



ALLIANCEBERNSTEIN

Alliance Capital Announces Second Quarter Financial Results

July 26, 2000

New York, NY, July 26, 2000 – Alliance Capital Management Holding L.P. (“Alliance Holding”) (NYSE: “AC”) today announced second quarter 2000 net income of \$0.76 per Unit, an increase of 38% compared to the second quarter of 1999. Alliance Holding declared a \$0.75 per Unit distribution payable on August 17, 2000 to holders of its Units at the close of business on August 7, 2000.

BUSINESS HIGHLIGHTS OF ALLIANCE CAPITAL MANAGEMENT L.P. THE OPERATING PARTNERSHIP

- **Alliance Capital Management L.P. (“Alliance Capital”) and Sanford C. Bernstein, Inc. (“Bernstein”) announced, on June 20, 2000, an agreement whereby Alliance Capital will acquire Bernstein’s business and assets for approximately \$3.5 billion** (\$1.4754 billion in cash and 40.8 million in newly issued Alliance Capital limited partnership units). The combination unites a recognized leader in the growth style of investing (Alliance Capital) with a recognized leader in the value style (Bernstein). It also adds Bernstein’s highly successful high-net worth investment advisory business and well-regarded institutional research services, expanding the markets served by Alliance Capital. The transaction is expected to close in fourth quarter 2000. AXA Financial, Inc. (“AXA Financial”) – a member of the worldwide AXA group and holder of a majority interest in Alliance Capital – purchased approximately 32.6 million newly issued Alliance Capital limited partnership units for \$1.6 billion, on June 21, 2000, to fund the cash portion of the transaction, increasing AXA Financial’s economic interest in Alliance Capital to 64% from 57%.
- **Assets under management were \$388 billion at June 30, 2000**, up 21% from June 30, 1999. Growth was the result of market appreciation, coupled with net new business flows in both mutual funds and separately managed institutional accounts. Compared to March 31, 2000, assets under management experienced a modest decline attributable to stock market depreciation and cash management net asset outflows.
- Mutual fund gross sales grew 41% over second quarter 1999 and were 8% lower than first quarter 2000 record levels. Net mutual fund sales, for second quarter 2000, were \$1.2 billion; excluding cash management net asset outflows, net mutual fund sales were \$6.9 billion. Non-U.S. based fund sales declined from first quarter 2000, primarily attributable to a decrease in Eptafund sales in Italy, due to an overall decline in Italian industry sales. Commenting on mutual fund sales trends, President and Chief Operating Officer John D. Carifa noted, “During the quarter, global mutual fund industry sales decreased due to investors’ caution caused by recent stock market volatility. Alliance Capital maintained its number three ranking in non-proprietary net sales in the United States and we are encouraged by the continuing demand for our products. Since early March, many of our core mutual funds experienced improved performance rankings, which we believe will sustain strong investor interest. We are continuing to invest in new marketing initiatives and to develop products in areas that we believe will provide additional growth. During the quarter, Alliance Capital established a

new marketing office in Munich, Germany to capture greater mutual fund sales in Germany and Austria and began a significant new variable annuity sub-advisory relationship with American Skandia. We also recently launched the new Select Investors Series – Biotechnology Portfolio.”

- **New separately managed account wins added \$4.0 billion** in assets under management during second quarter 2000, representing 61 new client accounts across multiple disciplines, led by strong demand for Alliance’s core growth equity disciplines and global consultant relationship expansion. Chief Executive Officer Bruce W. Calvert stated, “Overall, we are pleased with our business performance in the second quarter, particularly in light of recent capital markets’ crosscurrents. We remain optimistic about the future and anticipate our new partnership with Bernstein will build on our growth prospects, by combining our leadership positions in the growth and value investment styles.”

FINANCIAL RESULTS OF ALLIANCE CAPITAL MANAGEMENT L.P. THE OPERATING PARTNERSHIP

- **Revenues for second quarter 2000 reached \$565 million, increasing 35%** from \$419 million pro forma revenues for second quarter 1999. Revenue growth resulted primarily from increased average assets under management, including a larger proportion of higher-fee mutual fund assets.
- **Net income was \$154 million for second quarter 2000, an increase of 44%** compared to pro forma net income of \$107 million for second quarter 1999. The increase in net income was primarily attributable to both higher revenues and increased margins.
- **Pre-tax margin increased to 39.8%** for second quarter 2000 from 36.5% for second quarter 1999, primarily due to slower growth in compensation and general and administrative expenses when compared to revenue growth. Pre-tax margin is calculated after netting distribution revenues with distribution expenses, as detailed on page 8.



FINANCIAL RESULTS OF ALLIANCE HOLDING THE PUBLICLY TRADED PARTNERSHIP

Alliance Holding’s principal sources of income and cash flow are attributable to its ownership interest in Alliance Capital, the operating partnership. As the result of the newly issued Alliance Capital units acquired for cash by AXA Financial, Alliance Holding’s percentage ownership interest in Alliance Capital declined from 42% to 35%. Alliance Holding is required to distribute the cash distributions it receives from Alliance Capital, less taxes and other amounts its general partner determines should be retained.

- **Distributions per Alliance Holding Unit increased to \$0.75** for second quarter 2000, a 39% increase over the \$0.54 per Unit distributed for second quarter 1999 and an increase of \$0.01 from the \$0.74 per Unit distributed in first quarter 2000.
- **Diluted net income per Alliance Holding Unit rose to \$0.76** in second quarter 2000 from \$0.55 per Unit for second quarter 1999, an increase of 38%. Performance fees contributed \$0.03 per Unit in both second quarter 2000 and second quarter 1999. Diluted net income increased 1% compared to first quarter 2000, excluding the impact of the one-time non-cash gain of \$0.13, recorded in first quarter 2000, relating to the NAGIT Litigation settlement.



ABOUT ALLIANCE CAPITAL

Alliance Capital is a leading global investment management firm with approximately \$388 billion in

assets under management at June 30, 2000. Alliance Capital manages retirement assets for many of the largest U.S. public and private employee benefit plans (including 29 of the U.S. Fortune 100 companies), for public employee retirement funds in 33 out of the 50 U.S. states, and for foundations, pension funds, endowments, banks, and insurance companies worldwide. Alliance Capital is also one of the largest mutual fund sponsors, with a diverse family of fund portfolios distributed globally and approximately 6.1 million shareholder accounts. Alliance Capital Management Holding L.P. owns approximately 35% of the units representing beneficial ownership of limited partnership interests in Alliance Capital. AXA Financial, Inc. owns interests in both Alliance Holding and Alliance Capital, amounting to an approximate 64% economic interest in Alliance Capital.