



**AllianceBernstein Municipal Income Fund, Inc.
Insured National Portfolio**

**1345 Avenue of the Americas
New York, New York 10105**

September 24, 2008

Dear Shareholders:

Recently, the Board of Directors of AllianceBernstein Municipal Income Fund, Inc. (the "Fund") approved proposals to eliminate the non-fundamental policy of Insured National Portfolio (the "Portfolio") to invest at least 80% of its net assets in insured municipal securities and, consistent with the change in policy, to rename the Portfolio "National Portfolio II". The policy and name change were approved by the Directors upon the recommendation of the Fund's adviser, AllianceBernstein L.P. (the "Adviser"), which advised the Board that it believes that, as a result of declines in the credit quality and associated downgrades of most bond insurers, insurance has less value than in the past. Previously, insured municipal securities typically received higher credit ratings and the issuer paid a lower interest rate. Today, the market values insured municipal securities primarily based on the credit quality of the issuer of the security with little value given to the insurance feature. In addition, there are fewer issuances of insured municipal securities. The Adviser believes that it could better evaluate the risk and return characteristics of municipal securities through its own research and provide investors with a greater opportunity for higher risk-adjusted returns than those available from a portfolio primarily invested in insured municipal securities. After careful consideration, the Board approved the Adviser's proposal.

Along with the change in name and 80% policy to invest in insured municipal securities, the Board also approved a proposal, effective immediately, to eliminate the Portfolio's non-fundamental policies relating to the insurers' ratings. These policies include (i) that no more than 25% of the Portfolio's total assets may be invested in insured municipal securities covered by policies issued by insurers with a claims-paying ability rated below AA by Moody's, S&P or Fitch and (ii) that no insured security purchased by the Portfolio can be covered by a policy issued by an insurer with a claims-paying ability rated below A. The Adviser advised the Directors that these restrictions might unduly limit the Portfolio's investment opportunities in light of recent and foreseeable downgrades of certain insurance companies. The Portfolio will continue to invest predominantly in investment grade municipal securities.

We believe that these changes should offer you similar or better returns while not compromising the credit quality of your investment.

Thank you for your continued interest in the Portfolio.

Sincerely,

Robert M. Keith
President