

# AllianceBernstein Variable Products Series Fund, Inc.

Semi-Annual Report

June 30, 2011

› AllianceBernstein Real Estate Investment Portfolio

#### **Investment Products Offered**

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

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

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

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**REAL ESTATE INVESTMENT PORTFOLIO**  
**FUND EXPENSES (unaudited)**

*AllianceBernstein Variable Products Series Fund*

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

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

**Actual Expenses**

The table below provides information about actual account values and actual expenses. You may use the information 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 or 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 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 or 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.

	<u>Beginning Account Value January 1, 2011</u>	<u>Ending Account Value June 30, 2011</u>	<u>Expenses Paid During Period*</u>	<u>Annualized Expense Ratio*</u>
<b>Class A</b>				
Actual .....	\$ 1,000	\$ 1,102.60	\$ 4.33	0.83%
Hypothetical (5% return before expenses) .....	\$ 1,000	\$ 1,020.68	\$ 4.16	0.83%
<b>Class B</b>				
Actual .....	\$ 1,000	\$ 1,101.60	\$ 5.63	1.08%
Hypothetical (5% return before expenses) .....	\$ 1,000	\$ 1,019.44	\$ 5.41	1.08%

\* Expenses are equal to each classes’ annualized expense ratios, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

**REAL ESTATE INVESTMENT PORTFOLIO**  
**TEN LARGEST HOLDINGS\***

June 30, 2011 (unaudited)

AllianceBernstein Variable Products Series Fund

COMPANY	U.S. \$ VALUE	PERCENT OF NET ASSETS
Simon Property Group, Inc.	\$ 8,265,231	10.2%
Boston Properties, Inc.	4,105,101	5.0
Public Storage	4,058,756	5.0
ProLogis, Inc.	3,487,411	4.3
Vornado Realty Trust	3,261,300	4.0
Ventas, Inc.	2,957,031	3.6
Health Care REIT, Inc.	2,595,285	3.2
Equity Residential	2,442,000	3.0
Rayonier, Inc.	2,276,794	2.8
SL Green Realty Corp.	2,212,629	2.7
	<u>\$ 35,661,538</u>	<u>43.8%</u>

**INDUSTRY DIVERSIFICATION\*\***

June 30, 2011 (unaudited)

INDUSTRY	U.S. \$ VALUE	PERCENT OF TOTAL INVESTMENTS
Diversified/Specialty	\$ 15,296,548	18.8%
Multi-Family	11,451,871	14.1
Regional Mall	11,157,205	13.7
Office	10,477,383	12.9
Self Storage	7,502,875	9.2
Lodging	7,438,563	9.1
Health Care	6,503,696	8.0
Industrial Warehouse Distribution	4,075,941	5.0
Shopping Center/Other Retail	3,039,392	3.7
Student Housing	2,093,044	2.6
Manufactured Homes	824,208	1.0
Triple Net	606,119	0.7
Short-Term Investments	994,437	1.2
Total Investments	<u>\$ 81,461,282</u>	<u>100.0%</u>

\* Long-term investments.

\*\* The Portfolio's industry breakdown is expressed as a percentage of total investments and may vary over time.

Please note: The industry classifications presented herein are based on the industry categorization methodology of the Adviser.

**REAL ESTATE INVESTMENT PORTFOLIO**  
**PORTFOLIO OF INVESTMENTS**

June 30, 2011 (unaudited)

AllianceBernstein Variable Products Series Fund

Company	Shares	U.S. \$ Value	Company	Shares	U.S. \$ Value
<b>COMMON STOCKS-98.8%</b>			<b>RETAIL-17.4%</b>		
<b>EQUITY:OTHER-27.5%</b>			<b>REGIONAL MALL-13.7%</b>		
<b>DIVERSIFIED/SPECIALTY-18.8%</b>			General Growth Properties, Inc. ....	11,864	\$ 198,010
American Assets Trust, Inc. ....	54,400	\$ 1,221,280	Glimcher Realty Trust .....	192,700	1,830,650
BioMed Realty Trust, Inc. ....	73,500	1,414,140	Simon Property Group, Inc. ....	71,111	8,265,231
Coresite Realty Corp. ....	30,082	493,345	Taubman Centers, Inc. ....	14,583	863,314
Digital Realty Trust, Inc. ....	26,800	1,655,704			<u>11,157,205</u>
Forest City Enterprises, Inc.(a) ....	55,390	1,034,131	<b>SHOPPING CENTER/OTHER RETAIL-3.7%</b>		
Lexington Realty Trust .....	43,800	399,894	Excel Trust, Inc. ....	106,400	1,173,592
Potlatch Corp. ....	18,600	656,022	Tanger Factory Outlet Centers .....	22,400	599,648
Rayonier, Inc. ....	34,840	2,276,794	Weingarten Realty Investors .....	50,324	1,266,152
RLJ Lodging Trust .....	44,082	765,704			<u>3,039,392</u>
Vornado Realty Trust .....	35,000	3,261,300			<u>14,196,597</u>
Weyerhaeuser Co. ....	96,900	2,118,234	<b>OFFICE-12.9%</b>		
		<u>15,296,548</u>	<b>OFFICE-12.9%</b>		
<b>HEALTH CARE-8.0%</b>			Boston Properties, Inc. ....	38,669	4,105,101
Health Care REIT, Inc. ....	49,500	2,595,285	Douglas Emmett, Inc. ....	101,900	2,026,791
National Health Investors, Inc. ....	21,413	951,380	Duke Realty Corp. ....	102,900	1,441,629
Ventas, Inc. ....	56,100	2,957,031	Kilroy Realty Corp. ....	17,504	691,233
		<u>6,503,696</u>	SL Green Realty Corp. ....	26,700	2,212,629
<b>TRIPLE NET-0.7%</b>					<u>10,477,383</u>
Entertainment Properties Trust .....	12,979	606,119	<b>LODGING-9.1%</b>		
		<u>22,406,363</u>	<b>LODGING-9.1%</b>		
<b>RESIDENTIAL-26.9%</b>			Ashford Hospitality Trust, Inc. ....	134,600	1,675,770
<b>MANUFACTURED HOMES-1.0%</b>			Host Hotels & Resorts, Inc. ....	78,498	1,330,541
Equity Lifestyle Properties, Inc. ....	13,200	824,208	Hyatt Hotels Corp.(a) .....	27,900	1,138,878
<b>MULTI-FAMILY-14.1%</b>			Intercontinental Hotels Group PLC ...	42,100	861,821
Associated Estates Realty Corp. ....	36,900	599,625	LaSalle Hotel Properties .....	48,200	1,269,588
BRE Properties, Inc. ....	24,950	1,244,506	Sunstone Hotel Investors, Inc.(a) ....	55,651	515,885
Camden Property Trust .....	27,425	1,744,778	Wyndham Worldwide Corp. ....	19,200	646,080
Colonial Properties Trust .....	80,200	1,636,080			<u>7,438,563</u>
Equity Residential .....	40,700	2,442,000	<b>INDUSTRIALS-5.0%</b>		
Essex Property Trust, Inc. ....	13,000	1,758,770	<b>INDUSTRIAL WAREHOUSE</b>		
Home Properties, Inc. ....	16,424	999,893	<b>DISTRIBUTION-5.0%</b>		
Mid-America Apartment			First Industrial Realty Trust, Inc.(a)...	51,400	588,530
Communities, Inc. ....	15,210	1,026,219	ProLogis, Inc. ....	97,305	3,487,411
		<u>11,451,871</u>			<u>4,075,941</u>
<b>SELF STORAGE-9.2%</b>			<b>Total Common Stocks</b>		
Extra Space Storage, Inc. ....	97,500	2,079,675	<b>(cost \$68,181,574) .....</b>		
Public Storage .....	35,600	4,058,756			<u>80,466,845</u>
U-Store-It Trust .....	129,700	1,364,444			
		<u>7,502,875</u>			
<b>STUDENT HOUSING-2.6%</b>					
American Campus Communities,					
Inc. ....	23,700	841,824			
Education Realty Trust, Inc. ....	146,000	1,251,220			
		<u>2,093,044</u>			
		<u>21,871,998</u>			

**REAL ESTATE INVESTMENT PORTFOLIO  
PORTFOLIO OF INVESTMENTS**

*(continued)*

*AllianceBernstein Variable Products Series Fund*

Company	Principal Amount (000)	U.S. \$ Value
<b>SHORT-TERM</b>		
<b>INVESTMENTS—1.2%</b>		
TIME DEPOSIT—1.2%		
State Street Time Deposit		
0.01%, 7/01/11		
(cost \$994,437) .....	\$994	\$ 994,437
<b>TOTAL</b>		
<b>INVESTMENTS—100.0%</b>		
(cost \$69,176,011) .....		81,461,282
Other assets less		
liabilities—0.0% .....		(23,067)
<b>NET ASSETS—100.0%</b> .....		<u>\$ 81,438,215</u>

(a) Non-income producing security.

Glossary:

REIT—Real Estate Investment Trust

See notes to financial statements.

**REAL ESTATE INVESTMENT PORTFOLIO**  
**STATEMENT OF ASSETS & LIABILITIES**

June 30, 2011 (unaudited)

AllianceBernstein Variable Products Series Fund

**ASSETS**

Investments in securities, at value (cost \$69,176,011) .....	\$81,461,282
Foreign currencies, at value (cost \$41,218) .....	40,286
Receivable for investment securities sold .....	1,909,242
Dividends and interest receivable .....	196,015
Receivable for capital stock sold .....	12,677
Total assets .....	<u>83,619,502</u>

**LIABILITIES**

Payable for investment securities purchased .....	2,040,352
Payable for capital stock redeemed .....	42,203
Advisory fee payable .....	36,435
Administrative fee payable .....	19,756
Distribution fee payable .....	3,087
Transfer Agent fee payable .....	134
Accrued expenses .....	39,320
Total liabilities .....	<u>2,181,287</u>

**NET ASSETS** ..... \$81,438,215

**COMPOSITION OF NET ASSETS**

Capital stock, at par .....	\$ 6,949
Additional paid-in capital .....	61,363,338
Undistributed net investment income .....	1,295,394
Accumulated net realized gain on investment and foreign currency transactions .....	6,488,009
Net unrealized appreciation on investments and foreign currency denominated assets and liabilities .....	12,284,525
	<u>\$81,438,215</u>

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

Class	Net Assets	Shares Outstanding	Net Asset Value
A	\$ 66,424,243	5,671,981	\$ 11.71
B	\$ 15,013,972	1,277,205	\$ 11.76

See notes to financial statements.

**REAL ESTATE INVESTMENT PORTFOLIO**  
**STATEMENT OF OPERATIONS**

*Six Months Ended June 30, 2011 (unaudited)*

*AllianceBernstein Variable Products Series Fund*

**INVESTMENT INCOME**

Dividends .....	\$1,255,885
Interest .....	<u>68</u>
	<u>1,255,953</u>

**EXPENSES**

Advisory fee (see Note B) .....	217,292
Distribution fee—Class B .....	18,185
Transfer agency—Class A .....	1,002
Transfer agency—Class B .....	226
Administrative .....	35,067
Custodian .....	34,939
Audit .....	17,463
Legal .....	15,550
Printing .....	4,761
Directors' fees .....	1,932
Miscellaneous .....	<u>942</u>
Total expenses .....	<u>347,359</u>
Net investment income .....	<u>908,594</u>

**REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENT AND FOREIGN CURRENCY TRANSACTIONS**

Net realized gain (loss) on:	
Investment transactions .....	7,381,581
Foreign currency transactions .....	(1,695)
Net change in unrealized appreciation/depreciation of:	
Investments .....	(527,300)
Foreign currency denominated assets and liabilities .....	<u>(828)</u>
Net gain on investment and foreign currency transactions .....	<u>6,851,758</u>

**NET INCREASE IN NET ASSETS FROM OPERATIONS** ..... \$7,760,352

See notes to financial statements.

**REAL ESTATE INVESTMENT PORTFOLIO**  
**STATEMENT OF CHANGES IN NET ASSETS** *AllianceBernstein Variable Products Series Fund*

	<b>Six Months Ended June 30, 2011 (unaudited)</b>	<b>Year Ended December 31, 2010</b>
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS</b>		
Net investment income .....	\$ 908,594	\$ 1,441,621
Net realized gain on investment and foreign currency transactions .....	7,379,886	15,630,087
Net change in unrealized appreciation/depreciation of investments and foreign currency denominated assets and liabilities .....	<u>(528,128)</u>	<u>446,692</u>
Net increase in net assets from operations .....	7,760,352	17,518,400
<b>DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS FROM</b>		
Net investment income		
Class A .....	(926,394)	(763,869)
Class B .....	(175,422)	(167,325)
Net realized gain on investment transactions		
Class A .....	(6,988,236)	–0–
Class B .....	(1,581,076)	–0–
<b>CAPITAL STOCK TRANSACTIONS</b>		
Net increase .....	<u>2,376,550</u>	<u>13,551,553</u>
Total increase .....	465,774	30,138,759
<b>NET ASSETS</b>		
Beginning of period .....	<u>80,972,441</u>	<u>50,833,682</u>
End of period (including undistributed net investment income of \$1,295,394 and \$1,488,616, respectively) .....	<u>\$81,438,215</u>	<u>\$80,972,441</u>

See notes to financial statements.

# ***REAL ESTATE INVESTMENT PORTFOLIO NOTES TO FINANCIAL STATEMENTS***

***June 30, 2011 (unaudited)***

***AllianceBernstein Variable Products Series Fund***

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## **NOTE A: Significant Accounting Policies**

The AllianceBernstein Real Estate Investment Portfolio (the “Portfolio”) is a series of AllianceBernstein Variable Products Series Fund, Inc. (the “Fund”). The Portfolio’s investment objective is total return from long-term growth of capital and income. 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 fourteen 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. To account for this, the Portfolio may frequently value many of its foreign equity securities using fair value prices based on third party vendor modeling tools to the extent available.

### **2. Fair Value Measurements**

In accordance with U.S. GAAP regarding fair value measurements, fair value is defined as the price that the Portfolio would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement

*AllianceBernstein Variable Products Series Fund*

date. The U.S. GAAP disclosure requirements 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 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 June 30, 2011:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments in Securities</b>				
<b>Assets:</b>				
Common Stocks				
Equity: Other .....	\$22,406,363	\$ -0-	\$ -0-	\$22,406,363
Residential .....	21,871,998	-0-	-0-	21,871,998
Retail .....	14,196,597	-0-	-0-	14,196,597
Office .....	10,477,383	-0-	-0-	10,477,383
Lodging .....	6,576,742	861,821	-0-	7,438,563
Industrials .....	4,075,941	-0-	-0-	4,075,941
Short-Term Investments .....	-0-	994,437	-0-	994,437
Total Investments in Securities .....	79,605,024	1,856,258	-0-	81,461,282
<b>Other Financial Instruments*</b> .....	-0-	-0-	-0-	-0-
<b>Total</b> .....	<u><b>\$79,605,024</b></u>	<u><b>\$1,856,258</b></u>	<u><b>\$ -0-</b></u>	<u><b>\$81,461,282</b></u>

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

**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

# **REAL ESTATE INVESTMENT PORTFOLIO**

## **NOTES TO FINANCIAL STATEMENTS**

*(continued)*

*AllianceBernstein Variable Products Series Fund*

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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 or expected to be 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 .55% of the first \$2.5 billion, .45% of the next \$2.5 billion and .40% in excess of \$5 billion, of the Portfolio's average daily net assets. The fee is accrued daily and paid monthly.

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 six months ended June 30, 2011, such fee amounted to \$35,067.

Brokerage commissions paid on investment transactions for the six months ended June 30, 2011 amounted to \$91,831, of which \$0 and \$27, 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 \$668 for the six months ended June 30, 2011.

### **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.

*AllianceBernstein Variable Products Series Fund*

In the event that the Plan is terminated or not continued, no distribution or 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 six months ended June 30, 2011 were as follows:

	<u>Purchases</u>	<u>Sales</u>
Investment securities (excluding U.S. government securities) .....	\$50,949,993	\$51,685,738
U.S. government securities .....	-0-	-0-

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

Gross unrealized appreciation .....	\$12,659,780
Gross unrealized depreciation .....	(374,509)
Net unrealized appreciation .....	<u>\$12,285,271</u>

**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 did not engage in derivatives transactions for the six months ended June 30, 2011.

**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 other 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).

**NOTE E: Capital Stock**

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

	<b>SHARES</b>		<b>AMOUNT</b>	
	Six Months Ended June 30, 2011 (unaudited)	Year Ended December 31, 2010	Six Months Ended June 30, 2011 (unaudited)	Year Ended December 31, 2010
<b>Class A</b>				
Shares sold .....	268,764	3,637,050	\$ 3,308,338	\$ 37,579,037
Shares issued in reinvestment of dividends and distributions .....	663,422	67,960	7,914,630	763,869
Shares redeemed .....	(792,930)	(2,145,189)	(9,736,996)	(23,776,629)
Net increase .....	<u>139,256</u>	<u>1,559,821</u>	<u>\$ 1,485,972</u>	<u>\$ 14,566,277</u>
<b>Class B</b>				
Shares sold .....	135,423	148,955	\$ 1,665,532	\$ 1,593,828
Shares issued in reinvestment of dividends and distributions .....	146,619	14,834	1,756,498	167,325
Shares redeemed .....	(206,873)	(255,766)	(2,531,452)	(2,775,877)
Net increase (decrease) .....	<u>75,169</u>	<u>(91,977)</u>	<u>\$ 890,578</u>	<u>\$ (1,014,724)</u>

# REAL ESTATE INVESTMENT PORTFOLIO

## NOTES TO FINANCIAL STATEMENTS

(continued)

AllianceBernstein Variable Products Series Fund

### NOTE F: Risks Involved in Investing in the Portfolio

**Concentration of Risk**—Although the Portfolio does not invest directly in real estate, it invests primarily in real estate equity securities and has a policy of concentration of its investments in the real estate industry. Therefore, an investment in the Portfolio is subject to certain risks associated with the direct ownership of real estate and with the real estate industry in general. To the extent that assets underlying the Portfolio’s investments are concentrated geographically, by property type or in certain other respects, the Portfolio may be subject to additional risks.

In addition, investing in Real Estate Investment Trusts (“REITs”) involves certain unique risks in addition to those risks associated with investing in the real estate industry in general. REITs are dependent upon management skills, are not diversified, and are subject to heavy cash flow dependency, default by borrowers and self-liquidation. REITs are also subject to the possibilities of failing to qualify for tax-free pass-through of income under the Code and failing to maintain their exemptions from registration under the 1940 Act. REITs (especially mortgage REITs) also are subject to interest rate risks.

**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 enter into derivative transactions such as forwards, options, futures and swaps. Derivatives 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. Derivatives may result in significant losses, including losses that are far greater than the value of the derivatives reflected in the statement of assets and liabilities.

**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. Therefore, 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 six months ended June 30, 2011.

### NOTE H: Distributions to Shareholders

The tax character of distributions to be paid for the year ending December 31, 2011 will be determined at the end of the current fiscal year. The tax character of distributions paid during the fiscal years ended December 31, 2010 and December 31, 2009 were as follows:

	<u>2010</u>	<u>2009</u>
Distributions paid from:		
Ordinary income .....	\$931,194	\$1,138,748
Long-term capital gains .....	—	828,577
Total taxable distributions .....	<u>931,194</u>	<u>1,967,325</u>
Total distributions paid .....	<u>\$931,194</u>	<u>\$1,967,325</u>

*AllianceBernstein Variable Products Series Fund*

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As of December 31, 2010, the components of accumulated earnings/(deficit) on a tax basis were as follows:

Undistributed ordinary income .....	\$ 2,072,788
Accumulated capital and other gains .....	7,777,113(a)
Unrealized appreciation/(depreciation) .....	<u>12,128,803(b)</u>
Total accumulated earnings/(deficit) .....	<u>\$21,978,704</u>

(a) During the fiscal year, the portfolio utilized capital loss carryforwards of \$6,949,830.

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

On December 22, 2010, the Regulated Investment Company Modernization Act of 2010 (the “Act”) was enacted, which changed various technical rules governing the tax treatment of regulated investment companies. One important change addresses the recognition of capital loss carryforwards. Under the Act, the Portfolio will be permitted to carry forward capital losses incurred in taxable years beginning after December 22, 2010 for an unlimited period. However, any losses incurred during those future taxable years will be required to be utilized prior to the losses incurred in pre-enactment taxable years, which carry an expiration date. As a result, pre-enactment capital loss carryforwards may be more likely to expire unused. Additionally, post-enactment capital loss carryforwards will retain their character as either short-term or long-term capital losses rather than being considered all short-term capital loss (as permitted under previous regulation).

**NOTE I: Subsequent Events**

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

**REAL ESTATE INVESTMENT PORTFOLIO**  
**FINANCIAL HIGHLIGHTS**

*AllianceBernstein Variable Products Series Fund*

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

	<b>CLASS A</b>					
	Six Months Ended June 30, 2011 (unaudited)	Year Ended December 31,				
		2010	2009	2008	2007	2006
Net asset value, beginning of period ...	\$12.02	\$9.64	\$7.86	\$16.23	\$22.83	\$19.98
<b><u>Income From Investment Operations</u></b>						
Net investment income (a) .....	.14	.23	.19	.26	.22	.29
Net realized and unrealized gain (loss) on investment and foreign currency transactions .....	1.12	2.30	1.98	(4.38)	(2.91)	6.02
Net increase (decrease) in net asset value from operations .....	1.26	2.53	2.17	(4.12)	(2.69)	6.31
<b><u>Less: Dividends and Distributions</u></b>						
Dividends from net investment income .....	(.18)	(.15)	(.23)	(.26)	(.30)	(.47)
Distributions from net realized gain on investment transactions .....	(1.39)	—	(.16)	(3.99)	(3.61)	(2.99)
Total dividends and distributions .....	(1.57)	(.15)	(.39)	(4.25)	(3.91)	(3.46)
Net asset value, end of period .....	\$11.71	\$12.02	\$9.64	\$7.86	\$16.23	\$22.83
<b><u>Total Return</u></b>						
Total investment return based on net asset value (b) .....	10.26%*	26.34%	29.46%	(35.68)%	(14.53)%	35.22%
<b><u>Ratios/Supplemental Data</u></b>						
Net assets, end of period (000's omitted) .....	\$66,424	\$66,493	\$38,317	\$24,082	\$50,015	\$80,317
Ratio to average net assets of:						
Expenses .....	.83%(c)	.87%(d)	1.25%	1.01%	.85%	.83%(d)
Net investment income .....	2.34%(c)	2.15%(d)	2.50%	2.13%	1.09%	1.33%(d)
Portfolio turnover rate .....	64%	132%	94%	46%	51%	47%

See footnote summary on page 15.

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

	<b>CLASS B</b>					
	Six Months Ended June 30, 2011 (unaudited)	Year Ended December 31,				
		2010	2009	2008	2007	2006
Net asset value, beginning of period ...	\$12.05	\$9.67	\$7.86	\$16.20	\$22.80	\$19.94
<b><u>Income From Investment Operations</u></b>						
Net investment income (a) .....	.13	.20	.20	.22	.16	.22
Net realized and unrealized gain (loss) on investment and foreign currency transactions .....	1.12	2.31	1.97	(4.37)	(2.90)	6.03
Net increase (decrease) in net asset value from operations .....	1.25	2.51	2.17	(4.15)	(2.74)	6.25
<b><u>Less: Dividends and Distributions</u></b>						
Dividends from net investment income .....	(.15)	(.13)	(.20)	(.20)	(.25)	(.40)
Distributions from net realized gain on investment transactions .....	(1.39)	—	(.16)	(3.99)	(3.61)	(2.99)
Total dividends and distributions .....	(1.54)	(.13)	(.36)	(4.19)	(3.86)	(3.39)
Net asset value, end of period .....	<u>\$11.76</u>	<u>\$12.05</u>	<u>\$9.67</u>	<u>\$7.86</u>	<u>\$16.20</u>	<u>\$22.80</u>
<b><u>Total Return</u></b>						
Total investment return based on net asset value (b) .....	10.16%*	26.05%	29.22%	(35.82)%	(14.76)%	34.88%
<b><u>Ratios/Supplemental Data</u></b>						
Net assets, end of period (000's omitted) .....	\$15,014	\$14,479	\$12,517	\$11,104	\$22,281	\$33,461
Ratio to average net assets of:						
Expenses .....	1.08%(c)	1.13%(d)	1.53%	1.26%	1.10%	1.08%(d)
Net investment income .....	2.11%(c)	1.89%(d)	2.67%	1.83%	.80%	1.04%(d)
Portfolio turnover rate .....	64%	132%	94%	46%	51%	47%

(a) Based on average shares outstanding.

(b) 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.

(c) 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 the class action settlements, which enhanced the Portfolio's performance for the six months ended June 30, 2011 by 0.06%.

See notes to financial statements.

# ***REAL ESTATE INVESTMENT PORTFOLIO***

## ***CONTINUANCE DISCLOSURE***

*AllianceBernstein Variable Products Series Fund*

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### **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") unanimously approved the continuance of the Fund's Advisory Agreement with the Adviser in respect of AllianceBernstein Real Estate Investment Portfolio (the "Portfolio") at a meeting held on May 3-5, 2011.*

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 also 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 2009 and 2010 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 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 May 2011 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 Financial Times Stock Exchange (FTSE) National Association of Real Estate Investment Trusts (NAREIT) Equity REIT Index (the "FTSE NAREIT Equity REIT Index") and the Standard & Poor's 500 Stock Index (the "S&P 500 Stock Index"), in each case for the 1-, 3-, 5- and 10-year periods ended February 28, 2011 and (in the case of comparisons with the indices) the since inception period (January 1997 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-year period, in the 2nd quintile of the Performance Group and 1st quintile of the Performance Universe for the 3-year period, in the 2nd quintile of the Performance Group and the Performance Universe for the 5-year period, and in the 1st quintile of the Performance Group and the Performance Universe for the 10-year period. The Portfolio lagged the FTSE NAREIT Equity Index in the 1-year period but outperformed that index in the 3-, 5- and 10-year and the since inception periods. The Portfolio outperformed the S&P 500 Index in all periods. Based on their review, the directors concluded that the Portfolio's relative performance over time had been 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 pursuing an investment style substantially similar to that of the Portfolio. For this purpose, they reviewed the relevant fee information from 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 had breakpoints at lower asset levels than those in the fee schedule applicable to the Portfolio although the initial fee rates in the institutional fee schedule were higher, and that the application of the institutional fee schedule to the level of assets of the Portfolio would result in a fee rate higher than that in the Portfolio's Advisory Agreement prior to taking account of the administrative expense reimbursements to the Adviser. The directors noted that adding the administrative expense reimbursement to the Adviser resulted in a lower rate of total compensation to the Adviser under the institutional fee schedule than what is paid by the Portfolio. 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 Adviser reviewed with the directors the significantly greater scope of the services it provides to the Portfolio relative to institutional clients. 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 the substantial differences in services rendered by the Adviser to institutional clients as compared to funds such as the Portfolio, the directors considered these fee comparisons inapt and did not place significant weight on them in their deliberations.

# ***REAL ESTATE INVESTMENT PORTFOLIO CONTINUANCE DISCLOSURE***

*(continued)*

*AllianceBernstein Variable Products Series Fund*

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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 investment classification/objective with a similar load type as the Portfolio. 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 might be voluntary or 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 55 basis points, plus the 11 basis point impact of the administrative expense reimbursement in the latest fiscal year, was lower than the Expense Group median. The directors also noted that the Portfolio's total expense ratio was lower than the Expense Group and the Expense Universe medians. 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 took into consideration prior presentations by an independent consultant on economies of scale in the mutual fund industry and for the AllianceBernstein Funds, and by the Adviser concerning certain of its views on economies of scale. The directors also had requested and received from the Adviser certain updates on economies of scale at the May 2011 meetings. 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.

# REAL ESTATE INVESTMENT PORTFOLIO

## SENIOR OFFICER FEE EVALUATION *AllianceBernstein Variable Products Series Fund*

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

#### SUMMARY OF SENIOR OFFICER'S EVALUATION OF INVESTMENT ADVISORY AGREEMENT<sup>1</sup>

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 (the "Fund"), in respect of AllianceBernstein Real Estate Investment Portfolio (the "Portfolio").<sup>2</sup> 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 a September 2004 agreement between the Adviser and the New York State Attorney General (the "NYAG"). The Senior Officer's evaluation of the Investment Advisory Agreement is not meant to diminish the responsibility or authority of the Board of Directors of the Fund to perform its duties pursuant to Section 15 of the Investment Company Act of 1940 (the "40 Act") and applicable state law. The purpose of the summary is to provide shareholders with a synopsis of the independent evaluation of the reasonableness of the advisory fees proposed to be paid by the Portfolio which was provided to the Directors in connection with their review of the proposed 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.

These factors, with the exception of the first factor, are generally referred to as the "*Gartenberg* factors," which were articulated by the United States Court of Appeals for the Second Circuit in 1982. *Gartenberg v. Merrill Lynch Asset Management, Inc.*, 694 F. 2d 923 (2d Cir. 1982). On March 30, 2010, the Supreme Court held the *Gartenberg* decision was correct in its basic formulation of what §36(b) requires: to face liability under §36(b), "an investment adviser must charge a fee that is so disproportionately large that it bears no reasonable relationship to the services rendered and could not have been the product of arms length bargaining." *Jones v. Harris Associates L.P.*, (No. 08-586), 130 U.S. 1418 (2010). In the *Jones* decision, the Court stated the *Gartenberg* approach fully incorporates the correct understanding of fiduciary duty within the context of section 36(b) and noted with approval that "*Gartenberg* insists that all relevant circumstances be taken into account" and "uses the range of fees that might result from arms-length bargaining as the benchmark for reviewing challenged fees."

#### PORTFOLIO ADVISORY FEES, NET ASSETS & EXPENSE 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.

Category	Advisory Fee Based on % of Average Daily Net Assets	Net Assets 03/31/11 (\$MIL)	Portfolio
Value	55 bp on first \$2.5 billion 45 bp on next \$2.5 billion 40 bp on the balance	\$79.0	Real Estate Investment Portfolio

<sup>1</sup> It should be noted that the information in the fee summary was completed on April 21, 2011 and discussed with the Board of Directors on May 3-5, 2011.

<sup>2</sup> Future references to the Fund and the Portfolio do not include "AllianceBernstein." References in the fee summary pertaining to performance and expense ratio rankings refer to the Class A shares of the Portfolio.

# REAL ESTATE INVESTMENT PORTFOLIO

## SENIOR OFFICER FEE EVALUATION

(continued)

AllianceBernstein Variable Products Series Fund

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 \$73,999 (0.11% 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
Real Estate Investment Portfolio	Class A 0.87%	December 31
	Class B 1.13%	

### 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 assets due to the greater complexities and time required for investment companies, although as previously noted, the Adviser is reimbursed for providing such services. Also, retail mutual funds managed by the Adviser are widely held. Servicing the Portfolio's investors is more time consuming and labor intensive compared to institutional clients since the Adviser needs to communicate with a more extensive network of financial intermediaries and shareholders. The Adviser also believes that it incurs substantial entrepreneurial risk when offering a new mutual fund, since establishing a new mutual fund requires a large upfront investment, and it may take a long time for the fund to achieve profitability since the fund must be priced to scale from inception in order to be competitive and assets are acquired one account at a time. In addition, managing the cash flow of an investment company may be more difficult than managing that of a stable pool of assets, such as an institutional account with little cash movement in either direction, particularly, if a fund is in net redemption and the Adviser is frequently forced to sell securities to raise cash for redemptions. However, managing a fund with positive cash flow may be easier at times than managing a stable pool of assets. In recent years, investment advisers have been sued by institutional clients and have suffered reputational damage both by the attendant publicity and outcomes other than complete victories. Accordingly, the legal and reputational risks associated with institutional accounts are greater than previously thought, although still not equal to those related to the mutual fund industry.

Notwithstanding the Adviser's view that managing an investment company is not comparable to managing other institutional accounts because the services provided are different, the Supreme Court has indicated consideration should be given to the advisory fees charged to institutional accounts that have a substantially similar investment style as the Portfolio.<sup>3</sup> 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 March 31, 2011 net assets:<sup>4</sup>

Portfolio	Net Assets 03/31/11 (\$MIL)	AllianceBernstein ("AB") Institutional ("Inst.") Fee Schedule	Effective AB Inst. Adv. Fee	Portfolio Advisory Fee
Real Estate Investment Portfolio	\$79.0	U.S. REIT Strategy Schedule 70 bp on first \$25m 60 bp on next \$25m 50 on the balance <i>Minimum account size \$25m</i>	0.595%	0.550%

<sup>3</sup> It should be noted that the Supreme Court stated that "courts may give such comparisons the weight that they merit in light of the similarities and differences between the services that the clients in question require, but the courts must be wary of inapt comparisons." Among the significant differences the Supreme Court noted that may exist between services provided to mutual funds and institutional accounts are "higher marketing costs." *Jones v. Harris* at 1428.

<sup>4</sup> The Adviser has indicated that with respect to institutional accounts with assets greater than \$300 million, it will negotiate a fee schedule. Discounts that are negotiated vary based upon each client relationship.

*AllianceBernstein Variable Products Series Fund*

The Adviser also manages AllianceBernstein Global Real Estate Investment Fund, Inc. (“Global Real Estate Investment Fund, Inc.”), a retail mutual fund, which has a substantially somewhat investment style as the Portfolio. Set forth below are the fee schedule of Global Real Estate Investment Fund, Inc.<sup>5</sup> and what would have been the effective advisory fee of the Portfolio had the fee schedule of the retail mutual fund been applicable to the Portfolio:<sup>6</sup>

Portfolio	AllianceBernstein Mutual Fund	Fee Schedule	ABMF Effective Fee	Portfolio Advisory Fee
Real Estate Investment Portfolio	Global Real Estate Investment Fund, Inc.	0.55% on first \$2.5 billion 0.45% on next \$2.5 billion 0.40% on the balance	0.550%	0.550%

The Adviser also manages and sponsors retail mutual funds, which are organized in jurisdictions outside the United States, generally Luxembourg and Japan, and sold to non-United States resident investors. The Adviser charges the following fees for the Luxembourg fund that has a somewhat similar investment style as the Portfolio.<sup>7</sup>

Fund	Fee <sup>8</sup>
Global Real Estate Securities Portfolio	
Class A	1.75%
Class I (Institutional)	0.95%

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

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

Lipper, Inc. (“Lipper”), an analytical service that is not affiliated with the Adviser, compared the fees charged to the Portfolio with fees charged to other investment companies for similar services offered by other investment advisers.<sup>9</sup> Lipper’s analysis included the Portfolio’s ranking with respect to the contractual management fee relative to the median of the Portfolio’s Lipper Expense Group (“EG”) at the approximate current asset level of the Portfolio.<sup>10</sup>

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

Portfolio	Contractual Management Fee <sup>11</sup>	Lipper Exp. Group Median (%)	Rank
Real Estate Investment Portfolio	0.550	0.800	1/13

5 It should be noted that the Portfolio’s investment guidelines are more restrictive than that of AllianceBernstein Global Real Estate Investment Fund, Inc. The Portfolio primarily invests in equity securities of U.S. real estate investment trusts (“REITS”) and other U.S. real estate industry companies, in contrast to the AllianceBernstein Global Real Estate Investment Fund, Inc., which may invest in equities of non-U.S. REITS and other non-U.S. real estate industry companies.

6 It should be noted that the AllianceBernstein Mutual Fund was also affected by the settlement between the Adviser and the NYAG. As a result, the Portfolio has the same breakpoints in its advisory fee schedule as the AllianceBernstein Mutual Fund.

7 It should be noted that the Portfolio’s investment guidelines are more restrictive than that of the Luxembourg fund. The Portfolio primarily invests in equity securities of U.S. real estate investment trusts (“REITS”) and other U.S. real estate industry companies, in contrast to the Luxembourg fund, which may invest in equities of non-U.S. REITS and other non-U.S. real estate industry companies.

8 It should be noted that Class A shares of the funds are charged an “all-in” fee, which covers investment advisory services and distribution related services, unlike Class I shares, whose fee is for only investment advisory services.

9 It should be noted that the Supreme Court cautioned against accepting mutual fund fee comparisons without careful scrutiny since “these comparisons are problematic because these fees, like those challenged, may not be the product of the negotiations conducted at arms length.” *Jones v. Harris* at 1429.

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” would mean that the Portfolio had 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.

# REAL ESTATE INVESTMENT PORTFOLIO

## SENIOR OFFICER FEE EVALUATION

(continued)

AllianceBernstein Variable Products Series Fund

Lipper also analyzed the Portfolio's most recently completed fiscal year total expense ratio in comparison to the Portfolio's EG and Lipper Expense Universe ("EU"). The EU<sup>12</sup> is a broader group compared to the EG, consisting of all funds that have the same investment classification/objective and load type as the subject Portfolio.

Portfolio	Expense Ratio (%) <sup>13</sup>	Lipper Exp. Group Median (%)	Lipper Group Rank	Lipper Exp. Universe Median (%)	Lipper Universe Rank
Real Estate Investment Portfolio	0.871	0.888	5/13	0.888	9/21

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.

### 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 increased during calendar year 2010, relative to 2009.

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, distribution and brokerage related services to the Portfolio and receive transfer agent fees, Rule 12b-1 payments, and brokerage commissions. In addition, the Adviser benefits from soft dollar arrangements which offset expenses the Adviser would otherwise incur.

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, AllianceBernstein Investments, Inc. ("ABI"), 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 is 0.25%. During the fiscal year ended December 31, 2010, AllianceBernstein Investments, Inc. ("ABI"), the Portfolio's distributor and an affiliate of the Adviser, received \$34,124 in Rule 12b-1 fees.

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, 2010, the Adviser determined that it made payments in the amount of \$52,496 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 Advisers 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"). During the most recently completed fiscal year, ABIS received a fee of \$1,385 from the Portfolio.<sup>14</sup>

<sup>12</sup> Except for asset (size) comparability, Lipper uses the same criteria for selecting an EG when selecting an EU. Unlike the EG, the EU allows for the same adviser to be represented by more than just one fund.

<sup>13</sup> Most recently completed fiscal year end Class A total expense ratio.

<sup>14</sup> The Fund (which includes the Portfolio and other Portfolios of the Fund) paid ABIS a flat fee of \$18,000 in 2010.

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

#### **V. POSSIBLE ECONOMIES OF SCALE**

Although it is clear that economies of scale may have been shared through the existence of breakpoints in the investment advisory fee schedule, it should be noted that sufficient data does not exist to evaluate the extent to which economies of scale or scope are being shared with the AllianceBernstein Mutual Funds' shareholders. The Adviser has indicated that economies of scale are being shared with shareholders through fee structures, subsidies and enhancement to services. Based on some of the professional literature that has considered economies of scale in the mutual fund industry, it is thought that to the extent economies of scale exist, they may more often exist across a fund family as opposed to a specific fund. This is because the costs incurred by the Adviser, such as investment research or technology for trading or compliance systems can be spread across a greater asset base as the fund family increases in size. It is also possible that as the level of services required to operate a successful investment company has increased over time, and advisory firms make such investments in their business to provide services, there may be a sharing of economies of scale without a reduction in advisory fees.

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

#### **VI. NATURE AND QUALITY OF THE ADVISER'S SERVICES, INCLUDING THE PERFORMANCE OF THE PORTFOLIO**

With assets under management of approximately \$477 billion as of March 31, 2011, the Adviser has the investment experience to manage and provide non-investment services (described in Section I) to the Portfolio.

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<sup>15</sup> The Deli study was originally published in 2002 based on 1997 data.

<sup>16</sup> As mentioned previously, the Supreme Court cautioned against accepting mutual fund fee comparisons without careful scrutiny since the fees may not be the product of negotiations conducted at arms length. See *Jones V. Harris* at 1429.

<sup>17</sup> 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.

# REAL ESTATE INVESTMENT PORTFOLIO

## SENIOR OFFICER FEE EVALUATION

(continued)

AllianceBernstein Variable Products Series Fund

The information prepared by Lipper shows the 1, 3, 5 and 10 year performance rankings of the Portfolio<sup>18</sup> relative to its Lipper Performance Group (“PG”) and Lipper Performance Universe (“PU”)<sup>19</sup> for the periods ended February 28, 2011.<sup>20</sup>

	Portfolio Return	PG Median (%)	PU Median (%)	PG Rank	PU Rank
1 year	35.10	36.67	35.10	8/13	11/21
3 year	6.09	5.17	3.19	3/12	4/20
5 year	3.55	2.79	2.78	4/11	5/19
10 year	12.23	10.76	11.09	1/7	1/11

Set forth below are the 1, 3, 5, 10 year and since inception performance returns of the Portfolio (in bold)<sup>21</sup> versus its benchmarks.<sup>22</sup> Portfolio and benchmark volatility and reward-to-variability ratio (“Sharpe Ratio”) information is also shown.<sup>23</sup>

	Periods Ending February 28, 2011						Annualized Performance		Risk Period (Year)
	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)	Volatility (%)	Sharpe (%)		
<b>Real Estate Investment Portfolio</b>	<b>35.10</b>	<b>6.09</b>	<b>3.55</b>	<b>12.23</b>	<b>9.83</b>	<b>24.12</b>	<b>0.51</b>	<b>10</b>	
FTSE NAREIT Equity REIT Index <sup>24</sup>	39.54	3.80	2.97	11.78	9.48	24.94	0.49	10	
S&P 500 Stock Index	22.58	1.05	2.87	2.62	5.90	16.04	0.10	10	

Inception Date: January 9, 1997

### 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: May 24, 2011

18 The performance rankings are for the Class A shares of the Portfolio. It should be noted that the performance returns of the Portfolio shown were provided by Lipper.

19 The Portfolio’s PG and PU are identical to the Portfolio’s respective EG and EU.

20 Note that the current Lipper investment classification/objective dictates the PG and PU throughout the life of the fund even if a fund had a different investment classification/objective at a different point in time.

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

22 The Adviser provided Portfolio and benchmark performance return information for periods through February 28, 2011.

23 Portfolio and benchmark volatility and Sharpe Ratio information was obtained through Lipper LANA, a database maintained by Lipper. Volatility is a statistical measure of the tendency of a market price or yield to vary over time. A Sharpe Ratio is a risk adjusted measure of return that divides a portfolio’s return in excess of the riskless return by the portfolio’s standard deviation. A portfolio with a greater volatility would be regarded 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 regarded as better performing than a portfolio with a lower Sharpe Ratio.

24 Benchmark since inception date is the nearest month end after the Portfolio’s inception date.

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