

ALLIANCEBERNSTEIN L.P.

Moderator: Allison Stone
July 30, 2013
4:30 p.m. EST

Operator: Good afternoon. My name is (Sarah), and I will be your conference operator today. At this time, I would like to welcome everyone to the Alliance Bernstein Income Fund Conference Call. All lines have been placed on mute to prevent any background noise.

After the speakers' remarks, there will be a question-and-answer session. If you would like to ask a question during this time, simply press star, then the number one on your telephone keypad. If you would like to withdraw your question, press the pound key.

Thank you. Allison Stone, product director for taxable fixed-income at Alliance Bernstein, you may begin your conference.

Allison Stone: Thank you. Good afternoon, everyone. My name is Allison Stone, and I am the product director for taxable fixed-income at Alliance Bernstein. A short while ago, we issued a press release that declared monthly dividends and advised of a dividend decrease in one of our closed-end funds.

To restate the contents of the press release, the dividend of the Alliance Bernstein income fund has been reduced. The fund declared a monthly dividend of 3.455 cents per share, a decrease of 0.545 cents from the previous month.

I am joined on the call Mr. Matthew Sheridan, senior vice president and portfolio manager at Alliance Bernstein. As soon as I've concluded my

prepared remarks, we will open the line for questions from members of the analyst community. All other callers will be in a listen-only mode.

For all of our closed-end funds, the dividend rate is set to reflect as closely as possible our assessment of the respective portfolios' current earnings power. The portfolios are positioned based upon what we believe is consistent with the appropriate risk levels and valuations in the marketplace.

There are two major drivers of the fund's earning power. The first is the cost of short-term borrowing associated with leverage, and the second is the level of market interest rates. The cost of short-term borrowing is heavily influenced by the Federal Reserve and the fed funds target rate. As such, the cost of short-term borrowing has remained low.

The major market theme influencing the change in the fund's earning power is the current low level of market interest rates. Despite the recent rise in rates, yields in virtually all fixed-income sectors are still near historic lows. For example, the yield on 10-year Treasuries is currently 2.59 percent as of July 24, 2013, down from 4.00 percent on July 24, 2008.

As a result, as higher yielding bonds in the portfolio are called, mature or are sold, the proceeds must be reinvested at these lower levels, thus reducing the overall yield of the portfolio. The impact has been a reduction in the overall earnings power of the fund. As a result, the dividend of the fund has been reduced in order to more accurately reflect its current earnings power.

This concludes my prepared remarks on behalf of the fund. I would like to thank you very much for your time and for your investment in our closed-end fund. We would now like to open the line for analyst questions.

Operator, could you please guide the participants on asking questions again?

Operator: Once again, if you would like to ask a question over the phone, please press star, then the number one on your telephone keypad. And, again, that is star, then the number one to ask a question. And we have no questions from analysts at this time.

Allison Stone: Thank you. In addition, a written summary and transcript of today's call will be available on our Website, www.alliancebernstein.com/investments/us, within the next couple of days. Once again, I'd like to thank you for joining us today and for your continued support. This concludes our call.

Operator: This concludes today's conference call. You may now disconnect.

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AllianceBernstein Shareholder Information — The daily net asset value of the closed end Fund shares are available from the Fund Transfer Agent by calling 800.426.5523. The Fund also distributes its daily net asset value to various financial publications or independent organizations such as Lipper Inc., Morningstar, Inc. and Bloomberg. Daily market prices for the Fund shares are published in the New York Stock Exchange Composite Transaction section of newspapers. The NYSE trading symbol for the AllianceBernstein Income Fund is ACG.
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