AllianceBernstein
Variable Products Series Fund, Inc.

Annual Report

December 31, 2009

> AllianceBernstein Intermediate Bond Portfolio

ANNUAL REPORT

AllianceBernstein

Investment Products Offered

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

LETTER TO INVESTORS

February 12, 2010

The following is an update of AllianceBernstein Variable Products Series Fund AllianceBernstein Intermediate Bond Portfolio (the "Portfolio") for the annual reporting period ended December 31, 2009.

INVESTMENT OBJECTIVE AND POLICIES

The Portfolio's investment objective is to generate income and price appreciation without assuming what AllianceBernstein L.P. (the "Adviser") considers undue risk. The Portfolio invests, under normal circumstances, at least 80% of its net assets in fixed-income securities. The Portfolio expects to invest in readily marketable fixed-income securities with a range of maturities from short- to long-term and relatively attractive yields that do not involve undue risk of loss of capital. The Portfolio expects to invest in fixed-income securities with a dollar weighted average maturity of generally between three to ten years and an average duration of three to six years. The Portfolio may invest up to 25% of its net assets in below investment grade bonds (sometimes referred to as "high yield securities" or "junk bonds"). The Portfolio may use leverage for investment purposes. The Portfolio may invest without limit in US Dollar-denominated foreign fixed-income securities and may invest up to 25% of its assets in non-US Dollar-denominated foreign fixed-income securities. These investments may include, in each case, developed and emerging market debt securities.

The Portfolio may invest in mortgage-related and other asset-backed securities, loan participations, inflation-protected securities, structured securities, variable, floating and inverse floating rate instruments, preferred stock, and may use other investment techniques. The Portfolio intends, among other things, to enter into transactions such as reverse repurchase agreements and dollar rolls. The Portfolio may invest, without limit, in derivatives, such as options, futures, forwards, or swap agreements.

INVESTMENT RESULTS

The table on page 3 shows the Portfolio's performance compared to its benchmark, the Barclays Capital US Aggregate Bond Index, for the one-, five- and 10-year periods ended December 31, 2009.

The Portfolio outperformed its benchmark for the annual reporting period ended December 31, 2009. The Portfolio's ability to capitalize on record wide credit yield spreads benefited performance for the annual reporting period. An overweight in investment-grade corporates and commercial mortgage-backed securities (CMBS), allocations to non-investment grade corporates and an underweight in Treasuries all contributed to the Portfolio's performance. Leverage did not have a meaningful impact on performance.

MARKET REVIEW AND INVESTMENT STRATEGY

Challenges from late 2008 continued into early 2009 as asset prices in many markets continued to fall and policymakers scrambled to combat the severe global economic downturn. By the second quarter of 2009, however, signs of a bottoming of the recession resulted in a significant rally in credit sectors as well as equities. Capital markets rebounded on growing evidence that aggressive policy action on a global scale had been successful at staving off a depression-type scenario. Risk assets continued the rally into the third quarter as evidence mounted that the global economy was emerging from a deep recession and appeared on track for a return to modest economic growth in 2010.

Bond returns were bifurcated during 2009, with negative non-government bond returns early in the period reflecting the financial crisis in the fall of 2008 and risk aversion. Meanwhile Treasury and government-related debt benefited from investor risk aversion early in the 2009, and then underperformed later in the year as investor risk appetite returned.

The annual reporting period was marked by historic recovery of investment-grade corporate bonds, which returned 18.68% during the 12-month period; spreads tightened significantly from their wides to end the annual reporting period at 172 basis points over Treasuries. Spreads on CMBS similarly widened to historically high levels of almost 1600 basis points over Treasuries at the end of 2008, before ending the annual reporting period at 473 basis points over Treasuries. CMBS returned 28.45% for the annual reporting period. All data is according to Barclays Capital.

In the view of the US Investment Grade Core Fixed Income Team (the "Team"), opportunities in the credit markets remain compelling. While spreads have tightened significantly, the economic recovery continues to provide support for corporates. The Team believes that investors may be well rewarded for sticking to a disciplined, long-term approach to asset allocation.

An Important Note About the Value of Historical Performance
The performance shown on the following page represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance information shown. Please contact your Financial Advisor or Insurance Agent Representative at your financial institution to obtain portfolio performance information current to the most recent month-end.

Investors should consider the investment objectives, risks, charges and expenses of the Portfolio 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.

All fees and expenses related to the operation of the Portfolio have been deducted, but no adjustment has been made for insurance company separate account or annuity contract charges, which would reduce total return to a contract owner. **NAV returns do not reflect sales charges; if sales charges were reflected, the Portfolio's quoted performance would be lower.** Performance assumes reinvestment of distributions and does not account for taxes.

Benchmark Disclosure
The unmanaged Barclays Capital US Aggregate Bond Index does not reflect fees and expenses associated with the active management of a mutual fund portfolio. The Barclays Capital US Aggregate Bond Index covers the US investment-grade fixed-rate bond market, including government and credit securities, agency mortgage pass through securities, asset-backed securities and commercial mortgage-backed securities. An investor cannot invest directly in an index, and its results are not indicative of the performance for any specific investment, including the Portfolio.

A Word About Risk
A percentage of the Portfolio's assets will be invested in foreign fixed-income securities which may magnify fluctuations due to changes in foreign exchange rates and the possibility of substantial volatility due to political and economic uncertainties in foreign countries. Price fluctuation in the Portfolio's securities may be caused by changes in the general level of interest rates or changes in bond credit quality ratings. Please note, as interest rates rise, existing bond prices fall and can cause the value of an investment in the Portfolio to decline. Changes in interest rates have a greater negative effect on bonds with longer maturities than on those with shorter maturities. Investments in the Portfolio are not guaranteed because of fluctuation in the net asset value for the underlying fixed-income related investments. Similar to direct bond ownership, bond funds have the same interest rate, inflation, and credit risks that are associated with the underlying bonds owned by the Portfolio. Portfolio purchasers should understand that, in contrast to owning individual bonds, there are ongoing fees and expenses associated with owning shares of bond funds. The Portfolio may invest in mortgage-backed securities which involve risks described in the prospectus. While the Portfolio invests principally in bonds and other fixed-income securities, in order to achieve its investment objectives, the Portfolio may at times use certain types of investment derivatives, such as options, futures, forwards and swaps. These types of transactions include the purchase and sale of futures contracts or options on futures contracts. Also, at the discretion of the Investment Manager, the Portfolio can invest up to 15% of its net assets in illiquid securities or make loans of portfolio securities of up to 30% of its total assets. In addition, the Portfolio may also enter into repurchase agreements. These financial instruments involve risks different from, and in certain cases, greater than, the risks presented by more traditional investments. These risks are fully discussed in the Variable Products prospectus.

There are additional fees and expenses associated with all Variable Products. These fees can include mortality and expense risk charges, administrative charges, and other charges that can significantly reduce investment returns. Those fees and expenses are not reflected in this annual report. You should consult your Variable Products prospectus for a description of those fees and expenses and speak to your insurance agent or financial representative if you have any questions. You should read the prospectus before investing or sending money.

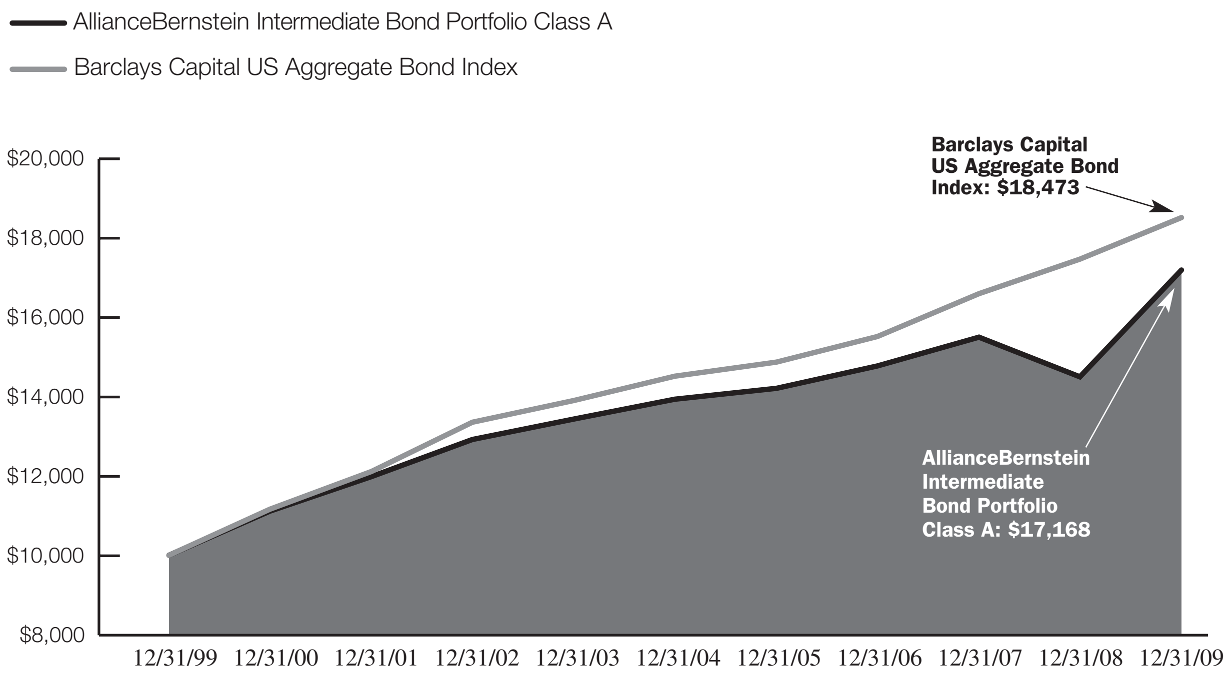
(Historical Performance continued on next page)

THE PORTFOLIO VS. ITS BENCHMARK PERIODS ENDED DECEMBER 31, 2009	Returns 1 Year	5 Years	10 Years
AllianceBernstein Intermediate Bond Portfolio Class A*	18.51%	4.28%	5.55%
AllianceBernstein Intermediate Bond Portfolio Class B*	18.20%	4.01%	5.29%
Barclays Capital US Aggregate Bond Index	5.93%	4.97%	6.33%

* Includes the impact of proceeds received and credited to the Portfolio resulting from class action settlements, which enhanced the Portfolio's performance for the annual period ended December 31, 2009 by 0.01%.

The Portfolio's current prospectus fee table shows the Portfolio's total annual expense ratios as 0.64% and 0.89% for Class A and Class B, respectively. 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 different time periods.

ALLIANCEBERNSTEIN INTERMEDIATE BOND PORTFOLIO CLASS A GROWTH OF A $10,000 INVESTMENT 12/31/99 – 12/31/09



This chart illustrates the total value of an assumed $10,000 investment in AllianceBernstein Intermediate Bond Portfolio Class A shares (from 12/31/99 to 12/31/09) as compared to the performance of the Portfolio's benchmark. The chart assumes the reinvestment of dividends and capital gains distributions.

See Historical Performance and Benchmark disclosures on previous page.

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 first line of each class' table below provides information about actual account values and actual expenses. You may use the information in this line, 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 in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period. The estimate of expenses does not include fees of other expenses of any variable insurance product. If such expenses were included, the estimate of expenses you paid during the period would be higher and your ending account value would be lower.

Hypothetical Example for Comparison Purposes
The second line of each class' table below 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. The estimate of expenses does not include fees of other expenses of any variable insurance product. If such expenses were included, the estimate of expenses you paid during the period would be higher and your ending account value would be lower.

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 second line of each class' table 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.

Intermediate Bond Portfolio	Beginning Account Value July 1, 2009	Ending Account Value December 31, 2009	Expenses Paid During Period*	Annualized Expense Ratio*
Class A				
Actual	$ 1,000	$ 1,101.11	$ 3.81	0.72%
Hypothetical (5% return before expenses)	$ 1,000	$ 1,021.58	$ 3.67	0.72%
Class B				
Actual	$ 1,000	$ 1,099.16	$ 5.13	0.97%
Hypothetical (5% return before expenses)	$ 1,000	$ 1,020.32	$ 4.94	0.97%

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

SECURITY TYPE	U.S. $ VALUE	PERCENT OF TOTAL INVESTMENTS
Corporates—Investment Grades	$ 59,935,508	35.0%
Governments—Treasuries	37,528,099	21.9
Mortgage Pass-Thru's	30,039,950	17.5
Commercial Mortgage-Backed Securities	15,107,806	8.8
Corporates—Non-Investment Grades	9,696,699	5.7
Agencies	4,083,071	2.4
Asset-Backed Securities	2,395,495	1.4
Governments—Sovereign Agencies	2,286,948	1.3
Inflation-Linked Securities	1,790,304	1.1
Governments—Sovereign Bonds	1,777,230	1.0
CMOs	1,376,048	0.8
Quasi-Sovereigns	906,750	0.5
Emerging Markets—Corporate Bonds	247,299	0.2
Short-Term Investments	3,995,000	2.3
Other*	221,482	0.1
Total Investments	$ 171,387,689	100.0%

* "Other" represents less than 0.1% weightings in the following security types: Preferred Stocks, Supranationals, Warrants and Common Stocks.

	Principal Amount (000)	U.S. $ Value
CORPORATES-INVESTMENT GRADES–35.1%		
INDUSTRIAL–18.8%		
BASIC–3.0%		
Alcoa, Inc.		
6.75%, 7/15/18	$ 178	$ 181,572
ArcelorMittal		
6.125%, 6/01/18	555	572,669
ArcelorMittal USA, Inc.		
6.50%, 4/15/14	165	176,104
BHP Billiton Finance USA Ltd.		
7.25%, 3/01/16	407	463,854
The Dow Chemical Co.		
7.375%, 11/01/29	15	16,378
7.60%, 5/15/14	241	274,232
8.55%, 5/15/19	313	373,454
Eastman Chemical		
5.50%, 11/15/19	93	92,710
EI Du Pont de Nemours & Co.		
5.875%, 1/15/14	239	264,009
Freeport-McMoRan Copper & Gold, Inc.		
8.25%, 4/01/15	235	256,150
8.375%, 4/01/17	195	213,525
International Paper Co.		
7.50%, 8/15/21	208	233,058
7.95%, 6/15/18	310	357,557
Packaging Corp. of America		
5.75%, 8/01/13	155	166,114
PPG Industries, Inc.		
5.75%, 3/15/13	455	485,799
Rio Tinto Finance USA Ltd.		
6.50%, 7/15/18	460	505,301
Southern Copper Corp.		
7.50%, 7/27/35	295	292,297
Usiminas Commercial Ltd.		
7.25%, 1/18/18(a)	124	131,440
		5,056,223
CAPITAL GOODS–1.1%		
Holcim US Finance Sarl & Cie SCS		
6.00%, 12/30/19(a)	41	42,677
John Deere Capital Corp.		
5.25%, 10/01/12	410	442,774
Owens Corning, Inc.		
6.50%, 12/01/16	265	271,379
Republic Services, Inc.		
5.25%, 11/15/21(a)	150	147,484
5.50%, 9/15/19(a)	230	233,554
Tyco International Finance SA		
6.00%, 11/15/13	155	169,784
8.50%, 1/15/19	195	235,511
United Technologies Corp.		
4.875%, 5/01/15	246	264,055
		1,807,218
COMMUNICATIONS–MEDIA–2.8%		
BSKYB Finance UK PLC		
5.625%, 10/15/15(a)	$ 170	$ 185,545
CBS Corp.		
8.875%, 5/15/19	420	502,456
Comcast Cable Communications Holdings, Inc.		
9.455%, 11/15/22	280	360,121
Comcast Corp.		
5.30%, 1/15/14	325	346,871
DirecTV Holdings LLC/ DirecTV Financing Co., Inc.		
4.75%, 10/01/14(a)	160	163,094
6.375%, 6/15/15	216	224,370
News America Holdings, Inc.		
9.25%, 2/01/13	235	274,185
News America, Inc.		
6.55%, 3/15/33	210	215,089
Reed Elsevier Capital, Inc.		
8.625%, 1/15/19	185	225,102
RR Donnelley & Sons Co.		
4.95%, 4/01/14	65	65,020
5.50%, 5/15/15	185	179,120
11.25%, 2/01/19	255	318,230
TCI Communications, Inc.		
7.875%, 2/15/26	210	235,398
Time Warner Cable, Inc.		
7.50%, 4/01/14	145	167,066
Time Warner Entertainment Co.		
8.375%, 3/15/23	550	651,525
WPP Finance UK		
5.875%, 6/15/14	120	123,924
8.00%, 9/15/14	415	471,963
		4,709,079
COMMUNICATIONS–TELECOMMUNICATIONS–2.5%		
Alltel Corp.		
7.875%, 7/01/32	170	202,170
AT&T Corp.		
8.00%, 11/15/31(b)	20	24,410
British Telecommunications PLC		
9.125%, 12/15/10(b)	310	332,109
Embarq Corp.		
7.082%, 6/01/16	445	491,537
Pacific Bell Telephone Co.		
6.625%, 10/15/34	535	530,103
Qwest Corp.		
7.50%, 10/01/14	400	415,500
Telecom Italia Capital SA		
4.00%, 1/15/10	380	380,293
6.175%, 6/18/14	355	384,782
6.375%, 11/15/33	40	39,437
US Cellular Corp.		
6.70%, 12/15/33	575	565,483

	Principal Amount (000)	U.S. $ Value
Verizon Communications, Inc.		
4.90%, 9/15/15	$ 240	$ 254,736
5.25%, 4/15/13	290	312,611
Verizon New Jersey, Inc. Series A		
5.875%, 1/17/12	179	190,714
Vodafone Group PLC		
5.50%, 6/15/11	200	210,932
		4,334,817
CONSUMER CYCLICAL–AUTOMOTIVE–0.5%		
Daimler Finance North America LLC		
4.875%, 6/15/10	110	111,806
5.75%, 9/08/11	120	126,049
7.30%, 1/15/12	121	131,544
7.75%, 1/18/11	45	47,843
Harley-Davidson Funding Corp.		
5.75%, 12/15/14(a)	185	187,825
Volvo Treasury AB		
5.95%, 4/01/15(a)	305	314,734
		919,801
CONSUMER CYCLICAL–ENTERTAINMENT–0.7%		
Time Warner, Inc.		
6.875%, 5/01/12	310	339,370
7.625%, 4/15/31	390	453,035
Viacom, Inc.		
5.625%, 9/15/19	375	391,539
		1,183,944
CONSUMER CYCLICAL–OTHER–0.3%		
Marriott International, Inc. Series J		
5.625%, 2/15/13	502	515,109
Toll Brothers Finance Corp.		
5.15%, 5/15/15	40	38,274
6.875%, 11/15/12	7	7,332
		560,715
CONSUMER CYCLICAL–RETAILERS–0.2%		
Wal-Mart Stores, Inc.		
4.25%, 4/15/13	225	238,560
CONSUMER NON-CYCLICAL–3.6%		
Altria Group, Inc.		
9.70%, 11/10/18	230	284,318
Bottling Group LLC		
6.95%, 3/15/14	355	408,466
Bunge Ltd. Finance Corp.		
5.10%, 7/15/15	206	204,239
5.875%, 5/15/13	350	364,323
Cadbury Schweppes US Finance LLC		
5.125%, 10/01/13(a)	350	363,994

	Principal Amount (000)	U.S. $ Value
Campbell Soup Co.		
6.75%, 2/15/11	$ 335	$ 356,435
ConAgra Foods, Inc.		
7.875%, 9/15/10	11	11,515
Delhaize Group SA		
5.875%, 2/01/14	105	112,771
Diageo Capital PLC		
7.375%, 1/15/14	360	416,453
Fisher Scientific International, Inc.		
6.125%, 7/01/15	230	237,187
Fortune Brands, Inc.		
4.875%, 12/01/13	374	382,015
5.125%, 1/15/11	115	118,610
Kraft Foods, Inc.		
5.25%, 10/01/13	220	232,482
The Kroger Co.		
6.80%, 12/15/18	229	254,408
Pepsico, Inc.		
4.65%, 2/15/13	385	411,244
Pfizer, Inc.		
1.80%, 2/22/16	JPY 20,000	214,109
5.35%, 3/15/15	$ 405	442,627
The Procter & Gamble Co.		
4.70%, 2/15/19	402	411,521
Reynolds American, Inc.		
7.25%, 6/01/13	105	114,558
7.625%, 6/01/16	395	430,620
Ventas Realty LP/Ventas Capital Corp.		
6.75%, 4/01/17	84	81,270
Whirlpool Corp.		
8.60%, 5/01/14	55	62,274
Wyeth		
5.50%, 2/01/14	251	273,458
		6,188,897
ENERGY–2.1%		
Amerada Hess Corp.		
7.875%, 10/01/29	165	197,893
Anadarko Petroleum Corp.		
5.95%, 9/15/16	382	413,208
6.45%, 9/15/36	124	129,502
Apache Corp.		
5.25%, 4/15/13	225	241,128
Baker Hughes, Inc.		
6.50%, 11/15/13	205	231,399
Canadian Natural Resources Ltd.		
5.15%, 2/01/13	60	63,858
Conoco, Inc.		
6.95%, 4/15/29	155	175,699
Hess Corp.		
8.125%, 2/15/19	29	34,973
Nabors Industries, Inc.		
9.25%, 1/15/19	425	520,504
Noble Energy, Inc.		
8.25%, 3/01/19	406	485,731

		Principal Amount (000)		U.S. $ Value
TNK-BP Finance SA				
7.50%, 7/18/16(a)	$	100	$	102,750
Valero Energy Corp.				
6.875%, 4/15/12		515		562,319
Weatherford International Ltd.				
5.15%, 3/15/13		195		204,209
6.00%, 3/15/18		35		35,244
9.625%, 3/01/19		190		236,874
				3,635,291
OTHER INDUSTRIAL–0.3%				
Noble Group Ltd.				
6.75%, 1/29/20(a)		440		451,550
TECHNOLOGY–1.5%				
Cisco Systems, Inc.				
5.25%, 2/22/11		380		398,744
Computer Sciences Corp.				
5.50%, 3/15/13		280		296,849
Dell, Inc.				
5.625%, 4/15/14		250		272,360
Electronic Data Systems Corp. Series B				
6.00%, 8/01/13(b)		566		625,668
Motorola, Inc.				
6.50%, 9/01/25		125		108,602
7.50%, 5/15/25		25		23,921
7.625%, 11/15/10		22		22,792
Oracle Corp.				
4.95%, 4/15/13		239		256,462
5.00%, 1/15/11		140		145,587
Xerox Corp.				
7.625%, 6/15/13		40		40,798
8.25%, 5/15/14		375		430,171
				2,621,954
TRANSPORTATION–AIRLINES–0.2%				
Southwest Airlines Co.				
5.25%, 10/01/14		210		212,703
5.75%, 12/15/16		155		153,189
				365,892
				32,073,941
FINANCIAL INSTITUTIONS–11.9%				
BANKING–6.9%				
American Express Co.				
7.25%, 5/20/14		210		236,958
8.125%, 5/20/19		405		479,950
ANZ National International Ltd.				
6.20%, 7/19/13(a)		240		264,115
Bank of America Corp.				
4.875%, 1/15/13		660		686,372
5.375%, 9/11/12		210		222,791
Barclays Bank PLC				
5.75%, 9/14/26	GBP	75	$	111,091
8.55%, 6/15/11(a)(c)	$	365		335,800
BBVA International Preferred SA Unipersonal				
5.919%, 4/18/17		170		136,850
The Bear Stearns Co., Inc.				
5.70%, 11/15/14		450		495,150
Citigroup, Inc.				
5.50%, 4/11/13		350		362,868
6.50%, 8/19/13		355		378,144
8.50%, 5/22/19		505		583,150
Compass Bank				
5.50%, 4/01/20		250		230,615
Countrywide Home Loans, Inc. Series L				
4.00%, 3/22/11		4		4,085
Credit Agricole SA				
8.375%, 10/13/19(a)		232		245,920
Credit Suisse USA, Inc.				
5.50%, 8/15/13		159		172,730
The Goldman Sachs Group, Inc.				
4.75%, 7/15/13		460		481,269
6.00%, 5/01/14		175		191,409
7.50%, 2/15/19		540		629,534
Huntington National Bank				
4.375%, 1/15/10		250		250,026
JP Morgan Chase & Co.				
6.75%, 2/01/11		285		300,632
Marshall & Ilsley Bank				
5.00%, 1/17/17		175		136,124
Merrill Lynch & Co., Inc.				
6.05%, 5/16/16		535		539,814
Morgan Stanley				
5.625%, 1/09/12		235		248,001
6.60%, 4/01/12		320		348,158
6.625%, 4/01/18		465		502,743
National Capital Trust II				
5.486%, 3/23/15(a)		122		97,425
National City Bank of Cleveland Ohio				
6.25%, 3/15/11		250		261,068
National Westminster Bank				
6.50%, 9/07/21	GBP	50		68,561
Rabobank Nederland				
11.00%, 6/30/19(a)	$	90		109,733
Regions Financial Corp.				
6.375%, 5/15/12		215		204,765
Standard Chartered PLC				
6.409%, 1/30/17(a)(c)		100		79,373
UBS Preferred Funding Trust I				
8.622%, 10/01/10(c)		180		167,485
UFJ Finance Aruba AEC				
6.75%, 7/15/13		240		267,206
Union Bank of California				
5.95%, 5/11/16		660		655,543

	Principal Amount (000)	U.S. $ Value
Union Planters Corp.		
7.75%, 3/01/11	$ 143	$ 142,177
VTB Capital SA		
6.609%, 10/31/12(a)	135	137,538
Wachovia Corp.		
5.50%, 5/01/13	505	536,478
Wells Fargo & Co.		
5.625%, 12/11/17	565	587,688
		11,889,339
FINANCE–1.2%		
General Electric Capital Corp.		
4.80%, 5/01/13	435	454,693
5.625%, 5/01/18	455	466,257
Series A		
4.375%, 11/21/11	155	161,430
HSBC Finance Corp.		
7.00%, 5/15/12	280	304,461
International Lease Finance Corp.		
5.65%, 6/01/14	65	49,124
SLM Corp.		
Series A		
5.375%, 5/15/14	630	581,093
		2,017,058
INSURANCE–3.3%		
Aetna, Inc.		
6.00%, 6/15/16	135	141,734
The Allstate Corp.		
6.125%, 5/15/37(c)	530	461,100
Coventry Health Care, Inc.		
5.95%, 3/15/17	90	81,610
6.125%, 1/15/15	35	33,432
6.30%, 8/15/14	280	273,868
Genworth Financial, Inc.		
1.60%, 6/20/11	JPY 15,000	154,587
6.515%, 5/22/18	$ 520	475,848
Guardian Life Insurance		
7.375%, 9/30/39(a)	210	214,781
Humana, Inc.		
6.30%, 8/01/18	275	266,335
6.45%, 6/01/16	40	40,432
7.20%, 6/15/18	85	86,933
Liberty Mutual Group, Inc.		
5.75%, 3/15/14(a)	145	142,923
Lincoln National Corp.		
8.75%, 7/01/19	113	129,114
Massachusetts Mutual Life Insurance Co.		
8.875%, 6/01/39(a)	225	275,951
MetLife, Inc.		
7.717%, 2/15/19	109	128,090
10.75%, 8/01/39	140	172,400
Nationwide Mutual Insurance Co.		
9.375%, 8/15/39(a)	360	380,038
Principal Financial Group, Inc.		
7.875%, 5/15/14	$ 325	$ 358,701
Prudential Financial, Inc.		
5.15%, 1/15/13	325	341,894
6.20%, 1/15/15	45	48,414
8.875%, 6/15/38	170	180,200
Series D		
7.375%, 6/15/19	35	39,241
UnitedHealth Group, Inc.		
5.25%, 3/15/11	95	98,440
6.00%, 2/15/18	430	444,168
Wellpoint, Inc.		
5.875%, 6/15/17	45	46,361
7.00%, 2/15/19	95	106,251
XL Capital Ltd.		
5.25%, 9/15/14	110	107,725
6.25%, 5/15/27	200	181,870
Series E		
6.50%, 4/15/17(c)	240	181,200
		5,593,641
REITS–0.5%		
HCP, Inc.		
5.95%, 9/15/11	225	232,137
Simon Property Group LP		
5.00%, 3/01/12	220	227,395
5.625%, 8/15/14	420	432,576
		892,108
		20,392,146
UTILITY–3.2%		
ELECTRIC–2.1%		
Allegheny Energy Supply		
5.75%, 10/15/19(a)	425	412,815
Ameren Corp.		
8.875%, 5/15/14	235	263,957
Carolina Power & Light Co.		
6.50%, 7/15/12	480	526,262
FirstEnergy Corp.		
Series B		
6.45%, 11/15/11	19	20,373
Series C		
7.375%, 11/15/31	420	455,239
MidAmerican Energy Holdings Co.		
5.875%, 10/01/12	240	261,382
Nisource Finance Corp.		
6.80%, 1/15/19	450	481,251
Pacific Gas & Electric Co.		
4.80%, 3/01/14	215	228,330
Progress Energy, Inc.		
7.10%, 3/01/11	73	77,265
Public Service Company of Colorado		
Series 10		
7.875%, 10/01/12	210	240,953
The Southern Co.		
Series A		
5.30%, 1/15/12	156	167,141

		Principal Amount (000)	U.S. $ Value
SPI Electricity & Gas Australia Holdings Pty Ltd.			
6.15%, 11/15/13(a)	$	235	$ 245,255
Union Electric Co.			
6.70%, 2/01/19		45	49,682
Wisconsin Energy Corp.			
6.25%, 5/15/67(c)		204	181,560
			3,611,465
NATURAL GAS–0.8%			
Duke Energy Field Services Corp.			
7.875%, 8/16/10		70	72,774
Energy Transfer Partners LP			
6.70%, 7/01/18		279	298,725
7.50%, 7/01/38		336	368,148
Enterprise Products Operating LLC Series G			
5.60%, 10/15/14		95	101,159
TransCanada Pipelines Ltd.			
6.35%, 5/15/67(c)		235	220,493
Williams Co., Inc.			
7.875%, 9/01/21		289	331,489
			1,392,788
OTHER UTILITY–0.3%			
Veolia Environnement			
6.00%, 6/01/18		350	369,576
			5,373,829
NON CORPORATE SECTORS–1.2%			
AGENCIES - NOT GOVERNMENT GUARANTEED–1.2%			
Gaz Capital SA			
6.212%, 11/22/16(a)		460	440,450
6.51%, 3/07/22(a)		477	437,647
Petrobras International Finance			
5.75%, 1/20/20		670	681,582
TransCapitalInvest Ltd. for OJSC AK Transneft			
8.70%, 8/07/18(a)		465	535,913
			2,095,592
Total Corporates– Investment Grades (cost $56,192,226)			59,935,508
GOVERNMENTS– TREASURIES–22.0%			
BRAZIL–0.6%			
Republic of Brazil			
12.50%, 1/05/16	BRL	1,615	1,044,166
CANADA–2.5%			
Canadian Government Bond			
3.75%, 6/01/19	CAD	4,405	4,258,216

		Principal Amount (000)		U.S. $ Value
UNITED STATES–18.9%				
U.S. Treasury Bonds				
3.75%, 11/15/18	$	5,763	$	5,762,550
4.50%, 2/15/36		3,060		3,014,100
U.S. Treasury Notes				
0.875%, 2/28/11–5/31/11		8,395		8,410,368
1.75%, 11/15/11		7,525		7,619,943
2.375%, 8/31/14		6,770		6,720,281
2.625%, 7/31/14		695		698,475
				32,225,717
Total Governments–Treasuries (cost $37,870,470)				37,528,099
MORTGAGE PASS– THRU'S–17.6%				
AGENCY FIXED RATE 30-YEAR–15.6%				
Federal Home Loan Mortgage Corp. Gold				
Series 2005				
4.50%, 8/01/35–10/01/35		3,718		3,722,870
5.50%, 1/01/35		6,212		6,534,806
Series 2007				
5.50%, 7/01/35		240		253,091
Federal National Mortgage Association				
6.50%, TBA		1,600		1,713,501
Series 2002				
7.00%, 3/01/32		19		21,069
Series 2003				
5.00%, 11/01/33		262		270,158
5.50%, 4/01/33–7/01/33		969		1,018,538
Series 2004				
5.50%, 4/01/34–11/01/34		821		862,927
6.00%, 9/01/34		446		475,699
Series 2005				
4.50%, 8/01/35		815		817,806
5.00%, 10/01/35		2,055		2,113,046
5.50%, 2/01/35		993		1,044,008
Series 2006				
5.00%, 2/01/36		1,813		1,864,184
Series 2007				
4.50%, 9/01/35–8/01/37		999		1,002,136
5.00%, 7/01/36		283		291,098
Series 2008				
6.00%, 3/01/37		3,615		3,846,849
Government National Mortgage Association				
6.00%, TBA		700		739,593
Series 1994				
9.00%, 9/15/24		6		6,355
				26,597,734
AGENCY ARMS–2.0%				
Federal Home Loan Mortgage Corp.				
Series 2007				
6.075%, 1/01/37(d)		201		210,350

	Principal Amount (000)	U.S. $ Value
Series 2009		
4.712%, 4/01/36(c)	$ 978	$ 1,020,893
Federal National Mortgage Association		
Series 2003		
4.786%, 12/01/33(c)	331	348,024
Series 2006		
5.45%, 2/01/36(c)............	373	392,543
5.809%, 11/01/36(d)	519	544,304
6.177%, 3/01/36(c)	298	313,175
Series 2007		
4.734%, 3/01/34(c)	589	612,927
		3,442,216
Total Mortgage Pass-Thru's (cost $29,095,572)		30,039,950
COMMERCIAL MORTGAGE-BACKED SECURITIES–8.8%		
NON-AGENCY FIXED RATE CMBS–8.8%		
Banc of America Commercial Mortgage, Inc.		
Series 2005-6, Class A4		
5.179%, 9/10/47	470	461,578
Series 2006-5, Class A4		
5.414%, 9/10/47	455	427,357
Commercial Mortgage Pass Through Certificates		
Series 2007-C9, Class A4		
5.816%, 12/10/49	1,085	983,956
Credit Suisse Mortgage Capital Certificates		
Series 2006-C3, Class A3		
5.826%, 6/15/38	1,095	941,003
Series 2006-C5, Class A3		
5.311%, 12/15/39	225	187,699
Greenwich Capital Commercial Funding Corp.		
Series 2005-GG5, Class AJ		
5.30%, 4/10/37...............	235	150,086
Series 2007-GG11, Class A4		
5.736%, 12/10/49	420	372,819
Series 2007-GG9, Class A4		
5.444%, 3/10/39	680	600,810
GS Mortgage Securities Corp. II		
Series 2004-GG2, Class A6		
5.396%, 8/10/38	300	294,803
JP Morgan Chase Commercial Mortgage Securities Corp.		
Series 2006-CB14, Class A4		
5.481%, 12/12/44	545	524,951
Series 2006-CB15, Class A4		
5.814%, 6/12/43	1,035	996,023
Series 2006-CB17, Class A4		
5.429%, 12/12/43	420	396,751
Series 2007-C1, Class A4		
5.716%, 2/15/51	1,115	884,944

	Principal Amount (000)	U.S. $ Value
Series 2007-LD11, Class A4		
5.818%, 6/15/49	$ 1,105	$ 962,290
Series 2007-LDPX, Class A3		
5.42%, 1/15/49...............	1,110	936,347
LB-UBS Commercial Mortgage Trust		
Series 2004-C4, Class A4		
5.224%, 6/15/29	830	826,966
Series 2006-C1, Class A4		
5.156%, 2/15/31	1,240	1,200,409
Series 2006-C6, Class A4		
5.372%, 9/15/39	475	452,795
Merrill Lynch/Countrywide Commercial Mortgage Trust		
Series 2006-4, Class AM		
5.204%, 12/12/49	285	205,467
Series 2007-9, Class A4		
5.70%, 9/12/49...............	1,105	937,704
Wachovia Bank Commercial Mortgage Trust		
Series 2006-C27, Class A3		
5.765%, 7/15/45	1,080	978,202
Series 2007-C31, Class A4		
5.509%, 4/15/47	1,100	882,703
Series 2007-C32, Class A3		
5.74%, 6/15/49...............	615	502,143
Total Commercial Mortgage-Backed Securities (cost $16,083,517)		15,107,806
CORPORATES–NON-INVESTMENT GRADES–5.7%		
INDUSTRIAL–3.7%		
BASIC–0.5%		
Ineos Group Holdings PLC		
8.50%, 2/15/16(a)............	179	120,378
Steel Capital SA for OAO Severstal		
9.25%, 4/19/14(a)............	228	229,425
United States Steel Corp.		
5.65%, 6/01/13...............	495	492,529
Westvaco Corp.		
8.20%, 1/15/30...............	50	51,439
		893,771
CAPITAL GOODS–1.3%		
Bombardier, Inc.		
6.30%, 5/01/14(a)............	270	267,300
8.00%, 11/15/14(a)	225	233,719
Case New Holland, Inc.		
7.125%, 3/01/14	175	177,625
CNH America LLC		
7.25%, 1/15/16...............	170	167,875
Masco Corp.		
6.125%, 10/03/16	635	605,118
Mohawk Industries, Inc.		
6.875%, 1/15/16(b)	355	353,225

		Principal Amount (000)	U.S. $ Value
Textron Financial Corp.			
4.60%, 5/03/10	$	34	$ 33,991
5.125%, 11/01/10		100	100,810
5.40%, 4/28/13		69	68,967
United Rentals North America, Inc.			
7.75%, 11/15/13		220	206,800
			2,215,430
COMMUNICATIONS–MEDIA–0.4%			
Clear Channel Communications, Inc.			
5.50%, 9/15/14		238	155,890
CSC Holdings, Inc.			
8.50%, 4/15/14(a)		160	170,400
Quebecor Media, Inc.			
7.75%, 3/15/16		230	229,425
RH Donnelley Corp. Series A-4			
8.875%, 10/15/17(e)		545	51,094
Univision Communications, Inc.			
12.00%, 7/01/14(a)		41	45,151
WDAC Subsidiary Corp.			
8.375%, 12/01/14(a)		70	5,600
			657,560
COMMUNICATIONS-TELECOMMUNICATIONS–0.4%			
Frontier Communications Corp.			
6.25%, 1/15/13		210	210,525
Mobile Telesystems Finance SA			
8.00%, 1/28/12(a)		231	241,973
Windstream Corp.			
7.875%, 11/01/17(a)		115	113,562
			566,060
CONSUMER CYCLICAL–AUTOMOTIVE–0.4%			
Affinia Group, Inc.			
9.00%, 11/30/14		85	82,450
Ford Motor Credit Co. LLC			
3.034%, 1/13/12(d)		240	223,200
7.00%, 10/01/13		204	203,693
The Goodyear Tire & Rubber Co.			
9.00%, 7/01/15		165	171,600
Visteon Corp.			
7.00%, 3/10/14(e)		165	43,312
			724,255
CONSUMER CYCLICAL-OTHER–0.3%			
Broder Brothers Co.			
12.00%, 10/15/13(f)(g)		37	26,855
Greektown Holdings LLC			
10.75%, 12/01/13(e)(f)		55	8,319
Harrah's Operating Co., Inc.			
10.00%, 12/15/18(a)		135	108,338
Starwood Hotels & Resorts Worldwide, Inc.			
7.875%, 5/01/12	$	362	$ 390,507
			534,019
CONSUMER CYCLICAL–RETAILERS–0.0%			
Limited Brands, Inc.			
6.90%, 7/15/17		45	44,944
CONSUMER NON-CYCLICAL–0.2%			
Bausch & Lomb, Inc.			
9.875%, 11/01/15		155	163,525
HCA, Inc.			
7.875%, 2/15/20(a)		125	130,156
8.50%, 4/15/19(a)		40	43,100
			336,781
ENERGY–0.1%			
Tesoro Corp.			
6.50%, 6/01/17		190	176,700
SERVICES–0.0%			
Travelport LLC			
9.875%, 9/01/14		35	36,137
TECHNOLOGY–0.1%			
Flextronics International Ltd.			
6.50%, 5/15/13		145	145,363
TRANSPORTATION–AIRLINES–0.0%			
Continental Airlines, Inc. Series 2003-ERJ1			
7.875%, 7/02/18		38	32,565
			6,363,585
FINANCIAL INSTITUTIONS–1.2%			
BANKING–0.8%			
ABN Amro Bank NV			
4.31%, 3/10/16(c)	EUR	125	87,357
BankAmerica Capital II Series 2			
8.00%, 12/15/26	$	98	96,040
Commerzbank Capital Funding Trust I			
5.012%, 4/12/16(c)	EUR	200	133,320
Dexia Credit Local			
4.30%, 11/18/15(c)		300	193,529
LBG Capital No.1 PLC			
8.00%, 12/29/49(a)	$	770	592,900
RBS Capital Trust III			
5.512%, 9/30/14(c)		335	167,500
Royal Bank of Scotland Group PLC			
7.648%, 9/30/31(c)		115	78,200
Zions Bancorporation			
5.50%, 11/16/15		85	60,094
			1,408,940

	Principal Amount (000)	U.S. $ Value
BROKERAGE–0.0%		
Lehman Brothers Holdings, Inc.		
6.20%, 9/26/14(e)	$ 75	$ 14,625
7.875%, 11/01/09(e)	43	8,385
		23,010
INSURANCE–0.3%		
Crum & Forster Holdings Corp.		
7.75%, 5/01/17	95	90,369
ING Capital Funding Trust III		
8.439%, 12/31/10(c)	270	232,200
ING Groep NV		
5.775%, 12/08/15(c)	90	66,482
Liberty Mutual Group, Inc.		
7.80%, 3/15/37(a)	80	66,000
		455,051
OTHER FINANCE–0.1%		
Aiful Corp.		
6.00%, 12/12/11(a)	125	88,750
		1,975,751
UTILITY–0.8%		
ELECTRIC–0.6%		
The AES Corp.		
7.75%, 3/01/14–10/15/15	165	167,475
Dynegy Holdings, Inc.		
8.375%, 5/01/16	205	194,750
Dynegy Roseton/Danskammer Pass Through Trust Series B		
7.67%, 11/08/16	195	188,175
NRG Energy, Inc.		
7.25%, 2/01/14	260	263,250
RRI Energy, Inc.		
7.625%, 6/15/14	95	94,050
7.875%, 6/15/17	155	152,288
		1,059,988
NATURAL GAS–0.2%		
Enterprise Products Operating LLC Series A		
8.375%, 8/01/66(c)	305	297,375
		1,357,363
Total Corporates–Non-Investment Grades (cost $10,082,572)		9,696,699
AGENCIES–2.4%		
AGENCY DEBENTURES–2.4%		
Federal Home Loan Mortgage Corp.		
4.75%, 1/19/16	1,810	1,952,031
Federal National Mortgage Association		
5.375%, 6/12/17	870	964,621
6.25%, 5/15/29	1,020	1,166,419
Total Agencies (cost $4,067,456)		4,083,071

	Principal Amount (000)	U.S. $ Value
ASSET-BACKED SECURITIES–1.4%		
CREDIT CARDS–FLOATING RATE–0.5%		
Chase Issuance Trust Series 2007-A1, Class A1		
0.253%, 3/15/13(d)	$ 875	$ 871,476
HOME EQUITY LOANS–FLOATING RATE–0.4%		
Credit-Based Asset Servicing and Securitization LLC Series 2003-CB1, Class AF		
3.95%, 1/25/33(d)	224	195,393
HFC Home Equity Loan Asset Backed Certificates Series 2005-3, Class A1		
0.493%, 1/20/35(d)	128	112,764
Home Equity Asset Trust Series 2007-2, Class M1		
0.661%, 7/25/37(d)	475	4,133
Indymac Residential Asset Backed Trust Series 2006-D, Class 2A2		
0.341%, 11/25/36(d)	419	297,859
Option One Mortgage Loan Trust Series 2007-2, Class M1		
0.591%, 3/25/37(d)	160	1,580
RAAC Series Series 2006-SP3, Class A1		
0.311%, 8/25/36(d)	8	8,311
Residential Asset Mortgage Products, Inc. Series 2005-RS3, Class AIA2		
0.401%, 3/25/35(d)	2	2,150
		622,190
CREDIT CARDS–FIXED RATE–0.3%		
Citibank Credit Card Issuance Trust Series 2009-A5, Class A5		
2.25%, 12/23/14	530	524,671
HOME EQUITY LOANS–FIXED RATE–0.2%		
Asset Backed Funding Certificates Series 2003-WF1, Class A2		
1.361%, 12/25/32	107	78,552
Citifinancial Mortgage Securities, Inc. Series 2003-1, Class AFPT		
3.36%, 1/25/33	87	74,117
Countrywide Asset-Backed Certificates Series 2007-S1, Class A3		
5.81%, 11/25/36	374	125,705

	Principal Amount (000)	U.S. $ Value
Home Equity Mortgage Trust Series 2005-4, Class A3 4.742%, 1/25/36	$ 4	$ 3,784
		282,158
OTHER ABS–FIXED RATE–0.0%		
DB Master Finance, LLC Series 2006-1, Class A2 5.779%, 6/20/31(a)	100	95,000
Total Asset-Backed Securities (cost $3,458,206)		2,395,495
GOVERNMENTS–SOVEREIGN AGENCIES–1.3%		
GERMANY–0.0%		
Landwirtschaftliche Rentenbank 5.125%, 2/01/17	70	75,059
UNITED KINGDOM–1.3%		
The Royal Bank of Scotland PLC		
1.45%, 10/20/11(a)	1,307	1,304,075
2.625%, 5/11/12(a)	895	907,814
		2,211,889
Total Governments–Sovereign Agencies (cost $2,272,910)		2,286,948
INFLATION-LINKED SECURITIES–1.0%		
UNITED STATES–1.0%		
U.S. Treasury Notes 3.00%, 7/15/12 (TIPS) (cost $1,744,605)	1,665	1,790,304
GOVERNMENTS– SOVEREIGN BONDS–1.0%		
CROATIA–0.3%		
Republic of Croatia 6.75%, 11/05/19(a)	435	468,528
LITHUANIA–0.2%		
Republic of Lithuania 6.75%, 1/15/15(a)	430	437,789
PERU–0.3%		
Republic of Peru		
8.375%, 5/03/16	255	307,913
9.875%, 2/06/15	145	183,425
		491,338
POLAND–0.2%		
Poland Government International Bond 6.375%, 7/15/19	350	379,575
Total Governments–Sovereign Bonds (cost $1,630,053)		1,777,230

	Principal Amount (000)	U.S. $ Value
CMOS–0.8%		
NON-AGENCY ARMS–0.5%		
Bear Stearns Alt-A Trust		
Series 2006-3, Class 22A1 5.873%, 5/25/36(c)	$ 137	$ 84,484
Series 2007-1, Class 21A1 5.56%, 1/25/47(c)	218	117,420
Citigroup Mortgage Loan Trust, Inc.		
Series 2005-2, Class 1A4 5.128%, 5/25/35(c)	331	281,618
Series 2006-AR1, Class 3A1 5.50%, 3/25/36(d)	424	274,331
Indymac Index Mortgage Loan Trust Series 2006-AR7, Class 4A1 5.856%, 5/25/36(c)	195	109,413
		867,266
NON-AGENCY FLOATING RATE–0.2%		
Countrywide Alternative Loan Trust		
Series 2005-62, Class 2A1 1.544%, 12/25/35(d)	127	69,763
Series 2007-OA3, Class M1 0.541%, 4/25/47(d)	145	1,300
WaMu Mortgage Pass Through Certificates		
Series 2007-OA1, Class A1A 1.332%, 2/25/47(d)	320	160,367
Series 2007-OA3, Class B1 0.681%, 4/25/47(d)	448	6,817
		238,247
NON-AGENCY FIXED RATE–0.1%		
JP Morgan Alternative Loan Trust Series 2006-A3, Class 2A1 6.05%, 7/25/36	388	223,278
AGENCY FIXED RATE–0.0%		
Fannie Mae Grantor Trust Series 2004-T5, Class AB4 0.557%, 5/28/35	50	47,257
Total CMOs (cost $2,781,961)		1,376,048
QUASI-SOVEREIGNS–0.5%		
QUASI-SOVEREIGN BONDS–0.5%		
RUSSIA–0.5%		
RSHB Capital SA for OJSC Russian Agricultural Bank 6.299%, 5/15/17(a) (cost $877,277)	900	906,750

	Principal Amount (000)	U.S. $ Value
EMERGING MARKETS–CORPORATE BONDS–0.1%		
INDUSTRIAL–0.1%		
ENERGY–0.1%		
Ecopetrol SA 7.625%, 7/23/19	$ 143	$ 158,516
FINANCIAL INSTITUTIONS–0.0%		
OTHER FINANCE–0.0%		
MMG Fiduc (AES El Salvador) 6.75%, 2/01/16(a)	100	88,783
Total Emerging Markets–Corporate Bonds (cost $242,168)		247,299
	Shares	
PREFERRED STOCKS–0.1%		
FINANCIAL INSTITUTIONS–0.1%		
REITS–0.1%		
Sovereign REIT 12.00%(a)	93	104,276
NON CORPORATE SECTORS–0.0%		
AGENCIES–GOVERNMENT SPONSORED–0.0%		
Federal Home Loan Mortgage Corp. Series Z 8.375%(c)	2,400	2,520
Federal National Mortgage Association 8.25%(c)	2,950	3,245
		5,765
Total Preferred Stocks (cost $221,408)		110,041

	Principal Amount (000)	U.S. $ Value
SUPRANATIONALS–0.1%		
European Investment Bank 4.875%, 2/15/36 (cost $109,791)	$ 110	$ 104,753
	Shares	
WARRANTS–0.0%		
Charter Communications, Inc., expiring 11/30/14(h) (cost $2,140)	1,070	6,688
COMMON STOCK–0.0%		
Broder Brothers Co.(h) (cost $0)	3,463	0
	Principal Amount (000)	
SHORT-TERM INVESTMENTS–2.3%		
TIME DEPOSIT–2.3%		
State Street Time Deposit 0.01%, 1/04/10 (cost $3,995,000)	$ 3,995	3,995,000
TOTAL INVESTMENTS–100.2% (cost $170,727,332)		171,387,689
Other assets less liabilities–(0.2)%		(400,038)
NET ASSETS–100.0%		$ 170,987,651

INTEREST RATE SWAP TRANSACTIONS (see Note D)

			Rate Type		
Swap Counterparty	**Notional Amount (000)**	**Termination Date**	**Payments made by the Portfolio**	**Payments received by the Portfolio**	**Unrealized Appreciation/ (Depreciation)**
Citibank	$ 7,615	9/17/10	SIFMA*	2.787%	$ 186,653

FUTURES CONTRACTS (see Note D)

Type	Number of Contracts	Expiration Month	Original Value	Value at December 31, 2009	Unrealized Appreciation/ (Depreciation)
Purchased Contracts					
U.S. T-Bond 30 Yr Futures	5	March 2010	$ 577,977	$ 576,875	$ (1,102)

FORWARD CURRENCY EXCHANGE CONTRACTS (see Note D)

	Contract Amount (000)	U.S. $ Value on Origination Date	U.S. $ Value at December 31, 2009	Unrealized Appreciation/ (Depreciation)
Buy Contracts:				
Australian Dollar settling 2/10/10	4,683	$ 4,233,070	$ 4,191,633	$ (41,437)
Brazilian Real settling 1/05/10	1,850	1,030,905	1,062,881	31,976
Brazilian Real settling 1/05/10	1,850	1,062,759	1,062,881	122
Brazilian Real settling 2/02/10	1,850	1,029,758	1,056,495	26,737
Euro settling 1/25/10	60	86,051	86,011	(40)
Euro settling 1/26/10**	653	961,311	935,548	(25,763)
Euro settling 2/03/10***	580	831,217	831,167	(50)
Euro settling 2/03/10***	581	830,016	832,929	2,913
Hungarian Forint settling 1/26/10	120,106	641,662	636,973	(4,689)
Hungarian Forint settling 1/26/10	59,215	307,241	314,039	6,798
Japanese Yen settling 1/08/10	4,375	49,116	46,979	(2,137)
New Zealand Dollar settling 1/21/10	1,195	872,877	866,406	(6,471)
Norwegian Krone settling 2/22/10	27,839	4,830,102	4,797,903	(32,199)
Norwegian Krone settling 2/22/10	1,702	289,129	293,266	4,137
Polish Zloty settling 2/03/10	4,893	1,769,118	1,705,547	(63,571)
South Korean Won settling 1/14/10****	2,090,090	1,804,485	1,794,385	(10,100)
Sale Contracts:				
Brazilian Real settling 1/05/10	1,850	1,061,539	1,062,880	(1,341)
Brazilian Real settling 1/05/10	1,850	1,062,758	1,062,880	(122)
Brazilian Real settling 2/02/10	1,850	1,024,541	1,056,495	(31,954)
Brazilian Real settling 2/02/10	390	221,339	222,663	(1,324)
British Pound settling 1/11/10	93	154,025	150,282	3,743
Canadian Dollar settling 1/13/10	4,571	4,291,738	4,370,461	(78,723)
Canadian Dollar settling 1/13/10	956	899,755	913,708	(13,953)
Euro settling 1/25/10	989	1,469,076	1,417,226	51,850
Euro settling 1/25/10	130	194,643	186,358	8,285
Euro settling 1/25/10	1,046	1,566,669	1,500,089	66,580
Hungarian Forint settling 1/26/10**	179,321	961,311	951,012	10,299
Japanese Yen settling 1/08/10	27,595	305,389	296,294	9,095
Japanese Yen settling 1/14/10****	162,324	1,804,485	1,742,976	61,509
Polish Zloty settling 2/03/10***	2,439	831,217	850,153	(18,936)
Polish Zloty settling 2/03/10***	2,439	830,016	850,153	(20,137)
Swiss Franc settling 2/05/10	5,142	5,138,417	4,971,285	167,132

** Represents a cross-currency purchase of Euro and a sale of Hungarian Forint.

*** Represents a cross-currency purchase of Euro and a sale of Polish Zloty.

**** Represents a cross-currency purchase of South Korean Won and a sale of Japanese Yen.

(a) Security is exempt from registration under Rule 144A of the Securities Act of 1933. These securities are considered liquid and may be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2009, the aggregate market value of these securities amounted to $13,450,091 or 7.9% of net assets.

(b) Coupon rate adjusts periodically based upon a predetermined schedule. Stated interest rate in effect at December 31, 2009.

(c) Variable rate coupon, rate shown as of December 31, 2009.

(d) Floating Rate Security. Stated interest rate was in effect at December 31, 2009.

(e) Security is in default and is non-income producing.

(f) Security is exempt from registration under Rule 144A of the Securities Act of 1933. These securities, which represent 0.02% of net assets as of December 31, 2009, are considered illiquid and restricted.

Restricted Securities	Acquisition Date	Cost	Market Value	Percentage of Net Assets
Broder Brothers Co. 12.00%, 10/15/13	5/21/2009	$ 76,484	$ 26,855	0.02%
Greektown Holdings LLC 10.75%, 12/01/13	11/22/2005	54,484	8,319	0.00%

(g) Pay-In-Kind Payments (PIK).

(h) Non-income producing security.

* Variable interest rate based on the Securities Industry & Financial Markets Association (SIFMA).

The fund currently owns investments collateralized by subprime mortgage loans. Subprime loans are offered to homeowners who do not have a history of debt or who have had problems meeting their debt obligations. Because repayment is less certain, subprime borrowers pay a higher rate of interest than prime borrowers. As of December 31, 2009, the fund's total exposure to subprime investments was 1.14% of net assets. These investments are valued in accordance with the fund's Valuation Policies (see Note A for additional details).

Currency Abbreviations:

BRL—Brazilian Real
CAD— Canadian Dollar
EUR— Euro Dollar
GBP— Great British Pound
JPY— Japanese Yen

Glossary:

ABS—Asset-Backed Securities
ARMS—Adjustable Rate Mortgages
CMBS—Commercial Mortgage-Backed Securities
CMOs—Collateralized Mortgage Obligations
LP—Limited Partnership
OJSC—Open Joint Stock Company
REIT—Real Estate Investment Trust
TBA—To Be Announced
TIPS —Treasury Inflation Protected Security

See notes to financial statements.

ASSETS	
Investments in securities, at value (cost $170,727,332)	$171,387,689
Cash	29,499(a)
Interest receivable	1,752,919
Unrealized appreciation of forward currency exchange contracts	451,176
Unrealized appreciation on interest rate swap contracts	186,653
Receivable for capital stock sold	7,533
Other assets	241,530
Total assets	174,056,999
LIABILITIES	
Payable for investment securities purchased	2,480,925
Unrealized depreciation of forward currency exchange contracts	352,947
Payable for capital stock redeemed	67,021
Advisory fee payable	66,124
Administrative fee payable	22,700
Distribution fee payable	8,848
Payable for variation margin on futures contracts	2,500
Transfer Agent fee payable	125
Accrued expenses	68,158
Total liabilities	3,069,348
NET ASSETS	$170,987,651
COMPOSITION OF NET ASSETS	
Capital stock, at par	$ 14,312
Additional paid-in capital	163,815,406
Undistributed net investment income	8,429,399
Accumulated net realized loss on investment and foreign currency transactions	(2,304,847)
Net unrealized appreciation on investments and foreign currency denominated assets and liabilities	1,033,381
	$170,987,651

Net Asset Value Per Share—1 billion shares of capital stock authorized, $.001 par value

Class	Net Assets	Shares Outstanding	Net Asset Value
A	$ 129,646,749	10,826,420	$ 11.98
B	$ 41,340,902	3,485,392	$ 11.86

(a) An amount of $12,000 has been segregated to collateralize margin requirements for open futures contracts outstanding at December 31, 2009.

See notes to financial statements.

INVESTMENT INCOME	
Interest	$ 9,046,032
Dividends	11,260
	9,057,292
EXPENSES	
Advisory fee (see Note B)	757,228
Distribution fee—Class B	100,575
Transfer agency—Class A	5,147
Transfer agency—Class B	1,630
Custodian	161,354
Administrative	86,950
Printing	59,407
Legal	45,159
Audit	39,106
Directors' fees	4,044
Miscellaneous	2,724
Total expenses	1,263,324
Net investment income	7,793,968
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENT AND FOREIGN CURRENCY TRANSACTIONS	
Net realized gain on:	
Investment transactions	1,567,896
Futures contracts	170,859
Swap contracts	119,357
Foreign currency transactions	1,163,859
Net change in unrealized appreciation/depreciation of:	
Investments	18,279,864
Futures contracts	12,546
Swap contracts	(1,220,361)
Foreign currency denominated assets and liabilities	386,689
Net gain on investment and foreign currency transactions	20,480,709
NET INCREASE IN NET ASSETS FROM OPERATIONS	$28,274,677

See notes to financial statements.

	Year Ended December 31, 2009	Year Ended December 31, 2008
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Net investment income	$ 7,793,968	$ 7,465,700
Net realized gain (loss) on investment and foreign currency transactions	3,021,971	(1,324,260)
Net change in unrealized appreciation/depreciation of investments and foreign currency denominated assets and liabilities	17,458,738	(19,092,693)
Contributions from Adviser (see Note B)	–0–	233
Net increase (decrease) in net assets from operations	28,274,677	(12,951,020)
DIVIDENDS TO SHAREHOLDERS FROM		
Net investment income		
Class A	(4,631,069)	(3,089,962)
Class B	(1,370,253)	(996,992)
CAPITAL STOCK TRANSACTIONS		
Net increase (decrease)	(21,325,314)	100,483,150
Total increase	948,041	83,445,176
NET ASSETS		
Beginning of period	170,039,610	86,594,434
End of period (including undistributed net investment income of $8,429,399 and $5,077,834, respectively)	$170,987,651	$170,039,610

See notes to financial statements.

NOTE A: Significant Accounting Policies

The AllianceBernstein Intermediate Bond Portfolio (the "Portfolio") is a series of AllianceBernstein Variable Products Series Fund, Inc. (the "Fund"). The Portfolio's investment objective is to generate income and price appreciation without assuming what the Adviser considers undue risk. The Portfolio is diversified as defined under the Investment Company Act of 1940. The Fund was incorporated in the State of Maryland on November 17, 1987, as an open-end series investment company. The Fund offers thirteen separately managed pools of assets which have differing investment objectives and policies. The Portfolio offers Class A and Class B shares. Both classes of shares have identical voting, dividend, liquidating and other rights, except that Class B shares bear a distribution expense and have exclusive voting rights with respect to the Class B distribution plan.

The Portfolio offers and sells its shares only to separate accounts of certain life insurance companies for the purpose of funding variable annuity contracts and variable life insurance policies. Sales are made without a sales charge at the Portfolio's net asset value per share.

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 Portfolio.

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 Fund's Board of Directors.

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 mean of the closing bid and asked prices on such 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 put or call options are valued at the last sale price. If there has been no sale on that day, such securities will be valued at the closing bid prices on that day; open futures contracts and options thereon 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; securities traded in the over-the-counter market ("OTC") are valued at the mean of the current bid and asked prices as reported by the National Quotation Bureau or other comparable sources; 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, AllianceBernstein L.P. (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; and OTC and other derivatives are valued on the basis of a quoted bid price or spread from a major broker/dealer in such security.

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 Portfolio may use fair value pricing for securities primarily traded in non-U.S. markets because most foreign markets close well before the Portfolio values its securities at 4:00 p.m., Eastern Time. The earlier close of these foreign markets gives rise to the possibility that significant events, including broad market moves, may have occurred in the interim and may materially affect the value of those securities.

2. Fair Value Measurements

In accordance with U.S. GAAP regarding fair value measurements, fair value is defined as the price that the Portfolio would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The disclosure requirements also establish 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 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 Portfolio. Unobservable inputs reflect the Portfolio's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed 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 Portfolio's own assumptions in determining the fair value of investments)

The following table summarizes the valuation of the Portfolio's investments by the above fair value hierarchy levels as of December 31, 2009:

Investments in Securities	Level 1	Level 2	Level 3	Total
Assets:				
Corporates—Investment Grades	$ –0–	$ 59,671,393	$ 264,115	$ 59,935,508
Governments—Treasuries	–0–	37,528,099	–0–	37,528,099
Mortgage Pass-Thru's	–0–	30,039,950	–0–	30,039,950
Commercial Mortgage-Backed Securities	–0–	13,797,283	1,310,523	15,107,806
Corporates—Non-Investment Grades	–0–	9,696,699	–0–	9,696,699
Agencies	–0–	4,083,071	–0–	4,083,071
Asset-Backed Securities	–0–	1,396,147	999,348	2,395,495
Governments—Sovereign Agencies	–0–	2,286,948	–0–	2,286,948
Inflation-Linked Securities	–0–	1,790,304	–0–	1,790,304
Governments—Sovereign Bonds	–0–	1,777,230	–0–	1,777,230
CMOs	–0–	47,257	1,328,791	1,376,048
Quasi-Sovereigns	–0–	906,750	–0–	906,750
Emerging Markets—Corporate Bonds	–0–	247,299	–0–	247,299
Preferred Stocks	–0–	110,041	–0–	110,041
Supranationals	–0–	104,753	–0–	104,753
Warrants	6,688	–0–	–0–	6,688
Common Stock	–0–	–0–	–0–	–0–
Short-Term Investments	–0–	3,995,000	–0–	3,995,000
Total Investments in Securities	6,688	167,478,224	3,902,777	171,387,689
Other Financial Instruments*:				
Assets	–0–	637,829	–0–	637,829
Liabilities	(1,102)	(352,947)	–0–	(354,049)
Total	**$ 5,586**	**$167,763,106**	**$3,902,777**	**$171,671,469**

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

Following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value:

	Corporates - Investment Grades	Commercial Mortgage-Backed Securities	Corporates - Non-Investment Grades	Asset-Backed Securities
Balance as of 12/31/08	$ 782,544	$ –0–	$ 172,182	$1,548,320
Accrued discounts/premiums	41	11,275	–0–	203
Realized gain (loss)	–0–	–0–	–0–	(92,429)
Change in unrealized appreciation/depreciation	33,307	219,948	–0–	246,274
Net purchases (sales)	–0–	–0–	–0–	(703,020)
Net transfers in and/or out of Level 3	(551,777)	1,079,300	(172,182)	–0–
Balance as of 12/31/09	**$ 264,115**	**$1,310,523**	**$ –0–**	**$ 999,348**
Net change in unrealized appreciation/depreciation from Investments held as of 12/31/09*	$ 33,307	$ 219,948	$ –0–	$ 118,547

	Governments - Sovereign Agencies	Inflation-Linked Securities	Governments - Sovereign Bonds	CMOs
Balance as of 12/31/08	$ 2,572,409	$ 65,285	$ 5,396,650	$1,239,649
Accrued discounts/premiums	59	(13)	(2,505)	57
Realized gain (loss)	351,443	530	113,152	1,026
Change in unrealized appreciation/depreciation	(523,504)	(2,220)	(104,198)	387,956
Net purchases (sales)	(2,400,407)	(63,582)	(3,447,099)	(299,897)
Net transfers in and/or out of Level 3	–0–	–0–	(1,956,000)	–0–
Balance as of 12/31/09	**$ –0–**	**$ –0–**	**$ –0–**	**$1,328,791**
Net change in unrealized appreciation/depreciation from Investments held as of 12/31/09*	$ –0–	$ –0–	$ –0–	$ 387,956

	Quasi-Sovereigns	Preferred Stocks	Emerging Markets-Soveregns	Common Stock
Balance as of 12/31/08	$ 294,315	$ 77,190	$ 140,970	$ –0–
Accrued discounts/premiums	3	–0–	(15)	–0–
Realized gain (loss)	(89,441)	–0–	(13,321)	–0–
Change in unrealized appreciation/depreciation	10,013	–0–	16,575	–0–
Net purchases (sales)	–0–	–0–	(144,209)	–0–
Net transfers in and/or out of Level 3	(214,890)	(77,190)	–0–	–0–
Balance as of 12/31/09	**$ –0–**	**$ –0–**	**$ –0–**	**$ –0–**
Net change in unrealized appreciation/depreciation from Investments held as of 12/31/09*	$ –0–	$ –0–	$ –0–	$ –0–

	Total
Balance as of 12/31/08	$12,289,514
Accrued discounts/premiums	9,105
Realized gain (loss)	270,960
Change in unrealized appreciation/depreciation	284,151
Net purchases (sales)	(7,058,214)
Net transfers in and/or out of Level 3	(1,892,739)
Balance as of 12/31/09	**$ 3,902,777**
Net change in unrealized appreciation/depreciation from Investments held as of 12/31/09*	$ 759,758

* The unrealized appreciation/depreciation is included in net change in unrealized appreciation/depreciation of investments in the accompanying statement of operations.

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 asked 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 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 Portfolio'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 or depreciation of investments and foreign currency denominated assets and liabilities.

4. Taxes

It is the Portfolio'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 Portfolio 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 Portfolio's tax positions taken on federal and state income tax returns for all open tax years (the current and the prior three tax years) and has concluded that no provision for income tax is required in the Portfolio's financial statements.

5. Investment Income and Investment Transactions

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

6. Class Allocations

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

NOTE B: Advisory Fee and Other Transactions with Affiliates

Under the terms of the investment advisory agreement, the Portfolio pays the Adviser an advisory fee at an annual rate of .45% of the first $2.5 billion, .40% of the next $2.5 billion and .35% in excess of $5 billion, of the Portfolio's average daily net assets. The fee is accrued daily and paid monthly.

During the year ended December 31, 2008, the Adviser reimbursed the Portfolio $233 for trading losses incurred due to a trade entry error.

Pursuant to the investment advisory agreement, the Portfolio may reimburse the Adviser for certain legal and accounting services provided to the Portfolio by the Adviser. For the year ended December 31, 2009, such fee amounted to $86,950.

Brokerage commissions paid on investment transactions for the year ended December 31, 2009 amounted to $718, of which $0 and $0, respectively, was paid to Sanford C. Bernstein & Co. LLC and Sanford C. Bernstein Limited, affiliates of the Adviser.

The Portfolio 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 Portfolio. Such compensation retained by ABIS amounted to $1,250 for the year ended December 31, 2009.

NOTE C: Distribution Plan

The Portfolio has adopted a Distribution Plan (the "Plan") for Class B shares pursuant to Rule 12b-1 under the Investment Company Act of 1940. Under the Plan, the Portfolio pays distribution and servicing fees to AllianceBernstein Investments, Inc. (the "Distributor"), a wholly-owned subsidiary of the Adviser, at an annual rate of up to .50% of the Portfolio's average daily net assets attributable to Class B shares. The fees are accrued daily and paid monthly. The Board of Directors currently limits payments under the Plan to .25% of the Portfolio's average daily net assets attributable to Class B shares. The Plan provides that the Distributor will use such payments in their entirety for distribution assistance and promotional activities.

The Portfolio is not obligated under the Plan to pay any distribution and servicing fees in excess of the amounts set forth above. The purpose of the payments to the Distributor under the Plan is to compensate the Distributor for its distribution services with respect to the sale of the Portfolio's Class B shares. Since the Distributor's compensation is not directly tied to its expenses, the amount of compensation received by it under the Plan during any year may be more or less than its actual expenses. For this reason, the Plan is characterized by the staff of the Securities and Exchange Commission as being of the "compensation" variety.

In the event that the Plan is terminated or not continued, no distribution and servicing fees (other than current amounts accrued but not yet paid) would be owed by the Portfolio to the Distributor.

The Plan also provides that the Adviser may use its own resources to finance the distribution of the Portfolio's shares.

NOTE D: Investment Transactions

Purchases and sales of investment securities (excluding short-term investments) for the year ended December 31, 2009 were as follows:

	Purchases	Sales
Investment securities (excluding U.S. government securities)	$ 54,968,655	$73,852,280
U.S. government securities	106,368,102	89,251,419

The cost of investments for federal income tax purposes, gross unrealized appreciation and unrealized depreciation (excluding futures, swap contracts and foreign currency transactions) are as follows:

Cost	$170,794,987
Gross unrealized appreciation	$ 7,060,721
Gross unrealized depreciation	(6,468,019)
Net unrealized appreciation	$ 592,702

1. Derivative Financial Instruments

The Portfolio may use derivatives to earn income and enhance returns, to hedge or adjust the risk profile of its portfolio, to replace more traditional direct investments, or to obtain exposure to otherwise inaccessible markets. The Portfolio may also use derivatives for non-hedging purposes as a means of making direct investment in foreign currencies, as described below under "Currency Transactions".

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

- **Futures Contracts**

  The Portfolio may buy or sell futures contracts for the purpose of hedging its portfolio against adverse effects of anticipated movements in the market or for investment purposes. The Portfolio bears the market risk that arises from changes in the value of these instruments and the imperfect correlation between movements in the price of the futures contracts and movements in the price of the securities hedged or used for cover. The Portfolio may also purchase or sell futures contracts for foreign currencies or options thereon for non-hedging purposes as a means of making direct investment in foreign currencies, as described below under "Currency Transactions".

  At the time the Portfolio enters into a futures contract, the Portfolio deposits and maintains as collateral an initial margin with the broker, as required by the exchange on which the transaction is effected. Pursuant to the contract, the Portfolio agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contract. Such receipts or payments are known as variation margin and are recorded by the Portfolio as unrealized gains or losses. Risks may arise from the potential inability of a counterparty to meet the terms of the contract. The credit/counterparty risk for exchange-traded futures contracts is generally less than privately negotiated futures contracts, since the clearinghouse, which is the issuer or counterparty to each exchange-traded future, provides a guarantee of performance. This guarantee is supported by a daily payment system (i.e., margin requirements). When the contract is closed, the Portfolio records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the time it was closed.

- **Forward Currency Exchange Contracts**

  The Portfolio may enter into forward currency exchange contracts in order to hedge its exposure to changes in foreign currency exchange rates on its foreign portfolio holdings, to hedge certain firm purchase and sale commitments denominated in foreign currencies and for non-hedging purposes as a means of making direct investments in foreign currencies, as described below under "Currency Transactions".

  A forward currency exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contract and the closing of such contract would be included in net realized gain or loss on foreign currency transactions. Fluctuations in the value of open forward currency exchange contracts are recorded for financial reporting purposes as unrealized appreciation and/or depreciation by the Portfolio. Risks may arise from the potential inability of a counterparty to meet the terms of a contract and from unanticipated movements in the value of a foreign currency relative to the U.S. dollar. The face or contract amount, in U.S. dollars reflects the total exposure the Portfolio has in that particular currency contract.

- **Option Transactions**

  For hedging and investment purposes, the Portfolio may purchase and write (sell) put and call options on U.S. and foreign securities and foreign currencies that are traded on U.S. and foreign securities exchanges and over-the-counter markets. The Portfolio may also use options transactions for non-hedging purposes as a means of making direct investments in foreign currencies, as described below under "Currency Transactions".

  The risk associated with purchasing an option is that the Portfolio pays a premium whether or not the option is exercised. Additionally, the Portfolio 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 Portfolio writes an option, the premium received by the Portfolio 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 Portfolio 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 Portfolio 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 Portfolio. In writing an option, the Portfolio 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 Portfolio could result in the Portfolio selling or buying a security or currency at a price different from the current market value. For the year ended December 31, 2009, the Portfolio had no transactions in written options.

- **Swap Agreements**

  The Portfolio may enter into swaps to hedge its exposure to interest rates, credit risk or currencies. The Portfolio may also enter into swaps for non-hedging purposes as a means of making direct investments in foreign currencies, as described below under "Currency Transactions". A swap is an agreement that obligates two parties to exchange a series of cash flows at specified intervals based upon or calculated by reference to changes in specified prices or rates for a specified amount of an underlying asset. The payment flows are usually netted against each other, with the difference being paid by one party to the other. In addition, collateral may be pledged or received by the

Portfolio in accordance with the terms of the respective swap agreements to provide value and recourse to the Portfolio or its counterparties in the event of default, bankruptcy or insolvency by one of the parties to the swap agreement.

Interest Rate Swaps:

The Portfolio is subject to interest rate risk exposure in the normal course of pursuing its investment objectives. Because the Portfolio holds fixed rate bonds, the value of these bonds may decrease if interest rates rise. To help hedge against this risk and to maintain its ability to generate income at prevailing market rates, the Portfolio may enter into interest rate swap contracts. Interest rate swaps are agreements between two parties to exchange cash flows based on a notional amount. The Portfolio may elect to pay a fixed rate and receive a floating rate, or, receive a fixed rate and pay a floating rate on a notional amount.

A Portfolio may enter into interest rate swap transactions to reserve a return or spread on a particular investment or portion of its portfolio, or protecting against an increase in the price of securities the Portfolio anticipates purchasing at a later date. Interest rate swaps involve the exchange by a Portfolio with another party of their respective commitments to pay or receive interest (*e.g.*, an exchange of floating rate payments for fixed rate payments) computed based on a contractually-based principal (or "notional") amount. Interest rate swaps are entered into on a net basis (*i.e.*, the two payment streams are netted out, with the Portfolio receiving or paying, as the case may be, only the net amount of the two payments).

Risks may arise as a result of the failure of the counterparty to the swap contract to comply with the terms of the swap contract. The loss incurred by the failure of a counterparty is generally limited to the net interim payment to be received by the Portfolio, and/or the termination value at the end of the contract. Therefore, the Portfolio considers the creditworthiness of each counterparty to a swap contract in evaluating potential counterparty risk. This risk is mitigated by having a netting arrangement between the Portfolio and the counterparty and by the posting of collateral by the counterparty to the Portfolio to cover the Portfolio exposure to the counterparty. Additionally, risks may arise from unanticipated movements in interest rates or in the value of the underlying securities. The Portfolio accrues for the interim payments on swap contracts on a daily basis, with the net amount recorded within unrealized appreciation/depreciation of swap contracts on the statement of assets and liabilities. Once the interim payments are settled in cash, the net amount is recorded as realized gain/(loss) on swaps on the statement of operations, in addition to any realized gain/(loss) recorded upon the termination of swap contracts. Fluctuations in the value of swap contracts are recorded as a component of net change in unrealized appreciation/depreciation of swap contracts on the statement of operations.

Documentation governing the Portfolio's swap transactions may contain provisions for early termination of a swap in the event the net assets of the Portfolio declines below specific levels set forth in the documentation ("net asset contingent features"). If these levels are triggered, the Portfolio's counterparty has the right to terminate the swap and require the Portfolio to pay or receive a settlement amount in connection with the terminated swap transaction.

At December 31, 2009, the Portfolio had entered into the following derivatives:

	Asset Derivatives		Liability Derivatives	
Derivatives Not Accounted for as Hedging Instruments	**Statement of Assets and Liabilities Location**	**Fair Value**	**Statement of Assets and Liabilities Location**	**Fair Value**
Foreign exchange contracts	Unrealized appreciation of forward currency exchange contracts	$451,176	Unrealized depreciation of forward currency exchange contracts	$352,947
Interest rate contracts			Payable for variation margin on futures contracts	1,102*
Interest rate contracts	Unrealized appreciation on interest rate swap contracts	186,653		
Total		$637,829		$354,049

* Only variation margin receivable/payable at period end is reported within the statement of assets and liabilities. Cumulative appreciation/(depreciation) of futures contracts is reported in the portfolio of investments.

The effect of derivative instruments on the statement of operations for the twelve months ended December 31, 2009:

Derivatives Not Accounted for as Hedging Instruments	Location of Gain or (Loss) on Derivatives	Realized Gain or (Loss) on Derivatives	Change in Unrealized Appreciation or (Depreciation)
Foreign exchange contracts	Net realized gain on foreign currency transactions; Net change in unrealized appreciation/depreciation of foreign currency denominated assets and liabilities	$276,650	$ 196,082
Interest rate contracts	Net realized gain on futures contracts; Net change in unrealized appreciation/ depreciation of futures contracts	170,859	12,546
Interest rate contracts	Net realized gain on swap contracts; Net change in unrealized appreciation/ depreciation of swap contracts	119,357	(1,220,361)
Total		$566,866	$(1,011,733)

For the year ended December 31, 2009, the average monthly principal amount of foreign currency exchange contracts was $26,147,289, average monthly original value of futures contracts was $826,400 and average monthly notional amount of interest rate swaps was $11,407,692.

2. Currency Transactions

The Portfolio may invest in non-U.S. Dollar securities on a currency hedged or unhedged basis. The Portfolio 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 options. The Portfolio 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 Portfolio 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 Portfolio 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).

3. Dollar Rolls

The Portfolio may enter into dollar rolls. Dollar rolls involve sales by the Portfolio of securities for delivery in the current month and the Portfolio's simultaneously contracting to repurchase substantially similar (same type and coupon) securities on a specified future date. During the roll period, the Portfolio forgoes principal and interest paid on the securities. The Portfolio is compensated by the difference between the current sales price and the lower forward price for the future purchase (often referred to as the "drop") as well as by the interest earned on the cash proceeds of the initial sale. Dollar rolls involve the risk that the market value of the securities the Portfolio is obligated to repurchase under the agreement may decline below the repurchase price. Dollar rolls are speculative techniques and may be considered to be borrowings by the Portfolio. For the year ended December 31, 2009, the Portfolio earned drop income of $13,523 which is included in interest income in the accompanying statement of operations.

NOTE E: Capital Stock

Each class consists of 500,000,000 authorized shares. Transactions in capital shares for each class were as follows:

	SHARES		AMOUNT	
	Year Ended December 31, 2009	Year Ended December 31, 2008	Year Ended December 31, 2009	Year Ended December 31, 2008
Class A				
Shares sold	825,299	889,328	$ 9,170,402	$ 9,800,251
Shares issued in reinvestment of dividends	435,251	275,397	4,631,069	3,089,962
Shares issued in connection with the acquisition of Global Dollar Government, High Yield, Americas Government Income and Global Bond Portfolios	–0–	9,547,574	–0–	106,562,852
Shares redeemed	(2,731,935)	(4,045,124)	(30,260,650)	(43,829,291)
Net increase (decrease)	(1,471,385)	6,667,175	$(16,459,179)	$ 75,623,774
Class B				
Shares sold	554,181	527,791	$ 6,108,982	$ 5,931,418
Shares issued in reinvestment of dividends	129,882	89,497	1,370,253	996,992
Shares issued in connection with the acquisition of Global Dollar Government, High Yield, Americas Government Income and Global Bond Portfolios	–0–	3,110,268	–0–	34,459,827
Shares redeemed	(1,133,057)	(1,531,497)	(12,345,370)	(16,528,861)
Net increase (decrease)	(448,994)	2,196,059	$ (4,866,135)	$ 24,859,376

NOTE F: Risks Involved in Investing in the Portfolio

Interest Rate Risk and Credit Risk—Interest rate risk is the risk that changes in interest rates will affect the value of the Portfolio's investments in fixed-income debt securities such as bonds or notes. Increases in interest rates may cause the value of the Portfolio's investments to decline. Credit risk is the risk that the issuer or guarantor of a debt security, or the counterparty to a derivative contract, will be unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligations. The degree of risk for a particular security may be reflected in its credit risk rating. Credit risk is greater for medium quality and lower-rated securities. Lower-rated debt securities and similar unrated securities (commonly known as "junk bonds") have speculative elements or are predominantly speculative risks.

During the year ended December 31, 2008, the Portfolio had swap counterparty exposure to Lehman Brothers Holdings Inc. ("Lehman Brothers"), as a guarantor for Lehman Brothers Special Financing Inc. ("LBSF"), which filed for bankruptcy on September 15, 2008. As a result, on September 15, 2008, the Portfolio terminated all outstanding swap contracts with LBSF prior to their scheduled maturity dates in accordance with the terms of the swap agreements. Upon the termination of the swap contracts, Lehman Brothers' obligations to the Portfolio amounted to $920,116. The Portfolio's claim to these obligations is subject to the pending bankruptcy proceeding against the Lehman Brothers estate (the "Bankruptcy Claim"). As of December 31, 2009, the Bankruptcy Claim, based upon the estimated recovery value, was being valued at $241,530 (26.25% of the Bankruptcy Claim). The estimated recovery value may change over time. The Adviser has agreed to make the Portfolio whole in respect of the amount of the recovery that would be paid on the Bankruptcy Claim in the event the Bankruptcy Claim is not honored by the Lehman Brothers estate, or with respect to any diminution in value upon the sale of the Bankruptcy Claim, in either case resulting from the manner in which the Bankruptcy Claim was processed by the Adviser.

Foreign Securities Risk—Investing in securities of foreign companies or foreign governments involves special risks which include changes in foreign currency exchange rates and the possibility of future political and economic developments which could adversely affect the value of such securities. Moreover, securities of many foreign companies or foreign governments and their markets may be less liquid and their prices more volatile than those of comparable U.S. companies or of the U.S. government.

Currency Risk—This is the risk that changes in foreign currency exchange rates may negatively affect the value of the Portfolio's investments or reduce the returns of the Portfolio. For example, the value of the Portfolio's investments in foreign currency-denominated securities or currencies may decrease if the U.S. Dollar is strong (*i.e.*, gaining value relative to other currencies) and other currencies are weak (*i.e.*, losing value relative to the U.S. Dollar). Currency markets are generally not as regulated as securities markets. Independent of the Portfolio's investments denominated in foreign currencies, the Portfolio's positions in various foreign currencies may cause the Portfolio to experience investment losses due to the changes in exchange rates and interest rates.

Derivatives Risk—The Portfolio may invest in derivatives such as forwards, options, futures and swaps. These investments may be illiquid, difficult to price, and leveraged so that small changes may produce disproportionate losses for the Portfolio, and subject to counterparty risk to a greater degree than more traditional investments.

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

NOTE G: Joint Credit Facility

A number of open-end mutual funds managed by the Adviser, including the Portfolio, participate in a $140 million revolving credit facility (the "Facility") intended to provide short-term financing, if necessary, subject to certain restrictions in connection with abnormal redemption activity. Commitment fees related to the Facility are paid by the participating funds and are included in miscellaneous expenses in the statement of operations. The Portfolio did not utilize the Facility during the year ended December 31, 2009.

NOTE H: Distributions to Shareholders

The tax character of distributions paid during the fiscal years ended December 31, 2009 and December 31, 2008 were as follows:

	2009	2008
Distributions paid from:		
Ordinary income	$6,001,322	$4,086,954
Long-term capital gains	–0–	–0–
Total taxable distributions	$6,001,322	$4,086,954
Total distributions paid	$6,001,322	$4,086,954

As of December 31, 2009, the components of accumulated earnings/(deficit) on a tax basis were as follows:

Undistributed ordinary income	$ 8,774,449
Accumulated capital and other losses	(2,424,598)(a)
Unrealized appreciation/(depreciation)	808,081(b)
Total accumulated earnings/(deficit)	$ 7,157,932

(a) On December 31, 2009, the Portfolio had a net capital loss carryforward for federal income tax purposes of $2,235,491 (of which approximately $665,580 and $545,980, respectively, were attributable to the purchase of net assets of AllianceBernstein High Yield Portfolio and AllianceBernstein Global Bond Portfolio) of which $125,778 expires in the year 2012, $749,515 expires in the year 2013, $357,884 expires in the year 2014, $336,267 expires in the year 2015 and $666,047 expires in the year 2016. During the fiscal year, the Portfolio had capital loss carryforwards expire of $2,755,811 and utilized of $1,452,577. To the extent future capital gains are offset by capital loss carryforwards, such gains will not be distributed. As a result of the merger with AllianceBernstein High Yield Portfolio and AllianceBernstein Global Bond Portfolio into the Portfolio, various limitations and reductions regarding the future utilization of certain capital loss carryforwards were applied, based on certain provisions in the Internal Revenue Code. As of December 31, 2009, the Portfolio had deferred straddle losses of $189,107.

(b) The differences between book-basis and tax-basis unrealized appreciation/(depreciation) are attributable primarily to the tax deferral of losses on wash sales, the difference between book and tax treatment of swap income, and the realization for tax purposes of gains/losses on certain derivative instruments.

During the current fiscal year, permanent differences primarily due to the tax treatment of foreign currency, the tax treatment of swap income, paydown reclassification, consent fee reclassification and capital loss carryforward expiration, resulted in a net increase in undistributed net investment income, a net decrease in accumulated net realized loss on investment and foreign currency transactions, and a net decrease to additional paid in capital. This reclassification had no effect on net assets.

NOTE I: Acquisition of AllianceBernstein Global Dollar Government Portfolio, AllianceBernstein High Yield Portfolio, AllianceBernstein Americas Government Income Portfolio and AllianceBernstein Global Bond Portfolio

On April 25, 2008, the Portfolio acquired all of the assets and assumed all of the liabilities of AllianceBernstein Global Dollar Government Portfolio ("Global Dollar Government"), AllianceBernstein High Yield Portfolio ("High Yield"), AllianceBernstein Americas Government Income Portfolio ("Americas Government Income") and AllianceBernstein Global Bond Portfolio ("Global Bond") in a tax free event, pursuant to a Plan of Acquisition and Liquidation.

As a result of the acquisition, stockholders of Global Dollar Government, High Yield, Americas Government Income and Global Bond received shares of the Portfolio equivalent to the aggregate net asset value of the shares they held in their respective Portfolios. On April 25, 2008, the acquisition was accomplished by a tax-free exchange of 12,657,842 shares of the Portfolio for 1,938,390 shares of Global Dollar Government, 5,108,831 shares of High Yield, 3,392,239 shares of Americas Government Income and 3,898,401 shares of Global Bond. The aggregate net assets of the Portfolio, Global Dollar Government, High Yield, Americas Government Income and Global Bond immediately before the acquisition were $85,627,226, $23,506,474, $31,533,721, $40,523,058, and $45,459,426 (including total net unrealized appreciation of investments and foreign currency denominated assets and liabilities of $2,895,655), respectively. Immediately after the acquisition, the combined net assets of the Portfolio amounted to $226,649,905.

NOTE J: Legal Proceedings

On October 2, 2003, a purported class action complaint entitled *Hindo, et al. v. AllianceBernstein Growth & Income Fund, et al.* ("Hindo Complaint") was filed against the Adviser, Alliance Capital Management Holding L.P. ("Alliance Holding"), Alliance Capital Management Corporation, AXA Financial, Inc., the AllianceBernstein Funds, certain officers of the Adviser ("AllianceBernstein defendants"), and certain other unaffiliated defendants, as well as unnamed Doe defendants. The Hindo Complaint was filed in the United States District Court for the Southern District of New York by alleged shareholders of two of the AllianceBernstein Funds. The Hindo Complaint alleges that certain of the AllianceBernstein defendants failed to disclose that they improperly allowed certain hedge funds and other unidentified parties to engage in "late trading" and "market timing" of AllianceBernstein Fund securities, violating Sections 11 and 15 of the Securities Act, Sections 10(b) and 20(a) of the Exchange Act and Sections 206 and 215 of the Advisers Act. Plaintiffs seek an unspecified amount of compensatory damages and rescission of their contracts with the Adviser, including recovery of all fees paid to the Adviser pursuant to such contracts.

Following October 2, 2003, 43 additional lawsuits making factual allegations generally similar to those in the *Hindo* Complaint were filed in various federal and state courts against the Adviser and certain other defendants. On September 29, 2004, plaintiffs filed consolidated amended complaints with respect to four claim types: mutual fund shareholder claims; mutual fund derivative claims; derivative claims brought on behalf of Alliance Holding; and claims brought under ERISA by participants in the Profit Sharing Plan for Employees of the Adviser. All four complaints include substantially identical factual allegations, which appear to be based in large part on the Order of the SEC dated December 18, 2003 as amended and restated January 15, 2004 ("SEC Order") and the New York State Attorney General Assurance of Discontinuance dated September 1, 2004 ("NYAG Order").

On April 21, 2006, the Adviser and attorneys for the plaintiffs in the mutual fund shareholder claims, mutual fund derivative claims, and ERISA claims entered into a confidential memorandum of understanding containing their agreement to settle these claims. The agreement will be documented by a stipulation of settlement and will be submitted for court approval at a later date. The settlement amount ($30 million), which the Adviser previously accrued and disclosed, has been disbursed. The derivative claims brought on behalf of Alliance Holding, in which plaintiffs seek an unspecified amount of damages, remain pending.

It is possible that these matters and/or other developments resulting from these matters could result in increased redemptions of the AllianceBernstein Mutual Funds' shares or other adverse consequences to the AllianceBernstein Mutual Funds. This may require the AllianceBernstein Mutual Funds to sell investments held by those funds to provide for sufficient liquidity and could also have an adverse effect on the investment performance of the AllianceBernstein Mutual Funds. However, the Adviser believes that these matters are not likely to have a material adverse effect on its ability to perform advisory services relating to the AllianceBernstein Mutual Funds.

NOTE K: Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure in the financial statements through February 12, 2010, the date the financial statements are issued. Management has determined that there are no material events that would require disclosure in the Portfolio's financial statements through this date.

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

	CLASS A				
	Year Ended December 31,				
	2009	2008	2007	2006	2005
Net asset value, beginning of period	$10.50	$11.78	$11.78	$11.82	$12.28
Income From Investment Operations					
Net investment income (a)	.52	.51	.54	.50	.41
Net realized and unrealized gain (loss) on investment and foreign currency transactions	1.37	(1.22)	.01	(.06)	(.17)
Contributions from Adviser	–0–	.00(b)	–0–	–0–	–0–
Net increase (decrease) in net asset value from operations	1.89	(.71)	.55	.44	.24
Less: Dividends and Distributions					
Dividends from net investment income	(.41)	(.57)	(.55)	(.48)	(.36)
Distributions from net realized gain on investment transactions	–0–	–0–	–0–	–0–	(.34)
Total dividends and distributions	(.41)	(.57)	(.55)	(.48)	(.70)
Net asset value, end of period	$11.98	$10.50	$11.78	$11.78	$11.82
Total Return					
Total investment return based on net asset value (c)	18.51%*	(6.38)%*	4.85%	3.93%	1.98%
Ratios/Supplemental Data					
Net assets, end of period (000's omitted)	$129,647	$129,111	$66,305	$71,655	$83,329
Ratio to average net assets of:					
Expenses	.69%	.64%	.78%	.77%(d)	.71%
Net investment income	4.69%	4.72%	4.58%	4.25%(d)	3.37%
Portfolio turnover rate	102%	106%	90%	327%	529%

See footnote summary on page 34.

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

	CLASS B				
	Year Ended December 31,				
	2009	2008	2007	2006	2005
Net asset value, beginning of period	$10.40	$11.67	$11.67	$11.72	$12.18
Income From Investment Operations					
Net investment income (a)	.49	.48	.50	.46	.38
Net realized and unrealized gain (loss) on investment and foreign currency transactions	1.36	(1.21)	.02	(.06)	(.17)
Contributions from Adviser	–0–	.00(b)	–0–	–0–	–0–
Net increase (decrease) in net asset value from operations	1.85	(.73)	.52	.40	.21
Less: Dividends and Distributions					
Dividends from net investment income	(.39)	(.54)	(.52)	(.45)	(.33)
Distributions from net realized gain on investment transactions	–0–	–0–	–0–	–0–	(.34)
Total dividends and distributions	(.39)	(.54)	(.52)	(.45)	(.67)
Net asset value, end of period	$11.86	$10.40	$11.67	$11.67	$11.72
Total Return					
Total investment return based on net asset value (c)	18.20%*	(6.59)%*	4.60%	3.59%	1.75%
Ratios/Supplemental Data					
Net assets, end of period (000's omitted)	$41,341	$40,929	$20,289	$22,340	$24,716
Ratio to average net assets of:					
Expenses	.94%	.89%	1.03%	1.02%(d)	.96%
Net investment income	4.44%	4.47%	4.32%	4.01%(d)	3.14%
Portfolio turnover rate	102%	106%	90%	327%	529%

(a) Based on average shares outstanding.

(b) Amount is less than $.005.

(c) 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. Total return does not reflect (i) insurance company's separate account related expense charges and (ii) the deductions of taxes that a shareholder would pay on Portfolio distributions or the redemption of Portfolio shares. Total investment return calculated for a period of less than one year is not annualized.

(d) The ratio includes expenses attributable to costs of proxy solicitation.

* Includes the impact of proceeds received and credited to the Portfolio resulting from class action settlements, which enhanced the Portfolio's performance for the years ended December 31, 2009 and December 31, 2008 by 0.01% and 0.09%, respectively.

See notes to financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of
AllianceBernstein Variable Products Series Fund, Inc.
and Shareholders of AllianceBernstein Intermediate Bond Portfolio

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of AllianceBernstein Intermediate Bond Portfolio (one of the portfolios constituting the AllianceBernstein Variable Products Series Fund, Inc.) (the "Portfolio") as of December 31, 2009, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Portfolio's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Portfolio's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Portfolio's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2009 by correspondence with the custodian and others, or by other appropriate auditing procedures where replies from others were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the AllianceBernstein Intermediate Bond Portfolio of the AllianceBernstein Variable Products Series Fund, Inc. at December 31, 2009, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Ernst + Young LLP

New York, New York
February 12, 2010

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]
Garry L. Moody[1]
Marshall C. Turner, Jr.[1]
Earl D. Weiner[1]

OFFICERS

Robert M. Keith, *President and Chief Executive Officer*
Philip L. Kirstein, *Senior Vice President and Independent Compliance Officer*
Paul J. DeNoon[2], *Vice President*
Shawn E. Keegan[2], *Vice President*
Alison M. Martier[2], *Vice President*
Douglas J. Peebles[2], *Vice President*
Greg J. Wilensky[2], *Vice President*
Emilie D. Wrapp, *Secretary*
Joseph J. Mantineo, *Treasurer and Chief Financial Officer*
Phyllis J. Clarke, *Controller*

CUSTODIAN and ACCOUNTING AGENT
State Street Bank and Trust Company
One Lincoln Street
Boston, MA 02111

DISTRIBUTOR
AllianceBernstein Investments, Inc.
1345 Avenue of the Americas
New York, NY 10105

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
Ernst & Young LLP
5 Times Square
New York, NY 10036

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

TRANSFER AGENT
AllianceBernstein Investor Services, Inc.
P.O. Box 786003
San Antonio, TX 78278-6003
Toll-Free 1-(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) The day-to-day management of, and investment decisions for, the Portfolio's portfolio are made by the Adviser's U.S. Core Fixed Income Team. Mr. Paul J. DeNoon, Mr. Shawn E. Keegan, Mr. Douglas J. Peebles, Ms. Alison M. Martier and Mr. Greg J. Wilensky are the investment professionals with the most significant responsibility for the day-to-day management of the Portfolio's portfolio.

MANAGEMENT OF THE FUND

Board of Directors Information

The business and affairs of the Fund are managed under the direction of the Board of Directors. Certain information concerning the Fund's Directors is set forth below.

NAME, ADDRESS*, AGE (YEAR ELECTED**)	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	PORTFOLIOS IN FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER DIRECTORSHIP HELD BY DIRECTOR
DISINTERESTED DIRECTORS			
William H. Foulk, Jr., #, *** *Chairman of the Board* 77 (1990)	Investment Adviser and an Independent Consultant. Previously, he was Senior Manager of Barrett Associates, Inc., a registered investment adviser, with which he had been associated since prior to 2005. He was formerly Deputy Comptroller and Chief Investment Officer of the State of New York and, prior thereto, Chief Investment Officer of the New York Bank for Savings.	90	None
John H. Dobkin, # 68 (1992)	Consultant. Formerly, President of Save Venice, Inc. (preservation organization) from 2001–2002, Senior Advisor from June 1999–June 2000 and President of Historic Hudson Valley (historic preservation) from December 1989–May 1999. Previously, Director of the National Academy of Design.	88	None
Michael J. Downey, # 66 (2005)	Private Investor since prior to 2005. Formerly, managing partner of Lexington Capital, LLC (investment advisory firm) from December 1997 until December 2003. From 1987 until 1993, Chairman and CEO of Prudential Mutual Fund Management.	88	Asia Pacific Fund, Inc. and The Merger Fund
D. James Guzy, # 73 (2005)	Chairman of the Board of PLX Technology (semi-conductors) and of SRC Computers Inc., with which he has been associated since prior to 2005. He was formerly a Director of the Intel Corporation (semi-conductors) until May 2008.	88	Cirrus Logic Corporation (semi-conductors)
Nancy P. Jacklin, # 61 (2006)	Professorial Lecturer at the Johns Hopkins School of Advanced International Studies in the 2009–2010 academic year. Formerly, U.S. Executive Director of the International Monetary Fund (December 2002–May 2006); Partner, Clifford Chance (1992–2002); Sector Counsel, International Banking and Finance, and Associate General Counsel, Citicorp (1985–1992); Assistant General Counsel (International), Federal Reserve Board of Governors (1982–1985); and Attorney Advisor, U.S. Department of the Treasury (1973–1982). Member of the Bar of the District of Columbia and of New York; and member of the Council on Foreign Relations.	88	None
Garry L. Moody, # 57 (2008)	Formerly, Partner, Deloitte & Touche LLP, Vice Chairman, and U.S. and Global Managing Partner, Investment Management Services Group 1995–2008.	87	None

NAME, ADDRESS*, AGE (YEAR ELECTED**)	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	PORTFOLIOS IN FUND COMPLEX OVERSEEN BY DIRECTOR	OTHER DIRECTORSHIP HELD BY DIRECTOR
DISINTERESTED DIRECTORS (continued)			
Marshall C. Turner, Jr., # 68 (2005)	Interim CEO of MEMC Electronic Materials, Inc. (semi-conductor and solar cell substrates) from November 2008 until March 2, 2009. He was Chairman and CEO of Dupont Photomasks, Inc. (components of semi-conductor manufacturing), 2003–2005, and President and CEO, 2005–2006, after the company was renamed Toppan Photomasks, Inc.	88	Xilinx, Inc. (programmable logic semi-conductors) and MEMC Electronic Materials, Inc.
Earl D. Weiner, # 70 (2007)	Of Counsel, and Partner prior to January 2007, of the law firm Sullivan & Cromwell LLP and member of ABA Federal Regulation of Securities Committee Task Force on Fund Director's Guidebook.	88	None

* *The address for each of the Fund's disinterested Directors is c/o AllianceBernstein, L.P., Attention: Philip L. Kirstein, 1345 Avenue of the Americas, New York, NY 10105.*

** *There is no stated term of office for the Fund's Directors.*

\# *Member of the Audit Committee, the Governance and Nominating Committee and the Independent Directors Committee.*

*** *Member of the Fair Value Pricing Committee.*

Officer Information

Certain information concerning the Fund's Officers is listed below.

NAME, ADDRESS*, AGE	PRINCIPAL POSITION(S) HELD WITH FUND	PRINCIPAL OCCUPATION DURING PAST 5 YEARS
Robert M. Keith 49	President and Chief Executive Officer	Executive Vice President of the Adviser** and head of AllianceBernstein Investment Inc. ("ABI")** since July 2008; Director of ABI and the President of the AllianceBernstein Mutual Funds. Previously, he served as Executive Managing Director of ABI from December 2006 to June 2008. Prior to joining ABI in 2006, Executive Managing Director of Bernstein Global Wealth Management, and prior thereto, Senior Managing Director and Global Head of Client Service and Sales of AllianceBernstein's institutional investment management business since 2004. Prior thereto, Managing Director and Head of North American Client Service and Sales in AllianceBernstein's institutional investment management business, with which he had been associated since prior to 2005.
Philip L. Kirstein 64	Senior Vice President and Independent Compliance Officer	Senior Vice President and Independent Compliance Officer of the AllianceBernstein Funds, with which he has been associated since October 2004. Prior thereto, he was Of Counsel to Kirkpatrick & Lockhart, LLP from October 2003 to October 2004, and General Counsel of Merrill Lynch Investment Managers, L.P. since prior to 2005.
Paul J. DeNoon 47	Vice President	Senior Vice President of the Adviser**, with which he has been associated since prior to 2005.
Shawn E. Keegan 38	Vice President	Vice President of the Adviser**, with which he has been associated since prior to 2005.
Alison M. Martier 53	Vice President	Senior Vice President of the Adviser**, with which she has been associated since prior to 2005.
Douglas J. Peebles 44	Vice President	Executive Vice President of the Adviser**, with which he has been associated since prior to 2005.
Greg J. Wilensky 42	Vice President	Senior Vice President of the Adviser**, with which he has been associated since prior to 2005.
Emilie D. Wrapp 54	Secretary	Senior Vice President, Assistant General Counsel and Assistant Secretary of ABI**, with which she has been associated since prior to 2005.
Joseph J. Mantineo 50	Treasurer and Chief Financial Officer	Senior Vice President of AllianceBernstein Investor Services, Inc. ("ABIS")**, with which he has been associated since prior to 2005.
Phyllis J. Clarke 49	Controller	Vice President of ABIS**, with which she has been associated since prior to 2005.

* *The address for each of the Fund's Officers is 1345 Avenue of the Americas, New York, NY 10105.*

** *The Adviser, ABI and ABIS are affiliates of the Fund.*

The Fund's Statement of Additional Information ("SAI") has additional information about the Directors and Officers and is available without charge upon request. Contact your financial representative or AllianceBernstein at (800) 227-4618 for a free prospectus or SAI.

INFORMATION REGARDING THE REVIEW AND APPROVAL OF THE PORTFOLIO'S ADVISORY AGREEMENT

The disinterested directors (the "directors") of AllianceBernstein Variable Products Series Fund, Inc. (the "Fund") approved the continuance of the Fund's Advisory Agreement with the Adviser in respect of AllianceBernstein Intermediate Bond Portfolio (the "Portfolio") at a meeting held on November 3-5, 2009.

Prior to approval of the continuance of the Advisory Agreement, the directors had requested from the Adviser, and received and evaluated, extensive materials. They reviewed the proposed continuance of the Advisory Agreement with the Adviser and with experienced counsel who are independent of the Adviser, who advised on the relevant legal standards. The directors also reviewed an independent evaluation prepared by the Fund's Senior Officer (who is also the Fund's Independent Compliance Officer) of the reasonableness of the advisory fee in the Advisory Agreement wherein the Senior Officer concluded that the contractual fee for the Portfolio was reasonable. The directors also discussed the proposed continuance in private sessions with counsel and the Fund's Senior Officer.

The directors considered their knowledge of the nature and quality of the services provided by the Adviser to the Portfolio gained from their experience as directors or trustees of most of the registered investment companies advised by the Adviser, their overall confidence in the Adviser's integrity and competence they have gained from that experience, the Adviser's initiative in identifying and raising potential issues with the directors and its responsiveness, frankness and attention to concerns raised by the directors in the past, including the Adviser's willingness to consider and implement organizational and operational changes designed to improve investment results and the services provided to the AllianceBernstein Funds. The directors noted that they have four regular meetings each year, at each of which they receive presentations from the Adviser on the investment results of the Portfolio and review extensive materials and information presented by the Adviser.

The directors also considered all other factors they believed relevant, including the specific matters discussed below. In their deliberations, the directors did not identify any particular information that was all-important or controlling, and different directors may have attributed different weights to the various factors. The directors determined that the selection of the Adviser to manage the Portfolio and the overall arrangements between the Portfolio and the Adviser, as provided in the Advisory Agreement, including the advisory fee, were fair and reasonable in light of the services performed, expenses incurred and such other matters as the directors considered relevant in the exercise of their business judgment. The material factors and conclusions that formed the basis for the directors' determinations included the following:

Nature, Extent and Quality of Services Provided

The directors considered the scope and quality of services provided by the Adviser under the Advisory Agreement, including the quality of the investment research capabilities of the Adviser and the other resources it has dedicated to performing services for the Portfolio. They noted the professional experience and qualifications of the Portfolio's portfolio management team and other senior personnel of the Adviser. The directors also considered that the Advisory Agreement provides that the Portfolio will reimburse the Adviser for the cost to it of providing certain clerical, accounting, administrative and other services provided at the Portfolio's request by employees of the Adviser or its affiliates. Requests for these reimbursements are approved by the directors on a quarterly basis and, to the extent requested and paid, result in a higher rate of total compensation from the Portfolio to the Adviser than the fee rate stated in the Portfolio's Advisory Agreement. The directors noted that the methodology used to determine the reimbursement amounts had been reviewed by an independent consultant retained by the Fund's Senior Officer. The quality of administrative and other services, including the Adviser's role in coordinating the activities of the Portfolio's other service providers, also were considered. The directors concluded that, overall, they were satisfied with the nature, extent and quality of services provided to the Portfolio under the Advisory Agreement.

Costs of Services Provided and Profitability

The directors reviewed a schedule of the revenues, expenses and related notes indicating the profitability of the Portfolio to the Adviser for calendar years 2007 and 2008 that had been prepared with an expense allocation methodology arrived at in consultation with an independent consultant retained by the Fund's Senior Officer. The directors reviewed the assumptions and methods of allocation used by the Adviser in preparing fund-specific profitability data and noted that there are a number of potentially acceptable allocation methodologies for information of this type. The directors noted that the profitability information reflected all revenues and expenses of the Adviser's relationship with the Portfolio, including those relating to its subsidiaries which provide transfer agency, distribution and brokerage services to the Portfolio. The directors recognized that it is difficult to make comparisons of profitability between fund advisory contracts because comparative information is not generally publicly available and is affected by numerous factors. The directors focused on the profitability of the Adviser's relationship with the Portfolio before taxes and distribution expenses. The directors concluded that they were satisfied that the Adviser's level of profitability from its relationship with the Portfolio was not unreasonable.

Fall-Out Benefits

The directors considered the benefits to the Adviser and its affiliates from their relationships with the Portfolio other than the fees and expense reimbursements payable under the Advisory Agreement, including but not limited to benefits relating to soft dollar arrangements (whereby the Adviser receives brokerage and research services from many of the brokers and dealers that execute purchases and sales of securities on behalf of its clients on an agency basis), 12b-1 fees and sales charges received by the Fund's principal underwriter (which is a wholly owned subsidiary of the Adviser) in respect of the Portfolio's Class B shares, transfer agency fees paid by the Portfolio to a wholly owned subsidiary of the Adviser, and brokerage commissions paid by the Portfolio to brokers affiliated with the Adviser. The directors recognized that the Adviser's profitability would be somewhat lower without these benefits. The directors also understood that the Adviser also might derive reputational and other benefits from its association with the Portfolio.

Investment Results

In addition to the information reviewed by the directors in connection with the meeting, the directors receive detailed performance information for the Portfolio at each regular Board meeting during the year. At the November 2009 meeting, the directors reviewed information prepared by Lipper showing the performance of the Class A Shares of the Portfolio as compared with that of a group of similar funds selected by Lipper (the "Performance Group") and as compared with that of a broader array of funds selected by Lipper (the "Performance Universe"), and information prepared by the Adviser showing performance of the Class A Shares as compared with the Barclays Capital U.S. Government Bond Index (the "Index"), in each case for the 1-, 3-, 5- and 10-year periods ended July 31, 2009 and (in the case of comparisons with the Index) the since inception period (September 1992 inception). The directors noted that the Portfolio was in the 4th quintile of the Performance Group and 3rd quintile of the Performance Universe for the 1-, 5- and 10-year periods, 3rd quintile of the Performance Group and the Performance Universe for the 3-year period, and that the Portfolio underperformed the Index in all periods reviewed. The directors also reviewed performance information for periods ended September 30, 2009 (for which the data was not limited to Class A Shares), and noted that in the 3-month and year-to-date periods the Portfolio outperformed the Lipper Corporate Debt Funds A Rated Average and the Index. The directors also noted the changes to the Portfolio's investment policies and the acquisition of the Fund's AllianceBernstein Americas Government Income Portfolio, AllianceBernstein Global Bond Portfolio, AllianceBernstein Global Dollar Government Portfolio and AllianceBernstein High Yield Portfolio, effective April 2008. Based on their review, the directors concluded that the Fund's relative performance over time was satisfactory.

Advisory Fees and Other Expenses

The directors considered the advisory fee rate paid by the Portfolio to the Adviser and information prepared by Lipper concerning advisory fee rates paid by other funds in the same Lipper category as the Portfolio at a common asset level. The directors recognized that it is difficult to make comparisons of advisory fees because there are variations in the services that are included in the fees paid by other funds.

The directors also considered the fees the Adviser charges other clients with an investment style substantially similar to that of the Portfolio. For this purpose, they reviewed the relevant fee information in the Adviser's Form ADV and the evaluation from the Fund's Senior Officer disclosing the institutional fee schedule for institutional products managed by the Adviser that have an investment style substantially similar to that of the Portfolio. The directors noted that the institutional fee schedule for clients with an investment style substantially similar to that of the Portfolio had breakpoints at lower asset levels than those in the fee schedule applicable to the Portfolio and that the application of the institutional fee schedule to the level of assets of the Portfolio would result in a fee rate that would be lower than that in the Portfolio's Advisory Agreement. The directors noted that the Adviser may, in some cases, agree to fee rates with large institutional clients that are lower than those reviewed by the directors and that they had previously discussed with the Adviser its policies in respect of such arrangements. The directors also reviewed information that indicated that the Portfolio pays a higher fee rate than a registered investment company with an investment style similar to that of the Portfolio that is sub-advised by the Adviser.

The Adviser reviewed with the directors the significantly greater scope of the services it provides to the Portfolio relative to institutional clients and sub-advised funds. The Adviser also noted that because mutual funds are constantly issuing and redeeming shares, they are more difficult to manage than an institutional account, where the assets tend to be relatively stable. In light of these facts, the directors did not place significant weight on these fee comparisons.

The directors also considered the total expense ratio of the Class A shares of the Portfolio in comparison to the fees and expenses of funds within two comparison groups created by Lipper: an Expense Group and an Expense Universe. Lipper described an Expense Group as a representative sample of funds comparable to the Portfolio and an Expense Universe as a broader group, consisting of all funds in the Portfolio's investment classification/objective. The Class A expense ratio of the Portfolio was based on the Portfolio's latest fiscal year. The directors noted that it was likely that the expense ratios of some funds in the Portfolio's Lipper category were lowered by waivers or reimbursements by those funds' investment advisers, which in some cases were voluntary and perhaps temporary. The directors view the expense ratio information as relevant to their evaluation of the Adviser's services because the Adviser is responsible for coordinating services provided to the Portfolio by others.

The directors noted that, at the Portfolio's current size, its contractual effective advisory fee rate of 45 basis points was lower than the Expense Group median. The directors noted that administrative expense reimbursement was 6 basis points in the Portfolio's latest fiscal year, and that as a result the rate of total compensation received by the Adviser from the Portfolio pursuant to the Advisory Agreement was higher than the Expense Group median. The directors also noted that the Portfolio's total expense ratio was lower than the Expense Group median and higher than the Expense Universe median. The directors concluded that the Portfolio's expense ratio was satisfactory.

Economies of Scale

The directors noted that the advisory fee schedule for the Portfolio contains breakpoints that reduce the fee rates on assets above specified levels. The directors also considered presentations by an independent consultant discussing economies of scale in the mutual fund industry and for the AllianceBernstein Funds, as well as a presentation by the Adviser concerning certain of its views on economies of scale. The directors believe that economies of scale may be realized (if at all) by the Adviser across a variety of products and services, and not only in respect of a single fund. The directors noted that there is no established methodology for establishing breakpoints that give effect to fund-specific services provided by a fund's adviser and to the economies of scale that an adviser may realize in its overall mutual fund business or those components of it which directly or indirectly affect a fund's operations. The directors observed that in the mutual fund industry as a whole, as well as among funds similar to the Portfolio, there is no uniformity or pattern in the fees and asset levels at which breakpoints (if any) apply. The directors also noted that the advisory agreements for many funds do not have breakpoints at all. Having taken these factors into account, the directors concluded that the Portfolio's breakpoint arrangements would result in a sharing of economies of scale in the event the Portfolio's net assets exceed a breakpoint in the future.

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 Variable Products Series Fund, Inc. (the "Fund"), with respect to AllianceBernstein Intermediate Bond Portfolio (the "Portfolio").[2,3] The evaluation of the Investment Advisory Agreement was prepared by Philip L. Kirstein, the Senior Officer of the Fund, for the Directors of the Fund, as required by the September 1, 2004 Assurance of Discontinuance ("AoD") 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 approval of the continuance of the Investment Advisory Agreement. The Senior Officer's evaluation considered the following factors:

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

PORTFOLIO ADVISORY FEES, EXPENSE REIMBURSEMENTS & RATIOS

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

Category	Net Assets 09/30/09 ($MIL)	Advisory Fee Based on % of Average Daily Net Assets	Portfolio
Low Risk Income	$171.7	45 bp on 1st $2.5 billion 40 bp on next $2.5 billion 35 bp on the balance	Intermediate Bond Portfolio

The Adviser is reimbursed as specified in the Investment Advisory Agreement for certain clerical, legal, accounting, administrative and other services provided to the Portfolio. During the Portfolio's most recently completed fiscal year, the Adviser received $88,250 (0.06 % of the Portfolio's average daily net assets) for such services.

Set forth below are the Portfolio's total expense ratios for the most recently completed fiscal year:

Portfolio	Total Expense Ratio	Fiscal Year
Intermediate Bond Portfolio	Class A 0.64% Class B 0.89%	December 31

1 It should be noted that the Senior Officer's fee evaluation was completed on October 21, 2009.

2 Future references to the Fund and 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 It should be noted that on April 25, 2008, the Portfolio, formerly known as U.S. Government / High Grade Portfolio, broadened its investment guidelines and then acquired the assets of other fixed income series of the Fund, including Americas Government Income Portfolio, Global Bond Portfolio, Global Dollar Government Portfolio and High Yield Portfolio, and was renamed Intermediate Bond Portfolio.

4 The AllianceBernstein Mutual Funds, which the Adviser manages, were also affected by the Adviser's settlement with the NYAG.

I. ADVISORY FEES CHARGED TO INSTITUTIONAL AND OTHER CLIENTS

The advisory fees charged to investment companies which the Adviser manages and sponsors are normally higher than those charged to similar sized institutional accounts, including pension plans and sub-advised investment companies. The fee differential reflects, among other things, different services provided to such clients, and different liabilities assumed. Services provided by the Adviser to the Portfolio that are not provided to non-investment company clients and sub-advised investment companies include providing office space and personnel to serve as Fund Officers, who among other responsibilities make the certifications required under the Sarbanes–Oxley Act of 2002, and coordinating with and monitoring the Portfolio's third party service providers such as Fund counsel, auditors, custodians, transfer agents and pricing services. The accounting, administrative, legal and compliance requirements for the Portfolio are more costly than those for institutional client assets due to the greater complexities and time required for investment companies. Also, retail mutual funds managed by the Adviser are widely held. Servicing the Portfolio's investors is more time consuming and labor intensive compared to institutional clients since the Adviser needs to communicate with a more extensive network of financial intermediaries and shareholders. The Adviser also believes that it incurs substantial entrepreneurial risk when offering a new mutual fund since establishing a new mutual fund requires a large upfront investment, and it may take a long time for the fund to achieve profitability since the fund must be priced to scale from inception in order to be competitive and assets are acquired one account at a time. In addition, managing the cash flow of an investment company may be more difficult than managing that of a stable pool of assets, such as an institutional account with little cash movement in either direction, particularly, if a fund is in net redemption and the Adviser is frequently forced to sell securities to raise cash for redemptions. However, managing a fund with positive cash flow may be easier at times than managing a stable pool of assets. Finally, in recent years, investment advisers have been sued by institutional clients and have suffered reputational damage both by the attendant publicity and outcomes other than complete victories. Accordingly, the legal and reputational risks associated with institutional accounts are greater than previously thought, although arguably 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 and legal and reputational risks are greater, it is worth considering information regarding the advisory fees charged to institutional accounts with a substantially similar investment style as the Portfolio.[5] In addition to the AllianceBernstein Institutional fee schedule, set forth below is what would have been the effective advisory fee of the Portfolio had the AllianceBernstein Institutional fee schedule been applicable to the Portfolio versus the Portfolio's advisory fee based on September 30, 2009 net assets:

Portfolio	Net Assets 09/30/09 ($MIL)	AllianceBernstein ("AB") Institutional ("Inst.") Fee Schedule	Effective AB Inst. Adv. Fee	Fund Advisory Fee
Intermediate Bond Portfolio	$171.7	U.S. Strategic Core Plus 0.50% on the first $30 million 0.20% on the balance *minimum account size: $25 million*	0.252%	0.450%

The Adviser manages Sanford C. Bernstein Fund, Inc. ("SCB Fund"), an open-end management investment company. Intermediate Duration Portfolio of SCB Fund has a similar investment style as the Portfolio. Set forth in the table below is Intermediate Duration Portfolio's advisory fee and what would have been the effective advisory fee of the Portfolio had the fee schedule on Intermediate Duration Portfolio been applicable to the Portfolio versus the Portfolio's advisory fees based on September 30, 2009 net assets:

Portfolio	SCB Fund Portfolio	Fee Schedule	SCB Fund Effective Fee	Portfolio Advisory Fee
Intermediate Bond Portfolio	Intermediate Duration Portfolio	50 bp on 1st $1 billion 45 bp on next $2 billion 40 bp on next $2 billion 35 bp on next $2 billion 30 on the balance	0.500%	0.450%

5 The Adviser has indicated that with respect to institutional accounts with assets greater than $300 million, it will negotiate a fee schedule, although it should be noted that there were no such institutional accounts that are similar in investment style to the Portfolio, which opened in the last three years ending September 30, 2009. Discounts that are negotiated vary based upon each client relationship.

Certain of the AllianceBernstein Mutual Funds ("ABMF"), which the Adviser manages, have a similar investment style as the Portfolio and their fee schedules are set forth below. ABMF was also affected by the Adviser's settlement with the NYAG. As a result, the Portfolio has the same breakpoints as AllianceBernstein Bond Fund, Inc.—Intermediate Bond Portfolio. Sanford C. Bernstein Fund II, Inc.—Intermediate Duration Institutional Portfolio was not affected by the settlement since the fund has lower breakpoints than the NYAG related fee schedule. Also shown are what would have been the effective advisory fees of the Portfolio had the ABMF fee schedules been applicable to the Portfolio based on September 30, 2009 net assets and the Portfolio's advisory fee:

Portfolio	ABMF Fund	Fee Schedule	ABMF Effective Fee	Portfolio Advisory Fee
Intermediate Bond Portfolio	Bond Fund, Inc.—Intermediate Bond Portfolio	0.45% on first $2.5 billion 0.40% on next $2.5 billion 0.35% on the balance	0.450%	0.450%
Intermediate Bond Portfolio	Intermediate Duration Institutional Portfolio[6]	0.50% on first $1 billion 0.45% on the balance	0.500%	0.450%

The Adviser provides sub-advisory investment services to certain other investment companies managed by other fund families. The Adviser charges the fee set forth below for the sub-advisory relationship that has a somewhat similar investment style as the Portfolio. Also shown is the Portfolio's advisory fees and the effective management fees[7] of the sub-advisory relationships based on September 30, 2009 net assets:[8]

Fund	Sub-advised Fund	Sub-advised Fund Fee Schedule	Sub-Advised Fund Management Effective Fee (%)	Portfolio Advisory Fee (%)
Intermediate Bond Portfolio	Client #1	AB Sub-Advisory Fee Schedule: 0.29% on first $100 million 0.20% thereafter	0.252	0.450
	Client #1	Advisory Fee Schedule: 0.40% on first $4 billion 0.38% on next $4 billion 0.36% thereafter	0.400	
	Client #1	Administrative Fee The sub-advised fund is utilized as an underlying fund for funds-of-funds. There is no administration fee at the underlying fund level.		

It is fair to note that the services the Adviser provides pursuant to sub-advisory agreements are generally confined to the services related to the investment process; in other words, they are not as comprehensive as the services provided to the Portfolios by the Adviser. In addition to the extent that certain of these sub-advisory relationships are with affiliates of the Adviser, the fee schedules may not reflect arms-length bargaining or negotiations.

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 by other investment advisers. Lipper's analysis

6 Intermediate Duration Institutional Portfolio has an expense cap of 0.45%, which effectively reduces the advisory fee of the fund.

7 Management fees include advisory fees and administration fees.

8 In all cases the sub-adviser, AllianceBernstein, is paid by the sub-advised funds' advisers.

included the Portfolio's ranking with respect to the proposed management fee relative to the median of the Portfolio's Lipper Expense Group ("EG")[9] at the approximate current asset level of the Portfolio.[10]

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, and expense components and attributes. An EG will typically consist of seven to twenty funds.

The Portfolio's original EG had an insufficient number of peers in the view of the Senior Officer and the Adviser. Consequently, at the request of the Adviser and the Senior Officer, Lipper expanded the Portfolio's EG to include peers that have a similar but not the same Lipper classification/objective as the Portfolio.

Portfolio	Contractual Management Fee[11]	Lipper Exp. Group Median	Rank
Intermediate Bond Portfolio[12]	0.450	0.495	6/18

However, because Lipper had expanded the Portfolio's EG, under Lipper's standard guidelines, the Portfolio's Lipper Expense Universe ("EU") was also expanded to include universes of those peers that had a similar but not the same Lipper investment objective/classification.[13] A "normal" EU will include funds that have the same investment objective/ classification as the subject portfolio.[14] Set forth below is a comparison of the Portfolio's total expense ratio and the medians of the Portfolio's EG and EU. The Portfolio's total expense ratio ranking is also shown:

Portfolio	Expense Ratio (%)[15]	Lipper Exp. Group Median (%)	Lipper Group Rank	Lipper Exp. Universe Median (%)	Lipper Universe Rank
Intermediate Bond Portfolio	0.638	0.639	9/18	0.609	22/35

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

III. COSTS TO THE ADVISER AND ITS AFFILIATES OF SUPPLYING SERVICES PURSUANT TO THE ADVISORY 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's profitability information, prepared by the Adviser for the Board of Directors, was reviewed by the Senior Officer and the consultant. The Adviser's profitability from providing investment advisory services to the Portfolio decreased during calendar year 2008, relative to 2007.

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

10 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" means that the Portfolio has the lowest effective fee rate in the Lipper peer group.

11 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.

12 The Portfolio's EG includes the Portfolio, eight other A-rated Corporate Debt Funds and nine BBB-rated Corporate Debt funds.

13 The expansion of the Portfolio's EU was not requested by the Adviser or the Senior Officer. They requested only that the EGs be expanded.

14 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.

15 Most recently completed fiscal year Class A share total expense ratio.

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 common business practice precludes the Adviser's affiliates from earning a reasonable profit on this type of relationship provided the affiliates' charges and services are competitive. These affiliates provide transfer agent and distribution services to the Portfolio and receive transfer agent fees and Rule 12b-1 payments.

The Portfolio has adopted a distribution plan for Class B shares pursuant to Rule 12b-1 under the 40 Act. Under the distribution plan, the Portfolio pays distribution and servicing fees to its principal underwriter and distributor, AllianceBernstein Investments, Inc. ("ABI"), an affiliate of the Adviser, at an annual rate of up to 0.50% of the Portfolio's average daily net assets attributable to Class B shares. The current annual rate that the Portfolio pays to ABI for 12b-1 fees it 0.25%. During the fiscal year ended December 31, 2008, ABI received $97,267 in Rule 12b-1 fees from the Portfolio.

The Adviser may compensate ABI for payments made by ABI to brokers for registration fees and services related to printing, distribution and advertising in connection with Class B shares. During the fiscal year ended December 31, 2008, the Adviser determined that it made payments in the amount of $266,578 on behalf of the Portfolio to ABI.

Financial intermediaries, such as insurers, market and sell shares of the Portfolio and typically receive compensation from ABI, the Adviser and/or the Portfolio for selling shares of the Portfolio. These financial intermediaries receive compensation in any or all of the following forms: 12b-1 fees, defrayal of costs for educational seminars and training, additional distribution support, recordkeeping and/or administrative services. Payments related to providing contract-holder recordkeeping and/or administrative services will generally not exceed 0.35% of the average daily net assets of the Portfolio attributable to the relevant intermediary over the year.

The transfer agent of the Portfolio is AllianceBernstein Investor Services, Inc. ("ABIS").[16] During the most recently completed fiscal year, ABIS received a fee of $969 from the Portfolio.[17]

V. POSSIBLE ECONOMIES OF SCALE

The Adviser has indicated that economies of scale are being shared with shareholders through fee structures,[18] subsidies and enhancement to services. Based on some of the professional literature that has considered economies of scale in the mutual fund industry, it is thought that to the extent economies of scale exist, they may more often exist across a fund family as opposed to a specific fund. This is because the costs incurred by the Adviser, such as investment research or technology for trading or compliance systems, can be spread across a greater asset base as the fund family increases in size. It is also possible that as the level of services required to operate a successful investment company has increased over time, and advisory firms have made such investments in their business to provide services, there may be a sharing of economies of scale without a reduction in advisory fees.

An independent consultant, retained by the Senior Officer, provided the Board of Directors an update of the Deli[19] study on advisory fees and various fund characteristics. The independent consultant first reiterated the results of his previous two dimensional comparison analysis (fund size and family size) with the Board of Directors.[20] The independent consultant then discussed the results of the regression model that was utilized to study the effects of various factors on advisory fees. The regression model output indicated that the bulk of the variation in fees predicted were explained by various factors, but substantially by fund assets under management ("AUM"), family AUM, index fund indicator and investment style. The

16 It should be noted that the insurance companies, linked to the variable products, provide additional shareholder services for the Portfolios, including record keeping, administration and customer service for contract holders.

17 The Fund (which includes the Portfolio and other series of the Fund) paid ABIS a flat fee of $18,000 in 2008.

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

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

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

independent consultant also compared the advisory fees of the AllianceBernstein Mutual Funds to similar funds managed by 19 other large asset managers, regardless of fund size and the large asset manager'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 PORTFOLIO

With assets under management of approximately $498 billion as of September 30, 2009, the Adviser has the investment experience to manage and provide non-investment services (described in Section I) to the Portfolio.

The information below, prepared by Lipper, shows the 1, 3, 5 and 10 year performance returns and rankings of the Portfolio[21] relative to its Lipper Performance Group ("PG")[22] and Lipper Performance Universe ("PU") for the periods ended July 31, 2009.[23]

Portfolio	Portfolio Return	PG Median (%)	PU Median (%)	PG Rank	PU Rank
1 year	5.94	6.32	5.94	6/9	10/19
3 year	4.31	4.31	4.21	5/9	9/19
5 year	3.66	3.91	3.79	6/9	10/18
10 year	5.02	5.06	5.04	6/9	10/18

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

	Periods Ending July 31, 2009 Annualized Performance							
						Annualized		
	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)	Volatility (%)	Sharpe (%)	Risk Period (Year)
Intermediate Bond Portfolio	**5.94**	**4.31**	**3.66**	**5.02**	**5.20**	**4.58**	**0.40**	**10**
Barclays Capital U.S. Government Bond Index	6.67	7.02	5.31	6.13	6.28	4.53	0.65	10

Inception Date: September 17, 1992

CONCLUSION:

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

Dated: November 25, 2009

21 The performance returns and rankings are for the Class A shares of the Portfolio. It should be noted that the performance returns of the Portfolio that is shown was provided by the Adviser. Lipper maintains its own database that includes the Portfolio's performance returns. However, differences in the distribution price (ex-date versus payable date) and rounding differences may cause the Adviser's own performance returns of the Portfolio to be one or two basis points different from Lipper. To maintain consistency in this evaluation, the performance returns of the Portfolio, as reported by the Adviser, are provided instead of Lipper.

22 The Portfolio's PG/PU are not identical to the Portfolio's EG/EU, as the criteria for including/excluding a fund in/from a PG/PU are somewhat different from that of an EG/EU.

23 Note that the current Lipper investment classification/objective dictates the PG and PU throughout the life of the Portfolio even if the Portfolio may have had a different investment classification/objective at different points in time.

24 The performance returns and risk measures shown in the table are for the Class A shares of the Portfolio.

25 The Adviser provided Portfolio and benchmark performance return information for the periods through July 31, 2009.

26 Portfolio volatility and Sharpe Ratio information was obtained through Lipper LANA, a database maintained by Lipper. Volatility is a statistical measure of the tendency of a market price or yield to vary over time. A Sharpe Ratio is a risk adjusted measure of return that divides a portfolio's return in excess of the riskless return by the portfolio's standard deviation. A portfolio with a greater volatility would be seen as more risky than a portfolio with equivalent performance but lower volatility; for that reason, a greater return would be demanded for the more risky portfolio. A portfolio with a higher Sharpe Ratio would be viewed as better performing than a portfolio with a lower Sharpe Ratio.

(This page left intentionally blank.)