



**ALLIANCEBERNSTEIN MUNICIPAL INCOME FUND, INC. — NATIONAL PORTFOLIO II
ALLIANCEBERNSTEIN MUNICIPAL INCOME FUND II — FLORIDA PORTFOLIO**

1345 Avenue of the Americas
New York, New York 10105

March 27, 2009

Dear Shareholders:

The Board of Directors of AllianceBernstein Municipal Income Fund, Inc. (“Muni Income”) and the Board of Trustees of AllianceBernstein Municipal Income Fund II (“Muni Income II”) are asking the shareholders of National Portfolio II (“National II”), a series of Muni Income, and Florida Portfolio (“Florida”), a series of Muni Income II, to approve the acquisition of the assets and liabilities of each portfolio by National Portfolio (“National”), another series of Muni Income. For this purpose, you are invited to a Joint Special Meeting of Shareholders of National II and Florida (the “Meeting”) to be held on Thursday, May 21, 2009. We sometimes refer to each of National II, Florida and National as a “Portfolio” and, together, as the “Portfolios”.

The proposed acquisitions are described in more detail in the attached combined Prospectus/Proxy Statement. You should review the Prospectus/Proxy Statement carefully and retain it for future reference. If the shareholders of each of National II and Florida approve the acquisitions by National, the acquisitions will take effect in the second quarter of 2009. Each acquisition will not be contingent upon the other acquisition.

National has the same investment objective as National II and substantially the same investment objective as Florida. Florida has an additional investment objective of achieving income exempt from Florida state taxation but the State of Florida has repealed the relevant state taxation. All three Portfolios follow very similar investment strategies, except that National II invests principally in securities exempt from the federal alternative minimum tax (“AMT”) while National and Florida may invest without limit in securities subject to the AMT for certain taxpayers. We anticipate that the proposed acquisitions will result in benefits to the shareholders of National II and Florida, including a reduction in expenses, as discussed more fully in the Prospectus/Proxy Statement.

The Boards of Directors and Trustees (the “Directors”) of Muni Income and of Muni Income II have given careful consideration to the proposed acquisitions and have concluded that the acquisitions are in the best interests of National II and Florida. The Directors unanimously recommend that you vote “for” the proposed acquisition of your Portfolio by National.

If the acquisition of each of National II and Florida by National is approved by their shareholders, each shareholder will receive shares of National of the same class as the shares the shareholder currently owns. These shares will have an aggregate net asset value (“NAV”) equal to the aggregate NAV of the shareholder’s shares in the Portfolio. Each Portfolio would then terminate. Shareholders of National II and Florida will not be assessed any initial sales charges, contingent deferred sales charges or other individual shareholder fees in connection with the proposed acquisitions.

We welcome your attendance at the May 21, 2009 Meeting. If you are unable to attend, we encourage you to authorize proxies to cast your votes. Broadridge (the “Proxy Solicitor”), a proxy solicitation firm, has been selected to assist in the proxy solicitation process. If we have not received your proxy as the date of the Meeting approaches, you may receive a telephone call from the Proxy Solicitor to remind you to submit your proxy. No matter how many shares you own, your vote is important.

Sincerely,

Robert M. Keith
President

ALLIANCEBERNSTEIN MUNICIPAL INCOME FUND, INC. — NATIONAL PORTFOLIO II
ALLIANCEBERNSTEIN MUNICIPAL INCOME FUND II — FLORIDA PORTFOLIO

1345 Avenue of the Americas
New York, New York 10105

NOTICE OF A JOINT SPECIAL MEETING OF SHAREHOLDERS
SCHEDULED FOR MAY 21, 2009

To the shareholders of National Portfolio II (“National II”), a series of AllianceBernstein Municipal Income Fund, Inc., a Maryland corporation (“Muni Income”):

Notice is hereby given that a Special Meeting of the Shareholders of National II (the “Meeting”) will be held at the office of Muni Income, 1345 Avenue of the Americas, 8th Floor, New York, New York 10105 on Thursday, May 21, 2009, at 3:00 p.m., Eastern time, to consider and vote on the following proposal, which is more fully described in the accompanying Prospectus/Proxy Statement dated March 27, 2009:

1. To approve a Plan of Acquisition and Liquidation of Muni Income with respect to its series, National II and National, providing for the acquisition by National of all of the assets and assumption of all of the liabilities of National II in exchange for shares of National and subsequent termination of National II.
2. To transact any other business that may properly come before the Meeting and any adjournments or postponements thereof.

To the shareholders of Florida Portfolio (“Florida”), a series of AllianceBernstein Municipal Income Fund II, a Massachusetts business trust (“Muni Income II”):

Notice is hereby given that a Special Meeting of the Shareholders of Florida (the “Meeting”) will be held at the office of Muni Income II, 1345 Avenue of the Americas, 8th Floor, New York, New York 10105 on Thursday, May 21, 2009, at 3:00 p.m., Eastern time, to consider and vote on the following proposal, which is more fully described in the accompanying Prospectus/Proxy Statement dated March 27, 2009:

1. To approve an Agreement and Plan of Acquisition between Muni Income and Muni Income II, providing for the acquisition by National of all of the assets and assumption of all of the liabilities of Florida in exchange for shares of National and subsequent termination of Florida.
2. To transact any other business that may properly come before the Meeting and any adjournments or postponements thereof.

Any shareholder of record of National II or Florida at the close of business on March 31, 2009 is entitled to notice of, and to vote at, the Meeting or any adjournments or postponements thereof. Proxies are being solicited on behalf of the Board of Directors of Muni Income and the Board of Trustees of Muni Income II. Each shareholder who does not expect to attend the Meeting and vote in person is requested to complete, date, sign and promptly return the enclosed proxy card, or to submit voting instructions by telephone as described on the enclosed proxy card.

By Order of the Board of Directors and the Board
of Trustees,

Robert M. Keith
President

New York, New York
March 27, 2009

YOUR VOTE IS IMPORTANT

Please indicate your voting instructions on the enclosed Proxy Card, sign and date it, and return it in the envelope provided, which needs no postage if mailed in the United States. You may by telephone or via the internet authorize a proxy to vote your shares. To do so, please follow the instructions on the enclosed Proxy Card. Your vote is very important no matter how many shares you own. In order to save any additional costs of further proxy solicitation and to allow the Meeting to be held as scheduled, please complete, date, sign and return your Proxy Card promptly.

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PROSPECTUS/PROXY STATEMENT

Acquisition of the Assets and Assumption of the Liabilities of

ALLIANCEBERNSTEIN MUNICIPAL INCOME FUND, INC. — NATIONAL PORTFOLIO II ALLIANCEBERNSTEIN MUNICIPAL INCOME FUND II — FLORIDA PORTFOLIO

By, and in Exchange for Shares of,

ALLIANCEBERNSTEIN MUNICIPAL INCOME FUND, INC. — NATIONAL PORTFOLIO

MARCH 27, 2009

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QUESTIONS AND ANSWERS

The following questions and answers provide an overview of key features of the proposed acquisitions and of the information contained in this Prospectus/Proxy Statement. Some of the information provided below and in this Prospectus/Proxy Statement applies to both National Portfolio II (“National II”), a series of AllianceBernstein Municipal Income Fund, Inc. (“Muni Income”), and Florida Portfolio (“Florida”), a series of AllianceBernstein Municipal Income Fund II (“Muni Income II”), and some to only one portfolio. (Muni Income and Muni Income II are each a “Fund” and collectively, the “Funds”) You do not necessarily need to review information that does not apply to the portfolio in which you own shares unless, of course, you own shares in both portfolios. Where information applies only to one portfolio, we have tried to identify the portfolio to make it easier for you to focus on information that is relevant to your vote. Please review the full Prospectus/Proxy Statement prior to casting your vote.

1. What is this document and why did we send this document to you?

This is a combined Prospectus/Proxy Statement that provides you with information about the proposed acquisitions of the assets and liabilities of National II and Florida (each an “Acquisition” and, collectively, the “Acquisitions”) by National Portfolio (“National”), a series of Muni Income. (National, National II and Florida are, collectively, the “Portfolios.”) This document also solicits votes of the respective shareholders of each of National II and Florida on their respective Acquisitions by requesting that National II shareholders approve a Plan of Acquisition and Liquidation and that Florida shareholders approve an Agreement and Plan of Acquisition, each dated as of February 6, 2009 (each a “Plan” and, collectively, the “Plans”) and the subsequent termination of each of National II and Florida.

- National II

On February 5, 2009, the Board of Directors of Muni Income approved and declared advisable the Acquisition and the subsequent termination of National II and directed that the Acquisition and termination be submitted to the shareholders of National II for approval at a Joint Special Meeting of Shareholders to be held on May 21, 2009 at 3:00 p.m., Eastern time (the “Meeting”). You are receiving this Prospectus/Proxy Statement because you own shares of National II. The Acquisition will not occur unless it is approved by National II shareholders. This Prospectus/Proxy Statement contains the information you should know before voting on the Acquisition.

- Florida

On February 5, 2009, the Board of Trustees of Muni Income II approved and declared advisable the Acquisition and the subsequent termination of Florida and directed that the Acquisition and termination be submitted to the shareholders of Florida for approval at the Meeting. You are receiving this Prospectus/Proxy Statement because you own shares of Florida. This Prospectus/Proxy Statement contains the information you should know before voting on the Acquisition.

Please note that each Acquisition is not contingent on the other Acquisition proposed in this Prospectus/Proxy Statement. Shareholders may contact a Portfolio at 1-800-221-5672 or write to a Portfolio at 1345 Avenue of the Americas, New York, NY 10105.

2. Who is eligible to vote on the Acquisition?

Shareholders of record of each of National II and Florida at the close of business on March 31, 2009 (the “Record Date”) are entitled to notice of, and to vote at, their respective Meeting or any adjournment or postponement thereof. If you owned National II or Florida shares on the Record Date, you have the right to vote even if you later sold your shares.

Each share is entitled to one vote. Shares represented by properly executed proxies, unless revoked before or at the Meeting, will be voted according to shareholders’ instructions. If you sign and return a Proxy Card but do not fill in a vote, your shares will be voted “FOR” the Acquisition. If any other business properly comes before the Meeting, your shares will be voted at the discretion of the persons named as proxies.

3. How will the Acquisitions work?

Each Plan provides for (i) the transfer of all of the assets of each of National II or Florida, as the case may be, to National, (ii) the assumption by National of all of their respective liabilities, (iii) the issuance to each of National II's and Florida's shareholders of shares of the equivalent class of National, equal in aggregate net asset value ("NAV") to the NAV of their former shares, in redemption of their shares, and (iv) the termination of each of National II and Florida, respectively.

As a shareholder of National II and Florida, you will receive the same class of shares of National as the shares you currently own, having an aggregate NAV equal to the aggregate NAV of shares currently held. The contingent deferred sales charge ("CDSC") period applicable to your shares prior to the Acquisition will continue to apply to the shares of National issued in the Acquisition. Shareholders of National II and Florida will not be assessed any sales charges or other shareholder fees in connection with the Acquisitions. The Acquisition will not occur unless it is approved by the shareholders of each of National II and Florida.

4. Why are the Acquisitions being proposed?

After considering the recommendation of AllianceBernstein L.P. (the "Adviser"), the Boards of Directors and Trustees (the "Directors") of the Funds, on behalf of each of National II and Florida, respectively, concluded that participation by National II and Florida, respectively, in the Acquisitions is in the best interests of each of them. The Directors also concluded that the Acquisitions would not dilute shareholders' interests. In reaching this conclusion, the Directors considered, among other things, the similar investment objectives and strategies and differences among the investment policies of the Portfolios, the expense ratio reduction expected to result from the Acquisitions, the continuity of the portfolio management team, the comparison of fees for the Portfolios and the pro forma combined Portfolio, the costs of the Acquisitions, and the tax-free nature of the Acquisitions.

5. When will the Acquisitions take place?

If the shareholders of each of National II and Florida approve the Acquisitions by National on May 21, 2009, then the Acquisitions are expected to occur in the second quarter of 2009.

6. Who will bear the expenses of the Acquisitions?

Each of National II and Florida will bear the expenses of their respective Acquisition, which are estimated to be approximately \$140,000 for each Acquisition. Due to the Adviser's expense limitation undertakings, however, the Adviser will ultimately bear these expenses.

7. Where may I find additional information regarding the Portfolios?

Additional information about the Portfolios is available in:

- the Statement of Additional Information ("SAI") dated March 27, 2009 that has been filed with the Securities and Exchange Commission ("SEC") in connection with this Prospectus/Proxy Statement;
- the SAI and Annual Reports to Shareholders for National, National II and Florida, which contain audited financial statements for the fiscal year ended October 31, 2008, October 31, 2008 and September 30, 2008, respectively;
- the Semi-Annual Reports for National, National II and Florida for the six-month period ended April 30, 2008, April 30, 2008 and March 31, 2008, respectively; and
- the prospectus and SAI for each of National II and Florida dated January 30, 2009, as supplemented (collectively, the "Prospectuses"), which are incorporated by reference into this Prospectus/Proxy Statement.

National's and National II's SEC file number is 811-04791 and Florida's SEC file number is 811-07618.

Copies of the Annual and Semi-annual Reports and the Prospectuses are available at www.alliancebernstein.com and are also available, along with this Prospectus/Proxy Statement and SAI, upon request, without charge, by writing to the address or calling the telephone number listed below.

By mail: AllianceBernstein Investor Services, Inc.
P.O. Box 786003
San Antonio, TX 78278-6003

By phone: For Information: 1-800-221-5672
For Literature: 1-800-227-4618

All of this additional information is also available in documents filed with the SEC. You may view or obtain these documents from the SEC:

In person: at the SEC's Public Reference Room in Washington, DC

By phone: 1-202-551-8090 (for information on the operations of the Public Reference Room only)

By mail: Public Reference Section, Securities and Exchange Commission, Washington, DC
20549-0102 (duplicating fee required)

By electronic mail: publicinfo@sec.gov (duplicating fee required)

On the Internet: www.sec.gov

Other Important Things to Note:

- You may lose money by investing in the Portfolios.
- The SEC has not approved or disapproved these securities or passed upon the adequacy of this Prospectus/Proxy Statement. Any representation to the contrary is a criminal offense.

PROPOSAL

APPROVAL OF A PLAN OF ACQUISITION AND LIQUIDATION OF ALLIANCEBERNSTEIN MUNICIPAL INCOME FUND, INC. WITH RESPECT TO ITS SERIES, NATIONAL PORTFOLIO II AND NATIONAL PORTFOLIO

APPROVAL OF AN AGREEMENT AND PLAN OF ACQUISITION BETWEEN ALLIANCEBERNSTEIN MUNICIPAL INCOME FUND II AND ALLIANCEBERNSTEIN MUNICIPAL INCOME FUND, INC. RELATING TO THE ACQUISITION OF THE ASSETS AND LIABILITIES OF ALLIANCEBERNSTEIN MUNICIPAL INCOME FUND II — FLORIDA PORTFOLIO

On February 5, 2009, the Directors of the Funds, on behalf of National II and Florida (each an “Acquired Portfolio” and, together, the “Acquired Portfolios”), declared advisable and voted to approve the Plan and the Acquisition applicable to each Acquired Portfolio, subject to the approval of the shareholders of that Portfolio. Each Plan provides for (i) the transfer of all of the assets of an Acquired Portfolio to National, (ii) the assumption by National of all of the liabilities of the Acquired Portfolio, (iii) the issuance to each Acquired Portfolio’s shareholders of the equivalent class of shares of National, equal in aggregate NAV to the NAV of their former Acquired Portfolio shares in redemption of their Acquired Portfolio shares, and (iv) the termination of the Acquired Portfolio.

Each Acquired Portfolio shareholder will receive the number of full and fractional shares of National having an aggregate NAV that, on the effective date of the Acquisition, is equal to the aggregate NAV of the shareholder’s shares of the Acquired Portfolio. Shareholders of the Acquired Portfolios will recognize no gain or loss. If approved by the shareholders of the Acquired Portfolios, the Acquisitions are expected to occur in the second quarter of 2009.

The Acquisitions require shareholder approval. The shareholders of each of National II and Florida must approve the proposal submitted to them in order for the applicable Acquisition to occur. Although the Directors are proposing that National acquire each of the Acquired Portfolios, the acquisition of one Acquired Portfolio is not contingent upon the acquisition of the other Acquired Portfolio. For National II, approval of the Acquisition requires the affirmative vote of the holders of a “majority of the outstanding voting securities” of the Portfolio, as defined in the Investment Company Act of 1940, as amended (the “1940 Act”). Under the 1940 Act, a vote of the holders of a majority of the outstanding voting securities of a Portfolio means the vote of the holders of the lesser of: (i) 67% or more of the outstanding shares of the Portfolio present at the Meeting, if the holders of more than 50% of the outstanding shares are present or represented by proxy, or (ii) more than 50% of the outstanding shares of the Portfolio. For Florida, approval of the Acquisition requires the affirmative vote of the holders of not less than a majority of the outstanding shares of the Portfolio.

A quorum for the transaction of business by the shareholders of National II at the Meeting will consist of the presence in person or by proxy of the holders of one-third of the shares of National II entitled to vote at the Meeting. A quorum for the transaction of business by the shareholders of Florida at the Meeting will consist of the presence in person or by proxy of the holders of a majority of the shares of Florida entitled to vote at the Meeting.

The Directors concluded that participation by the respective Acquired Portfolio in each Acquisition is in the best interests of each of the Portfolios. The Directors also concluded that the Acquisitions would not dilute shareholders’ interests. In reaching this conclusion, the Directors considered, among other things, the similar investment objectives and strategies and differences among the investment policies of the Portfolios, the expense ratio reduction expected to result from each of the Acquisitions, the continuity of the portfolio management team, the comparison of fees, expenses, portfolio composition and yield for the Portfolios with those of the pro forma combined Portfolio, the costs of the Acquisitions, and the tax-free nature of the Acquisitions.

For a more complete discussion of the factors considered by the Directors in approving the Acquisitions, see “Reasons for the Acquisitions” in Information About the Proposed Transactions.

SUMMARY

The following summary highlights differences between National and each Acquired Portfolio. This summary is not complete and does not contain all of the information that you should consider before voting on the Acquisition. For more complete information, please read this entire document. This Prospectus/Proxy-Statement, the accompanying Notice of the Meeting and the enclosed proxy card are being mailed to shareholders of the Acquired Portfolios on or about March 31, 2009. Certain information presented to the Directors at the February 3-5, 2009 Regular Meetings of the Board of Directors of Muni Income and the Board of Trustees of Muni Income II (the “Board Meetings”) is as of October 31, 2008. The Adviser represented to the Directors that, if the information were updated, it would not differ in any material respect.

Each of National II and Florida is a diversified open-end fund, with assets of, as of October 31, 2008, approximately \$142 million and \$150 million, respectively, that invests principally in high-yielding, predominantly investment grade, municipal securities. As a matter of fundamental policy, each of National II and Florida invests, under normal circumstances, at least 80% of its net assets in municipal securities with interest that is exempt from federal income tax. Florida has an additional investment objective of achieving income exempt from Florida state taxation and a related fundamental investment policy but the State of Florida has repealed the relevant state taxation. National is a diversified open-end fund, and is significantly larger than National II and Florida, with assets of, as of October 31, 2008, approximately \$482 million. National pursues investment strategies that are similar to those of National II and Florida. The principal difference between National II and the other two Portfolios is that National II invests principally in securities exempt from the federal alternative minimum tax (“AMT”), while Florida and National may invest, without limitation, in securities subject to the AMT for certain taxpayers.

National has in many years outperformed National II on a calendar year basis but National II’s average annual returns, as reflected in the chart below, are better due to deterioration in the credit markets in 2008, which led to better performance for the higher credit quality bonds that were held by National II. Although Florida has outperformed National over 10-year annualized periods, it is expected that the two Portfolios should perform increasingly similarly going forward because the Portfolios invest in the same pool of eligible securities since the repeal of the relevant Florida state taxation. Comparative annualized and calendar year performance for the Portfolios’ Class A shares as of December 31, 2008 is shown in the chart below.

<u>Annualized</u>										
	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>	<u>Ten Years</u>						
National II	-2.75%	1.33%	2.40%	3.53%						
Florida	-9.28%	-0.90%	1.37%	3.22%						
National	-9.41%	-0.88%	1.33%	2.60%						
<u>Calendar Year Performance</u>										
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
National II	-2.75%	2.72%	4.15%	3.72%	4.32%	7.20%	6.90%	4.80%	12.08%	-6.61%
Florida	-9.28%	2.27%	4.89%	4.74%	5.01%	5.40%	7.84%	5.99%	10.64%	-3.81%
National	-9.41%	1.90%	5.51%	4.60%	4.84%	7.42%	4.01%	4.85%	9.80%	-5.89%

The historical performance of the Portfolios is provided in Appendix A. Additional discussion of the material factors affecting National’s performance is provided in Appendix B.

Comparison of Operating Expenses

The Acquired Portfolios, because of their small asset size, have higher operating costs and therefore a higher expense ratio than National. The Acquisitions are expected to result in an operating expense ratio for the combined Portfolio that is lower than the current, actual gross operating expense ratio of each Acquired Portfolio, and

a reduction in operating expenses after waiver for the Acquired Portfolios. The Adviser has adopted an expense cap for the Class A shares of National II and Florida, of 1.04% and .78%, respectively (with corresponding expense caps for other classes of shares), that is effective through October 31, 2009 for National II and September 30, 2009 for Florida. Effective January 1, 2009, the Adviser adopted an expense cap for the Class A shares of National of .75% (with corresponding expense caps for other classes of shares) that is effective through October 31, 2009. The expense caps continue for one-year periods unless terminated by the Adviser upon 60 days' notice prior to a Portfolio's fiscal year end.

The following table illustrates, as of October 31, 2008, the expected reduction in operating expenses for the Class A shares of each Portfolio, as well as expense ratios, assuming that either or both Acquisitions are consummated.

	<u>Total Annual Expense Ratio</u>	<u>Total Annual Expense Ratio with Fee Cap</u>
National II	1.06%	1.04%
Florida	.98%	.78%
National	.91%	.75%*
National II Acquisition Alone (pro forma)	.89%	.75%*
Florida Acquisition Alone (pro forma)	.89%	.75%*
All Three Combined Portfolio (pro forma)	.87%	.75%*

* Reflects expense cap for National effective January 1, 2009.

As the table indicates, the operating expenses per share, after fee waiver, would be reduced for National II by .29% (.19% before fee waiver) and for Florida by .03% (.11% before fee waiver), if both of the Acquisitions are consummated. If only one of the Acquisitions is approved, the operating expenses per share, after fee waiver, would be reduced by the same amount but by slightly less before fee waivers, *i.e.*, .17% for National II and .09% for Florida. The Fee Table, attached hereto as Appendix C, describes the fees and expense of each Portfolio as of October 31, 2008 and includes pro forma expenses for the combined Portfolio, assuming that the Acquisition is approved by shareholders of each Acquired Portfolio.

The expenses of the Acquisitions will be borne by National II and Florida. Due to the Adviser's expense limitation undertakings, the Adviser will ultimately bear these expenses.

Comparison of Investment Advisory Fees

The Portfolios have substantially the same investment advisory agreements and pay a monthly advisory fee at the same annual rate of .45% of each Portfolio's average daily net assets and have the same breakpoint schedule. The annual advisory fee rates are .45% of the first \$2.5 billion, .40% of the excess of \$2.5 billion up to \$5 billion and .35% of the excess over \$5 billion of each Portfolio's average daily net assets. In addition, the advisory agreements provide for the Portfolios to reimburse the Adviser for expenses incurred in providing administrative services to the Portfolios. For their most recently completed fiscal years, these reimbursements amounted to .07%, .05% and .02% for National II, Florida and National, respectively.

Comparison of Investment Objectives and Policies

Summary: Given their shared investment objective and guidelines, each Portfolio tends to invest in similar types of bonds, both with respect to maturity and credit quality. Each Portfolio predominantly holds bonds with maturities greater than 10 years because these bonds generate more income than bonds with shorter maturities. Florida and National have similar average portfolio credit quality since these Portfolios have shared the same guidelines with respect to credit quality since their inception dates. Largely due to National II's previous requirement of investing principally in insured bonds, it has a somewhat higher credit quality. This requirement was eliminated in December 2008, and the Adviser believes that the shareholders will benefit from a credit quality more similar to that of Florida and National.

Discussion: All three Portfolios pursue the same investment objective: to earn the highest level of current income, exempt from Federal taxation, that is available without assuming what the Adviser considers to be undue risk. Florida has an additional investment objective of achieving income exempt from Florida state taxation and a related fundamental investment policy, which has been mooted by the repeal of any such taxation. All three Portfolios also have identical fundamental investment policies except, as discussed below, that Florida and National may invest, without limitation, in securities subject to the AMT for certain taxpayers while National II's investments are principally limited to securities exempt from the AMT. Each of the Portfolios invests primarily in investment grade municipal securities with interest that is exempt from federal income tax. The following table shows the investment objective and principal investment strategies of each Portfolio.

	<u>National II</u>	<u>Florida</u>	<u>National</u>
Investment Objective	The investment objective of the Portfolio is to earn the highest level of current income, exempt from Federal taxation, that is available without assuming what the Adviser considers to be undue risk.	The investment objective of the Portfolio is to earn the highest level of current income, exempt from Federal taxation and State of Florida taxation, that is available without assuming what the Adviser considers to be undue risk.	Same as National II.
Principal Investment Strategies	<p>(i) The Portfolio is diversified.</p> <p>(ii) The Portfolio invests, under normal circumstances, at least 80% of its net assets in municipal securities with interest that is exempt from federal income tax, including the AMT.</p> <p>(iii) The Portfolio may invest 25% or more of its total assets in municipal securities whose issuers are located in the same state.</p> <p>(iv) The Portfolio may purchase municipal securities that are insured under policies issued by certain insurance companies.</p>	<p>(i) Same as National II.</p> <p>(ii) The Portfolio invests, under normal circumstances, at least 80% of its net assets in municipal securities with interest that is exempt from federal income tax and at least 80% of its net assets in municipal securities issued by the State of Florida or municipal securities with interest that is otherwise exempt from Florida income tax.</p> <p>(iii) Same as National II.</p>	<p>(i) Same as National II.</p> <p>(ii) The Portfolio invests, under normal circumstances, at least 80% of its net assets in municipal securities with interest that is exempt from federal income tax. These securities may be subject to the AMT.</p> <p>(iii) Same as National II.</p> <p>(iv) Same as National II.</p>

National II	Florida	National
(v) The Portfolio pursues its objective by investing principally in high-yielding, predominantly investment grade, municipal securities.	(iv) Same as National II.	(v) Same as National II.
The high tax-free yields sought by the Portfolio are generally obtainable from medium-quality municipal securities rated A or Baa by Moody's, or A or BBB by S&P or Fitch.	Same as National II.	Same as National II.

Prior to December 2008, National II was named Insured National Portfolio and had a fundamental policy to invest at least 80% of its net assets in insured municipal securities. At a Special Meeting of the Board of Directors in September 2008, the Adviser recommended, and the Directors approved, the removal to the Portfolio's fundamental policy and the change of the Portfolio's name. The Adviser based its recommendation on its belief that, as a result of recent declines in the credit quality and associated downgrades of bond insurers, insurance had less value than it did in the past. Previously, insured municipal securities typically received higher credit ratings and the issuers of insured municipal securities paid a lower interest rate. The market now valued 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, the supply of insured municipal securities had declined, leading to the reduced availability of these securities. The Adviser believed that it could better evaluate the risk and return characteristics of municipal securities through its own research and provide investors and shareholders with a greater opportunity for risk-adjusted returns than those available from a portfolio primarily invested in insured municipal securities.

Currently, the only difference in investment policies between National II and National is that National may invest without limit in securities subject to the AMT for certain taxpayers while National II invests principally in securities exempt from the AMT. As the number of investors subject to the AMT has increased, National has reduced its holdings in AMT-subject securities, and its holdings in these securities have declined from approximately 75% in 2000 to approximately 13% at the end of 2007. The Adviser does not anticipate a significant increase in these investments. In addition, the Adviser believes that its ability to generate higher distribution yields for all shareholders should offset the value to National II's shareholders of investing only in AMT-exempt securities. If National II and National were combined as of January 7, 2009, 10.49% of the combined Portfolio would be subject to the AMT, and if all three Portfolios were combined as of January 7, 2009, 13.30% of the combined Portfolio would be subject to the AMT. As the following table illustrates, National II shareholders subject to the AMT would receive a higher after-tax distribution yield than National II would provide if the National II Acquisition occurs or if both Acquisitions occur:

	After-Alternative Minimum Tax Distribution Yield*
National II	4.03%
National Portfolio	5.03%
National Portfolio (National II Acquisition Alone) (Before Tax) (pro forma)	4.86%
National Portfolio (National II Acquisition Alone) (After Tax) (pro forma)	4.72%
All Three Combined Portfolio (Before Tax) (pro forma)	4.96%
All Three Combined Portfolio (After Tax) (pro forma)	4.78%

* After-tax distribution yields are estimates, which are based on the highest alternative minimum tax rates, and do not reflect the impact of state and local taxes. Actual after-alternative minimum tax distribution yields depend on an individual investor's tax situation and are likely to differ from those shown.

A more detailed comparison of the investment objectives and policies of the Portfolios is provided in Appendix D. You can find additional information on the Portfolios in the SAI.

As a result of the previously discussed repeal of relevant Florida state taxation, Florida and National share many characteristics. As of October 31, 2008, more than 55% of the bonds held by Florida were also held by National. The remainder of Florida's portfolio has general characteristics similar to that of National's. Consequently, a combination of these Portfolios' holdings will not significantly alter the credit quality, maturities and sector exposure of National's portfolio holdings and the Adviser does not expect that there will be any significant repositioning as a result of the Acquisition. On the other hand, the Adviser believes that the shareholders of Florida would benefit from increased diversification and slightly better credit quality.

As a result of previously discussed declines in the credit quality of most bond insurers, insured bonds are valued in the market primarily with reference to the credit quality of the issuer with little, if any, value being ascribed to the insurance component. Consequently, a combination of National II's and National's holdings will not significantly alter National's credit quality or other portfolio characteristics. Therefore, the Adviser does not anticipate any significant portfolio repositioning as a result of the Acquisition. National will be the accounting survivor after the consummation of the Acquisitions.

Principal Risks

Each Portfolio is subject to market risk, municipal market risk, interest rate risk, credit risk, inflation risk and derivatives risk. A description of each of these risks is provided in Appendix E.

Federal Income Tax Consequences

No gain or loss will be recognized by the Acquired Portfolios or their shareholders as a result of the Acquisitions. The aggregate tax basis of the shares of National received by a shareholder of the Acquired Portfolios (including any fractional shares to which the shareholder may be entitled) will be the same as the aggregate tax basis of the shareholder's shares of the Acquired Portfolios. The holding period of the shares of National received by a shareholder of the Acquired Portfolios (including any fractional share to which the shareholder may be entitled) will include the holding period of the shares of the Acquired Portfolios held by the shareholder, provided that such shares are held as capital assets by the shareholder of the Acquired Portfolios at the time of the Acquisitions. The holding period and tax basis of each asset of the Acquired Portfolios in the hands of National as a result of the Acquisitions will be the same as the holding period and tax basis of each such asset in the hands of the Acquired Portfolios prior to the Acquisitions. Provided that National II shares and Florida shares surrendered constitute capital assets in the hands of the shareholder, such gain or loss realized by the shareholder will be capital gain or loss upon disposition of the shares. This tax information is based on the advice of Seward & Kissel LLP, counsel to each of the Portfolios. It is a condition to the closing of the Acquisitions that such advice be confirmed in a written opinion of counsel. An opinion of counsel is not binding on the Internal Revenue Service.

National II has capital loss carryforwards of approximately \$420,000 or \$.03 per share, Florida has capital loss carryforwards of approximately \$3.5 million or \$.21 per share, and National Portfolio has capital loss carryforwards of approximately \$23.5 million or \$.43 per share. The combined Portfolio will, as a result of the Acquisitions, have capital loss carryforwards of approximately \$27.4 million or \$.31 per share. The capital loss carryforwards available to National II's and Florida's shareholders will increase significantly and those available to National's shareholders will decrease. This decrease should have no practical effect since it is unlikely that National would generate sufficient gains to use all of its capital loss carryforwards before their expiration. Although not anticipated, the Acquired Portfolios, prior to the closing of the Acquisition, will determine if additional distributions are necessary and will declare a distribution to the Acquired Portfolio shareholders which, together with all previous distributions, will have the effect of distributing to the Acquired Portfolio shareholders all of the Acquired Portfolio's investment company taxable income (computed without regard to the deduction for dividends paid) and net realized capital gains, if any, through the closing.

Additional tax considerations are discussed under the section on “Federal Income Tax Consequences” in “Information about the Transactions”.

Comparison of Distribution and Purchase Procedures

The distribution and purchase procedures of the Portfolios are identical, except that National offers an additional class of shares, Advisor Class shares, which are available generally only to fee-based programs and certain defined contribution employee benefit plans. The shares of each Portfolio are offered to a broad range of investors. Class A shares of each Portfolio are sold with an initial sales load of up to 4.25% for purchases of less than \$1,000,000. Class B shares are available at NAV without an initial sales charge. Your investment, however, is subject to a CDSC if you redeem shares within three years of purchase. The CDSC varies depending on the number of years you hold the shares. Class C shares are also available at NAV without an initial sales charge. Your investment, however, is subject to a 1% CDSC if you redeem your shares within one year. Advisor Class shares of National may be purchased through a financial adviser at NAV.

The CDSCs applicable to shares of the Acquired Portfolios will continue to apply to National shares issued in the Acquisitions. The CDSC period will be calculated from the date of the original purchase of the Acquired Portfolio shares. Class B shares of the Acquired Portfolios will convert to Class A shares after six years.

Each Portfolio’s Class A shares have a .30% distribution (Rule 12b-1) fee. The Class B and Class C shares of each Portfolio have a 1.00% distribution fee. The shares of each Portfolio may be exchanged for comparable classes of shares of other AllianceBernstein mutual funds. More information on distribution and purchase procedures of National is provided in Appendix F.

Service Providers

The Portfolios have the same service providers, which will continue in their capacity after the Acquisitions, with one exception. State Street Bank & Trust Company, which is the custodian for National II and National, will serve in that capacity after the Acquisitions in lieu of Florida’s current custodian, which is The Bank of New York Mellon.

Comparison of Business Structures

Muni Income, of which National II and National are each a series, is organized as a Maryland corporation and is governed by its Charter, Bylaws and Maryland law. Muni Income II, of which Florida is a series, is organized as a Massachusetts business trust and is governed by its Agreement and Declaration of Trust, Bylaws and Massachusetts law. For more information on the comparison of the business structure of the Portfolios, see Appendix G.

INFORMATION ABOUT THE TRANSACTIONS

Introduction

This Prospectus/Proxy Statement is provided to you to solicit your proxy for exercise at the Meeting to approve the acquisition of the assets and assumption of the liabilities of each Acquired Portfolio by National and the subsequent termination of the Acquired Portfolios. The Meeting will be held at 1345 Avenue of the Americas, 8th Floor, New York, New York 10105 at 3:00 p.m., Eastern time, on May 21, 2009. This Prospectus/Proxy Statement, the accompanying Notice of the Joint Special Meeting of Shareholders and the enclosed Proxy Card are being mailed to shareholders of the Acquired Portfolios on or about April 8, 2009.

Description of the Plans

As provided in each Plan, National will acquire all the assets and assume all the liabilities of the applicable Acquired Portfolio at the effective time of the Acquisition (the "Effective Time"). In return, National will issue, and the Acquired Portfolio will distribute to its shareholders, a number of full and fractional shares of National, determined by dividing the net value of all the assets of the Acquired Portfolio by the NAV of one share of National. For this purpose, the Plan provides the times for and methods of determining the net value of the assets of each Portfolio. The Plans provide that shareholders of the Acquired Portfolios will be credited with shares of National corresponding to the aggregate NAV of each Acquired Portfolio's shares that the shareholder holds of record at the Effective Time.

Following the distribution of National shares, each Acquired Portfolio will redeem its outstanding shares, wind up its affairs, cease operations, and dissolve as soon as is reasonably possible after the Acquisition. In the event an Acquisition does not receive the required shareholder approval, the applicable Portfolio will continue its operations and its Board will consider what future action, if any, is appropriate.

The projected expenses of the Acquisitions, largely those for legal, accounting, printing and proxy solicitation expenses, are estimated to total approximately \$140,000 for the National II Acquisition and \$140,000 for the Florida Acquisition. The projected expenses will be borne by each of National II and Florida, respectively, although, due to the Adviser's expense limitation undertakings, these expenses will ultimately be borne by the Adviser.

The Acquisitions are expected to occur in the second quarter of 2009. Each Acquisition is conditioned upon approval of the Plan by the shareholders of the applicable Portfolio and each such Portfolio satisfying the terms of the applicable Plan. Under applicable legal and regulatory requirements, none of Acquired Portfolio's shareholders will be entitled to exercise objecting shareholders' appraisal rights, *i.e.*, to demand the fair value of their shares in connection with the Acquisition. Therefore, shareholders will be bound by the terms of the Acquisition under the Plan to which their Portfolio is a party.

Completion of the Acquisition of National II is subject to certain conditions set forth in the National II Plan. The Directors of Muni Income may terminate the Plan under certain circumstances. Among other circumstances, the Directors may terminate the Plan upon a determination that proceeding with the Plan is not in the best interests of a Portfolio or its shareholders.

Completion of the Acquisition of Florida is subject to certain conditions set forth in the Florida Plan, some of which may be waived by a party to the Plan. The Plan may be amended in any mutually agreed manner, except that no amendment may be made subsequent to the Meeting that materially alters the obligations of either party. The parties to each Plan may terminate the Plan by mutual consent and either party has the right to terminate the Plan under certain circumstances. Among other circumstances, either party may at any time terminate the Plan unilaterally upon a determination by the party's Directors or Trustees that proceeding with the Plan is not in the best interests of a Portfolio or its shareholders.

A copy of a form of each of the Plans is attached as Appendix H and Appendix I.

Reasons for the Acquisitions

At the Board Meetings, the Adviser recommended that the Directors approve and recommend to the Acquired Portfolios' shareholders for their approval each of the Plans and Acquisitions. The Directors considered the factors discussed below from the point of view of the interests of each Acquired Portfolio and its shareholders separately. After careful consideration, the Directors (including all Directors who are not "interested persons" of the Funds, the Adviser or its affiliates), on behalf of the Acquired Portfolios, determined that the Acquisitions would be in the best interests of each Acquired Portfolio and that the interests of existing shareholders of the Portfolios would not be diluted as a result of the Acquisitions. The Directors have unanimously approved the Plans and Acquisitions and recommended that the shareholders of each Acquired Portfolio vote in favor of the applicable Acquisition by approving the Plans.

The Adviser presented the following reasons in favor of the Acquisitions:

Florida

- The Adviser discussed with the Directors that Florida and National pursue the same investment objective of achieving the highest level of current income, exempt from federal taxation, that is available without assuming what the Adviser believes to be undue risk. Florida has an additional investment objective of achieving income exempt from Florida state taxation and related fundamental investment policy, which has been mooted by the repeal of any such taxation. Florida has no state income tax and its intangibles tax was repealed in 2007. The Adviser noted that since the repeal of the Florida intangibles tax, the universe of eligible portfolio securities for Florida and National has become identical. The Adviser believes that combining the relatively small Florida with the larger National will result in a more efficient investment opportunity with lower expenses. As of October 31, 2008, the net assets of National and Florida were \$482 million and \$150 million, respectively.
- The Adviser also discussed with Directors that, as a result of the Acquisition, Florida's shareholders would enjoy an immediate expense ratio reduction of 0.03% on a net basis, from 0.78% to 0.75% (and 0.09% on a gross basis, from 0.98% to 0.89%) and, if both Acquisitions occur, 0.11% on a gross basis, from 0.98% to 0.87%. In the Adviser's view, the benefit of this cost savings, together with the greater diversification shareholders of Florida will achieve as a result of the Acquisition(s) and a slight improvement in credit quality, outweighs a resulting reduction in Florida's yield. If the Portfolios were to be combined as of January 7, 2009, the yields on Class A shares would be current Florida yield, 5.36%, Florida combined with National yield, 5.12% and all three Portfolios combined yield, 4.96%.
- The Adviser also discussed with the Directors that Florida and National have considered the same investment universe since January 1, 2007, the effective date of the repeal of the Florida intangibles tax. As a result, the two Portfolios have gradually come to share many characteristics, although there are still substantial differences. As of October 31, 2008, more than 55% of the bonds held by Florida were also held by National. The remainder of Florida's portfolio has general characteristics similar to that of National's. As a result, the Acquisition is not anticipated to cause significant change to the credit quality, maturities or sector exposure of National's portfolio holdings; consequently, the Adviser does not expect that there will be any significant portfolio repositioning as a result of the Acquisition. If the Acquisition were to occur as of November 30, 2008, National's exposure to bonds issued in Florida would double from 9% to approximately 18%. Of this 18%, however, approximately 6% represents bonds that rely on guarantees from federal agencies or that have non-Florida-specific obligors, such as pre-refunded bonds secured by U.S. government securities. The Adviser also noted that none of the Florida-specific bonds is directly exposed to the state's credit. Consequently, the Adviser believes that the combined portfolio will be adequately diversified.
- The Adviser noted that the performance of National over the last ten years does not compare favorably to that of Florida, but the two Portfolios were classified in different Lipper universes during this time, reflecting their differences in mandate. However, because the pool of eligible portfolio securities for both Portfolios is now identical, the Adviser expects that the two Portfolios should perform increasingly similarly going forward.

National II

- The Adviser discussed with the Directors that, like Florida, National II is a smaller fund than National and has a higher expense ratio. The Adviser believed that combining the relatively small National II with the larger National would result in a more efficient investment opportunity with lower expenses. As of October 31, 2008, the net assets of National and National II were \$482 million and \$142 million, respectively.
- The Adviser also discussed with Directors that, as a result of the Acquisition, National II's shareholders would enjoy an immediate expense ratio reduction of 0.29% on a net basis, from 1.04% to 0.75% (and 0.17% on a gross basis, from 1.06% to 0.89%) and, if both Acquisitions occur, 0.19% on a gross basis, from 1.06% to 0.87%.
- The Adviser also discussed with the Directors that National II commenced operations in December 1986 as the "Alliance High Bracket Tax-Free Portfolio" (the "High Bracket Portfolio") of "Alliance Tax-Free Income Fund," later AllianceBernstein Municipal Income Fund, Inc. The High Bracket Portfolio invested principally in municipal securities exempt from the AMT. In 1988, the Portfolio's shareholders adopted a fundamental investment policy requiring the Portfolio to invest at least 65% of its assets in insured municipal securities. The Portfolio's name was changed to "Insured National" at that time. As a result of the adoption of the 1940 Act Rule 35d-1, the so-called "Names Rule," the Directors approved a non-fundamental investment policy in 2001 requiring Insured National to invest at least 80% of its total assets in insured municipal securities. In 2005, the Portfolio's shareholders voted to eliminate Insured National's fundamental policy regarding insurance and, in September 2008, the Directors eliminated the Portfolio's non-fundamental policy regarding insurance and changed its name to "National Portfolio II". Those last modifications took effect on December 1, 2008.
- The Adviser also discussed with Directors that both National and National II pursue the same investment objective of achieving the highest level of current income, exempt from federal taxation that is available without assuming what the Adviser believes to be undue risk. The Adviser noted that the investment policies and restrictions of National and National II differ in only one principal respect. National may invest without limit in securities subject to the AMT for certain taxpayers; National II invests principally in securities exempt from the AMT. The Adviser noted that, for six of the last ten calendar years, National has outperformed National II. During occasional periods of stress for lower-rated bonds, insured bonds have performed well. In the Adviser's view, the average annual total return favors National II, because of the poor performance of the credit markets in 2008. However, the Adviser believes the flexibility for National to buy lower-rated bonds will provide stronger risk-adjusted returns in the future.
- The Adviser also discussed its expectation that the combination of National's and National II's holdings will not require significant repositioning. As a result of the decline in the credit quality of most bond insurers, insured municipal bonds are valued in the market primarily with reference to the credit quality of the issuer, with little, if any, value being ascribed to the insurance component. Consequently, the Adviser does not expect a combination of the Portfolios' holdings to significantly alter National's credit quality or other portfolio characteristics.

At the Board Meetings, the Directors (with the advice and assistance of independent counsel) also considered, among other things:

- the current asset levels of the Portfolios and the pro forma asset levels of the combined Portfolio;
- the historical investment performance of the Portfolios;
- that the portfolio managers of the Portfolios with the most significant responsibility for the day-to-day management of, and investment decisions for, the Portfolios are the same and will continue in that role for the combined Portfolio;

- that National II has capital loss carryforwards of approximately \$420,000 or \$0.03 per share and Florida has capital loss carryforwards of approximately \$3.5 million or \$0.21 per share, and National has capital loss carryforwards of approximately \$23.5 million or \$0.43 per share and that the combined Portfolio will, as a result of the Acquisitions, have capital loss carryforwards of approximately \$27.4 million or \$.31 per share, which means that the capital loss carryforwards available to National II's and Florida's shareholders will increase significantly and those available to National's shareholders will decrease, and the Adviser's view that such decrease should have no practical impact because it is unlikely that National would generate sufficient capital gains to utilize all of its capital loss carryforwards before their expiration;
- the form of the Plans and the terms and conditions of the Acquisitions;
- the fact that the Portfolios have identical advisory fee schedules and pay advisory fees at the same rate;
- whether the Acquisitions would result in the dilution of shareholders' interests;
- the portfolio characteristics of National, National II and Florida;
- the number of shareholder accounts and average account sizes of the Portfolios, which indicate that National's costs for maintaining shareholder accounts for the combined Portfolio will not be adversely affected by the Acquisitions;
- that no changes in service providers will result from the Acquisitions, except that The Bank of New York Mellon currently serves as Florida's custodian, while State Street Bank and Trust Company is National's custodian and will continue to serve in that capacity after the Acquisition;
- the benefits of the Acquisitions to persons other than the Acquired Portfolios and their shareholders, in particular, the Adviser, which would benefit from the elimination of monitoring and administering the smaller Florida and National II;
- the fact that National will assume all the liabilities of the Acquired Portfolios;
- the expected federal income tax consequences of the Acquisitions;
- the Adviser's representation that none of the financial information presented to the Directors had changed materially since October 31, 2008;
- the costs of the Acquisitions, which will be borne by National II and Florida but which, due to the Adviser's expense limitation undertaking with respect to National, the Adviser will ultimately bear; and
- the fact that the Adviser has agreed to indemnify National for a three-year period against any liability not disclosed or not reflected in the respective NAVs of the Acquired Portfolios at the time of the Acquisitions, to reimburse National for any reasonable legal or other costs and expenses in connection with investigating any such liability, and to continue certain insurance coverage for a six-year period.

Also at the Board Meetings, the Directors of Muni Income, on behalf of National, approved the proposed Plans. No vote of shareholders of National is required in connection with the Acquisitions.

Description of Securities to be Issued

- National II Acquisition

Under the National II Plan, National will issue additional shares of its Class A, Class B and Class C common stock for distribution to National II. Under Muni Income's Charter and Bylaws, National may issue up to 3,000,000,000 shares of common stock, par value \$0.001 per share, for each of these Classes.

When the Acquisition of National II by National is consummated, holders of Class A, Class B and Class C shares of National II will receive corresponding class shares of National having an aggregate NAV equal to the aggregate NAV of the shareholder's shares in National II.

- Florida Acquisition

Under the Florida Plan, National will issue additional shares of its Class A, Class B and Class C common stock for distribution to Florida. Under Muni Income's Charter and Bylaws, National may issue up to 3,000,000,000 shares of common stock, par value \$0.001 per share, for each of these Classes.

When the Acquisition of Florida by National is consummated, holders of Class A, Class B and Class C shares of Florida will receive corresponding class shares of National having an aggregate NAV equal to the aggregate NAV of the shareholder's shares in Florida.

Each share of National represents an equal proportionate interest with other shares of National. Each share has equal earnings, assets and voting privileges and is entitled to dividends and other distributions out of the income earned and gain realized on the assets belonging to National as authorized by the Directors. Shares of National entitle their holders to one vote per full share and fractional votes for fractional shares held. Shares of National received by the Acquired Portfolios in the Acquisitions will be issued at NAV without a sales charge, fully paid and non-assessable.

Dividends and Other Distributions

On or before the Closing Date, as defined in the Plans, each Acquired Portfolio will, if necessary, declare and pay as a distribution substantially all of its undistributed net investment income, net short-term capital gain, net long-term capital gain and net gains from foreign currency transactions as applicable to maintain its treatment as a regulated investment company.

Acquired Portfolio Stock Certificates

After a Plan's Effective Time, each holder of a certificate (or certificates) formerly representing shares of an Acquired Portfolio will not receive, upon surrender of the certificate, a certificate representing the number of National shares distributable as a result of an Acquisition since National will not issue certificates representing National shares in connection with the Acquisitions. Ownership of National's shares will be shown on the books of National's transfer agent. If you currently hold certificates representing shares of National II or Florida, it is not necessary to surrender the certificates.

Federal Income Tax Consequences

Subject to certain stated assumptions contained therein, each Acquired Portfolio will receive an opinion of Seward & Kissel LLP, its counsel, substantially to the following effect: (i) the Acquisition will constitute a "reorganization" within the meaning of section 368(a) of the United States Internal Revenue Code of 1986, as amended (the "Code") and that an Acquired Portfolio and National will each be "a party to a reorganization" within the meaning of section 368(b) of the Code; (ii) a shareholder of an Acquired Portfolio will recognize no gain or loss on the exchange of the shareholder's shares of the Acquired Portfolio solely for shares of National; (iii) neither an Acquired Portfolio nor National will recognize any gain or loss upon the transfer of all of the assets of an Acquired Portfolio to National in exchange for shares of National and the assumption by National of the liabilities of an Acquired Portfolio pursuant to a Plan or upon the distribution of shares of National to shareholders of an Acquired Portfolio in exchange for their respective shares of an Acquired Portfolio; (iv) the holding period and tax basis of the assets of an Acquired Portfolio acquired by National will be the same as the holding period and tax basis that the Acquired Portfolio had in such assets immediately prior to the Acquisition; (v) the aggregate tax basis of shares of National received in connection with an Acquisition by each shareholder of an Acquired Portfolio (including any fractional share to which the shareholder may be entitled) will be the same as the aggregate tax basis of the shares of the Acquired Portfolio surrendered in exchange therefor; (vi) the holding period of shares of National received in connection with an Acquisition by each shareholder of an Acquired Portfolio (including any fractional share to which the shareholder may be entitled) will include the holding period of the shares of the Acquired Portfolio surrendered in exchange therefor, provided that such Acquired Portfolio shares constitute capital assets in the hands of the shareholder as of the Closing Date; and (vii) National will succeed to the capital loss carryovers of an Acquired Portfolio, if any, under section 381 of the Code, but the use by

National of any such capital loss carryovers (and of capital loss carryovers of National) may be subject to limitation under section 383 of the Code. This opinion of counsel will not be binding on the Internal Revenue Service or a court and there is no assurance that the Internal Revenue Service or a court will not take a view contrary to those expressed in the opinion.

Shareholders of an Acquired Portfolio are encouraged to consult their tax advisers regarding the effect, if any, of an Acquisition in light of their individual circumstances. Because the foregoing discussion only relates to the federal income tax consequences of an Acquisition, those shareholders also should consult their tax advisers as to state and local tax consequences, if any, of an Acquisition.

Capitalization Information

For information on the existing and pro forma capitalization of the Portfolios, see Appendix J.

INFORMATION ABOUT THE PORTFOLIOS

Muni Income, of which National II and National are each a series, is a diversified, open-end management investment company registered under the 1940 Act and organized as a Maryland corporation in 1987. Muni Income II, of which Florida is a series, is a diversified, open-end management investment company registered under the 1940 Act and organized as a Massachusetts business trust in 1993.

Management of the Portfolios

The Board of Directors of Muni Income and the Board of Trustees of Muni Income II, which are comprised of the same persons, direct the management of the business and affairs of the Portfolios. Each Board approves all significant agreements between the respective Portfolio and persons or companies furnishing services to it, including a Portfolio's agreements with the Adviser, custodian and transfer and dividend disbursing agent. The day-to-day operations of a Portfolio are delegated to its officers and the Portfolio's administrator, subject to the Portfolio's investment objective and policies and to general supervision by the Directors. Subsequent to the consummation of the Acquisitions, the directors and officers of National will continue to serve as the directors and officers of the combined Portfolio.

The investment professionals with the most significant responsibility for the day-to-day management of the Portfolios' portfolios are Michael G. Brooks, Fred S. Cohen, Robert B. (Guy) Davidson III and Terrance T. Hulst. Messrs. Brooks, Cohen, Davidson and Hulst are Senior Vice Presidents of the Adviser, with which they have been associated in a substantially similar capacity to their current positions since prior to 2004.

Subsequent to the consummation of the Acquisition, Messrs. Brooks, Cohen, Davidson and Hulst will be primarily responsible for day-to-day management of the combined Portfolio. The SAI provides additional information about the portfolio managers' compensation, other accounts managed by the portfolio managers, and the portfolio managers' ownership of securities in the Portfolios.

Advisory Agreement and Fees

Each Portfolio's investment adviser is AllianceBernstein L.P. (the "Adviser"), 1345 Avenue of the Americas, New York, New York 10105. The Adviser is a leading international investment adviser managing client accounts with assets as of December 31, 2008 totaling more than \$462 billion (of which over \$65 billion represented the assets of investment companies). As of December 31, 2008, the Adviser managed retirement assets for many of the largest public and private employee benefit plans (including 49 of the nation's FORTUNE 100 companies), for public employee retirement funds in 38 states, for investment companies, and for foundations, endowments, banks and insurance companies worldwide. The 36 registered investment companies managed by the Adviser, comprising 104 separate investment portfolios, currently have approximately 4.0 million shareholder accounts. The Adviser also serves as administrator for each Portfolio.

Under the Funds' respective advisory agreements with the Adviser with respect to the Portfolios (the "Advisory Agreements"), the Adviser provides investment advisory services and order placement facilities for the Portfolios and pays all compensation of directors and officers of the Portfolios who are affiliated persons of the Adviser. Under the Advisory Agreement, each Portfolio pays the Adviser an advisory fee at an annual rate of .45% of its average daily net assets.

Under the terms of each Advisory Agreement, the Adviser performs certain administration services for the Portfolios. Each of the Portfolios reimburses the Adviser for its costs incurred for providing these administrative services. For the most recently completed fiscal years ended October 31, 2008, these reimbursements amounted to .07% and .02% for National II and National, respectively. For the most recently completed fiscal year ended September 30, 2008, the reimbursement amounted to .05% for Florida.

The Advisory Agreements, by their terms, continue in effect from year to year if such continuance is specifically approved, at least annually, by a majority vote of the Directors of the Funds who neither are interested persons of the Funds nor have any direct or indirect financial interest in the Advisory Agreements, cast in person at a

meeting called for the purpose of voting on such approval. A discussion regarding the basis for the Directors' approval of the Advisory Agreements is available in the Semi-Annual Report to Shareholders for National II, Florida and National for the six-month periods ended April 30, 2008, March 31, 2008 and April 30, 2008, respectively.

The Adviser is the subject of certain legal proceedings relating to the AllianceBernstein Mutual Funds and a discussion of those proceedings is presented in Appendix K.

Distributor

AllianceBernstein Investments, Inc. ("ABI" or the "Distributor"), a wholly-owned subsidiary of the Adviser, serves as the distributor of the Portfolios' shares. Under a Distribution Services Agreement, adopted under each Portfolio's Rule 12b-1 plan, each Portfolio pays distribution and service fees to the Distributor at an annual rate of up to .30% of each Portfolio's average daily net assets attributable to their Class A shares and up to 1.00% of each Portfolio's average daily net assets attributable to their Class B and Class C shares. The Distribution Agreement provides that the Distributor will use such payments in their entirety for distribution assistance and promotional activities. Because these fees are paid out of the Portfolios' assets on an on-going basis, over time these fees will increase the cost of your investment and may cost you more than paying other types of sales charges.

Other Service Providers

The Portfolios have the same service providers, which will continue in their capacity after the Acquisitions, with one exception. State Street Bank & Trust Company, which is the custodian and accounting agent for National and National II, will serve in that capacity after the Acquisitions in lieu of Florida's current custodian and accounting agent, which is The Bank of New York Mellon.

VOTING INFORMATION

The Directors of the Funds have fixed the close of business on March 31, 2009 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Meeting and at any adjournments thereof. Appendix L to this Prospectus/Proxy Statement lists the total number of shares outstanding as of that date for each class of each Acquired Portfolio entitled to vote at the Meeting. It also identifies holders of more than five percent of any class of shares of each Portfolio, and contains information about the executive officers and Directors of the Funds and their shareholdings in the Portfolios.

Those shareholders who hold shares directly and not through a broker or nominee (that is, a shareholder of record) may authorize their proxies to cast their votes by completing a Proxy Card and returning it by mail in the enclosed postage-paid envelope as well as by telephoning toll free 1-866-412-8384. Owners of shares held through a broker or nominee (who is the shareholder of record for those shares) should follow directions provided to the shareholder by the broker or nominee to submit voting instructions. Instructions to be followed by a shareholder of record to submit a proxy via telephone, including use of the Control Number on the shareholder's Proxy Card, are designed to verify shareholder identities, to allow shareholders to give voting instructions and to confirm that shareholder instructions have been recorded properly. Shareholders who authorize proxies by telephone should not also return a Proxy Card. A shareholder of record may revoke that shareholder's proxy at any time prior to exercise thereof by giving written notice to the Secretary of the Funds at 1345 Avenue of the Americas, New York, New York 10105, by authorizing a later-dated proxy (either by signing and mailing another Proxy Card or by telephone, as indicated above), or by personally attending and voting at the Meeting.

Properly executed proxies may be returned with instructions to abstain from voting or to withhold authority to vote (an "abstention") or represent a broker "non-vote" (which is a proxy from a broker or nominee indicating that the broker or nominee has not received instructions from the beneficial owner or other person entitled to vote shares on a particular matter with respect to which the broker or nominee does not have the discretionary power to vote).

Approval of the Acquisition for National II requires the affirmative vote of the holders of a "majority of the outstanding voting securities" of the Portfolio, as defined in the 1940 Act. Under the 1940 Act, a vote of the holders of a majority of the outstanding voting securities of a Portfolio means the vote of the holders of the lesser of: (i) 67% or more of the outstanding shares of the Portfolio present at the Meeting, if the holders of more than 50% of the outstanding shares are present or represented by proxy, or (ii) more than 50% of the outstanding shares of the Portfolio. Approval of the Acquisition for Florida requires the affirmative vote of the holders of not less than a majority of the outstanding voting securities of the Portfolio.

Abstentions and broker non-votes will be considered present for purposes of determining the existence of a quorum for the transaction of business but will have the effect of a vote against the Acquisition. If any proposal, other than the Acquisition, to be voted on by the shareholders of each Portfolio properly comes before the Meeting, the shares represented by proxies will be voted on all such proposals in the discretion of the person or persons voting the proxies. The Portfolios have not received notice of, and are not otherwise aware of, any other matter to be presented at the Meeting.

A quorum for the transaction of business by the shareholders of National II at the Meeting will consist of the presence in person or by proxy of the holders of one-third of the shares of National II entitled to vote at the Meeting. A quorum for the transaction of business by the shareholders of Florida at the Meeting will consist of the presence in person or by proxy of the holders of a majority of the shares of Florida entitled to vote at the Meeting. In the event that a quorum is not represented at the Meeting or, even if a quorum is so present, in the event that sufficient votes in favor of the position recommended by the Directors on the Acquisition are not timely received, the Chairman of the Board of Directors and the Chairman of the Board of Trustees, as applicable, may authorize, or the persons named as proxies may propose and vote for, one or more adjournments of the Meeting with no other notice than announcement at the Meeting, up to 120 days after the Record Date, in order to permit further solicitation of proxies. Shares represented by proxies indicating a vote against the Acquisition will be voted against adjournment.

National II and Florida have engaged Broadridge (the “Proxy Solicitor”), 60 Research Rd., Hingham, MA 02043, to assist in soliciting proxies for the Meeting. The Proxy Solicitor will receive a fee of \$4,200 and \$4,750 for its solicitation services for National II and Florida, respectively, plus reimbursement of out-of-pocket expenses.

LEGAL MATTERS

The validity of the shares of National offered hereby will be passed upon for National II and Florida by Seward & Kissel LLP.

EXPERTS

The audited financial statements and financial highlights in the Prospectus/Proxy Statement and the SAI have been included in reliance on the reports of Ernst & Young LLP, 5 Times Square, New York, New York, 10036, the independent registered public accounting firm for the Portfolios, given on its authority as an expert in auditing and accounting.

FINANCIAL HIGHLIGHTS

Financial highlights information for National is available at Appendix M.

**THE DIRECTORS OF MUNI INCOME AND THE TRUSTEES OF MUNI INCOME II
UNANIMOUSLY RECOMMEND THAT
YOU VOTE FOR THE ACQUISITION OF THE ASSETS AND LIABILITIES OF
YOUR PORTFOLIO BY ALLIANCEBERNSTEIN MUNICIPAL INCOME FUND, INC. — NATIONAL
PORTFOLIO**

APPENDIX A
PORTFOLIO PERFORMANCE

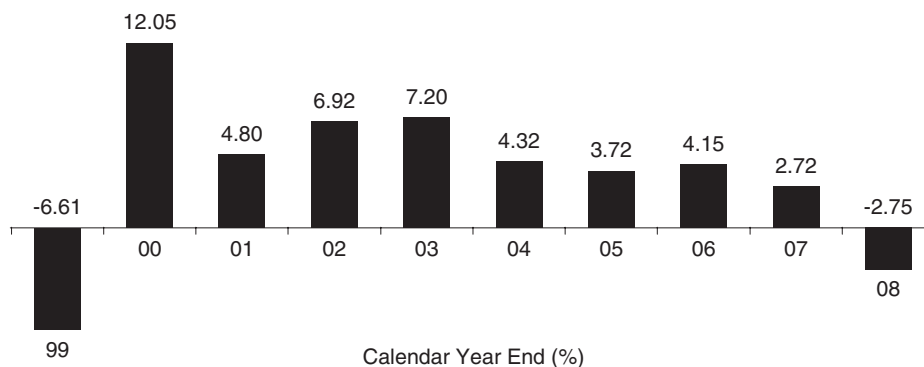
The charts below show the percentage gain or loss in each calendar year for the ten-year period ended December 31, 2008, for Class A shares of each Portfolio.

They should give you a general idea of how each Portfolio's return has varied from year to year. The charts include the effects of Portfolio expenses, but not applicable sales charges. Returns would be lower if any applicable sales charges were included. The calculations of annual total return assume the reinvestment of all dividends and capital gain distributions on the reinvestment date. Performance results included the effect of expense reduction arrangements, if any. If these arrangements had not been in place, the performance results would have been lower. As with all mutual funds, past performance is not an indication of future results. No assurance can be given that National will achieve any particular level of performance after the Acquisitions.

Calendar Year Total Returns

National II

The annual returns in the bar chart are for the Portfolio's Class A shares and do not reflect sales loads. If sales loads were reflected, returns would be less than those shown.

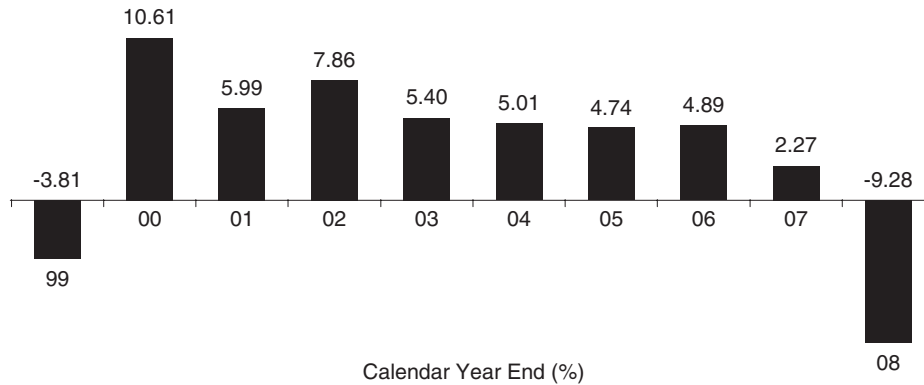


You should consider an investment in the Portfolio as a long-term investment. The Portfolio's returns will fluctuate over long and short periods. For example, during the period shown in the bar chart, the Portfolio's:

Best quarter was up 4.62%, 3rd quarter, 2002; and Worst quarter was down -3.23%, 2nd quarter, 2004.

Florida

The annual returns in the bar chart are for the Portfolio's Class A shares and do not reflect sales loads. If sales loads were reflected, returns would be less than those shown.

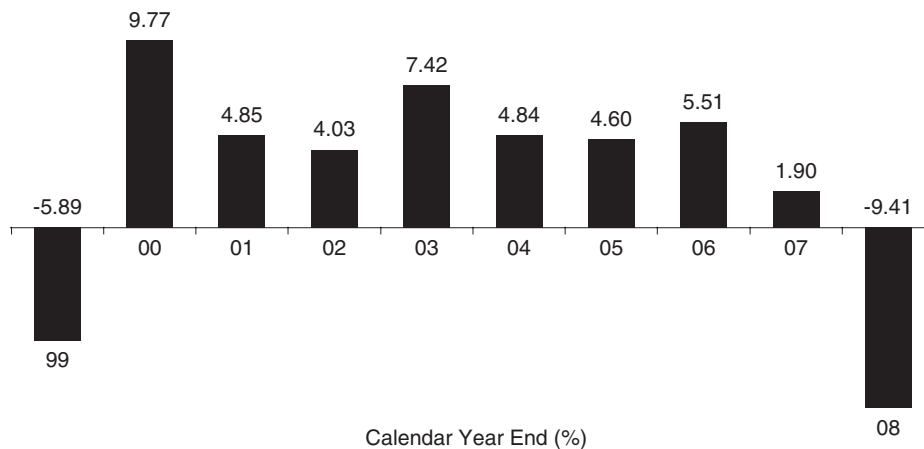


You should consider an investment in the Portfolio as a long-term investment. The Portfolio's returns will fluctuate over long and short periods. For example, during the period shown in the bar chart, the Portfolio's:

Best quarter was up 4.11%, 3rd quarter, 2002; and Worst quarter was down -4.87%, 4th quarter, 2008.

National

The annual returns in the bar chart are for the Portfolio's Class A shares and do not reflect sales loads. If sales loads were reflected, returns would be less than those shown.



You should consider an investment in the Portfolio as a long-term investment. The Portfolio's returns will fluctuate over long and short periods. For example, during the period shown in the bar chart, the Portfolio's:

Best quarter was up 4.02%, 2nd quarter, 2003; and Worst quarter was down -4.69%, 4th quarter, 2008.

The following tables list each Portfolio's average annual total return before taxes for each class of shares that will be involved in the Acquisition for the one-year, five-year and ten-year periods ending December 31, 2008 for each Portfolio (including applicable sales charges). These tables are intended to provide you with some indication of the risks of investing in the Portfolios. At the bottom of each table, you can compare the Portfolios' performance with the performance of a broad-based market index.

Average Annual Total Returns

National II

PERFORMANCE TABLE

Average Annual Total Returns*

(For the periods ended December 31, 2008)

		<u>1 Year</u>	<u>5 Years</u>	<u>10 Years</u>
Class A**	Return Before Taxes	-6.89%	1.51%	3.08%
	Return After Taxes on Distributions	-6.90%	1.50%	3.04%
	Return After Taxes on Distributions and Sale of Portfolio Shares	-3.21%	1.88%	3.21%
Class B	Return Before Taxes	-6.24%	1.70%	3.09%
Class C	Return Before Taxes	-4.37%	1.69%	2.82%
Barclays Capital Municipal Bond Index+		-2.47%	2.71%	4.25%

* Average annual total returns reflect imposition of the maximum front-end or contingent deferred sales charges as well as conversion of Class B shares to Class A shares after the applicable period.

** After-tax Returns:

- Are shown for Class A shares only and will vary for Class B and C shares because these Classes have higher expense ratios;
- Are an estimate, which is based on the highest historical individual federal marginal income tax rates and do not reflect the impact of state and local taxes; actual after-tax returns depend on an individual investor's tax situation and are likely to differ from those shown; and
- Are not relevant to investors who hold Portfolio shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts.

+ Reflects no deduction for fees, expenses or taxes.

Florida

PERFORMANCE TABLE

Average Annual Total Returns*

(For the periods ended December 31, 2008)

		<u>1 Year</u>	<u>5 Years</u>	<u>10 Years</u>
Class A**	Return Before Taxes	-13.15%	0.49%	2.77%
	Return After Taxes on Distributions	-13.17%	0.47%	2.75%
	Return After Taxes on Distributions and Sale of Portfolio Shares	-7.03%	1.13%	3.07%
Class B	Return Before Taxes	-12.51%	0.67%	2.79%
Class C	Return Before Taxes	-10.78%	0.66%	2.49%
Barclays Capital Municipal Bond Index+		-2.47%	2.71%	4.25%

* Average annual total returns reflect imposition of the maximum front-end or contingent deferred sales charges as well as conversion of Class B shares to Class A shares after the applicable period.

- ** After-tax Returns:
- Are shown for Class A shares only and will vary for Class B and C shares because these Classes have higher expense ratios;
 - Are an estimate, which is based on the highest historical individual federal marginal income tax rates and do not reflect the impact of state and local taxes; actual after-tax returns depend on an individual investor's tax situation and are likely to differ from those shown; and
 - Are not relevant to investors who hold Portfolio shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts.
- + Reflects no deduction for fees, expenses or taxes.

National

PERFORMANCE TABLE

Average Annual Total Returns*

(For the periods ended December 31, 2008)

		<u>1 Year</u>	<u>5 Years</u>	<u>10 Years</u>
Class A**	Return Before Taxes	-13.24%	0.45%	2.15%
	Return After Taxes on Distributions	-13.25%	0.43%	2.10%
	Return After Taxes on Distributions and Sale of Portfolio Shares	-7.16%	1.08%	2.50%
Class B	Return Before Taxes	-12.64%	0.63%	2.18%
Class C	Return Before Taxes	-10.91%	0.62%	1.90%
Advisor Class***	Return Before Taxes	-9.14%	1.63%	2.91%
Barclays Capital Municipal Bond Index+		-2.47%	2.71%	4.25%

* Average annual total returns reflect imposition of the maximum front-end or contingent deferred sales charges as well as conversion of Class B shares to Class A shares after the applicable period.

- ** After-tax Returns:
- Are shown for Class A shares only and will vary for Class B and C shares because these Classes have higher expense ratios;
 - Are an estimate, which is based on the highest historical individual federal marginal income tax rates and do not reflect the impact of state and local taxes; actual after-tax returns depend on an individual investor's tax situation and are likely to differ from those shown; and
 - Are not relevant to investors who hold Portfolio shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts.

*** Inception date for Advisor Class shares: 8/6/2008. Performance information for periods prior to the inception of Advisor Class shares is the performance of the Portfolio's Class A shares adjusted to reflect the lower expense ratio of Advisor Class shares.

- + Reflects no deduction for fees, expenses or taxes.

APPENDIX B

NATIONAL — MANAGEMENT’S DISCUSSION OF FUND PERFORMANCE

The following is management’s discussion of fund performance for the National Portfolio (the “Portfolio”) of AllianceBernstein Municipal Income Fund, Inc. (the “Fund”) for the annual reporting period ended October 31, 2008.

Investment Results

For both the six- and 12-month periods ended October 31, 2008, the Portfolio’s Class A shares without sales charges underperformed the benchmark, the Barclays Capital Municipal Bond Index, which represents the U.S. municipal market, and posted negative returns of -4.70% and -3.30% for the respective time periods.

Though the Portfolio’s Municipal Bond Investment Team (the “Team”) primarily bought higher credit quality bonds, the Portfolio’s weights in lower-credit quality bonds across various sectors, compared with the benchmark’s, detracted from relative performance as credit spreads widened. The Team focused new purchases on high credit quality bonds and generally avoided the longest maturity bonds. This was beneficial to the Portfolio’s performance during the six- and 12-month periods because higher-credit quality bonds outperformed lower-credit quality bonds and shorter-maturity bonds outperformed longer-maturity bonds. Overall, the Portfolio benefited from relatively less interest-rate exposure compared with the benchmark.

The Portfolio’s underperformance compared with the benchmark was primarily the result of security selection in the hospital, education, housing and general obligation sectors. The Portfolio’s relative underweight in the general obligation sector and overweight in the hospital sector also detracted from the Portfolio’s performance.

Market Review & Investment Strategy

The crisis in the financial markets continued toward the end of the annual reporting period ended October 31, 2008, and created severe dislocations in the municipal market. As investors grew increasingly more risk averse, demand for lower-rated and longer-maturity bonds diminished. As a result, municipal credit spreads – the extra yield investors demand to move down in credit quality – widened sharply, and the slope of the municipal yield curve steepened dramatically over both the six- and 12-month periods. The Team’s strategies over the last year of primarily buying high credit quality bonds and avoiding the longest maturity bonds benefited performance because credit spreads widened sharply and the slope of the yield curve steepened dramatically.

Concerns about deteriorating municipal credit quality and a weakening economy contributed to investors’ sense of unease, but it was the news in September 2008 that the Reserve Primary Fund, a large “prime” money market fund, had “broken the buck” that ignited a wave of fear in all the financial markets. In the ensuing panic, investors apparently feared that similar funds would have similar problems and redeemed significant amounts of their investments in such funds. Yields of municipal cash-equivalent securities spiked from around 2.5% to around 9% as buyers flocked to the safety of Treasury bills (“T-bills”). As a result, three-month T-bill yields dropped to a rate of virtually zero. In light of this turmoil, municipal bond portfolios generally had low to negative returns in this environment.

As the Portfolio’s fiscal year drew to a close, regulators and policymakers across the globe were continuing work to address the financial crisis. At the same time, economic growth was beginning to slow dramatically. Historically, tax revenues have been very economically sensitive. And, there were signs that tax revenue growth was slowing quickly across the country. Fortunately, many state and local officials had successfully built up reserves to address the looming budget shortfalls. On average, state budget reserves were at 7.5% of general fund spending to start the fiscal year (July 1 for most states). States also cut spending on average this fiscal year. The average projected increase in states’ budgeted expenses was only 1% – the second lowest in 25 years.

The Portfolio may purchase municipal securities that are insured under policies issued by certain insurance companies. When issued, insured municipal securities typically receive a higher credit rating which means that

the issuer of the securities pays a lower interest rate. In purchasing insured securities, the Team gives consideration to both the insurer and to the credit quality of the underlying issuer. The purpose of insurance is to reduce the credit risk of a particular municipal security by supplementing the creditworthiness of the underlying issuer and providing additional security for payment of the principal and interest. Certain of the insurance companies that insure municipal securities insure other types of securities, including some involving subprime mortgages. The credit quality of many subprime mortgage securities has declined and some bond insurers' risk of having to make payments to holders of subprime mortgage securities has increased. Because of this risk, the credit ratings of some insurance companies have been downgraded and may be further downgraded; it is possible that certain insurance companies may become insolvent. If an insurance company's rating is downgraded or the company becomes insolvent, the prices of municipal securities insured by the insurance company may decline.

As of October 31, 2008, the Portfolio's percentages of net assets in insured bonds and in insured bonds that have been pre-refunded are as follows:

<u>Portfolio</u>	<u>Insured Bonds</u>	<u>Pre-Refunded Insured Bonds</u>
National	44%	4%

The Team believes that downgrades in insurance company ratings or insurance company insolvencies present limited risk to the Portfolio. The Portfolio is diversified by bond insurer, reducing the exposure to any single insurer. In addition, the Team believes that the generally investment-grade underlying credit quality of the insured municipal securities reduces the risk of a significant reduction in the value of the insured municipal securities.

HISTORICAL PERFORMANCE

An Important Note About the Value of Historical Performance

The performance shown on the following pages represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance information shown. You may obtain performance information current to the most recent month-end by visiting www.alliancebernstein.com.

The investment return and principal value of an investment in the Portfolio will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost. You should consider the investment objectives, risks, charges and expenses of the Portfolio carefully before investing.

All fees and expenses related to the operation of the Portfolio have been deducted. NAV returns do not reflect sales charges; if sales charges were reflected, the Portfolio's quoted performance would be lower. SEC returns reflect the applicable sales charges for each share class: a 4.25% maximum front-end sales charge for Class A shares; the applicable contingent deferred sales charge for Class B shares (3% year 1, 2% year 2, 1% year 3, 0% year 4); a 1% 1 year contingent deferred sales charge for Class C shares. Returns for the different share classes will vary due to different expenses associated with each class. Performance assumes reinvestment of distributions and does not account for taxes.

Benchmark Disclosure

The unmanaged Barclays Capital (BC) Municipal Bond Index does not reflect fees and expenses associated with the active management of a mutual fund portfolio. The Index is a total return performance benchmark for the long-term investment grade, tax-exempt bond market. An investor cannot invest directly in an index, and its results are not indicative of the performance for any specific investment, including the Portfolio.

A Word About Risk

Price fluctuation in the Portfolio's securities may be caused by changes in the general level of interest rates or changes in bond credit quality ratings. Changes in interest rates have a greater effect on bonds with longer maturities than on those with shorter maturities. Please note, as interest rates rise, existing bond prices fall and can cause the value of an investment in the Portfolio to decline. The yield or value of the Portfolio's investments in municipal securities may be affected by political or legislative changes and uncertainties related to the tax status of municipal securities or the rights of investors in these securities. The Portfolio may invest in high yield bonds (*i.e.*, "junk bonds"), which involve a greater risk of default and price volatility than other bonds. Investing in non-investment grade debt presents special risks, including credit risk. While the Portfolio invests principally in bonds and other fixed-income securities, in order to achieve its investment objectives, the Portfolio 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.

THE PORTFOLIO VS. ITS BENCHMARK PERIODS ENDED OCTOBER 31, 2008 National Portfolio

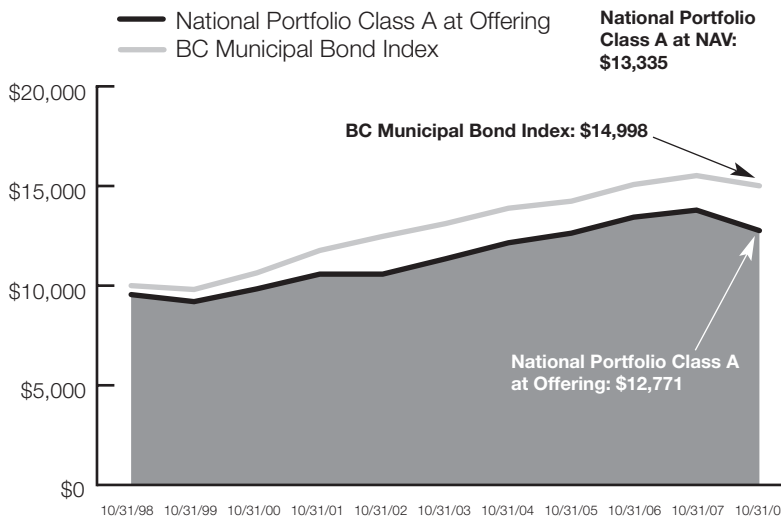
	Returns	
	6 Months	12 Months
Class A	-7.25%	-7.32%
Class B*	-7.58%	-7.97%
Class C	-7.59%	-7.98%
Advisor Class**	-6.79%†	
BC Municipal Bond Index	-4.70%	-3.30%

* Effective January 31, 2009, Class B shares will no longer be available for purchase to new investors. For additional information, please contact your financial advisor or visit www.alliancebernstein.com.

** Please note that this share class is for investors purchasing shares through accounts established under certain fee-based programs sponsored and maintained by certain broker-dealers and financial intermediaries, institutional pension plans and/or investment advisory clients of, and certain other persons associated with, the Adviser and its affiliates or the Fund.

† This return is since the share class's inception on 8/6/08.

GROWTH OF A \$10,000 INVESTMENT IN THE PORTFOLIO 10/31/98 TO 10/31/08



This chart illustrates the total value of an assumed \$10,000 investment in the Portfolio's Class A shares (from 10/31/98 to 10/31/08) as compared to the performance of the Portfolio's benchmark. The chart assumes the reinvestment of dividends and capital gains distributions.

AVERAGE ANNUAL RETURNS AS OF OCTOBER 31, 2008

	<u>NAV Returns</u>	<u>SEC Returns</u>	<u>SEC Yields**</u>	<u>Taxable Equivalent Yields***</u>
Class A Shares			5.04%	7.75%
1 Year	-7.32%	-11.30%		
5 Years	2.36%	1.48%		
10 Years	2.92%	2.48%		
Class B Shares			4.57%	7.03%
1 Year	-7.97%	-10.63%		
5 Years	1.66%	1.66%		
10 Years(a)	2.49%	2.49%		
Class C Shares			4.57%	7.03%
1 Year	-7.98%	-8.87%		
5 Years	1.65%	1.65%		
10 Years	2.22%	2.22%		
Advisor Class Shares†			5.57%	8.57%
Since Inception*	-6.79%	-6.79%		

The Portfolio's current prospectus fee table shows the Portfolio's total annual operating expense ratios as 0.92%, 1.63%, 1.62% and 0.62% for Class A, Class B, Class C and Advisor Class, respectively, gross of any fee waivers or expense reimbursements. Until January 1, 2009 contractual fee waivers and/or expense reimbursements limit the Portfolio's annual operating expense ratios to 0.68%, 1.38%, 1.38% and 0.38% for Class A, Class B, Class C and Advisor Class, respectively. Effective January 1, 2009, contractual fee waivers and/or expense reimbursements will limit the Portfolio's annual operating expenses to 0.75%, 1.45%, 1.45% and 0.45% for Class A, Class B, Class C and Advisor Class, respectively. These waivers/reimbursements extend through the Portfolio's current fiscal year and may be extended by the Adviser for additional one-year terms. Absent reimbursements or waivers, performance would have been lower. The Financial Highlights section of this report sets forth expense ratio data for the current reporting period; the expense ratios shown above may differ from the expense ratios in the Financial Highlights section since they are based on different time periods.

(a) Assumes conversion of Class B shares into Class A shares after six years.

* Inception Date: 8/6/08 for Advisor Class shares.

** SEC Yields are calculated based on SEC guidelines for the 30-day period ended October 31, 2008.

*** Taxable equivalent yields are based on SEC yields and a 35% marginal Federal income tax rate and maximum state taxes where applicable.

† This share class is offered at net asset value (NAV) to eligible investors and its SEC returns are the same as the NAV returns. Please note that this share class is for investors purchasing shares through accounts established under certain fee-based programs sponsored and maintained by certain broker-dealers and financial intermediaries, institutional pension plans and/or investment advisory clients of, and certain other persons associated with, the Adviser and its affiliates or the Fund. The inception date for Advisor Class is listed above.

APPENDIX C

FEE TABLE

The purpose of the tables below is to assist an investor in understanding the various costs and expenses that a shareholder bears directly and indirectly from an investment in the Portfolios. The tables allow you to compare the sales charges, expenses of each Portfolio and estimates for the combined Portfolio in its first year following the Acquisition(s). The tables also include Annual Portfolio Operating Expenses and Expense Examples on a pro forma combined basis.

Shareholder Fees

(fees paid directly from your investment)

	National II Florida National Class A	National II Florida National Class B	National II Florida National Class C
	National (pro forma Class A)	National (pro forma Class B)	National (pro forma Class C)
Maximum Sales Charge (Load) Imposed on Purchases (as a percentage of offering price)	4.25%(a)	None	None
Maximum Deferred Sales Charge (Load) (as a percentage of original purchase price or redemption proceeds, whichever is lower)	None(a)	3.00%(a)(b)	1.00%(a)(c)
Exchange Fee	None	None	None

- (a) Class A sales charges may be reduced or eliminated in certain circumstances, typically for large purchases and for certain group retirement plans. In some cases, however, a 1%, 1-year contingent deferred sales charge or CDSC may apply to Class A shares. CDSCs for Class A, Class B and Class C shares may also be subject to waiver in certain circumstances.
- (b) Class B shares automatically convert to Class A shares after 6 years. The CDSC decreases over time. For Class B shares, the CDSC decreases 1.00% annually to 0% after the third year.
- (c) For Class C shares, the CDSC is 0% after the first year.

Annual Portfolio Operating Expenses^{#+}

(expenses that are deducted from Portfolio assets)

Class A

	National II	Florida	National	Pro Forma Combined of National II into National	Pro Forma Combined of Florida into National	Total Pro Forma Combined of All Portfolios
Management Fees	.45%	.45%	.45%	.45%	.45%	.45%
Distribution and/or Service (12b-1) Fees	.30%	.30%	.30%	.30%	.30%	.30%
Other Expenses						
Transfer Agent	.05%	.03%	.05%	.05%	.05%	.05%
Other Expenses	.27%	.18%	.11%	.09%	.09%	.07%
Total Other Expenses	.32%	.21%	.16%	.14%	.14%	.12%
Total Portfolio Operating Expenses	1.07%	.96%	.91%	.89%	.89%	.87%
Waiver and/or Expense Reimbursement	(.03)%(a)	(.18)%(b)	(.16)%(c)	(.14)%	(.14)%	(.12)%
Net Expenses	1.04%	.78%	.75%(d)	.75%	.75%	.75%

Class B

	<u>National II</u>	<u>Florida</u>	<u>National</u>	<u>Pro Forma Combined of National II into National</u>	<u>Pro Forma Combined of Florida into National</u>	<u>Total Pro Forma Combined of All Portfolios</u>
Management Fees	.45%	.45%	.45%	.45%	.45%	.45%
Distribution and/or Service (12b-1) Fees	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Other Expenses						
Transfer Agent	.07%	.06%	.07%	.07%	.07%	.07%
Other Expenses	.27%	.18%	.11%	.09%	.09%	.07%
Total Other Expenses	.34%	.24%	.18%	.16%	.16%	.14%
Total Portfolio Operating Expenses	<u>1.79%</u>	<u>1.69%</u>	<u>1.63%</u>	<u>1.61%</u>	<u>1.61%</u>	<u>1.59%</u>
Waiver and/or Expense Reimbursement	(.05%)(a)	(.21%)(b)	(.18%)(c)	(.16)%	(.16)%	(.14)%
Net Expenses	<u>1.74%</u>	<u>1.48%</u>	<u>1.45%(d)</u>	<u>1.45%</u>	<u>1.45%</u>	<u>1.45%</u>

Class C

	<u>National II</u>	<u>Florida</u>	<u>National</u>	<u>Pro Forma Combined of National II into National</u>	<u>Pro Forma Combined of Florida into National</u>	<u>Total Pro Forma Combined of All Portfolios</u>
Management Fees	.45%	.45%	.45%	.45%	.45%	.45%
Distribution and/or Service (12b-1) Fees	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Other Expenses						
Transfer Agent	.06%	.03%	.06%	.06%	.06%	.06%
Other Expenses	.27%	.19%	.10%	.09%	.09%	.07%
Total Other Expenses	.33%	.22%	.16%	.15%	.15%	.13%
Total Portfolio Operating Expenses	<u>1.78%</u>	<u>1.67%</u>	<u>1.61%</u>	<u>1.60%</u>	<u>1.60%</u>	<u>1.58%</u>
Waiver and/or Expense Reimbursement	(.04%)(a)	(.19%)(b)	(.16%)(c)	(.15)%	(.15)%	(.13)%
Net Expenses	<u>1.74%</u>	<u>1.48%</u>	<u>1.45%(d)</u>	<u>1.45%</u>	<u>1.45%</u>	<u>1.45%</u>

The Annual Portfolio Operating Expenses information is as of October 31, 2008.

+ The expenses of the Acquisitions will be borne by each of National II and Florida, respectively, although, due to the Adviser's expense limitation undertakings, these expenses will ultimately be borne by the Adviser.

(a) The Adviser has contractually agreed to waive a portion of its advisory fees and/or reimburse the Portfolio for a portion of its operating expenses. This waiver extends through October 31, 2009 and may be extended by the Adviser for additional one-year terms.

(b) The Adviser has contractually agreed to waive a portion of its advisory fees and/or reimburse the Portfolio for a portion of its operating expenses. This waiver extends through September 30, 2009 and may be extended by the Adviser for additional one-year terms.

(c) Effective January 1, 2009, the Adviser has contractually agreed to waive its fees and bear certain expenses so that total operating expenses of the Portfolio do not exceed .75% for Class A shares, 1.45% for Class B shares and 1.45% for Class C shares. This contractual agreement extends through October 31, 2009 and may be extended by the Adviser for additional one-year terms.

(d) Expense information has been restated to reflect current fees.

EXAMPLE

The Examples are to help you compare the cost of investing in each Portfolio with the cost of investing in the combined Portfolio on a pro forma combined basis. They assume that you invest \$10,000 in a Portfolio for the time periods indicated and then redeem all of your shares at the end of those periods. They also assume that your investment has a 5% return each year, that a Portfolio's operating expenses stay the same and that all dividends and distributions are reinvested.

National II

	<u>Class A</u>	<u>Class B†</u>	<u>Class B††</u>	<u>Class C†</u>	<u>Class C††</u>
After 1 Year	\$ 527	\$ 477	\$ 177	\$ 277	\$ 177
After 3 Years*	\$ 748	\$ 658	\$ 558	\$ 556	\$ 556
After 5 Years*	\$ 987	\$ 965	\$ 965	\$ 960	\$ 960
After 10 Years*	\$1,672	\$1,737	\$1,737	\$2,090	\$2,090

Florida

	<u>Class A</u>	<u>Class B†</u>	<u>Class B††</u>	<u>Class C†</u>	<u>Class C††</u>
After 1 Year	\$ 501	\$ 450	\$ 150	\$ 250	\$ 150
After 3 Years*	\$ 700	\$ 611	\$ 511	\$ 507	\$ 507
After 5 Years*	\$ 916	\$ 896	\$ 896	\$ 888	\$ 488
After 10 Years*	\$1,535	\$1,605	\$1,605	\$1,957	\$1,957

National

	<u>Class A</u>	<u>Class B†</u>	<u>Class B††</u>	<u>Class C†</u>	<u>Class C††</u>
After 1 Year	\$ 498	\$ 447	\$ 147	\$ 247	\$ 147
After 3 Years*	\$ 687	\$ 596	\$ 496	\$ 492	\$ 492
After 5 Years*	\$ 892	\$ 868	\$ 868	\$ 860	\$ 860
After 10 Years*	\$1,481	\$1,546	\$1,546	\$1,895	\$1,895

National (pro forma)

	<u>Class A</u>	<u>Class B†</u>	<u>Class B††</u>	<u>Class C†</u>	<u>Class C††</u>
After 1 Year	\$ 503	\$ 453	\$ 153	\$ 253	\$ 153
After 3 Years*	\$ 684	\$ 594	\$ 494	\$ 491	\$ 494
After 5 Years*	\$ 880	\$ 858	\$ 858	\$ 853	\$ 858
After 10 Years*	\$1,445	\$1,506	\$1,506	\$1,872	\$1,872

† Assumes redemption at end of period and, with respect to shares held 10 years, conversion of Class B shares to Class A shares after 6 years.

†† Assumes no redemption at end of period and, with respect to shares held 10 years, conversion of Class B shares to Class A shares after 6 years.

* These examples assume that the Adviser's agreement to waive advisory fees and/or reimburse portfolio operating expenses is not extended beyond its current period.

The pro forma combined Examples detailed above assume that both Acquisitions occur. The tables below present the pro forma combined Examples assuming in each case that only one of the Acquired Portfolios approved the Acquisition.

If only the Acquisition of National II were to occur, the Examples of National on a pro forma combined basis would be as follows:

National (pro forma)

	<u>Class A</u>	<u>Class B†</u>	<u>Class B††</u>	<u>Class C†</u>	<u>Class C††</u>
After 1 Year	\$ 504	\$ 454	\$ 154	\$ 253	\$ 153
After 3 Years*	\$ 689	\$ 598	\$ 498	\$ 496	\$ 496
After 5 Years*	\$ 889	\$ 867	\$ 867	\$ 862	\$ 862
After 10 Years*	\$1,467	\$1,528	\$1,528	\$1,892	\$1,892

† Assumes redemption at end of period and, with respect to shares held 10 years, conversion of Class B shares to Class A shares after 6 years.

†† Assumes no redemption at end of period and, with respect to shares held 10 years, conversion of Class B shares to Class A shares after 6 years.

* These examples assume that the Adviser's agreement to waive advisory fees and/or reimburse portfolio operating expenses is not extended beyond its current period.

If only the Acquisition of Florida were to occur, the Examples of National on a pro forma combined basis would be as follows:

National (pro forma)

	<u>Class A</u>	<u>Class B†</u>	<u>Class B††</u>	<u>Class C†</u>	<u>Class C††</u>
After 1 Year	\$ 572	\$ 454	\$ 154	\$ 253	\$ 153
After 3 Years*	\$ 756	\$ 598	\$ 498	\$ 496	\$ 496
After 5 Years*	\$ 955	\$ 867	\$ 867	\$ 862	\$ 862
After 10 Years*	\$1,529	\$1,528	\$1,528	\$1,892	\$1,892

† Assumes redemption at end of period and, with respect to shares held 10 years, conversion of Class B shares to Class A shares after 6 years.

†† Assumes no redemption at end of period and, with respect to shares held 10 years, conversion of Class B shares to Class A shares after 6 years.

* These examples assume that the Adviser's agreement to waive advisory fees and/or reimburse portfolio operating expenses is not extended beyond its current period.

The projected post-Acquisition pro forma Annual Portfolio Operating Expenses and Examples presented above are based upon numerous material assumptions. Although these projections represent good faith estimates, there can be no assurance that any particular level of expenses or expense savings will be achieved, because expenses depend on a variety of factors, including the future level of fund assets, many of which are beyond the control of National and the Adviser.

APPENDIX D

COMPARISON OF INVESTMENT OBJECTIVES AND POLICIES

	National II	Florida	National
Investment Objective	The investment objective of the Portfolio is to earn the highest level of current income, exempt from Federal taxation, that is available without assuming what the Adviser considers to be undue risk.	The investment objective of the Portfolio is to earn the highest level of current income, exempt from Federal taxation and State of Florida taxation, that is available without assuming what the Adviser considers to be undue risk.	Same. ¹
<i>Investment Policies²</i>			
Status	The Portfolio is a series of an open-end management investment company that is diversified. (F)	Same.	Same.
Rule 35d-1/80% Policy	The Portfolio invests, under normal circumstances, at least 80% of its net assets in municipal securities with interest that is exempt from federal income tax, including the Alternative Minimum Tax (“AMT”). (F)	The Portfolio invests, under normal circumstances, at least 80% of its net assets in municipal securities with interest which is exempt from federal income tax and at least 80% of its net assets in municipal securities issued by the State of Florida or municipal securities with interest that is otherwise exempt from Florida income tax. (F)	The Portfolio invests, under normal circumstances, at least 80% of its net assets in municipal securities with interest that is exempt from federal income tax. (F)
Issuer Geography Concentration	The Portfolio may invest 25% or more of its total assets in municipal securities whose issuers are located in the same state.	None.	Same.
AMT-Subject Bonds	The Portfolio does not, and is not permitted to, invest in AMT-Subject bonds.	The Portfolio invests, and is permitted to invest without limit, in AMT-Subject bonds.	Same as Florida.
Insured Securities	The Portfolio may purchase municipal securities that are insured under policies issued by certain insurance companies.	Same.	Same.

¹ “Same” means the same as National II, unless otherwise noted

² Policies with the notation “F” are fundamental policies.

	<u>National II</u>	<u>Florida</u>	<u>National</u>
Investment Quality	The Portfolio pursues its objective by investing principally in high-yielding, predominantly investment grade, municipal securities.	Same.	Same.
	The high tax-free yields sought by the Portfolio are generally obtainable from medium-quality municipal securities rated A or Baa by Moody's, or A or BBB by S&P or Fitch.	Same.	Same.
Investment Quality-Downgrades	It is expected that normally the Portfolio will not retain a municipal security downgraded below Caa by Moody's and CCC by S&P and Fitch, an unrated municipal security, determined by the Adviser to have undergone similar credit quality deterioration or a defaulted municipal security. The Adviser may, however, choose to retain such a security if it determines that doing so is in the best interests of the Portfolio and its shareholders; provided, however, that downgraded or defaulted municipal securities will at no time comprise more than 10% of the Portfolio's net assets.	Same.	Same.
Unrated Securities	Unrated municipal securities may be purchased by the Portfolio when the Adviser believes that the financial condition of the issuers of such obligations or the protections afforded by their terms limit risk to a level comparable to that of rated securities that are consistent with the Portfolio's investment policies.	Same.	Same.
Maturity	The average dollar weighted maturity of securities in the Portfolio will normally range between 10 and 30 years.	Same.	Same.

	<u>National II</u>	<u>Florida</u>	<u>National</u>
Illiquid Securities	The Portfolio will limit its investment in illiquid securities to no more than 15% of net assets or such other amount permitted by guidance regarding the 1940 Act.	Same.	Same.
Zero Coupon Securities	The Portfolio may invest in zero coupon securities.	Same.	Same.
Forward Commitments	The Portfolio may purchase or sell municipal securities on a forward commitment basis.	Same.	Same.
Variable and Floating Rate Instruments	The Portfolio may invest in municipal securities that have fixed, variable, floating or inverse floating rates of interest.	Same.	Same.
Revenue Bonds	The Portfolio may invest more than 25% of its net assets in revenue bonds.	Same.	Same.
	The Portfolio may invest more than 25% of its total assets in securities or obligations that are related in such a way that business or political developments or changes affecting one such security could also affect the others (for example, securities with interest that is paid from projects of a similar type).	Same.	Same.
Municipal Lease Obligations	The Portfolio may invest in municipal lease obligations.	Same.	Same.

	<u>National II</u>	<u>Florida</u>	<u>National</u>
Other Municipal Securities/ Municipal Notes/Taxable Cash Investments	For temporary defensive purposes to attempt to respond to adverse market, economic, political, or other conditions, the Portfolio may invest without limit in other municipal securities that are in all other respects consistent with the Portfolio's investment policies. For temporary defensive purposes, the Portfolio also may invest without limit in high-quality municipal notes or variable rate demand obligations, or in taxable cash equivalents.	For temporary defensive purposes to attempt to respond to adverse market, economic, political, or other conditions, the Portfolio may invest without limit in other municipal securities that are in all other respects consistent with the Portfolio's investment policies. For temporary defensive purposes, the Portfolio also may invest without limit in high-quality municipal notes or variable rate demand obligations, or in taxable cash equivalents (limited to short-term U.S. Government securities or repurchase agreements).	Same.
Derivatives- General	The Portfolio may, but is not required to, use derivatives for risk management purposes or as part of its investment strategies.	Same.	Same.
	The Portfolio may use derivatives to earn income and enhance returns, to hedge or adjust the risk profile of a portfolio, to replace more traditional direct investments and to obtain exposure to otherwise inaccessible markets.	Same.	Same.
	The principal types of derivatives in which the Portfolios invest are options, futures, forwards and swaps.	Same.	Same.

	<u>National II</u>	<u>Florida</u>	<u>National</u>
Swaps	The Portfolio may invest in interest rate swaps, swaptions, caps, and floor transactions and credit default swaps.	Same.	Same.
	The Portfolio expects to enter into interest rate swap, swaptions, cap or floor transactions primarily for hedging purposes, which may include preserving a return or spread on a particular investment or portion of its portfolio or protecting against an increase in the price of securities the Portfolio anticipates purchasing at a later date. The Portfolio does not intend to use these transactions in a speculative manner.	Same.	Same.
	There is no limit on the amount of interest rate transactions that may be entered into by the Portfolio.	Same.	Same.
Options	Options on futures contracts written or purchased by the Portfolio will be traded on U.S. exchanges and will be used only for hedging purposes.	Same.	Same.
	The Portfolio may write covered put and call options and purchase put and call options on municipal securities, U.S. Government securities and financial indices or reference rates. The Portfolio may also enter into options on the yield “spread” or yield differential between securities.	Same.	Same.
	The Portfolio may write covered straddles.	Same.	Same.
Short-Term Trading	Although the Portfolio typically has a low turnover rate, the Portfolio may engage in active short-term trading to benefit from yield disparities among different issues of municipal securities, to seek short-term profits during periods of fluctuating interest rates, or for other reasons.	Same.	Same.

	<u>National II</u>	<u>Florida</u>	<u>National</u>
Structured Instruments	The Portfolio may invest up to 20% of its total assets in structured instruments.	Same.	Same.
Repurchase Agreements	The Portfolio may enter into repurchase agreements and buy/sell back transactions.	Same.	Same.
Preferred Stock	The Portfolio may invest in preferred stock.	Same.	Same.
Other Investment Companies	The Portfolio may invest in other investment companies, as permitted by the 1940 Act or the rules and regulations thereunder. The Portfolio intends to invest uninvested cash balances in an affiliated money market fund as permitted by Rule 12d1-1 under the 1940 Act.	Same.	Same.
Securities Lending	The Portfolio may lend portfolio securities to the extent permitted under the 1940 Act or the rules and regulations thereunder (as such statute, rules or regulations may be amended from time to time) or by guidance regarding, interpretations of, or exemptive orders under, the 1940 Act.	Same.	Same.
Margin	The Portfolio may not purchase securities on margin, except (i) as otherwise provided under rules adopted by the Securities and Exchange Commission under the 1940 Act or by guidance regarding the 1940 Act, or interpretations thereof, and (ii) that the Portfolio may obtain such short-term credits as are necessary for the clearance of portfolio transactions, and the Portfolio may make margin payments in connection with futures contracts, options, forward contracts, swaps, caps, floors, collars and other financial instruments.	Same.	Same.

	<u>National II</u>	<u>Florida</u>	<u>National</u>
Industry Concentration	The Portfolio may not concentrate investments in an industry, as concentration may be defined under the 1940 Act or the rules and regulations thereunder (as such statute, rules or regulations may be amended from time to time) or by guidance regarding, interpretations of, or exemptive orders under, the 1940 Act or the rules and regulations thereunder published by appropriate regulatory authorities. (F)	Same.	Same.
Borrowing	The Portfolio may not issue any senior security (as that term is defined in the 1940 Act) or borrow money, except to the extent permitted by the 1940 Act or the rules and regulations thereunder (as such statute, rules or regulations may be amended from time to time) or by guidance regarding, or interpretations of, or exemptive orders under, the 1940 Act or the rules and regulations thereunder published by appropriate regulatory authorities. (F)	Same.	Same.
	For the purposes of this restriction, margin and collateral arrangements, including, for example, with respect to permitted borrowings, options, futures contracts, options on futures contracts and other derivatives such as swaps are not deemed to involve the issuance of a senior security.	Same.	Same.

	<u>National II</u>	<u>Florida</u>	<u>National</u>
Lending	The Portfolio may not make loans except through (i) the purchase of debt obligations in accordance with its investment objectives and policies; (ii) the lending of portfolio securities; (iii) the use of repurchase agreements; or (iv) the making of loans to affiliated funds as permitted under the 1940 Act, the rules and regulations thereunder (as such statutes, rule or regulations may be amended from time to time), or by guidance regarding, and interpretations of, or exemptive orders under, the 1940 Act. (F)	Same.	Same.
Underwriting	The Portfolio may not act as an underwriter of securities of other issuers, except that the Portfolio may acquire restricted securities under circumstances in which, if such securities were sold, the Portfolio might be deemed to be an underwriter for purposes of the Securities Act of 1933, as amended. (F)	Same.	Same.
Commodities	The Portfolio may not purchase or sell commodities regulated by the Commodity Futures Trading Commission under the Commodity Exchange Act or commodities contracts except for futures contracts and options on futures contracts. (F)	Same.	Same.
Real Estate	The Portfolio may not purchase or sell real estate except that it may dispose of real estate acquired as a result of the ownership of securities or other instruments. (F)	Same.	Same.
	This restriction does not prohibit the Portfolio from investing in securities or other instruments backed by real estate or in securities of companies engaged in the real estate business.	Same.	Same.

APPENDIX E

DESCRIPTION OF PRINCIPAL RISKS OF THE PORTFOLIOS

Among the principal risks of investing in the Portfolios are market risk, municipal market risk, interest rate risk, credit risk, inflation risk and derivatives risk. Each of these risks is more fully described below. Each Portfolio could become subject to additional risks because the types of investments made by each Portfolio can change over time.

- Market Risk** This is the risk that the value of a Portfolio's investments will fluctuate as the stock or bond markets fluctuate and that prices overall will decline over shorter- or longer-term periods.
- Municipal Market Risk** This is the risk that special factors may adversely affect the value of municipal securities and have a significant effect on the yield or value of a Portfolio's investments in municipal securities. These factors include political or legislative changes, uncertainties related to the tax status of municipal securities, or the rights of investors in these securities. Because the Portfolios may invest a large portion of their assets in municipal securities issued within any state, they may be more vulnerable to events adversely affecting that state, including economic, political and regulatory occurrences, court decisions, terrorism and catastrophic natural disasters, such as hurricanes or earthquakes. The current economic slowdown has weakened the finances of most borrowers, including many municipalities. In the fourth quarter of 2008, tax revenues declined in at least 35 states with 21 states reporting tax declines in sales, personal income and corporate income compared to the same time period in 2007. A Portfolio's investments in certain municipal securities with principal and interest payments that are made from the revenues of a specific project or facility, and not general tax revenues, may have increased risks. Factors affecting the project or facility, such as local business or economic conditions, could have a significant effect on the project's ability to make payments of principal and interest on these securities.
- Interest Rate Risk** Changes in interest rates will affect the value of a Portfolio's investments in fixed-income securities. When interest rates rise, the value of a Portfolio's investments tends to fall and this decrease in value may not be offset by higher interest income from new investments. Interest rate risk is generally greater for Portfolios that invest in fixed-income securities with longer maturities or durations.
- Credit Risk** This is the risk that the issuer, the guarantor or the insurer of a fixed-income security, or the counterparty to a derivatives or other contract, will be unable or unwilling to make timely payments of interest or principal, or to otherwise honor its obligations. The degree of risk for a particular security may be reflected in its credit rating. In part due to the current financial and economic downturns, credit ratings for many issuers, guarantors and insurers have declined and are under pressure. There is the possibility that the credit rating of a fixed-income security or its guarantor or insurer may be downgraded after purchase of the security, which may adversely affect the value of the security. Investments in fixed-income securities with lower ratings tend to have a higher probability that an issuer will default or fail to meet its payment obligations.
- Inflation Rate Risk** This is the risk that the value of assets or income from investments will be less in the future as inflation decreases the value of money. As inflation increases, the value of each Portfolio's assets can decline as can the value of the Portfolio's distributions. This risk is generally greater for those Portfolios that invest a significant portion of their assets in fixed-income securities with longer maturities.

Prepayment Risk

Many municipal securities have call features that allow the issuer of the security to repay principal prior to the maturity date of the security. The issuer will typically call a security when interest rates are lower than the original issue yield of the security. A Portfolio may lose any premium it has paid for the called security over its par value and the principal received by the Portfolio when a security is called is usually reinvested at lower yield.

Derivatives Risk

The Portfolios may use derivative securities. These investments may be illiquid, difficult to price, and leveraged, so that small changes may produce disproportionate losses for a Portfolio, and may be subject to counterparty risk to a greater degree than more traditional investments.

Liquidity Risk

Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing a Portfolio from selling out of these illiquid securities at an advantageous price. Derivatives and securities involving substantial market and credit risk tend to involve greater liquidity risk. All of the Portfolios, particularly Florida, are subject to liquidity risk because the market for municipal securities is generally smaller than many other markets.

Management Risk

Each Portfolio is subject to management risk because it is an actively managed investment portfolio. The Adviser will apply its investment techniques and risk analyses in making investment decisions for the Portfolios, but there is no guarantee that its techniques will produce the intended results.

APPENDIX F
CERTAIN INFORMATION APPLICABLE TO
CLASS A, CLASS B AND CLASS C SHARES OF NATIONAL

How to Buy Shares

Class A, Class B and Class C Shares

Effective January 31, 2009, sales of Class B shares of the Portfolio to new investors were suspended. Class B shares are only issued (i) upon the exchange of Class B shares from another AllianceBernstein Fund, (ii) for purposes of dividend reinvestment, (iii) through the Portfolio's Automatic Investment Program for accounts that established the Program prior to January 31, 2009, and (iv) for purchases of additional Class B shares by Class B shareholders as of January 31, 2009. The ability to establish a new Automatic Investment Program for accounts containing Class B shares was suspended as of January 31, 2009.

You may purchase the Portfolio's Class A, Class B, or Class C shares through financial intermediaries, such as broker-dealers or banks. You also may purchase shares directly from the Portfolio's principal underwriter, AllianceBernstein Investments, Inc., or ABI.

Purchases Minimums and Maximums

Minimums:*

— Initial:	\$ 2,500
— Subsequent:	\$ 50

* These purchase minimums may not apply to accounts established in connection with the Automatic Investment Program and to some retirement-related investment programs. Please see "Retirement Plans, Tax-Deferred Accounts and Employee Benefit Plans" and "Automatic Investment Program", respectively, below. Additionally, these investment minimums do not apply to persons participating in a fee-based program, sponsored and maintained by a registered broker-dealer or other financial intermediary and approved by ABI.

Maximum Individual Purchase Amount:

— Class A shares	None
— Class B shares	\$ 100,000
— Class C shares	\$1,000,000

Your broker or financial advisor must receive your purchase request by 4:00 p.m., Eastern time, and submit it to the Portfolio by a pre-arranged time for you to receive the next-determined net asset value or NAV, less any applicable initial sales charge.

If you are an existing Portfolio shareholder and you have completed the appropriate section of the Mutual Fund Application, you may purchase additional shares by telephone with payment by electronic funds transfer in amounts not exceeding \$500,000. AllianceBernstein Investor Services, Inc., or ABIS, must receive and confirm telephone requests before 4:00 p.m., Eastern time, to receive that day's public offering price. Call 800-221-5672 to arrange a transfer from your bank account.

Retirement Plans, Tax-Deferred Accounts and Employee Benefit Plans

Special eligibility rules apply to some retirement and employee benefit plans. Although the Portfolio offers its shares to various types of tax-deferred accounts as described below, investments in the Portfolio may not be appropriate for tax-deferred accounts because the Portfolio's returns consist primarily of tax-exempt interest income. Except as indicated, there are no investment minimums for the plans listed below. Class A shares are available to:

- Traditional and Roth IRAs (the minimums listed in the table above apply);
- SEPs, SAR-SEPs, SIMPLE IRAs, and individual 403(b) plans;

- All 401(k) plans, 457 plans, employer-sponsored 403(b) plans, profit sharing and money purchase pension plans, defined benefit plans, and non-qualified deferred compensation plans where plan level or omnibus accounts are held on the books of the Portfolio (“group retirement plans”) with assets of \$1,000,000 or more;
- AllianceBernstein-sponsored Coverdell Education Savings Accounts (\$2,000 initial investment minimum, \$150 automatic investment program monthly minimum);
- AllianceBernstein-sponsored group retirement plans;
- AllianceBernstein Link, AllianceBernstein Individual 401(k), and AllianceBernstein SIMPLE IRA plans; and
- Certain defined contribution retirement plans that do not have plan level or omnibus accounts on the books of the Portfolio.

Group retirement plans that selected Class B shares as an investment alternative under their plan before September 2, 2003 may continue to purchase Class B shares.

Class C shares are available to AllianceBernstein Link, AllianceBernstein Individual 401(k), and AllianceBernstein SIMPLE IRA plans with less than \$250,000 in plan assets and 100 employees and to group retirement plans with plan assets of less than \$1,000,000.

Required Information

The Portfolio is required by law to obtain, verify and record certain personal information from you or persons on your behalf in order to establish an account. Required information includes name, date of birth, permanent residential address and taxpayer identification number (for most investors, your social security number). The Portfolio may also ask to see other identifying documents. If you do not provide the information, the Portfolio will not be able to open your account. If the Portfolio is unable to verify your identity, or that of another person(s) authorized to act on your behalf, or if the Portfolio believes it has identified potential criminal activity, the Portfolio reserves the right to take action it deems appropriate or as required by law, which may include closing your account. If you are not a U.S. citizen or resident alien, your account must be affiliated with a Financial Industry Regulatory Authority, or FINRA, member firm.

The Portfolio is required to withhold 28% of taxable dividends, capital gains distributions, and redemptions paid to any individual shareholder who has not provided the Portfolio with his or her certified taxpayer identification number. To avoid this, you must provide your correct tax identification number (social security number for most investors) on your Mutual Fund Application.

General

ABI may refuse any order to purchase shares. The Portfolio reserves the right to suspend the sale of its shares to the public in response to conditions in the securities markets or for other reasons.

The Different Share Class Expenses

This section describes the different expenses of investing in each class and explains factors to consider when choosing a class of shares. The expenses can include distribution and/or service (Rule 12b-1) fees, initial sales charges and/or CDSCs. Please see below for a discussion of how CDSCs are calculated. Only Class A shares offer Quantity Discounts, as described below under “Sales Charge Reduction Programs.”

What is a Rule 12b-1 Fee?

A Rule 12b-1 fee is a fee deducted from the Portfolio’s assets that is used to pay for personal service, maintenance of shareholder accounts and distribution costs, such as advertising and compensation of financial intermediaries. The amount of each share class’s Rule 12b-1 fee, if any, is disclosed below and in the Portfolio’s fee table near the front of its Prospectus.

Asset-Based Sales Charges or Distribution and/or Service (Rule 12b-1) Fees

The Portfolio has adopted plans under Rule 12b-1 promulgated under the Investment Company Act of 1940 that allow the Portfolio to pay asset-based sales charges or distribution and/or service fees for the distribution and sale of its shares. The amount of these fees for each class of the Portfolio's shares involved in the Acquisition is up to:

	<u>Distribution and/or Service (Rule 12b-1) Fee (as a Percentage of Aggregate Average Daily Net Assets)</u>
Class A	.30%
Class B	1.00%
Class C	1.00%

Because these fees are paid out of the Portfolio's assets on an ongoing basis, over time these fees will increase the cost of your investment and may cost you more than paying other types of sales fees. Class B and Class C shares are subject to higher Rule 12b-1 fees than Class A shares. (Class B shares are subject to these higher fees for a period of six years, after which they convert to Class A shares.) The higher fees mean a higher expense ratio, so Class B and Class C shares pay correspondingly lower dividends and may have a lower NAV (and returns) than Class A shares. All or some of these fees may be paid to financial intermediaries, including your financial advisor's firm.

Class A Shares – Initial Sales Charge Alternative

You can purchase Class A shares at their public offering price (or cost), which is NAV plus an initial sales charge of up to 4.25% of the offering price. Purchases of Class A shares in the amount of \$1,000,000 or more are not subject to a sales charge but, if redeemed within one year, may be subject to a CDSC of up to 1%. When a non-AllianceBernstein-sponsored group retirement plan terminates the Portfolio within one year, all investments in Class A shares of the Portfolio through the plan are subject to a 1% CDSC upon redemption. Furthermore, when a group retirement plan ceases to participate in an AllianceBernstein-sponsored group retirement plan program within one year, investments in the Portfolio's Class A shares through the plan are subject to a 1% CDSC upon redemption.

Class B Shares – Deferred Sales Charge Alternative

Effective January 31, 2009, sales of Class B shares of the Portfolio to new investors were suspended. Class B shares are only issued (i) upon the exchange of Class B shares from another AllianceBernstein Fund, (ii) for purposes of dividend reinvestment, (iii) through the Portfolio's Automatic Investment Program for accounts that established the Program prior to January 31, 2009, and (iv) for purchases of additional Class B shares by Class B shareholders as of January 31, 2009. The ability to establish a new Automatic Investment Program for accounts containing Class B shares was suspended as of January 31, 2009.

You can purchase Class B shares at NAV (subject to the limitations on the sale of Class B shares described above) without an initial sales charge. This means that the full amount of your purchase is invested in the Portfolio. Your investment, however, is subject to a CDSC if you redeem shares within three years of purchase. The CDSC varies depending on the number of years you hold the shares. The CDSC amounts for Class B shares are:

<u>Year Since Purchase</u>	<u>CDSC</u>
First	3.00%
Second	2.00%
Third	1.00%
Fourth and thereafter	None

If you exchange your shares for the Class B shares of another AllianceBernstein Mutual Fund, the CDSC also will apply to the Class B shares received. If you redeem your shares and directly invest the proceeds in units of *CollegeBoundfund*, the CDSC will apply to the units of the *CollegeBoundfund*. The CDSC period begins with the date of your original purchase, not the date of exchange for the other Class B shares or purchase of *CollegeBoundfund* units.

Class B shares purchased for cash automatically convert to Class A shares six years after the end of the month of your purchase. If you purchase shares by exchange for the Class B shares of another AllianceBernstein Mutual Fund, the conversion period runs from the date of your original purchase.

Class C Shares – Asset-Based Sales Charge Alternative

You can purchase Class C shares at NAV without an initial sales charge. This means that the full amount of your purchase is invested in the Portfolio. Your investment, however, is subject to a 1% CDSC if you redeem your shares within one year. If you exchange your shares for the Class C shares of another AllianceBernstein Mutual Fund, the 1% CDSC also will apply to the Class C shares received. The one-year period for the CDSC begins with the date of your original purchase, not the date of the exchange for the other Class C shares.

Special Distribution Arrangements for Group Retirement Plans

The Portfolio offers distribution arrangements for group retirement plans. However, plan sponsors, plan fiduciaries and other financial intermediaries may establish requirements for group retirement plans as to the purchase, sale or exchange of shares of the Portfolio, including maximum and minimum initial investment requirements that are different from those described in the Portfolio's Prospectus and SAI. Therefore, plan sponsors or fiduciaries may not impose the same share class parameters as set forth in the Portfolio's Prospectus and SAI. Group retirement plans also may not offer all classes of shares of the Portfolio. The Portfolio is not responsible for, and has no control over, the decision of any plan sponsor or fiduciary to impose such differing requirements.

Payments to Financial Intermediaries

Financial intermediaries market and sell shares of the Portfolio. These financial intermediaries may receive compensation for selling shares of the Portfolio. This compensation is paid from various sources, including any CDSC and/or Rule 12b-1 fee that you may pay.

What is a Financial Intermediary?

A financial intermediary is a firm that receives compensation for selling shares of the Portfolio offered in the Portfolio's prospectus and/or provides services to the Portfolio's shareholders. Financial intermediaries may include, among others, brokers, financial planners or advisors, banks, pension plan consultants and insurance companies. Financial intermediaries may employ financial advisors who deal with you and other investors on an individual basis.

In the case of Class A shares, all or a portion of the initial sales charge that you pay may be paid by ABI to financial intermediaries selling Class A shares. ABI may also pay these financial intermediaries a fee of up to 1% on purchases of \$1,000,000 or more. Additionally, up to 100% of the Rule 12b-1 fees applicable to Class A shares each year may be paid to financial intermediaries, including your financial intermediary, that sell Class A shares.

In the case of Class B shares, ABI must pay, at the time of your purchase, a commission to financial intermediaries selling Class B shares in an amount equal to 4% of your investment. Additionally, up to 30% of the Rule 12b-1 fees applicable to Class B shares each year may be paid to financial intermediaries, including your financial intermediary, that sell Class B shares.

In the case of Class C shares, ABI must pay, at the time of your purchase, a commission to firms selling Class C shares in an amount equal to 1% of your investment. Additionally, up to 100% of the Rule 12b-1 fees applicable to Class C shares each year may be paid to financial intermediaries, including your financial intermediary, that sell Class C shares.

Your financial advisor's firm receives compensation from the Portfolio, ABI and/or the Adviser in several ways from various sources, which include some or all of the following:

- upfront sales commissions;
- Rule 12b-1 fees;
- additional distribution support;
- defrayal of costs for educational seminars and training; and
- payments related to providing shareholder recordkeeping and/or transfer agency services.

Other Payments for Distribution Services and Educational Support

In addition to the Rule 12b-1 fees described above, ABI, at its expense, currently provides additional payments to firms that sell shares of the AllianceBernstein Mutual Funds. Although the individual components may be higher and the total amount of payments made to each qualifying firm in any given year may vary, the total amount paid to a financial intermediary in connection with the sale of shares of the AllianceBernstein Mutual Funds will generally not exceed the sum of (a) 0.25% of the current year's fund sales by that firm and (b) 0.10% of average daily net assets attributable to that firm over the year. These sums include payments to reimburse directly or indirectly the costs incurred by these firms and their employers in connection with educational seminars and training efforts about the AllianceBernstein Mutual Funds for the firm's employees and/or their clients and potential clients. The costs and expenses associated with these efforts may include travel, lodging, entertainment, and meals.

For 2009, ABI's additional payments to these firms for educational support and distribution assistance related to the AllianceBernstein Mutual Funds is expected to be approximately \$21 million. In 2008, ABI paid additional payments of approximately \$21 million for the AllianceBernstein Mutual Funds.

A number of factors are considered in determining the additional payments, including each firm's AllianceBernstein Mutual Fund sales, assets and redemption rates, and the willingness and ability of the firm to allow ABI to provide information for educational and marketing purposes. In some cases, firms will include the AllianceBernstein Mutual Funds on a "preferred" list. ABI's goal is to make the financial intermediaries who interact with current and prospective investors and shareholders more knowledgeable about the AllianceBernstein Mutual Funds so that they can provide suitable information and advice about the funds and related investor services.

The Portfolio and ABI also make payments for recordkeeping and other transfer agency services to financial intermediaries that sell AllianceBernstein Mutual Fund shares. These expenses paid by the Fund are included in "Other Expenses" under "Fees and Expenses of the Funds – Annual Fund Operating Expenses" in the Fund's Prospectus.

If one mutual fund sponsor makes greater distribution assistance payments than another, your financial advisor and his or her firm may have an incentive to recommend one fund complex over another. Similarly, if your financial advisor or his or her firm receives more distribution assistance for one share class versus another, then they may have an incentive to recommend that class.

Please speak with your financial advisor to learn more about the total amounts paid to your financial advisor and his or her firm by the Portfolio, the Adviser, ABI and by sponsors of other mutual funds he or she may recommend to you. You should also consult disclosures made by your financial advisor at the time of purchase.

ABI anticipates that the firms that will receive additional payments for distribution services and/or educational support include:

- AIG Advisor Group
- Ameriprise Financial Services
- AXA Advisors
- Bank of America
- Cadaret, Grant & Co.
- CCO Investment Services Corp.
- Chase Investment Services
- Citigroup Global Markets
- Commonwealth Financial Network
- Donegal Securities
- ING Advisors Network
- LPL Financial Corporation
- Merrill Lynch
- Morgan Stanley
- Raymond James
- RBC Capital Markets Corporation
- Robert W. Baird
- UBS AG
- UBS Financial Services
- Wachovia Securities
- Wells Fargo Investments

Although the Portfolio may use brokers or other financial intermediaries that sell shares of the Portfolio to effect portfolio transactions, the Portfolio does not consider the sale of AllianceBernstein Mutual Fund shares as a factor when selecting brokers or dealers to effect portfolio transactions.

How to Exchange Shares

You may exchange your Portfolio shares for shares of the same class of other AllianceBernstein Mutual Funds (including AllianceBernstein Exchange Reserves, a money market fund managed by the Adviser). Exchanges of shares are made at the next-determined NAV, without sales or service charges. You may request an exchange by mail or telephone or through your financial intermediary. In order to receive a day's NAV, ABIS or your financial intermediary must receive and confirm your telephone exchange request by 4:00 p.m., Eastern time, on that day. The Portfolio may modify, restrict or terminate the exchange privilege on 60 days' written notice.

How to Sell or Redeem Shares

You may "redeem" your shares (*i.e.*, sell your shares to the Portfolio) on any day the New York Stock Exchange (the "Exchange") is open. Your sale price will be the next-determined NAV, less any applicable CDSC, after the Portfolio receives your redemption request in proper form. Normally, redemption proceeds are sent to you within 7 days. If you recently purchased your shares by check or electronic funds transfer, your redemption payment may be delayed until the Portfolio is reasonably satisfied that the check or electronic funds transfer has been collected (which may take up to 15 days). Your financial intermediary must receive your sales request by 4:00 p.m., Eastern time, and submit it to the Portfolio by a pre-arranged time for you to receive the next-determined NAV, less any applicable CDSC. Your financial intermediary is responsible for submitting all necessary documentation to the Portfolio and may charge you a fee for this service.

Frequent Purchases and Redemptions of Portfolio Shares

Muni Income's Board of Directors (the "Board") has adopted policies and procedures designed to detect and deter frequent purchases and redemptions of the Portfolio's shares or excessive or short-term trading that may

disadvantage long-term shareholders of the Portfolio. These policies are described below. The Portfolio reserves the right to restrict, reject or cancel, without any prior notice, any purchase or exchange order for any reason, including any purchase or exchange order accepted by any shareholder's financial intermediary.

Risks Associated With Excessive Or Short-Term Trading Generally

While the Portfolio will try to prevent market timing by utilizing the procedures described below, these procedures may not be successful in identifying or stopping excessive or short-term trading in all circumstances. By realizing profits through short-term trading, shareholders that engage in rapid purchases and sales or exchanges of the Portfolio's shares dilute the value of shares held by long-term shareholders. Volatility resulting from excessive purchases and sales or exchanges of Portfolio shares, especially involving large dollar amounts, may disrupt efficient portfolio management. In particular, the Portfolio may have difficulty implementing its long-term investment strategies if it is forced to maintain a higher level of its assets in cash to accommodate significant short-term trading activity. Excessive purchases and sales or exchanges of the Portfolio's shares may force the Portfolio to sell portfolio securities at inopportune times to raise cash to accommodate short-term trading activity. In addition, the Portfolio may incur increased expenses if one or more shareholders engage in excessive or short-term trading. For example, the Portfolio may be forced to liquidate investments as a result of short-term trading and incur increased brokerage costs and realization of taxable capital gains without attaining any investment advantage. Similarly, the Portfolio may bear increased administrative costs due to asset level and investment volatility that accompanies patterns of short-term trading activity. All of these factors may adversely affect Portfolio performance.

Significant investments in foreign securities may be particularly susceptible to short-term trading strategies. This is because foreign securities are typically traded on markets that close well before the time a fund calculates its NAV at 4:00 p.m., Eastern time, which gives rise to the possibility that developments may have occurred in the interim that would affect the value of these securities. The time zone differences among international stock markets can allow a shareholder engaging in a short-term trading strategy to exploit differences in fund share prices that are based on closing prices of foreign securities established some time before a fund calculates its own share price (referred to as "time zone arbitrage"). This risk is generally not applicable to the Portfolio because it does not invest in foreign securities.

Investments in other types of securities may also be susceptible to short-term trading strategies. These investments include securities that are, among other things, thinly traded, traded infrequently, or relatively illiquid has the risk that the current market price for the securities may not accurately reflect current market values. A shareholder may seek to engage in short-term trading to take advantage of these pricing differences (referred to as "price arbitrage"). The Portfolio may be adversely affected by price arbitrage.

Policy Regarding Short-Term Trading

Purchases and exchanges of shares of the Portfolio should be made for investment purposes only. The Portfolio seeks to prevent patterns of excessive purchases and sales or exchanges of Portfolio shares. The Portfolio will seek to prevent such practices to the extent they are detected by the procedures described below. The Portfolio reserves the right to modify this policy, including any surveillance or account blocking procedures established from time to time to effectuate this policy, at any time without notice.

Transaction Surveillance Procedures. The Portfolio, through its agents, ABI and ABIS, maintains surveillance procedures to detect excessive or short-term trading in Portfolio shares. This surveillance process involves several factors, which include scrutinizing transactions in Portfolio shares that exceed certain monetary thresholds or numerical limits within a specified period of time. Generally, more than two exchanges of Portfolio shares during any 90-day period or purchases of shares followed by a sale within 90 days will be identified by these surveillance procedures. For purposes of these transaction surveillance procedures, the Portfolio may consider trading activity in multiple accounts under common ownership, control or influence. Trading activity identified by either, or a combination, of these factors, or as a result of any other information available at the time, will be evaluated to determine whether such activity might constitute excessive or short-term trading. These

surveillance procedures may be modified from time to time, as necessary or appropriate to improve the detection of excessive or short-term trading or to address specific circumstances, such as for certain retirement plans, to conform to plan exchange limits or U.S. Department of Labor regulations, or for certain automated or pre-established exchange, asset allocation or dollar-cost averaging programs, or omnibus account arrangements.

Account Blocking Procedures. If the Portfolio determines, in its sole discretion, that a particular transaction or pattern of transactions identified by the transaction surveillance procedures described above is excessive or short-term trading in nature, the relevant Portfolio account(s) will be immediately “blocked” and no future purchase or exchange activity will be permitted. However, sales of Portfolio shares back to the Portfolio or redemptions will continue to be permitted in accordance with the terms of the Portfolio’s current Prospectus. In the event an account is blocked, certain account-related privileges, such as the ability to place purchase, sale and exchange orders over the internet or by phone, may also be suspended. A blocked account will generally remain blocked unless and until the account holder or the associated broker, dealer or other financial intermediary provides evidence or assurance acceptable to the Portfolio that the accountholder did not or will not in the future engage in excessive or short-term trading.

Applications of Surveillance Procedures and Restrictions to Omnibus Accounts. Omnibus account arrangements are common forms of holding shares of the Portfolio, particularly among certain brokers, dealers and other financial intermediaries, including sponsors of retirement plans and variable insurance products. The Portfolio applies its surveillance procedures to these omnibus account arrangements. As required by the Securities and Exchange Commission rules, the Portfolio has entered into agreements with all of its financial intermediaries that require the financial intermediaries to provide the Portfolio, upon request of the Portfolio or its agents, with individual account level information about their transactions. If the Portfolio detects excessive trading through its monitoring of omnibus accounts, including trading at the individual account level, the financial intermediaries will also execute instructions from the Portfolio to take actions to curtail the activity, which may include applying blocks to accounts to prohibit future purchases and exchanges of Portfolio shares. For certain retirement plan accounts, the Portfolio may request that the retirement plan or other intermediary revoke the relevant participant’s privilege to effect transactions in Portfolio shares via the internet or telephone, in which case the relevant participant must submit future transaction orders via the U.S. Postal Service (*i.e.*, regular mail).

Risks to Shareholders Resulting from Imposition of Account Blocks in Response to Excessive Short-Term Trading Activity

A shareholder identified as having engaged in excessive or short-term trading activity whose account is “blocked” and who may not otherwise wish to redeem his or her shares effectively may be “locked” into an investment in the Portfolio that the shareholder did not intend to hold on a long-term basis or that may not be appropriate for the shareholder’s risk profile. To rectify this situation, a shareholder with a “blocked” account may be forced to redeem Portfolio shares, which could be costly if, for example, these shares have declined in value, the shareholder recently paid an initial sales charge, the shares are subject to a CDSC, or the sale results in adverse tax consequences to the shareholder. To avoid this risk, a shareholder should carefully monitor the purchases, sales and exchanges of Portfolio shares and avoid frequent trading in Portfolio shares.

Limitations on Ability to Detect and Curtail Excessive Trading Practices

Shareholders seeking to engage in excessive short-term trading activities may deploy a variety of strategies to avoid detection and, despite the efforts of the Portfolio and its agents to detect excessive or short duration trading in Portfolio shares, there is no guarantee that the Portfolio will be able to identify these shareholders or curtail their trading practices. In particular, the Portfolio may not be able to detect excessive or short-term trading in Portfolio shares attributable to a particular investor who effects purchase and/or exchange activity in Portfolio shares through omnibus accounts. Also, multiple tiers of these entities may exist, each utilizing an omnibus account arrangement, which may further compound the difficulty of detecting excessive or short duration trading activity in Portfolio shares.

How the Portfolio Values Its Shares

The Portfolio's NAV is calculated at the close of regular trading on the Exchange (ordinarily, 4:00 p.m., Eastern time), only on days when the Exchange is open for business. To calculate NAV, the Portfolio's assets are valued and totaled, liabilities are subtracted, and the balance, called net assets, is divided by the number of shares outstanding. If the Portfolio invests in securities that are primarily traded on foreign exchanges that trade on weekends or other days when the Portfolio does not price its shares, the NAV of the Portfolio's shares may change on days when shareholders will not be able to purchase or redeem their shares in the Portfolio.

The Portfolio values its securities at their current market value determined on the basis of market quotations or, if market quotations are not readily available or are unreliable, at "fair value" as determined in accordance with procedures established by and under the general supervision of the Board. When the Portfolio uses fair value pricing, it may take into account any factors it deems appropriate. The Portfolio may determine fair value based upon developments related to a specific security and/or U.S. sector or broader stock market indices. The prices of securities used by the Portfolio to calculate its NAV may differ from quoted or published prices for the same securities. Fair value pricing involves subjective judgments and it is possible that the fair value determined for a security is materially different than the value that could be realized upon the sale of that security.

Securities for which market quotations are not readily available or deemed unreliable (including restricted securities) are valued at fair market value. Factors considered in making this determination may include, but are not limited to, information obtained by contacting the issuer or analysts, or by analysis of the issuer's financial statements. The Portfolio may use fair value pricing more frequently for securities primarily traded in non-U.S. markets because, among other things, most foreign markets close well before the Portfolio 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. To account for this, the Portfolio may frequently value many of these securities using fair value prices based on independent pricing services or third party vendor tools to the extent available.

Subject to the Board's oversight, the Board has delegated responsibility for valuing the Portfolio's assets to the Adviser. The Adviser has established a Valuation Committee, which operates under the policies and procedures approved by the Board, to value the Portfolio's assets on behalf of the Portfolio. The Valuation Committee values Portfolio assets as described above.

Your order for purchase, sale, or exchange of shares is priced at the next-determined NAV after your order is received in proper form by the Portfolio.

Dividends, Distributions and Taxes

Dividends and Distributions

The Portfolio declares dividends on its shares on each business day from the Portfolio's net investment income. Dividends on shares for Saturdays, Sundays and holidays will be declared on the previous business day. The Portfolio pays dividends on its shares after the close of business on the twentieth day of each month or, if such day is not a business day, the first business day after that day. At your election (which you may change at least 30 days prior to the record date for a particular dividend or distribution), dividends and distributions are paid in cash or reinvested without charge in additional shares of the same class having an aggregate NAV as of the payment date of the dividend or distribution equal to the cash amount thereof.

If you receive an income dividend or capital gains distribution in cash, you may, within 120 days following the date of its payment, reinvest the dividend or distribution in additional shares of the Portfolio without charge by returning to the Adviser, with appropriate instructions, the check representing the dividend or distribution. Thereafter, unless you otherwise specify, you will be deemed to have elected to reinvest all subsequent dividends and distributions in shares of the Portfolio.

There is no fixed dividend rate and there can be no assurance that the Portfolio will pay any dividends. The amount of any dividend distribution paid on shares of the Portfolio must necessarily depend upon the realization of income and capital gains from the Portfolio's investments.

Taxes – General

Distributions to shareholders out of tax-exempt interest income earned by the Portfolio are not subject to federal income tax. Under current tax law, some individuals and corporations may be subject to the Alternative Minimum Tax ("AMT") on distributions to shareholders out of income from the private activity bonds ("AMT-Subject bonds") in which the Portfolio invests. Further, under current tax law, certain corporate taxpayers may be subject to the AMT based on their "adjusted current earnings." Distributions from the Portfolio that are excluded from gross income will be included in such corporation's "adjusted current earnings" for purposes of computation of the AMT. Distributions out of taxable interest, other investment income, and net realized short-term capital gains are taxable to shareholders as ordinary income. Any distributions of long-term capital gains generally will be taxable to you as long-term capital gains regardless of how long you have held your shares. Since the Portfolio's investment income is derived from interest rather than dividends, no portion of its distributions will be eligible for the dividends-received deduction available to corporations, and for non-corporate shareholders no portion of such distributions will be treated as "qualified dividend income" taxable at a maximum rate of 15% (5% for non-corporate shareholders in lower tax brackets).

Interest on indebtedness incurred by shareholders to purchase or carry shares of the Portfolio is not deductible for federal income tax purposes. Further, persons who are "substantial users" (or related persons) of facilities financed by AMT-Subject bonds, as defined below, should consult their tax advisers before purchasing shares of the Portfolio.

If you buy shares just before the Portfolio deducts a distribution from its NAV, you will pay the full price for the shares and then receive a portion of the price back as a distribution, which may be taxable.

For tax purposes, an exchange is treated as a sale of Portfolio shares. The sale or exchange of Portfolio shares is a taxable transaction for federal income tax purposes.

The Portfolio anticipates that substantially all of its dividends will be exempt from regular federal income taxes. Shareholders may be subject to state and local taxes on distributions from the Portfolio, including distributions that are exempt from federal income taxes. The Portfolio will report annually to shareholders the percentage and source of interest earned by the Portfolio that is exempt from federal income tax and relevant state and local personal income taxes.

Each investor should consult his or her own tax adviser to determine the tax status, with regard to his or her tax situation, of distributions from the Portfolio.

Alternative Minimum Tax

Under current federal income tax law, (1) interest on tax-exempt municipal securities issued after August 7, 1986 which are "specified private activity bonds," and the proportionate share of any exempt-interest dividend paid by a regulated investment company which receives interest from such specified private activity bonds, will be treated as an item of tax preference for purposes of the AMT imposed on individuals and corporations, though for regular Federal income tax purposes such interest will remain fully tax-exempt, and (2) interest on all tax-exempt obligations will be included in "adjusted current earnings" of corporations for AMT purposes. Such AMT-Subject bonds, which include industrial development bonds and bonds issued to finance such projects as airports, housing projects, solid waste disposal facilities, student loan programs and water and sewage projects, have provided, and may continue to provide, somewhat higher yields than other comparable municipal securities.

Investors should consider that, in most instances, no state, municipality or other governmental unit with taxing power will be obligated with respect to AMT-Subject bonds. AMT-Subject bonds are in most cases revenue bonds and do not generally have the pledge of the credit or the taxing power, if any, of the issuer of such bonds. AMT-Subject bonds are generally limited obligations of the issuer supported by payments from private business

entities and not by the full faith and credit of a state or any governmental subdivision. Typically the obligation of the issuer of AMT-Subject bonds is to make payments to bond holders only out of, and to the extent of, payments made by the private business entity for whose benefit the AMT-Subject bonds were issued. Payment of the principal and interest on such revenue bonds depends solely on the ability of the user of the facilities financed by the bonds to meet its financial obligations and the pledge, if any, of real and personal property so financed as security for such payment. It is not possible to provide specific detail on each of these obligations in which Portfolio assets may be invested.

APPENDIX G

OTHER INFORMATION

The following information provides only a summary of the key features of the organizational structure and governing documents of the Portfolios. National II and National are each organized as a series of Muni Income, a Maryland corporation. The Charter and Bylaw provisions that govern Muni Income apply to National II and National. Accordingly, there are no differences between National II and National in terms of their corporate organizational structures. Florida is organized as a series of Muni Income II, a Massachusetts business trust. The Agreement and Declaration of Trust (“Declaration”) and Bylaw provisions that govern Muni Income II apply to Florida. The differences in the Charter and Bylaw provisions of Muni Income and the Declaration and Bylaw provisions of Muni Income II, and their respective corporate organizational structures, are noted below.

General

Each Portfolio has procedures available to its respective shareholders for calling shareholders’ meetings and for the removal of directors or trustees. Under Maryland law, unless the charter provides otherwise (which Muni Income’s does not), a director may be removed, either with or without cause, at a meeting duly called and at which a quorum is present by the affirmative vote of the holders of a majority of the votes entitled to be cast for the election of directors. Under the Bylaws of Muni Income, shareholder-requested special meetings of shareholders for any other purpose shall be called by the Fund’s Secretary only upon the written request of shareholders entitled to cast not less than a majority of all the votes entitled to be cast at the meeting.

Under the Declaration of Muni Income II, a trustee may be removed, either with or without cause, at a meeting duly called and at which a quorum is present by the affirmative vote of the holder of two-thirds of the votes entitled to be cast for the election of trustees. Under the Bylaws of Muni Income II, shareholder-requested special meetings of shareholders for any other purpose shall be called by the Fund’s trustees only upon the written request of shareholders holding at least ten percent (10%) of the shares then outstanding. If the trustees fail to call or give notice of any such meeting for a period of thirty (30) days after written request by shareholders, then shareholders holding at least ten percent (10%) of the shares then outstanding may call and give notice of such meeting.

For each of National II and National, the presence in person or by proxy of the holders of one-third of the shares entitled to be cast constitutes a quorum at any meeting of shareholders of the Portfolio. For Florida, the presence in person or by proxy of the holders of a majority of the shares entitled to be cast constitutes a quorum at any meeting of shareholders of the Portfolio. For each of National II, National and Florida, when a quorum is present at any meeting, the affirmative vote of a majority of the votes (or with respect to the election of directors or trustees, a plurality of votes) cast shall decide any question brought before such meeting, except as otherwise required by law.

Shares of Common Stock of the Portfolios

The Portfolios’ shares have no preemptive rights. Each share has equal voting, dividend, distribution and liquidation rights. Shareholders are entitled to one vote per share. All voting rights for the election of directors or trustees are non-cumulative, which means that the holders of more than 50% of the shares of common stock of a Fund can elect 100% of the directors or trustees then nominated for election if they choose to do so and, in such event, the holders of the remaining shares of common stock will not be able to elect any directors or trustees. National II and National are each organized as a series of the same Maryland corporation and thus their shareholders have the same rights due to them under Maryland law. Florida is organized as a series of a Massachusetts business trust and thus its shareholders have the rights due to them under Massachusetts law. The Portfolios are not required to, and do not, hold annual meetings of shareholders and have no current intention to hold such meetings, except as required by the Investment Company Act of 1940, as amended (the “1940 Act”). Under the 1940 Act, the Portfolios are required to hold a shareholder meeting if, among other reasons, the number of directors or trustees elected by shareholders is less than a majority of the total number of directors or trustees, or if a Portfolio seeks to change its fundamental investment policies.

Dividends and Distributions

The Portfolios have the same dividends and distributions policies. While each of the Portfolios intends to distribute to its shareholders substantially all of each fiscal year's net income and net realized capital gains, if any, the amount and time of any dividend or distribution will depend on the realization by the Portfolio of income and capital gains from investments. There is no fixed dividend rate and there can be no assurance that the Portfolios will pay any dividends or realize any capital gains. The final determination of the amount of the Portfolios' return of capital distributions for the period will be made after the end of each calendar year.

Each Portfolio's income dividends and capital gains distributions, if any, declared by the Portfolio on its outstanding shares will, at the election of each shareholder, be paid in cash or in additional shares. If paid in additional shares, the shares will have an aggregate net asset value as of the close of business on the declaration date of the dividend or distribution equal to the cash amount of the dividend or distribution. A shareholder may make an election to receive dividends and distributions in cash or in shares at the time of purchase of shares. The shareholder's election can be changed at any time prior to a record date for a dividend. There is no sales or other charge in connection with the reinvestment of dividends or capital gains distributions.

Indemnification and Liability of Directors and Officers

The Charter of Muni Income generally provides for the indemnification of officers and directors, as applicable, to the full extent permitted by Maryland law. This indemnification does not protect any such person against any liability to a Portfolio, or any shareholder thereof, to which such person would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the satisfaction of such person's office.

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its shareholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty established by a final judgment as being material to the cause of action. Muni Income's charter contains such a provision that eliminates directors' and officers' liability to the maximum extent permitted by Maryland law. This exculpation does not protect any such person against any liability to a Portfolio or any shareholder thereof to which such person would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the satisfaction of such person's office.

The Declaration of Muni Income II provides for the indemnification of officers and trustees, as applicable, against all liabilities, including but not limited to amounts paid in satisfaction of judgments, in compromise or as fines and penalties, and expenses, including reasonable accountants' and counsel fees, incurred by any officers or trustees in connection with the defense or disposition of any action, suit or other proceeding, whether civil or criminal, before any court or administrative or legislative body, in which such person may be or may have been involved as a party or otherwise or with which such person may be or may have been threatened, while in office or thereafter, by reason of being or having been such a trustee or officer. This indemnification does not protect any such person against any liability to a Portfolio or any shareholder thereof to which such person would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the satisfaction of such person's office.

APPENDIX H
FORM OF PLAN OF ACQUISITION AND LIQUIDATION
ALLIANCEBERNSTEIN MUNICIPAL INCOME FUND, INC.
WITH RESPECT TO ITS SERIES NATIONAL PORTFOLIO II
AND NATIONAL PORTFOLIO

As of
[], 2009

This Plan of Acquisition and Liquidation (the “Plan”) has been adopted by the Board of Directors of AllianceBernstein Municipal Income Fund, Inc., a Maryland corporation (the “Corporation”), as of this [] day of [], 2009, to provide for the reorganization of National Portfolio II (the “Acquired Portfolio”) into National Portfolio (the “Acquiring Portfolio”). The Acquired Portfolio and the Acquiring Portfolio (together, the “Portfolios”) are each separate series of the Corporation, an open-end management investment company registered with the Securities and Exchange Commission (the “SEC”) under the Investment Company Act of 1940, as amended (the “1940 Act”).

The Board of Directors (the “Board”) has determined that it is in the best interests of the Acquiring Portfolio and the Acquired Portfolio that the Acquired Portfolio transfer all of the assets attributable to its Class A shares held by its stockholders (“Stockholders”) in exchange for Class A shares of equal net asset value of the Acquiring Portfolio (“Class A Acquisition Shares”), transfer all of the assets attributable to its Class B shares held by its Stockholders in exchange for Class B shares of equal net asset value of the Acquiring Portfolio (“Class B Acquisition Shares”) and transfer all of the assets attributable to its Class C shares held by its Stockholders in exchange for Class C shares of equal net asset value of the Acquiring Portfolio (“Class C Acquisition Shares” and together with Class A Acquisition Shares and Class B Acquisition Shares, the “Acquisition Shares”) and distribute Class A Acquisition Shares, Class B Acquisition Shares and Class C Acquisition Shares, respectively, of the Acquired Portfolio and that the Corporation redeem the outstanding shares (the “Acquired Portfolio Shares”) of the Acquired Portfolio, all as provided for below (the “Acquisition”).

In this Plan of Acquisition, any references to a Portfolio taking action shall mean and include all necessary actions of the Corporation on behalf of a Portfolio, unless the context of this Plan of Acquisition or the 1940 Act requires otherwise.

The Corporation intends that the Acquisition qualify as a “reorganization” within the meaning of Section 368(a) of the United States Internal Revenue Code of 1986, as amended (the “Code”), and any successor provisions, and that with respect to the Acquisition, the Acquiring Portfolio and the Acquired Portfolio will each be a “party to a reorganization” within the meaning of Section 368(b) of the Code.

1. Definitions

In addition to the terms elsewhere defined herein, each of the following terms shall have the meaning indicated for that term as follows:

1933 Act	Securities Act of 1933, as amended.
Assets	All assets of any kind and all interests, rights, privileges and powers of or attributable to the Acquired Portfolio or its shares, as appropriate, whether or not determinable at the Effective Time (as defined herein) and wherever located, including, without limitation, all cash, cash equivalents, securities, claims (whether absolute or contingent, known or unknown, accrued or unaccrued or conditional or unmatured), contract rights and receivables (including dividend and interest receivables) owned by the Acquired Portfolio or attributable to its

	shares and any deferred or prepaid expense, other than unamortized organizational expenses, shown as an asset on the Acquired Portfolio's books.
Closing Date	Such date as the officers of the Corporation shall designate.
Effective Time	5:00 p.m., Eastern time, on the Closing Date, or such other time as the officers of the Corporation shall designate.
Financial Statements	The audited financial statements of the relevant Portfolio for its most recently completed fiscal year and, if applicable, the unaudited financial statements of that Portfolio for its most recently completed semi-annual period.
Liabilities	All liabilities, expenses and obligations of any kind whatsoever of the Acquired Portfolio, whether known or unknown, accrued or unaccrued, absolute or contingent or conditional or unmatured.
N-14 Registration Statement	The Registration Statement of the Acquiring Portfolio on Form N-14 under the 1940 Act that will register the Acquisition Shares to be issued in the Acquisition.
Valuation Time	The close of regular session trading on the New York Stock Exchange ("NYSE") on the Closing Date, when for purposes of the Plan, the Corporation determines the net asset value per Acquisition Share of the Acquiring Portfolio and the net value of the assets of the Acquired Portfolio.
NAV	A Portfolio's net asset value is calculated by valuing and totaling assets and then subtracting liabilities and then dividing the balance by the number of shares that are outstanding.

2. Regulatory Filings

The Acquiring Portfolio shall promptly prepare and file the N-14 Registration Statement with the SEC, and the Acquiring Portfolio and the Acquired Portfolio also shall make any other required or appropriate filings with respect to the actions contemplated hereby.

3. Stockholder Action

As soon as practicable after the effective date of the N-14 Registration Statement, the Acquired Portfolio shall hold a Stockholders meeting to consider and approve the Acquisition and this Plan and such other matters as the Board may determine. Such approval by the Stockholders of the Acquired Portfolio shall, to the extent necessary to permit the consummation of the transactions contemplated herein without violating any investment objective, policy or restriction of the Acquired Portfolio, be deemed to constitute approval by the Stockholders of a temporary amendment of any investment objective, policy or restriction that would otherwise be inconsistent with or violated upon the consummation of such transactions solely for the purpose of consummating such transactions.

4. Transfer of the Acquired Portfolio's Assets

The Acquiring Portfolio and the Acquired Portfolio shall take the following steps with respect to the Acquisition, as applicable:

- (a) On or prior to the Closing Date, the Acquired Portfolio shall pay or provide for the payment of all of the Liabilities, expenses, costs and charges of or attributable to the Acquired Portfolio that are known to the Acquired Portfolio and that are due and payable prior to or as of the Closing Date.
- (b) Prior to the Effective Time, except to the extent prohibited by Rule 19b-1 under the 1940 Act, the Acquired Portfolio will declare to Acquired Portfolio Stockholders of record a dividend or dividends which, together with all previous such dividends, shall have the effect of distributing (a) all the excess of (i) the Acquired Portfolio's investment income excludable from gross income under Section 103(a) of the Code over (ii) the Acquired Portfolio's deductions disallowed under Sections 265 and 171(a)(2)

of the Code, (b) all of the Acquired Portfolio's investment company taxable income (as defined in Code Section 852) (computed in each case without regard to any deduction for dividends paid), and (c) all of the Acquired Portfolio's net realized capital gain (as defined in Code Section 1222), if any (after reduction for any capital loss carryover), for the taxable year ending on December 31, 2008 and for the short taxable year beginning on January 1, 2009, and ending on the Closing Date. Such dividends will be declared and paid to ensure continued qualification of the Acquired Portfolio as a "regulated investment company" for tax purposes and to eliminate fund-level tax.

- (c) At the Effective Time, the Acquired Portfolio shall assign, transfer, deliver and convey the Assets to the Acquiring Portfolio, subject to the Liabilities, and the Acquiring Portfolio shall then accept the Assets and assume the Liabilities such that at and after the Effective Time (i) the Assets at and after the Effective Time shall become and be assets of the Acquiring Portfolio, and (ii) the Liabilities at the Effective Time shall attach to the Acquiring Portfolio, and shall be enforceable against the Acquiring Portfolio to the same extent as if initially incurred by the Acquiring Portfolio. The Corporation shall redeem the outstanding shares of the Acquired Portfolio by issuance of shares of the Acquiring Portfolio as described more fully below.
- (d) Within a reasonable time prior to the Closing Date, the Acquired Portfolio shall provide, if requested, a list of the Assets to the Acquiring Portfolio. The Acquired Portfolio may sell any asset on such list prior to the Effective Time. After the Acquired Portfolio provides such list, the Acquired Portfolio will not acquire any additional securities or permit to exist any encumbrances, rights, restrictions or claims not reflected on such list, without the approval of the Acquiring Portfolio. Within a reasonable time after receipt of the list and prior to the Closing Date, the Acquiring Portfolio will advise the Acquired Portfolio in writing of any investments shown on the list that the Acquiring Portfolio has determined to be inconsistent with its investment objective, policies and restrictions. The Acquired Portfolio will dispose of any such securities prior to the Closing Date to the extent practicable and consistent with applicable legal requirements, including the Acquired Portfolio's investment objectives, policies and restrictions. In addition, if the Acquiring Portfolio determines that, as a result of the Acquisition, the Acquiring Portfolio would own an aggregate amount of an investment that would exceed a percentage limitation applicable to the Acquiring Portfolio, the Acquiring Portfolio will advise the Acquired Portfolio in writing of any such limitation and the Acquired Portfolio shall dispose of a sufficient amount of such investment as may be necessary to avoid the limitation as of the Effective Time, to the extent practicable and consistent with applicable legal requirements, including the Acquired Portfolio's investment objectives, policies and restrictions.
- (e) The Acquired Portfolio shall assign, transfer, deliver and convey the Assets to the Acquiring Portfolio at the Effective Time on the following basis:
 - (i) The value of the Assets less the Liabilities of the Acquired Portfolio attributable to shares of Class A held by Stockholders, shares of Class B held by Stockholders and shares of Class C held by Stockholders, determined as of the Valuation Time, shall be divided by the then NAV of one Class A, Class B and Class C Acquisition Share, as applicable, and, in exchange for the transfer of the Assets, the Acquiring Portfolio shall simultaneously issue and deliver to the Acquired Portfolio the number of Class A, Class B and Class C Acquisition Shares (including fractional shares) so determined, rounded to the second decimal place or such other decimal place as the officers of the Corporation shall designate;
 - (ii) The NAV of Class A, Class B and Class C Acquisition Shares to be delivered to the Acquired Portfolio shall be determined as of the Valuation Time in accordance with the Acquiring Portfolio's then applicable valuation procedures, and the net value of the Assets to be conveyed to the Acquiring Portfolio shall be determined as of the Valuation Time in accordance with the then applicable valuation procedures of the Acquired Portfolio; and
 - (iii) The portfolio securities of the Acquired Portfolio shall be made available by the Acquired Portfolio to State Street Bank and Trust Company, as custodian for the Acquiring Portfolio (the

“Custodian”), for examination no later than five business days preceding the Valuation Time. On the Closing Date, such portfolio securities and all the Acquired Portfolio’s cash shall be delivered by the Acquired Portfolio to the Custodian for the account of the Acquiring Portfolio, such portfolio securities to be duly endorsed in proper form for transfer in such manner and condition as to constitute good delivery thereof in accordance with the custom of brokers or, in the case of portfolio securities held in the U.S. Treasury Department’s book-entry system or by The Depository Trust Company, Participants Trust Company or other third party depositories, by transfer to the account of the Custodian in accordance with Rule 17f-4, Rule 17f-5 or Rule 17f-7, as the case may be, under the 1940 Act and accompanied by all necessary federal and state stock transfer stamps or a check for the appropriate purchase price thereof. The cash delivered shall be in the form of currency or certified or official bank checks, payable to the order of the Custodian, or shall be wired to an account pursuant to instructions provided by the Acquiring Portfolio.

- (f) Promptly after the Closing Date, the Acquired Portfolio will deliver to the Acquiring Portfolio a Statement of Assets and Liabilities of the Acquired Portfolio as of the Closing Date.

5. Termination of the Acquired Portfolio, Registration of Acquisition Shares and Access to Records

The Acquired Portfolio and the Acquiring Portfolio also shall take the following steps, as applicable:

- (a) At or as soon as reasonably practical after the Effective Time, the Acquired Portfolio shall terminate by transferring pro rata to its Class A Stockholders of record Class A Acquisition Shares received by the Acquired Portfolio pursuant to Section 4(e)(1) of this Plan, to its Class B Stockholders of record Class B Acquisition Shares received by the Acquired Portfolio pursuant to Section 4(e)(1) of this Plan and to its Class C Stockholders of record Class C Acquisition Shares received by the Acquired Portfolio pursuant to Section 4(e)(1) of this Plan. The Acquiring Portfolio shall establish accounts on its share records and note on such accounts the names of the former Acquired Portfolio Stockholders and the types and amounts of the Acquisition Shares that former Acquired Portfolio Stockholders are due based on their respective holdings of the Acquired Portfolio Shares as of the close of business on the Closing Date. Fractional Acquisition Shares shall be carried to the second decimal place. The Acquiring Portfolio shall not issue certificates representing the Acquisition Shares in connection with such exchange. All issued and outstanding Acquired Portfolio Shares will be simultaneously redeemed and cancelled on the books of the Acquired Portfolio. Ownership of the Acquisition Shares will be shown on the books of the Acquiring Portfolio’s transfer agent.

Following distribution by the Acquired Portfolio to its Stockholders of all Acquisition Shares delivered to the Acquired Portfolio, the Acquired Portfolio shall wind up its affairs and shall take all steps as are necessary and proper to terminate as soon as is reasonably possible after the Effective Time.

- (b) At and after the Closing Date, the Acquired Portfolio shall provide the Acquiring Portfolio and its transfer agent with immediate access to: (i) all records containing the names, addresses and taxpayer identification numbers of all of the Acquired Portfolio’s Stockholders and the number and percentage ownership of the outstanding shares of the Acquired Portfolio owned by Stockholders as of the Effective Time, and (ii) all original documentation (including all applicable Internal Revenue Service forms, certificates, certifications and correspondence) relating to the Acquired Portfolio Stockholders’ taxpayer identification numbers and their liability for or exemption from back-up withholding. The Acquired Portfolio shall preserve and maintain, or shall direct its service providers to preserve and maintain, records with respect to the Acquired Portfolio as required by Section 31 of, and Rules 31a-1 and 31a-2 under, the 1940 Act.

6. Conditions to Consummation of the Acquisition

The consummation of the Acquisition shall be subject to the following conditions precedent:

- (a) The Stockholders of the Acquired Portfolio shall have approved the Acquisition in the manner required by the Charter of the Corporation, its Bylaws and applicable law. If Stockholders of the Acquired

Portfolio fail to approve the Acquisition as required, that failure shall release the Portfolios of their obligations under this Plan.

- (b) There shall have been no material adverse change in the financial condition, results of operations, business, properties or assets of the Acquiring Portfolio or the Acquired Portfolio since the date of the most recent Financial Statements. Negative investment performance shall not be considered a material adverse change.
- (c) The Corporation shall have received an opinion of Seward & Kissel LLP, substantially to the effect that for federal income tax purposes:
 - (i) The Acquisition will constitute a “reorganization” within the meaning of Section 368(a) of the Code and that the Acquiring Portfolio and the Acquired Portfolio will each be “a party to a reorganization” within the meaning of Section 368(b) of the Code;
 - (ii) A Stockholder of the Acquired Portfolio will recognize no gain or loss on the exchange of the Stockholder’s shares of the Acquired Portfolio solely for Acquisition Shares;
 - (iii) Neither the Acquired Portfolio nor the Acquiring Portfolio will recognize any gain or loss upon the transfer of all of the Assets to the Acquiring Portfolio in exchange for Acquisition Shares and the assumption by the Acquiring Portfolio of the Liabilities pursuant to this Plan or upon the distribution of Acquisition Shares to Stockholders of the Acquired Portfolio in exchange for their respective shares of the Acquired Portfolio;
 - (iv) The holding period and tax basis of the Assets acquired by the Acquiring Portfolio will be the same as the holding period and tax basis that the Acquired Portfolio had in such Assets immediately prior to the Acquisition;
 - (v) The aggregate tax basis of Acquisition Shares received in connection with the Acquisition by each Stockholder of the Acquired Portfolio (including any fractional share to which the Stockholder may be entitled) will be the same as the aggregate tax basis of the shares of the Acquired Portfolio surrendered in exchange therefor, and increased by any gain recognized on the exchange;
 - (vi) The holding period of Acquisition Shares received in connection with the Acquisition by each Stockholder of the Acquired Portfolio (including any fractional share to which the Stockholder may be entitled) will include the holding period of the shares of the Acquired Portfolio surrendered in exchange therefor, provided that such Acquired Portfolio shares constitute capital assets in the hands of the Stockholder as of the Closing Date; and
 - (vii) The Acquiring Portfolio will succeed to the capital loss carryovers of the Acquired Portfolio but the use of the Acquiring Portfolio’s existing capital loss carryovers (as well as the carryovers of the Acquired Portfolio) may be subject to limitation under Section 383 of the Code after the Acquisition.

The opinion will be based on certain factual certifications made by officers of the Portfolios and will also be based on customary assumptions and subject to certain qualifications. The opinion is not a guarantee that the tax consequences of the Acquisition will be as described above.

Notwithstanding this subparagraph (c), Seward & Kissel LLP will express no view with respect to the effect of the Acquisition on any transferred asset as to which any unrealized gain or loss is required to be recognized at the end of a taxable year (or on the termination or transfer thereof) under federal income tax principles. Each Portfolio shall provide additional factual representations to Seward & Kissel LLP with respect to the Portfolios that are reasonably necessary to enable Seward & Kissel LLP to deliver the tax opinion. Notwithstanding anything in this Plan to the contrary, neither Portfolio may waive in any material respect the conditions set forth under this subparagraph (c).

- (d) The N-14 Registration Statement shall have become effective under the 1933 Act as to the Acquisition Shares, and the SEC shall not have instituted and, to the knowledge of the Acquiring Portfolio, is not contemplating instituting any stop order suspending the effectiveness of the N-14 Registration Statement.

- (e) No action, suit or other proceeding shall be threatened or pending before any court or governmental agency in which it is sought to restrain or prohibit, or obtain damages or other relief in connection with the Acquisition.
- (f) The SEC shall not have issued any unfavorable advisory report under Section 25(b) of the 1940 Act nor instituted any proceeding seeking to enjoin consummation of the Acquisition under Section 25(c) of the 1940 Act.
- (g) The Acquired Portfolio shall have received a letter from AllianceBernstein L.P. (the “Adviser”) with respect to insurance matters in form and substance satisfactory to the Acquired Portfolio.
- (h) The Acquiring Portfolio shall have received a letter from the Adviser agreeing to indemnify the Acquiring Portfolio in respect of certain liabilities of the Acquired Portfolio in form and substance satisfactory to the Acquiring Portfolio.

7. Closing

- (a) The Closing shall be held at the offices of the Corporation, 1345 Avenue of the Americas, New York, New York 10105, or at such other place as the officers of the Corporation may designate.
- (b) In the event that at the Valuation Time (i) the NYSE shall be closed to trading or trading thereon shall be restricted, or (ii) trading or the reporting of trading on the NYSE or elsewhere shall be disrupted so that accurate appraisal of the value of the net assets of the Acquired Portfolio or the Acquiring Portfolio is impracticable, the Closing Date shall be postponed until the first business day after the day when trading shall have been fully resumed and reporting shall have been restored; provided that if trading shall not be fully resumed and reporting restored within three business days of the Valuation Time, this Plan may be terminated by the Board.
- (c) The Acquiring Portfolio will provide to the Acquired Portfolio evidence satisfactory to the Acquired Portfolio that Acquisition Shares issuable pursuant to the Acquisition have been credited to the Acquired Portfolio’s account on the books of the Acquiring Portfolio. After the Closing Date, the Acquiring Portfolio will provide to the Acquired Portfolio evidence satisfactory to the Acquired Portfolio that such Shares have been credited pro rata to open accounts in the names of the Acquired Portfolio Stockholders.
- (d) At the Closing, each party shall deliver to the other such bills of sale, instruments of assumption of liabilities, checks, assignments, stock certificates, receipts or other documents as such other party or its counsel may reasonably request in connection with the transfer of assets, assumption of liabilities and liquidation contemplated by this Plan.

8. Termination of Plan

A majority of the Corporation’s Board may terminate this Plan before the applicable Effective Time if: (i) any of the conditions precedent set forth herein are not satisfied; or (ii) the Board determines that the consummation of the Acquisition is not in the best interests of either Portfolio or its Stockholders.

9. Termination of the Acquired Portfolio

If the Acquisition is consummated, the Acquired Portfolio shall terminate its registration under the 1940 Act and terminate.

10. Expenses

The Acquisition expenses shall be borne by the Acquired Portfolio.

APPENDIX I

FORM OF AGREEMENT AND PLAN OF ACQUISITION BETWEEN ALLIANCEBERNSTEIN MUNICIPAL INCOME FUND II — FLORIDA PORTFOLIO AND ALLIANCEBERNSTEIN MUNICIPAL INCOME FUND, INC. — NATIONAL PORTFOLIO

As of

[], 2009

This Agreement and Plan of Acquisition (the “Acquisition Plan”) is made as of this [] day of [] 2009, by and between National Portfolio (“Acquiring Portfolio”), a series of AllianceBernstein Municipal Income Fund, Inc., a Maryland corporation (“Muni Income”), and Florida Portfolio (the “Acquired Portfolio”), a series of AllianceBernstein Municipal Income Fund II, a Massachusetts business trust (“Muni Income II”).

WHEREAS, Acquiring Portfolio and the Acquired Portfolio (together, the “Portfolios”) are each a series of an open-end management investment company registered with the Securities and Exchange Commission (the “SEC”) under the Investment Company Act of 1940, as amended (the “1940 Act”);

WHEREAS, the parties desire that the Acquired Portfolio transfer all of the assets attributable to its Class A shares held by stockholders (“Stockholders”) in exchange for Class A shares of equal net asset value of Acquiring Portfolio (“Class A Acquisition Shares”), transfer all of the assets attributable to its Class B shares held by Stockholders in exchange for Class B shares of equal net asset value of Acquiring Portfolio (“Class B Acquisition Shares”) and transfer all of the assets attributable to its Class C shares held by Stockholders in exchange for Class C shares of equal net asset value of Acquiring Portfolio (“Class C Acquisition Shares” and together with the Class A Acquisition Shares and Class B Acquisition Shares, the “Acquisition Shares”) and distribute the Class A Acquisition Shares, Class B Acquisition Shares and Class C Acquisition Shares to Stockholders of Class A, Class B and Class C, respectively, of the Acquired Portfolio (the “Acquisition”); and

WHEREAS, the parties intend that the Acquisition qualify as a “reorganization” within the meaning of Section 368(a) of the United States Internal Revenue Code of 1986, as amended (the “Code”), and any successor provisions, and that with respect to the Acquisition, Acquiring Portfolio and the Acquired Portfolio will each be a “party to a reorganization” within the meaning of Section 368(b) of the Code;

Now, therefore, Acquiring Portfolio and the Acquired Portfolio agree as follows:

1. Definitions

In addition to the terms elsewhere defined herein, each of the following terms shall have the meaning indicated for that term as follows:

1933 Act	Securities Act of 1933, as amended.
Assets	All assets of any kind and all interests, rights, privileges and powers of or attributable to the Acquired Portfolio or its shares, as appropriate, whether or not determinable at the appropriate Effective Time and wherever located, including, without limitation, all cash, cash equivalents, securities, claims (whether absolute or contingent, known or unknown, accrued or unaccrued or conditional or unmatured), contract rights and receivables (including dividend and interest receivables) owned by the Acquired Portfolio or attributable to its shares and any deferred or prepaid expense, other than unamortized organizational expenses, shown as an asset on the Acquired Portfolio’s books.

Closing Date	Such date as the parties may agree.
Effective Time	5:00 p.m., Eastern time on the Closing Date, or such other time as the parties may agree to in writing.
Financial Statement	The audited financial statements of the relevant Portfolio for its most recently completed fiscal year and, if applicable, the unaudited financial statements of that Portfolio for its most recently completed semi-annual period.
Portfolio	Acquiring Portfolio and/or the Acquired Portfolio, as the case may be.
Liabilities	All liabilities, expenses and obligations of any kind whatsoever of the Acquired Portfolio, whether known or unknown, accrued or unaccrued, absolute or contingent or conditional or unmatured.
N-14 Registration Statement	The Registration Statement of Acquiring Portfolio on Form N-14 under the 1940 Act that will register the Acquisition Shares to be issued in the Acquisition and will include the proxy materials necessary for the Stockholders of the Acquired Portfolio to approve the Acquisition.
Valuation Time	The close of regular session trading on the New York Stock Exchange (“NYSE”) on the Closing Date, when for purposes of the Acquisition Plan, Acquiring Portfolio determines its net asset value per Acquisition Share and the Acquired Portfolio determines the net value of the Assets.
NAV	A Portfolio’s net asset value is calculated by valuing and totaling assets and then subtracting liabilities and then dividing the balance by the number of shares that are outstanding.

2. Regulatory Filings

Acquiring Portfolio shall promptly prepare and file the N-14 Registration Statement with the SEC, and Acquiring Portfolio and the Acquired Portfolio also shall make any other required or appropriate filings with respect to the actions contemplated hereby.

3. Stockholder Action

As soon as practicable after the effective date of the N-14 Registration Statement, the Acquired Portfolio shall hold a Stockholders meeting to consider and approve the Acquisition and this Acquisition Plan and such other matters as the Board of Trustees may determine. Such approval by the Stockholders of the Acquired Portfolio shall, to the extent necessary to permit the consummation of the transactions contemplated herein without violating any investment objective, policy or restriction of the Acquired Portfolio, be deemed to constitute approval by the Stockholders of a temporary amendment of any investment objective, policy or restriction that would otherwise be inconsistent with, or violated upon, the consummation of such transactions solely for the purpose of consummating such transactions.

4. Transfer of the Acquired Portfolio’s Assets

Acquiring Portfolio and the Acquired Portfolio shall take the following steps with respect to the Acquisition, as applicable:

- (a) On or prior to the Closing Date, the Acquired Portfolio shall pay or provide for the payment of all of the Liabilities, expenses, costs and charges of or attributable to the Acquired Portfolio that are known to the Acquired Portfolio and that are due and payable prior to or as of the Closing Date.
- (b) Prior to the Effective Time, except to the extent prohibited by Rule 19b-1 under the 1940 Act, the Acquired Portfolio will declare to Acquired Portfolio Stockholders of record a dividend or dividends which, together with all previous such dividends, shall have the effect of distributing (i) all the excess of (A) Acquired Portfolio’s investment income excludable from gross income under Section 103(a) of

the Code over (B) Acquired Portfolio's deductions disallowed under Sections 265 and 171(a)(2) of the Code, (ii) all of Acquired Portfolio's investment company taxable income (as defined in Code Section 852), (computed in each case without regard to any deduction for dividends paid), and (iii) all of Acquired Portfolio's net realized capital gain (as defined in Code Section 1222), if any (after reduction for any capital loss carryover), in each case for both the taxable year ending on September 30, 2008, and for the short taxable year beginning on October 1, 2008 and ending on the Closing Date. Such dividends will be declared and paid to ensure continued qualification of the Acquired Portfolio as a "regulated investment company" for tax purposes and to eliminate fund-level tax.

- (c) At the Effective Time, pursuant to Articles of Transfer accepted for record by the Secretary of the Commonwealth of Massachusetts, the Acquired Portfolio shall assign, transfer, deliver and convey the Assets to Acquiring Portfolio, subject to the Liabilities. Acquiring Portfolio shall then accept the Assets and assume the Liabilities such that at and after the Effective Time (i) the Assets at and after the Effective Time shall become and be assets of Acquiring Portfolio, and (ii) the Liabilities at the Effective Time shall attach to Acquiring Portfolio, and shall be enforceable against Acquiring Portfolio to the same extent as if initially incurred by Acquiring Portfolio.
- (d) Within a reasonable time prior to the Closing Date, the Acquired Portfolio shall provide, if requested, a list of the Assets to Acquiring Portfolio. The Acquired Portfolio may sell any asset on such list prior to the Effective Time. After the Acquired Portfolio provides such list, the Acquired Portfolio will not acquire any additional securities or permit to exist any encumbrances, rights, restrictions or claims not reflected on such list, without the approval of Acquiring Portfolio. Within a reasonable time after receipt of the list and prior to the Closing Date, Acquiring Portfolio will advise the Acquired Portfolio in writing of any investments shown on the list that Acquiring Portfolio has determined to be inconsistent with its investment objective, policies and restrictions. The Acquired Portfolio will dispose of any such securities prior to the Closing Date to the extent practicable and consistent with applicable legal requirements, including the Acquired Portfolio's investment objectives, policies and restrictions. In addition, if Acquiring Portfolio determines that, as a result of the Acquisition, Acquiring Portfolio would own an aggregate amount of an investment that would exceed a percentage limitation applicable to Acquiring Portfolio, Acquiring Portfolio will advise the Acquired Portfolio in writing of any such limitation and the Acquired Portfolio shall dispose of a sufficient amount of such investment as may be necessary to avoid the limitation as of the Effective Time, to the extent practicable and consistent with applicable legal requirements, including the Acquired Portfolio's investment objectives, policies and restrictions.
- (e) The Acquired Portfolio shall assign, transfer, deliver and convey the Assets to Acquiring Portfolio at the Effective Time on the following basis:
 - (i) The value of the Assets less the Liabilities of the Acquired Portfolio attributable to shares of Class A held by Stockholders, shares of Class B held by Stockholders and shares of Class C held by Stockholders, determined as of the Valuation Time, shall be divided by the then NAV of one Class A, Class B and Class C Acquisition Share, as applicable, and, in exchange for the transfer of the Assets, Acquiring Portfolio shall simultaneously issue and deliver to the Acquired Portfolio the number of Class A, Class B and Class C Acquisition Shares (including fractional shares) so determined, rounded to the second decimal place or such other decimal place as the parties may agree to in writing;
 - (ii) The NAV of Class A, Class B and Class C Acquisition Shares to be delivered to the Acquired Portfolio shall be determined as of the Valuation Time in accordance with Acquiring Portfolio's then applicable valuation procedures, and the net value of the Assets to be conveyed to Acquiring Portfolio shall be determined as of the Valuation Time in accordance with the then applicable valuation procedures of the Acquired Portfolio; and

- (iii) The portfolio securities of the Acquired Portfolio shall be made available by the Acquired Portfolio to State Street Bank and Trust Company, as custodian for Acquiring Portfolio (the “Custodian”), for examination no later than five business days preceding the Valuation Time. On the Closing Date, such portfolio securities and all the Acquired Portfolio’s cash shall be delivered by the Acquired Portfolio to the Custodian for the account of Acquiring Portfolio, such portfolio securities to be duly endorsed in proper form for transfer in such manner and condition as to constitute good delivery thereof in accordance with the custom of brokers or, in the case of portfolio securities held in the U.S. Treasury Department’s book-entry system or by The Depository Trust Company, Participants Trust Company or other third party depositories, by transfer to the account of the Custodian in accordance with Rule 17f-4, Rule 17f-5 or Rule 17f-7, as the case may be, under the 1940 Act and accompanied by all necessary federal and state stock transfer stamps or a check for the appropriate purchase price thereof. The cash delivered shall be in the form of currency or certified or official bank checks, payable to the order of the Custodian, or shall be wired to an account pursuant to instructions provided by Acquiring Portfolio.
- (f) Promptly after the Closing Date, the Acquired Portfolio will deliver to Acquiring Portfolio a Statement of Assets and Liabilities of the Acquired Portfolio as of the Closing Date.

5. Termination of the Acquired Portfolio, Registration of Acquisition Shares and Access to Records

The Acquired Portfolio and Acquiring Portfolio also shall take the following steps, as applicable:

- (a) At or as soon as reasonably practical after the Effective Time, the Acquired Portfolio shall terminate by transferring pro rata to its Stockholders of Class A of record Class A Acquisition Shares received by the Acquired Portfolio pursuant to Section 4(e)(i) of this Acquisition Plan; to its Stockholders of Class B of record Class B Acquisition Shares received by the Acquired Portfolio pursuant to Section 4(e)(i) of this Acquisition Plan; and to its Stockholders of Class C of record Class C Acquisition Shares received by the Acquired Portfolio pursuant to Section 4(e)(i) of this Acquisition Plan. Acquiring Portfolio shall establish accounts on its share records and note on such accounts the names of the former Acquired Portfolio Stockholders and the types and amounts of Acquisition Shares that former Acquired Portfolio Stockholders are due based on their respective holdings of shares of the Acquired Portfolio as of the close of business on the Closing Date. Fractional Acquisition Shares shall be carried to the second decimal place. Acquiring Portfolio shall not issue certificates representing the Acquisition Shares in connection with such exchange. All issued and outstanding Acquired Portfolio shares in connection with such exchange will be simultaneously redeemed and cancelled on the books of the Acquired Portfolio. Ownership of Acquisition Shares will be shown on the books of Acquiring Portfolio’s transfer agent.

Following distribution by the Acquired Portfolio to its Stockholders of all Acquisition Shares delivered to the Acquired Portfolio, the Acquired Portfolio shall wind up its affairs and shall take all steps as are necessary and proper to terminate as soon as is reasonably possible after the Effective Time.

- (b) At and after the Closing Date, the Acquired Portfolio shall provide Acquiring Portfolio and its transfer agent with immediate access to: (i) all records containing the names, addresses and taxpayer identification numbers of all of the Acquired Portfolio’s Stockholders and the number and percentage ownership of the outstanding shares of the Acquired Portfolio owned by Stockholders as of the Effective Time, and (ii) all original documentation (including all applicable Internal Revenue Service forms, certificates, certifications and correspondence) relating to the Acquired Portfolio Stockholders’ taxpayer identification numbers and their liability for or exemption from back-up withholding. The Acquired Portfolio shall preserve and maintain, or shall direct its service providers to preserve and maintain, records with respect to the Acquired Portfolio as required by Section 31 of, and Rules 31a-1 and 31a-2 under, the 1940 Act.

6. Certain Representations and Warranties of the Acquired Portfolio

The Acquired Portfolio represents and warrants to Acquiring Portfolio as follows:

- (a) The Acquired Portfolio is a series of a business trust duly incorporated, validly existing and in good standing under the laws of the Commonwealth of Massachusetts. The Acquired Portfolio is a series of a business trust registered with the SEC as an open-end management investment company under the 1940 Act and such registration will be in full force and effect as of the Effective Time.
- (b) The Acquired Portfolio has the power and all necessary federal, state and local qualifications and authorizations to own all of the Assets, to carry on its business, to enter into this Acquisition Plan and to consummate the transactions contemplated herein.
- (c) The Board of Trustees of the Acquired Portfolio has duly authorized the execution and delivery of this Acquisition Plan and the transactions contemplated herein. Duly authorized officers of the Acquired Portfolio have executed and delivered this Acquisition Plan. This Acquisition Plan represents a valid and binding contract, enforceable in accordance with its terms, subject as to enforcement to bankruptcy, insolvency, reorganization, arrangement, moratorium, and other similar laws of general applicability relating to or affecting creditors' rights and to general equity principles. The execution and delivery of this Acquisition Plan does not, and, subject to the approval of Stockholders referred to in Section 3 hereof, the consummation of the transactions contemplated by this Acquisition Plan will not, violate Muni Income II's Agreement and Declaration of Trust ("Declaration"), its Bylaws or any material agreement to which the Acquired Portfolio is subject. Except for the approval of its Stockholders, the Acquired Portfolio does not need to take any other action to authorize its officers to effectuate this Acquisition Plan and the transactions contemplated herein.
- (d) The Acquired Portfolio has qualified as a regulated investment company under Part I of Subchapter M of Subtitle A, Chapter 1, of the Code, in respect of each taxable year since the commencement of its operations and intends to continue to qualify as a regulated investment company for its taxable year ending upon its liquidation.
- (e) The information pertaining to the Acquired Portfolio included within the N-14 Registration Statement when filed with the SEC, when Part A of the N-14 Registration Statement is distributed to Stockholders at the time of the Stockholder meeting of the Acquired Portfolio for approval of the Acquisition and at the Effective Time, insofar as it relates to the Acquired Portfolio, shall (i) comply in all material respects with the applicable provisions of the 1933 Act and the 1940 Act, and the rules and regulations thereunder and applicable state securities laws, and (ii) not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein not misleading.
- (f) The Acquired Portfolio has duly authorized and validly issued all of its issued and outstanding shares of common stock, and all such shares are fully paid and non-assessable and were offered for sale and sold in conformity with the registration requirements of all applicable federal and state securities laws. There are no outstanding options, warrants or other rights to subscribe for or purchase any of the shares of the Acquired Portfolio, nor are there any securities convertible into shares of the Acquired Portfolio.
- (g) The Acquired Portfolio shall operate its business in the ordinary course between the date hereof and the Effective Time. Such ordinary course of business will include the declaration and payment of customary dividends and distributions and any other dividends and distributions referred to in Section 4(b) hereof.
- (h) At the Effective Time, the Acquired Portfolio will have good and marketable title to the Assets and full right, power and authority to assign, transfer, deliver and convey the Assets.
- (i) The Financial Statements of the Acquired Portfolio, a copy of which has been previously delivered to Acquiring Portfolio, fairly present the financial position of the Acquired Portfolio as of the Acquired Portfolio's most recent fiscal year-end and the results of the Acquired Portfolio's operations and changes in the Acquired Portfolio's net assets for the periods indicated.

- (j) To the knowledge of the Acquired Portfolio, the Acquired Portfolio has no liabilities, whether or not determined or determinable, other than the Liabilities disclosed or provided for in its Financial Statements or Liabilities incurred in the ordinary course of business subsequent to the date of the most recent Financial Statement referencing Liabilities.
- (k) To the knowledge of the Acquired Portfolio, except as has been disclosed in writing to Acquiring Portfolio, no claims, actions, suits, investigations or proceedings of any type are pending or threatened against the Acquired Portfolio or any of its properties or assets or any person whom the Acquired Portfolio may be obligated to indemnify in connection with such litigation, proceeding or investigation. Subject to the foregoing, there are no facts that the Acquired Portfolio has reason to believe are likely to form the basis for the institution of any such claim, action, suit, investigation or proceeding against the Acquired Portfolio. The Acquired Portfolio is not a party to nor subject to the provisions of any order, decree or judgment of any court or governmental body that adversely affects, or is reasonably likely to adversely affect, its financial condition, results of operations, or the Assets or its ability to consummate the transactions contemplated by the Acquisition Plan.
- (l) Except for agreements entered into or granted in the ordinary course of its business, in each case under which no material default exists, and this Acquisition Plan, the Acquired Portfolio is not a party to or subject to any material contract or other commitments that, if terminated, may result in material liability to the Acquired Portfolio or under which (whether or not terminated) any material payment for periods subsequent to the Closing Date will be due from the Acquired Portfolio.
- (m) The Acquired Portfolio has filed its federal income tax returns, copies of which have been previously made available to Acquiring Portfolio, for all taxable years for which such returns are due and has paid all taxes payable pursuant to such returns. All of the Acquired Portfolio's tax liabilities will have been adequately provided for on its books. No such return is currently under audit and no unpaid assessment has been asserted with respect to such returns. To the best of the Acquired Portfolio's knowledge, it will not have any tax deficiency or liability asserted against it or question with respect thereto raised, and it will not be under audit by the Internal Revenue Service or by any state or local tax authority for taxes in excess of those already paid. The Acquired Portfolio will timely file its federal income tax return for each subsequent taxable year including its current taxable year.
- (n) For federal income tax purposes, the Acquired Portfolio qualifies as a "regulated investment company," and the provisions of Sections 851 through 855 of the Code apply to the Acquired Portfolio for the remainder of its current taxable year beginning October 1, 2008, and will continue to apply through the Closing Date.
- (o) Since the date of the Financial Statements of the Acquired Portfolio, there has been no material adverse change in its financial condition, results of operations, business, or Assets. For this purpose, negative investment performance shall not be considered a material adverse change.
- (p) The Acquired Portfolio's investment operations from inception to the date hereof have been in compliance in all material respects with the investment policies and investment restrictions set forth in its prospectus or prospectuses and statement or statements of additional information as in effect from time to time, except as previously disclosed in writing to Acquiring Portfolio.
- (q) The Acquisition Shares to be issued to the Acquired Portfolio pursuant to Section 4(e)(i) will not be acquired for the purpose of making any distribution thereof other than to the Acquired Portfolio Stockholders as provided in Section 4(e)(i).
- (r) The Acquired Portfolio, or its agents, (i) holds a valid Form W-8Ben, Certificate of Foreign Status of Beneficial Owner for United States Withholding (or other appropriate series of Form W-8, as the case may be) or Form W-9, Request for Taxpayer Identification Number and Certification, for each Acquired Portfolio Stockholder of record, which Form W-8 or Form W-9 can be associated with reportable payments made by the Acquired Portfolio to such Stockholder, and/or (ii) has otherwise timely instituted the appropriate backup withholding procedures with respect to such Stockholder as provided by Section 3406 of the Code and the regulations thereunder.

7. Certain Representations and Warranties of Acquiring Portfolio

Acquiring Portfolio represents and warrants to the Acquired Portfolio as follows:

- (a) Acquiring Portfolio is a series of a corporation duly incorporated, validly existing and in good standing under the laws of the State of Maryland. Acquiring Portfolio is a series of a corporation registered with the SEC as an open-end management investment company under the 1940 Act and such registration will be in full force and effect as of the Effective Time.
- (b) Acquiring Portfolio shall operate its business in the ordinary course between the date hereof and the Effective Time. Such ordinary course of business will include the declaration and payment of customary dividends and distributions.
- (c) Acquiring Portfolio has the power and all necessary federal, state and local qualifications and authorizations to own all of its assets, to carry on its business, to enter into this Acquisition Plan and to consummate the transactions contemplated herein.
- (d) The Board of Directors of Muni Income has duly authorized execution and delivery of this Acquisition Plan and the transactions contemplated herein. Duly authorized officers of Acquiring Portfolio have executed and delivered the Acquisition Plan. The Acquisition Plan represents a valid and binding contract, enforceable in accordance with its terms, subject as to enforcement to bankruptcy, insolvency, reorganization, arrangement, moratorium and other similar laws of general applicability relating to or affecting creditors' rights and to general equity principles. The execution and delivery of this Acquisition Plan does not, and the consummation of the transactions contemplated by this Acquisition Plan will not, violate the Charter of Muni Income, its Bylaws or any material agreement to which Acquiring Portfolio is subject. Except for the approval of its Board, Acquiring Portfolio does not need to take any other action to authorize its officers to effectuate the Acquisition Plan and the transactions contemplated herein.
- (e) Acquiring Portfolio has qualified as a regulated investment company under Part I of Subchapter M of Subtitle A, Chapter 1, of the Code in respect of each taxable year since the commencement of its operations and qualifies and intends to continue to qualify as a regulated investment company for its current taxable year.
- (f) The N-14 Registration Statement, when filed with the SEC, when Part A of the N-14 Registration Statement is distributed to Stockholders at the time of the Stockholder meeting of the Acquired Portfolio for approval of the Acquisition and at the Effective Time, insofar as it relates to Acquiring Portfolio, shall (i) comply in all material respects with the applicable provisions of the 1933 Act and the 1940 Act, and the rules and regulations thereunder and applicable state securities laws and (ii) not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.
- (g) Acquiring Portfolio has duly authorized and validly issued all issued and outstanding shares of common stock of Acquiring Portfolio, and all such shares are fully paid and non-assessable and were offered for sale and sold in conformity with the registration requirements of all applicable federal and state securities laws. Acquiring Portfolio has duly authorized the Class A, Class B and Class C shares of Acquiring Portfolio referred to in Section 4(e) hereof to be issued and delivered to the Acquired Portfolio as of the Effective Time. When issued and delivered, such Class A, Class B and Class C shares of Acquiring Portfolio shall be validly issued, fully paid and non-assessable, and no Stockholder of Acquiring Portfolio shall have any preemptive right of subscription or purchase in respect of any such share. There are no outstanding options, warrants or other rights to subscribe for or purchase any Acquisition Shares, nor are there any securities convertible into Acquisition Shares.
- (h) To the knowledge of Acquiring Portfolio, except as has been disclosed in writing to the Acquired Portfolio, no claims, actions, suits, investigations or proceedings of any type are pending or threatened

against Acquiring Portfolio or any of its properties or assets or any person whom Acquiring Portfolio may be obligated to indemnify in connection with such litigation, proceeding or investigation. Subject to the foregoing, there are no facts that Acquiring Portfolio currently has reason to believe are likely to form the basis for the institution of any such claim, action, suit, investigation or proceeding against Acquiring Portfolio. Acquiring Portfolio is not a party to or subject to the provisions of any order, decree or judgment of any court or governmental body that adversely affects, or is reasonably likely to adversely affect its financial condition, results of operations, its assets or its ability to consummate the transactions contemplated by this Acquisition Plan.

- (i) Except for agreements entered into or granted in the ordinary course of its business, in each case under which no material default exists, Acquiring Portfolio is not a party to or subject to any material contract, debt instrument, employee benefit plan, lease, franchise, license or permit of any kind or nature whatsoever.
- (j) Acquiring Portfolio has filed its federal income tax returns, copies of which have been previously made available to the Acquired Portfolio, for all taxable years for which such returns are due and has paid all taxes payable pursuant to such returns. All of Acquiring Portfolio's tax liabilities will have been adequately provided for on its books. No such return is currently under audit and no unpaid assessment has been asserted with respect to such returns. To the best of Acquiring Portfolio's knowledge, it will not have any tax deficiency or liability asserted against it or question with respect thereto raised, and it will not be under audit by the Internal Revenue Service or by any state or local tax authority for taxes in excess of those already paid. Acquiring Portfolio will timely file its federal income tax return for each subsequent taxable year including its current taxable year.
- (k) For federal income tax purposes, Acquiring Portfolio qualifies as a "regulated investment company," and the provisions of Sections 851 through 855 of the Code apply to Acquiring Portfolio for the remainder of its current taxable year beginning August 1, 2007, and will continue to apply through the Closing Date.
- (l) The Financial Statements of Acquiring Portfolio, a copy of which has been previously delivered to the Acquired Portfolio, fairly present the financial position of Acquiring Portfolio at its most recent fiscal year-end and the results of Acquiring Portfolio's operations and changes in Acquiring Portfolio's net assets for the period indicated.
- (m) Since the date of the Financial Statements of Acquiring Portfolio, there has been no material adverse change in its financial condition, results of operations, business or assets. Negative investment performance shall not be considered a material adverse change.
- (n) Acquiring Portfolio's investment operations from inception to the date hereof have been in compliance in all material respects with the investment policies and investment restrictions set forth in its prospectus or prospectuses and statement or statements of additional information as in effect from time to time, except as previously disclosed in writing to the Acquired Portfolio.
- (o) Acquiring Portfolio will use all reasonable efforts to obtain the approvals and authorizations required by the 1933 Act, the 1940 Act and such other state securities laws as it may deem appropriate in order to continue its operations after the Closing Date.

8. Conditions to the Obligations of Acquiring Portfolio and the Acquired Portfolio

The obligations of Acquiring Portfolio and the Acquired Portfolio with respect to the Acquisition shall be subject to the following conditions precedent:

- (a) The Stockholders of the Acquired Portfolio shall have approved the Acquisition in the manner required by the Charter of the Acquired Portfolio, its Bylaws and applicable law. If Stockholders of the Acquired Portfolio fail to approve the Acquisition as required, that failure shall release the Portfolios of their obligations under this Acquisition Plan.

- (b) Acquiring Portfolio and the Acquired Portfolio shall have delivered to the other party a certificate dated as of the Closing Date and executed in its name by its Secretary or an Assistant Secretary, in a form reasonably satisfactory to the receiving party, stating that the representations and warranties of Acquiring Portfolio or the Acquired Portfolio, as applicable, in this Acquisition Plan that apply to the Acquisition are true and correct in all material respects at and as of the Valuation Time.
- (c) Acquiring Portfolio and the Acquired Portfolio shall have performed and complied in all material respects with each of its representations and warranties required by this Acquisition Plan to be performed or complied with by it prior to or at the Valuation Time and the Effective Time.
- (d) There shall have been no material adverse change in the financial condition, results of operations, business, properties or assets of Acquiring Portfolio or the Acquired Portfolio since the date of the most recent Financial Statements. Negative investment performance shall not be considered a material adverse change.
- (e) Acquiring Portfolio and the Acquired Portfolio shall have received an opinion of Seward & Kissel LLP reasonably satisfactory to each of them, substantially to the effect that for federal income tax purposes:
 - (i) the Acquisition will constitute a “reorganization” within the meaning of Section 368(a) of the Code and that Acquiring Portfolio and the Acquired Portfolio will each be “a party to a reorganization” within the meaning of Section 368(b) of the Code;
 - (ii) a Stockholder of the Acquired Portfolio will recognize no gain or loss on the exchange of the Stockholder’s shares of the Acquired Portfolio solely for Acquisition Shares;
 - (iii) neither the Acquired Portfolio nor Acquiring Portfolio will recognize any gain or loss upon the transfer of all of the Assets to Acquiring Portfolio in exchange for Acquisition Shares and the assumption by Acquiring Portfolio of the Liabilities pursuant to this Acquisition Plan or upon the distribution of Acquisition Shares to Stockholders of the Acquired Portfolio in exchange for their respective shares of the Acquired Portfolio;
 - (iv) the holding period and tax basis of the Assets acquired by Acquiring Portfolio will be the same as the holding period and tax basis that the Acquired Portfolio had in such Assets immediately prior to the Acquisition;
 - (v) the aggregate tax basis of Acquisition Shares received in connection with the Acquisition by each Stockholder of the Acquired Portfolio (including any fractional share to which the Stockholder may be entitled) will be the same as the aggregate tax basis of the shares of the Acquired Portfolio surrendered in exchange therefor, and increased by any gain recognized on the exchange;
 - (vi) the holding period of Acquisition Shares received in connection with the Acquisition by each Stockholder of the Acquired Portfolio (including any fractional share to which the Stockholder may be entitled) will include the holding period of the shares of the Acquired Portfolio surrendered in exchange therefor, provided that such Acquired Portfolio shares constitute capital assets in the hands of the Stockholder as of the Closing Date; and
 - (vii) Acquiring Portfolio will succeed to the capital loss carryovers of the Acquired Portfolio, if any, under Section 381 of the Code, but the use by Acquiring Portfolio of any such capital loss carryovers (and of capital loss carryovers of Acquiring Portfolio) may be subject to limitation under Section 383 of the Code.

The opinion will be based on certain factual certifications made by officers of the Portfolios and will also be based on customary assumptions and subject to certain qualifications. The opinion is not a guarantee that the tax consequences of the Acquisition will be as described above.

Notwithstanding this subparagraph (e), Seward & Kissel LLP will express no view with respect to the effect of the Acquisition on any transferred asset as to which any unrealized gain or loss is required to be recognized at the end of a taxable year (or on the termination or transfer thereof) under federal

income tax principles. Each Portfolio shall agree to make and provide additional factual representations to Seward & Kissel LLP with respect to the Portfolios that are reasonably necessary to enable Seward & Kissel LLP to deliver the tax opinion. Notwithstanding anything in this Acquisition Plan to the contrary, neither Portfolio may waive in any material respect the conditions set forth under this subparagraph (e).

- (f) The N-14 Registration Statement shall have become effective under the 1933 Act as to the Acquisition Shares, and the SEC shall not have instituted and, to the knowledge of Acquiring Portfolio, is not contemplating instituting any stop order suspending the effectiveness of the N-14 Registration Statement.
- (g) No action, suit or other proceeding shall be threatened or pending before any court or governmental agency in which it is sought to restrain or prohibit, or obtain damages or other relief in connection with the Acquisition.
- (h) The SEC shall not have issued any unfavorable advisory report under Section 25(b) of the 1940 Act nor instituted any proceeding seeking to enjoin consummation of the Acquisition under Section 25(c) of the 1940 Act.
- (i) Neither party shall have terminated this Acquisition Plan with respect to the Acquisition pursuant to Section 13 of this Acquisition Plan.

9. Conditions to the Obligations of the Acquired Portfolio

The obligations of the Acquired Portfolio with respect to the Acquisition shall be subject to the following conditions precedent:

- (a) The Acquired Portfolio shall have received an opinion of Seward & Kissel LLP, counsel to Acquiring Portfolio, in form and substance reasonably satisfactory to the Acquired Portfolio and dated as of the Closing Date, substantially to the effect that:
 - (i) Acquiring Portfolio is a series of a corporation duly incorporated, validly existing and in good standing under the laws of the State of Maryland and is a series of an open-end, management investment company registered under the 1940 Act;
 - (ii) This Acquisition Plan has been duly authorized, executed and delivered by Acquiring Portfolio and, assuming the N-14 Registration Statement referred to in Section 2 of this Acquisition Plan does not contain any material misstatements or omissions, and assuming due authorization, execution and delivery of this Acquisition Plan by the Acquired Portfolio, represents a legal, valid and binding contract, enforceable in accordance with its terms, subject to the effect of bankruptcy, insolvency, moratorium, fraudulent conveyance and transfer and similar laws relating to or affecting creditors' rights generally and court decisions with respect thereto, and further subject to the application of equitable principles in any proceeding, whether at law or in equity or with respect to the enforcement of provisions of this Acquisition Plan and the effect of judicial decisions which have held that certain provisions are unenforceable when their enforcement would violate an implied covenant of good faith and fair dealing or would be commercially unreasonable or when default under this Acquisition Plan is not material;
 - (iii) The Class A, Class B and Class C Acquisition Shares to be delivered as provided for by this Acquisition Plan are duly authorized and upon delivery will be validly issued, fully paid and non-assessable by Acquiring Portfolio;
 - (iv) The execution and delivery of this Acquisition Plan did not, and the consummation of the Acquisition will not, violate the Charter of Muni Income, its Bylaws or any agreement of Acquiring Portfolio known to such counsel, after reasonable inquiry, and no approval of the Acquisition Plan by the Stockholders of Acquiring Portfolio is required under Muni Income's Charter, Bylaws or applicable law; and

- (v) To the knowledge of such counsel, no consent, approval, authorization or order of any federal or state court or administrative or regulatory agency, other than the acceptance of record of Articles of Transfer by the Secretary of the Commonwealth of Massachusetts, is required for Acquiring Portfolio to enter into this Acquisition Plan or carry out its terms, except those that have been obtained under the 1933 Act, the 1940 Act and the rules and regulations under those Acts or that may be required under state securities laws or subsequent to the Effective Time or when the failure to obtain the consent, approval, authorization or order would not have a material adverse effect on the operation of Acquiring Portfolio.

In rendering such opinion, Seward & Kissel LLP may (i) rely on the opinion of Venable LLP as to matters of Maryland law to the extent set forth in such opinion, (ii) make assumptions regarding the authenticity, genuineness and/or conformity of documents and copies thereof without independent verification thereof, (iii) limit such opinion to applicable federal and state law, (iv) define the word “knowledge” and related terms to mean the knowledge of attorneys then with such firm who have devoted substantive attention to matters directly related to this Acquisition Plan and (v) rely on certificates of officers or directors of Acquiring Portfolio as to factual matters.

- (b) Acquired Portfolio shall have received a letter from AllianceBernstein L.P. (the “Adviser”) with respect to insurance matters in form and substance satisfactory to the Acquired Portfolio.

10. Conditions to the Obligations of Acquiring Portfolio

The obligations of Acquiring Portfolio with respect to the Acquisition shall be subject to the following conditions precedent:

- (a) Acquiring Portfolio shall have received an opinion of Seward & Kissel LLP, counsel to the Acquired Portfolio, in form and substance reasonably satisfactory to Acquiring Portfolio and dated as of the Closing Date, substantially to the effect that:
 - (i) The Acquired Portfolio is a series of a business trust duly incorporated, validly existing and in good standing under the laws of the Commonwealth of Massachusetts and is a series of an open-end management investment company registered under the 1940 Act;
 - (ii) This Acquisition Plan has been duly authorized, executed and delivered by the Acquired Portfolio and, assuming the N-14 Registration Statement referred to in Section 2 of this Acquisition Plan does not contain any material misstatements or omissions, and assuming due authorization, execution and delivery of this Acquisition Plan by Acquiring Portfolio, represents a legal, valid and binding contract, enforceable in accordance with its terms, subject to the effect of bankruptcy, insolvency, moratorium, fraudulent conveyance and transfer and similar laws relating to or affecting creditors’ rights generally and court decisions with respect thereto, and further subject to the application of equitable principles in any proceeding, whether at law or in equity or with respect to the enforcement of provisions of this Acquisition Plan and the effect of judicial decisions which have held that certain provisions are unenforceable when their enforcement would violate an implied covenant of good faith and fair dealing or would be commercially unreasonable or when default under this Acquisition Plan is not material;
 - (iii) The execution and delivery of this Acquisition Plan did not, and the consummation of the Acquisition will not, violate the Agreement and Declaration of Trust (“Declaration”) of Muni Income II, its Bylaws or any agreement of the Acquired Portfolio known to such counsel, after reasonable inquiry; and
 - (iv) To the knowledge of such counsel, no consent, approval, authorization or order of any federal or state court or administrative or regulatory agency, other than the acceptance of record of Articles of Transfer by the Secretary of the Commonwealth of Massachusetts, is required for the Acquired Portfolio to enter into this Acquisition Plan or carry out its terms, except those that have been obtained under the 1933 Act, the 1940 Act and the rules and regulations under those Acts or that

may be required under state securities laws or subsequent to the Effective Time or when the failure to obtain the consent, approval, authorization or order would not have a material adverse effect on the operation of the Acquired Portfolio.

In rendering such opinion, Seward & Kissel LLP may (i) make assumptions regarding the authenticity, genuineness and/or conformity of documents and copies thereof without independent verification thereof, (ii) limit such opinion to applicable federal and state law, (iii) define the word “knowledge” and related terms to mean the knowledge of attorneys then with such firm who have devoted substantive attention to matters directly related to this Acquisition Plan and (iv) rely on certificates of officers or directors of the Acquired Portfolio as to factual matters.

- (b) Acquiring Portfolio shall have received a letter from the Adviser agreeing to indemnify Acquiring Portfolio in respect of certain liabilities of the Acquired Portfolio in form and substance satisfactory to Acquiring Portfolio.

11. Closing

- (a) The Closing shall be held at the offices of the Portfolios, 1345 Avenue of the Americas, New York, New York 10105, or at such other time or place as the parties may agree.
- (b) In the event that at the Valuation Time (i) the NYSE shall be closed to trading or trading thereon shall be restricted, or (ii) trading or the reporting of trading on said Exchange or elsewhere shall be disrupted so that accurate appraisal of the value of the net assets of the Acquired Portfolio or Acquiring Portfolio is impracticable, the Closing Date shall be postponed until the first business day after the day when trading shall have been fully resumed and reporting shall have been restored; provided that if trading shall not be fully resumed and reporting restored within three business days of the Valuation Time, this Acquisition Plan may be terminated by either the Acquired Portfolio or Acquiring Portfolio upon the giving of written notice to the other party.
- (c) Acquiring Portfolio will provide to the Acquired Portfolio evidence satisfactory to the Acquired Portfolio that Acquisition Shares issuable pursuant to the Acquisition have been credited to the Acquired Portfolio’s account on the books of Acquiring Portfolio. After the Closing Date, Acquiring Portfolio will provide to the Acquired Portfolio evidence satisfactory to the Acquired Portfolio that such Shares have been credited pro rata to open accounts in the names of the Acquired Portfolio Stockholders.
- (d) At the Closing, each party shall deliver to the other such bills of sale, instruments of assumption of liabilities, checks, assignments, stock certificates, receipts or other documents as such other party or its counsel may reasonably request in connection with the transfer of assets, assumption of liabilities and liquidation contemplated by the Acquisition Plan.

12. Survival of Representations and Warranties

No representations, warranties or covenants in or pursuant to this Acquisition Plan (including certificates of officers) hereto shall survive the completion of the transactions contemplated herein.

13. Termination of Acquisition Plan

A majority of either Muni Income’s Board of Directors or Muni Income II’s Board of Trustees may terminate this Acquisition Plan with respect to that Portfolio at any time before the applicable Effective Time if: (a) the Portfolio’s conditions precedent set forth in Sections 8, 9 or 10 as appropriate, are not satisfied; or (b) the Board of Directors determines that the consummation of the Acquisition is not in the best interests of the Portfolio or its Stockholders and gives notice of such termination to the other party.

14. Governing Law

This Acquisition Plan and the transactions contemplated hereby shall be governed, construed and enforced in accordance with the laws of the State of New York, except to the extent preempted by federal law, without regard to conflicts of law principles.

15. Brokerage Fees

Each party represents and warrants that there are no brokers or finders entitled to receive any payments in connection with the transactions provided for in this Acquisition Plan.

16. Amendments

The parties may, by agreement in writing authorized by their respective Board of Directors, amend this Acquisition Plan at any time before or after the Stockholders of the Acquired Portfolio approve the Acquisition. However, after Stockholders of the Acquired Portfolio approve the Acquisition, the parties may not amend this Acquisition Plan in a manner that materially alters the obligations of the other party. This Section shall not preclude the parties from changing the Closing Date or the Effective Time by mutual agreement.

17. Waivers

At any time prior to the Closing Date, either party may by written instrument signed by it (a) waive the effect of any inaccuracies in the representations and warranties made to it contained herein and (b) waive compliance with any of the agreements, covenants or conditions made for its benefit contained herein. Any waiver shall apply only to the particular inaccuracy or requirement for compliance waived, and not any other or future inaccuracy or lack of compliance.

18. Indemnification of Directors

Acquiring Portfolio agrees that all rights to indemnification and all limitations of liability existing in favor of the Acquired Portfolio's current and former Directors and officers, acting in their capacities as such, under the Acquired Portfolio's Charter and Bylaws as in effect as of the date of this Acquisition Plan shall survive the Acquisition as obligations of Acquiring Portfolio and shall continue in full force and effect, without any amendment thereto, and shall constitute rights which may be asserted against Acquiring Portfolio, its successors or assigns.

19. Cooperation and Further Assurances

Each party will cooperate with the other in fulfilling its obligations under this Acquisition Plan and will provide such information and documentation as is reasonably requested by the other in carrying out this Acquisition Plan's terms. Each party will provide such further assurances concerning the performance of its obligations hereunder and execute all documents for or in connection with the consummation of the Acquisition as, with respect to such assurances or documents, the other shall deem necessary or appropriate.

20. Updating of N-14 Registration Statement

If at any time prior to the Effective Time, a party becomes aware of any untrue statement of a material fact or omission to state a material fact required to be stated therein or necessary to make the statements made not misleading in the N-14 Registration Statement, the party discovering the item shall notify the other party and the parties shall cooperate in promptly preparing, filing and clearing with the SEC and, if appropriate, distributing to Stockholders appropriate disclosure with respect to the item.

21. Limitation on Liabilities

The obligations of the Acquired Portfolio and Acquiring Portfolio shall not bind any of the directors or trustees, Stockholders, nominees, officers, agents, employees or agents of the Acquired Portfolio or Acquiring Portfolio personally, but shall bind only the Acquired Portfolio or Acquiring Portfolio, as appropriate. The execution and delivery of this Acquisition Plan by an officer of either party shall not be deemed to have been made by the officer individually or to impose any liability on the officer personally, but shall bind only the Acquired Portfolio or Acquiring Portfolio, as appropriate.

22. Termination of the Acquired Portfolio

If the parties complete the Acquisition, the Acquired Portfolio shall terminate its registration under the 1940 Act and the 1933 Act and will terminate.

23. Notices

Any notice, report, statement, certificate or demand required or permitted by any provision of this Acquisition Plan shall be in writing and shall be given in person or by telecopy, certified mail or overnight express courier to:

For the Acquired Portfolio:

AllianceBernstein Municipal Income Fund II – Florida Portfolio
1345 Avenue of the Americas
New York, New York 10105
Attention: Secretary

For Acquiring Portfolio:

AllianceBernstein Municipal Income Fund, Inc. – National Portfolio
1345 Avenue of the Americas
New York, New York 10105
Attention: Secretary

24. Expenses

The Acquisition expenses shall be paid by the Acquired Portfolio.

25. General

This Acquisition Plan supersedes all prior agreements between the parties with respect to the subject matter hereof and may be amended only in writing signed by both parties. The headings contained in this Acquisition Plan are for reference only and shall not affect in any way the meaning or interpretation of this Acquisition Plan. Whenever the context so requires, the use in this Acquisition Plan of the singular will be deemed to include the plural and vice versa. Nothing in this Acquisition Plan, expressed or implied, confers upon any other person any rights or remedies under or by reason of this Acquisition Plan. Neither party may assign or transfer any right or obligation under this Acquisition Plan without the written consent of the other party.

In Witness Whereof, the parties hereto have executed this Acquisition Plan as of the day and year first above written.

AllianceBernstein Municipal Income Fund II – Florida Portfolio

Attest:

Name: _____
Title: _____

By: _____
Name: _____
Title: _____

AllianceBernstein Municipal Income Fund, Inc. – National Portfolio

Attest:

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

APPENDIX J
CAPITALIZATION

The following table shows on an unaudited basis the capitalization of each Portfolio as of February 6, 2009 and on a pro forma combined basis, giving effect to the acquisition of the assets and liabilities of National II by National, of Florida by National, and of both National II and Florida by National, in each case, at net asset value as of February 6, 2009.

	<u>National II</u>	<u>Florida</u>	<u>National</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Combined of National II into National⁽¹⁾</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Combined of Florida into National⁽¹⁾</u>	<u>Pro Forma Adjustments</u>	<u>Total Pro Forma Combined of All Portfolios⁽¹⁾</u>
Class A									
Net Asset Value	\$ 128,492,989	\$ 110,109,101	\$ 390,375,523	—	\$ 518,868,512	—	\$ 500,484,624	—	\$ 628,977,613
Shares outstanding	13,277,854	11,997,535	43,258,781	971,550 ⁽²⁾	57,508,185	212,817 ⁽³⁾	55,469,133	1,184,367 ⁽²⁾⁽³⁾	69,718,537
Net asset value per share	\$ 9.68 ⁽⁴⁾	\$ 9.18 ⁽⁴⁾	\$ 9.02	—	\$ 9.02	—	\$ 9.02	—	\$ 9.02
Class B									
Net Asset Value	\$ 3,717,937	\$ 9,435,211	\$ 13,911,433	—	\$ 17,629,370	—	\$ 23,346,644	—	\$ 27,064,581
Shares outstanding	385,169	1,027,679	1,543,253	27,359 ⁽²⁾	1,955,781	19,390 ⁽³⁾	2,590,322	46,750 ⁽²⁾⁽³⁾	3,002,851
Net asset value per share	\$ 9.65 ⁽⁴⁾	\$ 9.18 ⁽⁴⁾	\$ 9.01	—	\$ 9.01	—	\$ 9.01	—	\$ 9.01
Class C									
Net Asset Value	\$ 18,472,250	\$ 26,886,539	\$ 70,695,267	—	\$ 89,167,517	—	\$ 97,581,806	—	\$ 116,054,056
Shares outstanding	1,913,280	2,927,897	7,840,383	133,633 ⁽²⁾	9,887,296	51,936 ⁽³⁾	10,820,216	185,569 ⁽²⁾⁽³⁾	12,867,129
Net asset value per share	\$ 9.65 ⁽⁴⁾	\$ 9.18 ⁽⁴⁾	\$ 9.02	—	\$ 9.02	—	\$ 9.02	—	\$ 9.02
Advisor Class									
Net Asset Value	N/A ⁽⁵⁾	N/A ⁽⁵⁾	\$ 2,016,201	—	\$ 2,016,201	\$ —	\$ 2,016,201	\$ —	\$ 2,016,201
Shares outstanding	N/A ⁽⁵⁾	N/A ⁽⁵⁾	223,516	0	223,516	0	223,516	0	223,516
Net asset value per share	N/A ⁽⁵⁾	N/A ⁽⁵⁾	\$ 9.02	—	\$ 9.02	—	\$ 9.02	—	\$ 9.02

(1) Assumes the Acquisition was consummated on February 6, 2009 and is for information purposes only. No assurance can be given as to how many shares of National will be received by the shareholders of National II and Florida on the date the Acquisition takes place, and the foregoing should not be relied upon to reflect the number of shares of National that actually will be received on or after such date.

(2) In connection with the National II Acquisition, shares of National will be issued to the shareholders of National II. The number of shares assumed to be issued is equal to the net asset value of National II divided by the net asset value per share of National as of February 6, 2009.

(3) In connection with the Florida Acquisition, shares of National will be issued to the shareholders of Florida. The number of shares assumed to be issued is equal to the net asset value of Florida divided by the net asset value per share of National as of February 6, 2009.

(4) Costs associated with the Acquisitions in the amounts of \$137,000 and \$139,000 were borne by National II and Florida, respectively, and are reflected in the NAV of National II and Florida as of February 6, 2009.

(5) There are currently no Advisory Class Shares offered on National II and Florida.

APPENDIX K

LEGAL PROCEEDINGS

On October 2, 2003, a purported class action complaint entitled *Hindo et al. v. AllianceBernstein Growth & Income Fund et al.* (the “Hindo Complaint”) was filed against the Adviser; AllianceBernstein Holding L.P. (“Holding”); AllianceBernstein Corporation; AXA Financial, Inc.; certain of the AllianceBernstein Mutual Funds; certain officers of the Adviser (“AllianceBernstein defendants”); and certain other unaffiliated defendants as well as unnamed Doe defendants. The Hindo Complaint was filed in the United States District Court for the Southern District of New York by alleged shareholders of two of the AllianceBernstein Mutual Funds. The Hindo Complaint alleges that certain of the AllianceBernstein defendants failed to disclose that they improperly allowed certain hedge funds and other unidentified parties to engage in “late trading” and “market timing” of AllianceBernstein Mutual Fund securities, violating Sections 11 and 15 of the Securities Act of 1933, Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Sections 206 and 215 of the Investment Advisers Act of 1940. Plaintiffs seek an unspecified amount of compensatory damages and rescission of their contracts with the Adviser, including recovery of all fees paid to the Adviser pursuant to such contracts.

Following October 2, 2003, additional lawsuits making factual allegations generally similar to those in the Hindo Complaint were filed in various federal and state courts against the Adviser and certain other defendants. On September 29, 2004, plaintiffs filed consolidated amended complaints with respect to four claim types: mutual fund shareholder claims; mutual fund derivative claims; derivative claims brought on behalf of Holding; and claims brought under ERISA by participants in the Profit Sharing Plan for Employees of the Adviser. All four complaints include substantially identical factual allegations, which appear to be based in large part on the Order of the Securities and Exchange Commission dated December 18, 2003 as amended and restated January 15, 2004 and the New York State Attorney General Assurance of Discontinuation dated September 1, 2004.

On April 21, 2006, the Adviser and attorneys for the plaintiffs in the mutual fund shareholder claims, mutual fund derivative claims, and ERISA claims entered into a confidential memorandum of understanding containing their agreement to settle these claims. The agreement will be documented by a stipulation of settlement and will be submitted for court approval at a later date. The settlement amount (\$30 million), which the Adviser previously accrued and disclosed, has been disbursed. The derivative claims brought on behalf of Holding, in which plaintiffs seek an unspecified amount of damages remain pending.

It is possible that these matters and/or other developments resulting from these matters could result in increased redemptions of a Portfolio’s shares or other adverse consequences to a Portfolio. This may require the Portfolios to sell investments to provide for sufficient liquidity and could also have an adverse effect on the investment performance of the Portfolios. However, the Adviser believes that these matters are not likely to have a material adverse effect on its ability to perform advisory services relating to the Portfolios.

APPENDIX L
SHARE OWNERSHIP INFORMATION

Shares Outstanding

As of February 6, 2009, each Portfolio had the following number of shares of common stock outstanding.

<u>Fund</u>	<u>Class</u>	<u>Number of Outstanding Shares of Common Stock</u>
National II	A	13,250,318.664
	B	385,168.852
	C	1,893,974.874
Florida	A	11,997,643.787
	B	1,027,678.939
	C	2,925,395.296
National	A	43,251,521.764
	B	1,548,247.542
	C	7,816,744.906
	Advisor	220,570.343

Ownership of Shares

As of February 6, 2009, the Directors and officers of Muni Income as a group beneficially owned approximately 1.19% of the outstanding shares of common stock of National and less than 1% of the outstanding shares of common stock of National II. As of February 6, 2009, the Trustees and officers of Muni Income II as a group beneficially owned less than 1% of the outstanding shares of common stock of Florida. To the knowledge of each Portfolio, the following table shows the persons owning, as of February 6, 2009, either of record or beneficially, 5% or more of the outstanding shares of the Portfolio and the percentage of the combined Portfolio's shares to be owned by the persons if the Acquisitions had been consummated as of that date.

<u>Portfolio and Class</u>	<u>Name and Address of Shareholder</u>	<u>Number of Outstanding Shares of Class Owned</u>	<u>Percentage of Outstanding Shares of Class Owned</u>	<u>Percentage of Outstanding Shares of Combined Portfolio Class Owned</u>
National II Class A	First Clearing, LLC Special Custody Acct for the Exclusive Benefit of Customer 10750 Wheat First Dr. Glen Allen, VA 23060-9243	838,482	6.31%	1.29%
	Pershing LLC P.O. Box 2052 Jersey City, NJ 07303-2052	948,091	7.14%	1.46%
	MLPF&S For the Sole Benefit of its Customers Attn: Fund Admin. 4800 Deer Lake Dr. East, 2nd Floor Jacksonville, FL 32246-6484	1,147,675	8.64%	1.77%

Portfolio and Class	Name and Address of Shareholder	Number of Outstanding Shares of Class Owned	Percentage of Outstanding Shares of Class Owned	Percentage of Outstanding Shares of Combined Portfolio Class Owned
Class B	First Clearing, LLC Special Custody Acct for the Exclusive Benefit of Customer 10750 Wheat First Dr. Glen Allen, VA 23060-9243	33,573	8.72%	1.20%
	MLPF&S For the Sole Benefit of its Customers Attn: Fund Admin. 4800 Deer Lake Dr. East, 2nd Floor Jacksonville, FL 32246-6484	64,319	16.70%	2.29%
	Citigroup Global Markets House Account Attn: Cindy Tempesta 333 W. 34th St., FL 3 New York, NY 10001-2402	43,159	11.21%	1.54%
	Pershing LLC P.O. Box 2052 Jersey City, NJ 07303-2052	28,069	7.29%	1.00%
	Edward D Jones & Co. Attn: Mutual Fund Shareholder Acctg. 201 Progress Pkwy. Maryland Hts, MO 63043-3009	19,375	5.03%	0.69%
Class C	MLPF&S For the Sole Benefit of its Customers Attn: Fund Admin. 4800 Deer Lake Dr. East, 2nd Floor Jacksonville, FL 32246-6484	828,010	43.43%	6.91%
	Citigroup Global Markets House Account Attn: Cindy Tempesta 333 W. 34th St., FL 3 New York, NY 10001-2402	110,234	5.78%	0.92%
	Pershing LLC P.O. Box 2052 Jersey City, NJ 07303-2052	95,524	5.01%	0.80%
Florida Class A	First Clearing, LLC Special Custody Acct for the Exclusive Benefit of Customer 10750 Wheat First Dr. Glen Allen, VA 23060-9243	1,474,356	12.28%	2.15%

Portfolio and Class	Name and Address of Shareholder	Number of Outstanding Shares of Class Owned	Percentage of Outstanding Shares of Class Owned	Percentage of Outstanding Shares of Combined Portfolio Class Owned
	Citigroup Global Markets House Account Attn: Cindy Tempesta 333 W. 34th St., FL 3 New York, NY 10001-2402	952,890	7.94%	1.39%
	MLPF&S For the Sole Benefit of its Customers Attn: Fund Admin. 4800 Deer Lake Dr. East, 2nd Floor Jacksonville, FL 32246-6484	1,081,766	9.01%	1.58%
Class B	First Clearing, LLC Special Custody Acct for the Exclusive Benefit of Customer 10750 Wheat First Dr. Glen Allen, VA 23060-9243	160,411	15.61%	5.43%
	MLPF&S For the Sole Benefit of its Customers Attn: Fund Admin. 4800 Deer Lake Dr. East, 2nd Floor Jacksonville, FL 32246-6484	98,098	9.55%	3.32%
	Citigroup Global Markets House Account Attn: Cindy Tempesta 333 W. 34th St., FL 3 New York, NY 10001-2402	74,379	7.24%	2.52%
	Pershing LLC P.O. Box 2052 Jersey City, NJ 07303-2052	107,002	10.41%	3.62%
Class C	First Clearing, LLC Special Custody Acct for the Exclusive Benefit of Customer 10750 Wheat First Dr. Glen Allen, VA 23060-9243	178,148	6.08%	1.41%
	MLPF&S For the Sole Benefit of its Customers Attn: Fund Admin. 4800 Deer Lake Dr. East, 2nd Floor Jacksonville, FL 32246-6484	854,586	29.17%	6.78%
	Pershing LLC P.O. Box 2052 Jersey City, NJ 07303-2052	300,621	10.26%	2.39%
	Morgan Stanley & Co. Harborside Financial Center Plaza II 3rd FL Jersey City, NJ 07311	247,765	8.46%	1.97%

Portfolio and Class	Name and Address of Shareholder	Number of Outstanding Shares of Class Owned	Percentage of Outstanding Shares of Class Owned	Percentage of Outstanding Shares of Combined Portfolio Class Owned
National Class A	AG Edwards & Sons Inc. Omnibus Account One North Jefferson St Louis, MO 63103	264,317	9.02%	2.10%
	Pershing LLC P.O. Box 2052 Jersey City, NJ 07303-2052	2,962,131	6.85%	4.25%
	MLPF&S For the Sole Benefit of its Customers Attn: Fund Admin. 4800 Deer Lake Dr. East, 2nd Floor Jacksonville, FL 32246-6484	3,957,034	9.15%	5.68%
Class B	First Clearing, LLC Special Custody Acct for the Exclusive Benefit of Customer 10750 Wheat First Dr. Glen Allen, VA 23060-9243	199,773	12.90%	6.64%
	MLPF&S For the Sole Benefit of its Customers Attn: Fund Admin. 4800 Deer Lake Dr. East, 2nd Floor Jacksonville, FL 32246-6484	282,073	18.21%	9.38%
Class C	Pershing LLC P.O. Box 2052 Jersey City, NJ 07303-2052	180,163	11.63%	5.99%
	First Clearing, LLC Special Custody Acct for the Exclusive Benefit of Customer 10750 Wheat First Dr. Glen Allen, VA 23060-9243	627,887	8.00%	4.90%
	MLPF&S For the Sole Benefit of its Customers Attn: Fund Admin. 4800 Deer Lake Dr. East, 2nd Floor Jacksonville, FL 32246-6484	2,834,076	36.12%	22.11%
Advisor Class	Pershing LLC P.O. Box 2052 Jersey City, NJ 07303-2052	564,778	7.20%	4.41%
	Citigroup Global Markets House Account 333 W. 34th St., 3rd FL New York, NY 10001-2402	83,931	37.03%	37.03%

Portfolio and Class	Name and Address of Shareholder	Number of Outstanding Shares of Class Owned	Percentage of Outstanding Shares of Class Owned	Percentage of Outstanding Shares of Combined Portfolio Class Owned
	Pershing LLC P.O. Box 2052 Jersey City, NJ 07303-2052	90,342	39.86%	39.86%
	LPL Financial 9785 Towne Centre Dr. San Diego, CA 92121-1968	41,152	18.16%	18.16%

APPENDIX M
FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand each Portfolio's financial performance for the past 5 years. Certain information reflects financial results for a single share of each Portfolio. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the Portfolio (assuming reinvestment of all dividends and distributions). Except as otherwise indicated, this information has been audited by Ernst & Young LLP, the independent registered public accounting firm for the Portfolios as of the end of the Portfolios' last fiscal year, whose reports, along with each Portfolio's financial statements, are included in the Portfolios' annual reports and are available upon request.

National II – Class A

	Year Ended October 31,				
	2008	2007	2006	2005	2004**
Fiscal Year or Period					
Net asset value, beginning of period	\$ 10.11	\$ 10.27	\$ 10.18	\$ 10.29	\$ 10.11
Income From Investment Operations					
Net investment income+(a) . . . . .	.39	.41	.41	.42	.44
Net gains or losses on investments (both realized and unrealized)	(.59)	(.17)	.09	(.11)	.20
Total from investment operations	(.20)	.24	.50	.31	.64
Less Dividends and Distributions					
Dividends from net investment income	(.38)	(.40)	(.41)	(.42)	(.46)
Distributions from capital gains	0.00	0.00	0.00	0.00	0.00
Less Distributions					
Total dividends and distributions	(.38)	(.40)	(.41)	(.42)	(.46)
Net asset value, end of period	<u>\$ 9.53</u>	<u>\$ 10.11</u>	<u>\$ 10.27</u>	<u>\$ 10.18</u>	<u>\$ 10.29</u>
Total return(b)	(2.05)%	2.42%	4.98%	3.05%	6.42%
Net assets, end of period (000s omitted)	\$125,910	\$116,843	\$124,967	\$124,957	\$129,888
Ratios/Supplemental Data					
Ratio of expenses to average net assets*	1.04%(c)	1.04%(c)	1.04%(c)(d)	1.04%(c)	1.03%(c)
Ratio of net income (loss) to average net assets+	3.87%	4.00%	4.00%(d)	4.07%	4.28%
Portfolio turnover rate	29%	12%	10%	17%	12%

Please refer to the footnotes on page 90 through 91.

National II – Class B

	<u>Year Ended October 31,</u>				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004**</u>
Fiscal Year or Period					
Net asset value, beginning of period	\$10.09	\$10.25	\$ 10.15	\$ 10.26	\$ 10.09
Income From Investment Operations					
Net investment income+(a) . . . . .	.31	.34	.34	.35	.36
Net gains or losses on investments (both realized and unrealized)	(.58)	(.17)	.10	(.11)	.19
Total from investment operations	(.27)	.17	.44	.24	.55
Less Dividends and Distributions					
Dividends from net investment income	(.31)	(.33)	(.34)	(.35)	(.38)
Distributions from capital gains	0.00	0.00	0.00	0.00	0.00
Less Distributions					
Total dividends and distributions	(.31)	(.33)	(.34)	(.35)	(.38)
Net asset value, end of period	\$ 9.51	\$10.09	\$ 10.25	\$ 10.15	\$ 10.26
Total return(b)	(2.72)%	1.72%	4.36%	2.34%	5.60%
Net assets, end of period (000s omitted)	\$3,450	\$6,449	\$11,477	\$16,375	\$22,968
Ratios/Supplemental Data					
Ratio of expenses to average net assets*	1.74%(c)	1.74%(c)	1.74%(c)(d)	1.74%(c)	1.74%(c)
Ratio of net income (loss) to average net assets+	3.17%	3.31%	3.32%(d)	3.39%	3.58%
Portfolio turnover rate	29%	12%	10%	17%	12%

National II – Class C

	<u>Year Ended October 31,</u>				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004**</u>
Fiscal Year or Period					
Net asset value, beginning of period	\$ 10.09	\$ 10.25	\$ 10.16	\$ 10.27	\$ 10.09
Income From Investment Operations					
Net investment income+(a) . . . . .	.32	.34	.34	.35	.37
Net gains or losses on investments (both realized and unrealized)	(.59)	(.17)	.09	(.11)	.19
Total from investment operations	(.27)	.17	.43	.24	.56
Less Dividends and Distributions					
Dividends from net investment income	(.31)	(.33)	(.34)	(.35)	(.38)
Distributions from capital gains	0.00	0.00	0.00	0.00	0.00
Less Distributions					
Total dividends and distributions	(.31)	(.33)	(.34)	(.35)	(.38)
Net asset value, end of period	\$ 9.51	\$ 10.09	\$ 10.25	\$ 10.16	\$ 10.27
Total return(b)	(2.74)%	1.71%	4.26%	2.34%	5.71%
Net assets, end of period (000s omitted)	\$12,932	\$10,872	\$11,277	\$11,732	\$12,198
Ratios/Supplemental Data					
Ratio of expenses to average net assets*	1.74%(c)	1.74%(c)	1.74%(c)(d)	1.74%(c)	1.73%(c)
Ratio of net income (loss) to average net assets+	3.17%	3.31%	3.31%(d)	3.38%	3.59%
Portfolio turnover rate	29%	12%	10%	17%	12%

Please refer to the footnotes on page 90 through 91.

Florida – Class A

	Year Ended September 30,				
	2008	2007	2006	2005	2004**
Fiscal Year or Period					
Net asset value, beginning of period	\$ 10.15	\$ 10.32	\$ 10.28	\$ 10.25	\$ 10.17
Income From Investment Operations					
Net investment income+(a)	.44	.45	.46	.47	.49
Net gains or losses on investments (both realized and unrealized)	(.84)	(.17)	.04	.03	.08
Total from investment operations	(.40)	.28	.50	.50	.57
Less Dividends and Distributions					
Dividends from net investment income	(.45)	(.45)	(.46)	(.47)	(.49)
Distributions from capital gains	0.00	0.00	0.00	0.00	0.00
Less Distributions					
Total dividends and distributions	(.45)	(.45)	(.46)	(.47)	(.49)
Net asset value, end of period	\$ 9.30	\$ 10.15	\$ 10.32	\$ 10.28	\$ 10.25
Total return(b)	(4.16)%	2.80%	5.00%	5.01%	5.78%
Net assets, end of period (000s omitted)	\$118,868	\$134,989	\$138,307	\$127,541	\$101,529
Ratios/Supplemental Data					
Ratio of expenses to average net assets*	.78%(e)	.78%(e)	.78%(d)(e)	.78%(e)	.78%(e)
Ratio of net income (loss) to average net assets+	4.44%	4.43%	4.51%(d)	4.60%	4.83%
Portfolio turnover rate	29%	23%	27%	23%	22%

Florida – Class B

	Year Ended September 30,				
	2008	2007	2006	2005	2004**
Fiscal Year or Period					
Net asset value, beginning of period	\$ 10.16	\$ 10.32	\$ 10.29	\$ 10.26	\$ 10.18
Income From Investment Operations					
Net investment income+(a)	.37	.38	.39	.40	.42
Net gains or losses on investments (both realized and unrealized)	(.84)	(.16)	.03	.03	.08
Total from investment operations	(.47)	.22	.42	.43	.50
Less Dividends and Distributions					
Dividends from net investment income	(.38)	(.38)	(.39)	(.40)	(.42)
Distributions from capital gains	0.00	0.00	0.00	0.00	0.00
Less Distributions					
Total dividends and distributions	(.38)	(.38)	(.39)	(.40)	(.42)
Net asset value, end of period	\$ 9.31	\$ 10.16	\$ 10.32	\$ 10.29	\$ 10.26
Total return(b)	(4.82)%	2.18%	4.17%	4.29%	4.96%
Net assets, end of period (000s omitted)	\$12,628	\$23,646	\$38,045	\$53,996	\$79,266
Ratios/Supplemental Data					
Ratio of expenses to average net assets*	1.48%(e)	1.48%(e)	1.48%(d)(e)	1.48%(e)	1.48%(e)
Ratio of net income (loss) to average net assets+	3.72%	3.73%	3.80%(d)	3.91%	4.12%
Portfolio turnover rate	29%	23%	27%	23%	22%

Please refer to the footnotes on page 90 through 91.

Florida – Class C

	<u>Year Ended September 30,</u>				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004**</u>
Fiscal Year or Period					
Net asset value, beginning of period	\$ 10.16	\$ 10.32	\$ 10.29	\$ 10.25	\$ 10.18
Income From Investment Operations					
Net investment income+(a) . . . . .	.37	.38	.39	.40	.42
Net gains or losses on investments (both realized and unrealized)	(.84)	(.16)	.03	.04	.07
Total from investment operations	(.47)	.22	.42	.44	.49
Less Dividends and Distributions					
Dividends from net investment income	(.38)	(.38)	(.39)	(.40)	(.42)
Distributions from capital gains	0.00	0.00	0.00	0.00	0.00
Less Distributions					
Total dividends and distributions	(.38)	(.38)	(.39)	(.40)	(.42)
Net asset value, end of period	<u>\$ 9.31</u>	<u>\$ 10.16</u>	<u>\$ 10.32</u>	<u>\$ 10.29</u>	<u>\$ 10.25</u>
Total return(b)	(4.82)%	2.18%	4.17%	4.38%	4.96%
Net assets, end of period (000s omitted)	\$28,989	\$35,540	\$39,042	\$39,950	\$39,170
Ratios/Supplemental Data					
Ratio of expenses to average net assets*	1.48%(e)	1.48%(e)	1.48%(d)(e)	1.48%(e)	1.48%(e)
Ratio of net income (loss) to average net assets+	3.73%	3.73%	3.80%(d)	3.90%	4.13%
Portfolio turnover rate	29%	23%	27%	23%	22%

National – Class A

	<u>Year Ended October 31,</u>				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004**</u>
Fiscal Year or Period					
Net asset value, beginning of period	\$ 10.03	\$ 10.22	\$ 10.05	\$ 10.13	\$ 9.96
Income From Investment Operations					
Net investment income+(a) . . . . .	.42	.44	.46	.47	.50
Net gains or losses on investments (both realized and unrealized)	(1.13)	(.19)	.17	(.07)	.17
Total from investment operations	(.71)	.25	.63	.40	.67
Less Dividends and Distributions					
Dividends from net investment income	(.42)	(.44)	(.46)	(.48)	(.50)
Distributions from capital gains	0.00	0.00	0.00	0.00	0.00
Less Distributions					
Total dividends and distributions	(.42)	(.44)	(.46)	(.48)	(.50)
Net asset value, end of period	<u>\$ 8.90</u>	<u>\$ 10.03</u>	<u>\$ 10.22</u>	<u>\$ 10.05</u>	<u>\$ 10.13</u>
Total return(b)	(7.32)%	2.52%	6.43%	3.95%	6.92%
Net assets, end of period (000s omitted)	\$401,886	\$361,701	\$349,884	\$337,201	\$344,557
Ratios/Supplemental Data					
Ratio of expenses to average net assets* . . . . .	.68%(f)	.68%(f)	.68%(d)(f)	.68%(f)	.68%(f)
Ratio of net income (loss) to average net assets+	4.31%	4.38%	4.56%(d)	4.65%	4.94%
Portfolio turnover rate	24%	15%	22%	25%	47%

Please refer to the footnotes on page 90 through 91.

National – Class B

	<u>Year Ended October 31,</u>				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004**</u>
Fiscal Year or Period					
Net asset value, beginning of period	\$ 10.02	\$ 10.21	\$ 10.04	\$ 10.12	\$ 9.95
Income From Investment Operations					
Net investment income+(a)	.35	.37	.39	.40	.43
Net gains or losses on investments (both realized and unrealized)	(1.13)	(.19)	.17	(.07)	.17
Total from investment operations	(.78)	.18	.56	.33	.60
Less Dividends and Distributions					
Dividends from net investment income	(.35)	(.37)	(.39)	(.41)	(.43)
Distributions from capital gains	0.00	0.00	0.00	0.00	0.00
Less Distributions					
Total dividends and distributions	(.35)	(.37)	(.39)	(.41)	(.43)
Net asset value, end of period	<u>\$ 8.89</u>	<u>\$ 10.02</u>	<u>\$ 10.21</u>	<u>\$ 10.04</u>	<u>\$ 10.12</u>
Total return(b)	(7.97)%	1.81%	5.70%	3.25%	6.18%
Net assets, end of period (000s omitted)	\$14,988	\$25,332	\$37,399	\$49,801	\$72,264
Ratios/Supplemental Data					
Ratio of expenses to average net assets*	1.38%(f)	1.38%(f)	1.38%(d)(f)	1.38%(f)	1.39%(f)
Ratio of net income (loss) to average net assets+	3.61%	3.69%	3.89%(d)	3.96%	4.24%
Portfolio turnover rate	24%	15%	22%	25%	47%

National – Class C

	<u>Year Ended October 31,</u>				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004**</u>
Fiscal Year or Period					
Net asset value, beginning of period	\$ 10.02	\$ 10.21	\$ 10.05	\$ 10.13	\$ 9.95
Income From Investment Operations					
Net investment income+(a)	.35	.37	.39	.40	.43
Net gains or losses on investments (both realized and unrealized)	(1.13)	(.19)	.16	(.07)	.18
Total from investment operations	(.78)	.18	.55	.33	.61
Less Dividends and Distributions					
Dividends from net investment income	(.35)	(.37)	(.39)	(.41)	(.43)
Distributions from capital gains	0.00	0.00	0.00	0.00	0.00
Less Distributions					
Total dividends and distributions	(.35)	(.37)	(.39)	(.41)	(.43)
Net asset value, end of period	<u>\$ 8.89</u>	<u>\$ 10.02</u>	<u>\$ 10.21</u>	<u>\$ 10.05</u>	<u>\$ 10.13</u>
Total return(b)	(7.98)%	1.81%	5.59%	3.24%	6.28%
Net assets, end of period (000s omitted)	\$63,704	\$60,613	\$62,447	\$61,622	\$68,769
Ratios/Supplemental Data					
Ratio of expenses to average net assets*	1.38%(f)	1.38%(f)	1.38%(d)(f)	1.38%(f)	1.38%(f)
Ratio of net income (loss) to average net assets+	3.61%	3.68%	3.87%(d)	3.96%	4.24%
Portfolio turnover rate	24%	15%	22%	25%	47%

* Net of any waivers/reimbursements and interest expense.

** As of November 1, 2003 (October 1, 2003 with respect to Florida) the Portfolios have 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 November 1, 2003 (October 1, 2003 with respect to Florida), these interim payments were reflected within interest income/expense on the statement of operations. For the year

ended October 31, 2004 (September 30, 2004 with respect to Florida), the effect of this change to the net investment income and the net realized and unrealized gain (loss) on investment transactions was less than \$0.01 per share. The effect on the ratio of net investment income to average net assets for the aforementioned year-ends was as follows:

<u>Portfolio</u>	<u>Class A</u>	<u>Class B</u>	<u>Class C</u>
National .....	.01%	.01%	.01%
National II .....	.01%	.01%	.01%
Florida	(.02)%	(.02)%	(.02)%

- + Net of expenses assumed and/or waived by the Adviser for all fiscal periods.
- (a) Based on average shares outstanding.
- (b) Total investment return is calculated assuming an initial investment made at the net asset value at the beginning of the period, reinvestment of all dividends and distributions at net asset value during the period, and redemption on the last day of the period. Initial sales charges or contingent deferred sales charges are not reflected in the calculation of total investment returns. Total return does not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or the redemption of Portfolio shares. Total investment return calculated for a period of less than one year is not annualized.
- (c) If National II had borne all expenses, the respective expense ratios (beginning with those of the most recent fiscal period) would have been 1.07%, 1.06%, 1.04%, 1.04% and 1.18% for Class A shares, 1.79%, 1.77%, 1.75%, 1.75% and 1.89% for Class B shares and 1.78%, 1.77%, 1.74%, 1.75% and 1.88% for Class C shares.
- (d) The ratio includes expenses attributable to the costs of proxy solicitation.
- (e) If Florida had borne all expenses, the respective expense ratios (beginning with those of the most recent fiscal period) would have been 0.96%, .96%, .98%, 1.08% and 1.12% for Class A shares, 1.69%, 1.68%, 1.69%, 1.78% and 1.83% for Class B shares and 1.67%, 1.67%, 1.68%, 1.78% and 1.83% for Class C shares.
- (f) If National had borne all expenses, the respective expense ratios (beginning with those of the most recent fiscal period) would have been 0.91%, 0.92%, 1.01%, .93% and 1.08% for Class A shares, 1.63%, 1.63%, 1.73%, 1.64% and 1.79% for Class B shares, 1.61%, 1.62%, 1.72%, 1.64% and 1.78% for Class C shares and 0.69% for Advisor Class shares.

