



ALLIANCEBERNSTEIN

## Alliance Capital Management L.P. Reports Record Quarterly Financial Results

July 30, 1998

**New York, NY, July 30, 1998** -Alliance Capital Management L.P. (NYSE: "AC") today reported record net income, distribution per Unit, revenues, and assets under management for the second quarter of 1998.

- **Net Income Grew:**

Alliance Capital reported record net income of \$75.8 million for the quarter ended June 30, 1998, a 33% increase over second quarter 1997 earnings of \$56.8 million (before a nonrecurring charge in 1997 to reduce the recorded value of certain intangible assets). Diluted net income per Unit grew to \$0.43, compared to \$0.33 in the second quarter of 1997 (before the nonrecurring charge) – a 30% increase.

- **Distribution to Unitholders Increased:**

Alliance's 1998 second quarter distribution to Unitholders – a record \$0.42 per Unit – represents a 31% increase over the distribution to Unitholders of \$0.32 per Unit in the second quarter of 1997.

- **Revenues Rose:**

Alliance's revenues increased 48% to a record \$333.5 million for the second quarter of 1998, compared to \$225.3 million for the second quarter of 1997.

- **Assets Under Management Grew:**

As of June 30, 1998, assets under management climbed to a record high of \$262.5 billion, which reflects a 32% increase over assets under management of \$199.3 billion on June 30, 1997.

Dave H. Williams, Chairman and Chief Executive Officer, commented: "Despite the new 3.5% tax on partnership gross income that became effective at the beginning of this year – applicable to certain publicly traded limited partnerships, including Alliance – we are announcing record quarterly financial results. These results were due to a historically high U.S. stock market and outstanding Alliance portfolio investment performance. Also contributing to assets under management growth are Alliance's increased new institutional business and continued high mutual fund sales – in particular, sales of equity mutual funds in the United States and fixed income mutual funds offshore. In fact, Alliance is one of the leading sellers of mutual funds in the Japanese market."

### Recent Business Highlights

Recent business highlights include continued growth in assets under management, penetration into offshore markets, and diversification of products.

- Mutual fund assets under management now exceed \$107 billion. Total mutual fund sales for the second quarter are up 158% over the same period a year ago. Domestic mutual fund sales have increased 100% and offshore mutual fund sales are up 304% over second quarter 1997. Of particular note are increases in mutual fund assets under management from sales in Japan, which reached \$6.4 billion as of June 30, 1998. In addition, during the first 21 days of July, Alliance's new distribution and investment arrangement with Italy's Eptaconsors Group raised over \$370 million in mutual fund assets under management. These assets were raised through sales of Eptafund's mutual funds. (Eptafund is a mutual fund and pension fund management subsidiary of Eptaconsors Group.)
- In the second quarter, Alliance closed five new structured product transactions that when fully funded will total over \$2.6 billion. As of June 30, 1998, structured product assets under Alliance's management totaled \$7.5 billion.
- In July, Alliance expanded the investment choices available to high-net-worth investors by introducing a new mutual fund – Alliance Select Investor Series Premier Portfolio. This Fund seeks long-term growth of capital through all market conditions, and invests principally in a non-diversified portfolio of equity securities of large, high-quality companies that are judged likely to achieve superior earnings growth. The Fund will employ specialized trading techniques, such as hedging and leverage, in an effort to enhance returns. The Fund is designed for the sophisticated investor who understands and is willing to assume the risks of the Fund's aggressive investment strategies.
- In June, Alliance and First Data Direct Banking announced plans to jointly introduce a certified-secure online cash management service that includes a money market account option for small and mid-sized banks: E Secure Banker. This service will enable these banks to offer their clients a range of secure Internet cash management products, including Alliance Capital's Global Central Asset Account.

### About Alliance Capital Management L.P.

Alliance Capital Management L.P. is the nation's largest publicly traded asset manager, as measured by assets under management, with more than \$262.5 billion in client assets under management. Alliance Capital manages retirement assets for many of the largest public and private employee benefit plans (including 32 of the nation's Fortune 100 companies), for public employee retirement funds in 34 out of the 50 states, and for foundations, endowments, banks, and insurance companies. Alliance Capital is one of America's largest mutual fund sponsors, with a diverse family of fund portfolios and over 3.5 million shareholder accounts. As of June 30, 1998, Alliance Capital Management L.P.'s general partner, Alliance Capital Management Corporation (a wholly owned subsidiary of The Equitable Companies Incorporated), owned a 1% general partnership interest in Alliance Capital Management L.P.; approximately 57% of Alliance Capital Management L.P.'s outstanding Units are beneficially owned by The Equitable Companies Incorporated.

ALLIANCE CAPITAL MANAGEMENT L.P.  
SUMMARY CONSOLIDATED STATEMENTS OF INCOME  
(unaudited, in thousands except per Unit amounts)

	Three Months Ended		Six Months ended	
	<u>6/30/98</u>	<u>6/30/97</u>	<u>6/30/98</u>	<u>6/30/97</u>
Revenues:				
Investment advisory and services fees:				
Alliance mutual funds	\$ 145,174	\$ 86,747	\$ 287,705	\$ 172,741
Separately managed accounts:				
Affiliated clients	16,780	13,290	30,186	25,844
Third party clients	75,845	60,568	155,369	119,030

Distribution plan fees from Alliance mutual funds	75,018	49,306	140,308	96,553
Shareholder servicing and administration fees	15,456	13,526	28,600	26,291
Other revenues	<u>5,247</u>	<u>1,899</u>	<u>7,369</u>	<u>4,128</u>
	<u>333,520</u>	<u>225,336</u>	<u>649,537</u>	<u>444,587</u>
Expenses:				
Employee compensation and benefits	83,603	62,336	171,430	122,838
Promotion and servicing:				
Distribution plan payments to financial intermediaries:				
Affiliated	19,272	14,956	36,726	24,041
Third party	46,664	25,520	86,128	58,234
Amortization of deferred sales commissions	25,649	17,647	48,496	33,385
Other	23,555	15,044	44,869	29,849
General and administrative	41,258	25,550	83,397	51,296
Interest	2,187	619	4,154	1,292
Amortization of intangible assets	1,039	2,621	1,920	5,243
Reduction in recorded value of intangible assets	<u>----</u>	<u>120,900</u>	<u>----</u>	<u>120,900</u>
	<u>243,227</u>	<u>285,193</u>	<u>477,120</u>	<u>447,078</u>
Income (loss) before income taxes	90,293	(59,857)	172,417	(2,491)
Income taxes	<u>14,452</u>	<u>4,265</u>	<u>27,592</u>	<u>8,282</u>
Net income (loss)	\$75,841	\$(64,122)	\$144,825	\$(10,773)
Basic net income (loss) per Unit*	\$ 0.43	\$ (0.38)	\$ 0.85	\$ (0.06)
Diluted net income (loss) per Unit*	\$0.43	\$(0.38)	\$ 0.82	\$(0.06)
Net income before reduction in recorded value of intangible assets	\$ 75,841	\$ 56,778	\$ 144,825	\$ 110,127
Diluted net income per unit before reduction in recorded value of intangible assets*	\$ 0.43	\$ 0.33	\$ 0.82	\$ 0.64
Distributions per Unit	\$0.42	\$0.32	\$ 0.80	\$ 0.62
Weighted average Units outstanding - Basic*	169,914	168,339	169,609	168,139
Weighted average Units outstanding - Diluted*	175,358	170,843	174,949	170,890
	March 31,		December 31,	
	<u>1998</u>	<u>1997</u>	<u>1997</u>	
Assets Under Management (millions)	\$262,516	\$199,309	\$218,654	

\*Amounts for the three and six months ended June 30, 1997 are adjusted to reflect the two-for-one Unit split announced on February 19, 1998, paid to Unitholders of record as of March 11, 1998.

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