Conference Call Update: ACM Managed Income Fund

January 30, 2007 4:30 p.m. ET

Moderator: **Rick Brink**, Vice President, Senior Investment Product manager for AllianceBernstein Global Fixed Income Products

Speaker: **Paul DeNoon**, Senior Vice President, Senior Portfolio Manager for ACM Managed Income.

Operator: Good day, and welcome to the AllianceBernstein Closed End Fund Call Update. As a reminder, today's call is being recorded.

At this time, I'll turn the conference over to Mr. Rick Brink. Please go ahead.

Rick Brink: Thank you, Sherlon. Good afternoon, everyone, and thank you for joining us on the call today. My name is Rick Brink, and I am the Senior Product Manager for Global Fixed Income at AllianceBernstein.

A short while ago, we issued a Press Release regarding the ACM Managed Income Fund, Inc, and the release declared a monthly dividend for the fund of 1.9 cents per share, representing an increase of 0.4 cents per share from the previous month.

In order to discuss the factors underlying the dividend increase, I am joined on the call by Paul DeNoon, Director of Emerging Market Debt and a Senior Portfolio Manager. As soon as Paul has concluded his remarks, we will open the line up for questions for members of the analyst community. All other callers will be in a listen-only mode. If you are an analyst dialing in for today's call, please make sure that you're using one of the phone numbers that were emailed to you on Monday.

At this time, I would like to turn the call over to Paul DeNoon. Paul?

Paul DeNoon: Thank you. As Rick mentioned, the purpose of this call is to discuss the increase in the monthly dividend of the ACM Managed Income Fund, Inc. To restate our Press Release, the monthly dividend declared today and payable on February 23 for ACM Managed Income Fund is 1.9 cents per share, representing an increase of 0.4 cents per share from the previous month.

The fund's dividend rate is set as close as possible to our expectation of the portfolio's earning power. The portfolio is positioned based upon what we believe is consistent with the appropriate risk levels and valuations in the marketplace. The last change in the dividend for the ACM Managed Income Fund was made 2006.

The main reason for the dividend increase relates to a change in the fund's approach to generating leverage. On November 2, 2006, AllianceBernstein, on behalf of ACM Managed Income Fund, issued a press release stating that the fund's board of directors had approved the redemption of its outstanding preferred shares. The rationale behind this action was based upon our analysis, which indicated that the use of preferred share had become a less efficient means of obtaining leverage. In discussion with the fund's board, the decision was made to replace the preferred shares with market-based sources of leverage, such as reverse repurchase agreements. The efficiency realized by this change has resulted in a reduction in borrowing cost and management expense, which, in turn, increased the earnings power of the fund. The increased dividend level announced today reflects that increase.

This concludes my prepared remarks. I would like to thank you very much for your time and your investment in the ACM Managed Income Fund.

Rick?

Rick Brink: Sherlon, please, if you would, guide the participants on asking questions at this time.

Operator: The question-and-answer session will be conducted electronically. To ask a question, please press the star key, followed by the digit one on your touch-tone telephone. If you are using a speakerphone, please make sure the mute function is turned off to allow your signal to reach our equipment.

Again, that's star one if you would like to pose your question at this time, and we'll pause for a moment to assemble the roster.

We'll have our first question from Marianna Bush, Wachovia.

Marianna Bush: Good afternoon. Thank you very much for the call. My question is was the level of leverage changed as well, or just the type of leverage, and can you remind me, the preferred was a floating preferred?

Paul DeNoon: The preferred was a floating rate preferred, and the amount of leverage was also lowered in the fund. The – and that's not only our analysis of how much leverage we want it to employ at this point, but also because of the new source of leverage, using an instrument that's considered debt versus an equity share, we are – we will no longer in the future be able to leverage the fund as much as we have in the past. So there was a reduction in leverage.

Marianna Bush: Thank you.

Operator: Just a reminder, it is star one if you'd like to pose a question at this time. And we'll pause for a moment.

We have a follow-up from Marianna Bush with Wachovia.

Marianna Bush: Sorry, I don't mean to monopolize the questions, but can you give us a feel of the difference in the cost of borrowing, the high of the preferred and the low of the – of the new leverage?

Paul DeNoon: Yes. The difference in the cost of leverage is probably on the magnitude of 35 to 45 basis points. The auction rate preferred was a LIBOR-plus type borrowing arrangement, and we believe, through reverse repos, and taking advantage of bonds that are – that we can lend out on special, that we should be able to generate LIBOR-less type funding.

Marianna Bush: Thanks.

Operator: Again, it's star one to pose your question. And at this time, Mr. Brink, we have no further questions in the queue.

Rick Brink: OK, thank you, Sherlon.

Well, ladies and gentlemen, thank you very much for joining us on the call today and for your continued support of our investment solutions. This does conclude our call.

Sherlon, if you would, please, can I ask you to go through replay instructions for the participants?

Operator: If you would like to dial-in to the replay of today's conference, it does start on today's date, January 30, 2007 at 5:30 p.m. Central Time. It does end on February 28, 2007 at 11:59 p.m. Central Time. The phone number to dial-in for International callers is 719-457-0820. If you are within the United States, you may call 888-203-1112. The Access code is 5946513.

Mr. Brink, any additional remarks?

Rick Brink: No, thank you, Sherlon.

Operator: That does conclude today's conference call. You may disconnect at this time. We do appreciate your participation.

ACM Managed Income Fund Shareholder Information—The daily net asset value of the closed-end 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. Daily market prices for the Fund's shares are published in the New York Stock Exchange Composite Transaction section of newspapers. The Fund's NYSE trading symbol is "AMF."

A Word About Risk—Price fluctuations in the Fund's securities may be caused by changes in the general level of interest rates or changes in bond credit quality ratings. Increases in interest rates may cause the value of the Fund's investment to decline. Changes in interest rates have a greater effect on bonds with longer maturities than on those with shorter maturities. Treasury securities provide fixed rates of return, as well as principal guarantees, if held to maturity. The Fund's investments in foreign securities are subject to risks not associated with investing in U.S. government securities, such as the risk of adverse changes in currency exchange rates, exchange control regulations and the application of foreign tax laws. The Fund can invest in high yield and non-investment grade bonds. Such bonds (also known as "junk bonds") involve a greater risk of default and price volatility than other bonds. Investing in non-investment grade securities presents special risks, including credit risk. Similar to direct bond ownership, bond funds have the same interest rate, inflation and credit risks that are associated with underlying bonds owned by the Fund. Fund purchasers should understand that, in contrast to owning individual bonds, there are ongoing fees and expenses associated with owning shares of bond funds. While the Fund invests principally in bonds and other 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.

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AllianceBernstein
Investments

1345 Avenue of the Americas
New York, NY 10105
1.800.227.4618

GEN–2849–0207

www.alliancebernstein.com