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ACM INCOME FUND INC
Form N-CSRS
September 09, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-05207

ACM Income Fund, Inc.
(Exact name of registrant as specified in charter)

1345 Avenue of the Americas, New York, New York 10105
(Address of principal executive offices) (Zip code)

Mark R. Manley
Alliance Capital Management L.P.
1345 Avenue of the Americas
New York, New York 10105
(Name and address of agent for service)
Registrant's telephone number, including area code: (800) 221-5672

Date of fiscal year end: December 31, 2003
Date of reporting period: June 30, 2004

ITEM 1. REPORTS TO STOCKHOLDERS.

Closed End

ACM Income Fund
[Logo] AllianceBernstein (sm)
Investment Research and Management
Semi-Annual Report -- June 30, 2004

Investment Products Offered

- Are Not FDIC Insured
 - May Lose Value
 - Are Not Bank Guaranteed
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You may obtain a description of the Fund's proxy voting policies and procedures, without charge, upon request by visiting Alliance Capital's web

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site at www.alliancebernstein.com (click on Investors, then the "proxy voting policies and procedures" link on the left side of the page), or by going to the Securities and Exchange Commission's web site at www.sec.gov, or by calling Alliance Capital at (800) 227-4618.

AllianceBernstein Investment Research and Management, Inc., is an affiliate of Alliance Capital Management L.P., the manager of the funds, and is a member of the NASD.

August 19, 2004

Semi-Annual Report

This report provides management's discussion of fund performance for ACM Income Fund (the "Fund") for the semi-annual reporting period ended June 30, 2004.

Investment Objectives and Policies

This closed-end fund is designed to provide high current income consistent with the preservation of capital. The Fund invests principally in U.S. government obligations. The Fund may also invest a portion of its assets in other fixed income securities, including those issued by foreign governments. Additionally, the Fund may utilize other investment instruments, including options, futures and swaps and employs leverage.

Investment Results

The table on page 3 shows how the Fund performed over the past six- and 12-month periods ended June 30, 2004. For comparison, we have included the performance of the Fund's benchmark, the Lehman Brothers (LB) Aggregate Bond Index.

For the six-month period ended June 30, 2004, the Fund underperformed its benchmark, the LB Aggregate Bond Index (see page 3 for Fund and benchmark returns).

The primary contributors to the Fund's underperformance relative to the Index during the six-month period ended June 30, 2004 were its longer duration Treasury holdings and emerging market allocation. The Treasury market sold off dramatically in April on expectations of U.S. Federal Reserve tightening. Additionally, longer dated Treasuries were hurt the most, with maturities over 20 years losing 6.25% in April alone, as measured by the LB Aggregate Bond Index. The Fund's heavy weighting in longer-term Treasuries, as well as its use of leverage in that sector, detracted from performance.

The Fund's emerging market holdings also detracted from performance relative to the Index in response to sharply higher U.S. interest rates and in anticipation of generally higher rates worldwide over the next couple of years. Contributing positively to performance were the Fund's high yield and mortgage-backed holdings, both of which fared best during the sharp bond market sell-off in the second quarter. High yield securities have historically outperformed in rising interest rate environments.

For the 12-month period ended June 30, 2004, the Fund outperformed the LB Aggregate Bond Index. This was due to both the Fund's emerging market and high yield securities, which outperformed the Index, particularly in the first half of the annual period.

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Market Review and Investment Strategy

Fixed income securities posted generally weak returns during the six-month period ended June 30, 2004, masking two volatile quarters. Global bond markets rebounded strongly in the first quarter of 2004, as escalating geopolitical tensions and concerns regarding the sustainability of the U.S. economic recovery began to surface, which was primarily due to a weak job market. Early in April, however, bond markets sold off dramatically on a surprisingly strong gain in March payroll employment and in anticipation of U.S. Federal Reserve tightening. In late June, a soft consumer confidence reading allowed the market to regain some ground as investors reconsidered that

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the U.S. Federal Reserve's pace was likely to be gradual. On the closing day of the six-month period under review, the U.S. Federal Reserve began its anticipated tightening cycle, raising rates by 25 basis points to 1.25%--the first official rate increase in four years.

For the six-month period under review, U.S. Treasuries posted returns of -0.20%, with longer duration Treasuries underperforming at -0.82%, as measured by the LB Aggregate Bond Index. Mortgage-backed securities posted the best returns within the Fund's benchmark at 0.77%, supported by decreased supply and strong demand. Higher interest rates caused mortgage refinancings to drop predictably and led to a lengthening of mortgage securities' durations. Investment-grade corporates, which returned 0.25%, came under pressure in the second quarter as U.S. interest rates rose dampening returns for that sector. High yield corporates fared better returning 1.36% for the period as high yield default rates continued to improve. Lastly, emerging market debt underperformed the U.S. bond market, which can be seen in the -2.82% return of the J.P. Morgan Emerging Markets Bond Index Plus. This was in response to sharply higher U.S. interest rates and in anticipation of generally higher interest rates worldwide over the next couple of years. Within the emerging market sector, Argentina at 2.95% and Bulgaria at 2.36% posted the strongest returns, with Brazil at -6.75% and Turkey at -6.16% posting the weakest returns.

During the reporting period, we reduced the Fund's interest rate risk but still maintained a duration posture that is longer than the LB Aggregate Bond Index. Collateralized mortgage obligations were added to the Fund as they offered relative value compared to Treasuries. Within the high yield sector, as spread dispersion among industries narrowed during the period, our strategy turned more toward specific issuer selection and diversifying the Fund's holdings across industry sectors. One of the Fund's largest industry overweight positions however, continued to be wireless communications. Within the wireless sector, we were focused on rural growth providers that, in our view, had these characteristics: fewer competitive restraints that would be less affected by the implementation of number portability; and improved balance sheets from recent capital-market transactions. Additionally, we continued to underweight the utilities industry due to sustained margin pressure and generally weak fundamentals. We implemented a conservative approach in the Fund's utilities holdings, investing only in issues that we believe exhibit good asset protection and sufficient financial liquidity. Within the Fund's emerging market debt allocation, we maintained an overweight position in Russia as credit statistics continued to improve and Russia benefited from higher oil prices. We reduced the Fund's exposure in Brazil as concerns surfaced that political scandal and the Central Bank's inability to lower interest rates would hurt economic growth. Those concerns were misplaced; however, and we have

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subsequently begun to add back to the Fund's Brazilian holdings. Finally, we added some exposure to the publicly traded bank-loan market to take advantage of the opportunity presented in this primarily floating-rate market.

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Historical Performance

HISTORICAL PERFORMANCE

An Important Note About the Value of Historical Performance

The performance shown below represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance information shown. Returns are annualized for periods longer than one year. All fees and expenses related to the operation of the Fund have been deducted. Performance assumes reinvestment of distributions and does not account for taxes.

ACM Income Fund Shareholder Information

The daily net asset value of the Fund's shares is available from the Fund's Transfer Agent by calling (800) 426-5523. The Fund also distributes its daily net asset value to various financial publications or independent organizations such as Lipper Inc., Morningstar, Inc. and Bloomberg.

Benchmark Disclosure

The unmanaged Lehman Brothers (LB) Aggregate Bond Index does not reflect fees and expenses associated with the active management of a mutual fund portfolio. The LB Aggregate Bond Index is composed of the LB Mortgage-Backed Securities Index, the LB Asset-Backed Securities Index and the LB Government/Credit Bond Index. It includes Treasury, agency and corporate bond issues, as well as mortgage-backed securities. Investors cannot invest directly in an index, and its results are not indicative of any particular investment, including ACM Income Fund.

A Word About Risk

Among the principal risks of investing in the Fund are interest rate risk, credit risk, market risk, leveraging risk, derivatives risk, foreign risk, emerging market risk, currency risk and liquidity risk. The Fund is also subject to market risk which is the risk that the value of the Fund's investments will fluctuate as the bond markets fluctuate and that prices overall will decline over shorter or longer-term periods. Because the Fund uses derivative strategies and other leveraging techniques, including bank leverage, speculatively to enhance returns, it is subject to greater risk and its returns may be more volatile than other funds, particularly in periods of market decline. The Fund's investments in foreign securities have foreign risk, which is the risk that investments in issuers located in foreign countries may have greater price volatility and less liquidity. Foreign risk includes currency risk, which is the risk that fluctuations in the exchange rates between the U.S. dollar and foreign currencies could negatively affect the value of the Fund's investments.

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THE FUND VS. ITS BENCHMARK PERIODS ENDED JUNE 30, 2004	Returns	
	6 Months	12 Months
ACM Income Fund (NAV)	-1.24%	0.77%
Lehman Brothers Aggregate Bond Index	0.15%	0.32%

The Fund's Market Price per share on June 30, 2004 was \$7.86. For additional Financial Highlights, please see page 34.

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Portfolio Summary

PORTFOLIO SUMMARY
June 30, 2004 (unaudited)

INCEPTION DATES
8/28/87

PORTFOLIO STATISTICS
Net Assets (\$mil): 1,780.4

SECURITY TYPE*

67.0%	U.S. Government and Sponsored Agency	
19.7%	Sovereign Debt Obligations	[PIE CHART OMITTED]
12.7%	Corporate Debt Obligations	
0.6%	Short-Term	

* All data is as of June 30, 2004. The Fund's security type breakdown is expressed as a percentage of total investments (excluding security lending collateral) and may vary over time.

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Portfolio of Investments

PORTFOLIO OF INVESTMENTS
June 30, 2004 (unaudited)

Principal

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	Amount (000)	U.S. \$ Value

U.S. GOVERNMENT AND SPONSORED		
AGENCY OBLIGATIONS-108.0%		
U.S. Treasury Bonds-42.7%		
5.375%, 2/15/31 (a)	U.S.\$ 570	\$ 575,055
6.25%, 5/15/30 (b)	84,000	94,076,724
11.25%, 2/15/15 (b)	160,000	246,887,520
12.00%, 8/15/13 (a)	82,000	108,265,666
12.50%, 8/15/14 (b)	70,300	98,233,283
13.25%, 5/15/14 (a)	150,000	212,472,750

		760,510,998

U.S. Treasury Notes-14.6%		
2.375%, 8/15/06 (b)	34,000	33,719,772
2.625%, 5/15/08 (b)	40,000	38,757,840
2.75%, 6/30/06 (a)	40,000	40,037,520
3.00%, 2/15/09 (b)	35,000	33,925,395
3.875%, 2/15/09 (a)	3,030	2,897,559
4.00%, 6/15/09 (a)	40,000	40,354,720
4.00%, 11/15/12 (a)	4,664	4,516,977
4.25%, 8/15/13 (a)	4,468	4,362,935
4.25%, 11/15/13 (a)	346	336,877
4.375%, 8/15/12 (a)	700	696,966
4.75%, 5/15/14 (b)	58,900	59,532,763
4.875%, 2/15/12 (a)	250	258,282

		259,397,606

U.S. Treasury Strips-13.6%		
Zero coupon, 5/15/17 (a)	260,000	132,433,860
Zero coupon, 11/15/21 (a)	285,350	108,947,201

		241,381,061

Federal National Mortgage		
Association-20.0%		
3.34%, 5/01/34 (c)	10,069	9,880,817
3.35%, 4/01/34 (c)	6,056	5,997,947
3.35%, 5/01/34 (c)	7,395	7,316,142
3.51%, 7/01/34 (c)	8,160	8,102,798
3.65%, 6/01/34 (c)	22,366	22,290,901
3.72%, 6/01/34 (c)	8,052	7,998,039
4.00%, 8/25/13 (a)	11,600	11,556,500
4.00%, 11/25/16 (a)	28,567	27,951,205
4.24%, 4/01/33 (c)	4,220	4,229,443
4.62%, 2/01/34 (c)	10,738	10,769,210
5.00%, 4/25/13 (c)	13,528	1,116,053
5.00%, 12/25/26 (c)	16,080	16,218,449
5.00%, 3/25/32 (c)	13,940	13,370,412
5.00%, 10/25/33 (c)	13,431	13,246,211
5.50%, TBA	38,520	39,254,268
6.00%, 5/25/30 (c)	14,660	15,068,159
6.50%, 1/25/30 (c)	6,637	6,754,696

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Portfolio of Investments

	Principal Amount (000)	U.S. \$ Value
6.50%, 9/25/42 (a) U.S.\$	5,269	\$ 5,488,891
6.50%, 1/25/44 (a)	8,520	8,924,646
6.50%, TBA	41,460	43,170,225
7.00%, 11/01/17 (a)	72,622	77,182,294
		----- 355,887,306 -----
Federal Home Loan Mortgage Corporation-10.7%		
4.50%, 9/15/13 (a)	9,345	9,441,347
4.50%, 12/15/15 (a)	12,438	12,270,833
4.50%, 10/15/17 (a)	7,960	7,666,674
4.50%, 12/15/17 (a)	15,530	14,985,052
4.50%, 10/15/26 (c)	4,818	4,807,930
5.00%, 6/15/14 (a)	8,520	8,641,580
5.00%, 1/15/17 (c)	6,277	800,333
5.00%, 1/15/18 (a)	12,663	12,714,310
5.00%, 9/15/18 (a)	5,275	5,326,115
5.00%, 5/15/20 (a)	18,913	19,102,130
5.00%, 5/15/22 (c)	14,065	1,740,582
5.00%, 5/15/25 (a)	17,010	17,095,050
5.00%, 7/15/26 (c)	14,399	1,795,450
5.00%, 6/15/27 (a)	15,933	16,057,437
5.00%, 6/15/27 (a)	21,030	21,082,575
5.00%, 8/15/27 (a)	11,465	11,509,828
5.50%, 2/15/15 (a)	2,906	2,980,246
5.50%, 6/15/29 (a)	4,850	4,881,816
6.00%, 10/15/32 (c)	11,556	11,437,085
6.50%, 3/15/28 (a)	6,180	6,419,319
		----- 190,755,692 -----
Resolution Funding Corp.-3.3%		
Zero coupon, 10/15/20	150,000	59,593,350

Government National Mortgage Association-3.1%		
5.00%, 4/16/18 (a)	33,556	33,780,627
5.00%, 2/20/30 (a)	14,000	13,825,000
7.00%, 12/15/26 (a)	7,707	8,238,973
		----- 55,844,600 -----
Total U.S. Government and Sponsored Agency Obligations (cost \$1,899,531,000)		
		----- 1,923,370,613 -----
SOVEREIGN DEBT OBLIGATIONS-31.7%		
Argentina-0.1%		
Republic of Argentina FRN		
1.234%, 8/03/12 (c)	2,116	1,413,488

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Belize-0.0%		
Government of Belize		
9.50%, 8/15/12 (c)	246	196,800

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			Portfolio of Investments	
			Principal	
			Amount	U.S. \$ Value
			(000)	

Brazil-6.7%				
Brazilian Real Structured Note				
Zero coupon, 9/20/07(d)	BRL	120,551	\$	22,585,191
Republic of Brazil				
7.31%, 6/29/09 FRN(c)	U.S.\$	6,366		6,366,000
11.00%, 8/17/40(c)		17,669		16,555,853
12.00%, 4/15/10(c)		12,850		13,614,575
Republic of Brazil				
C-Bonds				
8.00%, 4/15/14(c)		59,489		54,545,274
Republic of Brazil-DCB FRN				
2.125%, 4/15/12(c)		5,064		4,259,947
2.125%, 4/15/12(c)		1,882		1,595,294

				119,522,134

Bulgaria-0.0%				
Republic of Bulgaria				
8.25%, 1/15/15(d)		528		612,760

Colombia-1.0%				
Republic of Colombia				
10.75%, 1/15/13(c)		3,025		3,212,550
11.75%, 2/25/20(c)		14,335		15,632,318

				18,844,868

Ecuador-0.6%				
Republic of Ecuador				
7.00%, 8/15/30(d)(e)		14,974		10,257,190

Germany-2.5%				
Federal Republic of Germany				
3.50%, 10/10/08(c)	EUR	30,000		36,594,584
4.25%, 2/15/08(c)		5,989		7,528,593

				44,123,177

Indonesia-0.0%				
Republic of Indonesia				
6.75%, 3/10/14(d)	U.S.\$	620		557,225

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Jamaica-0.0%

Government of Jamaica

11.75%, 5/15/11 (c)	50	55,500
12.75%, 9/01/07 (c)	200	226,594

		282,094

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Portfolio of Investments

	Principal Amount (000)	U.S. \$ Value

Mexico-3.0%		
Mexican Bonos		
8.00%, 12/19/13 (c) MXP	32,609	\$ 2,490,265
8.00%, 12/07/23 (c)	10,870	728,850
9.00%, 12/20/12 (c)	117,939	9,424,290
9.50%, 3/08/07 (c)	328,855	29,197,147
United Mexican States		
8.125%, 12/30/19 (c) U.S.\$	3,913	4,196,693
11.375%, 9/15/16 (c)	4,856	6,816,610

		52,853,855

Panama-0.2%		
Republic of Panama		
8.875%, 9/30/27 (c)	1,350	1,314,900
9.375%, 4/01/29 (c)	169	187,168
9.63%, 2/08/11 (c)	165	182,738
10.75%, 5/15/20 (c)	1,075	1,208,300

		2,893,106

Peru-0.2%		
Republic of Peru		
8.375%, 5/03/16 (c)	1,588	1,472,870
9.125%, 2/21/12 (c)	1,275	1,313,250
9.875%, 2/06/15 (c)	725	755,813

		3,541,933

Philippines-0.4%		
Republic of Philippines		
8.25%, 1/15/14 (c)	750	713,438
9.00%, 2/15/13 (c)	4,825	4,785,797
9.875%, 1/15/19 (c)	750	742,500
10.625%, 3/16/25 (c)	475	491,625

		6,733,360

Russia-8.9%		
Russian Federation		

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5.00%, 3/31/30 (d) (e)	140,260	128,337,900
5.00%, 3/31/30 (d) (e)	8,405	7,690,575
Russian Ministry of Finance		
3.00%, 5/14/08 (c)	19,980	17,509,473
3.00%, 5/14/11 (c)	7,260	5,506,209

		159,044,157

South Africa-0.1%		
Republic of South Africa		
6.50%, 6/02/14 (c)	370	374,625
7.375%, 4/25/12 (c)	725	789,344

		1,163,969

Turkey-6.1%		
Republic of Turkey		
9.875%, 3/19/08 (c)	300	317,700
11.00%, 1/14/13 (c)	11,260	12,318,430
11.50%, 1/23/12 (c)	500	561,250
11.75%, 6/15/10 (c)	475	532,000
12.375%, 6/15/09 (c)	1,975	2,259,400

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Portfolio of Investments

		Principal Amount (000)	U.S. \$ Value

Turkish Lira Structured Notes			
Zero Coupon, 8/12/04 (d)	TRL	47,686,466,208	\$ 31,321,024
Zero Coupon, 10/14/04 (d)		40,915,600,209	25,752,320
Zero Coupon, 8/25/05 (d)		71,284,104,123	35,527,680

			108,589,804

Ukraine-0.5%			
Government of Ukraine			
6.875%, 3/04/11 (d)	U.S.\$	5,500	5,211,250
7.65%, 6/11/13 (d)		2,122	2,031,815
11.00%, 3/15/07 (d)		1,268	1,365,457

			8,608,522

Uruguay-0.2%			
Republic of Uruguay			
7.25%, 2/15/11 (c)		500	410,000
7.50%, 3/15/15 (c)		4,360	3,191,520
7.875%, 1/15/33 (c) (f)		1,024	655,334

			4,256,854

Venezuela-1.2%			
Republic of Venezuela			

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2.75%, 12/18/07 DCB (c)	5,500	5,218,191
5.375%, 8/07/10 (d)	2,225	1,761,088
9.25%, 9/15/27 (c) (g)	16,660	14,077,700

		21,056,979

Total Sovereign Debt Obligations (cost \$517,227,850)		564,552,275

CORPORATE DEBT OBLIGATIONS-20.4%		
Australia-0.0%		
WMC Finance USA		
5.125%, 5/15/13 (c)	500	481,124

Canada-0.9%		
Doman Industries, Ltd.		
12.00%, 7/01/04	3,000	3,000,000
Fairfax Financial Holdings		
7.375%, 4/15/18 (c)	4,500	3,937,500
8.30%, 4/15/26 (c)	5,000	4,450,000
Ispat Inland ULC		
9.75%, 4/01/14 (d)	5,000	5,175,000
Rogers Cable Inc.		
5.50%, 3/15/14 (c)	360	319,882

		16,882,382

Germany-0.0%		
Salomon Brothers AG		
11.00%, 11/06/07 (d)	200	221,000

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Portfolio of Investments

	Principal Amount (000)	U.S. \$ Value

Japan-0.2%		
Mizuho Finance		
8.375%, 12/29/49 (c)	U.S.\$ 3,290	\$ 3,391,378
UFJ Finance Aruba AEC		
6.75%, 7/15/13 (c)	100	103,581

		3,494,959

Kazakhstan-0.0%		
Hurricane Finance BV		
9.625%, 2/12/10 (d)	200	208,500
Kazkommerts International BV		
8.50%, 4/16/13 (d)	125	123,750

		332,250

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Romania-0.3%			
Mobifon Holdings BV			
12.50%, 7/31/10 (c)		5,205	5,959,725

Russia-0.3%			
AO Siberian Oil Co.			
10.75%, 1/15/09 (c)		265	273,434
Gazprom OAO			
9.625%, 3/01/13 (c)		610	629,833
9.625%, 3/01/13 (d)		750	775,313
Mobile Telesystems Finance			
9.75%, 1/30/08 (d)		2,210	2,287,350
Tyumen Oil Co.			
11.00%, 11/06/07 (c)		675	744,218

			4,710,148

United Kingdom-0.1%			
British Telecommunications PLC			
7.125%, 2/15/11 (c) (e)	EUR	1,500	2,086,816

United States -18.6%			
Advanced Medical Optics			
2.25%, 6/26/09 (c)	U.S.\$	1,500	1,518,750
Allied Waste			
2.50%, 1/15/10 FRN (c)		1,000	1,017,250
Amerada Hess Corp.			
7.125%, 3/15/33 (c)		500	499,926
American Cellular Corp.			
10.00%, 8/01/11 (c)		5,000	4,337,500
American Safety Razor Co.			
3.25%, 4/28/11 (c)		3,000	3,030,000
Amkor Technologies Inc.			
7.75%, 5/15/13 (c)		5,000	4,762,500
Associated Materials			
11.25%, 3/01/14 (d) (e)		12,545	8,467,875
AT&T Corp.			
8.05%, 11/15/11 (c) (e)		73	75,054

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Portfolio of Investments

		Principal Amount (000)	U.S. \$ Value
ATA Holdings Corp.			
13.00%, 2/01/09 (c) (e)	U.S.\$	7,212	\$ 5,084,460
13.00%, 6/15/10 (c) (e)		1,165	751,425
Berry Plastics Corp.			
10.75%, 7/15/12 (c)		6,820	7,604,300
Boyd Gaming Corp.			
1.75%, 4/14/11 (c)		1,500	1,514,063
Broadway Corp.			
2.25%, 6/01/11		1,000	1,000,000

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Calpine Corp.		
8.50%, 7/15/10(d)	6,700	5,577,750
Calpine Generating Co. FRN		
10.25%, 4/01/11(d)	4,000	3,640,000
Capital One Financial Corp.		
6.25%, 11/15/13(c)	1,005	1,017,577
CBA Capital Trust I		
5.805%, 12/30/49(d)	274	268,343
Celanese AG		
3.20%, 11/01/11(c)	1,500	1,543,751
3.79%, 11/01/11(c)	1,000	1,014,583
Charter Communications Holdings		
10.75%, 10/01/09(c)	4,655	3,933,475
11.75%, 5/15/11(c)(h)	10,000	6,525,000
Clear Channel Communications, Inc.		
5.75%, 1/15/13(c)	220	221,586
Cognis		
4.75%, 11/10/13(c)	3,000	2,988,750
Coinstar Inc.		
2.25%, 7/01/11(c)	1,000	1,015,000
Columbia/HCA HealthCare Corp.		
6.25%, 2/15/13(c)	175	174,239
7.58%, 9/15/25(c)	630	619,153
7.69%, 6/15/25(c)	355	352,966
Comerica Bank		
8.375%, 7/15/24	2,000	2,296,930
Conseco Inc.		
4.00%, 6/16/10(c)	3,000	3,052,500
Consolidated Communications		
2.75%, 9/18/11(c)	1,000	1,016,875
Continental Airlines, Inc.		
6.703%, 12/15/22(c)	1,944	1,813,893
6.748%, 3/15/17(c)	62	47,154
7.033%, 6/15/11(c)	489	396,730
7.875%, 7/02/18(c)	175	164,552
Delhaize America, Inc.		
8.125%, 4/15/11(c)	110	120,618
Dex Media, Inc.		
9.00%, 11/15/13(d)	7,000	4,550,000
Dominion Resources Capital Trust III		
8.40%, 1/15/31(c)	500	581,228

ACM INCOME FUND o 11

Portfolio of Investments

		Principal Amount (000)		U.S. \$ Value
DPL Inc.				
6.875%, 9/01/11(c)	U.S.\$	500	\$	506,250
Duke Capital Corp.				
6.25%, 2/15/13(c)		1,500		1,523,262
Dura Operating Corp.				
9.00%, 5/01/09(c)		3,000		2,955,000

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Emmis Communications		
1.75%, 5/04/12(c)	3,000	3,022,083
Farmers Exchange Capital		
7.05%, 7/15/28(d)	200	198,000
First American Capital Trust I		
8.50%, 4/15/12(c)	100	111,000
First Energy Corp.		
7.375%, 11/15/31(c)	1,600	1,672,661
Ford Motor Co.		
6.375%, 2/01/29(c)	473	400,868
7.45%, 7/16/31(c)	1,977	1,889,820
Freedom Communications Inc.		
3.31%, 4/04/12(c)	3,000	3,046,875
Freeport-McMoran Copper & Gold, Inc.		
10.125%, 2/01/10(c)	500	555,000
General Motors Corp.		
8.375%, 7/15/33(c)	2,617	2,777,885
Global Cash Access LLC		
8.75%, 3/15/12(d)	5,000	5,225,000
Helms Holding Corp.		
3.00%, 6/01/10	1,000	1,000,000
Hilcorp Energy I LP		
10.50%, 9/01/10(d)	4,250	4,621,875
Holmes Group Inc.		
3.25%, 4/14/11(c)	1,000	1,002,500
HSBC Bank USA		
4.625%, 4/01/14(c)	1,000	932,636
Huntsman ICI Chemicals LLC		
10.125%, 7/01/09(c)	7,500	7,687,500
Huntsman LLC		
11.50%, 7/15/12(d)	5,000	5,050,000
Huntsman Packaging		
13.00%, 6/01/10	4,585	4,126,500
Iasis Healthcare		
2.25%, 6/15/11(c)	1,000	1,014,583
Insight Communications Inc.		
1.00%, 2/15/11(c) (e)	7,000	6,335,000
International Lease Finance Corp.		
3.50%, 4/01/09(c)	496	472,149
J.P. Morgan Chase & Co.		
6.625%, 3/15/12	1,400	1,516,126
Key Automotive		
3.00%, 6/01/10(c)	2,000	2,030,000
Koch Cellulose LLC		
2.25%, 5/03/11(c)	1,604	1,625,282
2.25%, 5/03/11 (LOC) (c)	396	400,968

12 o ACM INCOME FUND

Portfolio of Investments

Principal
Amount
(000) U.S. \$ Value

Maax Corp.

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2.75%, 6/01/11(c)	U.S.\$	2,000	\$	2,025,000
Medcath Inc.				
3.00%, 6/30/11(c)		1,000		1,012,500
MeriStar Hospitality Corp.				
10.50%, 6/15/09(c)		4,120		4,408,400
Merrill Lynch & Co.				
6.00%, 2/17/09(c)		100		106,406
MGM Studios				
2.50%, 4/30/11(c)		5,000		5,016,250
Midwest Generation				
3.25%, 4/05/11(c)		1,000		1,010,000
Milacron Escrow Corp.				
11.50%, 5/15/11(d)		5,000		5,000,000
Mueller Group				
3.25%, 3/24/11(c)		3,780		3,803,440
Nextel Partners, Inc.				
2.50%, 5/18/11(c)		4,000		4,071,000
12.50%, 11/15/09(c)		8,084		9,458,280
Nortek, Inc.				
10.00%, 5/15/11(d) (h)		15,020		12,091,100
Owens Illinois General, Inc.				
2.75%, 4/01/08(c)		3,000		3,031,071
Paxson Communications Corp.				
12.25%, 1/15/09(c) (h)		10,000		8,750,000
Pemex Project				
9.125%, 10/13/10(c)		500		575,000
Pliant Corp.				
13.00%, 6/01/10(c)		3,040		2,736,000
Premcor Refining Group				
2.00%, 4/13/09(c)		2,000		2,017,500
Prestige Brands				
5.19%, 4/15/11(c)		3,500		3,536,460
PSEG Power LLC				
5.00%, 4/01/14(c)		1,000		934,531
Qwest Services Corp.				
14.00%, 12/15/14(d)		19,907		23,838,633
Regal Cinemas Corp.				
2.75%, 10/19/10(c)		2,417		2,443,487
Rite Aid Corp.				
11.25%, 7/01/08(c)		5,220		5,781,150
Riverside & Rocky Mountain				
4.25%, 6/22/11(c)		3,000		3,011,250
Rural Cellular Corp.				
9.75%, 1/15/10(c)		13,000		11,862,500
Sealy Mattress Co.				
2.75%, 3/31/12(c)		2,500		2,537,500
Simmons Co.				
2.75%, 12/19/11(c)		2,500		2,528,645
Six Flags, Inc.				
9.75%, 4/15/13(c)		11,005		11,115,050

ACM INCOME FUND o 13

Portfolio of Investments

Shares or

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	Principal Amount (000)	U.S. \$ Value
Sprint Capital Corp. 8.75%, 3/15/32(c) U.S.\$	6,800	\$ 7,946,623
Swift & Co. 10.125%, 10/01/09(c)	6,580	7,057,050
Time Warner Entertainment Co. LP 8.38%, 7/15/33(c)	146	171,417
Trac-X North America High Yield 8.00%, 3/25/09(d)	10,000	9,718,750
TXU Gas Capital I FRN 2.46%, 7/01/28(c)	230	215,236
United Industries Corp. 3.84%, 3/31/11(c)	1,995	2,017,444
Venetian Casino Resort 11.00%, 6/15/10(c)	6,000	6,960,000
Verifone Inc. 2.50%, 6/09/11(c)	1,000	1,011,250
Verizon Global Funding Corp. 7.375%, 9/01/12(c)	864	973,312
7.75%, 6/15/32	1,215	1,370,265
VWR International 2.50%, 4/05/11(c)	3,500	3,555,125
Warner Music Group 2.75%, 3/22/11(c)	4,489	4,551,404
Western Wireless Term B1 3.00%, 5/30/11(c)	3,500	3,540,002
Williams Cos., Inc. Series A 7.50%, 1/15/31(c)	4,025	3,662,750
WPP Finance 5.875%, 6/15/14(d)	180	181,075
Zurich Capital Trust 8.376%, 6/01/37(d)	300	332,334
		----- 330,259,769 -----
Total Corporate Debt Obligations (cost \$355,774,833)		364,428,173 -----
NON-CONVERTIBLE PREFERRED STOCKS-0.1%		
Banco Santander 6.41%(d)	4,000	96,932
Duquesne Light Co. 6.50%(c)	14,950	743,763
EIX Trust II Series B 8.60%(c)	9,150	230,763
Zurich Funding Trust 1.71%(d)	500	487,500

Total Non-Convertible Preferred Stocks (cost \$1,566,038)		1,558,958 -----

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Portfolio of Investments		
	Contracts (k), Shares or Principal Amount (000)	U.S. \$ Value

CALL OPTIONS PURCHASED (i)-0.0%		
Russia-0.0%		
Russian Federation		
5.00%, 3/31/30		
Expiring July '04 @ 90.625	4,100	\$ 45,100
Expiring July '04 @ 90.9375	600	9,000

Total Call Options Purchased		
(cost \$78,400)		54,100

WARRANTS (i)-0.0%		
Central Bank of Nigeria		
Warrants, expiring 11/15/20	4,500	0
Republic of Venezuela		
Warrants, expiring 4/15/20	1,785	0

Total Warrants		
(cost \$0)		0

SHORT-TERM INVESTMENTS-1.0%		
Repurchase Agreement-0.5%		
Deutsche Bank		
1.30%, 6/30/04, due		
7/01/04 in the amount of		
\$8,100,293 (collateralized by		
\$8,260,000 FNMA, 1.30% due		
9/10/04; value \$8,100,000)		
(cost \$8,100,000)	U.S.\$ 8,100	8,100,000

U.S. Treasury Bill-0.5%		
Zero coupon, 7/22/04 (j)		
(amortized cost \$8,995,031)	9,000	8,995,031

Total Short-Term Investments		
(cost \$17,095,031)		17,095,031

Total Investments Before Security		
Lending Collateral-161.3%		
(cost \$2,791,273,152)		2,871,059,150

INVESTMENT OF CASH COLLATERAL FOR		
SECURITIES LOANED*-5.5%		
Short-Term Investment-5.5%		
UBS Private Money Market Fund, LLC		
1.19%		
(cost \$97,524,050)	97,524,050	97,524,050

Total Investments-166.7%		
(cost \$2,888,797,202)		2,968,583,200
Other assets less liabilities-(66.7%)		(1,188,146,628)

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Net Assets-100.0%

\$1,780,436,572

=====

ACM INCOME FUND o 15

Portfolio of Investments

CALL OPTIONS WRITTEN (see Note C)

Description	Contracts (k)	Exercise Price	Expiration Month	U.S. \$ Value
Republic of Venezuela 9.25%, 9/15/27 (premiums received \$11,600)	725,000	\$ 85.40	July '04	\$ (5,800)

FINANCIAL FUTURES CONTRACTS SOLD (see Note C)

Type	Number of Contracts	Expiration Month	Original Value	Value at June 30, 2004	Unrealized Depreciation
U.S. Treasury Note 10 Year Futures	400	September 2004	\$ 42,813,399	\$ 43,731,250	\$ (917,851)
U.S. Treasury Note 5 Year Futures	6,778	September 2004	731,823,465	736,683,875	(4,860,410)
U.S. Treasury Note 2 Year Futures	1,526	September 2004	321,143,999	321,294,533	(150,534)
10 Year Swap Futures	400	September 2004	41,612,493	42,425,000	(812,507)
					----- \$ (6,741,302) -----

FORWARD EXCHANGE CURRENCY CONTRACTS (see Note C)

	Contract Amount (000)	U.S. \$ Value on Origination Date	U.S. \$ Current Value	Unrealized Appreciation/ (Depreciation)
Sale Contracts				
Euro, settling 7/26/04	38,665	\$ 46,178,970	\$ 47,073,573	\$ (894,603)
Mexican Peso, settling 8/13/04	269,477	23,544,376	23,194,636	349,740

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CREDIT DEFAULT SWAP CONTRACTS (see Note C)

Swap Counterparty & Referenced Obligations	Notional Amount (000)	Interest Rate	Termination Date	Unrealized Appreciation/ (Depreciation)
Buy Contracts:				
Citigroup Global Markets, Inc. Republic of Brazil 12.25%, 3/06/30	6,275	2.55%	5/20/05	\$ (50,383)
Citigroup Global Markets, Inc. Republic of Hungary 4.50%, 2/06/13	10,250	0.50	11/26/13	(170,551)
Citigroup Global Markets, Inc. Republic of Philippines 10.625%, 3/16/25	3,360	5.60	3/20/14	(28,573)
Credit Suisse First Boston Republic of Brazil 12.25%, 3/06/30	600	3.60	6/20/05	(12,120)
JP Morgan Chase Republic of Ecuador 7.00%, 8/15/30	650	3.70	4/30/05	(15,187)

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Portfolio of Investments

CREDIT DEFAULT SWAP CONTRACTS (continued)

Swap Counterparty & Referenced Obligations	Notional Amount (000)	Interest Rate	Termination Date	Unrealized Appreciation/ (Depreciation)
Sale Contracts:				
Citigroup Global Markets, Inc. Republic of Brazil 12.25%, 3/06/30	3,000	6.35%	8/20/05	\$ 189,682

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Citigroup Global Markets, Inc. Republic of Brazil 12.25%, 3/06/30	6,275	4.40	5/20/06	30,608
Citigroup Global Markets, Inc. Republic of Philippines 10.625%, 3/16/25	3,360	4.95	3/20/09	30,172
Citigroup Global Markets, Inc. Republic of Venezuela 9.25%, 9/15/27	4,000	6.00	5/20/06	126,533
Citigroup Global Markets, Inc. United Mexican States 8.30%, 8/15/31	500	2.40	5/20/14	15,983
Citigroup Global Markets, Inc. United Mexican States 8.30%, 8/15/31	1,450	2.05	5/20/09	44,086
Credit Suisse First Boston Republic of Brazil 12.25%, 3/06/30	600	6.90	6/20/07	25,720
Deutsche Bank AG Republic of Brazil 12.25%, 3/06/30	1,150	3.50	4/20/06	7,118
Goldman Sachs Republic of Brazil 12.25%, 3/06/30	10,000	7.31	6/20/09	108,367
JP Morgan Chase Russian Federation 2.50%, 3/31/30	1,000	3.20	6/26/13	9,795
JP Morgan Chase Russian Federation 2.50%, 3/31/30	1,000	3.20	6/25/13	9,717
JP Morgan Chase Russian Federation 5.00%, 3/31/30	500	2.98	4/29/14	(735)

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Portfolio of Investments

 REVERSE REPURCHASE AGREEMENTS (see Note C)

Broker	Interest Rate	Maturity	Amount
Chase Securities	0.88%	7/07/04	\$ 33,280,507
Chase Securities	0.90	7/07/04	33,462,691
Citigroup	0.90	7/07/04	58,168,517
Greenwich Capital Markets	1.10	7/07/04	91,687,407
Greenwich Capital Markets	1.11	7/07/04	345,832,535
Lehman Brothers	1.05	7/07/04	37,950,029

			\$600,381,686

* See Note E for securities lending information.

(a) Positions, or portion thereof, with an aggregate market value of \$1,013,278,816 have been segregated to collateralize the loan outstanding.

(b) Positions, or portion thereof, with an aggregate market value of \$605,133,297 have been segregated to collateralize reverse repurchase agreements.

(c) Positions, or portion thereof, with an aggregate market value of \$708,022,687 have been segregated to collateralize open forward exchange currency contracts.

(d) Security is exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At June 30, 2004, the aggregate market value of these securities amounted to \$371,147,555 or 20.8% of net assets.

(e) Coupon increases periodically based upon a predetermined schedule. Stated interest rate in effect at June 30, 2004.

(f) PIK (Paid in Kind) preferred quarterly stock payable.

(g) A position or portion of the underlying security has been segregated for the written call options outstanding at June 30, 2004. The value of this security amounted to \$612,625.

(h) Indicates a security that has a zero coupon that remains in effect until a predetermined date at which time the stated coupon rate becomes effective until final maturity.

(i) Non-income producing security.

(j) Position, or a portion thereof, with an aggregate market value of \$8,995,031 has been segregated as collateral for the futures transactions outstanding at June 30, 2004.

(k) One contract relates to principal amount of \$1.00.

Currency Abbreviations:

BRL - Brazilian Real

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EUR - Euro
 MXP - Mexican Peso
 TRL - Turkish Lira
 US\$ - United States Dollar

Glossary of Terms:

DCB - Debt Conversion Bond
 FNMA - Federal National Mortgage Association
 FRN - Floating Rate Note
 LOC - Letter of Credit
 TBA - (To Be Assigned)--Securities are purchased on a forward commitment with an approximate principal amount (generally +/- 1.0%) and no definite maturity date. The actual principal amount and maturity date will be determined upon settlement when the specific mortgage pools are assigned.

See notes to financial statements.

18 o ACM INCOME FUND

Statement of Assets & Liabilities

STATEMENT OF ASSETS & LIABILITIES
 June 30, 2004 (unaudited)

ASSETS

Investments in securities, at value (cost \$2,888,797,202-- including investment of cash collateral for securities loaned of \$97,524,050)	\$ 2,968,583,200 (a)
Cash	13,643,601
Unrealized appreciation of swap contracts	597,781
Unrealized appreciation on forward exchange currency contracts	349,740
Receivable for investment securities sold	114,761,054
Interest and dividends receivable	37,009,021

Total assets	3,134,944,397

LIABILITIES

Outstanding call option written, at value (premiums received \$11,600)	5,800
Reverse repurchase agreements	600,381,686
Loan payable	400,000,000
Unrealized depreciation on forward exchange currency contracts	894,603
Unrealized depreciation of swap contracts	277,549
Payable for investment securities purchased	232,462,020
Payable for collateral received on securities loaned	97,524,050
Dividend payable	15,377,632
Payable for variation margin on futures contracts	4,739,500
Advisory fee payable	1,347,101
Loan interest payable	1,008,875
Administrative fee payable	244,449
Accrued expenses	244,560

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Total liabilities	1,354,507,825	

Net Assets	\$ 1,780,436,572	=====
COMPOSITION OF NET ASSETS		
Capital stock, at par	\$ 2,278,168	
Additional paid-in capital	2,125,679,582	
Distributions in excess of net investment income	(62,658,246)	
Accumulated net realized loss on investment and foreign currency transactions	(357,639,409)	
Net unrealized appreciation of investments and foreign currency denominated assets and liabilities	72,776,477	

	\$ 1,780,436,572	=====
Net Asset Value Per Share		
(based on 227,816,768 shares outstanding)	\$ 7.82	=====

(a) Includes securities on loan with a value of \$95,132,400 (see Note E).

See notes to financial statements.

ACM INCOME FUND o 19

Statement of Operations

STATEMENT OF OPERATIONS

Six Months Ended June 30, 2004 (unaudited)

INVESTMENT INCOME		
Interest	\$ 90,752,540	
Dividends	558,066	\$ 91,310,606

EXPENSES		
Advisory fee	7,468,384	
Administrative fee	1,418,530	
Custodian	303,314	
Transfer agency	196,935	
Printing	111,043	
Registration fee	86,512	
Audit and legal	67,191	
Directors' fees	17,293	
Miscellaneous	63,910	

Total expenses before interest	9,733,112	
Interest expense	4,744,431	

Total expenses		14,477,543

Net investment income		76,833,063

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

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TRANSACTIONS

Net realized gain (loss) on:	
Investment transactions	44,764,349
Swap contracts	3,710,914
Futures contracts	(33,880)
Written options	360,535
Foreign currency transactions	11,744,905
Net change in unrealized appreciation/depreciation of:	
Investments	(158,423,396)
Swap contracts	(3,351,210)
Futures contracts	1,878,073
Written options	5,800
Foreign currency denominated assets and liabilities	(530,998)

Net loss on investment and foreign currency transactions	(99,874,908)

NET DECREASE IN NET ASSETS FROM OPERATIONS	\$ (23,041,845)
	=====

See notes to financial statements.

20 o ACM INCOME FUND

Statement of Changes in Net Assets

STATEMENT OF CHANGES IN NET ASSETS

	Six Months Ended June 30, 2004 (unaudited)	Year Ended December 31, 2003
	=====	=====
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Net investment income	\$ 76,833,063	\$ 172,795,433
Net realized gain on investment and foreign currency transactions	60,546,823	52,973,949
Net change in unrealized appreciation/depreciation of investments and foreign currency denominated assets and liabilities	(160,421,731)	78,521,785
	-----	-----
Net increase (decrease) in net assets from operations	(23,041,845)	304,291,167
DIVIDENDS TO SHAREHOLDERS FROM		
Net investment income	(107,465,897)	(195,843,523)
CAPITAL STOCK TRANSACTIONS		
Reinvestment of dividends resulting in issuance of Common Stock	6,091,266	11,241,411

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Total increase (decrease)	(124,416,476)	119,689,055
NET ASSETS		
Beginning of period	1,904,853,048	1,785,163,993
End of period (including distributions in excess of net investment income of \$62,658,246 and \$32,025,412, respectively)	\$1,780,436,572 =====	\$1,904,853,048 =====

See notes to financial statements.

ACM INCOME FUND o 21

Statement of Cash Flows

STATEMENT OF CASH FLOWS

Six Months Ended June 30, 2004 (unaudited)

INCREASE (DECREASE) IN CASH FROM		
OPERATING ACTIVITIES:		
Interest and dividends received	\$ 75,996,075	
Interest expense paid	(4,419,991)	
Operating expenses paid	(9,964,370)	

Net increase in cash from operating activities		\$ 61,611,714
INVESTING ACTIVITIES:		
Purchases of long-term portfolio investments	(1,953,449,469)	
Proceeds from disposition of long-term portfolio investments	1,772,693,116	
Proceeds from disposition of short-term investments, net	45,882,973	
Premiums received on written options	11,600	
Variation margin paid on futures contracts	3,997,625	

Net decrease in cash from investing activities		(130,864,155)
FINANCING ACTIVITIES*:		
Cash dividends paid	(85,996,999)	
Increase in reverse repurchase agreements	168,826,097	

Net increase in cash from financing activities		82,829,098

Net increase in cash		13,576,657
Cash at beginning of period		66,944

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Cash at end of period	----- \$ 13,643,601 =====
-----------------------	---------------------------------

RECONCILIATION OF NET DECREASE IN NET
ASSETS FROM OPERATIONS TO NET INCREASE
IN CASH FROM OPERATING ACTIVITIES:

Net decrease in net assets from operations	\$ (23,041,845)
--	-----------------

ADJUSTMENTS:

Decrease in interest and dividends receivable	\$	4,361,326	
Accretion of bond discount and amortization of bond premium		(19,675,857)	
Increase in interest payable		324,440	
Decrease in accrued expenses		(231,258)	
Net realized gain on investment and foreign currency transactions		(60,546,823)	
Net change in unrealized appreciation/depreciation of investments and foreign currency denominated assets and liabilities		160,421,731	

Total adjustments		84,653,559	

NET INCREASE IN CASH FROM OPERATING ACTIVITIES	\$	61,611,714	=====

* Non-cash financing activities not included herein consist of reinvestment of dividends.

See notes to financial statements.

22 o ACM INCOME FUND

Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS
June 30, 2004 (unaudited)

NOTE A

Significant Accounting Policies

ACM Income Fund, Inc. (the "Fund'') is registered under the Investment Company Act of 1940 as a non-diversified, closed-end management investment company. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States, 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

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expenses during the reporting period. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund.

1. Security Valuation

In accordance with Pricing Policies adopted by the Board of Directors of the Fund (the "Pricing Policies") and applicable law, portfolio securities are valued at current market value or at fair value. The Board of Directors has delegated to Alliance Capital Management, L.P. (the "Adviser"), subject to the Board's continuing oversight, certain responsibilities with respect to the implementation of the Pricing Policies. Pursuant to the Pricing Policies, securities for which market quotations are readily available are valued at their current market value. In general, the market value of these securities is determined as follows:

Securities listed on a national securities exchange 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. If no bid or asked prices are quoted on such day, then the security is valued in good faith at fair value in accordance with the Pricing Policies. Securities listed on more than one exchange are valued by reference to the principal exchange on which the securities are traded; securities not listed on an exchange but traded on The Nasdaq Stock Market, Inc. ("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 valuations, the last available closing settlement price is used; securities traded in the over-the-counter market, (but excluding securities traded on NASDAQ) 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

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Notes to Financial Statements

provided by a pricing service or at a price obtained from one or more of the major broker/dealers. In cases where broker/dealer quotes are obtained, the Pricing Policies provide that 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 are valued at fair value in accordance with the Pricing Policies. The Fund fair values a security that it holds when a significant event (e.g., an earthquake or a major

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terrorist attack) occurs after the time that the latest market quotation was established, and, as a result, such market quotation cannot be said to represent the current market value of the security as of the time the Fund prices its shares. Fair valuing securities is imprecise, and there is no assurance that the Fund could dispose of the security at the price used for determining the Fund's net asset value.

2. Currency Translation

Assets and liabilities denominated in foreign currencies and commitments under forward exchange currency 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 the rates of exchange prevailing when accrued.

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

3. Taxes

It is the Fund's policy to meet the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its investment company taxable income and net realized gains, if any, to shareholders. Therefore, no provisions for federal income or excise taxes are required.

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Notes to Financial Statements

4. Investment Income and Investment Transactions

Interest income is accrued daily. Investment transactions are accounted for on the date the securities are purchased or sold. Investment gains and losses are determined on the identified cost basis. The Fund accretes discounts as adjustments to interest income. Additionally, the Fund amortizes premiums on debt securities for financial statement reporting purposes only.

5. Dividends and Distributions

Dividends and distributions to shareholders are recorded on the ex-dividend date. Income and capital gains distributions are determined in accordance with federal tax regulations and may differ from those determined in accordance with accounting principles generally accepted in the United States. To the extent these differences are permanent, such amounts are reclassified within the

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capital accounts based on their federal tax basis treatment; temporary differences do not require such reclassification.

6. Repurchase Agreements

The Fund's custodian or designated subcustodian will take control of securities as collateral under repurchase agreements and determine on a daily basis that the value of such securities are sufficient to cover the value of the repurchase agreements. If the seller defaults and the value of collateral declines, or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of collateral by the Fund may be delayed or limited.

NOTE B

Advisory, Administrative Fees and Other Transactions with Affiliates

Under the terms of an investment advisory agreement, the Fund pays the Adviser a monthly advisory fee in an amount equal to the sum of 1/12th of .30 of 1% of the Fund's average weekly net assets up to \$250 million, 1/12th of .25 of 1% of the Fund's average weekly net assets in excess of \$250 million, and 5.25% of the Fund's daily gross income (i.e., income other than gains from the sale of securities and foreign currency transactions or gains realized from options and futures contracts less interest on money borrowed by the Fund) accrued by the Fund during the month. However, such monthly advisory fee shall not exceed in the aggregate 1/12th of 1% of the Fund's average weekly net assets during the month (approximately 1% on an annual basis).

Under the terms of a Shareholder Inquiry Agency Agreement with Alliance Global Investor Services, Inc. ("AGIS"), a wholly-owned subsidiary of the Adviser, the Fund reimburses AGIS for costs relating to servicing phone inquiries on behalf of the Fund. During the six months ended June 30, 2004, the Fund reimbursed AGIS \$7,850 for such costs.

Under the terms of an Administrative Agreement, the Fund pays its Administrator, UBS Global Asset Management (US) Inc. ("UBS Global AM"), a monthly fee equal to the annual rate of .18 of 1% of the Fund's average weekly

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Notes to Financial Statements

net assets up to \$100 million, .16 of 1% of the Fund's next \$200 million of average weekly net assets and .15 of 1% of the Fund's average weekly net assets in excess of \$300 million. Effective July 1, 2004, the Fund will pay UBS Global AM .02 of 1% of the Fund's average weekly net assets. Such fee is accrued daily and paid monthly. UBS Global AM is an indirect wholly-owned asset management subsidiary of UBS AG. UBS Global AM prepares financial and regulatory reports for the Fund and provides other administrative services.

NOTE C

Investment Transactions

Purchases and sales of investment securities (excluding short-term investments) for the period ended June 30, 2004 were as follows:

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	Purchases =====	Sales =====
Investment securities (excluding U.S. government securities)	\$ 838,669,457	\$ 816,971,850
U.S. government securities	1,257,615,156	955,534,679

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

Cost	\$2,888,797,202 =====
Gross unrealized appreciation	\$ 151,009,633
Gross unrealized depreciation	(71,223,635) -----
Net unrealized appreciation	\$ 79,785,998 =====

1. Financial Futures Contracts

The Fund may buy or sell financial futures contracts for the purpose of hedging its portfolio against adverse affects of anticipated movements in the market. The Fund bears the market risk that arises from changes in the value of these financial instruments and the imperfect correlation between movements in the price of the future contracts and movements in the price of the securities hedged or used for cover.

At the time the Fund enters into a futures contract, the Fund deposits and maintains as collateral an initial margin as required by the exchange on which the transaction is effected. Pursuant to the contract, the Fund 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 Fund as unrealized gains or losses. Risks may arise from the potential inability of a counterparty to meet the terms of the contract. When the contract is closed, the Fund 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.

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Notes to Financial Statements

2. Forward Exchange Currency Contracts

The Fund may enter into forward exchange currency 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 sales commitments denominated in foreign currencies and for investment purposes. A forward exchange currency contract is a commitment to purchase or sell a foreign currency on 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.

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Fluctuations in the value of open forward exchange currency contracts are recorded for financial reporting purposes as unrealized appreciation and depreciation by the Fund.

The Fund's custodian will place and maintain cash not available for investment or other liquid assets in a separate account of the Fund having a value at least equal to the aggregate amount of the Fund's commitments under forward exchange currency contracts entered into with respect to position hedges.

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 Fund has in that particular currency contract.

3. Option Transactions

For hedging and investment purposes, the Fund may purchase and write (sell) put and call options on U.S. and foreign government securities and foreign currencies that are traded on U.S. and foreign securities exchanges and over-the-counter markets.

The risk associated with purchasing an option is that the Fund pays a premium whether or not the option is exercised. Additionally, the Fund bears the risk of loss of the premium and a 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 the premiums paid. The proceeds from securities sold through the exercise of put options are decreased by the premiums paid.

When the Fund writes an option, the premium received by the Fund is recorded as a liability and is subsequently adjusted to the current market value of the option written. Premiums received from written options which expire unexercised are recorded by the Fund on the expiration date as realized gains from options written. The difference between the premium received and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or if the premium received is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium received is added to the proceeds from the sale

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Notes to Financial Statements

of the underlying security or currency in determining whether the Fund has realized a gain or loss. If a put option is exercised, the premium received reduces the cost basis of the security or currency purchased by the Fund. In writing an option, the Fund bears the market risk of an unfavorable change in the price of the security or currency underlying the written option. Exercise of an option written by the Fund could result in the Fund selling or buying a security or currency at a price different from the current market value.

Transactions in written options for the period ended June 30, 2004, were as follows:

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	Number of Contracts (000)	Premiums Received
	=====	=====
Options outstanding at December 31, 2003	-0-	\$ -0-
Options written	161,132	516,934
Options terminated in closing purchase transactions	(1,625)	(37,705)
Options expired	(158,782)	(467,629)
	-----	-----
Options outstanding at June 30, 2004	725	\$ 11,600
	=====	=====

4. Swap Agreements

The Fund may enter into swaps on sovereign debt obligations to hedge its exposure to interest rates and credit risk or for investment purposes. 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.

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 interest payment to be received by the Fund, and/or the termination value at the end of the contract. Therefore, the Fund considers the creditworthiness of each counterparty to a swap contract in evaluating potential credit risk. Additionally, risks may arise from unanticipated movements in interest rates or in the value of the underlying securities.

The Fund 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, in addition to realized gain/loss recorded upon the termination of swap contracts on the statement of operations. Fluctuations in the value of swap contracts are recorded as a component of net change in unrealized appreciation/ depreciation of investments.

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Notes to Financial Statements

The Fund may enter into credit default swaps. The Fund may purchase credit protection on the referenced obligation of the credit default swap ("Buy Contract") or provide credit protection on the referenced obligation of the credit default swap ("Sale Contract"). A sale/(buy) in a credit default swap provides upon the occurrence of a credit event, as defined in the swap agreement, for the Fund to buy/(sell) from/(to) the counterparty at the notional amount (the "Notional Amount") and receive/(deliver) the principal

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amount of the referenced obligation. If a credit event occurs, the maximum payout amount for a Sale Contract is limited to the Notional Amount of the swap contract ("Maximum Payout Amount"). During the term of the swap agreement, the Fund receives/(pays) semi-annual fixed payments from/(to) the respective counterparty, calculated at the agreed upon interest rate applied to the Notional Amount. These interim payments are recorded within unrealized appreciation/depreciation of swap contracts on the statement of assets and liabilities.

Credit default swaps may involve greater risks than if a Fund had invested in the referenced obligation directly. Credit default swaps are subject to general market risk, liquidity risk, counterparty risk and credit risk. If the Fund is a buyer and no credit event occurs, it will lose its investment. In addition, if the Fund is a seller and a credit event occurs, the value of the referenced obligation received by the Fund coupled with the periodic payments previously received, may be less than the Maximum Payout Amount it pays to the buyer, resulting in a loss to the Fund.

At June 30, 2004, the Fund had Sale Contracts outstanding with Maximum Payout Amounts aggregating \$32,835,000, with net unrealized appreciation of \$597,046 and terms ranging from 1 year to 10 years, as reflected in the portfolio of investments.

In certain circumstances, the Fund may hold Sale Contracts on the same referenced obligation and with the same counterparty it has purchased credit protection, which may reduce its obligation to make payments on Sale Contracts, if a credit event occurs. The Fund had Buy Contracts outstanding with a Notional Amount of \$10,235,000 with respect to the same referenced obligations and same counterparties of certain Sale Contracts outstanding, which reduced its obligation to make payments on Sale Contracts to \$22,600,000 as of June 30, 2004.

5. Reverse Repurchase Agreements

Under a reverse repurchase agreement, the Fund sells securities and agrees to repurchase them at a mutually agreed upon date and price. At the time the Fund enters into a reverse repurchase agreement, it will establish a segregated account with the custodian containing liquid assets having a value at least equal to the repurchase price.

For the year ended June 30, 2004, the average amount of reverse repurchase agreements outstanding was \$431,265,927 and the daily weighted average annual interest rate was .98%.

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Notes to Financial Statements

NOTE D

Capital Stock

There are 300,000,000 shares of \$.01 par value common stock authorized of which 227,816,768 shares were issued and outstanding at June 30, 2004. During the period ended June 30, 2004 and the year ended December 31, 2003, the Fund issued 743,002 and 1,349,486 shares, respectively, in connection with the

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Fund's dividend reinvestment plan.

NOTE E

Securities Lending

The Fund has entered into a securities lending agreement with AG Edwards & Sons, Inc. (the "Lending Agent"). Under the terms of the agreement, the Lending Agent, on behalf of the Fund, administers the lending of portfolio securities to certain broker-dealers. In return, the Fund receives fee income from the lending transactions or it retains a portion of interest on the investment of any cash received as collateral. The Fund also continues to receive dividends or interest on the securities loaned. Unrealized gain or loss on the value of the securities loaned that may occur during the term of the loan will be reflected in the accounts of the Fund. All loans are continuously secured by collateral exceeding the value of the securities loaned. All collateral consists of either cash or U.S. Government securities. The Lending Agent may invest the cash collateral received in accordance with the investment restrictions of the Fund in one or more of the following investments: U.S. Government or U.S. Government agency obligations, bank obligations, corporate debt obligations, asset-backed securities, structured products, repurchase agreements and an eligible money market fund. The Lending Agent will indemnify the Fund for any loss resulting from a borrower's failure to return a loaned security when due. As of June 30, 2004, the Fund had loaned securities with a value of \$95,132,400 and received cash collateral of \$97,524,050, which was invested in a money market fund as included in the accompanying portfolio of investments. For the six months ended June 30, 2004, the Fund earned fee income of \$99,774, which is included in interest income in the accompanying statement of operations.

NOTE F

Bank Borrowing

The Fund participated in a credit facility for a commercial paper asset securitization program with Societe Generale ("SG") as Administrative Agent, and Barton Capital Corporation ("Barton") as lender. The credit facility has a maximum limit of \$400 million. Under the SG Program, Barton will fund advances to the Fund through the issuance of commercial paper rated A-1+ by Standard & Poor's Ratings Services and P-1 by Moody's Investors Service, Inc. The collateral value must be at least 171% of outstanding borrowings. The borrowings under the SG program are secured by the pledging of the Fund's portfolio securities as collateral. The interest rate on the Fund's borrowings is based on the interest rate carried by the commercial paper. The weighted average annual interest rate was 1.12% and the average borrowing was \$400,000,000 for the six

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Notes to Financial Statements

months ended June 30, 2004. At June 30, 2004, the interest rate in effect was 1.14% and the amount of borrowings outstanding was \$400,000,000.

NOTE G

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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 Fund's investments in fixed-income debt securities such as bonds or notes. Increases in interest rates may cause the value of the Fund'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.

Foreign Securities Risk--Investing in securities of foreign companies or foreign governments involves special risks which include changes in foreign 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 United States companies or the United States government.

The Fund invests in sovereign debt obligations of countries that are considered emerging market countries at the time of purchase. Therefore, the Fund is susceptible to governmental factors and economic and debt restructuring developments adversely affecting the economies of these emerging market countries. In addition, these debt obligations may be less liquid and subject to greater volatility than debt obligations of more developed countries.

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

NOTE H

Distributions to Shareholders

The tax character of distributions to be paid for the year ending December 31, 2004 will be determined at the end of the current fiscal year.

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Notes to Financial Statements

The tax character of distributions paid during the fiscal years ended December 31, 2003 and December 31, 2002 were as follows:

	2003 =====	2002 =====
Distributions paid from:		
Ordinary income	\$ 195,843,523	\$ 191,884,640
	-----	-----
Total taxable distributions	195,843,523	191,884,640
Tax return of capital	0	15,245,936

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	-----	-----
Total distributions paid	\$ 195,843,523	\$ 207,130,576
	=====	=====

As of December 31, 2003, the components of accumulated earnings/(deficit) on a tax basis were as follows:

Undistributed ordinary income	\$ 523,166
Accumulated capital and other losses	(414,461,868) (a)
Unrealized appreciation/(depreciation)	198,530,854 (b)

Total accumulated earnings/(deficit)	\$ (215,407,848)
	=====

(a) On December 31, 2003, the Fund had a net capital loss carryforward of \$414,461,868 of which \$20,933,043 expires in the year 2005, \$131,355,099 expires in the year 2006, \$67,513,083 expires in the year 2007, \$8,878,672 expires in the year 2008, \$48,113,872 expires in the year 2009 and \$137,668,099 expires in the year 2010. To the extent future capital gains are offset by capital loss carryforwards, such gains will not be distributed. Based on certain provisions in the Internal Revenue Code, various limitations regarding the future utilization of these carryforwards, brought forward as a result of the Fund's merger with ACM Government Securities Fund and ACM Government Spectrum Fund, may apply. During the fiscal year, the Fund utilized capital loss carryforwards of \$15,984,051.

(b) The difference between book-basis and tax-basis unrealized appreciation/(depreciation) is attributable primarily to the tax deferral of losses on wash sales, the difference between book and tax amortization methods for premium, and the recognition of unrealized gains and losses on certain futures contracts.

NOTE I

Legal Proceedings

As has been previously reported in the press, the staff of the U.S. Securities and Exchange Commission ("SEC") and the Office of the New York Attorney General ("NYAG") have been investigating practices in the mutual fund industry identified as "market timing" and "late trading" of mutual fund shares. Certain other regulatory authorities have also been conducting investigations into these practices within the industry and have requested that the Adviser provide information to them. The Adviser has been cooperating and will continue to cooperate with all of these authorities. The shares of the Fund are not redeemable by the Fund, but are traded on an exchange at prices established by the market. Accordingly, the Fund and its shareholders are not subject to the market timing and late trading practices that are the subject of the investigations mentioned above or the lawsuits described below. Please see below for a description of the agreements reached by the Adviser and the SEC and NYAG in connection with the investigations mentioned above.

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Numerous lawsuits have been filed against the Adviser and certain other defendants in which plaintiffs make claims purportedly based on or related to the same practices that are the subject of the SEC and NYAG investigations referred to above. Some of these lawsuits name the Fund as a party. Management of the Adviser believes that these private lawsuits are not likely to have a material adverse effect on the results of operations or financial condition of the Fund.

On December 18, 2003, the Adviser confirmed that it had reached terms with the SEC and the NYAG for the resolution of regulatory claims relating to the practice of "market timing" mutual fund shares in some of the AllianceBernstein Mutual Funds. The agreement with the SEC is reflected in an Order of the Commission ("SEC Order"). The agreement with the NYAG is subject to final, definitive documentation. Among the key provisions of these agreements are the following:

- (i) The Adviser agreed to establish a \$250 million fund (the "Reimbursement Fund") to compensate mutual fund shareholders for the adverse effects of market timing attributable to market timing relationships described in the SEC Order. According to the SEC Order, the Reimbursement Fund is to be paid, in order of priority, to fund investors based on (i) their aliquot share of losses suffered by the fund due to market timing, and (ii) a proportionate share of advisory fees paid by such fund during the period of such market timing;
- (ii) The Adviser agreed to reduce the advisory fees it receives from some of the AllianceBernstein long-term, open-end retail funds, commencing January 1, 2004, for a period of at least five years; and
- (iii) The Adviser agreed to implement changes to its governance and compliance procedures. Additionally, the SEC Order contemplates that the Adviser's registered investment company clients, including the Fund, will introduce governance and compliance changes.

The shares of the Fund are not redeemable by the Fund, but are traded on an exchange at prices established by the market. Accordingly, the Fund and its shareholders are not subject to the market timing practices described in the SEC Order and are not expected to participate in the Reimbursement Fund. Since the Fund is a closed-end fund, it will not have its advisory fee reduced pursuant to the terms of the agreements mentioned above.

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Financial Highlights

FINANCIAL HIGHLIGHTS

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

Six Months Ended June 30, 2004 (unaudited) (a)	2003	2002	Year Ended December 2001 (b)
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Net asset value, beginning of period	\$8.39	\$7.91	\$7.87	\$8.45	
INCOME FROM INVESTMENT OPERATIONS					
Net investment income (c)	.34	.76	.89	.76	
Net realized and unrealized gain (loss) on investment and foreign currency transactions	(.44)	.59	.07	(.11)	
Net increase (decrease) in net asset value from operations	(.10)	1.35	.96	.65	
LESS: DIVIDENDS AND DISTRIBUTIONS					
Dividends from net investment income	(.47)	(.87)	(.85)	(.77)	
Distributions in excess of net investment income	-0-	-0-	-0-	(.07)	
Tax return of capital	-0-	-0-	(.07)	-0-	
Total dividends and distributions	(.47)	(.87)	(.92)	(.84)	
LESS: FUND SHARE TRANSACTIONS					
Dilutive effect of rights offering	-0-	-0-	-0-	(.32)	
Offering costs charged to paid-in-capital in excess of par	-0-	-0-	-0-	(.07)	
Total fund share transactions	-0-	-0-	-0-	(.39)	
Net asset value, end of period	\$7.82	\$8.39	\$7.91	\$7.87	
Market value, end of period	\$7.86	\$8.58	\$8.46	\$7.30	
Premium/(Discount)	.51%	2.26%	6.95%	(7.24)%	
TOTAL INVESTMENT RETURN					
Total investment return based on: (d)					
Market value	(2.94)%	12.50%	30.60%	7.80%	
Net asset value	(1.24)%	17.66%	13.27%	3.11%	
RATIOS/SUPPLEMENTAL DATA					
Net assets, end of period (000's omitted)	\$1,780,437	\$1,904,853	\$1,785,164	\$1,764,895	\$1,
Ratio to average net assets of:					
Expenses	1.56% (f)	1.67%	1.87%	2.31%	
Expenses, excluding interest expense (e)	1.05% (f)	1.10%	1.26%	1.18%	
Net investment income	8.27% (f)	9.28%	11.69%	9.33%	
Portfolio turnover rate	126%	276%	414%	676%	
Asset coverage ratio	505%	559%	376%	379%	
Bank borrowing outstanding (in millions)	\$400	\$400	\$400	\$300	

See footnote summary on page 35.

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(a) As of January 1 2004, the Fund has adopted the method of accounting for interim payments on swap contracts in accordance with Financial Accounting Standards Board Statement No. 133. These interim payments are reflected within net realized and unrealized gain (loss) on swap contracts, however prior to January 1 2004, these interim payments were reflected within interest income/expense on the statement of operations. The effect of this change for the six months ended June 30, 2004, was to decrease net investment income per share and increase net realized and unrealized gain (loss) on investment transactions. The effect on the per share amounts was less than \$0.005. The ratio of net investment income to average net assets was decreased by 0.02%.

(b) As required, effective January 1, 2001, the Fund has adopted the provisions of the AICPA Audit and Accounting Guide Audits of Investment Companies, and began amortizing premium on debt securities for financial reporting purposes only. The effect of this change for the year ended December 31, 2001, was to decrease net investment income per share by \$.05, decrease net realized and unrealized loss on investment transactions per share by \$.05, and decrease the ratio of net investment income to average net assets from 9.92% to 9.33%. Per share, ratios and supplemental data for periods prior to January 1, 2001 have not been restated to reflect this change in presentation.

(c) Based on average shares outstanding.

(d) Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each period reported. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at prices obtained under the Fund's Dividend Reinvestment Plan. Generally, total investment return based on net asset value will be higher than total investment return based on market value in periods where there is an increase in the discount or a decrease in the premium of the market value to the net asset value from the beginning to the end of such periods. Conversely, total investment return based on net asset value will be lower than total investment return based on market value in periods where there is a decrease in the discount or an increase in the premium of the market value to the net asset value from the beginning to the end of such periods. Total investment return calculated for a period of less than one year is not annualized.

(e) Net of interest expense of .51%, .57%, .61%, 1.13%, 1.35% and 1.18%, respectively, on borrowings (see Notes C and F).

(f) Annualized.

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Additional Information

ADDITIONAL INFORMATION
(unaudited)

Supplemental Proxy Information

A Special Meeting of Shareholders of ACM Income Fund, Inc. was held on March 25, 2004. The description of each proposal and number of shares voted at the

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meeting are as follows:

		Voted For	Authority Withheld
1. To elect directors	Class One Nominees (terms expire in 2007)		
	John H. Dobkin	206,041,163	3,801,420
	Clifford L. Michel	206,124,907	3,717,676
	Donald J. Robinson	206,013,343	3,829,240
	Class Three Nominee (term expires in 2006)		
	Marc O. Mayer	206,036,709	3,805,874

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Board of Directors

BOARD OF DIRECTORS

William H. Foulk, Jr.(1), Chairman
 Marc O. Mayer, President
 Ruth Block(1)
 David H. Dievler(1)
 John H. Dobkin(1)
 Dr. James M. Hester(1)
 Clifford L. Michel(1)
 Donald J. Robinson(1)

OFFICERS

Andrew M. Aran, Vice President
 Paul J. DeNoon(2), Vice President
 Michael L. Mon, Vice President
 Douglas J. Peebles(2), Vice President
 Michael A. Snyder, Vice President
 Kewjin Yuoh, Vice President
 Mark R. Manley, Secretary
 Mark D. Gersten, Treasurer & Chief Financial Officer
 Vincent S. Noto, Controller

Administrator

UBS Global Asset Management (US) Inc.
 51 West 52nd Street
 New York, NY 10019

Dividend Paying Agent, Transfer Agent and Registrar

Equiserve Trust Company, N.A.
 P.O. Box 43011

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Providence, RI 02940-3011

Custodian

State Street Bank and Trust Company
225 Franklin Street
Boston, MA 02110

Independent Auditors

Ernst & Young LLP
5 Times Square
New York, NY 10036

Legal Counsel

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

(1) Member of the Audit Committee and Nominating Committee.

(2) Messrs. DeNoon and Peebles are the persons primarily responsible for the day-to-day management of the Fund's investment portfolio.

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940 that the Fund may purchase from time to time at market prices shares of its Common Stock in the open market.

This report, including the financial statements herein, is transmitted to the shareholders of ACM Income Fund for their information. The financial information included herein is taken from the records of the Fund. This is not a prospectus, circular or representation intended for use in the purchase of shares of the Fund or any securities mentioned in this report.

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Management of the Fund

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, AGE OF DIRECTOR,
ADDRESS

PRINCIPAL
OCCUPATION(S)

PORTFOLIOS
IN FUND
COMPLEX
OVERSEEN BY

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(YEARS OF SERVICE)

DURING PAST 5 YEARS

DIRECTOR

DISINTERESTED DIRECTORS

<p>William H. Foulk, Jr., #, 71 2 Sound View Drive Suite 100 Greenwich, CT 06830 (6) Chairman of the Board</p>	<p>Investment adviser and an independent consultant. He was formerly Senior Manager of Barrett Associates, Inc., a registered investment adviser, with which he had been associated since prior to 1999. 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.</p>	<p>113</p>
<p>Ruth Block, #, 73 500 SE Mizner Blvd., Boca Raton, FL 33432 (17)</p>	<p>Formerly Executive Vice President and Chief Insurance Officer of The Equitable Life Assurance Society of the United States; Chairman and Chief Executive Officer of Evlico; Director of Avon, BP (oil and gas), Ecolab Incorporated (specialty chemicals), Tandem Financial Group and Donaldson, Lufkin & Jenrette Securities Corporation; former Governor at Large, National Association of Securities Dealers, Inc.</p>	<p>94</p>
<p>David H. Dievler, #, 74 P.O. Box 167 Spring Lake, NJ 07762 (17)</p>	<p>Independent consultant. Until December 1994 he was Senior Vice President of Alliance Capital Management Corporation ("ACMC") responsible for mutual fund administration. Prior to joining ACMC in 1984 he was Chief Financial Officer of Eberstadt Asset Management since 1968. Prior to that he was a Senior Manager at Price Waterhouse & Co. Member of American Institute of Certified Public Accountants since 1953.</p>	<p>98</p>

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Management of the Fund

MANAGEMENT OF THE FUND
(continued)

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NAME, AGE OF DIRECTOR, ADDRESS (YEARS OF SERVICE)	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	PORTFOLIOS IN FUND COMPLEX OVERSEEN BY DIRECTOR
DISINTERESTED DIRECTORS (continued)		
John H. Dobkin, #, 62 P.O. Box 12 Annandale, NY 12504 (6)	Consultant. Formerly President of Save Venice, Inc. (preservation organization) from 2001-2002, a 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 and during 1988-1992, he was Director and Chairman of the Audit Committee of ACMC.	96
Dr. James M. Hester, #, 80 25 Cleveland Lane Princeton, NJ 08540 (17)	Formerly President of the Harry Frank Guggenheim Foundation, New York University and the New York Botanical Garden, Rector of the United Nations University and Vice Chairman of the Board of the Federal Reserve Bank of New York.	11
Clifford L. Michel, #, 65 15 St. Bernard's Road Gladstone, NJ 07934 (17)	Senior Counsel to the law firm of Cahill Gordon & Reindel since February 2001 and a partner of that firm for more than twenty-five years prior thereto. He is President and Chief Executive Officer of Wenonah Development Company (investments) and a Director of Placer Dome, Inc. (mining).	96
Donald J. Robinson, #, 70 98 Hell's Peak Road Weston, VT 05161 (7)	Senior Counsel to the law firm of Orrick, Herrington & Sutcliffe LLP since prior to 1999. Formerly a senior partner and a member of the Executive Committee of that firm. He was also a member and Chairman of the Municipal Securities Rulemaking Board and Trustee of the Museum of the City of New York.	95

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Management of the Fund

NAME, AGE OF DIRECTOR, ADDRESS (YEARS OF SERVICE)	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	PORTFOLIOS IN FUND COMPLEX OVERSEEN BY DIRECTOR
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INTERESTED DIRECTOR

Marc O. Mayer, +, 46 1345 Avenue of the Americas New York, NY 10105 (Elected November 18, 2003)	Executive Vice President of ACMC since 2001; prior thereto, Chief Executive Officer of Sanford C. Bernstein & Co., LLC and its predecessor since prior to 1999.	66
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Member of the Audit Committee and the Nominating Committee.

+ Mr. Mayer is an "interested director", as defined in the 1940 Act, due to his position as Executive Vice President of ACMC.

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Management of the Fund

Officer Information

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

NAME, ADDRESS* AND AGE	POSITION(S) HELD WITH FUND	PRINCIPAL OCCUPATION DURING PAST 5 YEARS**
Andrew M. Aran, 47	Vice President	Senior Vice President of ACMC which he has been associated prior to 1999.
Paul J. DeNoon, 42	Vice President	Senior Vice President of ACMC which he has been associated prior to 1999.
Michael L. Mon, 35	Vice President	Vice President of ACMC, ** wi

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		he has been associated since June 1999.
Douglas J. Peebles, 38	Vice President	Executive Vice President of A **with which he has been asso since prior to 1999.
Michael A. Snyder, 42	Vice President	Senior Vice President of ACMO May, 2001. Previously he was Managing Director in the high asset management group at Donaldson, Lufkin & Jenrette Corporation since prior to 19
Kewjin Yuoh, 33	Vice President	Vice President of ACMC, ** si March 2003. Previously, he wa Vice President of Credit Suis Management from 2000 to 2002 Vice President of Brundage, S & Rose since prior to 1999.
Mark R. Manley, 41	Secretary	Senior Vice President and Chi Compliance Officer of ACMC,** which he has been associated prior to 1999.
Mark D. Gersten, 53	Treasurer and Chief Financial Officer	Senior Vice President of Alli Global Investor Services, Inc ("AGIS") and a Vice President AllianceBernstein Investment and Management, Inc. ("ABIRM" with which he has been associ since prior to 1999.
Vincent S. Noto, 39	Controller	Vice President of AGIS**, wit he has been associated since to 1999.

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

** ACMC, ABIRM and AGIS are affiliates of the Fund.

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AllianceBernstein Family of Funds

ALLIANCEBERNSTEIN FAMILY OF FUNDS

Wealth Strategies Funds

Balanced Wealth Strategy

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Wealth Appreciation Strategy
Wealth Preservation Strategy
Tax-Managed Balanced Wealth Strategy*
Tax-Managed Wealth Appreciation Strategy
Tax-Managed Wealth Preservation Strategy**

Blended Style Funds

U.S. Large Cap Portfolio
International Portfolio
Tax-Managed International Portfolio

Growth Funds

Domestic

Growth Fund
Health Care Fund
Mid-Cap Growth Fund
Premier Growth Fund
Small Cap Growth Fund
Technology Fund

Global & International

All-Asia Investment Fund
Global Research Growth Fund
Global Small Cap Fund
Greater China '97 Fund
International Premier Growth Fund
New Europe Fund
Worldwide Privatization Fund

Select Investor Series

Biotechnology Portfolio
Premier Portfolio
Technology Portfolio

Value Funds

Domestic

Balanced Shares
Disciplined Value Fund
Growth & Income Fund
Real Estate Investment Fund
Small Cap Value Fund
Utility Income Fund
Value Fund

Global & International

Global Value Fund
International Value Fund

Taxable Bond Funds

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Americas Government Income Trust
Corporate Bond Portfolio
Emerging Market Debt Fund
Global Strategic Income Trust
High Yield Fund
Multi-Market Strategy Trust
Quality Bond Portfolio
Short Duration Portfolio
U.S. Government Portfolio

Municipal Bond Funds

National
Insured National
Arizona
California
Insured California
Florida
Massachusetts
Michigan
Minnesota
New Jersey
New York
Ohio
Pennsylvania
Virginia

Intermediate Municipal Bond Funds

Intermediate California
Intermediate Diversified
Intermediate New York

Closed-End Funds

All-Market Advantage Fund
ACM Income Fund
ACM Government Opportunity Fund
ACM Managed Dollar Income Fund
ACM Managed Income Fund
ACM Municipal Securities Income Fund
California Municipal Income Fund
National Municipal Income Fund
New York Municipal Income Fund
The Spain Fund
World Dollar Government Fund
World Dollar Government Fund II

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

For more complete information on any AllianceBernstein mutual fund, including investment objectives and policies, sales charges, expenses, risks and other matters of importance to prospective investors, visit our web site at www.alliancebernstein.com or call us at (800) 227-4618 for a current prospectus. Please read the prospectus carefully before you invest or send money.

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* Formerly Growth Investors Fund.

** Formerly Conservative Investors Fund.

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

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Summary of General Information

SUMMARY OF GENERAL INFORMATION

ACM Income Fund Shareholder Information

The daily net asset value of the Fund's shares is available from the Fund's Transfer Agent by calling (800) 426-5523. The Fund also distributes its daily net asset value to various financial publications or independent organizations such as Lipper Inc., Morningstar, Inc. and Bloomberg.

Daily market prices for the Fund's shares are published in the New York Stock Exchange Composite Transaction section of newspapers under the designation "ACMIn." The Fund's NYSE trading symbol is "ACG." Weekly comparative net asset value (NAV) and market price information about the Fund is published each Monday in The Wall Street Journal and each Sunday in The New York Times and other newspapers in a table called "Closed-End Bond Funds."

Dividend Reinvestment Plan

A Dividend Reinvestment Plan provides automatic reinvestment of dividends and capital gains distributions in additional Fund shares. The Plan also allows you to make optional cash investments in Fund Shares through the Plan Agent. If you wish to participate in the Plan and your shares are held in your name, simply complete and mail the enrollment form in the brochure. If your shares are held in the name of your brokerage firm, bank or other nominee, you should ask them whether or how you can participate in the Plan.

For questions concerning shareholder account information, or if you would like a brochure describing the Dividend Reinvestment Plan, please call Equiserve Trust Company, N.A. at (800) 219-4218.

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NOTES

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ACM INCOME FUND
1345 Avenue of the Americas
New York, NY 10105
(800) 221-5672

[LOGO]AllianceBernstein (SM)
Investment Research and Management

(SM) This service mark used under license from the owner, Alliance Capital Management L.P.

INCSR0604

ITEM 2. CODE OF ETHICS.

Not applicable when filing a Semi-Annual report to shareholders.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable when filing a Semi-Annual report to shareholders.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable when filing a Semi-Annual report to shareholders.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable when filing a Semi-Annual report to shareholders.

ITEM 6. SCHEDULE OF INVESTMENTS.

Form N-CSR disclosure requirement not yet effective with respect to the registrant.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable when filing a Semi-Annual report to shareholders.

ITEM 8. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

There were no purchases of the Fund's equity securities by the Fund for the period.

ITEM 9. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There have been no material changes to the procedures by which shareholders may recommend nominees to the Fund's Board of Directors since the Fund last provided disclosure in response to the requirements of Item 7(d)(2)(ii)(G) of Schedule 14A in its proxy statement filed with the Commission on February 23, 2004.

ITEM 10. CONTROLS AND PROCEDURES.

(a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-2(c) under the Investment Company Act of 1940, as amended) are effective at the reasonable assurance level based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of this document.

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(b) There were no significant changes in the registrant's internal controls that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

ITEM 11. EXHIBITS.

The following exhibits are attached to this Form N-CSR:

EXHIBIT NO.	DESCRIPTION OF EXHIBIT
11 (a) (2) (i)	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
11 (a) (2) (ii)	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
11 (a) (3)	Not applicable.
11 (b)	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant): ACM Income Fund, Inc.

By: /s/ Mark O. Mayer

Mark O. Mayer
President

Date: August 30, 2004

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Mark O. Mayer

Mark O. Mayer
President

Date: August 30, 2004

By: /s/ Mark D. Gersten

Mark D. Gersten
Treasurer and Chief Financial Officer

Date: August 30, 2004