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

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 The AllianceBernstein Municipal Income Fund (the "Fund") in respect of the following Portfolios (the "Portfolios"): [2]

California Portfolio
National Portfolio
New York Portfolio
High Income Municipal Portfolio

The evaluation of the Investment Advisory Agreement was 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 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 the 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 Portfolios 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:

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[1] The information in the fee evaluation was completed on October 25, 2012 and discussed with the Board of Directors on November 6-8, 2012.

[2] Future references to the Portfolios do not include "AllianceBernstein." References in the fee summary pertaining to performance and expense ratios refer to Class A shares of the Portfolios.

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;
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 Portfolios grow larger; and
6. Nature and quality of the Adviser's services including the performance of the Portfolios.

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 §36(b) requires: to face liability under §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 *Jones*, 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]

ADVISORY FEES, NET ASSETS, & EXPENSE RATIOS

The Adviser proposed that each Portfolio pay the advisory fee set forth in the table below for receiving the services to be provided pursuant to the Investment Advisory Agreement. The fee schedule below, implemented in January 2004 in consideration of the Adviser's settlement with the NYAG in December 2003, is based on a master schedule that contemplates eight categories of funds with almost all funds in each category having the same advisory fee schedule.[4]

Category	Advisory Fee Schedule[5]	Portfolio
Low Risk Income	45 bp on 1st $2.5 billion 40 bp on next $2.5 billion 35 bp on the balance	California Portfolio National Portfolio New York Portfolio
High Income	50 bp on 1st $2.5 billion 45 bp on next $2.5 billion 40 bp on the balance	High Income Municipal Portfolio

The Portfolios' net assets on September 30, 2012 are set forth below:

Portfolio	September 30, 2012 Net Assets ($MM)
California Portfolio	$683.6
National Portfolio	$1,086.0
New York Portfolio	$695.5
High Income Municipal Portfolio	$1,196.7

[3] *Jones v. Harris* at 1427.
[4] Most of the AllianceBernstein Mutual Funds, which the Adviser manages, were affected by the Adviser's settlement with the NYAG.
[5] The advisory fees for each Portfolio are based on the percentage of each Portfolio's average daily net assets, not a combination of any of the Portfolios.

The Portfolios' Investment Advisory Agreement provides for the Adviser to be reimbursed for certain clerical, legal, accounting, administrative and other services provided to each Portfolio. Indicated below are the reimbursement amounts, which the Adviser received from the Portfolios during their most recently completed fiscal year, expressed in dollars and as a percentage of average daily net assets:

Portfolio	Amount	As a % of Average Daily Net Assets
California Portfolio	$62,632	0.01%
National Portfolio	$80,113	0.01%
New York Portfolio	$69,449	0.01%
High Income Municipal Portfolio[6]	$70,347	0.02%

The Adviser has agreed to waive that portion of its advisory fees and/or reimburse the Portfolios for that portion of the Portfolios' total operating expenses to the degree necessary to limit each Portfolio's expense ratio to the amounts set forth below for each Portfolio's current fiscal year. The waiver is terminable by the Adviser prior to each Portfolio's new Prospectus date upon at least 60 days written notice. In addition, set forth below are the gross expense ratios of the Portfolios, annualized for the most recent semi-annual period:[7]

The Adviser provided notice to the Directors of its intention to modify the expense limitation undertaking expense levels for California Portfolio, National Portfolio and New York Portfolio to be effective with the Portfolios' prospectus updates on

[6] The Adviser waived the amount in its entirety.
[7] Semi-annual total expense ratios are unaudited.

February 1, 2013. In this regard, the Adviser will raise the cap levels for California Portfolio, National Portfolio and New York Portfolio.

Fund	Class	Expense Cap Pursuant to Expense Limitation Undertaking: Current	Effective 02/01/13	Gross Expense Ratio[8]	Fiscal Year End
California Portfolio[9]	Advisor	0.45%	0.50%	0.54%	Oct. 31 (ratios as of Apr. 30, 2012)
	Class A	0.75%	0.80%	0.84%	
	Class B	1.45%	1.50%	1.57%	
	Class C	1.45%	1.50%	1.55%	
National Portfolio[10]	Advisor	0.45%	0.50%	0.56%	Oct. 31 (ratios as of Apr. 30, 2012)
	Class A	0.75%	0.80%	0.86%	
	Class B	1.45%	1.50%	1.58%	
	Class C	1.45%	1.50%	1.56%	
New York Portfolio	Advisor	0.45%	0.50%	0.55%	Oct. 31 (ratios as of Apr. 30, 2012)
	Class A	0.75%	0.80%	0.85%	
	Class B	1.45%	1.50%	1.57%	
	Class C	1.45%	1.50%	1.55%	

The Adviser did not propose any changes to the expense cap levels for the following Portfolio:

Portfolio		Expense Cap Pursuant to Expense Limitation Undertaking	Gross Expense Ratio[8]	Fiscal Year End
High Income Municipal Portfolio	Advisor	0.50%	0.61%	October 31 (ratios as of Apr. 30, 2012)
	Class A	0.80%	0.90%	
	Class C	1.50%	1.61%	

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

[8] Annualized.
[9] The Portfolio's expense ratios shown exclude interest expenses of 0.01% for all share classes.
[10] The Portfolio's expense ratios shown exclude interest expenses of 0.01% for all share classes

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 Portfolios 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 Portfolios' third party service providers such as Fund counsel, auditors, custodians, transfer agents and pricing services. The accounting, administrative, legal and compliance requirements for the Portfolios are more costly than those for institutional assets due to the greater complexities and time required for investment companies, although as previously noted, the Adviser is reimbursed for providing some of these services. Also, retail mutual funds managed by the Adviser are widely held. Servicing the Portfolios' 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 Portfolios.[11] With respect to the Portfolios, the Adviser represented that there are no categories in the Form ADV for institutional products that have a substantially similar investment styles as the Portfolios. The Adviser does manage separately managed accounts that invest principally in municipal securities, but those mandates have a substantially lower risk profile (credit and interest rate risk) than that of the Portfolios.

The Adviser manages Sanford C. Bernstein Fund, Inc. ("SCB Fund"), an open-end management investment company. Several of the SCB Fund portfolios have a somewhat similar investment style as certain of the Portfolios and their advisory fee schedules are set forth below. Also presented are what would have been the effective advisory fees of the Portfolios had the SCB Fund fee schedules been applicable to the Portfolios based on September 30, 2012 net assets.

[11] 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.

Portfolio	SCB Fund Portfolio	Fee Schedule	SCB Fund Effective Fee (%)	Portfolio Advisory Fee (%)
California Portfolio	Short Duration California Municipal Portfolio	45 bp on 1st $750 million 40 bp thereafter	0.450%	0.450%
California Portfolio	California Municipal Portfolio	50 bp on 1st $1 billion 45 bp on next $2 billion 40 bp on next $2 billion 35 bp thereafter	0.500%	0.450%
National Portfolio	Short Duration Diversified Municipal Portfolio	45 bp on 1st $750 million 40 bp thereafter	0.435%	0.450%
National Portfolio	Diversified Municipal Portfolio	50 bp on 1st $1 billion 45 bp on next $2 billion 40 bp on next $2 billion 35 bp on next $2 billion 30 bp thereafter	0.496%	0.450%
New York Portfolio	Short Duration New York Municipal Portfolio	45 bp on 1st $750 million 40 bp thereafter	0.450%	0.450%
New York Portfolio	New York Municipal Portfolio	50 bp on 1st $1 billion 45 bp on next $2 billion 40 bp on next $2 billion 35 bp thereafter	0.500%	0.450%

The Adviser represented that it does not sub-advise any registered investment companies of other fund families with a substantially similar investment style as any of the Portfolios.

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

Lipper, Inc. ("Lipper"), an analytical service that is not affiliated with the Adviser, compared the fees charged to the Portfolios with fees charged to other investment companies for similar services offered by other investment advisers.[12] Lipper's analysis included the comparison of each Portfolio's contractual management fee, estimated at the approximate current asset level of the subject Portfolio, to the median of each Portfolio's Lipper Expense Group ("EG")[13] and contractual management fee ranking.[14]

Lipper describes an EG as a representative sample of comparable funds. Lipper's standard methodology for screening funds to be included in an EG entails the consideration of several fund criteria, including fund type, 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 (%)[15]	Lipper Exp. Group Median(%)	Rank
California Portfolio	0.450	0.494	2/15

[12] 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.

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

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

[15] The contractual management fees for the Portfolios do not reflect any expense reimbursements made by the Portfolios to the Adviser for certain clerical, legal, accounting, administrative, and other services. In addition, the contractual management fees do not reflect any advisory fee waivers or expense reimbursements made by the Adviser that effectively reduce the contractual management fee.

Portfolio	Contractual Management Fee (%)[15]	Lipper Exp. Group Median(%)	Rank
National Portfolio[16]	0.450	0.467	7/17
New York Portfolio[16]	0.450	0.521	1/9
High Income Municipal Portfolio[16]	0.500	0.510	4/10

Lipper also compared the Portfolios' total expense ratios to the medians of the Portfolios' EGs and the Lipper Expense Universes ("EU"). The EU is a broader group compared to the EG, consisting of all funds that have the same investment classifications/objective and load type as the subject Portfolio.[17]

Portfolio	Expense Ratio (%)[18]	Lipper Exp. Group Median (%)	Lipper Group Rank	Lipper Exp. Universe Median (%)	Lipper Universe Rank
California Portfolio	0.749	0.810	5/15	0.805	8/29
Pro-forma[19]	*0.799*	*0.810*	*7/15*	*0.805*	*14/29*
National Portfolio	0.749	0.797	3/18	0.807	14/55
Pro-forma[19]	*0.799*	*0.797*	*9/18*	*0.807*	*26/55*
New York Portfolio	0.750	0.809	2/10	0.792	7/23
Pro-forma[19]	*0.800*	*0.809*	*5/10*	*0.792*	*12/23*
High Income Municipal Portfolio	0.799	0.871	1/11	0.852	6/28

[16] One of the Portfolio's EG peer is excluded from the contractual management fee comparison because Lipper is unable to calculate the peer's contractual management fee because of the gross income component in the peer's advisory fee schedule.
[17] Except for asset (size) comparability, Lipper uses the same criteria for selecting an EG peer when selecting an EU peer. Unlike the EG, the EU allows for the same adviser to be represented by more than just one fund.
[18] Most recently completed fiscal year Class A share total expense ratio.
[19] *Pro-forma* total expense ratio is shown for the Portfolio to reflect the Portfolio's expense cap level effective February 1, 2013.

Based on this analysis, considering pro-forma information where available, except for High Income Municipal Portfolio, the Portfolios have a more favorable ranking on a 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 Portfolios. 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 Portfolios' profitability information, 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 Portfolios increased, with the exception of New York Portfolio, during calendar year 2011, relative to 2010.

In addition to the Adviser's direct profits from managing the Portfolios, certain of the Adviser's affiliates have business relationships with the Portfolios and may earn a profit from providing other services to the Portfolios. 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 Portfolios 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 and the relationship otherwise complies with the 40 Act restrictions. These affiliates provide transfer agent and distribution services to the Portfolios and receive transfer agent fees, Rule 12b-1 payments, front-end sales loads and contingent deferred sales charges ("CDSC").

AllianceBernstein Investments, Inc. ("ABI"), an affiliate of the Adviser, is the Portfolios' principal underwriter. ABI and the Adviser have disclosed in the Portfolios' prospectus that they may make revenue sharing payments from their own resources, in addition to resources derived from sales loads and Rule 12b-1 fees, to firms that sell shares of the Portfolios. In 2011, ABI paid approximately 0.04% of the average monthly assets of the AllianceBernstein Mutual Funds or approximately $17 million for distribution services and educational support (revenue sharing payments).

ABI retained the following amounts for Class A front-end load sales charges from sales of the Portfolios' Class A shares during the Portfolios' most recently completed fiscal year:

Portfolio	Amount Received
California Portfolio	$503
National Portfolio	$0
New York Portfolio	$0
High Income Municipal Portfolio	$122

ABI received the amounts set forth below in Rule 12b-1 fees and CDSC from the Portfolios during the Portfolios' most recently completed fiscal year:

Portfolio	12b-1 Fee Received	CDSC Received
California Portfolio	$2,708,950	$21,362
National Portfolio	$3,404,112	$71,987
New York Portfolio	$2,431,886	$88,546
High Income Municipal Portfolio	$1,480,163	$136,604

Fees and reimbursements for out of pocket expenses charged by AllianceBernstein Investor Services, Inc. ("ABIS"), the affiliated transfer agent for the Portfolios, are based on the level of the network account and the class of shares held by the account. ABIS also receives a fee per shareholder sub-account for each account maintained by an intermediary on an omnibus basis. ABIS received the following net fees from the Portfolios during the Portfolios' most recently completed fiscal year:

Portfolio	ABIS Fee
California Portfolio	$106,110
National Portfolio	$204,242
New York Portfolio	$105,435
High Income Municipal Portfolio	$43,454

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.

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 AllianceBernstein 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[20] study on advisory fees and various fund characteristics.[21] The independent consultant first reiterated the results of his previous two dimensional comparison analysis (fund size and family size) with the Board of Directors.[22] The independent consultant then discussed the results of the regression

[20] 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.

[21] 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.

[22] 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

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 AllianceBernstein 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 $419 billion as of September 30, 2012, the Adviser has the investment experience to manage and provide non-investment services (described in Section I) to the Portfolios.

The information prepared by Lipper shows the 1, 3, 5 and 10 year performance rankings[23] of the Portfolios relative to their Lipper Performance Group ("PG") and Lipper Performance Universe ("PU")[24] for the periods ended July 31, 2012.[25]

	Portfolio Return (%)	PG Median (%)	PU Median (%)	PG Rank	PU Rank
California Portfolio					
1 year	11.57	14.02	13.73	15/15	30/31
3 year	8.43	9.62	9.32	14/15	25/31
5 year	5.45	5.52	5.47	10/15	17/30
10 year	5.11	4.93	4.92	4/13	7/24

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.

[23] The performance returns and rankings of the Portfolios are for the Portfolios' Class A shares. The performance returns of the Portfolios were provided by Lipper.

[24] A Portfolio's PG/PU may not necessarily be identical to its respective EG/EU, as the criteria for including/excluding a fund from a PG/PU is somewhat different from that of an EG/EU.

[25] The current Lipper investment classification/objective dictates the PG and PU throughout the life of each Portfolio even if a Portfolio had a different investment classification/objective at a different point in time.

	Portfolio Return (%)	PG Median (%)	PU Median (%)	PG Rank	PU Rank
National Portfolio					
1 year	12.01	12.26	11.97	11/18	31/64
3 year	8.83	8.76	8.28	8/18	20/60
5 year	5.48	5.59	5.61	11/18	32/56
10 year	5.08	4.85	4.84	5/18	12/48
New York Portfolio					
1 year	9.77	11.63	11.41	10/10	24/26
3 year	7.23	7.80	7.62	10/10	19/25
5 year	5.33	5.32	5.40	5/10	13/24
10 year	4.96	4.82	4.77	4/9	7/21
High Income Municipal Portfolio					
1 year	18.04	13.98	14.74	1/11	4/31

Set forth below are the 1, 3, 5 and 10 year and since inception performance returns of the Portfolios (in bold)[26] versus their benchmarks.[27] Portfolio and benchmark volatility and reward-to-variability ratio ("Sharpe Ratio") information is also shown. [28]

[26] The performance returns and risk measures shown in the table are for the Class A shares of the Portfolios.

[27] The Adviser provided Portfolio and benchmark performance return information for periods through July 31, 2012.

[28] 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 fund's return in excess of the riskless return by the fund's standard deviation. A fund with a greater volatility would be seen as more risky than a fund with equivalent performance but lower volatility; for that reason, a greater return would be demanded for the more risky fund. A fund with a higher Sharpe Ratio would be viewed as better performing than a fund with a lower Sharpe Ratio.

	Periods Ending July 31, 2012 Annualized Net Performance							
	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)	Annualized Volatility (%)	Sharpe (%)	Risk Period (Year)
California Portfolio	**11.58**	**8.43**	**5.45**	**5.11**	**6.36**	**5.26**	**0.61**	**10**
Barclays Capital Municipal Bond Index	10.51	7.59	6.12	5.31	6.52	4.59	0.73	10
Inception Date: December 29, 1986								
National Portfolio	**12.01**	**8.83**	**5.48**	**5.08**	**6.25**	**4.80**	**0.66**	**10**
Barclays Capital Municipal Bond Index	10.51	7.59	6.12	5.31	6.52	4.59	0.73	10
Inception Date: December 29, 1986								
New York Portfolio	**9.77**	**7.23**	**5.33**	**4.96**	**6.00**	**4.31**	**0.70**	**10**
Barclays Capital Municipal Bond Index	10.51	7.59	6.12	5.31	6.52	4.59	0.73	10
Inception Date: December 29, 1986								
High Income Municipal Portfolio	**18.05**	**N/A**	**N/A**	**N/A**	**11.02**	**4.35**	**3.67**	**1**
Barclays Capital Municipal Bond Index	10.51	N/A	N/A	N/A	7.09	3.15	3.04	1
Inception Date: January 26, 2010								

CONCLUSION:

Based on the factors discussed above the Senior Officer's conclusion is that the proposed advisory fee for each 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 Portfolios is based on an evaluation of all of these factors and no single factor was dispositive.

Dated: December 3, 2012

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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 The AllianceBernstein Municipal Income Fund (the "Fund") in respect of the following Portfolios (the "Portfolios"): [2]

California Portfolio
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New York Portfolio
High Income Municipal Portfolio

The evaluation of the Investment Advisory Agreement was 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 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 the 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 Portfolios 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:

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[1] The information in the fee evaluation was completed on October 20, 2011 and discussed with the Board of Directors on November 1-3, 2011.

[2] Future references to the Portfolios do not include "AllianceBernstein." References in the fee summary pertaining to performance and expense ratios refer to Class A shares of the Portfolios.

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

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 §36(b) requires: to face liability under §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 *Jones*, 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]

ADVISORY FEES, NET ASSETS, & EXPENSE RATIOS

The Adviser proposed that each Portfolio pay the advisory fee set forth in the table below for receiving the services to be provided pursuant to the Investment Advisory Agreement. The fee schedule below, implemented in January 2004 in consideration of the Adviser's settlement with the NYAG in December 2003, is based on a master schedule that contemplates eight categories of funds with almost all funds in each category having the same advisory fee schedule.[4]

Category	Advisory Fee Schedule[5]	Portfolio
Low Risk Income	45 bp on 1st $2.5 billion 40 bp on next $2.5 billion 35 bp on the balance	California Portfolio National Portfolio New York Portfolio
High Income	50 bp on 1st $2.5 billion 45 bp on next $2.5 billion 40 bp on the balance	High Income Municipal Portfolio

The Portfolios' net assets on September 30, 2011 are set forth below:

Portfolio	September 30, 2011 Net Assets ($MM)
California Portfolio	$649.1
National Portfolio	$871.8
New York Portfolio	$602.2
High Income Municipal Portfolio	$543.5

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

[4] Most of the AllianceBernstein Mutual Funds, which the Adviser manages, were affected by the Adviser's settlement with the NYAG.

[5] The advisory fees for each Portfolio are based on the percentage of each Portfolio's average daily net assets, not a combination of any of the Portfolios.

The Portfolios' Investment Advisory Agreement provides for the Adviser to be reimbursed for certain clerical, legal, accounting, administrative and other services provided to each Portfolio. Indicated below are the reimbursement amounts, which the Adviser received from the Portfolios during their most recently completed fiscal year, expressed in dollars and as a percentage of average daily net assets:

Portfolio	Amount	As a % of Average Daily Net Assets
California Portfolio	$84,168	0.01%
National Portfolio	$94,594	0.01%
New York Portfolio	$73,615	0.01%
High Income Municipal Portfolio[6]	$65,000	0.04%

The Adviser has agreed to waive that portion of its advisory fees and/or reimburse the Portfolios for that portion of the Portfolios' total operating expenses to the degree necessary to limit each Portfolio's expense ratio to the amounts set forth below for each Portfolio's current fiscal year. The waiver agreement is terminable by the Adviser at the end of the Portfolios' fiscal year upon at least 60 days written notice. In addition, set forth below are the gross expense ratios of the Portfolios, annualized for the most recent semi-annual period: [7]

[6] The Adviser waived the amount in its entirety.
[7] Semi-annual total expense ratios are unaudited.

Portfolio	Expense Cap Pursuant to Expense Limitation Undertaking		Gross Expense Ratio (4/30/11)[8]	Fiscal Year End
California Portfolio	Advisor	0.45%	0.56%	October 31
	Class A	0.75%	0.86%	
	Class B	1.45%	1.58%	
	Class C	1.45%	1.56%	
National Portfolio	Advisor	0.45%	0.56%	October 31
	Class A	0.75%	0.86%	
	Class B	1.45%	1.58%	
	Class C	1.45%	1.56%	
New York Portfolio	Advisor	0.45%	0.56%	October 31
	Class A	0.75%	0.86%	
	Class B	1.45%	1.58%	
	Class C	1.45%	1.57%	
High Income Municipal Portfolio	Advisor	0.50%	0.66%	October 31
	Class A	0.80%	0.95%	
	Class C	1.50%	1.66%	

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 Portfolios 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 Portfolios' third party service providers such as Fund counsel, auditors, custodians, transfer agents and pricing services. The accounting,

[8] Annualized.

administrative, legal and compliance requirements for the Portfolios are more costly than those for institutional assets due to the greater complexities and time required for investment companies, although as previously noted, the Adviser is reimbursed for providing some of these services. Also, retail mutual funds managed by the Adviser are widely held. Servicing the Portfolios' 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 Portfolios.[9] With respect to the Portfolios, the Adviser represented that there are no categories in the Form ADV for institutional products that have a substantially similar investment styles as the Portfolios. The Adviser does manage separately managed accounts that invest principally in municipal securities, but those mandates have a substantially lower risk profile (credit and interest rate risk) than that of the Portfolios.

The Adviser manages Sanford C. Bernstein Fund, Inc. ("SCB Fund"), an open-end management investment company. Several of the SCB Fund portfolios have a somewhat similar investment style as certain of the Portfolios and their advisory fee schedules are set forth below. Also presented are what would have been the effective advisory fees of the Portfolios had the SCB Fund fee schedules been applicable to the Portfolios based on September 30, 2011 net assets.

Portfolio	SCB Fund Portfolio	Fee Schedule	SCB Fund Effective Fee (%)	Portfolio Advisory Fee (%)
California Portfolio	Short Duration California Municipal Portfolio	45 bp on 1st $750 million 40 bp thereafter	0.450%	0.450%
	California Municipal Portfolio	50 bp on 1st $1 billion 45 bp on next $2 billion 40 bp on next $2 billion 35 bp thereafter	0.500%	0.450%

[9] 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.

Portfolio	SCB Fund Portfolio	Fee Schedule	SCB Fund Effective Fee (%)	Portfolio Advisory Fee (%)
National Portfolio	Short Duration Diversified Municipal Portfolio	45 bp on 1st $750 million 40 bp thereafter	0.443%	0.450%
	Diversified Municipal Portfolio	50 bp on 1st $1 billion 45 bp on next $2 billion 40 bp on next $2 billion 35 bp on next $2 billion 30 bp thereafter	0.500%	0.450%
New York Portfolio	Short Duration New York Municipal Portfolio	45 bp on 1st $750 million 40 bp thereafter	0.450%	0.450%
	New York Municipal Portfolio	50 bp on 1st $1 billion 45 bp on next $2 billion 40 bp on next $2 billion 35 bp thereafter	0.500%	0.450%

The Adviser represented that it does not sub-advise any registered investment companies of other fund families with a substantially similar investment style as any of the Portfolios.

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

Lipper, Inc. ("Lipper"), an analytical service that is not affiliated with the Adviser, compared the fees charged to the Portfolios with fees charged to other investment companies for similar services offered by other investment advisers.[10] Lipper's analysis included the comparison of each Portfolio's contractual management

[10] 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.

fee, estimated at the approximate current asset level of the subject Portfolio, to the median of each Portfolio's Lipper Expense Group ("EG")[11] and contractual management fee ranking.[12]

Lipper describes an EG as a representative sample of comparable funds. Lipper's standard methodology for screening funds to be included in an EG entails the consideration of several fund criteria, including fund type, 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 (%)[13]	Lipper Exp. Group Median(%)	Rank
California Portfolio	0.450	0.512	1/12
National Portfolio[14]	0.450	0.472	6/17
New York Portfolio[14]	0.450	0.513	2/10
High Income Municipal Portfolio	0.500	0.544	1/10

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

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

[13] The contractual management fees for the Portfolios do not reflect any expense reimbursements made by the Portfolios to the Adviser for certain clerical, legal, accounting, administrative, and other services. In addition, the contractual management fees do not reflect any advisory fee waivers or expense reimbursements made by the Adviser that effectively reduce the contractual management fee.

[14] One of the Portfolio's EG peer is excluded from the contractual management fee comparison because Lipper is unable to calculate the peer's contractual management fee because of the gross income component in the peer's advisory fee schedule.

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

Portfolio	Expense Ratio (%)[16]	Lipper Exp. Group Median (%)	Lipper Group Rank	Lipper Exp. Universe Median (%)	Lipper Universe Rank
California Portfolio	0.750	0.807	5/12	0.811	8/27
National Portfolio	0.750	0.786	3/18	0.810	12/52
New York Portfolio	0.750	0.783	4/11	0.783	8/21
High Income Municipal Portfolio	0.781	0.902	2/10	0.855	8/28

Based on this analysis, except for National Portfolio, which has a more favorable ranking on a total expense ratio basis than on a management fee basis, the Portfolios have a more favorable ranking on a management fee basis than on a total expense 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 Portfolios. The Senior Officer has retained a consultant to provide independent advice regarding the alignment

[15] Except for asset (size) comparability, Lipper uses the same criteria for selecting an EG peer when selecting an EU peer. Unlike the EG, the EU allows for the same adviser to be represented by more than just one fund.
[16] Most recently completed fiscal year Class A share total expense ratio.

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 Portfolios' profitability information, 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 Portfolios decreased during calendar year 2010, relative to 2009. The Adviser's profitability with respect to High Income Municipal Portfolio, which commenced operations in January 2010, was negative.

In addition to the Adviser's direct profits from managing the Portfolios, certain of the Adviser's affiliates have business relationships with the Portfolios and may earn a profit from providing other services to the Portfolios. 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 Portfolios 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 and the relationship otherwise complies with the 40 Act restrictions. These affiliates provide transfer agent and distribution services to the Portfolios and receive transfer agent fees, Rule 12b-1 payments, front-end sales loads and contingent deferred sales charges ("CDSC").

AllianceBernstein Investments, Inc. ("ABI"), an affiliate of the Adviser, is the Fund's principal underwriter. ABI and the Adviser have disclosed in the Portfolios' prospectus that they may make revenue sharing payments from their own resources, in

addition to resources derived from sales loads and Rule 12b-1 fees, to firms that sell shares of the Fund. In 2010, ABI paid approximately 0.04% of the average monthly assets of the AllianceBernstein Mutual Funds or approximately $13.8 million for distribution services and educational support (revenue sharing payments).

ABI retained the following amounts for Class A front-end load sales charges from sales of the Portfolios' Class A shares during the Portfolios' most recently completed fiscal year:

Portfolio	Amount Received
California Portfolio	$759
National Portfolio	$666
New York Portfolio	$663
High Income Municipal Portfolio	$389,705

ABI received the amounts set forth below in Rule 12b-1 fees and CDSC from the Portfolios during the Portfolios' most recently completed fiscal year:

Portfolio	12b-1 Fee Received	CDSC Received
California Portfolio	$3,066,549	$21,782
National Portfolio	$3,556,146	$32,293
New York Portfolio	$2,528,487	$59,636
High Income Municipal Portfolio	$475,231	$161,457

Fees and reimbursements for out of pocket expenses charged by AllianceBernstein Investor Services, Inc. ("ABIS"), the affiliated transfer agent for the Portfolios, are based on the level of the network account and the class of shares held by the account. ABIS also receives a fee per shareholder sub-account for each account

maintained by an intermediary on an omnibus basis. ABIS received the following net fees from the Portfolios during the Portfolios' most recently completed fiscal year:

Portfolio	ABIS Fee
California Portfolio	$123,919
National Portfolio	$224,735
New York Portfolio	$128,610
High Income Municipal Portfolio	$13,742

V. POSSIBLE ECONOMIES OF SCALE

The Adviser has indicated that economies of scale are being shared with shareholders through fee structures,[17] subsidies and enhancement to services. Based on some of the professional literature that has considered economies of scale in the mutual fund industry, it is thought that to the extent economies of scale exist, they may more often exist across a fund family as opposed to a specific fund. This is because the costs incurred by the Adviser, such as investment research or technology for trading or compliance systems can be spread across a greater asset base as the fund family increases in size. It is also possible that as the level of services required to operate a successful investment company has increased over time, and advisory firms make such investments in their business to provide services, there may be a sharing of economies of scale without a reduction in advisory fees.

In February 2008, an independent consultant, retained by the Senior Officer, provided the Board of Directors an update of the Deli[18] study on advisory fees and

[17] Fee structures include fee reductions, pricing at scale and breakpoints in advisory fee schedules.
[18] 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 data used in the presentation and the changes experienced in the industry over the last four years.

various fund characteristics.[19] The independent consultant first reiterated the results of his previous two dimensional comparison analysis (fund size and family size) with the Board of Directors.[20] 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 AllianceBernstein 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 $402 billion as of September 30, 2011, the Adviser has the investment experience to manage and provide non-investment services (described in Section I) to the Portfolios.

The information prepared by Lipper shows the 1, 3, 5 and 10 year performance rankings[21] of the Portfolios relative to their Lipper Performance Group ("PG") and Lipper Performance Universe ("PU")[22] for the periods ended July 31, 2011.[23]

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[19] 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.

[20] 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.

[21] The performance returns and rankings of the Portfolios are for the Portfolios' Class A shares. It should be noted that performance returns of the Portfolios were provided by Lipper.

[22] A Portfolio's PG/PU may not necessarily be identical to its respective EG/EU, as the criteria for including/excluding a fund from a PG/PU is somewhat different from that of an EG/EU.

	Portfolio Return (%)	PG Median (%)	PU Median (%)	PG Rank	PU Rank
California Portfolio					
1 year	2.90	2.68	2.77	5/12	13/30
3 year	5.06	4.87	4.69	6/12	10/30
5 year	4.10	3.68	3.70	3/11	5/28
10 year	4.45	4.27	4.23	2/10	4/23
National Portfolio					
1 year	3.69	2.90	2.87	3/18	7/58
3 year	5.12	5.11	5.07	9/18	24/56
5 year	4.13	3.97	3.99	7/18	21/51
10 year	4.23	4.11	4.24	8/17	24/46
New York Portfolio					
1 year	3.02	2.38	2.31	1/11	2/24
3 year	4.99	4.99	4.92	6/11	10/23
5 year	4.31	4.07	4.01	3/10	5/22
10 year	4.38	4.16	4.16	3/10	7/20
High Income Municipal Portfolio					
1 year	3.92	3.10	3.44	3/10	9/33

Set forth below are the 1, 3, 5 and 10 year and since inception performance returns of the Portfolios (in bold)[24] versus their benchmarks.[25] Portfolio and benchmark volatility and reward-to-variability ratio ("Sharpe Ratio") information is also shown. [26]

[23] The current Lipper investment classification/objective dictates the PG and PU throughout the life of each Portfolio even if a Portfolio had a different investment classification/objective at a different point in time.
[24] The performance returns and risk measures shown in the table are for the Class A shares of the Portfolios.
[25] The Adviser provided Fund and benchmark performance return information for periods through July 31, 2011.
[26] 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 fund's return in excess of the riskless return by the fund's standard deviation. A fund with a greater volatility would be seen as more risky than a fund with equivalent performance but lower volatility; for that reason, a greater return would be demanded for the more risky fund. A fund with a higher Sharpe Ratio would be regarded as better performing than a fund with a lower Sharpe Ratio.

	Periods Ending July 31, 2011 Annualized Net Performance							
	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)	Annualized Volatility (%)	Sharpe (%)	Risk Period (Year)
California Portfolio	**2.90**	**4.98**	**4.04**	**4.43**	**6.15**	**5.28**	**0.45**	**10**
Barclays Capital Municipal Bond Index	3.24	5.81	4.90	4.94	2.36	4.65	0.61	10
Inception Date: December 29, 1986								
National Portfolio	**3.69**	**5.02**	**4.08**	**4.20**	**6.02**	**4.77**	**0.45**	**10**
Barclays Capital Municipal Bond Index	3.24	5.81	4.90	4.94	2.36	4.65	0.61	10
Inception Date: December 29, 1986								
New York Portfolio	**3.02**	**4.91**	**4.26**	**4.36**	**5.84**	**4.40**	**0.52**	**10**
Barclays Capital Municipal Bond Index	3.24	5.81	4.90	4.94	2.36	4.65	0.61	10
Inception Date: December 29, 1986								
High Income Municipal Portfolio	**3.92**	**N/A**	**N/A**	**N/A**	**6.59**	**8.43**	**0.46**	**1**
Barclays Capital Municipal Bond Index	3.24	N/A	N/A	N/A	4.90	0.76	0.64	1
Inception Date: January 26, 2010								

CONCLUSION:

Based on the factors discussed above the Senior Officer's conclusion is that the proposed advisory fee for each 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 Portfolios is based on an evaluation of all of these factors and no single factor was dispositive.

Dated: November 28, 2011