This attachment contains the two most recent Senior Officer Fee Summaries for the Fund.

THE FOLLOWING IS NOT PART OF THE SHAREHOLDER REPORT OR THE FINANCIAL STATEMENTS

SUMMARY OF SENIOR OFFICER'S EVALUATION OF INVESTMENT ADVISORY AGREEMENT[1]

The following is a summary of the evaluation of the Investment Advisory Agreement between AllianceBernstein L.P. (the "Adviser") and AB Bond Fund, Inc. (the "Fund"), in respect of AB Government Reserves Portfolio (the "Portfolio"),[2] prepared by Philip L. Kirstein, the Senior Officer of the Fund, for the Directors of the Fund, as required by the August 2004 agreement between the Adviser and the New York State Attorney General (the "NYAG"). The Senior Officer's evaluation of the Investment Advisory Agreement is not meant to diminish the responsibility or authority of the Board of Directors of the Fund to perform its duties pursuant to Section 15 of the Investment Company Act of 1940 (the "40 Act") and applicable state law. The purpose of this summary is to provide shareholders with a synopsis of the independent evaluation of the reasonableness of the advisory fees proposed to be paid by the Portfolio which was provided to the Directors in connection with their review of the proposed approval of the continuance of the Investment Advisory Agreement.

The Senior Officer's evaluation considered the following factors:

1. Advisory fees charged to institutional and other clients of the Adviser for like services;
2. Advisory fees charged by other mutual fund companies for like services;

[1] The information in the fee evaluation was completed on October 20, 2016 and discussed with the Board of Directors on November 1-3, 2016.
[2] Future references to the Portfolio do not include "AB."

3. Costs to the Adviser and its affiliates of supplying services pursuant to the advisory agreement, excluding any intra-corporate profit;
4. Profit margins of the Adviser and its affiliates from supplying such services;
5. Possible economies of scale as the Portfolio grows larger; and
6. Nature and quality of the Adviser's services including the performance of the Portfolio.

These factors, with the exception of the first factor, are generally referred to as the "*Gartenberg* factors," which were articulated by the United States Court of Appeals for the Second Circuit in 1982. *Gartenberg v. Merrill Lynch Asset Management, Inc.*, 694 F. 2d 923 (2d Cir. 1982). On March 30, 2010, the Supreme Court held the *Gartenberg* decision was correct in its basic formulation of what Section 36(b) requires: to face liability under Section 36(b), "an investment adviser must charge a fee that is so disproportionately large that it bears no reasonable relationship to the services rendered and could not have been the product of arm's length bargaining." *Jones v. Harris Associates L.P.*, 130 S. Ct. 1418 (2010). In the *Jones* decision, the Court stated the *Gartenberg* approach fully incorporates the correct understanding of fiduciary duty within the context of Section 36(b) and noted with approval that "*Gartenberg* insists that all relevant circumstances be taken into account" and "uses the range of fees that might result from arm's length bargaining as the benchmark for reviewing challenged fees."[3]

INVESTMENT ADVISORY FEES, NET ASSETS, & EXPENSE RATIOS

The Adviser proposed that the Portfolio pays the advisory fee set forth below for receiving the services to be provided pursuant to the Investment Advisory Agreement.

[3] *Jones v. Harris* at 1427.

Portfolio	Advisory Fee Schedule Based on the Average Daily Net Assets of the Portfolio	Net Assets 09/30/16 ($MM)
Government Reserves Portfolio	0.20% of average daily net assets	$554.6

In addition to paying the advisory fee, the Investment Advisory Agreement provides for the Adviser to be reimbursed for providing certain clerical, legal, accounting, administrative and other services provided to the Portfolio. During the Portfolio's fiscal year ended April 30, 2016, the Adviser was entitled to receive $59,559 (0.011% of the Portfolio's average daily net assets) for such services but waived the amount in its entirety.

Set forth below are the total expense ratios of the Portfolio for the most recent annual period:

Portfolio	Total Expense Ratio			Fiscal Year
	Class	Net[4]	Gross	
Government Reserves Portfolio	Class 1	0.24%	0.39%	April 30, 2016

In response to low interest rates in the marketplace that have depressed money market yields, the Adviser or its affiliates are waiving advisory fees and reimbursing additional expenses on its proprietary money market products in order for those products to achieve a positive yield.[5] With respect to the Portfolio, the Adviser has been waiving a portion or all of the advisory fees it earns while its affiliates have been waiving or reimbursing the Portfolio a portion or all of the 12b-1 fees and transfer agent fees that they receive.

[4] Expense ratios net of waivers and reimbursements.
[5] The Federal Reserve has kept the Federal Funds Rate between zero and 0.25% from December 2008 through December 2015 and between 0.25% and 0.50% from December 2015 through September 2016.

I. ADVISORY FEES CHARGED TO INSTITUTIONAL AND OTHER CLIENTS

The advisory fees charged to investment companies which the Adviser manages and sponsors are normally higher than those charged to similar sized institutional accounts, including pension plans and sub-advised investment companies. The fee differential reflects, among other things, different services provided to such clients, and different liabilities assumed. Services provided by the Adviser to the Portfolio that are not provided to non-investment company clients and sub-advised investment companies include providing office space and personnel to serve as Fund Officers, who among other responsibilities, make the certifications required under the Sarbanes–Oxley Act of 2002, and coordinating with and monitoring the Portfolio's third party service providers such as Fund counsel, auditors, custodians, transfer agents and pricing services. The accounting, administrative, legal and compliance requirements for the Portfolio is more costly than those for institutional assets due to the greater complexities and time required for investment companies, although the Adviser is entitled to be reimbursed for providing some of these services. Also, retail mutual funds managed by the Adviser are widely held. Servicing the Portfolio's investors is more time consuming and labor intensive compared to institutional clients since the Adviser needs to communicate with a more extensive network of financial intermediaries and shareholders. The Adviser also believes that it incurs substantial entrepreneurial risk when offering a new mutual fund since establishing a new mutual fund requires a large upfront investment and it may take a long time for the fund to achieve profitability since the fund must be priced to scale from inception in order to be competitive and assets are acquired one account at a time. In addition, managing the cash flow of an investment company may be more difficult

than managing that of a stable pool of assets, such as an institutional account with little cash movement in either direction, particularly, if a fund is in net redemption and the Adviser is frequently forced to sell securities to raise cash for redemptions. However, managing a fund with positive cash flow may be easier at times than managing a stable pool of assets. Finally, in recent years, investment advisers have been sued by institutional clients and have suffered reputational damage both by the attendant publicity and outcomes other than complete victories. Accordingly, the legal and reputational risks associated with institutional accounts are greater than previously thought, although still not equal to those related to the mutual fund industry.

Notwithstanding the Adviser's view that managing an investment company is not comparable to managing other institutional accounts because the services provided are different, the Supreme Court has indicated consideration should be given to the advisory fees charged to institutional accounts with a similar investment style as the Portfolio.[6] In addition to the AB Institutional fee schedule, set forth below are the Portfolio's advisory fee and what would have been the effective advisory fee of the Portfolio had the AB Institutional fee schedule been applicable to the Portfolio based on September 30, 2016 net assets:[7]

[6] The Supreme Court stated that "courts may give such comparisons the weight that they merit in light of the similarities and differences between the services that the clients in question require, but the courts must be wary of inapt comparisons." Among the significant differences the Supreme Court noted that may exist between services provided to mutual funds and institutional accounts are "higher marketing costs." *Jones v. Harris* at 1428.

[7] The Adviser has indicated that with respect to institutional accounts with assets greater than $300 million, it will negotiate a fee schedule. Discounts that are negotiated vary based upon each client relationship.

Portfolio	Net Assets 9/30/16 ($MM)	AB Institutional Fee Schedule	Effective AB Inst. Adv. Fee	Portfolio Advisory Fee
Government Reserves Portfolio[8]	$554.6	Fixed Income Money Market 0.20% (no breakpoints) *Minimum Account Size: $100m*	0.200%	0.200%

The AB Investments Taiwan Limited mutual funds ("ITL"), which are offered to investors in Taiwan, have an "all-in" fee to compensate the Adviser for investment advisory as well as custody related services. The fee schedule of the ITL mutual fund that has a somewhat similar investment style as certain the Portfolio is set forth in the table below:

Portfolio	ITL Fund	Advisory Fee	Custodian Fee	Management Fee
Government Reserves	Money Market Fund	0.10%	0.05%	0.150%

The Adviser has represented that it does not provide sub-advisory investment services to other investment companies that have a substantially similar investment style as the Portfolio.

II. MANAGEMENT FEES CHARGED BY OTHER MUTUAL FUND COMPANIES FOR LIKE SERVICES.

Broadridge Financial Solutions, Inc. ("Broadridge"), an analytical service that is not affiliated with the Adviser, compared the fees charged to the Portfolio with fees charged to other investment companies for similar services offered by other investment

[8] The Portfolio's effective advisory fee shown is based on the Portfolio's September 30, 2016 net assets and does not include any advisory fee waivers and/or expense reimbursements that the Portfolio may have had during its most recently completed annual period.

advisers.[9, 10] Broadridge's analysis included the comparison of the Portfolio's contractual management fee, estimated at the approximate current asset level of the Portfolio, to the median of the Portfolio's Broadridge Expense Group ("EG")[11] and the Portfolio's contractual management fee ranking.[12]

Broadridge describes an EG as a representative sample of comparable funds. Broadridge's standard methodology for screening funds to be included in an EG entails the consideration of several fund criteria, including fund type, Lipper investment classification/objective, load type and similar 12b-1/non-12b-1 service fees, asset (size) comparability, expense components and attributes. An EG will typically consist of seven to twenty funds.

Portfolio	Contractual Management Fee (%)	Broadridge EG Median (%)	Broadridge EG Rank
Government Reserves Portfolio	0.200	0.287	2/12

Broadridge also compared the Portfolio's total expense ratio to the medians of the Portfolio's EG and Broadridge Expense Universe ("EU"). The EU is a broader group

[9] The Supreme Court cautioned against accepting mutual fund fee comparisons without careful scrutiny since "these comparisons are problematic because these fees, like those challenged, may not be the product of negotiations conducted at arm's length." *Jones v. Harris* at 1429.

[10] On June 5, 2015, Broadridge acquired the Fiduciary Services and Competitive Intelligence unit, *i.e.*, the group responsible for providing the Portfolio's 15(c) reports, from Thomson Reuters' Lipper division. The group that maintains Lipper's expense and performance databases and investment classification/objective remains a part of Thomson Reuters' Lipper division. Accordingly, the Portfolio's investment classification/objective continued to be determined by Lipper.

[11] Broadridge does not consider average account size when constructing EGs. Funds with relatively small average account sizes tend to have higher transfer agent expense ratios than comparable sized funds that have relatively large average account sizes. There are limitations to Lipper expense category data because different funds categorize expenses differently.

[12] The contractual management fee is calculated by Broadridge using the Portfolio's contractual management fee rate at the hypothetical asset level. The hypothetical asset level is based on the combined net assets of all classes of the Portfolio, rounded up to the next $25 million. Broadridge's total expense ratio information is based on the most recent annual report except as otherwise noted. A ranking of "1" would mean that Portfolio had the lowest effective fee rate in the Broadridge peer group.

compared to the EG, consisting of all funds that have the same Lipper investment classifications/objective and load type as the subject Portfolio.[13]

Portfolio	Expense Ratio (%)[14]	Broadridge EG Median (%)	Broadridge Group Rank	Broadridge EU Median (%)	Broadridge EU Rank
Government Reserves Portfolio	0.240	0.091	12/12	0.115	168/186

Based on this analysis, the Portfolio has a more favorable ranking on contractual management fee basis than on a total expense ratio basis.

III. COSTS TO THE ADVISER AND ITS AFFILIATES OF SUPPLYING SERVICES PURSUANT TO THE MANAGEMENT FEE ARRANGEMENT, EXCLUDING ANY INTRA-CORPORATE PROFIT.

The Adviser utilizes two profitability reporting systems, which operate independently but are aligned with each other, to estimate the Adviser's profitability in connection with investment advisory services provided to the Portfolio. The Senior Officer has retained a consultant to provide independent advice regarding the alignment of the two profitability systems as well as the methodologies and allocations utilized by both profitability systems. See Section IV for additional discussion.

IV. PROFIT MARGINS OF THE ADVISER AND ITS AFFILIATES FOR SUPPLYING SUCH SERVICES.

The profitability information for the Portfolio prepared by the Adviser for the Board of Directors was reviewed by the Senior Officer and the consultant. The Adviser's profitability from providing investment advisory services to the Portfolio was negative in the calendar year 2015.

[13] Except for asset (size) comparability, Broadridge uses the same criteria for selecting an EG when selecting an EU. Unlike the EG, the EU allows for the same adviser to be represented by more than just one fund.

[14] Total expense ratio information pertains to the Portfolio's Class 1 shares.

In addition to the Adviser's direct profits from managing the Portfolio, certain of the Adviser's affiliates have business relationships with the Portfolio and may earn a profit from providing other services to the Adviser. The courts have referred to this type of business opportunity as "fall-out benefits" to the Adviser and indicated that such benefits should be factored into the evaluation of the total relationship between the Portfolio and the Adviser. Neither case law nor common business practice precludes the Adviser's affiliates from earning a reasonable profit on this type of relationship provided the affiliates' charges and services are competitive. These affiliates provide transfer agent and distribution related services to the Portfolio and receive transfer agent fees and Rule 12b-1 payments. During the fiscal year ended April 30, 2016, ABI was entitled to receive from the Portfolio $561,122 in Rule 12b-1 fees, but waived the amount in its entirety.

AllianceBernstein Investments, Inc. ("ABI"), an affiliate of the Adviser, is the Fund's principal underwriter. ABI and the Adviser have disclosed in the Portfolio's prospectus that they may make revenue sharing payments from their own resources, in addition to revenues derived from sales loads and Rule 12b-1 fees, to firms that sell shares of the Portfolio. In 2015, ABI paid approximately 0.05% of the average monthly assets of the AB Mutual Funds or approximately $20.0 million for distribution services and educational support (revenue sharing payments).

Fees and reimbursements for out of pocket expenses are charged by AllianceBernstein Investor Services, Inc. ("ABIS"), an affiliate of the Adviser and the Portfolio's transfer agent.

V. POSSIBLE ECONOMIES OF SCALE

The Adviser has indicated that economies of scale are being shared with shareholders through pricing to scale, breakpoints, fee reductions/waivers and enhancement to services.

In May 2012, an independent consultant, retained by the Senior Officer, provided the Board of Directors information on the Adviser's firm-wide average costs from 2005 through 2011 and the potential economies of scale. The independent consultant noted that from 2005 through 2007 the Adviser experienced significant growth in assets under management ("AUM"). During this period, operating expenses increased, in part to keep up with growth, and in part reflecting market returns. However, from 2008 through the first quarter of 2009, AUM rapidly and significantly decreased due to declines in market value and client withdrawals. When AUM rapidly decreased, some operating expenses categories, including base compensation and office space, adjusted more slowly during this period, resulting in an increase in average costs. Since 2009, AUM has experienced less significant changes. The independent consultant noted that changes in operating expenses reflect changes in business composition and business practices in response to changes in financial markets. Finally, the independent consultant concluded that the increase in average cost and the decline in net operating margin across the Adviser since late 2008 are inconsistent with the view that there are currently reductions in average costs due to economies of scale that can be shared with the AB Mutual Funds managed by the Adviser through lower fees.

Previously, in February 2008, the independent consultant provided the Board of Directors an update of the Deli[15] study on advisory fees and various fund characteristics.[16] The independent consultant first reiterated the results of his previous two dimensional comparison analysis (fund size and family size) with the Board of Directors.[17] The independent consultant then discussed the results of the regression model that was utilized to study the effects of various factors on advisory fees. The regression model output indicated that the bulk of the variation in fees predicted were explained by various factors, but substantially by fund AUM, family AUM, index fund indicator and investment style. The independent consultant also compared the advisory fees of the AB Mutual Funds to similar funds managed by 19 other large asset managers, regardless of the fund size and each Adviser's proportion of mutual fund assets to non-mutual fund assets.

VI. NATURE AND QUALITY OF THE ADVISER'S SERVICES, INCLUDING THE PERFORMANCE OF THE FUND

With assets under management of approximately $490 billion as of September 30, 2016, the Adviser has the investment experience to manage and provide non-investment services (described in Section I) to the Portfolio.

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[15] The Deli study, originally published in 2002 based on 1997 data and updated for the February 2008 Presentation, may be of diminished value due to the age of the data used in the presentation and the changes experienced in the industry over the last four years. Source: Deli, Daniel N. "Mutual Fund Advisory Contracts: An Empirical Investigation." *Journal of Finance*, 57(1): 109-133 (2002).

[16] As mentioned previously, the Supreme Court cautioned against accepting mutual fund fee comparisons without careful scrutiny since the fees may not be the product of negotiations conducted at arm's length. See *Jones V. Harris* at 1429.

[17] The two dimensional analysis showed patterns of lower advisory fees for funds with larger asset sizes and funds from larger family sizes compared to funds with smaller asset sizes and funds from smaller family sizes, which according to the independent consultant is indicative of a sharing of economies of scale and scope. However, in less liquid and active markets, such is not the case, as the empirical analysis showed potential for diseconomies of scale in those markets. The empirical analysis also showed diminishing economies of scale and scope as funds surpassed a certain high level of assets.

The information below, prepared by Broadridge, shows the 1 year net and gross performance returns and rankings of the Portfolio[18] relative to the Portfolio's Broadridge Performance Group ("PG") and Broadridge Performance Universe ("PU")[19] for the period ended July 31, 2016:

	Portfolio Return (%)	PG Median (%)	PU Median (%)	PG Rank	PU Rank
Government Reserves Portfolio[20]					
Net					
1 year	0.05	0.04	0.07	5/12	104/194
3 year	0.03	0.02	0.02	5/12	76/177
Gross					
1 year	0.29	0.18	0.19	1/12	30/194
3 year	0.18	0.12	0.13	2/12	28/177

Set forth below are the 1, 3 year and since inception net performance returns of the Portfolio (in bold)[21] versus its benchmarks.[22] Portfolio and benchmark volatility and reward-to-variability ratio ("Sharpe Ratio") information is also shown.[23]

[18] The performance returns and rankings are for the Class 1 shares of the Portfolio. The performance returns of the Portfolio were provided by Broadridge.
[19] The Portfolio's PG/PU is not identical to the Portfolio's EG/EU as the criteria for including/excluding a fund from a PG/PU is somewhat different from that of an EG/EU.
[20] Due to the low interest rate environment, investment advisers of money market funds have been waiving their advisory fee and/or reimbursing the funds to the extent their money market fund yields remain positive. Accordingly, over the 1 and 3 year periods, the variance in the net returns across the Lipper Money Market Funds Universe have been relatively tight as different investment advisers weigh the trade-off of keeping performance returns relatively high while maintaining fund investment advisory fee waivers and/or reimbursing expenses.
[21] The performance returns and risk measures shown in the table are for the Class 1 shares of the Portfolio.
[22] The Adviser provided Portfolio and benchmark performance return information for periods through July 31, 2016.
[23] Portfolio and benchmark volatility and Sharpe Ratio information was obtained through Lipper LANA, a database maintained by Lipper. Volatility is a statistical measure of the tendency of a market price or yield to vary over time. A Sharpe Ratio is a risk adjusted measure of return that divides a portfolio's return in excess of the riskless return by the portfolio's standard deviation. A portfolio with a greater volatility would be viewed as more risky than a portfolio with equivalent performance but lower volatility; for that

	Periods Ending July 31, 2016 Annualized Performance					
	1 Year (%)	3 Year (%)	Since Inception (%)	Annualized Volatility (%)	Sharpe (%)	Risk Period (Year)
Government Reserves Portfolio	**0.05**	**0.03**	**0.03**	**0.01**	**-1.61**	**1**
Bloomberg Barclays US Short Treasury Index (1-3 Month)	0.18	0.08	0.08	0.03	-1.52	1

Inception Date: May 3, 2013

CONCLUSION:

Based on the factors discussed above the Senior Officer's conclusion is that the Investment Advisory Agreement for the Portfolio is reasonable and within the range of what would have been negotiated at arm's-length in light of all the surrounding circumstances. This conclusion in respect of the Portfolio is based on an evaluation of all of these factors and no single factor was dispositive.

Dated: November 18, 2016

reason, a greater return would be demanded for the more risky portfolio. A portfolio with a higher Sharpe Ratio would be viewed as better performing than a portfolio with a lower Sharpe Ratio.

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SUMMARY OF SENIOR OFFICER'S EVALUATION OF INVESTMENT ADVISORY AGREEMENT[1]

The following is a summary of the evaluation of the Investment Advisory Agreement between AllianceBernstein L.P. (the "Adviser") and AB Bond Fund, Inc. (the "Fund"), in respect of AB Government Reserves Portfolio (the "Portfolio"),[2] prepared by Philip L. Kirstein, the Senior Officer of the Fund, for the Directors of the Fund, as required by the August 2004 agreement between the Adviser and the New York State Attorney General (the "NYAG"). The Senior Officer's evaluation of the Investment Advisory Agreement is not meant to diminish the responsibility or authority of the Board of Directors of the Fund to perform its duties pursuant to Section 15 of the Investment Company Act of 1940 (the "40 Act") and applicable state law. The purpose of this summary is to provide shareholders with a synopsis of the independent evaluation of the reasonableness of the advisory fees proposed to be paid by the Portfolio which was provided to the Directors in connection with their review of the proposed approval of the continuance of the Investment Advisory Agreement.

The Senior Officer's evaluation considered the following factors:

1. Advisory fees charged to institutional and other clients of the Adviser for like services;
2. Advisory fees charged by other mutual fund companies for like services;

[1] The information in the fee evaluation was completed on October 22, 2015 and discussed with the Board of Directors on November 3-5, 2015.
[2] Future references to the Portfolio do not include "AB."

3. Costs to the Adviser and its affiliates of supplying services pursuant to the advisory agreement, excluding any intra-corporate profit;
4. Profit margins of the Adviser and its affiliates from supplying such services;
5. Possible economies of scale as the Portfolio grows larger; and
6. Nature and quality of the Adviser's services including the performance of the Portfolio.

These factors, with the exception of the first factor, are generally referred to as the "*Gartenberg* factors," which were articulated by the United States Court of Appeals for the Second Circuit in 1982. *Gartenberg v. Merrill Lynch Asset Management, Inc.*, 694 F. 2d 923 (2d Cir. 1982). On March 30, 2010, the Supreme Court held the *Gartenberg* decision was correct in its basic formulation of what Section 36(b) requires: to face liability under Section 36(b), "an investment adviser must charge a fee that is so disproportionately large that it bears no reasonable relationship to the services rendered and could not have been the product of arm's length bargaining." *Jones v. Harris Associates L.P.*, 130 S. Ct. 1418 (2010). In the *Jones* decision, the Court stated the *Gartenberg* approach fully incorporates the correct understanding of fiduciary duty within the context of Section 36(b) and noted with approval that "*Gartenberg* insists that all relevant circumstances be taken into account" and "uses the range of fees that might result from arm's length bargaining as the benchmark for reviewing challenged fees."[3]

INVESTMENT ADVISORY FEES, NET ASSETS, & EXPENSE RATIOS

The Adviser proposed that the Portfolio pays the advisory fee set forth below for receiving the services to be provided pursuant to the Investment Advisory Agreement.

[3] *Jones v. Harris* at 1427.

Portfolio	Advisory Fee Schedule Based on the Average Daily Net Assets of the Portfolio	Net Assets 09/30/15 ($MM)
Government Reserves Portfolio	0.20% of average daily net assets	$467.0

In addition to paying the advisory fee, the Investment Advisory Agreement provides for the Adviser to be reimbursed for providing certain clerical, legal, accounting, administrative and other services provided to the Portfolio. During the Portfolio's fiscal year ended April 30, 2015, the Adviser was entitled to receive $71,330 (0.014% of the Portfolio's average daily net assets) for such services but waived the amount in its entirety.

Set forth below are the total expense ratios of the Portfolio for the most recent annual period:

Portfolio	Total Expense Ratio			Fiscal Year
	Class	Net[4]	Gross	
Government Reserves Portfolio[5]	Class 1	0.08%	0.37%	April 30, 2015

In response to low interest rates in the marketplace that have depressed money market yields, the Adviser or its affiliates are waiving advisory fees and reimbursing additional expenses on its proprietary money market products in order for those products to achieve a target yield of 0.01%.[6] With respect to the Portfolio, the Adviser has been

[4] Expense ratios net of waivers and reimbursements.
[5] Prior to May 1, 2015, the Fund had an expense cap of 0.19%.
[6] The Federal Reserve has kept the Federal Funds Rate between zero and 0.25% since December 2008.

waiving a portion or all of the advisory fees it earns while its affiliates have been waiving or reimbursing the Portfolio a portion or all of the 12b-1 fees and transfer agent fees that they receive.

I. ADVISORY FEES CHARGED TO INSTITUTIONAL AND OTHER CLIENTS

The advisory fees charged to investment companies which the Adviser manages and sponsors are normally higher than those charged to similar sized institutional accounts, including pension plans and sub-advised investment companies. The fee differential reflects, among other things, different services provided to such clients, and different liabilities assumed. Services provided by the Adviser to the Portfolio that are not provided to non-investment company clients and sub-advised investment companies include providing office space and personnel to serve as Fund Officers, who among other responsibilities, make the certifications required under the Sarbanes–Oxley Act of 2002, and coordinating with and monitoring the Portfolio's third party service providers such as Fund counsel, auditors, custodians, transfer agents and pricing services. The accounting, administrative, legal and compliance requirements for the Portfolio is more costly than those for institutional assets due to the greater complexities and time required for investment companies, although the Adviser is entitled to be reimbursed for providing some of these services. Also, retail mutual funds managed by the Adviser are widely held. Servicing the Portfolio's investors is more time consuming and labor intensive compared to institutional clients since the Adviser needs to communicate with a more extensive network of financial intermediaries and shareholders. The Adviser also believes that it incurs substantial entrepreneurial risk when offering a new mutual fund since establishing a new mutual fund requires a large upfront investment and it may take

a long time for the fund to achieve profitability since the fund must be priced to scale from inception in order to be competitive and assets are acquired one account at a time. In addition, managing the cash flow of an investment company may be more difficult than managing that of a stable pool of assets, such as an institutional account with little cash movement in either direction, particularly, if a fund is in net redemption and the Adviser is frequently forced to sell securities to raise cash for redemptions. However, managing a fund with positive cash flow may be easier at times than managing a stable pool of assets. Finally, in recent years, investment advisers have been sued by institutional clients and have suffered reputational damage both by the attendant publicity and outcomes other than complete victories. Accordingly, the legal and reputational risks associated with institutional accounts are greater than previously thought, although still not equal to those related to the mutual fund industry.

Notwithstanding the Adviser's view that managing an investment company is not comparable to managing other institutional accounts because the services provided are different, the Supreme Court has indicated consideration should be given to the advisory fees charged to institutional accounts with a similar investment style as the Portfolio.[7] In addition to the AB Institutional fee schedule, set forth below are the Portfolio's advisory fee and what would have been the effective advisory fee of the Portfolio had the AB Institutional fee schedule been applicable to the Portfolio based on September 30, 2015 net assets:[8]

[7] The Supreme Court stated that "courts may give such comparisons the weight that they merit in light of the similarities and differences between the services that the clients in question require, but the courts must be wary of inapt comparisons." Among the significant differences the Supreme Court noted that may exist between services provided to mutual funds and institutional accounts are "higher marketing costs." *Jones v. Harris* at 1428.

[8] The Adviser has indicated that with respect to institutional accounts with assets greater than $300 million, it will negotiate a fee schedule. Discounts that are negotiated vary based upon each client relationship.

Portfolio	Net Assets 9/30/15 ($MM)	AB Institutional Fee Schedule	Effective AB Inst. Adv. Fee	Portfolio Advisory Fee
Government Reserves Portfolio[9]	$467.0	Fixed Income Money Market 0.10% (no breakpoints) *Minimum Account Size: $100m*	0.100%	0.200%

The Adviser manages Exchange Reserves and Government STIF Portfolio, which are both money market funds, and their advisory fee schedules are set for in the table below. Also set forth are what would have been the effective advisory fees of the Portfolio had the advisory fee schedules for Exchange Reserves and Government STIF Portfolio been applicable to the Portfolio based on September 30, 2015 net assets:

Portfolio	ABMF Fund	ABMF Fee Schedule	ABMF Effective Fee (%)	Portfolio Advisory Fee (%)
Government Reserves Portfolio	Exchange Reserves	0.25% on the first 1.25 billion 0.24% on the next $250 million 0.23% on the next $250 million 0.22% on the next $250 million 0.21% on the next $1.0 billion 0.20% on the balance	0.250%	0.200%
Government Reserves Portfolio	Government STIF Portfolio[10]	Zero fee	0.000%	0.200%

[9] The Portfolio's effective advisory fee shown is based on the Portfolio's September 30, 2015 net assets and does not include any advisory fee waivers and/or expense reimbursements that the Portfolio may have had during its most recently completed annual period.

[10] Government STIF Portfolio is not charged an advisory fee although the fund's investment advisory agreement provides for the Adviser to be reimbursed for providing certain non-advisory services. The fund is intended to provide an investment option to institutional clients of the Adviser, including all of the AB Mutual Funds with the exception of Exchange Reserves, for short-term investment of uninvested cash. The fund is intended to offer clients competitive short-term returns and enable the Adviser to deliver more consistent and predictable returns while reducing expenses for clients. The Adviser will be compensated for its services to the fund by compensation the Adviser receives from institutional clients that invest in the fund.

The AB Investments Taiwan Limited mutual funds ("ITL"), which are offered to investors in Taiwan, have an "all-in" fee to compensate the Adviser for investment advisory as well as custody related services. The fee schedule of the ITL mutual fund that has a somewhat similar investment style as certain the Portfolio is set forth in the table below:

Portfolio	ITL Fund	Advisory Fee	Custodian Fee	Management Fee
Government Reserves	Money Market Fund	0.10%	0.05%	0.150%

The Adviser has represented that it does not provide sub-advisory investment services to other investment companies that have a substantially similar investment style as the Portfolio.

II. MANAGEMENT FEES CHARGED BY OTHER MUTUAL FUND COMPANIES FOR LIKE SERVICES.

Broadridge Financial Solutions, Inc. ("Broadridge"), an analytical service that is not affiliated with the Adviser, compared the fees charged to the Portfolio with fees charged to other investment companies for similar services offered by other investment advisers.[11, 12] Broadridge's analysis included the comparison of the Portfolio's contractual management fee, estimated at the approximate current asset level of the

[11] The Supreme Court cautioned against accepting mutual fund fee comparisons without careful scrutiny since "these comparisons are problematic because these fees, like those challenged, may not be the product of negotiations conducted at arm's length." *Jones v. Harris* at 1429.

[12] On June 5, 2015, Broadridge acquired the Fiduciary Services and Competitive Intelligence unit, *i.e.*, the group responsible for providing the Portfolio's 15(c) reports, from Thomson Reuters' Lipper division. The group that maintains Lipper's expense and performance databases and investment classification/objective remains a part of Thomson Reuters' Lipper division. Accordingly, the Portfolio's investment classification/objective continued to be determined by Lipper.

Portfolio, to the median of the Fund's Broadridge Expense Group ("EG")[13] and the Portfolio's contractual management fee ranking.[14]

Broadridge describes an EG as a representative sample of comparable funds. Broadridge's standard methodology for screening funds to be included in an EG entails the consideration of several fund criteria, including fund type, Lipper investment classification/objective, load type and similar 12b-1/non-12b-1 service fees, asset (size) comparability, expense components and attributes. An EG will typically consist of seven to twenty funds.

Portfolio	Contractual Management Fee (%)	Broadridge EG Median (%)	Broadridge EG Rank
Government Reserves Portfolio	0.200	0.241	5/12

Broadridge also compared the Portfolio's total expense ratio to the medians of the Portfolio's EG and Broadridge Expense Universe ("EU"). The EU is a broader group compared to the EG, consisting of all funds that have the same Lipper investment classifications/objective and load type as the subject Portfolio.[15]

[13] Broadridge does not consider average account size when constructing EGs. Funds with relatively small average account sizes tend to have higher transfer agent expense ratios than comparable sized funds that have relatively large average account sizes. There are limitations to Lipper expense category data because different funds categorize expenses differently.

[14] The contractual management fee is calculated by Broadridge using the Portfolio's contractual management fee rate at the hypothetical asset level. The hypothetical asset level is based on the combined net assets of all classes of the Portfolio, rounded up to the next $25 million. Broadridge's total expense ratio information is based on the most recent annual report except as otherwise noted. A ranking of "1" would mean that Portfolio had the lowest effective fee rate in the Broadridge peer group.

[15] Except for asset (size) comparability, Broadridge uses the same criteria for selecting an EG when selecting an EU. Unlike the EG, the EU allows for the same adviser to be represented by more than just one fund.

Portfolio	Expense Ratio (%)[16]	Broadridge EG Median (%)	Broadridge Group Rank	Broadridge EU Median (%)	Broadridge EU Rank
Government Reserves Portfolio	0.078	0.071	9/12	0.078	13/25

Based on this analysis, the Portfolio has a more favorable ranking on contractual management fee basis than on a total expense ratio basis.

III. COSTS TO THE ADVISER AND ITS AFFILIATES OF SUPPLYING SERVICES PURSUANT TO THE MANAGEMENT FEE ARRANGEMENT, EXCLUDING ANY INTRA-CORPORATE PROFIT.

The Adviser utilizes two profitability reporting systems, which operate independently but are aligned with each other, to estimate the Adviser's profitability in connection with investment advisory services provided to the Portfolio. The Senior Officer has retained a consultant to provide independent advice regarding the alignment of the two profitability systems as well as the methodologies and allocations utilized by both profitability systems. See Section IV for additional discussion.

IV. PROFIT MARGINS OF THE ADVISER AND ITS AFFILIATES FOR SUPPLYING SUCH SERVICES.

The profitability information for the Portfolio prepared by the Adviser for the Board of Directors was reviewed by the Senior Officer and the consultant. The Adviser's profitability from providing investment advisory services to the Portfolio was negative in the calendar year 2014.

In addition to the Adviser's direct profits from managing the Portfolio, certain of the Adviser's affiliates have business relationships with the Portfolio and may earn a profit from providing other services to the Adviser. The courts have referred to this type of business opportunity as "fall-out benefits" to the Adviser and indicated that such

[16] Total expense ratio information pertains to the Portfolio's Class 1 shares.

benefits should be factored into the evaluation of the total relationship between the Portfolio and the Adviser. Neither case law nor common business practice precludes the Adviser's affiliates from earning a reasonable profit on this type of relationship provided the affiliates' charges and services are competitive. These affiliates provide transfer agent and distribution related services to the Portfolio and receive transfer agent fees and Rule 12b-1 payments. During the fiscal year ended April 30, 2015, ABI received from the Portfolio $525,337 in Rule 12b-1 fees.

AllianceBernstein Investments, Inc. ("ABI"), an affiliate of the Adviser, is the Fund's principal underwriter. ABI and the Adviser have disclosed in the Portfolio's prospectus that they may make revenue sharing payments from their own resources, in addition to revenues derived from sales loads and Rule 12b-1 fees, to firms that sell shares of the Portfolio. In 2014, ABI paid approximately 0.05% of the average monthly assets of the AB Mutual Funds or approximately $20.4 million for distribution services and educational support (revenue sharing payments).

Fees and reimbursements for out of pocket expenses are charged by AllianceBernstein Investor Services, Inc. ("ABIS"), an affiliate of the Adviser and the Portfolio's transfer agent.

V. POSSIBLE ECONOMIES OF SCALE

The Adviser has indicated that economies of scale are being shared with shareholders through pricing to scale, breakpoints, fee reductions/waivers and enhancement to services.

In May 2012, an independent consultant, retained by the Senior Officer, provided the Board of Directors information on the Adviser's firm-wide average costs from 2005

through 2011 and the potential economies of scale. The independent consultant noted that from 2005 through 2007 the Adviser experienced significant growth in assets under management ("AUM"). During this period, operating expenses increased, in part to keep up with growth, and in part reflecting market returns. However, from 2008 through the first quarter of 2009, AUM rapidly and significantly decreased due to declines in market value and client withdrawals. When AUM rapidly decreased, some operating expenses categories, including base compensation and office space, adjusted more slowly during this period, resulting in an increase in average costs. Since 2009, AUM has experienced less significant changes. The independent consultant noted that changes in operating expenses reflect changes in business composition and business practices in response to changes in financial markets. Finally, the independent consultant concluded that the increase in average cost and the decline in net operating margin across the Adviser since late 2008 are inconsistent with the view that there are currently reductions in average costs due to economies of scale that can be shared with the AB Mutual Funds managed by the Adviser through lower fees.

Previously, in February 2008, the independent consultant provided the Board of Directors an update of the Deli[17] study on advisory fees and various fund characteristics.[18] The independent consultant first reiterated the results of his previous two dimensional comparison analysis (fund size and family size) with the Board of

[17] The Deli study, originally published in 2002 based on 1997 data and updated for the February 2008 Presentation, may be of diminished value due to the age of the data used in the presentation and the changes experienced in the industry since 2008.

[18] As mentioned previously, the Supreme Court cautioned against accepting mutual fund fee comparisons without careful scrutiny since the fees may not be the product of negotiations conducted at arm's length. See *Jones V. Harris* at 1429.

Directors.[19] The independent consultant then discussed the results of the regression model that was utilized to study the effects of various factors on advisory fees. The regression model output indicated that the bulk of the variation in fees predicted were explained by various factors, but substantially by fund AUM, family AUM, index fund indicator and investment style. The independent consultant also compared the advisory fees of the AB Mutual Funds to similar funds managed by 19 other large asset managers, regardless of the fund size and each Adviser's proportion of mutual fund assets to non-mutual fund assets.

VI. NATURE AND QUALITY OF THE ADVISER'S SERVICES, INCLUDING THE PERFORMANCE OF THE FUND

With assets under management of approximately $463 billion as of September 30, 2015, the Adviser has the investment experience to manage and provide non-investment services (described in Section I) to the Portfolio.

The information below, prepared by Broadridge, shows the 1 year net and gross performance returns and rankings of the Portfolio[20] relative to the Portfolio's Broadridge Performance Group ("PG") and Broadridge Performance Universe ("PU")[21] for the period ended July 31, 2015:

[19] The two dimensional analysis showed patterns of lower advisory fees for funds with larger asset sizes and funds from larger family sizes compared to funds with smaller asset sizes and funds from smaller family sizes, which according to the independent consultant is indicative of a sharing of economies of scale and scope. However, in less liquid and active markets, such is not the case, as the empirical analysis showed potential for diseconomies of scale in those markets. The empirical analysis also showed diminishing economies of scale and scope as funds surpassed a certain high level of assets.

[20] The performance returns and rankings are for the Class 1 shares of the Portfolio. The performance returns of the Portfolio were provided by Broadridge.

[21] The Portfolio's PG is identical to the Portfolio's EG. The Portfolio's PU is not identical to the Portfolio's EU as the criteria for including/excluding a fund from a PU is somewhat different from that of an EU..

Portfolio	Portfolio Return (%)	PG Median (%)	PU Median (%)	PG Rank	PU Rank
Government Reserves Portfolio [22]					
Net					
1 year	0.02	0.02	0.01	4/12	11/40
Gross					
1 year	0.10	0.09	0.10	4/12	11/40

Set forth below are the 1 year and since inception net performance returns of the Portfolio (in bold)[23] versus its benchmarks.[24] Portfolio and benchmark volatility and reward-to-variability ratio ("Sharpe Ratio") information is also shown.[25]

	Periods Ending July 31, 2015 Annualized Performance				
	1 Year (%)	Since Inception (%)	Annualized Volatility (%)	Sharpe (%)	Risk Period (Year)
Government Reserves Portfolio	**0.02**	**0.02**	**0.01**	**0.60**	**1**
Barclays US Short Treasury Index (1-3 Month)	0.01	0.03	0.01	-0.42	1
Inception Date: May 3, 2013					

CONCLUSION:

Based on the factors discussed above the Senior Officer's conclusion is that the Investment Advisory Agreement for the Portfolio is reasonable and within the range of

[22] Due to the low interest rate environment, investment advisers of money market funds have been waiving their advisory fee and/or reimbursing the funds to the extent their money market fund yields remain positive.
[23] The performance returns and risk measures shown in the table are for the Class 1 shares of the Portfolio.
[24] The Adviser provided Portfolio and benchmark performance return information for periods through July 31, 2015.
[25] Portfolio and benchmark volatility and Sharpe Ratio information was obtained through Lipper LANA, a database maintained by Lipper. Volatility is a statistical measure of the tendency of a market price or yield to vary over time. A Sharpe Ratio is a risk adjusted measure of return that divides a portfolio's return in excess of the riskless return by the portfolio's standard deviation. A portfolio with a greater volatility would be viewed as more risky than a portfolio with equivalent performance but lower volatility; for that reason, a greater return would be demanded for the more risky portfolio. A portfolio with a higher Sharpe Ratio would be viewed as better performing than a portfolio with a lower Sharpe Ratio.

what would have been negotiated at arm's-length in light of all the surrounding circumstances. This conclusion in respect of the Portfolio is based on an evaluation of all of these factors and no single factor was dispositive.

Dated: November 25, 2015