AllianceBernstein Select US Equity Portfolio

Semi-Annual Report

December 31, 2012

SEMI-ANNUAL REPORT

AllianceBernstein

Investment Products Offered

- **Are Not FDIC Insured**
- **May Lose Value**
- **Are Not Bank Guaranteed**

Investors should consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. For copies of our prospectus or summary prospectus, which contain this and other information, visit us online at www.alliancebernstein.com or contact your AllianceBernstein Investments representative. Please read the prospectus and/or summary prospectus carefully before investing.

This shareholder report must be preceded or accompanied by the Fund's prospectus for individuals who are not current shareholders of the Fund.

You may obtain a description of the Fund's proxy voting policies and procedures, and information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30, without charge. Simply visit AllianceBernstein's website at www.alliancebernstein.com, or go to the Securities and Exchange Commission's (the "Commission") website at www.sec.gov, or call AllianceBernstein at (800) 227-4618.

The Fund files its complete schedule of portfolio holdings with the Commission for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the Commission's website at www.sec.gov. The Fund's Forms N-Q may also be reviewed and copied at the Commission's Public Reference Room in Washington, DC; information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330. AllianceBernstein publishes full portfolio holdings for the Fund monthly at www.alliancebernstein.com.

AllianceBernstein Investments, Inc. (ABI) is the distributor of the AllianceBernstein family of mutual funds. ABI is a member of FINRA and is an affiliate of AllianceBernstein L.P., the manager of the funds.

February 12, 2013

Semi-Annual Report

This report provides management's discussion of fund performance for AllianceBernstein Select US Equity Portfolio (the "Fund") for the semi-annual reporting period ended December 31, 2012.

Investment Objective and Policies

The Fund's investment objective is long-term growth of capital. Under normal circumstances, the Fund invests at least 80% of its net assets in equity securities of U.S. companies. For purposes of this requirement, equity securities include common stock, preferred stock and derivatives related to common and preferred stocks. AllianceBernstein L.P. (the "Adviser") selects investments for the Fund through an intensive "bottom-up" approach that places an emphasis on companies that are engaged in business activities with solid long-term growth potential and high barriers to entry, that have strong cash flows and other financial metrics, and that have transparent financial statements and business models. The Adviser also evaluates the quality of company management based on a series of criteria, including: (1) management's focus on shareholder returns, such as through a demonstrated commitment to dividends and dividend growth, share buybacks or other shareholder-friendly corporate actions; (2) management's employment of conservative accounting methodologies; (3) management incentives, such as direct equity ownership; and (4) management accessibility.

The Adviser seeks to identify companies where events or catalysts may drive the company's share price higher, such as earnings and/or revenue growth above consensus forecasts, potential market recognition of undervaluation or overstated market-risk discount, or the institution of shareholder-focused changes discussed in the preceding sentence. In light of this catalyst-focused approach, the Adviser expects to engage in active and frequent trading for the Fund. The Adviser may reduce or eliminate the Fund's holdings in a company's securities for a number of reasons, including if its evaluation of the above factors changes adversely, if the anticipated events or catalysts do not occur or do not affect the price of the securities as expected, or if the anticipated events or catalysts do occur and cause the securities to be, in the Adviser's view, overvalued or fully valued. At any given time the Fund may emphasize growth stocks over value stocks, or vice versa. The Fund's investments will be focused on securities of companies with large and medium market capitalizations, but it may also invest in securities of small-capitalization companies. The Adviser anticipates that the Fund's portfolio normally will include between 30-80 companies. The Fund may purchase securities in initial public offerings and expects to do so on a regular basis.

Investment Results

The table on page 4 shows the Fund's performance compared to its benchmark, the Standard & Poor's ("S&P") 500 Index for the six- and 12-month periods ended December 31, 2012.

For the six- and 12-month periods ended December 31, 2012, Class A shares of the Fund outperformed the benchmark, before sales charges, although certain share classes underperformed. During the six-month period stock selection and overweights in cyclical sectors, such as consumer discretionary and technology, contributed most, as did holdings in the energy sector. Holdings in the consumer staples sector and an underweight in the energy sector detracted from relative performance. Performance for the 12-month period benefitted from stock selection in the energy, technology and financials sectors as well as an overweight to the consumer discretionary sector. Adverse stock selection in the industrials and materials sectors, as well as an underweight to the consumer staples sectors detracted from returns.

The Fund utilized derivatives, including total return swaps for investment purposes, which detracted from performance for the 12-month period, and purchased options for hedging purposes, which also detracted from performance for both periods. The Fund did not utilize leverage.

Market Review and Investment Strategy

At the start of 2012, encouraging economic data suggesting that the U.S. economy may be gaining momentum, coupled with supportive actions by the European Central Bank ("ECB"), ignited a relief rally that carried into March. However, the market upturn ended in April, on the return of worries that the euro area was teetering on the brink of disintegration, due to the possible exit of Greece from the common currency union and Spain's deepening banking crisis. Sector and style leadership shifted, as more defensive sectors, such as consumer staples stocks, led through June, while more economically cyclical sectors, such as capital equipment and consumer cyclicals, led later in the 12-month period. Volatility fell, but market moves lacked conviction and trading volumes were generally low. A rescue plan put forth in June by European political leaders to tentatively address the structural imbalances in the euro area, along with the anticipation of a coordinated, global monetary easing cycle led by the U.S. Federal Reserve and the ECB, boosted market sentiment and led to another rally that extended into the end of the year. The halting nature of the U.S. budget negotiations overshadowed data released in December that suggested the U.S. economy was continuing to gain momentum: contracts for home resales hit a two-and-a-half-year high in November as the nascent housing recovery continued, November industrial production rose notably from a year earlier and December unemployment fell to a four-year low.

The Select US Equity Portfolio Management Team (the "Team") takes a relatively short term view as it adjusts the Fund's exposures to navigate changing market environments. Repositioning of the Fund in response to extreme market volatility during the period contributed, in part, to the Fund's high portfolio turnover rate. The Fund applies a non-dogmatic approach: positions and strategies that are not behaving as expected are quickly adjusted as needed. This dynamic process is rooted in the disciplined fundamental analysis of stocks. The Team optimizes the Fund's structure using macro insights.

DISCLOSURES AND RISKS

Benchmark Disclosure

The unmanaged S&P® 500 Index does not reflect fees and expenses associated with the active management of a mutual fund portfolio. The S&P 500 Index includes 500 U.S. stocks and is a common representation of the performance of the overall U.S. stock market. An investor cannot invest directly in an index, and its results are not indicative of the performance for any specific investment, including the Fund.

A Word About Risk

Market Risk: The value of the Fund's assets will fluctuate as the stock, bond or currency markets fluctuate. The value of the Fund's investments may decline, sometimes rapidly and unpredictably, simply because of economic changes or other events that affect large portions of the market.

Capitalization Risk: Investments in small- and mid-capitalization companies may be more volatile than investments in large capitalization companies. Investments in these companies may have additional risks because these companies may have limited product lines, markets or financial resources.

Diversification Risk: The Fund may have more risk because it is "non-diversified," meaning that it can invest more of its assets in a smaller number of issuers. Accordingly, changes in the value of a single security may have a more significant effect, either negative or positive, on the Fund's net asset value ("NAV").

Active Trading Risk: The Fund expects to engage in active and frequent trading of its portfolio securities and its portfolio turnover rate may greatly exceed 100%. A higher rate of portfolio turnover increases transaction costs, which may negatively affect the Fund's return. In addition, a high rate of portfolio turnover may result in substantial short-term gains, which may have adverse tax consequences for Fund shareholders.

Management Risk: The Fund is subject to management risk because it is an actively managed investment fund. The Adviser will apply its investment techniques and risk analyses in making investment decisions, but there is no guarantee that its techniques will produce the intended results.

These risks are fully discussed in the Fund's prospectus.

An Important Note About Historical Performance

The investment return and principal value of an investment in the Fund will fluctuate, so that shares, when redeemed, may be worth more or less than their original cost. Performance shown on the following pages represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance information shown. You may obtain performance information current to the most recent month-end by visiting www.alliancebernstein.com.

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

HISTORICAL PERFORMANCE

THE FUND VS. ITS BENCHMARK PERIODS ENDED DECEMBER 31, 2012	NAV Returns 6 Months	12 Months
AllianceBernstein Select US Equity Portfolio		
Class A	6.91%	16.21%
Class C	6.47%	15.31%
Advisor Class†	7.13%	16.54%
Class R†	6.80%	15.81%
Class K†	6.90%	16.14%
Class I†	6.96%	16.41%
S&P 500 Index	5.95%	16.00%

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

Please keep in mind that high, double-digit returns are highly unusual and cannot be sustained. Investors should also be aware that these returns were primarily achieved during favorable market conditions.

See Disclosures, Risks and Note about Historical Performance on page 3.

(Historical Performance continued on next page)

HISTORICAL PERFORMANCE

(continued from previous page)

AVERAGE ANNUAL RETURNS AS OF DECEMBER 31, 2012

	NAV Returns	SEC Returns
Class A Shares		
1 Year	16.21%	11.31%
Since Inception*	17.78%	13.10%
Class C Shares		
1 Year	15.31%	14.31%
Since Inception*	16.92%	16.92%
Advisor Class Shares†		
1 Year	16.54%	16.54%
Since Inception*	18.20%	18.20%
Class R Shares†		
1 Year	15.81%	15.81%
Since Inception*	17.48%	17.48%
Class K Shares†		
1 Year	16.14%	16.14%
Since Inception*	17.80%	17.80%
Class I Shares†		
1 Year	16.41%	16.41%
Since Inception*	18.08%	18.08%

The Fund's current prospectus fee table shows the Fund's total annual operating expense ratios as 12.00%, 23.45%, 8.77%, 10.09%, 7.75% and 8.25% for Class A, Class C, Advisor Class, Class R, Class K and Class I shares, respectively, gross of any fee waivers or expense reimbursements. Contractual fee waivers and/or expense reimbursements limit the Fund's annual operating expense ratios exclusive of interest expense to 1.60%, 2.30%, 1.30%, 1.80%, 1.55% and 1.30% for Class A, Class C, Advisor Class, Class R, Class K and Class I shares, respectively. These waivers/reimbursements extend through December 8, 2014. Absent reimbursements or waivers, performance would have been lower. The Financial Highlights section of this report sets forth expense ratio data for the current reporting period; the expense ratios shown above may differ from the expense ratios in the Financial Highlights section since they are based on estimates.

† *These share classes are offered NAV to eligible investors and their SEC returns are the same as the NAV returns. Please note that these share classes are for investors purchasing shares through accounts established under certain fee-based programs sponsored and maintained by certain broker-dealers and financial intermediaries, institutional pension plans and/or investment advisory clients of, and certain other persons associated with, the Adviser and its affiliates or the Fund. The inception date for Class R, Class K, and Class I shares is listed below.*

* *Inception date: 12/08/2011.*

See Disclosures, Risks and Note about Historical Performance on page 3.

(Historical Performance continued on next page)

HISTORICAL PERFORMANCE

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SEC AVERAGE ANNUAL RETURNS (WITH ANY APPLICABLE SALES CHARGES) AS OF THE MOST RECENT CALENDAR QUARTER-END (DECEMBER 31, 2012)

	SEC Returns
Class A Shares	
1 Year	11.31%
Since Inception*	13.10%
Class C Shares	
1 Year	14.31%
Since Inception*	16.92%
Advisor Class Shares†	
1 Year	16.54%
Since Inception*	18.20%
Class R Shares†	
1 Year	15.81%
Since Inception*	17.48%
Class K Shares†	
1 Year	16.14%
Since Inception*	17.80%
Class I Shares†	
1 Year	16.41%
Since Inception*	18.08%

† *Please note that these share classes are for investors purchasing shares through accounts established under certain fee-based programs sponsored and maintained by certain broker-dealers and financial intermediaries, institutional pension plans and/or investment advisory clients of, and certain other persons associated with, the Adviser and its affiliates or the Fund. The inception date for Class R, Class K, and Class I shares is listed below.*

* *Inception date: 12/08/2011.*

See Disclosures, Risks and Note about Historical Performance on page 3.

FUND EXPENSES

(unaudited)

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase payments, contingent deferred sales charges on redemptions and (2) ongoing costs, including management fees; distribution (12b-1) fees; and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The Example is based on an investment of $1,000 invested at the beginning of the period and held for the entire period as indicated below.

Actual Expenses

The table below provides information about actual account values and actual expenses. You may use the information, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The table below also provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed annual rate of return of 5% before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds by comparing this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads), or contingent deferred sales charges on redemptions. Therefore, the hypothetical example is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	Beginning Account Value July 1, 2012	Ending Account Value December 31, 2012	Expenses Paid During Period*	Annualized Expense Ratio*
Class A				
Actual	$ 1,000	$ 1,069.10	$ 8.34	1.60%
Hypothetical**	$ 1,000	$ 1,017.14	$ 8.13	1.60%
Class C				
Actual	$ 1,000	$ 1,064.70	$ 11.97	2.30%
Hypothetical**	$ 1,000	$ 1,013.61	$ 11.67	2.30%
Advisor Class				
Actual	$ 1,000	$ 1,071.30	$ 6.79	1.30%
Hypothetical**	$ 1,000	$ 1,018.65	$ 6.61	1.30%
Class R				
Actual	$ 1,000	$ 1,068.00	$ 9.38	1.80%
Hypothetical**	$ 1,000	$ 1,016.13	$ 9.15	1.80%
Class K				
Actual	$ 1,000	$ 1,069.00	$ 8.08	1.55%
Hypothetical**	$ 1,000	$ 1,017.39	$ 7.88	1.55%
Class I				
Actual	$ 1,000	$ 1,069.60	$ 6.78	1.30%
Hypothetical**	$ 1,000	$ 1,018.65	$ 6.61	1.30%

* *Expenses are equal to the classes' annualized expense ratios respectively, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).*

** *Assumes 5% return before expenses.*

PORTFOLIO SUMMARY

December 31, 2012 (unaudited)

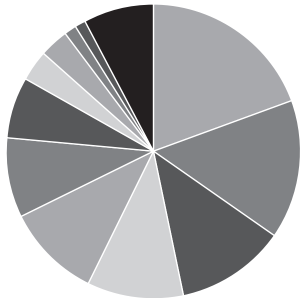
PORTFOLIO STATISTICS

Net Assets ($mil): $30.8

SECTOR BREAKDOWN*

- 19.4% Consumer Discretionary
- 15.3% Financials
- 12.0% Information Technology
- 10.6% Consumer Staples
- 10.4% Industrials
- 8.8% Energy
- 6.7% Health Care
- 3.4% Funds and Investment Trusts
- 3.2% Telecommunication Services
- 1.3% Utilities
- 1.2% Materials

- 7.7% Short-Term



TEN LARGEST HOLDINGS**

December 31, 2012 (unaudited)

Company	U.S. $ Value	Percent of Net Assets
Wells Fargo & Co.	$ 1,202,623	3.9%
Kinder Morgan, Inc./Delaware	864,560	2.8
Johnson & Johnson	852,836	2.8
Berkshire Hathaway, Inc.	819,320	2.7
Pfizer, Inc.	778,935	2.5
Comcast Corp. – Class A	775,934	2.5
Apple, Inc.	700,934	2.3
International Business Machines Corp.	659,123	2.1
Danaher Corp.	658,614	2.1
Verizon Communications, Inc.	638,362	2.1
	$ 7,951,241	25.8%

* *All data are as of December 31, 2012. The Fund's sector breakdown is expressed as a percentage of total investments and may vary over time.*

** *Common Stocks.*

Please note: The sector classifications presented herein are based on the Global Industry Classification Standard (GICS) which was developed by Morgan Stanley Capital International and Standard & Poor's. The components are divided into sector, industry group, and industry sub-indices as classified by the GICS for each of the market capitalization indices in the broad market. These sector classifications are broadly defined. The "Portfolio of Investments" section of the report reflects more specific industry information and is consistent with the investment restrictions discussed in the Fund's prospectus.

PORTFOLIO OF INVESTMENTS

December 31, 2012 (unaudited)

Company	Shares	U.S. $ Value
COMMON STOCKS – 91.7%		
Consumer Discretionary – 20.0%		
Automobiles – 1.7%		
General Motors Co.[a]	17,911	$ 516,374
Hotels, Restaurants & Leisure – 2.3%		
Bloomin' Brands, Inc.[a]	13,183	206,182
Starbucks Corp.	9,143	490,248
		696,430
Household Durables – 1.9%		
Toll Brothers, Inc.[a]	8,811	284,860
Whirlpool Corp.	2,952	300,366
		585,226
Internet & Catalog Retail – 1.2%		
NetFlix, Inc.[a]	3,986	369,821
Leisure Equipment & Products – 1.4%		
Mattel, Inc.	11,847	433,837
Media – 8.7%		
Comcast Corp. – Class A	20,758	775,934
DISH Network Corp. – Class A	8,484	308,818
Lamar Advertising Co.[a]	8,697	337,009
Liberty Media Corp. – Liberty Capital[a]	3,256	377,729
Madison Square Garden, Inc.[a]	5,664	251,198
Time Warner, Inc.	12,781	611,315
		2,662,003
Specialty Retail – 1.7%		
Home Depot, Inc. (The)	8,544	528,446
Textiles, Apparel & Luxury Goods – 1.1%		
PVH Corp.	3,120	346,351
		6,138,488
Financials – 15.8%		
Capital Markets – 2.0%		
Goldman Sachs Group, Inc. (The)	4,962	632,953
Commercial Banks – 5.4%		
US Bancorp	14,061	449,108
Wells Fargo & Co.	35,185	1,202,623
		1,651,731
Diversified Financial Services – 4.6%		
Bank of America Corp.	31,664	367,302
Citigroup, Inc.	11,615	459,490
JPMorgan Chase & Co.	13,171	579,129
		1,405,921
Insurance – 2.7%		
Berkshire Hathaway, Inc.[a]	9,134	819,320

Company	Shares	U.S. $ Value
Real Estate Investment Trusts (REITs) – 1.1%		
American Tower Corp.	4,399	$ 339,911
		4,849,836
Information Technology – 12.3%		
Communications Equipment – 3.0%		
Cisco Systems, Inc.	26,632	523,319
QUALCOMM, Inc.	6,439	399,347
		922,666
Computers & Peripherals – 2.3%		
Apple, Inc.	1,315	700,934
Internet Software & Services – 3.5%		
eBay, Inc.[a]	8,208	418,772
Facebook, Inc.[a]	10,761	286,565
Google, Inc. – Class A[a]	550	390,154
		1,095,491
IT Services – 2.1%		
International Business Machines Corp.	3,441	659,123
Software – 1.4%		
Oracle Corp.	12,584	419,299
		3,797,513
Consumer Staples – 10.9%		
Beverages – 1.8%		
Coca-Cola Co. (The)	15,429	559,301
Food & Staples Retailing – 3.0%		
CVS Caremark Corp.	8,580	414,843
Wal-Mart Stores, Inc.	7,644	521,550
		936,393
Food Products – 3.2%		
ConAgra Foods, Inc.	18,599	548,671
Kraft Foods Group, Inc.	9,460	430,146
		978,817
Household Products – 1.7%		
Procter & Gamble Co. (The)	7,869	534,226
Tobacco – 1.2%		
Philip Morris International, Inc.	4,256	355,972
		3,364,709
Industrials – 10.8%		
Aerospace & Defense – 1.0%		
Boeing Co. (The)	4,251	320,355
Building Products – 1.4%		
Owens Corning[a]	11,705	432,968
Electrical Equipment – 1.4%		
Eaton Corp. PLC	7,758	420,484

Company	Shares	U.S. $ Value
Industrial Conglomerates – 4.0%		
Danaher Corp.	11,782	$ 658,614
General Electric Co.	26,514	556,529
		1,215,143
Machinery – 1.5%		
Joy Global, Inc.	7,275	463,999
Road & Rail – 1.5%		
Union Pacific Corp.	3,686	463,404
		3,316,353
Energy – 9.0%		
Oil, Gas & Consumable Fuels – 9.0%		
Chevron Corp.	5,422	586,335
EOG Resources, Inc.	3,176	383,629
Exxon Mobil Corp.	6,665	576,856
Kinder Morgan, Inc./Delaware	24,471	864,560
Valero Energy Corp.	10,782	367,882
		2,779,262
Health Care – 6.9%		
Health Care Providers & Services – 1.1%		
Express Scripts Holding Co.(a)	6,410	346,140
Pharmaceuticals – 5.8%		
Johnson & Johnson	12,166	852,836
Pfizer, Inc.	31,058	778,935
Watson Pharmaceuticals, Inc.(a)	1,620	139,320
		1,771,091
		2,117,231
Telecommunication Services – 3.3%		
Diversified Telecommunication Services – 2.1%		
Verizon Communications, Inc.	14,753	638,362
Wireless Telecommunication Services – 1.2%		
SBA Communications Corp. – Class A(a)	5,138	364,901
		1,003,263
Utilities – 1.4%		
Multi-Utilities – 1.4%		
DTE Energy Co.	7,153	429,538
Materials – 1.3%		
Metals & Mining – 1.3%		
Freeport-McMoRan Copper & Gold, Inc.	11,480	392,616
Total Common Stocks (cost $26,376,735)		28,188,809
INVESTMENT COMPANIES – 3.5%		
Funds and Investment Trusts – 3.5%		
Market Vectors Oil Service ETF	12,940	500,519
Health Care Select Sector SPDR Fund	14,561	581,712
Total Investment Companies (cost $1,044,320)		1,082,231

Company	Shares	U.S. $ Value
SHORT-TERM INVESTMENTS – 7.9%		
Investment Companies – 7.9%		
AllianceBernstein Fixed-Income Shares, Inc. – Government STIF Portfolio, 0.15%(b) (cost $2,431,112)	2,431,112	$ 2,431,112
Total Investments – 103.1% (cost $29,852,167)		31,702,152
Other assets less liabilities – (3.1)%		(939,091)
Net Assets – 100.0%		**$ 30,763,061**

(a) Non-income producing security.

(b) Investment in affiliated money market mutual fund. The rate shown represents the 7-day yield as of period end.

See notes to financial statements.

STATEMENT OF ASSETS & LIABILITIES

December 31, 2012 (unaudited)

Assets	
Investments in securities, at value	
Unaffiliated issuers (cost $27,421,055)	$ 29,271,040
Affiliated issuers (cost $2,431,112)	2,431,112
Receivable for investment securities sold	1,396,131
Receivable from Adviser	66,006
Dividends receivable	26,518
Receivable for capital stock sold	3,424
Total assets	33,194,231
Liabilities	
Payable for investment securities purchased	2,318,968
Offering expenses payable	3,804
Transfer Agent fee payable	3,194
Distribution fee payable	243
Accrued expenses and other liabilities	104,961
Total liabilities	2,431,170
Net Assets	**$ 30,763,061**
Composition of Net Assets	
Capital stock, at par	$ 5,337
Additional paid-in capital	29,499,861
Distributions in excess of net investment income	(43,324)
Accumulated net realized loss on investment	(548,798)
Net unrealized appreciation of investments	1,849,985
	$ 30,763,061

Net Asset Value Per Share—18 billion shares of capital stock authorized, $.002 par value

Class	Net Assets	Shares Outstanding	Net Asset Value
A	$ 269,853	23,325	$ 11.57*
C	$ 33,674	2,933	$ 11.48
Advisor	$ 19,661,935	1,701,381	$ 11.56
R	$ 11,538	1,006	$ 11.47
K	$ 745,924	65,080	$ 11.46
I	$ 10,040,137	875,006	$ 11.47

* *The maximum offering price per share for Class A shares was $12.08, which reflects a sales charge 4.25%.*

See notes to financial statements.

STATEMENT OF OPERATIONS

For the Six Months Ended December 31, 2012 (unaudited)

Investment Income		
Dividends		
Unaffiliated issuers	$ 215,722	
Affiliated issuers	992	$ 216,714
Expenses		
Advisory fee (see Note B)	116,239	
Distribution fee—Class A	343	
Distribution fee—Class C	145	
Distribution fee—Class R	29	
Distribution fee—Class K	812	
Transfer agency—Class A	186	
Transfer agency—Class C	23	
Transfer agency—Advisor Class	9,374	
Transfer agency—Class R	4	
Transfer agency—Class K	162	
Transfer agency—Class I	1,015	
Custodian	109,053	
Amortization of offering expenses	87,806	
Registration fees	63,011	
Administrative	25,446	
Legal	17,942	
Audit	12,304	
Printing	10,073	
Directors' fees	2,785	
Miscellaneous	10,175	
Total expenses	466,927	
Less: expenses waived and reimbursed by the Adviser (see Note B)	(314,487)	
Net expenses		152,440
Net investment income		64,274
Realized and Unrealized Gain on Investment and Foreign Currency Transactions		
Net realized gain on:		
Investment transactions		564,834
Net change in unrealized appreciation of:		
Investments		766,674
Net gain on investment and foreign currency transactions		1,331,508
Net Increase in Net Assets from Operations		**$ 1,395,782**

See notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

	Six Months Ended December 31, 2012 (unaudited)	December 8, 2011[a] to June 30, 2012
Increase (Decrease) in Net Assets from Operations		
Net investment income	$ 64,274	$ 34,659
Net realized gain (loss) on investment transactions	564,834	(365,770)
Net change in unrealized appreciation/depreciation of investments	766,674	1,083,311
Net increase in net assets from operations	1,395,782	761,200
Dividends and Distributions to Shareholders from		
Net investment income		
Class A	(36)	– 0 –
Advisor Class	(77,203)	– 0 –
Class R	(4)	(57)
Class K	(2,937)	(58)
Class I	(55,000)	(13,817)
Net realized gain on investment transactions		
Class A	(7,491)	– 0 –
Class C	(952)	– 0 –
Advisor Class	(446,965)	– 0 –
Class R	(332)	– 0 –
Class K	(20,796)	– 0 –
Class I	(281,393)	– 0 –
Capital Stock Transactions		
Net increase	11,056,996	18,456,124
Total increase	11,559,669	19,203,392
Net Assets		
Beginning of period	19,203,392	– 0 –
End of period (including distributions in excess of net investment income of $ (43,324) and undistributed net investment income of $ 27,582, respectively)	**$ 30,763,061**	**$ 19,203,392**

(a) *Commencement of operations.*

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2012 (unaudited)

NOTE A

Significant Accounting Policies

AllianceBernstein Cap Fund, Inc. (the "Company"), which is a Maryland corporation, is registered under the Investment Company Act of 1940 as an open-end management investment company. The Company operates as a series company currently comprised of nine portfolios: AllianceBernstein U.S. Strategic Research Portfolio, AllianceBernstein Small Cap Growth Portfolio, AllianceBernstein Market Neutral Strategy—U.S., AllianceBernstein Market Neutral Strategy—Global, AllianceBernstein International Discovery Equity Portfolio, AllianceBernstein International Focus 40 Portfolio, AllianceBernstein Emerging Markets Multi-Asset Portfolio, AllianceBernstein Select US Equity Portfolio and AllianceBernstein Dynamic All Market Portfolio (the "Portfolios"). The AllianceBernstein U.S. Strategic Research Portfolio, AllianceBernstein Small Cap Growth Portfolio, AllianceBernstein Market Neutral Strategy—U.S., AllianceBernstein Market Neutral Strategy—Global and AllianceBernstein International Discovery Equity Portfolio are each diversified Portfolios. Each of the other Portfolios is non-diversified. AllianceBernstein International Focus 40 Portfolio commenced operations on July 6, 2011. AllianceBernstein Emerging Markets Multi-Asset Portfolio commenced operations on August 31, 2011. AllianceBernstein Dynamic All Market Portfolio commenced operations on December 16, 2011. AllianceBernstein Emerging Markets Equity Portfolio commenced operations on September 27, 2012. AllianceBernstein Select U.S. Long/Short Portfolio commenced operations on December 12, 2012. Each Portfolio is considered to be a separate entity for financial reporting and tax purposes. This report relates only to the AllianceBernstein Select US Equity Portfolio (the "Fund"). The Fund commenced operations on December 8, 2011. The Fund has authorized the issuance of Class A, Class B, Class C, Advisor Class, Class R, Class K, Class I, Class 1 and Class 2 shares. Class B, Class 1 and Class 2 shares are not currently being offered. As of December 31, 2012, AllianceBernstein L.P. (the "Adviser") was the sole shareholder of Class R shares. Class A shares are sold with a front-end sales charge of up to 4.25% for purchases not exceeding $1,000,000. With respect to purchases of $1,000,000 or more, Class A shares redeemed within one year of purchase may be subject to a contingent deferred sales charge of 1%. Class C shares are subject to a contingent deferred sales charge of 1% on redemptions made within the first year after purchase. Class R and Class K shares are sold without an initial or contingent deferred sales charge. Advisor Class and Class I shares are sold without an initial or contingent deferred sales charge and are not subject to ongoing distribution expenses. All six classes of shares have identical voting, dividend, liquidation and other rights, except that the classes bear different distribution and transfer agency expenses. Each class has exclusive voting rights with respect to its distribution plan. The financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("U.S. GAAP"), which require management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements and amounts of income and expenses during the reporting period. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund.

1. Security Valuation

Portfolio securities are valued at their current market value determined on the basis of market quotations or, if market quotations are not readily available or are deemed unreliable, at "fair value" as determined in accordance with procedures established by and under the general supervision of the Company's Board of Directors (the "Board").

In general, the market value of securities which are readily available and deemed reliable are determined as follows: securities listed on a national securities exchange (other than securities listed on the NASDAQ Stock Market, Inc. ("NASDAQ")) or on a foreign securities exchange are valued at the last sale price at the close of the exchange or foreign securities exchange. If there has been no sale on such day, the securities are valued at the last traded price from the previous day. Securities listed on more than one exchange are valued by reference to the principal exchange on which the securities are traded; securities listed only on NASDAQ are valued in accordance with the NASDAQ Official Closing Price; listed or over the counter ("OTC") market put or call options are valued at the mid level between the current bid and ask prices. If either a current bid or current ask price is unavailable, the Adviser will have discretion to determine the best valuation (e.g. last trade price in the case of listed options); open futures contracts are valued using the closing settlement price or, in the absence of such a price, the most recent quoted bid price. If there are no quotations available for the day of valuation, the last available closing settlement price is used; U.S. government securities and other debt instruments having 60 days or less remaining until maturity are valued at amortized cost if their original maturity was 60 days or less; or by amortizing their fair value as of the 61st day prior to maturity if their original term to maturity exceeded 60 days; fixed-income securities, including mortgage backed and asset backed securities, may be valued on the basis of prices provided by a pricing service or at a price obtained from one or more of the major broker/dealers. In cases where broker/dealer quotes are obtained, the Adviser may establish procedures whereby changes in market yields or spreads are used to adjust, on a daily basis, a recently obtained quoted price on a security. Swaps and other derivatives are valued daily, primarily using independent pricing services, independent pricing models using market inputs, as well as third party broker-dealers or counterparties. Investments in money market funds are valued at their net asset value each day.

Securities for which market quotations are not readily available (including restricted securities) or are deemed unreliable are valued at fair value. Factors considered in making this determination may include, but are not limited to, information obtained by contacting the issuer, analysts, analysis of the issuer's financial statements or other available documents. In addition, the Fund may use fair value pricing for securities primarily traded in non-U.S. markets because most foreign markets close well before the Fund values its securities at 4:00 p.m., Eastern Time. The earlier close of foreign markets gives rise to the possibility that significant events, including broad market moves, may have occurred between the close of the foreign markets and the time at which the Fund values its securities which may materially affect the value of securities trading in such markets. To account for this, the Fund may frequently value many of its foreign equity securities using fair value prices based on third party vendor modeling tools to the extent available.

2. Fair Value Measurements

In accordance with U.S. GAAP regarding fair value measurements, fair value is defined as the price that the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a framework for measuring fair value, and a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset (including those valued based on their market values as described in Note 1 above) or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Fund. Unobservable inputs reflect the Fund's own assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. Each investment is assigned a level based upon the observability of the inputs which are significant to the overall valuation. The three-tier hierarchy of inputs is summarized below.

- Level 1—quoted prices in active markets for identical investments
- Level 2—other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3—significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

Where readily available market prices or relevant bid prices are not available for certain equity investments, such investments may be valued based on similar publicly traded investments, movements in relevant indices since last available prices or based upon underlying company fundamentals and comparable company data (such as multiples to earnings or other multiples to equity). Where an investment is valued using an observable input, by pricing vendors, such as another publicly traded security, the investment will be classified as Level 2. If management determines that an adjustment is appropriate based on restrictions on resale, illiquidity or uncertainty, and such adjustment is a significant component of the valuation, the investment will be classified as Level 3. An investment will also be classified as Level 3 where management uses company fundamentals and other significant inputs to determine the valuation.

The following table summarizes the valuation of the Fund's investments by the above fair value hierarchy levels as of December 31, 2012:

Investments in Securities	Level 1	Level 2	Level 3	Total
Assets:				
Common Stocks*	$ 28,188,809	$ – 0 –	$ – 0 –	$ 28,188,809
Investment Companies	1,082,231	– 0 –	– 0 –	1,082,231
Short-Term Investments	2,431,112	– 0 –	– 0 –	2,431,112
Total Investments in Securities	31,702,152	– 0 –	– 0 –	31,702,152
Other Financial Instruments**	– 0 –	– 0 –	– 0 –	– 0 –
Total^	**$ 31,702,152**	**$ – 0 –**	**$ – 0 –**	**$ 31,702,152**

* *See Portfolio of Investments for sector classifications.*

** *Other financial instruments are derivative instruments, such as futures, forwards, and swap contracts, which are valued at the unrealized appreciation/depreciation on the instrument.*

^ *There were no transfers between Level 1 and Level 2 during the reporting period.*

The Adviser has established a Valuation Committee (the "Committee") which is responsible for overseeing the pricing and valuation of all securities held in the Fund. The Committee operates under pricing and valuation policies and procedures established by the Adviser and approved by the Board, including pricing policies which set forth the mechanisms and processes to be employed on a daily basis to implement these policies and procedures. In particular, the pricing policies describe how to determine market quotations for securities and other instruments. The Committee's responsibilities include: 1) fair value and liquidity determinations (and oversight of any third parties to whom any responsibility for fair value and liquidity determinations is delegated), and 2) regular monitoring of the Adviser's pricing and valuation policies and procedures and modification or enhancement of these policies and procedures (or recommendation of the modification of these policies and procedures) as the Committee believes appropriate.

The Committee is also responsible for monitoring the implementation of the pricing policies by the Adviser's Pricing Group (the "Pricing Group") and a third party which performs certain pricing functions in accordance with the pricing policies. The Pricing Group is responsible for the oversight of the third party on a day-to-day basis. The Committee and the Pricing Group perform a series of activities to provide reasonable assurance of the accuracy of prices including: 1) periodic vendor due diligence meetings, review of methodologies, new developments, process at vendors, 2) daily compare of security valuation versus prior day for all securities that exceeded established thresholds, and 3) daily review of unpriced, stale, and variance reports with exceptions reviewed by senior management and the Committee.

In addition, several processes outside of the pricing process are used to monitor valuation issues including: 1) performance and performance attribution reports are monitored for anomalous impacts based upon benchmark performance, and 2) portfolio managers review all portfolios for performance and analytics (which are generated using the Adviser's prices).

3. Currency Translation

Assets and liabilities denominated in foreign currencies and commitments under forward currency exchange contracts are translated into U.S. dollars at the mean of the quoted bid and ask prices of such currencies against the U.S. dollar. Purchases and sales of portfolio securities are translated into U.S. dollars at the rates of exchange prevailing when such securities were acquired or sold. Income and expenses are translated into U.S. dollars at the rates of exchange prevailing when accrued.

Net realized gain or loss on foreign currency transactions represents foreign exchange gains and losses from sales and maturities of foreign fixed income investments, foreign currency exchange contracts, holding of foreign currencies, currency gains or losses realized between the trade and settlement dates on foreign investment transactions, and the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent amounts actually received or paid. Net unrealized currency gains and losses from valuing foreign currency denominated assets and liabilities at period end exchange rates are reflected as a component of net unrealized appreciation and depreciation of foreign currency denominated assets and liabilities.

4. Taxes

It is the Fund's policy to meet the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its investment company taxable income and net realized gains, if any, to shareholders. Therefore, no provisions for federal income or excise taxes are required. The Fund may be subject to taxes imposed by countries in which it invests. Such taxes are generally based on income and/or capital gains earned or repatriated. Taxes are accrued and applied to net investment income, net realized gains and net unrealized appreciation/depreciation as such income and/or gains are earned.

In accordance with U.S. GAAP requirements regarding accounting for uncertainties in income taxes, management has analyzed the Fund's tax positions taken or expected to be taken on federal and state income tax returns for all open tax years (all years since inception of the Fund) and has concluded that no provision for income tax is required in the Fund's financial statements.

5. Investment Income and Investment Transactions

Dividend income is recorded on the ex-dividend date or as soon as the Fund is informed of the dividend. Interest income is accrued daily. Investment transactions are accounted for on the date securities are purchased or sold. Investment gains or losses are determined on the identified cost basis. The Fund amortizes premiums and accretes discounts as adjustments to interest income.

6. Class Allocations

All income earned and expenses incurred by the Fund are borne on a pro-rata basis by each settled class of shares, based on the proportionate interest in the Fund represented by the net assets of such class, except for class specific expenses which are allocated to the respective class. Expenses of the Company are charged to each Portfolio in proportion to each Portfolio's respective net assets. Realized and unrealized gains and losses are allocated among the various share classes based on their respective net assets.

7. Dividends and Distributions

Dividends and distributions to shareholders, if any, are recorded on the ex-dividend date. Income dividends and capital gains distributions are determined in accordance with federal tax regulations and may differ from those determined in accordance with U.S. GAAP. To the extent these differences are permanent, such amounts are reclassified within the capital accounts based on their federal tax basis treatment; temporary differences do not require such reclassification.

8. Offering Expenses

Offering expenses of $200,146 were deferred and amortized on a straight line basis over a one year period.

NOTE B
Advisory Fee and Other Transactions with Affiliates

Under the terms of the investment advisory agreement, the Fund pays the Adviser an advisory fee at an annual rate of 1.00% of the Fund's average daily net assets. The fee is accrued daily and paid monthly.

The Adviser has agreed to waive its fees and bear certain expenses to the extent necessary to limit total operating expenses on an annual basis to 1.60%, 2.30%, 1.30%, 1.80%, 1.55%, and 1.30% of the daily average net assets for the Class A, Class C, Advisor Class, Class R, Class K and Class I shares, respectively. Under the agreement, fees waived and expenses borne by the Adviser are subject to repayment by the Fund until December 8, 2014. No repayment will be made that would cause the Fund's total annualized operating expenses to exceed the net fee percentage set forth above or would exceed the amount of offering expenses as recorded on or before December 8, 2012. This fee waiver and/or expense reimbursement agreement may not be terminated before December 8, 2014. For the six months ended December 31, 2012, such waiver/ reimbursement amounted to $289,041, which is subject to repayment, not to exceed the amount of offering expenses.

Pursuant to the investment advisory agreement, the Fund may reimburse the Adviser for certain legal and accounting services provided to the Fund by the Adviser. For the six months ended December 31, 2012, the Adviser voluntarily waived fees in the amount of $25,446.

The Fund compensates AllianceBernstein Investor Services, Inc. ("ABIS"), a wholly-owned subsidiary of the Adviser, under a Transfer Agency Agreement for providing personnel and facilities to perform transfer agency services for the Fund. ABIS may make payments to intermediaries that provide omnibus account services, sub-accounting services and/or networking services. The compensation retained by ABIS amounted to $9,000 for the six months ended December 31, 2012.

AllianceBernstein Investments, Inc. (the "Distributor"), is a wholly-owned subsidiary of the Adviser, serves as the distributor of the Fund's shares. The Distributor has advised the Fund that it has retained front-end sales charges of $50 from the sale of Class A shares and received $0 in contingent deferred sales charges imposed upon redemption by shareholders of Class C shares for the six months ended December 31, 2012.

The Fund may invest in the AllianceBernstein Fixed-Income Shares, Inc.—Government STIF Portfolio, an open-end management investment company managed by the Adviser. The Government STIF Portfolio is offered as a cash management option to mutual funds and other institutional accounts of the Adviser, and is not available for direct purchase by members of the public. The Government STIF Portfolio pays no investment management fees but does bear its own expenses. A summary of the Fund's transactions in shares of the Government STIF Portfolio for the six months ended December 31, 2012 is as follows:

Market Value June 30, 2012 (000)	Purchases at Cost (000)	Sales Proceeds (000)	Market Value December 31, 2012 (000)	Dividend Income (000)
$ 818	$ 12,163	$ 10,550	$ 2,431	$ 1

Brokerage commissions paid on investment transactions for the six months ended December 31, 2012 amounted to $87,880, of which $15 and $0 was paid to Sanford C. Bernstein & Co. LLC and Sanford C. Bernstein Limited, respectively, affiliates of the Adviser.

NOTE C
Distribution Services Agreement

The Fund has adopted a Distribution Services Agreement (the "Agreement") pursuant to Rule 12b-1 under the Investment Company Act of 1940. Under the Agreement the Fund pays distribution and servicing fees to the Distributor at an annual rate of up to .30% of the Fund's average daily net assets attributable to Class A shares, 1% of the Fund's average daily net assets attributable to Class C shares, .50% of the Fund's average daily net assets attributable to Class R shares and .25% of the Fund's average daily net assets attributable to Class K shares. There are no distribution and servicing fees on Advisor Class and Class I shares.

The fees are accrued daily and paid monthly. The Agreement provides that the Distributor will use such payments in their entirety for distribution assistance and promotional activities. Since the commencement of the Fund's operation, the Distributor has incurred expenses in excess of the distribution costs reimbursed by the Fund in the amounts of $492 and $354 for Class C and Class R shares, respectively. While such costs may be recovered from the Fund in future periods so long as the Agreement is in effect, the rate of the distribution and servicing fees payable under the Agreement may not be increased without a shareholder vote. In accordance with the Agreement, there is no provision for recovery of unreimbursed distribution costs, incurred by the Distributor, beyond the current fiscal period for Class A shares. The Agreement also provides that the Adviser may use its own resources to finance the distribution of the Fund's shares.

NOTE D
Investment Transactions

Purchases and sales of investment securities (excluding short-term investments) for the six months ended December 31, 2012, were as follows:

	Purchases	Sales
Investment securities (excluding U.S. government securities)	$ 76,268,161	$ 66,562,433
U.S. government securities	– 0 –	– 0 –

The cost of investments for federal income tax purposes was substantially the same as cost for financial reporting purposes. Accordingly, gross unrealized appreciation and unrealized depreciation (excluding foreign currency contracts) are as follows:

Gross unrealized appreciation	$ 1,906,356
Gross unrealized depreciation	(56,371)
Net unrealized appreciation	$ 1,849,985

1. Derivative Financial Instruments

The Fund may use derivatives in an effort to earn income and enhance returns, to replace more traditional direct investments, to obtain exposure to otherwise inaccessible markets (collectively, "investment purposes"), or to hedge or adjust the risk profile of its portfolio.

The principal types of derivatives utilized by the Fund, as well as the methods in which they may be used are:

- **Option Transactions**

  For hedging and investment purposes, the Fund may purchase and write (sell) put and call options on U.S. and foreign securities, including government securities, and foreign currencies that are traded on U.S. and foreign securities exchanges and over-the-counter markets. Among other things, the Fund may use options transactions for non-hedging purposes as a means of making direct investments in foreign currencies, as described below under "Currency Transactions" and may use options strategies involving the purchase and/or writing of various combinations of call and/or put options, for hedging and investment purposes.

The risk associated with purchasing an option is that the Fund pays a premium whether or not the option is exercised. Additionally, the Fund bears the risk of loss of the premium and change in market value should the counterparty not perform under the contract. Put and call options purchased are accounted for in the same manner as portfolio securities. The cost of securities acquired through the exercise of call options is increased by premiums paid. The proceeds from securities sold through the exercise of put options are decreased by the premiums paid.

When the Fund writes an option, the premium received by the Fund is recorded as a liability and is subsequently adjusted to the current market value of the option written. Premiums received from written options which expire unexercised are recorded by the Fund on the expiration date as realized gains from options written. The difference between the premium received and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or if the premium received is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium received is added to the proceeds from the sale of the underlying security or currency in determining whether the Fund has realized a gain or loss. If a put option is exercised, the premium received reduces the cost basis of the security or currency purchased by the Fund. In writing an option, the Fund bears the market risk of an unfavorable change in the price of the security or currency underlying the written option. Exercise of an option written by the Fund could result in the Fund selling or buying a security or currency at a price different from the current market value.

During the six months ended December 31, 2012, the Fund held purchased options for hedging purposes.

The effect of derivative instruments on the statement of operations for the six months ended December 31, 2012:

Derivative Type	Location of Loss on Derivatives	Realized Gain or (Loss) on Derivatives	Change in Unrealized Appreciation or (Depreciation)
Equity contracts	Net realized gain/(loss) on investment transactions; Net change in unrealized appreciation/depreciation of investment transactions	$ (1,650)	$ – 0 –
Total		$ (1,650)	$ – 0 –

The following table represents the volume of the Fund's derivative transactions during the six months ended December 31, 2012.

Purchased Options Contracts:
Average monthly cost. .... $ 1,650[a]

[a] *Positions were open one month during the six month period.*

2. Currency Transactions

The Fund may invest in non-U.S. Dollar securities on a currency hedged or unhedged basis. The Fund may seek investment opportunities by taking long or short positions in currencies through the use of currency-related derivatives, including forward currency exchange contracts, futures and options on futures, swaps, and other options. The Fund may enter into transactions for investment opportunities when it anticipates that a foreign currency will appreciate or depreciate in value but securities denominated in that currency are not held by the Fund and do not present attractive investment opportunities. Such transactions may also be used when the Adviser believes that it may be more efficient than a direct investment in a foreign currency-denominated security. The Fund may also conduct currency exchange contracts on a spot basis (i.e., for cash at the spot rate prevailing in the currency exchange market for buying or selling currencies).

NOTE E
Capital Stock

Each class consists of 3,000,000,000 authorized shares. Transactions in capital shares for each class were as follows:

	Shares		Amount	
	Six Months Ended December 31, 2012 (unaudited)	December 8, 2011[a] to June 30, 2012	Six Months Ended December 31, 2012 (unaudited)	December 8, 2011[a] to June 30, 2012
Class A				
Shares sold	8,423	16,390	$ 98,442	$ 183,131
Shares issued in reinvestment of dividends and distributions	618	– 0 –	7,196	– 0 –
Shares redeemed	(2,106)	– 0 –	(24,710)	– 0 –
Net increase	**6,935**	**16,390**	**$ 80,928**	**$ 183,131**
Class C				
Shares sold	1,222	1,663	$ 13,934	$ 17,502
Shares issued in reinvestment of dividends	48	– 0 –	549	– 0 –
Net increase	**1,270**	**1,663**	**$ 14,483**	**$ 17,502**

	Shares		Amount	
	Six Months Ended December 31, 2012 (unaudited)	December 8, 2011[(a)] to June 30, 2012	Six Months Ended December 31, 2012 (unaudited)	December 8, 2011[(a)] to June 30, 2012
Advisor Class				
Shares sold	924,809	737,183	$ 10,847,557	$ 7,896,148
Shares issued in reinvestment of dividends and distributions	44,464	– 0 –	516,672	– 0 –
Shares redeemed	(5,062)	(13)	(58,302)	(145)
Net increase	**964,211**	**737,170**	**$ 11,305,927**	**$ 7,896,003**
Class R				
Shares sold	– 0 –	1,000	$ – 0 –	$ 10,002
Shares issued in reinvestment of dividends and distributions	– 0 –	6	– 0 –	57
Net increase	**– 0 –**	**1,006**	**$ – 0 –**	**$ 10,059**
Class K				
Shares sold	20,059	43,446	$ 232,097	$ 488,344
Shares issued in reinvestment of dividends and distributions	2,025	6	23,354	58
Shares redeemed	(456)	– 0 –	(5,434)	– 0 –
Net increase	**21,628**	**43,452**	**$ 250,017**	**$ 488,402**
Class I				
Shares sold	38,398	926,668	$ 454,985	$ 9,847,210
Shares issued in reinvestment of dividends and distributions	22,301	1,364	257,352	13,817
Shares redeemed	(113,725)	– 0 –	(1,306,696)	– 0 –
Net increase (decrease)	**(53,026)**	**928,032**	**$ (594,359)**	**$ 9,861,027**

(a) *Commencement of operations.*

NOTE F
Risks Involved in Investing in the Fund

Capitalization Risk—Investments in small- and mid-capitalization companies may be more volatile than investments in large-cap companies. Investments in small-cap companies may have additional risks because these companies have limited product lines, markets or financial resources.

Diversification Risk—The Fund may have more risk because it is "non-diversified," meaning that it can invest more of its assets in a smaller number of issuers. Accordingly, changes in the value of a single security may have a more significant effect, either negative or positive, on the Fund's net asset value, or NAV.

Active Trading Risk—The Fund expects to engage in active and frequent trading of its portfolio securities and its portfolio turnover rate may greatly exceed 100%. A higher rate of portfolio turnover increases transaction costs, which may negatively affect the Fund's return. In addition, a high rate of portfolio turnover may result in substantial short-term gains, which may have adverse tax consequences for Fund shareholders.

Indemnification Risk—In the ordinary course of business, the Fund enters into contracts that contain a variety of indemnifications. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these indemnification provisions and expects the risk of loss thereunder to be remote. Therefore, the Fund has not accrued any liability in connection with these indemnification provisions.

NOTE G
Distributions to Shareholders

The tax character of distributions paid for the year ending June 30, 2013 will be determined at the end of the current fiscal year.

The tax character of distributions paid during the period ended June 30, 2012 were as follows:

	2012
Distributions paid from:	
Ordinary income	$ 13,932
Total distributions paid	$ 13,932

As of June 30, 2012, the components of accumulated earnings/(deficit) on a tax basis were as follows:

Undistributed ordinary income	$ 155,910
Unrealized appreciation/(depreciation)	603,745[(a)]
Total accumulated earnings/(deficit)	$ 759,655[(b)]

(a) *The difference between book-basis and tax-basis unrealized appreciation/(depreciation) is attributable primarily to the tax deferral of losses on wash sales.*

(b) *The difference between book-basis and tax-basis components of accumulated earnings/(deficit) is attributable primarily to the amortization of offering costs.*

For tax purposes, net capital losses may be carried over to offset future capital gains, if any. Under the Regulated Investment Company Modernization Act of 2010, Funds are permitted to carry forward capital losses incurred in taxable years beginning after December 22, 2010 for an indefinite period. Post-enactment capital loss carryforwards will retain their character as either short-term or long-term capital losses rather than being considered short-term as under previous regulation. As of December 31, 2012, the Fund did not have any capital loss carryforwards.

NOTE H
Recent Accounting Pronouncement

In December 2011, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU") related to disclosures about offsetting assets and liabilities in financial statements. The amendments in this update require an entity to disclose both gross and net information for derivatives and other financial instruments that are either offset in the statement of assets and liabilities or subject to an enforceable master netting arrangement or similar agreement. The ASU is effective during interim or annual reporting periods beginning on or after January 1, 2013. At this time, management is evaluating the implication of this ASU and its impact on the financial statements has not been determined.

NOTE I
Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure in the financial statements through the date the financial statements are issued. Management has determined that there are no material events that would require disclosure in the Fund's financial statements through this date.

FINANCIAL HIGHLIGHTS

Selected Data For A Share of Capital Stock Outstanding Throughout Each Period

	Class A	
	Six Months Ended December 31, 2012 (unaudited)	**December 8, 2011[a] to June 30, 2012**
Net asset value, beginning of period	$ 11.13	$ 10.00
Income From Investment Operations		
Net investment income[b][c]	.01	.02
Net realized and unrealized gain on investment and foreign currency transactions	.76	1.11
Net increase in net asset value from operations	.77	1.13
Less: Dividends and Distributions		
Dividends from net investment income	(.00)[f]	– 0 –
Distributions from net realized gain on investment and foreign currency transactions	(.33)	– 0 –
Total dividends and distributions	(.33)	– 0 –
Net asset value, end of period	**$ 11.57**	**$ 11.13**
Total Return		
Total investment return based on net asset value[d]	6.91 %	11.30 %
Ratios/Supplemental Data		
Net assets, end of period (000's omitted)	$270	$182
Ratio to average net assets of:		
Expenses, net of waivers/reimbursements[e]	1.60 %	1.60 %
Expenses, before waivers/reimbursements[e]	4.38 %	12.00 %
Net investment income[c]	.24 %	.36 %
Portfolio turnover rate	303 %	269 %

See footnote summary on page 34.

Selected Data For A Share of Capital Stock Outstanding Throughout Each Period

	Class C	
	Six Months Ended December 31, 2012 (unaudited)	December 8, 2011[a] to June 30, 2012
Net asset value, beginning of period	$ 11.09	$ 10.00
Income From Investment Operations		
Net investment loss[b][c]	(.02)	(.03)
Net realized and unrealized gain on investment and foreign currency transactions	.74	1.12
Net increase in net asset value from operations	.72	1.09
Less Distributions:		
Distributions from net realized gain on investment and foreign currency transactions	(.33)	– 0 –
Net asset value, end of period	**$ 11.48**	**$ 11.09**
Total Return		
Total investment return based on net asset value[d]	6.47 %	10.90 %
Ratios/Supplemental Data		
Net assets, end of period (000's omitted)	$34	$18
Ratio to average net assets of:		
Expenses, net of waivers/reimbursements[e]	2.30 %	2.30 %
Expenses, before waivers/reimbursements[e]	5.05 %	23.45 %
Net investment loss[c]	(.39)%	(.48)%
Portfolio turnover rate	303 %	269 %

See footnote summary on page 34.

Selected Data For A Share of Capital Stock Outstanding Throughout Each Period

	Advisor Class	
	Six Months Ended December 31, 2012 (unaudited)	December 8, 2011[a] to June 30, 2012
Net asset value, beginning of period	$ 11.15	$ 10.00
Income From Investment Operations		
Net investment income[b][c]	.03	.07
Net realized and unrealized gain on investment and foreign currency transactions	.77	1.08
Net increase in net asset value from operations	.80	1.15
Less: Dividends and Distributions		
Dividends from net investment income	(.06)	– 0 –
Distributions from net realized gain on investment and foreign currency transactions	(.33)	– 0 –
Total dividends and distributions	(.39)	– 0 –
Net asset value, end of period	**$ 11.56**	**$ 11.15**
Total Return		
Total investment return based on net asset value[d]	7.13 %	11.50 %
Ratios/Supplemental Data		
Net assets, end of period (000's omitted)	$19,662	$8,222
Ratio to average net assets of:		
Expenses, net of waivers/reimbursements[e]	1.30 %	1.30 %
Expenses, before waivers/reimbursements[e]	4.08 %	8.77 %
Net investment income[c]	.58 %	1.21 %
Portfolio turnover rate	303 %	269 %

See footnote summary on page 34.

Selected Data For A Share of Capital Stock Outstanding Throughout Each Period

	Class R	
	Six Months Ended December 31, 2012 (unaudited)	December 8, 2011[a] to June 30, 2012
Net asset value, beginning of period	$ 11.05	$ 10.00
Income From Investment Operations		
Net investment income[b][c][f]	.00	(.00)
Net realized and unrealized gain on investment and foreign currency transactions	.75	1.11
Net increase in net asset value from operations	.75	1.11
Less: Dividends and Distributions		
Dividends from net investment income	(.00)[f]	(.06)
Distributions from net realized gain on investment and foreign currency transactions	(.33)	– 0 –
Total dividends and distributions	(.33)	(.06)
Net asset value, end of period	**$ 11.47**	**$ 11.05**
Total Return		
Total investment return based on net asset value[d]	6.80 %	11.12 %
Ratios/Supplemental Data		
Net assets, end of period (000's omitted)	$12	$11
Ratio to average net assets of:		
Expenses, net of waivers/reimbursements[e]	1.80 %	1.80 %
Expenses, before waivers/reimbursements[e]	4.45 %	10.09 %
Net investment income[c]	.04 %	(.00)%[g]
Portfolio turnover rate	303 %	269 %

See footnote summary on page 34.

Selected Data For A Share of Capital Stock Outstanding Throughout Each Period

	Class K	
	Six Months Ended December 31, 2012 (unaudited)	**December 8, 2011[(a)] to June 30, 2012**
Net asset value, beginning of period	$ 11.07	$ 10.00
Income From Investment Operations		
Net investment income[(b)(c)]	.02	.03
Net realized and unrealized gain on investment and foreign currency transactions	.75	1.10
Net increase in net asset value from operations	.77	1.13
Less: Dividends and Distributions		
Dividends from net investment income	(.05)	(.06)
Distributions from net realized gain on investment and foreign currency transactions	(.33)	– 0 –
Total dividends and distributions	(.38)	(.06)
Net asset value, end of period	**$ 11.46**	**$ 11.07**
Total Return		
Total investment return based on net asset value[(d)]	6.90 %	11.33 %
Ratios/Supplemental Data		
Net assets, end of period (000's omitted)	$746	$481
Ratio to average net assets of:		
Expenses, net of waivers/reimbursements[(e)]	1.55 %	1.55 %
Expenses, before waivers/reimbursements[(e)]	4.20 %	7.75 %
Net investment income[(c)]	.31 %	.51 %
Portfolio turnover rate	303 %	269 %

See footnote summary on page 34.

Selected Data For A Share of Capital Stock Outstanding Throughout Each Period

	Class I	
	Six Months Ended December 31, 2012 (unaudited)	December 8, 2011[a] to June 30, 2012
Net asset value, beginning of period	$ 11.09	$ 10.00
Income From Investment Operations		
Net investment income[b][c]	.03	.04
Net realized and unrealized gain on investment and foreign currency transactions	.74	1.11
Net increase in net asset value from operations	.77	1.15
Less: Dividends and Distributions		
Dividends from net investment income	(.06)	(.06)
Distributions from net realized gain on investment and foreign currency transactions	(.33)	– 0 –
Total dividends and distributions	(.39)	(.06)
Net asset value, end of period	**$ 11.47**	**$ 11.09**
Total Return		
Total investment return based on net asset value[d]	6.96 %	11.56 %
Ratios/Supplemental Data		
Net assets, end of period (000's omitted)	$10,040	$10,288
Ratio to average net assets of:		
Expenses, net of waivers/reimbursements[e]	1.30 %	1.30 %
Expenses, before waivers/reimbursements[e]	3.92 %	8.25 %
Net investment income[c]	.55 %	.58 %
Portfolio turnover rate	303 %	269 %

(a) Commencement of operations.

(b) Based on average shares outstanding.

(c) Net of expenses waived/reimbursed by the Adviser.

(d) Total investment return is calculated assuming an initial investment made at the net asset value at the beginning of the period, reinvestment of all dividends and distributions at net asset value during the period, and redemption on the last day of the period. Initial sales charges or contingent deferred sales charges are not reflected in the calculation of total investment return. Total return does not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. Total investment return calculated for a period of less than one year is not annualized.

(e) Annualized.

(f) Amount less than $0.005.

(g) Amount less than 0.005%.

See notes to financial statements.

BOARD OF DIRECTORS

William H. Foulk, Jr.[1]**,** *Chairman*
John H. Dobkin[1]
Michael J. Downey[1]
D. James Guzy[1]
Nancy P. Jacklin[1]
Robert M. Keith, *President and Chief Executive Officer*
Garry L. Moody[1]
Marshall C. Turner, Jr.[1]
Earl D. Weiner[1]

OFFICERS

Philip L. Kirstein, *Senior Vice President and Independent Compliance Officer*
Kurt A. Feuerman[2]**,** *Vice President*
Emilie D. Wrapp, *Secretary*
Joseph J. Mantineo, *Treasurer and Chief Financial Officer*
Phyllis J. Clarke, *Controller*

Custodian and Accounting Agent
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1345 Avenue of the Americas
New York, NY 10105

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Seward & Kissel LLP
One Battery Park Plaza
New York, NY 10004

Independent Registered Public Accounting Firm
Ernst & Young LLP
5 Times Square
New York, NY 10036

Transfer Agent
AllianceBernstein Investor Services, Inc.
P.O. Box 786003
San Antonio, TX 78278-6003
Toll-Free (800) 221-5672

(1) Member of the Audit Committee, the Governance and Nominating Committee and the Independent Directors Committee. Mr. Foulk is the sole member of the Fair Value Pricing Committee.

(2) Mr. Kurt A. Feuerman is the investment professional primarily responsible for the day-to-day management of, and investment decisions for, the Fund's Portfolio.

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 The AllianceBernstein Cap Fund, Inc. (the "Fund"), in respect of AllianceBernstein Select US Equity 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 investment objective of the Portfolio is long-term growth of capital. Under normal circumstances, at least 80% of the Portfolio's net assets will be invested in equity securities of U.S. companies. The Portfolio's investments will be focused on securities of companies with medium and large market capitalizations, although it will be permitted to invest in exchange-traded, small-cap companies. Under normal circumstances, the Portfolio's holdings will include between 25-75 companies and investments in non-U.S. companies will be limited to a maximum of 10% of the Portfolio's net assets. The Portfolio may purchase securities in initial public offerings and may engage in relatively frequent trading. The Portfolio may also utilize derivatives, including swaps, and invest a portion of its assets in shares of ETFs. The Adviser proposed the S&P 500 Index to be the primary benchmark for the Portfolio. The Adviser expects Lipper to place the Portfolio in its Large Cap Core category and Morningstar to place Portfolio in its Large Cap Blend category.

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 *It should be noted that the information in the fee evaluation was completed on September 8, 2011 and discussed with the Board of Directors on September 21, 2011.*

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

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 U.S. 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."

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.

Advisory Fee Schedule Based on the Average Daily Net Assets of the Portfolio	Portfolio
100 bp (flat)	Select US Equity Portfolio

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 expense caps, set forth below, through the Portfolio's first three years of operations. During the three year expense limitation period, the Adviser may be able to recoup all or a portion of the Portfolio's offering expenses to the extent that the reimbursement does not cause the expense ratios of the Portfolio's share classes to exceed the expense caps and the aggregate reimbursements do not exceed the offering expenses. The Adviser's ability to recoup offering expenses will terminate with the agreement.

Portfolio	Expense Cap Pursuant to Expense Limitation Undertaking		Estimated Gross Expense Ratio[3]	Fiscal Year End
Select US Equity Portfolio[4]	Advisor	0.90%	1.18%	June 30
	Class A	1.60%	1.88%	
	Class C	2.30%	2.58%	
	Class R	1.10%	1.38%	
	Class K	1.55%	1.83%	
	Class I	0.90%	1.18%	
	Class1	1.55%	1.83%	
	Class2	0.90%	1.18%	

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 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

3 *The expense ratios shown are based on an initial estimate of each Portfolio's net assets at $100 million.*

4 *Excludes fees and expenses of ETFs.*

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.[5] However, with respect to the Portfolio, the Adviser represented that there is no category in the Form ADV for institutional products that has a substantially similar investment style as the Portfolio.

The Adviser manages the AllianceBernstein Mutual Funds ("ABMF"). The NYAG related advisory fee schedules of the AllianceBernstein Mutual Funds are based on a master schedule that contemplates eight categories of funds with almost all funds in each category having the same advisory fee schedule. Set forth below is the category advisory fee schedule applicable to the Portfolio and the effective fee of the Portfolio had the category fee schedule been applicable to the Portfolio versus the Portfolio's advisory fee based on an initial estimate of the Portfolio's net assets at $100 million:

Portfolio	ABMF Category	ABMF Fee Schedule	ABMF Effective Fee (%)	Portfolio Advisory Fee (%)
Select US Equity Portfolio	Blend	65 bp on 1st $2.5 billion 55 bp on next $2.5 billion 50 bp on the balance	0.650	1.000

The Adviser manages a Delaware limited liability company, AllianceBernstein Select Equity LLC ("Select Equity LLC"), and a British Virgin Islands entity, AllianceBernstein Select Equity LP ("Select Equity LP"), that each serve as a feeder to the same master fund. These private funds have a substantially similar investment strategy as the Portfolio.

Portfolio	Private Funds	Advisory Fee Schedule	Private Funds Effective Fee (%)
Select US Equity Portfolio	Select Equity LLC/ Select Equity LP	Advisory fee for shareholders investing less than $50M: 1.50%	1.500
		Advisory fee for shareholders investing at least $50M: 1.00%	1.000

5 *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.*

The Adviser manages and sponsors retail mutual funds, which are organized in jurisdictions outside the United States, generally Luxembourg and Japan, and sold to non-United States resident investors. The Adviser is in the process of establishing a Luxembourg fund, which will have a substantially similar investment strategy as the Portfolio. Set forth below is the advisory fee contemplated for the Luxembourg fund:

Portfolio	**Luxembourg Fund**	**Fee (%)[6]**
Select US Equity Portfolio	Select Equity UCITs Class A	1.800 (includes distribution costs)

The Adviser has represented that it does not sub-advise any registered investment companies with a substantially similar investment style as the Portfolio.

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 Portfolio with fees charged to other investment companies for similar services offered by other investment advisers.[7] Lipper's analysis included the comparison of the Portfolio's contractual management fee to the median of the Portfolio's Lipper Expense Group ("EG")[8] at an initial estimate of the Portfolio's net assets at $100 million.[9]

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.

6 *The distribution cost for the Class A shares of a Luxembourg fund managed by the Adviser is generally 0.80%.*

7 *The Supreme Court cautioned against accepting mutual fund fee comparisons without careful scrutiny since "[t]hese 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.*

8 *Lipper does not consider average account size when constructing EGs. As the Directors are aware, funds with relatively small average account sizes tend to have a higher transfer agent expense ratio than comparable sized funds that have relatively large average account sizes.*

9 *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 the Portfolio had the lowest effective fee rate in the Lipper peer group.*

Portfolio	Contractual Management Fee (%)[10]	Lipper Exp. Group Median (%)	Rank
Select US Equity Portfolio	1.000	0.779	14/16

Lipper also compared the Portfolio's total expense ratio to the medians of the Portfolio's EG and Lipper Expense Universe ("EU"). The EU is as 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.[11]

Portfolio	Expense Ratio (%)[12]	Lipper Exp. Group Median (%)	Lipper Group Rank	Lipper Exp. Universe Median (%)	Lipper Universe Rank
Select US Equity Portfolio	1.600	1.300	15/16	1.207	139/154

Based on this analysis, the Portfolio has a more favorable ranking on a 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 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 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

10 *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.*

11 *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.*

12 *Projected total expense ratio information, based on an initial net asset estimate of $100 million, pertains to the Portfolio's Class A shares.*

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, contingent deferred sales charges ("CDSC") and brokerage commissions. In addition, the Adviser will benefit from soft dollar arrangements which offset expenses the Adviser would otherwise incur.

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 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).

Fees and reimbursements for out of pocket expenses to be charged by AllianceBernstein Investor Services, Inc. ("ABIS"), the affiliated transfer agent for the Portfolio, 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.

After the Portfolio commences operations, it may effect brokerage transactions through the Adviser's affiliate, Sanford C. Bernstein & Co., LLC ("SCB & Co.") and/or its U.K. affiliate, Sanford C. Bernstein Limited ("SCB Ltd."), collectively "SCB," and pay commissions for such transactions. The Adviser represented that SCB's profitability from business conducted in the future with the Portfolio will be comparable to the profitability of SCB's dealings with other similar third party clients. In the ordinary course of business, SCB receives and pays liquidity rebates from electronic communications networks ("ECNs") derived from trading for its clients. These credits and charges are not being passed onto any SCB client. The Adviser also receives certain soft dollar benefits from brokers that execute agency trades for its clients. These soft dollar benefits reduce the Adviser's cost of doing business and increase its profitability.

V. POSSIBLE ECONOMIES OF SCALE

The Adviser has indicated that economies of scale are being shared with shareholders through fee structures,[13] 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

13 *Fee structures include fee reductions, pricing at scale and breakpoints in advisory fee schedules.*

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[14] study on advisory fees and various fund characteristics.[15] The independent consultant first reiterated the results of his previous two dimensional comparison analysis (fund size and family size) with the Board of Directors.[16] 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 $456 billion as of July 31, 2011, the Adviser has the investment experience to manage and provide non-investment services (described in Section I) to the Portfolio.

Since the Portfolio has not yet commenced operations, the Portfolio has no performance history.

14 *The Deli study was originally published in 2002 based on 1997 data.*

15 *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.*

16 *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.*

CONCLUSION:

Based on the factors discussed above, the Senior Officer recommended that the Directors consider asking the Adviser to reduce the proposed advisory fee, add breakpoints to the Portfolio's advisory fee schedule, and address the Portfolio's high total expenses. This conclusion in respect of the Portfolio is based on an evaluation of all of these factors and no single factor was dispositive.

Dated: October 17, 2011

THIS PAGE IS NOT PART OF THE SHAREHOLDER REPORT OR THE FINANCIAL STATEMENTS

ALLIANCEBERNSTEIN FAMILY OF FUNDS

Wealth Strategies

Balanced Wealth Strategy
Conservative Wealth Strategy
Wealth Appreciation Strategy
Tax-Managed Balanced Wealth Strategy
Tax-Managed Conservative Wealth Strategy
Tax-Managed Wealth Appreciation Strategy

Asset Allocation/Multi-Asset Funds

Dynamic All Market Fund
Emerging Markets Multi-Asset Portfolio
International Portfolio
Tax-Managed International Portfolio

Growth Funds

Domestic

Discovery Growth Fund**
Growth Fund
Large Cap Growth Fund
Select US Equity Portfolio
Small Cap Growth Portfolio
U.S. Strategic Research Portfolio

Global & International

Global Thematic Growth Fund
International Discovery Equity Portfolio
International Focus 40 Portfolio
International Growth Fund

Value Funds

Domestic

Core Opportunities Fund
Discovery Value Fund**
Equity Income Fund
Growth & Income Fund
Value Fund

Global & International

Emerging Markets Equity Portfolio
Global Real Estate Investment Fund
Global Value Fund
International Value Fund

Taxable Bond Funds

Bond Inflation Strategy
Global Bond Fund
High Income Fund
Intermediate Bond Portfolio
Limited Duration High Income Portfolio
Short Duration Portfolio

Municipal Bond Funds

Arizona Portfolio
California Portfolio
High Income Portfolio
Massachusetts Portfolio
Michigan Portfolio
Minnesota Portfolio
Municipal Bond Inflation Strategy
National Portfolio
New Jersey Portfolio
New York Portfolio
Ohio Portfolio
Pennsylvania Portfolio
Virginia Portfolio

Intermediate Municipal Bond Funds

Intermediate California Portfolio
Intermediate Diversified Portfolio
Intermediate New York Portfolio

Closed-End Funds

Alliance California Municipal Income Fund
Alliance New York Municipal Income Fund
AllianceBernstein Global High Income Fund
AllianceBernstein Income Fund
AllianceBernstein National Municipal Income Fund

Alternatives

Global Risk Allocation Fund**
Market Neutral Strategy-Global
Market Neutral Strategy-U.S.
Real Asset Strategy
Select US Long/Short Portfolio
Unconstrained Bond Fund

Retirement Strategies

2000 Retirement Strategy
2005 Retirement Strategy
2010 Retirement Strategy
2015 Retirement Strategy
2020 Retirement Strategy
2025 Retirement Strategy
2030 Retirement Strategy
2035 Retirement Strategy
2040 Retirement Strategy
2045 Retirement Strategy
2050 Retirement Strategy
2055 Retirement Strategy

We also offer Exchange Reserves,* which serves as the money market fund exchange vehicle for the AllianceBernstein mutual funds.

Investors should consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. For copies of our prospectus or summary prospectus, which contain this and other information, visit us online at www.alliancebernstein.com or contact your AllianceBernstein investments representative. Please read the prospectus and/or summary prospectus carefully before investing.

* An investment in Exchange Reserves is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the Fund.

**** Prior to October 8, 2012, Global Risk Allocation Fund was named Balanced Shares. Prior to November 1, 2012, Discovery Growth Fund was named Small/Mid Cap Growth Fund and Discovery Value Fund was named Small/Mid Cap Value Fund.**

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