



Alliance Capital Management L.P. reports 1997 results, record quarterly net income, revenues and assets under management

February 5, 1998

New York, NY, February 5, 1998 -- Alliance Capital Management L.P. (NYSE: "AC") today reported net income of \$73.5 million or \$0.84 diluted net income per Unit for the quarter ended December 31, 1997, an increase of 41% from \$52.3 million or \$0.61 diluted net income per Unit for the quarter ended December 31, 1996. Revenues for the quarter ended December 31, 1997 increased 32% to \$279.9 million versus \$212.8 million for the fourth quarter of 1996. Assets under management grew to \$218.7 billion as of December 31, 1997, up 20 % from \$182.8 billion as of December 31, 1996.

The Partnership also announced a distribution of \$0.82 per Unit for the fourth quarter of 1997, a 39% increase over the \$0.59 per Unit distributed for the fourth quarter of 1996 and an 11% increase over the \$0.74 per Unit distributed for the third quarter of 1997. The fourth quarter distribution is payable on February 24, 1998 to holders of Units at the close of business on February 17, 1998.

Revenues for 1997 were \$975.3 million, an increase of 24% from revenues of \$788.5 million in the prior year. Net income for the year ended December 31, 1997 was \$129.0 million or \$1.49 diluted net income per Unit versus \$193.3 million or \$2.27 diluted net income per Unit for the prior year. 1997 net income was reduced by a \$121 million noncash charge, or \$1.39 diluted net income per Unit, resulting from the previously announced write-down of certain intangible assets related to the Cursitor acquisition to estimated fair value during the second quarter. Excluding that charge, 1997 net income increased 29% to \$249.9 million or \$2.88 diluted net income per Unit.

Chairman Dave H. Williams remarked, "1997 has been yet another year of excellent performance for Alliance Capital. The increase in assets under management this year is due to a combination of good performance, strong capital markets - especially in the U.S. - and strong net inflows into our mutual fund products. Robust sales in a number of our mutual funds were experienced in both our U.S. and offshore products, reflecting growth in our global distribution network."

"The market reaction to the Asian economic disruptions has had little impact on Alliance to date. Barring a spread of currency devaluations to other parts of the world, which we think unlikely, Alliance should remain relatively unscathed. Alliance is well-positioned to act on investment opportunities arising from changes in global capital markets. We are committed to diversifying our client base and offering a full range of investment management services to meet growing global demand."

Mr. Williams also pointed out that "in 1998, and future years, Alliance Capital Management L.P. will be subject to a 3.5% tax on partnership gross income, a result of The Taxpayer Relief Act of 1997, which also permits publicly traded partnerships such as Alliance Capital to maintain partnership tax status. We estimate that the new tax will reduce Alliance's net income and distributions in 1998 from what they would have been under the Partnership's old (but no longer available) tax regime by approximately 10%. We estimate first quarter 1998 diluted net income, which includes the effect of the new tax, will approximate \$0.71-\$0.72 per Unit, based on current market levels."

Recent Business Highlights:

- Mutual fund overall net sales continued to build momentum in the fourth quarter, running 142% higher than the fourth quarter 1996. For the full year, 1997's net mutual fund sales were 61% higher than 1996.
- The latest addition to the Alliance "Pegasus" structured products family, closed with an initial funding of \$1 billion. MPF is our largest structured product and provides an enhanced, more efficient structure. As of December 31, 1997, Alliance managed assets totaling \$5.1 billion in structured products.
- The Alliance disciplined growth equity investment style, an institutional product, has recently won a number of new clients, who have entrusted Alliance Capital with approximately \$400 million in new assets under management. The total assets managed under this investment style now stand at over \$14 billion.
- The Alliance family of hedge funds grew significantly in 1997. Total hedge fund assets as of December 31, 1997 were \$1.1 billion, up from \$563 million at December 31, 1996.

Certain statements provided by the Partnership in this press release are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. The most significant of such factors include, but are not limited to, the following: the performance of financial markets, the investment performance of the Partnership's sponsored investment products and separately managed accounts, general economic conditions, future acquisitions, competitive conditions and government regulations, including changes in tax rates. The Partnership cautions readers to carefully consider such factors. Further, such forward-looking statements speak only as of the date on which such statements are made; the Partnership undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Alliance Capital is a large, diversified global investment adviser, with more than \$218 billion in client assets under management. The firm manages retirement assets for many of the largest public and private employee benefit plans including 31 of the nation's Fortune 100 companies, public employee retirement funds in 33 states, as well as managing assets for foundations, endowments, banks and insurance companies. Alliance Capital is also one of America's largest mutual fund sponsors with a diverse family of fund portfolios and over 3.2 million shareholder accounts. As of December 31, 1997, the Partnership's general partner, a wholly-owned subsidiary of The Equitable

Companies Incorporated ("EQ"), owned a 1% general partnership interest in Alliance and approximately 57% of the Partnership's outstanding Units are beneficially owned by EQ.

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

	Three Months Ended		Twelve Months Ended	
	<u>12/31/97</u>	<u>12/31/96</u>	<u>12/31/97</u>	<u>12/31/96</u>
Revenues:				
Investment advisory and services fees:				
Alliance mutual funds	\$ 109,061	\$ 78,948	\$ 384,759	\$ 291,601
Separately managed accounts:				
Affiliated clients	14,421	12,202	52,930	44,901
Third party clients	79,897	60,421	261,290	227,530
Distribution plan fees from Alliance mutual funds	60,375	45,314	213,692	166,411
Shareholder servicing and administration fees	13,350	12,665	53,500	47,806

Other revenues	<u>2,797</u>	<u>3,204</u>	<u>9,165</u>	<u>10,268</u>
	<u>279,901</u>	<u>212,754</u>	<u>975,336</u>	<u>788,517</u>
Expenses:				
Employee compensation and benefits	75,352	57,540	264,251	214,880
Promotion and servicing:				
Distribution plan payments to financial intermediaries:				
Affiliated	16,670	8,013	56,118	30,533
Third party	32,902	31,576	121,791	115,112
Amortization of deferred sales commissions	21,190	14,372	73,841	53,144
Other	15,608	12,845	60,416	48,868
General and administrative	37,278	27,315	120,283	100,854
Interest	963	604	2,968	1,923
Amortization of intangible assets	882	4,260	7,006	15,613
Reduction in value of intangible assets	----	----	<u>120,900</u>	----
	<u>200,845</u>	<u>156,525</u>	<u>827,574</u>	<u>580,927</u>
Income before income taxes	79,056	56,229	147,762	207,590
Income taxes	<u>5,536</u>	<u>3,937</u>	<u>18,806</u>	<u>14,244</u>
Net income	\$73,520	\$52,292	\$128,956	\$193,346
Basic net income per Unit	\$ 0.86	\$ 0.62	\$1.52	\$2.30
Diluted net income per Unit	\$0.84	\$0.61	\$1.49	\$2.27
Net income before reduction in value of intangible assets	\$73,520	\$52,292	\$249,856	\$193,346
Diluted net income per Unit before reduction in value of intangible assets	\$0.84	\$0.61	\$2.88	\$2.77
Weighted average Units outstanding - Basic	84,434	83,754	84,224	83,192
Weighted average Units outstanding - Diluted	86,446	85,304	85,938	84,484
Distributions per Unit	\$0.82	\$0.59	\$2.80	\$2.19

December 31,

1997 1996

Assets Under Management (millions) \$218,654 \$182,792

"Prospectus" icon.