will oppose increases in authorized common stock where there is evidence that the shares will be used to implement a poison pill or another form of anti-takeover device. We will support shareholder proposals that seek to eliminate dual class voting structures.

2.5. Corporate Restructurings, Mergers and Acquisitions

AllianceBernstein believes proxy votes dealing with corporate reorganizations are an extension of the investment decision. Accordingly, we will analyze such proposals on a case-by-case basis, weighing heavily the views of our research analysts that cover the company and our investment professionals managing the portfolios in which the stock is held.

2.6. Proposals Affecting Shareholder Rights

AllianceBernstein believes that certain fundamental rights of shareholders must be protected. We will generally vote in favor of proposals that give shareholders a greater voice in the affairs of the company and oppose any measure that seeks to limit those rights. However, when analyzing such proposals we will weigh the financial impact of the proposal against the impairment of shareholder rights.

2.7. Anti-Takeover Measures

AllianceBernstein believes that measures that impede corporate transactions (such as takeovers) or entrench management not only infringe on the rights of shareholders but may also have a detrimental effect on the value of the company. Therefore, we will generally oppose proposals, regardless of whether they are advanced by management or shareholders, when their purpose or effect is to entrench management or excessively or inappropriately dilute shareholder ownership. Conversely, we support proposals that would restrict or otherwise eliminate anti-takeover or anti-shareholder

measures that have already been adopted by corporate issuers. For example, we will support shareholder proposals that seek to require the company to submit a shareholder rights plan to a shareholder vote. We will evaluate, on a case-by-case basis, proposals to completely redeem or eliminate such plans. Furthermore, we will generally oppose proposals put forward by management (including the authorization of blank check preferred stock, classified boards and supermajority vote requirements) that appear to be anti-shareholder or intended as management entrenchment mechanisms.

2.8. Executive Compensation

AllianceBernstein believes that company management and the compensation committee of the board of directors should, within reason, be given latitude to determine the types and mix of compensation and benefit awards offered to company employees. Whether proposed by a shareholder or management, we will review proposals relating to executive compensation plans on a case-by-case basis to ensure that the long-term interests of management and shareholders are properly aligned. In general, we will analyze the proposed plan to ensure that shareholder equity will not be excessively diluted taking into account shares available for grant under the proposed plan as well as other existing plans. We generally will oppose shareholder proposals to amend a company's by-laws to give shareholders the right to vote on executive compensation. We believe this by-law amendment is likely to put the company at a competitive disadvantage which, in turn, is likely to adversely affect the value of the company and our clients' interests. We generally will oppose plans that have below market value exercise prices on the date of issuance or permit re-pricing of underwater stock options without shareholder approval. Other factors such as the company's performance and industry practice will generally be factored into our analysis. We believe the U.S. Securities and Exchange Commission (SEC) took appropriate steps to ensure more complete and transparent disclosure of executive compensation when it issued its modified executive compensation disclosure rules in 2006. Therefore, while we will consider them on a case-by-case basis, we generally vote against shareholder proposals seeking additional disclosure of executive and director compensation, including proposals that seek to specify the measurement of performance-based compensation, if the company is subject to SEC rules. Finally, we will support requiring a shareholder vote on management proposals to provide severance packages that exceed 2.99 times the sum of an executive officer's base salary plus bonus that are triggered by a change in control. Finally, we will support shareholder proposals requiring a company to expense compensatory employee stock options (to the extent the jurisdiction in which the company operates does not already require it) because we view this form of compensation as a significant corporate expense that should be appropriately accounted for.

2.9. Social and Corporate Responsibility

AllianceBernstein will review and analyze on a case-by-case basis proposals relating to social, political and environmental issues to determine whether they will have a financial impact on shareholder value. We will vote against proposals that are unduly burdensome or result in unnecessary and excessive costs to the company with no discernable benefits to shareholders. We may abstain from voting on social proposals that do not have a readily determinable financial impact on shareholder value.

3. Proxy Voting Procedures

3.1. Proxy Voting Committees

Our growth and value investment groups have formed separate proxy voting committees to establish general proxy policies for AllianceBernstein and consider specific proxy voting matters as necessary. These committees periodically review these policies and new types of corporate governance issues, and decide how we should vote on proposals not covered by these policies. When a proxy vote cannot be clearly decided by an application of our stated policy, the proxy committee will evaluate the proposal. In addition, the committees, in conjunction with the analyst that covers the company, may contact corporate management, interested shareholder groups and others as necessary to discuss proxy issues. Members of the committees include senior investment personnel and representatives of the Legal and Compliance Department. The committees may also evaluate proxies where we face a potential conflict of interest (as discussed below). Finally, the committees monitor adherence to these policies.

3.2. Conflicts of Interest

AllianceBernstein recognizes that there may be a potential conflict of interest when we vote a proxy solicited by an issuer whose retirement plan we manage or administer, who distributes AllianceBernstein-sponsored mutual funds, or with whom we have, or one of our employees has, a business or personal relationship that may affect (or may be reasonably viewed as affecting) how we vote on the issuer's proxy. Similarly, AllianceBernstein may have a potentially material conflict of interest when deciding how to vote on a proposal sponsored or supported by a shareholder group that is a client. We believe that centralized management of proxy voting, oversight by the proxy voting committees and adherence to these policies ensures that proxies are voted based solely on our clients' best interests. Additionally, we have implemented procedures to ensure that our votes are not the product of a material conflict of interest, including: (i) on an annual basis, the proxy committees taking reasonable steps to evaluate (A) the nature of AllianceBernstein's and our employees

material business and personal relationships (and those of our affiliates) with any company whose equity securities are held in client accounts and (B) any client that has sponsored or has a material interest in a proposal upon which we will be eligible to vote; (ii) requiring anyone involved in the decision making process to disclose to the chairman of the appropriate proxy committee any potential conflict that he or she is aware of (including personal relationships) and any contact that he or she has had with any interested party regarding a proxy vote; (iii) prohibiting employees involved in the decision making process or vote administration from revealing how we intend to vote on a proposal in order to reduce any attempted influence from interested parties; and (iv) where a material conflict of interests exists, reviewing our proposed vote by applying a series of objective tests and, where necessary, considering the views of third party research services to ensure that our voting decision is consistent with our clients' best interests.

Because under certain circumstances AllianceBernstein considers the recommendation of third party research services, the proxy committees take reasonable steps to verify that any third party research service is, in fact, independent taking into account all of the relevant facts and circumstances. This includes reviewing the third party research service's conflict management procedures and ascertaining, among other things, whether the third party research service (i) has the capacity and competency to adequately analyze proxy issues, and (ii) can make recommendations in an impartial manner and in the best interests of our clients.

3.3. Proxies of Certain Non-U.S. Issuers

Proxy voting in certain countries requires share blocking. Shareholders wishing to vote their proxies must deposit their shares shortly before the date of the meeting with a designated depository. During this blocking period, shares that will be voted at the meeting cannot be sold until the meeting has taken place and the shares are returned to the clients' custodian banks. Absent compelling reasons to the contrary, AllianceBernstein believes that the benefit to the client of exercising the vote is outweighed by the cost of voting (i.e. not being able to sell the shares during this period). Accordingly, if share blocking is required we generally choose not to vote those shares.

In addition, voting proxies of issuers in non-US markets may give rise to a number of administrative issues that may prevent AllianceBernstein from voting such proxies. For example, AllianceBernstein may receive meeting notices without enough time to fully consider the proxy or after the cut-off date for voting. Other markets require AllianceBernstein to provide local agents with power of attorney prior to implementing AllianceBernstein's voting instructions. Although it is AllianceBernstein's policy to seek to vote all proxies for securities held in client accounts for which we have proxy voting authority, in the case of non-US issuers, we vote proxies on a best efforts basis.

3.4. Loaned Securities

Many clients of AllianceBernstein have entered into securities lending arrangements with agent lenders to generate additional revenue. AllianceBernstein will not be able to vote securities that are on loan under these types of arrangements. However, under rare circumstances, for voting issues that may have a significant impact on the investment, we may request that clients recall securities that are on loan if we determine that the benefit of voting outweighs the costs and lost revenue to the client or fund and the administrative burden of retrieving the securities.

3.5. Proxy Voting Records

Clients may obtain information about how we voted proxies on their behalf by contacting their AllianceBernstein administrative representative. Alternatively, clients may make a written request for proxy voting information to: Mark R. Manley, Senior Vice President & Chief Compliance Officer, AllianceBernstein L.P., 1345 Avenue of the Americas, New York, NY 10105.

Information regarding how the AllianceBernstein mutual funds voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available at AllianceBernstein's web site at www.alliancebernstein.com and at the Securities and Exchange Commission's web site at www.sec.gov or is available by calling AllianceBernstein at (800) 227-4618.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

The day-to-day management of and investment decisions for the Fund are made by a team of investment professionals consisting of Messrs. Paul J. DeNoon, Gershon Distenfeld, Douglas J. Peebles and Matthew S. Sheridan.

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The following table sets forth when each person became involved in the management of the Fund, and each person's principal occupation during the past five years:

Employee; Year; Title	Principal Occupation During the Past Five (5) Years
Paul J. DeNoon; since 2002 Senior Vice President of the Adviser and Director of Emerging Market Debt	Senior Vice President of the Adviser, with which he has been associated in a substantially similar capacity to his current position since prior to 2004 and Director of Emerging Market Debt.
Gershon Distenfeld; since 2006 Vice President of the Adviser	Vice President of the Adviser, with which he has been associated in a substantially similar capacity to his current position since prior to 2004.
Douglas J. Peebles; since 2002 Executive Vice President of the Adviser, Chief Investment Officer and Co-Head of Fixed-Income	Executive Vice President of the Adviser, with which he has been associated in a substantially similar capacity to his current position since prior to 2004, and Chief Investment Officer and Co-Head of Fixed Income.
Matthew S. Sheridan; since 2008 Vice President of the Adviser	Vice President of the Adviser, with which he has been associated in a substantially similar capacity to his current position since prior to 2004.

(a) (2) The following tables provide information regarding registered investment companies other than the Fund, other pooled investment vehicles and other accounts over which the Fund's portfolio managers also have day-to-day management responsibilities. The tables provide the numbers of such accounts, the total assets in such accounts and the number of accounts and total assets whose fees are based on performance. The information is provided as of the Fund's fiscal year ended December 31, 2008.

REGISTERED INVESTMENT COMPANIES

(excluding the Fund)

	Total Number of Registered Investment Companies Managed	Total Assets of Registered Investment Companies Managed	Number of Registered Investment Companies Managed with Performance- based Fees	Total Assets of Registered Investment Companies Managed with Performance-based Fees
Portfolio Manager				
Paul J. DeNoon	17	5,126,000,000	1	11,000,000
Gershon Distenfeld	15	1,865,000,000	None	None
Douglas J. Peebles	35	16,630,000,000	1	12,000,000
Matthew S. Sheridan	14	5,009,000,000	None	None

POOLED INVESTMENT VEHICLES

	Total Number of Pooled Investment Vehicles Managed	Total Assets of Pooled Investment Vehicles Managed	Number of Pooled Investment Vehicles Managed with Performance-based Fees	Total Assets of Pooled Investment Vehicles Managed with Performance- based Fees
Portfolio Manager				
Paul J. DeNoon	34	9,593,000,000	1	133,000,000
Gershon Distenfeld	29	292,000,000	None	None
Douglas J. Peebles	67	15,857,000,000	1	171,000,000
Matthew S. Sheridan	25	8,835,000,000	None	None

OTHER ACCOUNTS

Portfolio Manager	Total Number of Other Accounts Managed	Total Assets of Other Accounts Managed	Number of Other Accounts Managed with Performance- based Fees	Total Assets of Other Accounts with Performance- based Fees
Paul J. DeNoon	102	18,816,000,000	4	2,475,000,000
Gershon Distenfeld	41	4,351,000,000	None	None
Douglas J. Peebles	331	34,171,000,000	9	3,246,000,000
Matthew S. Sheridan	98	18,667,000,000	4	2,475,000,000

Investment Professional Conflict of Interest Disclosure

As an investment adviser and fiduciary, Alliance owes its clients and shareholders an undivided duty of loyalty. We recognize that conflicts of interest are inherent in our business and accordingly have developed policies and procedures (including oversight monitoring) reasonably designed to detect, manage and mitigate the effects of actual or potential conflicts of interest in the area of employee personal trading, managing multiple accounts for multiple clients, including AllianceBernstein Mutual Funds, and allocating investment opportunities. Investment professionals, including portfolio managers and research analysts, are subject to the above-mentioned policies and oversight monitoring to ensure that all clients are treated equitably. We place the interests of our clients first and expect all of our employees to meet their fiduciary duties.

Employee Personal Trading. Alliance has adopted a Code of Business Conduct and Ethics that is designed to detect and prevent conflicts of interest when investment professionals and other personnel of Alliance own, buy or sell securities which may be owned by, or bought or sold for, clients. Personal securities transactions by an employee may raise a potential conflict of interest when an employee owns or trades in a security that is owned or considered for purchase or sale by a client, or recommended for purchase or sale by an employee to a client. Subject to the reporting requirements and other limitations of its Code of Business Conduct and Ethics, Alliance permits its employees to engage in personal securities transactions, and also allows them to acquire investments in the AllianceBernstein Mutual Funds through direct purchase, 401K/profit sharing plan investment and/or notionally in connection with deferred incentive compensation awards. Alliance's Code of Ethics and Business Conduct requires disclosure of all personal accounts and maintenance of brokerage accounts with designated broker-dealers approved by Alliance. The Code also requires preclearance of all securities transactions and imposes a one-year holding period for securities purchased by employees to discourage short-term trading.

Managing Multiple Accounts for Multiple Clients. Alliance has compliance policies and oversight monitoring in place to address conflicts of interest relating to the management of multiple accounts for multiple clients. Conflicts of interest may arise when an investment professional has responsibilities for the investments of more than one account because the investment professional may be unable to devote equal time and attention to each account. The investment professional or investment professional teams for each client may have responsibilities for managing all or a portion of the investments of multiple accounts with a common investment strategy, including other registered investment companies, unregistered investment vehicles, such as hedge funds, pension plans, separate accounts, collective trusts and charitable foundations. Among other things, Alliance's policies and procedures provide for the prompt dissemination to investment professionals of initial or changed investment recommendations by analysts so that investment professionals are better able to develop investment strategies for all accounts they manage. In addition, investment decisions by investment professionals are reviewed for the purpose of maintaining uniformity among similar accounts and ensuring that accounts are treated equitably. No investment professional that manages client accounts carrying performance fees is compensated

directly or specifically for the performance of those accounts. Investment professional compensation reflects a broad contribution in multiple dimensions to long-term investment success for our clients and is not tied specifically to the performance of any particular client's account, nor is it directly tied to the level or change in level of assets under management.

Allocating Investment Opportunities. Alliance has policies and procedures intended to address conflicts of interest relating to the allocation of investment opportunities. These policies and procedures are designed to ensure that information relevant to investment decisions is disseminated promptly within its portfolio management teams and investment opportunities are allocated equitably among different clients. The investment professionals at Alliance routinely are required to select and allocate investment opportunities among accounts. Portfolio holdings, position sizes, and industry and sector exposures tend to be similar across similar accounts, which minimizes the potential for conflicts of interest relating to the allocation of investment opportunities. Nevertheless, investment opportunities may be allocated differently among accounts due to the particular characteristics of an account, such as size of the account, cash position, tax status, risk tolerance and investment restrictions or for other reasons.

Alliance's procedures are also designed to prevent potential conflicts of interest that may arise when Alliance has a particular financial incentive, such as a performance-based management fee, relating to an account. An investment professional may perceive that he or she has an incentive to devote more time to developing and analyzing investment strategies and opportunities or allocating securities preferentially to accounts for which Alliance could share in investment gains.

To address these conflicts of interest, Alliance's policies and procedures require, among other things, the prompt dissemination to investment professionals of any initial or changed investment recommendations by analysts; the aggregation of orders to facilitate best execution for all accounts; price averaging for all aggregated orders; objective allocation for limited investment opportunities (*e.g.*, on a rotational basis) to ensure fair and equitable allocation among accounts; and limitations on short sales of securities. These procedures also require documentation and review of justifications for any decisions to make investments only for select accounts or in a manner disproportionate to the size of the account.

(a) (3) Portfolio Manager Compensation

Alliance's compensation program for investment professionals is designed to be competitive and effective in order to attract and retain the highest caliber employees. The compensation program for investment professionals is designed to reflect their ability to generate long-term investment success for our clients, including shareholders of the AllianceBernstein Mutual Funds. Investment professionals do not receive any direct compensation based upon the investment returns of any individual client account, nor is compensation tied directly to the level or change in level of assets under management. Investment professionals' annual compensation is comprised of the following:

(i) Fixed base salary: This is generally the smallest portion of compensation. The base salary is a relatively low, fixed salary within a similar range for all investment professionals. The base salary is determined at the outset of employment based on level of experience, does not change significantly from year-to-year and hence, is not particularly sensitive to performance.

(ii) Discretionary incentive compensation in the form of an annual cash bonus: Alliance's overall profitability determines the total amount of incentive compensation available to investment professionals. This portion of compensation is determined subjectively based on qualitative and quantitative factors. In evaluating this component of an investment professional's compensation, Alliance considers the contribution to his/her team or discipline as it relates to that team's overall contribution to the long-term investment success, business results and strategy of Alliance. Quantitative factors considered include, among other things, relative investment performance (*e.g.*, by comparison to competitor or peer group funds or similar styles of investments, and appropriate, broad-based or specific market indices), and consistency of performance. There are no specific formulas used to determine this part of an investment professional's compensation and the compensation is not tied to any pre-determined or specified level of performance. Alliance also considers qualitative factors such as the complexity and risk of investment strategies involved in the style or type of assets managed by the investment professional; success of marketing/business development efforts and client servicing; seniority/length of service with the firm; management and supervisory responsibilities; and fulfillment of Alliance's leadership criteria.

(iii) Discretionary incentive compensation in the form of awards under Alliance's Partners Compensation Plan (deferred awards): Alliance's overall profitability determines the total amount of deferred awards available to investment professionals. The deferred awards are allocated among investment professionals based on criteria similar to those used to determine the annual cash bonus. There is no fixed formula for determining these amounts. Deferred awards, for which there are various investment options, vest over a four-year period and are generally forfeited if the employee resigns or Alliance terminates his/her employment. Investment options under the deferred awards plan include many of the same AllianceBernstein Mutual Funds offered to mutual fund investors, thereby creating a close alignment between the financial interests of the investment professionals and those of Alliance's clients and mutual fund shareholders with respect to the performance of those mutual funds. Alliance also permits deferred award recipients to allocate up to 50% of their award to investments in Alliance's publicly traded equity securities.¹

(iv) Contributions under Alliance's Profit Sharing/401(k) Plan: The contributions are based on Alliance's overall profitability. The amount and allocation of the contributions are determined at the sole discretion of Alliance.

¹ Prior to 2002, investment professional compensation also included discretionary long-term incentive in the form of restricted grants of Alliance Capital's Master Limited Partnership Units.

(a) (4) The dollar range of the Fund's equity securities owned directly or beneficially by the Fund's portfolio managers as of the Fund's fiscal year ended December 31, 2008 is set forth below:

	DOLLAR RANGE OF EQUITY SECURITIES IN THE FUND
Paul J. DeNoon	None
Gershon Distenfeld	None
Douglas J. Peebles	None
Matthew S. Sheridan	None

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

There have been no purchases of equity securities by the Fund or by affiliated parties for the reporting period.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There have been no material changes to the procedures by which shareholders may recommend nominees to the Fund's Board of Directors since the Fund last provided disclosure in response to this item.

ITEM 11. CONTROLS AND PROCEDURES.

(a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended) are effective at the reasonable assurance level based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of this document.

(b) There were no changes in the registrant's internal controls over financial reporting that occurred during the second fiscal quarter of the period that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

The following exhibits are attached to this Form N-CSR:

EXHIBIT NO.	DESCRIPTION OF EXHIBIT
12 (a) (1)	Code of Ethics that is subject to the disclosure of Item 2 hereof
12 (b) (1)	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12 (b) (2)	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12 (c)	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant): AllianceBernstein Income Fund, Inc.

By: /s/ Robert M. Keith
Robert M. Keith

President

Date: February 27, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Robert M. Keith
Robert M. Keith

President

Date: February 27, 2009

By: /s/ Joseph J. Mantineo
Joseph J. Mantineo

Treasurer and Chief Financial Officer

Date: February 27, 2009