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 Bond Fund, Inc. (the "Fund"), in respect of AllianceBernstein 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 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 Portfolio which was provided to the Directors in connection with their review of the proposed initial approval of the Investment Advisory Agreement.

The Portfolio is a money market fund subject to Rule 2a-7 under the 1940 Act. The Portfolio's investment objective is to maximize current income to the extent consistent with safety of principal and liquidity. The Portfolio invests at least 80%, and normally substantially all, of its net assets in marketable obligations issued or guaranteed by the U.S. government or its agencies or instrumentalities.[3] The Portfolio's weighted maturity and weighted average life will not exceed 60 and 120 days, respectively. The

[1] The information in the fee evaluation was completed on January 24, 2013 and discussed with the Board of Directors on February 5-6, 2013.
[2] Future references to the Portfolio do not include "AllianceBernstein."
[3] Repurchase agreements relating to government securities and other commitments are considered government securities for the purposes of the 80% requirement.

remaining maturity of each of the Portfolio's investments will not exceed 397 days unless otherwise permitted by Rule 2a-7. The Adviser proposed the Barclays Capital 1-3 Month U. S. Treasury Index to be the primary benchmark for the Portfolio. The Adviser expects Lipper, Inc. ("Lipper") to place the Portfolio in its Institutional U.S. Government Money Market Funds category and Morningstar to place the Portfolio in its Taxable Money Market category.

The Fund has adopted a multi-class plan under Rule 18f-3 under the 1940 Act. Pursuant to the plan, at present, the Fund's series are authorized to issue nine classes of shares. Accordingly, the Adviser proposes that the 18f-3 Plan authorize all nine classes of shares, notwithstanding the Portfolio is intended as a vehicle for Private and Institutional Clients, so only Class 1 shares of the Portfolio, which are available only to such clients, will initially be offered. The offering of Class 2 shares, which are normally intended for Private Clients with larger accounts, is not expected to be offered for at least one year after launch.

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;
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 §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 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."[4]

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.

Portfolio	Advisory Fee
Government Reserves Portfolio[5]	0.20% of average daily net assets

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

[5] The advisory fee schedule for the Portfolio has a lower effective fee rate than the advisory fee schedule of the Low Risk category, in which the Portfolio would have been categorized had the Adviser proposed to implement the NYAG related fee schedule. The advisory fee schedule for the Low Risk category is as follows: 0.45% on the first $2.5 billion, 0.40% on the next $2.5 billion and 0.35% on the balance.

In addition to paying the advisory fee, the Investment Advisory Agreement provides for the Adviser to be reimbursed for providing administrative and accounting services.

The Portfolio's Expense Limitation Agreement calls for the Adviser to establish an expense cap of 0.19% for the Portfolio's Class 1 shares for an initial one year period after the Portfolio commences operations. Under the Expense Limitation Agreement, the Adviser may be able to recoup all or a portion of the Portfolio's offering expenses for a three year period after the Portfolio commences operations to the extent that the reimbursement does not cause the expense ratio of the Portfolio to exceed its expense cap or cause the Portfolio to have a negative yield. [6]

Portfolio	Expense Cap Pursuant to Expense Limitation Undertaking		Estimated Gross Expense Ratio[7]
Government Reserves Portfolio	Class 1	0.19%	0.42%

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 to be provided by the Adviser to the Portfolio that are not provided to non-investment company clients and sub-advised investment

[6] Offering expenses consist principally of the legal, accounting and federal and states securities registration fees paid by the Portfolio.
[7] The Portfolio's estimated gross expense ratios are based on an initial estimate of the Portfolio's net assets at $500 million.

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 will be more costly than those for institutional assets due to the greater complexities and time required for investment companies, although the Adviser will be reimbursed for providing some of these services. Also, retail mutual funds managed by the Adviser are widely held. Servicing the Portfolio's investors will be 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.[8] In addition to the AllianceBernstein Institutional fee schedule, set forth below are the Portfolio's projected advisory fee and what would have been the effective advisory fee of the Portfolio had the AllianceBernstein Institutional fee schedule been applicable to the Portfolio based on the initial estimate of the Portfolio's net assets at $500 million.[9]

Portfolio	Projected Net Assets ($MM)	AllianceBernstein Institutional Fee Schedule	Effective AB Inst. Adv. Fee (%)	Portfolio Advisory Fee (%)	Difference
Government Reserves Portfolio	$500.0	Fixed Income Money Market Schedule 0.10% *Minimum Account Size: $100 million*	0.100%	0.200%	0.100%

The Adviser manages Exchange Reserves and Government STIF Portfolio, which have a similar investment style as the Portfolio, and their advisory fee schedules are set forth 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

[8] 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.

[9] 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.

Government STIF Portfolio been applicable to the Portfolio based on the initial estimate of the Portfolio net assets at $500 million:

Portfolio	ABMF Fund	ABMF Fee Schedule	ABMF Effective Fee (%)	Portfolio Advisory Fee (%)	Difference (%)
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%	-0.050%
	Government STIF Portfolio[10]	Zero fee	0.000%	0.200%	0.200%

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.

Lipper, 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] Lipper's analysis included the comparison of the Portfolio's contractual management fee, estimated at an initial asset

[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 AllianceBernstein 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.

[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.

level of $500 million, to the median of the Portfolio's Lipper Expense Group ("EG")[12] and the Portfolio's contractual management fee ranking.[13]

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 (%)[14]	Lipper Exp. Group Median (%)	Rank
Government Reserves Portfolio	0.200	0.255	4/8

Lipper also compared the Portfolio's projected total expense ratio to the medians of the Portfolio's EG and Lipper Expense Universe ("EU"). The EU is a broader group compared to the EG, consisting of all funds that have the same investment classification/objective and load type as the subject Portfolio.[15] The Portfolio's total expense ratio rankings are also shown in the table below. It should be noted that many of the Portfolio's peers' investment advisers are waiving advisory fees and/or

[12] 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. There are limitations to Lipper expense category data because different funds categorize expenses differently.
[13] The contractual management fee is calculated by Lipper using the 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 the 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 Fund had the lowest effective fee rate in the Lipper peer group.
[14] The contractual management fee does not reflect any expense reimbursements made by the Portfolio to the Adviser for certain clerical, legal, accounting, administrative, and other services. In addition, the contractual management fee does not reflect any advisory fee waivers for expense caps.
[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.

reimbursing expenses as a result of the current interest rate environment, resulting in low total expenses. To show the effect of these advisory fee waivers and/or expense reimbursements, gross Lipper expense ratio information is also provided.

Portfolio	Expense Ratio (%)[16]	Lipper Exp. Group Median (%)	Lipper Group Rank	Lipper Exp. Universe Median (%)	Lipper Universe Rank
Government Reserves Portfolio					
Net	0.190	0.129	7/8	0.129	148/161
Gross[17]	0.320	0.337	2/8	0.264	101/161

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 Portfolio has not yet commenced operations. Therefore, there is no historic profitability data with respect to the Adviser's investment services to the Portfolio.

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 Portfolio. The courts have referred to this type

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[16] Projected total expense ratio information pertains to the Portfolio's Class 1 shares.
[17] Gross expense ratios exclude 12b-1/non-12b-1 service fees.

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 and the relationship otherwise complies with the 40 Act restrictions. These affiliates will provide transfer agent, distribution and brokerage related services to the Portfolio and will 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 Portfolio’s 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 Portfolio. 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).

AllianceBernstein Investor Services, Inc. (“ABIS”), the affiliated transfer agent of the Adviser, will charge a fee of $20 per account of Class 1 and 2 shares or, if higher, a minimum fee of $1,500 per month for providing transfer agency services to the Portfolio. In addition, the Adviser will pay ABIS amounts for out of pocket expenses incurred in providing services to the Portfolio. To the extent retail share classes are offered in the future, the ABIS fee schedule for those classes of the AllianceBernstein Mutual Funds will be used.

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.

In February 2008, the independent consultant provided the Board of Directors an update of the Deli[18] study on advisory fees and 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 $430 billion as of December 31, 2012, the Adviser has the investment experience to manage and provide non-investment services (described in Section I) to the Portfolio.

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[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 the data used in the presentation and the changes experienced in the industry over the last four years.

[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.

Since the Portfolio has not yet commenced operations, the Portfolio has no performance history. The Adviser does manage Exchange Reserves and Government STIF Portfolio which have a similar investment style as the Portfolio. Set forth in the table below are the 1, 3, 5, 10 year and since inception performance returns of these retail mutual funds against their benchmarks as of December 31, 2012:

	Periods Ending December 31, 2012 Annualized Net Performance (%)				
	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)
Exchange Reserves	**0.19**	**0.08**	**0.50**	**1.38**	**2.52**
Lipper Money Market Funds Average[21]	0.02	0.02	0.47	1.45	2.87
Barclays Capital U.S. Treasury Bills Index	0.12	0.16	0.64	1.83	3.26
Inception Date: March 25, 1994					
Government STIF Portfolio	**0.13**	**0.13**	**0.60**	**N/A**	**1.38**
Lipper Money Market Funds Average[21]	0.02	0.02	0.47	N/A	1.17
Inception Date: December 13, 2006					

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. However, the Portfolio's advisory fee schedule, which has no breakpoints, lacks the potential for sharing economies of scale through breakpoints. The Senior Officer recommended that the Directors monitor the Portfolio's effective advisory fee to ensure the reasonableness of the fee in comparison to the Portfolio's Lipper peers as the

[21] Benchmark inception is the nearest month end after the mutual fund's actual inception date.

Portfolio grows in asset size. This conclusion in respect of the Portfolio is based on an evaluation of all of these factors and no single factor was dispositive.

Dated: March 5, 2013