

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):

October 24, 2007

ALLIANCEBERNSTEIN HOLDING L.P.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or
organization)

001-09818
(Commission File Number)

13-3434400
(I.R.S. Employer Identification Number)

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

10105
(Zip Code)

Registrant's telephone number, including area code:

212-969-1000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)**
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)**
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))**
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))**
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Section 2. Financial Information

Item 2.02. Results of Operations and Financial Condition.

AllianceBernstein Holding L.P. (“AllianceBernstein Holding”) is furnishing the news release it issued on October 24, 2007 concerning financial and operating results for the quarter ended September 30, 2007 (“Earnings Release”). The Earnings Release is attached hereto as Exhibit 99.01.

AllianceBernstein Holding is furnishing its Third Quarter 2007 Review, dated October 24, 2007 (“Review”). The Review is attached hereto as Exhibit 99.02.

AllianceBernstein Holding is furnishing a transcript of its conference call with analysts relating to financial and operating results for the quarter ended September 30, 2007 (“Transcript”). The call took place on October 24, 2007. The Transcript includes footnotes that correct certain figures, none of which is material to our financial and operating results. The Transcript is attached hereto as Exhibit 99.03.

Section 7. Regulation FD

Item 7.01. Regulation FD Disclosure.

AllianceBernstein Holding is furnishing the Earnings Release, which is attached hereto as Exhibit 99.01.

AllianceBernstein Holding is furnishing the Review, which is attached hereto as Exhibit 99.02.

AllianceBernstein Holding is furnishing the Transcript, which is attached hereto as Exhibit 99.03.

Section 9. Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

[99.01](#) Earnings Release.

[99.02](#) Review.

[99.03](#) Transcript.

SIGNATURES

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

ALLIANCEBERNSTEIN HOLDING L.P.

Dated: October 25, 2007

By: /s/ Robert H. Joseph, Jr.
Robert H. Joseph, Jr.
Senior Vice President and
Chief Financial Officer



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News Release

AllianceBernstein Holding L.P. Announces Third Quarter Diluted Net Income of \$1.20 per Unit and Declares a \$1.20 per Unit Cash Distribution

New York, NY, October 24, 2007– AllianceBernstein Holding L.P. (“AllianceBernstein Holding”) (NYSE: AB) and AllianceBernstein L.P. (“AllianceBernstein”) today reported financial and operating results for the quarter ended September 30, 2007.

AllianceBernstein Holding (The Publicly Traded Partnership):

- **Diluted net income per Unit** for the quarter ended September 30, 2007 was \$1.20, an increase of 38% from \$0.87 for the same period in 2006.
- **Distribution per Unit** for the third quarter of 2007 will be \$1.20, an increase of 38% from \$0.87 for the same period in 2006. The distribution is payable on November 15, 2007 to holders of record of AllianceBernstein Holding Units at the close of business on November 5, 2007.

AllianceBernstein (The Operating Partnership):

- **Assets Under Management (AUM)** at September 30, 2007 were \$813 billion, a 23% increase from a year ago, due to market appreciation and net inflows across all distribution channels.
 - **Net inflows for the three months** ended September 30, 2007 were \$0.4 billion, consisting of Institutional Investments net outflows of \$2.1 billion, Private Client net inflows of \$2.4 billion and inconsequential Retail net flows.
 - **Net inflows for the twelve months** ended September 30, 2007 were \$33.8 billion, consisting of Institutional Investments net inflows of \$14.7 billion, Retail net inflows of \$9.6 billion and Private Client net inflows of \$9.5 billion.
-

“Investment returns for clients during the third quarter were generally satisfactory despite considerable capital market turbulence. Our growth services performed especially well, exceeding the favorable benchmark performance of this style of investing for the quarter. Results in our value and fixed income services were weaker and, for the most part, trailed benchmarks slightly. Hedge fund returns were disappointing, especially in our diversified services,” said Lewis Sanders, Chairman and Chief Executive Officer.

“The firm’s organic growth rate slowed significantly during the third quarter. The previously reported loss of approximately \$6 billion in index mandates was the primary factor causing net outflows in the institutional channel, the first such decline in a long while. Excluding the index terminations, inflows slowed from the pace of previous periods and the backlog of mandates awaiting funding fell somewhat as well. We anticipate, however, that the level of net inflows will improve in 2008 due to our growing momentum in the defined contribution market.

“Retail net inflows also slowed sharply, mostly as a function of net redemptions in non-U.S. funds, an apparent reaction to the market turmoil during the third quarter. Flows were also adversely affected by our previously disclosed decision to limit availability of certain separately managed account services in the U.S. While U.S. mutual fund sales continue to be strong, the timing of a recovery in non-U.S. markets is unclear. However, we remain optimistic about the long-term outlook for this business as the performance of our services continues to be quite competitive.

“Private client inflows were quite strong for the third quarter, with an annualized organic growth rate above 9%, and we anticipate continued robust growth in this channel.

“Our institutional research services business also registered a strong 18% revenue gain versus the prior year quarter, with London-based operations performing particularly well.”

Mr. Sanders concluded, “The firm’s financial performance in the third quarter exceeded our expectations, with revenue rising by 23% and net income by 38% as compared to last year’s comparable quarter. Operating margins rose by 4 percentage points to nearly 33%. While third quarter earnings were excellent, the fourth quarter will likely fall short of previous expectations, as performance fees on hedge fund services are anticipated to be substantially lower than last year. As a result, we estimate that full year earnings will be approximately \$4.50 - \$4.80 per unit as compared to our most recent guidance of \$4.90 - \$5.25, with the entire reduction attributable to lower hedge fund performance fees. Our estimate for full year 2007 earnings is based on net asset inflows continuing at levels similar to the third quarter of 2007 (adjusted to exclude the above mentioned index terminations) and assumes equity and fixed income market returns at annual rates of 8% and 5%, respectively, for the fourth quarter. It is important to stress that the firm’s earnings are subject to considerable uncertainty including, but not limited to, capital market volatility, which can be amplified by the increase in assets under management subject to performance fee arrangements.”



**CONFERENCE CALL INFORMATION RELATING TO THIRD QUARTER 2007 RESULTS
OCTOBER 24, 2007 AT 5:00 P.M. (Eastern Daylight Time)**

AllianceBernstein's management will review third quarter 2007 financial and operating results on Wednesday, October 24, 2007, during a conference call beginning at 5:00 p.m. (EDT), following the release of its financial results after the close of the New York Stock Exchange. The conference call will be hosted by Lewis A. Sanders, Chairman and Chief Executive Officer, and Gerald M. Lieberman, President and Chief Operating Officer.

Parties may access the conference call by either webcast or telephone:

1. To listen by webcast, please visit AllianceBernstein's Investor Relations website at <http://ir.alliancebernstein.com/investorrelations> at least fifteen minutes prior to the call to download and install any necessary audio software.
2. To listen by telephone, please dial (866) 556-2265 in the U.S./Canada or (973) 935-8521 outside the U.S./Canada, 10 minutes before the 5:00 p.m. (EDT) scheduled start time. The conference ID# is 9323252.

The presentation that will be reviewed during the conference call is expected to be available on AllianceBernstein's Investor Relations website shortly after the release of third quarter 2007 financial results on October 24, 2007.

An audio replay of the conference call will be made available beginning at approximately 7:00 p.m. (EDT) on October 24, 2007 and will be available for one week. To access the audio replay, please call (877) 519-4471 from the U.S., or outside the U.S., call (973) 341-3080, and provide the conference ID# 9323252. The replay will also be available via webcast on AllianceBernstein's website for one week.

About AllianceBernstein

AllianceBernstein is a leading global investment management firm that offers high-quality research and diversified investment services to institutional clients, individuals and private clients in major markets around the world. AllianceBernstein employs more than 500 investment professionals with expertise in growth equities, value equities, fixed income securities, blend strategies and alternative investments and, through its subsidiaries and joint ventures, operates in more than 20 countries. AllianceBernstein's research disciplines include fundamental research, quantitative research, economic research and currency forecasting capabilities. Through its integrated global platform, AllianceBernstein is well-positioned to tailor investment solutions for its clients. AllianceBernstein also offers in-depth, fundamental, independent research, plus portfolio strategies, trading and brokerage-related services to its institutional investor clients.

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At September 30, 2007, AllianceBernstein Holding L.P. (“Holding”) owned approximately 33.3% of the issued and outstanding AllianceBernstein Units. AXA Financial was the beneficial owner of approximately 62.8% of the AllianceBernstein Units at September 30, 2007 (including those held indirectly through its ownership of approximately 1.7% of the issued and outstanding Holding Units) which, including the general partnership interests in AllianceBernstein and Holding, represent an approximate 63.2% economic interest in AllianceBernstein. AXA Financial is a wholly-owned subsidiary of AXA, one of the largest global financial services organizations.

Cautions regarding Forward-Looking Statements

Certain statements in this news release are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks, uncertainties, and other factors that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. The most significant of these factors include, but are not limited to, the following: the performance of financial markets, the investment performance we achieve for our clients, general economic conditions, future acquisitions, competitive conditions, and government regulations, including changes in tax rates. We caution readers to carefully consider our forward-looking statements in light of these factors. Further, these forward-looking statements speak only as of the date on which such statements are made; we undertake no obligation to update any forward-looking statements to reflect subsequent events or circumstances. For further information regarding these forward-looking statements and the factors that could cause actual results to differ, see “Risk Factors” in Item 1A of Form 10-K for the year ended December 31, 2006 and in Part II, Item 1A of Form 10-Q for the quarter ended June 30, 2007. Any or all of the forward-looking statements that we make in Form 10-K, Form 10-Q, this news release, or any other public statements we issue may turn out to be wrong. Of course, factors other than those listed in “Risk Factors” and those listed below could also adversely affect our revenues, financial condition, results of operations, and business prospects.

The forward-looking statements we make in this news release include estimated earnings guidance and related assumptions provided for full year 2007. The earnings guidance is based on a number of assumptions, including, but not limited to, the following: net asset inflows continuing after September 30, 2007 at levels similar to the third quarter of 2007 (adjusted to exclude the above mentioned index terminations) and assumes equity and fixed income market returns at annual rates of 8% and 5%, respectively, for the fourth quarter. Net inflows of client assets are subject to domestic and international securities market conditions, competitive factors, and relative performance, each of which may have a negative effect on net inflows; capital market performance is inherently unpredictable. In view of these factors, and particularly given the volatility of capital markets (and the effect of such volatility on performance fees and the value of investments in respect of incentive compensation) and the difficulty of predicting client asset inflows and outflows, our earnings estimates should not be relied on as predictions of actual performance, but only as estimates based on assumptions that may or may not be correct. There can be no assurance that we will be able to meet the investment and service goals and needs of our clients or that, even if we do, it will have a positive effect on the company’s financial performance.

The forward-looking statements we make in this news release also include our anticipation that the level of net asset flows into our institutional channel will improve in 2008 due to our growing momentum in the defined contribution market, that robust growth will continue in our private client channel, and that we are optimistic about the long-term outlook for our retail business. The market for defined contribution plan investment services is highly competitive and we may not be successful in winning new mandates. Also, before they are funded, institutional mandates do not represent legally binding commitments to fund and, accordingly, the possibility exists that not all mandates will be funded in the amounts and at the times we currently anticipate. Growth in the private client and retail channels may be impaired by changes in competitive and securities market conditions and relative performance. The actual performance of the capital markets and other factors beyond our control will affect our investment success for clients and asset inflows.

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ALLIANCEBERNSTEIN L.P.
(THE OPERATING PARTNERSHIP)
SUMMARY CONSOLIDATED STATEMENTS OF INCOME
(unaudited, \$ thousands)

	Three Months Ended	
	9/30/07	9/30/06
Revenues:		
Investment Advisory & Services Fees	\$ 870,282	\$ 677,914
Distribution Revenues	120,289	103,810
Institutional Research Services	103,552	87,908
Dividend and Interest Income	72,665	63,680
Investment Gains (Losses)	25,507	18,571
Other Revenues	15,549	29,794
Total Revenues	1,207,844	981,677
Less: Interest Expense	55,022	46,966
Net Revenues	1,152,822	934,711
Expenses:		
Employee Compensation & Benefits	446,938	375,655
Promotion & Servicing:		
Distribution Plan Payments	86,230	71,414
Amortization of Deferred Sales Commissions	23,739	21,679
Other	61,192	52,771
General & Administrative	144,276	132,041
Interest on Borrowings	5,965	5,936
Amortization of Intangible Assets	5,179	5,182
	773,519	664,678
Operating Income	379,303	270,033
Non-Operating Income	3,353	3,112
Income before Income Taxes	382,656	273,145
Income Taxes	34,574	20,171
NET INCOME	\$ 348,082	\$ 252,974
Operating Income Margin	32.9%	28.9%


ALLIANCEBERNSTEIN

ALLIANCEBERNSTEIN HOLDING L.P.
(THE PUBLICLY TRADED PARTNERSHIP)
SUMMARY STATEMENTS OF INCOME
(unaudited, \$ thousands except per unit amounts)

	Three Months Ended	
	9/30/07	9/30/06
Equity in Earnings of Operating Partnership	\$ 114,856	\$ 82,028
Income Taxes	10,028	8,025
NET INCOME	104,828	74,003
Additional Equity in Earnings of Operating Partnership ⁽¹⁾	1,219	1,238
NET INCOME - Diluted ⁽²⁾	<u>\$ 106,047</u>	<u>\$ 75,241</u>
DILUTED NET INCOME PER UNIT	<u>\$ 1.20</u>	<u>\$ 0.87</u>
DISTRIBUTION PER UNIT	<u>\$ 1.20</u>	<u>\$ 0.87</u>

(1) To reflect higher ownership in the Operating Partnership resulting from application of the treasury stock method to outstanding options.

(2) For calculation of Diluted Net Income per Unit.

ALLIANCEBERNSTEIN AND ALLIANCEBERNSTEIN HOLDING
UNITS OUTSTANDING AND WEIGHTED AVERAGE UNITS OUTSTANDING
SEPTEMBER 30, 2007

	Period End Units	Weighted Average Units Three Months Ended	
		Basic	Diluted
AllianceBernstein	260,118,297	260,074,037	261,599,278
AllianceBernstein Holding	86,724,454	86,680,194	88,205,435

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ALLIANCEBERNSTEIN L.P.
ASSETS UNDER MANAGEMENT
THREE MONTHS ENDED SEPTEMBER 30, 2007
(\$ millions)

	<u>Institutional Investments</u>	<u>Retail</u>	<u>Private Client</u>	<u>Total</u>
Beginning of Period	\$ 500,606	\$ 185,412	\$ 106,924	\$ 792,942
Sales/New accounts	18,073	9,689	4,637	32,399
Redemptions/Terminations	(14,789)	(9,083)	(1,112)	(24,984)
Cash flow	(5,362)	(338)	(971)	(6,671)
Unreinvested dividends	(1)	(235)	(118)	(354)
Net inflows/(outflows)	(2,079)	33	2,436	390
Transfers ⁽¹⁾	774	(471)	(303)	-
Market appreciation	13,474	4,386	1,576	19,436
End of Period	\$ 512,775	\$ 189,360	\$ 110,633	\$ 812,768

(1) Transfer of certain client accounts were made among distribution channels resulting from changes in how these accounts are serviced by the firm.

ALLIANCEBERNSTEIN L.P.
ASSETS UNDER MANAGEMENT
TWELVE MONTHS ENDED SEPTEMBER 30, 2007
(\$ millions)

	<u>Institutional Investments</u>	<u>Retail</u>	<u>Private Client</u>	<u>Total</u>
Beginning of Period	\$ 417,818	\$ 153,906	\$ 87,559	\$ 659,283
Sales/New accounts	68,151	47,109	18,295	133,555
Redemptions/Terminations	(36,402)	(36,218)	(4,119)	(76,739)
Cash flow	(17,051)	(165)	(4,119)	(21,335)
Unreinvested dividends	(2)	(1,147)	(510)	(1,659)
Net inflows	14,696	9,579	9,547	33,822
Transfers ⁽¹⁾	59	(495)	436	-
Market appreciation	80,202	26,370	13,091	119,663
End of Period	\$ 512,775	\$ 189,360	\$ 110,633	\$ 812,768

(1) Transfer of certain client accounts were made among distribution channels resulting from changes in how these accounts are serviced by the firm.

ALLIANCEBERNSTEIN L.P.
ASSETS UNDER MANAGEMENT
BY INVESTMENT SERVICE
AT SEPTEMBER 30, 2007
(\$ millions)

	<u>Institutional Investments</u>	<u>Retail</u>	<u>Private Client</u>	<u>Total</u>
Equity:				
<i>Value</i>				
U.S.	\$ 54,125	\$ 36,189	\$ 27,074	\$ 117,388
Global & International	195,839	58,366	26,317	280,522
	<u>249,964</u>	<u>94,555</u>	<u>53,391</u>	<u>397,910</u>
<i>Growth</i>				
U.S.	32,558	25,687	15,786	74,031
Global & International	85,761	23,338	12,400	121,499
	<u>118,319</u>	<u>49,025</u>	<u>28,186</u>	<u>195,530</u>
Total Equity	<u>368,283</u>	<u>143,580</u>	<u>81,577</u>	<u>593,440</u>
Fixed Income:				
U.S.	73,975	10,870	28,461	113,306
Global & International	50,442	30,052	557	81,051
	<u>124,417</u>	<u>40,922</u>	<u>29,018</u>	<u>194,357</u>
Index/Structured:				
U.S.	14,321	4,858	28	19,207
Global & International	5,754	-	10	5,764
	<u>20,075</u>	<u>4,858</u>	<u>38</u>	<u>24,971</u>
Total:				
U.S.	174,979	77,604	71,349	323,932
Global & International	337,796	111,756	39,284	488,836
	<u>\$ 512,775</u>	<u>\$ 189,360</u>	<u>\$ 110,633</u>	<u>\$ 812,768</u>

ALLIANCEBERNSTEIN L.P.
ASSETS UNDER MANAGEMENT
(\$ millions)

	<u>Three Month Period</u>		<u>Twelve Month Period</u>	
	<u>9/30/07</u>	<u>9/30/06</u>	<u>9/30/07</u>	<u>9/30/06</u>
Ending Assets Under Management	\$ 812,768	\$ 659,283	\$ 812,768	\$ 659,283
Average Assets Under Management	\$ 793,668	\$ 641,405	\$ 745,067	\$ 608,345

ALLIANCEBERNSTEIN L.P.
ASSETS UNDER MANAGEMENT
BY CLIENT DOMICILE
AT SEPTEMBER 30, 2007
(\$ millions)

	<u>Institutional Investments</u>	<u>Retail</u>	<u>Private Client</u>	<u>Total</u>
U. S. Clients	\$ 247,221	\$ 143,391	\$ 107,022	\$ 497,634
Non-U.S. Clients	265,554	45,969	3,611	315,134
	<u>\$ 512,775</u>	<u>\$ 189,360</u>	<u>\$ 110,633</u>	<u>\$ 812,768</u>

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Third Quarter 2007 Review

October 24, 2007

Lewis A. Sanders
Chairman & Chief Executive Officer

Gerald M. Lieberman
President & Chief Operating Officer

Any forecasts in this material may not be realized. Information or opinions should not be construed as investment advice.

Cautions regarding Forward-Looking Statements

In light of Regulation FD, management will be limited in responding to inquiries from investors or analysts in a non-public forum.

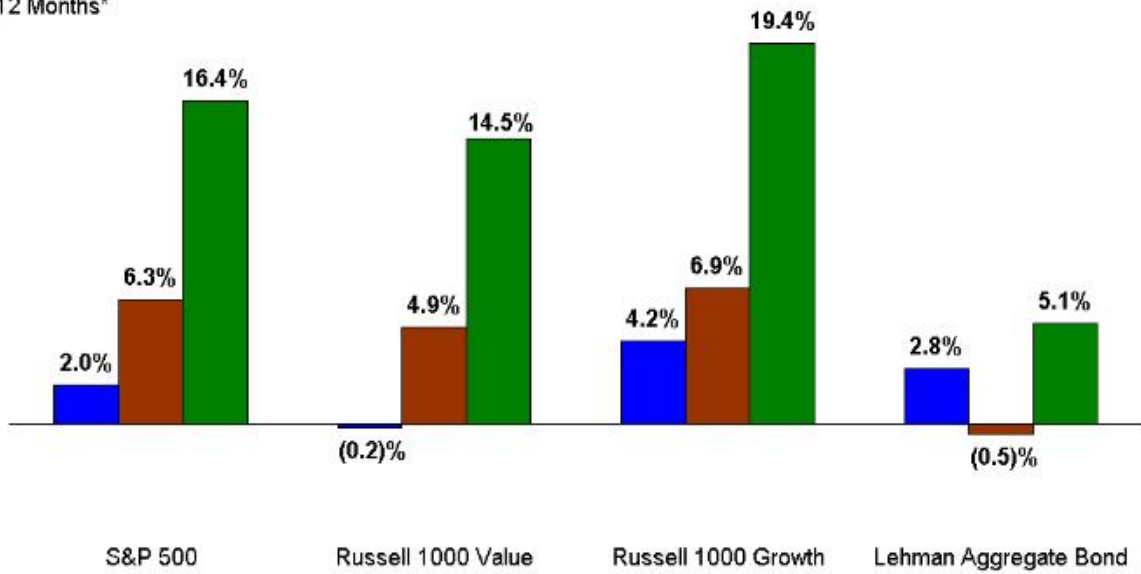
Certain statements in this presentation are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks, uncertainties, and other factors that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. The most significant of these factors include, but are not limited to, the following: the performance of financial markets, the investment performance we achieve for our clients, general economic conditions, future acquisitions, competitive conditions, and government regulations, including changes in tax rates. We caution readers to carefully consider our forward-looking statements in light of these factors. Further, these forward-looking statements speak only as of the date on which such statements are made; we undertake no obligation to update any forward-looking statements to reflect subsequent events or circumstances. For further information regarding these forward-looking statements and the factors that could cause actual results to differ, see "Risk Factors" in Item 1A of Form 10-K for the year ended December 31, 2006 and in Part II, Item 1A of Form 10-Q for the quarter ended June 30, 2007. Any or all of the forward-looking statements that we make in Form 10-K, Form 10-Q, this presentation, or any other public statements we issue may turn out to be wrong. Of course, factors other than those listed in "Risk Factors" and those listed below could also adversely affect our revenues, financial condition, results of operations, and business prospects.

The forward-looking statements we make in this presentation include estimated earnings guidance and related assumptions provided for full year 2007. The earnings guidance is based on a number of assumptions, including, but not limited to, the following: net asset inflows continuing after September 30, 2007 at levels similar to the third quarter of 2007 (adjusted to exclude the above mentioned index terminations) and assumes equity and fixed income market returns at annual rates of 8% and 5%, respectively, for the fourth quarter. Net inflows of client assets are subject to domestic and international securities market conditions, competitive factors, and relative performance, each of which may have a negative effect on net inflows; capital market performance is inherently unpredictable. In view of these factors, and particularly given the volatility of capital markets (and the effect of such volatility on performance fees and the value of investments in respect of incentive compensation) and the difficulty of predicting client asset inflows and outflows, our earnings estimates should not be relied on as predictions of actual performance, but only as estimates based on assumptions that may or may not be correct. There can be no assurance that we will be able to meet the investment and service goals and needs of our clients or that, even if we do, it will have a positive effect on the company's financial performance.

The forward-looking statements we make in this presentation also include our anticipation that the level of net asset flows into our institutional channel will improve in 2008 due to our growing momentum in the defined contribution market, that robust growth will continue in our private client channel, and that we are optimistic about the long-term outlook for our retail business. The market for defined contribution plan investment services is highly competitive and we may not be successful in winning new mandates. Also, before they are funded, institutional mandates do not represent legally binding commitments to fund and, accordingly, the possibility exists that not all mandates will be funded in the amounts and at the times we currently anticipate. Growth in the private client and retail channels may be impaired by changes in competitive and securities market conditions and relative performance. The actual performance of the capital markets and other factors beyond our control will affect our investment success for clients and asset inflows.

Market Performance - U.S.

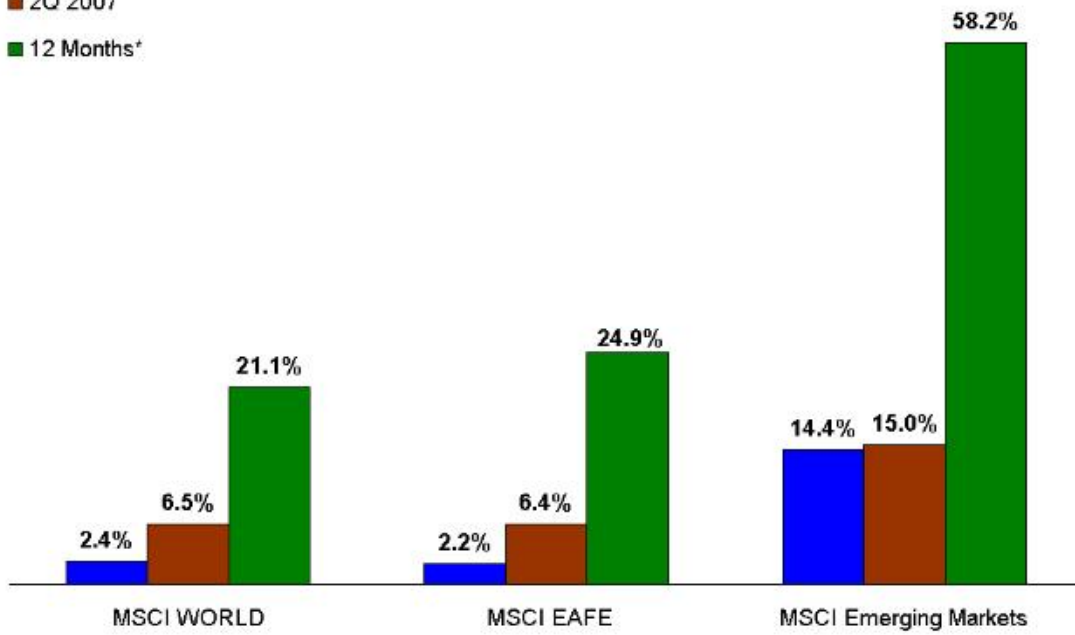
- 3Q 2007
- 2Q 2007
- 12 Months[†]



[†]12 months ending September 30, 2007.
Source: MSCI (Morgan Stanley Capital International).

Market Performance - Non-U.S.

- 3Q 2007
- 2Q 2007
- 12 Months*



*12 months ending September 30, 2007.
Source: MSCI (Morgan Stanley Capital International).

Relative Performance Summary

- < Growth services performed especially well
- < Value services were weak
- < Fixed Income services were slightly negative
- < Hedge fund returns were disappointing, especially in diversified services
- < Blend Strategies were respectable, with strength in U.S. and International services and weakness in Emerging Markets

Changes in Assets Under Management By Channel

Three Months Ended September 30, 2007

\$ Millions

	<u>Institutional Investments</u>	<u>Retail</u>	<u>Private Client</u>	<u>Total</u>
Beginning of Period	\$ 500,606	\$ 185,412	\$ 106,924	\$ 792,942
Sales/New accounts	18,073	9,689	4,637	32,399
Redemptions/Terminations	(14,789)	(9,083)	(1,112)	(24,984)
Cash flow	(5,362)	(338)	(971)	(6,671)
Unreinvested dividends	(1)	(235)	(118)	(354)
Net inflows/(outflows)	(2,079)	33	2,436	390
Transfers ⁽¹⁾	774	(471)	(303)	-
Market appreciation	13,474	4,386	1,576	19,436
End of Period	\$ 512,775	\$ 189,360	\$ 110,633	\$ 812,768
<i>% Total at end of period</i>	<i>63%</i>	<i>23%</i>	<i>14%</i>	<i>100%</i>
<i>% Change from beg of period</i>	<i>2%</i>	<i>2%</i>	<i>3%</i>	<i>3%</i>

(1) Transfers of certain client accounts were made among distribution channels resulting from changes in how these accounts are serviced by the firm.

Changes in Assets Under Management By Channel

Twelve Months Ended September 30, 2007

\$ Millions

	Institutional Investments	Retail	Private Client	Total
Beginning of Period	\$ 417,818	\$ 153,906	\$ 87,559	\$ 659,283
Sales/New accounts	68,151	47,109	18,295	133,555
Redemptions/Terminations	(36,402)	(36,218)	(4,119)	(76,739)
Cash flow	(17,051)	(165)	(4,119)	(21,335)
Unreinvested dividends	(2)	(1,147)	(510)	(1,659)
Net inflows	14,696	9,579	9,547	33,822
Transfers ⁽¹⁾	59	(495)	436	-
Market appreciation	80,202	26,370	13,091	119,663
End of Period	\$ 512,775	\$ 189,360	\$ 110,633	\$ 812,768
<i>% Total at end of period</i>	<i>63%</i>	<i>23%</i>	<i>14%</i>	<i>100%</i>
<i>% Change from beg of period</i>	<i>23%</i>	<i>23%</i>	<i>26%</i>	<i>23%</i>

(1) Transfers of certain client accounts were made among distribution channels resulting from changes in how these accounts are serviced by the firm.

Changes in Assets Under Management By Investment Service

Three Months Ended September 30, 2007

\$ Millions

	Value Equity	Growth Equity	Fixed Income	Index/ Structured	Total
Beginning of Period	\$ 388,210	\$ 185,932	\$ 187,898	\$ 30,902	\$ 792,942
Sales/New accounts	19,034	7,037	6,238	90	32,399
Redemptions/Terminations	(7,336)	(6,806)	(4,789)	(6,053)	(24,984)
Cash flow	(4,293)	(2,047)	53	(384)	(6,671)
Unreinvested dividends	-	-	(354)	-	(354)
Net inflows/(outflows)	7,405	(1,816)	1,148	(6,347)	390
Market appreciation	2,295	11,414	5,311	416	19,436
End of Period ⁽¹⁾	\$ 397,910	\$ 195,530	\$ 194,357	\$ 24,971	\$ 812,768
<i>% Total at end of period</i>	49%	24%	24%	3%	100%
<i>% Change from beg of period</i>	2%	5%	3%	-19%	3%

(1) Approximately \$173 billion in Blend Strategies AUM are reported in their respective services.

Changes in Assets Under Management By Investment Service

Twelve Months Ended September 30, 2007 \$ Millions	Value Equity	Growth Equity	Fixed Income	Index/ Structured	Total
Beginning of Period	\$ 294,303	\$ 162,524	\$ 173,026	\$ 29,430	\$ 659,283
Sales/New accounts	69,012	29,539	34,525	479	133,555
Redemptions/Terminations	(23,889)	(26,615)	(18,882)	(7,353)	(76,739)
Cash flow	(9,638)	(7,051)	(2,384)	(2,262)	(21,335)
Unreinvested dividends	(187)	(47)	(1,425)	-	(1,659)
Net inflows/(outflows)	35,298	(4,174)	11,834	(9,136)	33,822
Transfer ⁽¹⁾	803	(803)	-	-	-
Market appreciation	67,506	37,983	9,497	4,677	119,663
End of Period ⁽²⁾	\$ 397,910	\$ 195,530	\$ 194,357	\$ 24,971	\$ 812,768
<i>% Total at end of period</i>	49%	24%	24%	3%	100%
<i>% Change from beg of period</i>	35%	20%	12%	-15%	23%

(1) Reflects transfers of Real Estate products from Growth to Value.

(2) Approximately \$173 billion in Blend Strategies AUM are reported in their respective services.

Institutional Investments: Third Quarter Highlights

	(\$ Billions)	Ended September 30, 2007	
		<u>3 months</u>	<u>12 months</u>
< Value and Blend services accounted for 80% of all new accounts	Beginning AUM	\$ 501	\$ 418
< Global and International services accounted for approximately 86% of all new accounts	Net Flows	(2)	15
	Transfers ⁽¹⁾	1	-
	Market appreciation	<u>13</u>	<u>80</u>
< The pipeline of won but unfunded new mandates remains substantial, but declined somewhat in the quarter	Ending AUM	<u>\$ 513</u>	<u>\$ 513</u>
< Defined Contribution gaining traction in marketplace	% Total	63%	63%
	% Change	2%	23%

(1) Transfers of certain client accounts were made among distribution channels resulting from changes in how these accounts are serviced by the firm.

Retail: Third Quarter Highlights

		Ended September 30, 2007	
		3 months	12 months
(\$ Billions)			
<	Substantial growth in U.S. Funds offset by:		
Ø	Non-U.S. weakness		
Ø	Increased investment minimums on certain SMA services		
<	“Investment Strategies for Life” growing worldwide:		
Ø	Wealth Strategies services ~\$14 billion in assets ⁽²⁾		
Ø	Retirement Strategies (over \$1 billion in AUM) received stellar results in <i>PlanAdviser</i> magazine survey		
Ø	CollegeBoundfund AUM at \$8.5 billion; ranked #1 in the nation by savingforcollege.com		
	Beginning AUM	\$ 185	\$ 154
	Net Flows	-	10
	Transfers ⁽¹⁾	-	(1)
	Market appreciation	4	26
	Ending AUM	\$ 189	\$ 189
	% Total	23%	23%
	% Change	2%	23%

(1) Transfers of certain client accounts were made among distribution channels resulting from changes in how these accounts are serviced by the firm.

(2) Wealth Strategies AUM reflects primarily Retail assets but includes some Private Client and Institutional Investments client assets

Private Client: Third Quarter Highlights

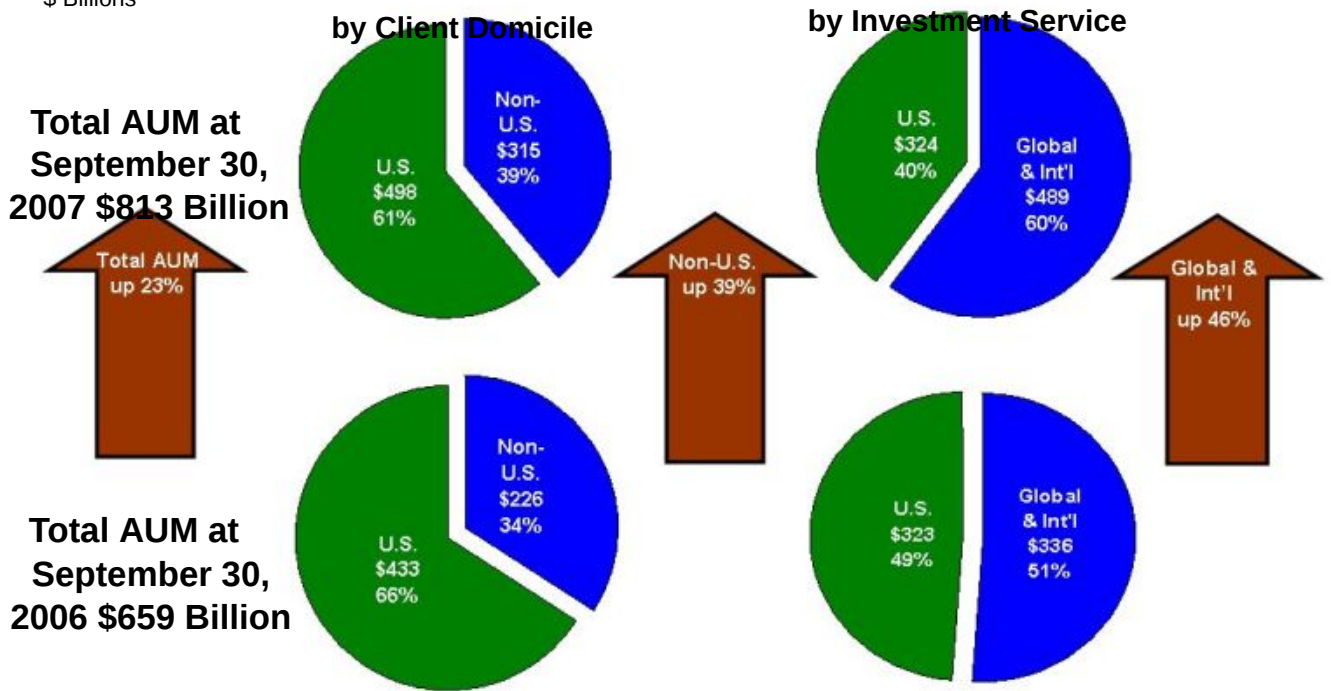
	(\$ Billions)	Ended September 30, 2007	
		<u>3 months</u>	<u>12 months</u>
< Record trailing twelve month gross and net inflows of \$18.3 billion and \$9.5 billion, respectively	Beginning AUM	\$ 107	\$ 88
	Net Flows	2	10
< Financial Advisor headcount increased to 341 - up 17% from September 2006	Market appreciation	2	13
	Ending AUM	<u>\$ 111</u>	<u>\$ 111</u>
	<i>% Total</i>	14%	14%
	<i>% Change</i>	3%	26%

~~Institutional Research Services: Third Quarter Highlights~~

- < Revenue up 18% versus third quarter 2006; strongest quarter on record primarily attributable to double-digit growth in Europe
- < Initiated coverage of Southern European banking sector; robust global pipeline for additional coverage
- < Excellent results in *Institutional Investor's* recently released U.S. poll:
 - ∅ Ranked #7 overall; highest in the history of the firm
 - ∅ Fourth consecutive year the firm has placed in Top Ten of *Institutional Investor's* league table
 - ∅ 95% of our analysts publishing at the start of this year were recognized in the poll
 - ∅ Six analysts voted #1 in their sector

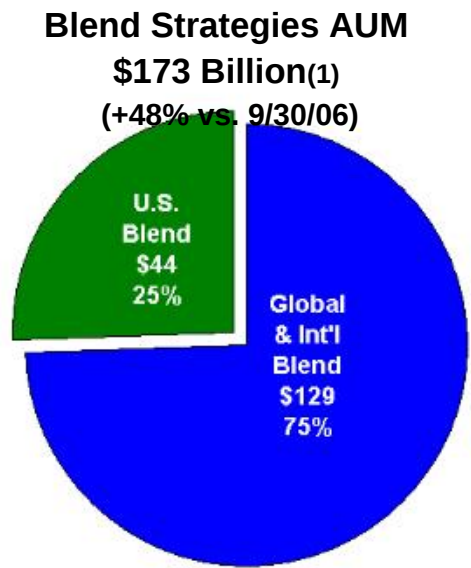
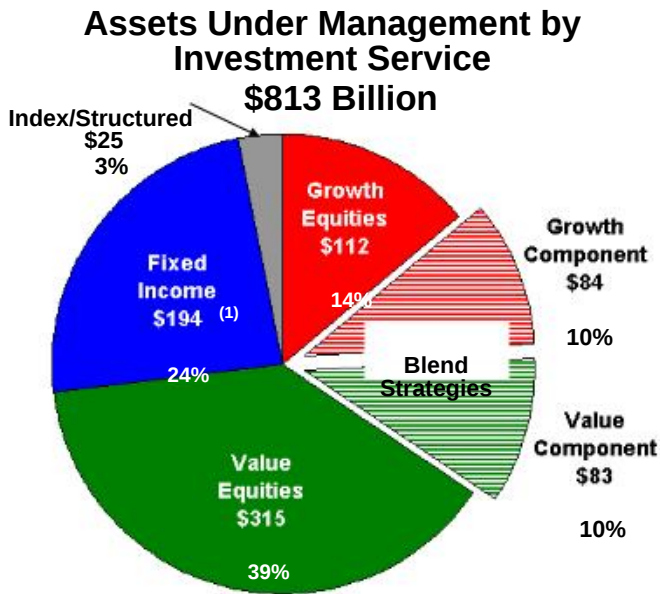
Growth in Global Assets

\$ Billions



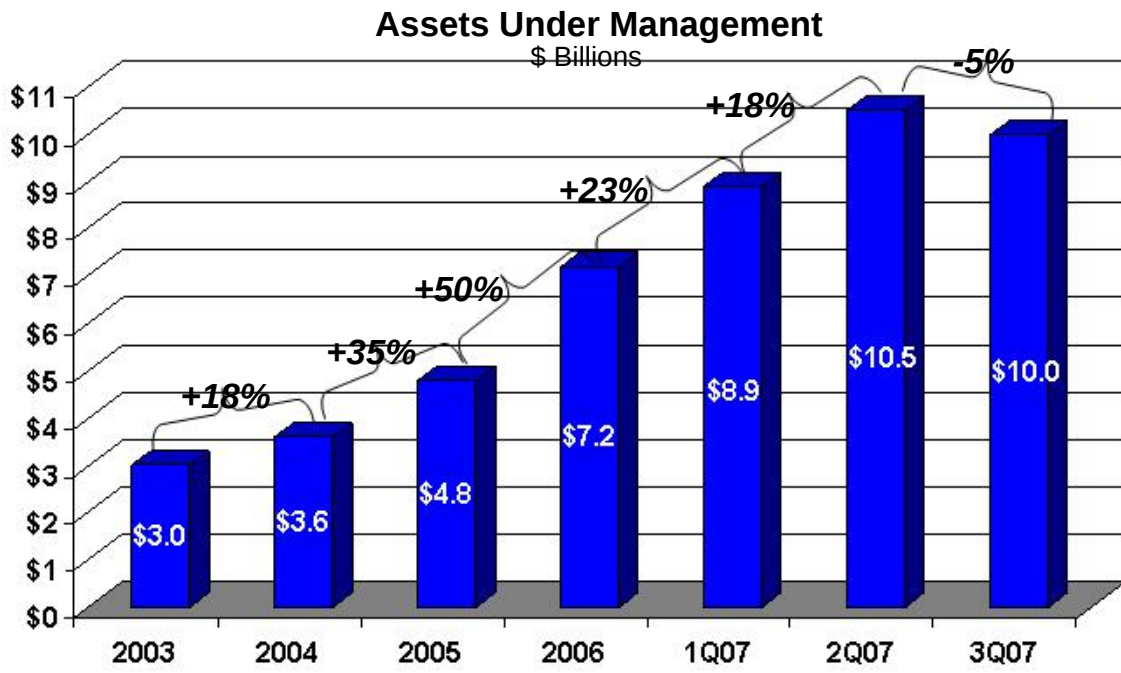
Growth in Blend Strategies Assets

\$ Billions



(1) Includes approximately \$6 billion of Blend Fixed Income AUM.

Growth in Hedge Fund Assets



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investment advisers, clients of AllianceBernstein.

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AllianceBernstein

AllianceBernstein Third Quarter Revenues

\$ Millions

	<u>3Q 2007</u>	<u>3Q 2006</u>	<u>Percent Change</u>	
Revenues:				
Advisory Fees	\$ 870	\$ 678	28%	■ Higher AUM and favorable mix
Distribution	120	104	16%	■ Higher average mutual fund AUM
Institutional Research Services	104	88	18%	■ Higher European revenues
Dividend and Interest Income	73	64	14%	
Other ⁽¹⁾	<u>41</u>	<u>48</u>	-15%	■ Lower MTM gains on deferred compensation investments
Total Revenues	1,208	982	23%	
Less: Interest Expense	<u>55</u>	<u>47</u>	17%	
Net Revenues	<u>\$ 1,153</u>	<u>\$ 935</u>	23%	

(1)

NOTE: Includes Shareholder Servicing Investment Gains (Losses) and Other Revenues. Percentages are calculated using revenues and expenses rounded to the nearest thousand.

Third Quarter 2007 Review

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AllianceBernstein Third Quarter Advisory Fees

	<u>3Q 2007</u>	<u>3Q 2006</u>	<u>Percent Change</u>	
Ending AUM (\$ Billions)	<u>\$ 813</u>	<u>\$ 659</u>	23%	
Average AUM (\$ Billions)	<u>\$ 794</u>	<u>\$ 641</u>	24%	
By Fee Type (\$ Millions):				
Base Fees	\$ 853	\$ 665	28%	■ Higher AUM and favorable mix
Performance Fees	17	13	32%	■ Higher long-only related fees
Total	<u>\$ 870</u>	<u>\$ 678</u>	28%	
By Channel (\$ Millions):				
Institutional Investments	\$ 382	\$ 291	32%	■ Higher average AUM and favorable mix
Retail	242	196	24%	■ Higher average AUM
Private Client	246	191	28%	■ Higher AUM
Total	<u>\$ 870</u>	<u>\$ 678</u>	28%	

NOTE: Percentages are calculated using revenues and expenses rounded to the nearest thousand.

Third Quarter 2007 Review

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AllianceBernstein Third Quarter Operating Expenses

\$ Millions

	<u>3Q 2007</u>	<u>3Q 2006</u>	<u>Percent Change</u>	
Employee Comp & Benefits	\$ 447	\$ 376	19%	■ Higher incentive, commission and base compensation
Promotion & Servicing	171	146	17%	■ Higher distribution plan payments and travel expenses
General & Administrative	145	132	9%	■ Higher infrastructure expenses
Interest	6	6	0%	
Amortization of Intangibles	<u>5</u>	<u>5</u>	0%	
Total	<u>\$ 774</u>	<u>\$ 665</u>	16%	

NOTE: Percentages are calculated using revenues and expenses rounded to the nearest thousand.

Third Quarter 2007 Review

Propriety - For AllianceBernstein L.P. use only

AllianceBernstein

AllianceBernstein Third Quarter Compensation & Benefits

\$ Millions

	<u>3Q 2007</u>	<u>3Q 2006</u>	<u>Percent Change</u>	
Base Compensation	\$ 116	\$ 100	15%	■ 15% higher headcount and merit increases
Incentive Compensation	175	148	19%	■ - Cash bonus estimates - Amortization of deferred compensation
Commissions	111	91	21%	■ New business across all channels
Fringes & Other	<u>45</u>	<u>37</u>	23%	
Total	<u>\$ 447</u>	<u>\$ 376</u>	19%	

NOTE: Percentages are calculated using revenues and expenses rounded to the nearest thousand.

Third Quarter 2007 Review

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AllianceBernstein

AllianceBernstein Third Quarter Net Income

\$ Millions

	<u>3Q 2007</u>	<u>3Q 2006</u>	<u>Change</u>	
Net Revenues	\$ 1,153	\$ 935	23%	
Expenses	<u>774</u>	<u>665</u>	16%	
Operating Income	379	270	40%	
Non-Operating Income	<u>3</u>	<u>3</u>	8%	
Income before Taxes	382	273	40%	
Income Taxes	<u>34</u>	<u>20</u>	71%	■ Higher effective rate driven by increased non-U.S. earnings
Net Income	<u>\$ 348</u>	<u>\$ 253</u>	38%	
Operating Margin ⁽¹⁾	32.9%	28.9%		

(1) Operating Income as a percentage of net revenues.

NOTE: Percentages are calculated using revenues and expenses rounded to the nearest thousand.

Third Quarter 2007 Review

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AllianceBernstein

AllianceBernstein Holding Financial Results

\$ Millions (except per-Unit amounts)

	<u>3Q 2007</u>	<u>3Q 2006</u>	<u>Percent Change</u>
AllianceBernstein:			
Net Income	\$ 348	\$ 253	38%
Weighted Average Equity Ownership Interest	<u>33.0%</u>	<u>32.4%</u>	
AllianceBernstein Holding:			
Equity in Earnings	\$ 115	\$ 82	40%
Income Taxes	<u>10</u>	<u>8</u>	25%
Net Income	<u>\$ 105</u>	<u>\$ 74</u>	42%
Diluted Net Income Per Unit	<u>\$ 1.20</u>	<u>\$ 0.87</u>	38%
Distributions Per Unit	<u>\$ 1.20</u>	<u>\$ 0.87</u>	38%

NOTE: Percentages are calculated using revenues and expenses rounded to the nearest thousand.

Third Quarter 2007 Review

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AllianceBernstein |

AllianceBernstein - 3Q07 Earnings Highlights

- < Growth services performed exceptionally well; Value services were weak
- < Diversified Hedge Fund services were disappointing
- < Strong organic growth in Private Client offset by Institutional Investments outflows
- < AUM growth once again driven by Global and International services and non-U.S. clients
- < Very strong financial results with Net Income up 38% and Operating Margins expanding by 400 basis points to 32.9%
- < Updated full year 2007 earnings guidance estimate of approximately \$4.50 - \$4.80 per Unit at the holding company level
- =
 - Ø Guidance assumes:
 - Ø Lower than previously forecasted hedge fund performance fees
 - Ø Net asset inflows continuing at levels similar to 3Q07 (adjusted to exclude \$6 billion of index terminations)
 - Ø Equity and fixed income market returns at annual rates of 8% and 5%, respectively, for the fourth quarter

Q&A

Appendix

Market Environment

	<u>3Q 07</u>	<u>One Year</u>	<u>Annualized Three Years</u>	<u>Cumulative Three Years</u>
S&P 500	2.0	16.4	13.1	44.8
Russell 1000 Growth	4.2	19.4	12.2	41.2
Russell 1000 Value	(0.2)	14.5	15.3	53.1
MSCI Emerging Markets	14.4	58.2	40.8	179.3
MSCI EAFE	2.2	24.9	23.2	87.2
MSCI World	2.4	21.1	18.0	64.4
Lehman Aggregate Bond	2.8	5.1	3.9	12.0

Returns in % through September 30, 2007.

Relative Performance: Institutional Growth Equity (After Fees)⁽¹⁾
Institutional Equity Composites vs. Benchmarks

	Int'l Lg Cap Growth ⁽²⁾	Global Research Growth ⁽³⁾	U.S. Large Cap Growth ⁽⁴⁾	U.S. Growth ⁽⁵⁾	U.S. Mid Cap Growth ⁽⁶⁾	U.S. Small Cap Growth ⁽⁷⁾	Emerging Markets Growth ⁽⁸⁾
3Q 07	2.2	2.9	2.5	2.7	7.4	4.2	(0.6)
One Year	1.5	2.2	(0.3)	0.9	3.7	9.7	(0.2)
Three Years	(0.4)	1.2	1.2	0.9	(1.8)	2.1	(0.5)
Five Years	1.2	1.1	(1.2)	1.2	3.8	1.1	2.2
10 Years	2.6	3.6	1.3	1.1	N/A	3.9	3.4

NOTE: The information in this table is provided solely for use in connection with this presentation, and is not directed toward existing or potential investment advisory clients of AllianceBernstein.
(1) Investment performance of composites is presented after investment management fees (2) vs. MSCI EAFE Growth (net) (3) vs. MSCI World (net) (4) vs. Russell 1000 Growth
(5) vs. Russell 3000 Growth (6) vs. Russell Mid Cap Growth (7) vs. Russell 2000 Growth (8) vs. MSCI Emerging Markets Growth
Composite and benchmark data through 9/30/07. Performance is preliminary.

Relative Performance: Institutional Value Equity (After Fees)⁽¹⁾

Institutional Equity Composites vs. Benchmarks

	U.S. Diversified Value⁽²⁾	U.S. Strategic Value⁽³⁾	U.S. Strategic Value⁽⁴⁾	International Value⁽⁵⁾	Global Value⁽⁶⁾	Emerging Markets Value⁽⁷⁾
3Q 07	(0.6)	(2.7)	(0.4)	(1.5)	(2.4)	(3.9)
One Year	(1.0)	(2.5)	(0.5)	0.9	1.3	(3.9)
Three Years	(0.9)	1.6	(0.5)	3.4	4.3	(0.8)
Five Years	(0.4)	2.7	0.1	4.9	5.1	4.3
10 Years	N/A	1.9	(0.4)	N/A	3.7	3.7

NOTE: The information in this table is provided solely for use in connection with this presentation, and is not directed toward existing or potential investment advisory clients of AllianceBernstein. (1) Investment performance of composites is presented after investment management fees (2) vs. Russel 1000 Value (3) vs. S&P 500 (4) vs. Russell 1000 Value (5) vs. MSCI EAFE (Cap, UH) (6) vs. MSCI World (Cap, UH) (7) vs. MSCI Emerging Markets. Composite and benchmark data through 9/30/07. Performance is preliminary.

**Relative Performance: Blend Strategies Services (After Fees)⁽¹⁾
Blend Strategies Equity Composites vs. Benchmarks**

	Global Blend Strategies ⁽²⁾	International Blend Strategies ⁽³⁾	U.S. Blend Strategies ⁽⁴⁾	Emerging Markets Blend Strategies ⁽⁵⁾
3Q 07	(0.1)	1.2	1.3	(2.5)
One Year	1.6	1.7	(0.4)	(3.4)
Three Years	2.7	0.5	0.1	(1.7)
Since Inception	2.4	1.5	(0.1)	3.2

NOTE: The information in this table is provided solely for use in connection with this presentation, and is not directed toward existing or potential investment advisory clients of AllianceBernstein.
 (1) Investment performance of composites is presented after investment management fees (2) Global Blend Strategies (6/30/03) vs. MSCI World for Global products
 (3) Int'l Blend Strategies (12/31/01) vs. MSCI EAFE (4) U.S. Blend Strategies (12/31/01) vs. S&P 500 (5) EM Blend Strategies (12/31/01) vs. MSCI EM
 Composite and benchmark data through 9/30/07. Performance is preliminary.

Relative Performance: Institutional Fixed Income (After Fees)⁽¹⁾

Institutional Fixed Income Composites vs. Benchmarks

	Strategic Core Plus ⁽²⁾	Emerging Mkt. Debt ⁽³⁾	Corp Bonds ⁽⁴⁾	Low Duration ⁽⁵⁾	Global Plus ⁽⁶⁾
3Q 07	(0.6)	(0.1)	(0.1)	(1.5)	0.1
One Year	0.2	3.7	0.1	(1.6)	1.1
Three Years	0.5	1.7	0.1	(0.3)	0.8
Five Years	1.1	3.2	0.0	0.1	1.4
10 Years	N/A	2.5	0.3	(0.1)	N/A

NOTE: The information in this table is provided solely for use in connection with this presentation, and is not directed toward existing or potential investment advisory clients of AllianceBernstein.
 (1) Investment performance of composites is presented after investment management fees. (2) vs. 90% Lehman Universal Index/10% S&P/Clgroup Non-US WGBI (Hedged) (3) vs. JPM EMBI+ (to 3/31/04) JPM EMBI Global (4/1/04-Present) (4) vs. Custom Corporate Index (5) vs. Merrill Lynch U.S. Treasury (1-3 Years) (6) vs. Lehman Global Aggregate Bond Index (Unhedged)
 Composite and benchmark data through 9/30/07. Performance is preliminary.

Absolute Performance: Private Client (After Fees)⁽¹⁾

	<u>3Q 07</u>	<u>Annualized</u>		
		<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fully Diversified Simulation ⁽²⁾	3.0	13.1	12.1	13.2
S&P 500	2.0	16.4	13.1	15.5

NOTE: The information in this table is provided solely for use in connection with this presentation, and is not directed toward existing or potential investment advisory clients of AllianceBernstein. (1) Investment performance of composites is presented after investment management fees. (2) The Bernstein Fully Diversified Portfolio is a simulation composed of specific proportions of each of the products that follow, which joined the simulation as of the following dates: Strategic Value: 1/1/83; Strategic Growth: 1/1/83 (ACM Large Cap Growth used as a proxy for Strategic Growth through 1/1/01; Strategic Growth used thereafter); Intermediate Municipal Bond Composite: 1/1/83; Bernstein Tax-Managed International Fund: 7/1/92; Emerging Markets Fund: 1/1/96; AllianceBernstein Institutional REIT Fund: 7/1/01. The portfolio was rebalanced quarterly through 12/31/05; monthly thereafter. Simulated performance results have certain inherent limitations. The results may not reflect the impact that certain material economic and market factors might have had on actual decision making if they were reflective of a managed account. No representation is being made that any account will, or is likely to, achieve profits or losses similar to those described herein. Source: AllianceBernstein and S&P. Mutual Fund, Composite and S&P performance data through 9/30/07. Performance is preliminary.

Relative Performance: Retail Growth Equity (After Fees)⁽¹⁾

Retail Mutual Funds vs. Lipper Averages

	<u>U.S. Strategic Research Equity</u> ⁽²⁾	<u>U.S. Large Cap Growth</u> ⁽³⁾	<u>U.S. Growth</u> ⁽⁴⁾	<u>U.S. Mid Cap Growth</u> ⁽⁵⁾	<u>Global Research Growth</u> ⁽⁶⁾
3Q 07	5.0	0.6	1.2	5.4	0.5
One Year	(0.8)	(2.5)	(3.8)	(0.9)	(1.7)
Three Years	(1.2)	(0.0)	(3.1)	(2.1)	0.0
Five Years	1.9	(1.1)	(2.6)	5.7	0.9
10 Years	2.3	(1.8)	(2.9)	(3.5)	N/A

NOTE: The information in this table is provided solely for use in connection with this presentation, and is not directed toward existing or potential investment advisory clients of AllianceBernstein. (1) Investment performance of mutual funds is presented after investment management fees (2) vs. S&P 500; represents Regent separately managed account service (3) vs. Large Cap Growth average, formerly named Premier Growth (4) vs. Multi Cap Growth average (5) vs. Mid Cap Growth average (6) vs. Global Large Cap Growth average, formerly named Global Growth Trends. Net performance is inclusive of the investment management fee only; it does not include the total management fee typically associated with a managed account that may range from 2.0 - 3.0% which includes transaction costs, custodial services and investment advisory fees.

Source: AllianceBernstein, Lipper, and S&P. Mutual fund, Lipper, and S&P performance data through 9/30/07.

Relative Performance: Retail Value Equity (After Fees)⁽¹⁾ Retail Mutual Funds vs. Lipper Averages

	<u>Int'l Value</u> ⁽²⁾	<u>Growth & Income</u> ⁽³⁾	<u>U.S. Small/Mid Cap Value</u> ⁽⁴⁾	<u>U.S. Value</u> ⁽⁵⁾	<u>Global Value</u> ⁽⁶⁾
3Q 07	(0.7)	1.5	(1.4)	(1.3)	(2.2)
One Year	(0.4)	1.5	1.5	(2.2)	(3.1)
Three Years	2.7	(0.8)	(1.2)	(0.2)	(0.1)
Five Years	4.7	0.1	0.5	0.5	0.2
10 Years	N/A	1.2	N/A	N/A	N/A

NOTE: The information in this table is provided solely for use in connection with this presentation, and is not directed toward existing or potential investment advisory clients of AllianceBernstein.

(1) Investment performance of mutual funds is presented after investment management fees (2) vs. International Large Cap Value average; (3) vs. Large Cap Value average (4) vs. Mid Cap Value average (5) vs. Large Cap Value average; if compared to Multi Cap Value average, 3rd quarter would be 0.36, 1-yr would be (1.12), 3-yr would be (0.18) and 5-yr would be (0.15) (6) vs. Global Multi Cap Value average
Source: AllianceBernstein and Lipper. Mutual Fund and Lipper performance data through 9/30/07.

Relative Performance: Retail Fixed Income (After Fees)⁽¹⁾

Retail Fixed Income Funds vs. Peer Group Averages

	Global High Yield Portfolio ⁽²⁾	American Income Portfolio ⁽³⁾	Global Gov't Income ⁽⁴⁾
3Q 07	(1.6)	(0.4)	0.1
One Year	0.5	1.4	5.4
Three Years	4.1	2.9	4.4
Five Years	4.3	5.1	3.3
10 Years	0.4	1.2	3.5

NOTE: The information in this table is provided solely for use in connection with this presentation, and is not directed toward existing or potential investment advisory clients of AllianceBernstein.

(1) Investment performance of mutual funds is presented after investment management fees (2) vs. Morningstar Fixed Income Global High Yield Peers (Formerly: Microcap Fixed Income Global High Yield Peers (3) vs. Morningstar Fixed Income USD Peers (Formerly: Microcap Fixed Income USD Peers) (4) vs. Global Income Funds average

Sources: AllianceBernstein, Morningstar, and Lipper. Mutual Fund, Morningstar, and Lipper performance data through 9/30/07. Performance is preliminary.

Relative Performance: Wealth Strategies (After Fees)⁽¹⁾

Retail Mutual Funds vs. Morningstar Averages

	<u>Wealth Preservation</u> ⁽²⁾	<u>Balanced Wealth</u> ⁽³⁾	<u>Wealth Appreciation</u> ⁽⁴⁾
3Q 07	0.5	0.7	0.8
One Year	0.6	1.3	3.3
Since Inception ⁽⁵⁾	1.0	1.7	3.1

NOTE: The information in this table is provided solely for use in connection with this presentation, and is not directed toward existing or potential investment advisory clients of AllianceBernstein.

(1) Investment performance of mutual funds is presented after investment management fees (2) vs. Conservative Allocation average (3) vs. Moderate Allocation average

(4) vs. Large Blend average (5) Product performance inception date: 9/2/03; Benchmark performance inception at closest month end after fund inception: 9/30/03

Source: AllianceBernstein and Morningstar. Mutual fund and Morningstar performance data through 9/30/07.

Investment Performance: Delivering Results for Clients

Net-of-Fee Annualized Relative Performance Premiums

<u>Bernstein Value Equities</u>	Inception Date	Inception-Sep 2007	<u>Alliance Growth Equities</u>	Inception Date	Inception-Sep 2007
U.S. Small/Mid Cap Value	31-Dec-00	+ 5.1	U.S. Small Cap Growth	31-Dec-70	+ 3.2
U.S. Diversified Value	30-Jun-88	+ 0.9	U.S. Mid Cap Growth	31-Mar-99	+ 3.4
Global Diversified Value	31-Mar-98	+ 2.4	U.S. Large Cap Growth	31-Dec-77	+ 2.8
Global Strategic Value	30-Apr-01	+ 8.1	U.S. Disciplined Growth	31-Dec-87	- 0.2
Global Value	30-Sep-95	+ 3.4	Global Research Growth	31-Dec-91	+ 4.3
International Diversified Value	30-Sep-00	+ 4.7	International Large Cap Growth	31-Dec-90	+ 0.4
International Strategic Value	31-Mar-01	+ 7.3	Emerging Markets Growth	30-Sep-91	+ 1.7
International Value (EAFE)	30-Sep-99	+ 5.3	European Concentrated Growth	30-Jun-98	- 1.9
Emerging Markets Value	31-Dec-95	+ 2.9	Australian Growth	30-Jun-00	- 0.9
Australian Value	30-Jun-03	+ 1.7	Japan Growth	30-Sep-91	+ 3.3
Canadian Value	31-Dec-97	+ 4.1	U.K. Growth	31-Dec-04	+ 0.4
European Value	30-Jun-97	+ 2.4			
Japan Strategic Value	31-Mar-02	+ 8.0			
U.K. Value	30-Jun-00	+ 3.4			
			<u>AllianceBernstein Fixed Income</u>		
<u>AllianceBernstein Style Blend</u>			U.S. Investment-Grade Corporates	31-Dec-86	- 0.6 %
U.S. Style Blend	31-Dec-01	- 0.1 %	U.S. Low Duration	31-Dec-91	+ 0.4
Global Style Blend	30-Jun-03	+ 2.4	U.S. Short Duration	31-Dec-95	- 0.0
International Style Blend	31-Dec-01	+ 1.5	U.S. Strategic Core Plus	31-Mar-92	- 0.0
Emerging Markets Style Blend	31-Dec-01	+ 3.2	Global Fixed Income	30-Jun-01	+ 0.5
			Global Plus Fixed Income	30-Jun-86	+ 0.4
			Emerging-Market Debt	30-Jun-01	+ 0.5
			Europe Core Plus	30-Jun-94	+ 3.0
			Canadian Core Plus Advanced	31-Mar-99	- 1.4
			Japan Credit	30-Sep-02	+ 3.1
				30-Sep-00	0.0

AllianceBernstein. Past performance is no guarantee of future results. Source: Bloomberg, Citigroup, FTSE, JPMorgan Chase, Lehman Brothers, Merrill Lynch, MSCI, Nomura, Russell Investment Group, Scotia Capital, S&P, TOPIX, and AllianceBernstein.

Third Quarter 2007 Review

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AllianceBernstein

AllianceBernstein Consolidated Balance Sheet

In \$ Thousands, Unaudited	9/30/07	9/30/06
Assets		
Cash and investments	\$ 1,394,611	\$ 1,236,311
Cash and securities, segregated	1,230,055	1,863,957
Receivables, net	3,839,077	3,488,278
Goodwill, net	2,893,029	2,893,029
Intangible assets, net	269,388	284,925
Deferred sales commissions, net	187,629	194,950
Other (incl. furniture & equipment)	781,355	639,655
Total Assets	\$ 10,595,144	\$ 10,601,105
Liabilities and Partners' Capital		
Liabilities:		
Payables	\$ 4,449,275	\$ 4,916,671
Accounts payable and accrued expenses	346,235	333,007
Accrued compensation and benefits	908,182	392,014
Debt	163,000	334,901
Minority interest in consolidated subsidiaries	135,865	53,515
Total Liabilities	6,002,557	6,030,108
Partners' Capital	4,592,587	4,570,997
Total Liabilities and Partners' Capital	\$ 10,595,144	\$ 10,601,105

AllianceBernstein Consolidated Statement of Cash Flows

In \$ Thousands, Unaudited	Nine Months Ended	
	9/30/07	9/30/06
Cash Flows From Operating Activities:		
Net income	\$ 950,712	\$ 741,649
Non-cash items:		
Amortization and depreciation:		
Amortization of deferred sales commissions	73,253	71,649
Amortization of deferred compensation	37,483	35,301
Depreciation and other amortization	78,283	57,487
Other, net	(48,079)	(15,697)
Changes in assets and liabilities	125,591	128,665
Net cash provided by operating activities	1,217,243	1,019,054
Cash Flows From Investing Activities		
Purchases of investments	(17,223)	(54,803)
Proceeds from sales of investments	46,251	2,580
Additions to furniture, equipment and leaseholds	(87,852)	(74,954)
Purchase of business, net of cash acquired	-	(16,086)
Net cash used in investing activities	(58,824)	(143,263)
Cash Flows From Financing Activities		
(Repayment) Issuance of commercial paper, net	(191,566)	169,602
Repayment of Senior Notes	-	(400,000)
Cash distributions to general partner and unitholders	(1,017,702)	(774,885)
Other	31,616	48,878
Net cash used in financing activities	(1,177,652)	(956,405)
Effect of exchange rate change on cash and cash equivalents	14,004	3,377
Net decrease in cash and cash equivalents	(5,229)	(77,237)
Cash and cash equivalents at the beginning of period	692,658	654,168
Cash and cash equivalents at the end of period	\$ 687,429	\$ 576,931



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Third Quarter 2007 Review

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AllianceBernstein

AllianceBernstein
Moderator: Philip Talamo
October 24, 2007
5:00 p.m. EST

OPERATOR: Thank you for standing by. And welcome to the Alliance Bernstein third quarter 2007 earnings review. At this time, all participants are in a listen-only mode. After the formal remarks, there will be a question-and-answer session and I will give you instructions on how to ask questions at that time. As a reminder, this conference is being recorded and will be replayed for one week.

I would now like to turn the conference over to the host for this call, the Director of Investor Relations for AllianceBernstein, Mr. Philip Talamo, please go ahead.

PHILIP TALAMO: Thank you, Henry. Good afternoon everyone. Welcome to our third quarter 2007 earnings review. As a reminder, this conference call is being Webcast, and is supported by a slide presentation that can be found in the investor relations section of our Web site at www.alliancebernstein.com/investorrelations.

Presenting our results is our President and Chief Operating Officer, Jerry Lieberman. Lew Sanders, our Chairman and Chief Executive Officer and Bob Joseph, our CFO will also be available to answer questions at the end of our formal remarks.

I would like to take this opportunity to note that some of the information we present today is forward-looking in nature, as such, is subject to certain SEC rules and regulations regarding disclosure. Our disclosure regarding forward-looking statements can be found on page two of our presentation, as well as in the risk factor section of our 2006 10-K.

In light of the SEC's Regulation FD, management is limited to responding to inquiries from investors and analysts in a non-public forum. Therefore, we encourage you to ask all questions of a material nature on this call. At this time, I would like to turn the call over to Jerry Lieberman.

JERRY LIEBERMAN: Thank you, Phil, and good morning to everyone on the call. Let's begin with a brief recap of capital market performance for the third quarter of 2007.

Display three shows that despite significant market turbulence throughout most of the quarter, a strong September enabled the S&P 500 and Russell 1000 Growth indices to post solid or better returns. Also, as you can see, the Russell 1000 Growth index outperformed both the S&P 500 and the Russell 1000 Value index for the second consecutive quarter, with the Russell 1000 Value index posting a negative return for the first time since the first quarter of 2003. In fact, 12 month trailing returns for the Russell 1000 Growth were better than its Value counterpart for the first time in four years. Finally, despite the crisis that roiled much of the Fixed Income markets during July and August, the Lehman Aggregate index reflected a strong return of 2.8% for the quarter.

Turning to non-U.S. capital markets on display four, you can see that all three equity indices also posted weaker returns in the third quarter than in the second quarter. And while MSCI World and MSCI EAFE indices once again performed roughly in line with the S&P 500, the MSCI Emerging Markets index far outpaced all other indices shown on these two slides, posting a 14.4% return.

Highlights of our relative investment returns are summarized on display five. As I have mentioned before, relative performance of our Growth services has typically been very strong during periods where Growth equities outperform Value equities and this quarter was certainly no exception. More specifically, all but one of the Growth services that we track in the appendix exceeded their benchmarks in the third quarter, and in many cases, relative outperformance was quite significant, ranging from 200 to 740¹ basis points. We see potential for continued success in these services.

¹ This figure has been corrected.

On the other hand, our Value equity services underperformed relative to benchmarks and our Fixed Income services posted slightly negative relative returns. Overall, returns of our Hedge Fund services were disappointing, especially in our diversified services, where absolute returns were negative. Our Blend Strategies services performance was respectable, with strength in International and U.S. services but weaknesses in Emerging Markets. Additional detail on the relative performance of many of our services can be found in the appendix on slides 27 to 36.

I'll begin my discussion of changes to our assets under management with display six. Driven almost entirely by market appreciation, total AUM grew by 3% sequentially. While gross sales were quite robust at \$32.4² billion, net flows were tepid totaling just \$390 million. This weakness was especially concentrated in our Institutional Investment channel and is largely the result of the loss of \$6 billion in low-fee priced index mandates. Retail net flows were essentially zero as continued strength in U.S. mutual funds was offset by non-U.S. fund net redemptions, an apparent reaction to the uncertainty caused by the subprime crisis. Retail flows were also adversely affected by previously-announced increased investment minimums on certain separately managed account services that were implemented early in the quarter. In contrast, our Private Client channel had another solid quarter, with more than \$2.4 billion in net inflows.

Changes in assets under management by channel for the trailing 12 month period are shown on display seven. Total AUM increased by 23%, or \$153.5 billion, with market appreciation accounting for more than three-quarters of the increase. Net inflows of \$33.8 billion translate to an organic growth rate of just over 5%, as a weak third quarter negatively impacted this metric. However, adjusting net inflows for the \$6 billion in index terminations would have resulted in an organic growth rate of 6%. Institutional Investments accounted for over 40% of total inflows with both Retail and Private Client each contributing just under 30%. Notably, our Private Client channel delivered the highest organic growth rate for this time at nearly 11%.

Display eight summarizes the changes in AUM by investment service for the three months ended September, 2007. Our Value Equity services continue to generate the lion's share of net inflows at \$7.5³ billion for the quarter, while Fixed Income had net inflows of \$1.1 billion. Growth Equity services had net outflows of \$1.8 billion, but recent strong performance added \$11.4 billion to AUM.

The story is quite similar when studying changes in AUM by investment service over the previous 12 months, as you can see on display nine. Again, Value Equity services led the way with \$35.3 billion in net inflows, followed by Fixed Income services with \$11.8 billion.

I'll start my discussion of distribution channel highlights for the third quarter with display 10. Institutional assets rose 2% sequentially, as strong market appreciation was partially offset by the net outflows I discussed earlier. Despite these net outflows, over 100 institutional mandates were funded during the quarter. This channel generated more than \$18 billion of AUM from new accounts, with Value and Blend services accounting for 80% of that total. From a geographic perspective, Global and International services compromised approximately 86% of these new assets, a continuing trend. Lastly, while our pipeline of won but unfunded Institutional mandates fell somewhat, we expect net inflows to improve in 2008 due in part to our growing momentum in the defined contribution market.

Turning to display 11, you will see that our Retail channel had a relatively quiet quarter, with asset under management up \$4 billion, or just 2%, as net flows were inconsequential. This quarter, we're introducing a new phrase to you on this display. "Investment Strategies for Life" captures the three most important services that we provide to Retail clients and represent the best thinking of the firm for these clients. These services are Wealth Strategies, CollegeBound funds and Retirement Strategies, which are our target-date solutions for smaller defined contribution plans. This suite of services continued to build momentum from an asset gathering and recognition perspective during the quarter. Wealth Strategies added \$1 billion in assets and Retirement Strategies reached the \$1 billion milestone. As for recognition, in a just recently-completed survey by PlanAdvisor magazine, AllianceBernstein's Retirement Strategies suite of target date-funds received more citations as best in class than any other firm in the industry. Also, our CollegeBound 529 offering was, once again, ranked number one in the nation by SavingForCollege.com, and with \$8.5 billion in AUM is the second largest state-sponsored plan in the nation.

² This figure has been corrected.

³ This figure has been corrected.

Highlights of our Private Client channel are shown on display 12. Strong net inflows and market appreciation contributed equally to the 3% sequential growth in assets for the quarter. For the trailing 12 month period, both gross and net inflows set firm records of \$18.3 billion and \$9.5⁴ billion respectively, contributing to an outstanding 26% year-over-year growth rate, and we anticipate continued robust growth in this channel. We added 24 financial advisors to our staff this quarter to support these growing assets and now employ 341 financial advisors in the U.S. and U.K., a 17% increase versus the end of September 2006.

Highlights for Institutional Research Services are shown on display 13. Year-over-year revenue growth of 18%, driven by double-digit growth in our European office, resulted in a record quarter for our sell side business. We continue to expand our research platform, having launched coverage of the Southern European banking sector, and maintain a robust global pipeline of future coverage launches. As I'm sure many of you are aware, Institutional Investor released their latest U.S. poll just last week and I'm proud to say that our firm had another excellent year. In fact, this year's number seven ranking was the highest in the history of the firm. For the fourth consecutive year, we placed in the Top Ten in II's league table. Also, 95% of our analysts publishing at the start of the year were recognized, including six analysts voted number one in their sector.

The next three slides offer details on some very important characteristics of our assets under management.

Display 14 looks at two aspects of our AUM from a geographic perspective. The pie charts on the left show that 39% of our AUM is currently managed on behalf of clients who reside outside the United States compared to 34% a year ago. During the last 12 months, assets from these clients grew by 39% to \$315 billion. You'll note that this growth rate far outpaces the 23% growth in total AUM, and accounted for nearly 58% of total AUM growth.

Year-over-year growth in Global and International investment services tells an even more compelling story. As shown by the pie charts to the right of the display, growth in these services was 46%, double the firm's total AUM growth rate. Assets in these services accounted for 60% of our total at the end of September, up from 51% at the end of third quarter '06. Said another way, U.S.-centric services grew by just \$1 billion since last year, so Global and International investment services represented more than 99% of the firm's growth in total assets under management over the last 12 months.

We've been discussing the trend towards global and international investing for some time now. We believe that the pace of this trend will not be abating any time soon, and anticipate continued success in this arena. Furthermore, this mix shift added 400 basis points to our revenue growth during the last 12 months.

Details of our successful Blend Strategies services are provided on display 15. Our Blend Strategies services totaled \$173 billion at quarter-end and increased 48% year-over-year. These services accounted for 21% of our total assets under management at September 30, 2007, up from just under 18% last year.

Evidence of the disappointing Hedge Fund performance we referenced in today's press release is shown on display 16. For the first time in several years, our Hedge Fund assets fell sequentially, down 5% to \$10 billion at the end of the third quarter. The drop in AUM was the result of disappointing performance in our diversified services, which more than offset single-digit organic growth during the quarter. As indicated by their name, our diversified Hedge Fund services seek to generate returns from multiple uncorrelated sources. As such, you should not compare their performance with any single investment strategy. Despite disappointing performance during the third quarter, our Hedge Fund assets have increased by 38% year-to-date. Disappointing performance aside, I'd like to point out that we have not established materially high watermark issues in our diversified services, as our year-to-date absolute performance is in the mid-single digit loss range or better in virtually all of these services.

Now, I'll begin my discussion of our financial results beginning with revenues on display 17.

Net revenues for the quarter were approximately \$1.2 billion, a 23% increase versus the third quarter of 2006 and our fourth consecutive quarter in which net revenues exceeded \$1 billion. Advisory fees grew by 28% and accounted for 88% of this growth.

⁴ This figure has been corrected.

Record revenues from Institutional Research Services were driven by exceptional strength in Europe, while Other Revenues fell 15% due to lower mark-to-market gains on deferred compensation investments, including hedge funds.

On display 18, you can see that the 28% growth in advisory fees was attributable to a 28% increase in base fees. Base fees grew as a result of higher AUM, with all three channels posting greater than 20% year-over-year increases in revenue. In addition, the growth of Global and International investment services in our Institutional Investments channel generated higher average fee realization rates. The firm's average AUM growth rate of 24% translates into a 28% increase in fee revenue owing to the aforementioned mix improvement.

Turning to operating expenses, display 19 shows that total expenses grew by 16%, or 700 basis points less than the increase in Net Revenue. I'll come back to Employee Compensation and Benefits in a moment, but for now, let's drop down to Promotion and Services expenses, which increased by 17%, primarily due to higher distribution plan payments as retail AUM grew by 23% year-over-year. Higher travel expenses also contributed to this increase, as our client base and operational footprint continue to become increasingly global.

Moving down this display, you can see that General and Administrative expenses increased by only 9% to \$145 million in the third quarter and marks the second consecutive quarter where G&A expenses grew by less than 10% versus the prior year quarter. The increase in this expense item continues to derive from our ongoing investment in office space and technology to support the growth of our global operations.

Now, let's turn to display 20 for a granular look at Employee Compensation and Benefits. Here you can see that Employee Comp and Benefit expense rose 19% to \$447 million. Base Compensation is up 15% versus last year, driven primarily by a 15% increase in headcount and our annual merit increases. At the end of September 2007, our firm employed more than 5,400 people across 25 countries.

Incentive Compensation increased 19% year-over-year, primarily due to higher accruals for estimated year-end bonuses and higher deferred compensation expense in our deferred compensation plans.

On display 21, you'll see that net income for the operating partnership grew by 38% versus the third quarter of 2006. Importantly, operating margin expanded to 32.9%, more than 400 basis points higher than 3Q06 and 190 basis points higher than the second quarter of 2007.

I would also like to point out a continuing trend that is evidenced on this display. Some quick math will tell you that we had an effective tax rate north of 9% in the third quarter of 2007 versus 7% in the third quarter of 2006. As I mentioned previously, our effective income tax rate increases when our non-U.S. business grows faster than our U.S.-based business.

On display 22, you can see that Holding company's share of AllianceBernstein's \$348 million third quarter 2007 earnings was \$115 million, versus \$82 million in the same quarter last year, resulting in Net Income after taxes of \$105 million, or 42% greater than in the third quarter of 2006. Diluted Net Income and Distributions Per Unit of \$1.20 represent a 38% increase versus the prior quarter, which is slightly lower than the growth of Net Income due to an increase in fully diluted units outstanding related to employee option exercises.

I'll wrap up my comments by highlighting the more important 3Q07 developments listed on display 23. Our Growth services performed exceptionally well against their respective benchmarks, while our Value services generally underperformed. Hedge Fund assets declined for the first time in several years, as disappointing performance in our diversified services more than offset net inflows into hedge funds. Organic growth slowed, as quite strong Private Client net inflows were offset by Institutional net outflows. Our global reach, both in terms of client-domicile and geographic scope of our investment services, continued to increase, as assets associated with Global and International services and non-U.S. clients once again grew at faster rates than total AUM.

Third quarter financial results were outstanding with 23% growth in Revenues, 38% growth in Net Income and operating margin expansion of 400 basis points to 32.9%.

Finally, due to a significant decrease in previously forecasted hedge fund performance fees for the fourth quarter of 2007 we are lowering previous earnings guidance for the full year of 2007 from a range of \$4.90 per unit to \$5.25 per unit, to \$4.50 to \$4.80. This estimate is based on net asset inflows continuing at levels similar to the third quarter of 2007, adjusting for the \$6 billion in index mandate losses, and assumes equity and fixed income market returns at annual rates of 8% and 5%, respectively, for the fourth quarter.

Let me remind you that our earnings are subject to considerable uncertainty including, but not limited to, capital market volatility, which can be amplified by the increase in assets under management subject to performance fee arrangements.

As we near the end of 2007, a year that is shaping up to be another successful one, I want to stress that our success as a firm derives from our ability to provide world-class service and generate superior investment returns for our clients. Our staff's continued focus on the best interest of all of our clients is the means to this continued success which in turn, of course, translates into success for all of our stakeholders.

And now, Lew and I are available for your questions.

OPERATOR: Thank you. If you would like to pose a question during this time, please press star then the number one on your telephone keypad. If you would like to withdraw your question, please press the pound key. Management has requested that you please limit your initial questions to two, in order to provide all callers an opportunity to ask questions. We welcome you to return to the queue to ask follow-up questions. It is AllianceBernstein's practice to take all questions in the order in which they are received and to empty the queue before ending the call.

Thank you. Our first question is coming from Bill Katz of Buckingham Research, please go ahead.

BILL KATZ: OK. Thank you and good afternoon. I was just wondering if you could talk a little bit about flows. The first question is on the Institutional side. If you look more broadly than just this one quarter, it seems like the organic growth and the absolute level of flows continue to decelerate. And I'm curious how much of that reflects the macro backdrop versus, perhaps, starting to reach an upper limit on the defined benefit business? That's my first question.

LEW SANDERS: Hi, Bill. It's Lew Sanders.

BILL KATZ: Hello.

LEW SANDERS: I think both have contributed. You know, it's very difficult to have an accurate attribution, when you try to decompose flows. The changes that you cite are evident, but they're fairly subtle. And I think if there was any noteworthy feature of the marketplace, certainly in the U.S., it is the shift in emphasis from DB to DC. And as you know, we have a comprehensive effort to build our presence in the DC arena and we are enthusiastic about our prospects, as noted in Jerry's remarks, as well as mine in the press release. We are gaining traction and we do anticipate that it will begin to reflect itself more meaningfully in flows in 2008.

BILL KATZ: OK. And the other question also centers on flows for now, and then I'll hop back in the queue. On the Private Client side, one area of tremendous growth has been in the alternative product line. Just sort of curious, if the recent volatility of performance here dents that growth on a go-forward basis.

LEW SANDERS: Bill, you know, possibly. But I think that you need to understand, I think you do, but let me reiterate that our Private Client offering is rarely a point-product relationship with a client. It can take that form but that would be unusual. Instead, the alternatives are part of many services that clients engage with us for as part of the broad plan. The alternatives tend not to be a major part of that plan, just because of their very character. And as a result, I wouldn't anticipate a very significant reduction in flows related to a one-quarter perturbation in return. That there will be some slowing is certainly possible, but I think if you see it in this broader context, you'll frame it more appropriately.

BILL KATZ: OK. Thanks. And I'll hop back in the queue.

OPERATOR: Thank you. Our next question is coming from Cynthia Mayer of Merrill Lynch.

CYNTHIA MAYER: Hi. Good afternoon. I was interested in the retail dynamics. It sounded like the non-U.S. clients took out money and I'm wondering if you've seen the dynamic before or if you're seeing it come back at all.

JERRY LIEBERMAN: Cynthia, we're particularly strong outside the U.S in our Fixed Income services and with all of the turmoil that took place in the quarter, the gross flows were impacted by that, as well as the net flows. And we don't expect that to be a longtime developing issue. We expect that to come back as soon as there's a little bit less uncertainty overseas in this arena.

LEW SANDERS: Although the timing, of course, of that recovery is unpredictable, Cynthia. What gives us some confidence is that our Global Fixed Income services are actually performing quite well.

CYNTHIA MAYER: Can you give us any sense of what you're seeing in this quarter? Because it sounds like, in terms of your guidance, you're assuming basically no flows in 4Q.

LEW SANDERS: That is the assumption. We will see how the quarter unfolds.

OPERATOR: Thank you. Our next question is coming from Mark Irizarry of Goldman Sachs, please go ahead.

MARK IRIZARRY: Great, thanks. Lew, this is a question for you on hedge funds, just in terms of them having multiple uncorrelated strategies. Obviously it looks like the diversified strategies maybe proved to be less so during the quarter. I guess, it's a two fold question. One, can you just dig into a little more what happened? And then also, your plans to market that performance to institutions, where those stand? Thanks.

LEW SANDERS: Well, I think you are aware by the way you posed the question that alpha sources that have a history of low and no correlation actually were, in many cases, highly correlated in the third quarter. And there was some of that in our return profile as well.

On part B, we are indeed active in building a presence institutionally with the services and remain optimistic about our potential, third quarter results notwithstanding. By comparison to the fund community more broadly, and within the context of the history of these services, the third quarter, in our judgment, is unlikely to pose a very serious impediment to our success institutionally.

OPERATOR: Thank you. Moving on to the next question, it's coming from Craig Siegenthaler of Credit Suisse, please go ahead.

CRAIG SIEGENTHALER: Hi, thanks. Just a question on target date funds, I'm wondering, when you pointed to that on slide 11, how this business is directly going to benefit from the recent ruling from the Department of Labor and how you think this could trend through the next years.

JERRY LIEBERMAN: Yes, it's a tremendous benefit, and it creates a safe haven for companies to do what's right for their employees. We think it's going to create a real opportunity for us, one that heretofore was hard for us to take advantage of. So the timing is right for us. We came up with what we think are great target date services. We think we have a great story to tell in regards to how the firm can help improve 401k programs. And we think this is a great benefit for our clients, for their employees and for us.

CRAIG SIEGENTHALER: Got it. And then on the roughly \$0.40 revision to guidance, all of that coming from hedge fund performance fees, I'm just wondering, can you give us a target of how much EPS in '07 is roughly coming from performance fees so we can estimate how you trend in '08 and see what a core number is on that basis?

LEW SANDERS: You know, we don't have that number at our fingertips, but it's easy for you to compute.

CRAIG SIEGENTHALER: How is that?

LEW SANDERS: Well, the numbers are completely disclosed for last year and we've given you enough color about this year for you to judge what are our expectations actually are, uncertain as they remain, I must emphasize, given that the year is not over. And as Jerry noted, and as the press release stresses, the earnings still remain sensitive to capital market returns and our performance relative thereto.

CRAIG SIEGENTHALER: Got it. Thanks a lot.

OPERATOR: Thank you. Our next question is coming from Robert Lee of KBW, please go ahead.

ROBERT LEE: Thank you, good afternoon. First question is on the margin. As you noted, a pretty substantial margin improvement, is there any reason that we shouldn't expect that this is a sustainable rate going forward? And how do you feel about your ability to improve margins, assuming you have some decent top line growth going into 2008?

JERRY LIEBERMAN: Well, we work hard to manage the margins in a thoughtful way. We certainly aren't anticipating an increase in margins going forward like we're showing right now. But we worked hard on the G&A line, that helps a little bit, and growing the revenues obviously helps a little bit, so I think we can sustain where we are and improve it. But I think, I've mentioned on this call before, we don't look for our firm to end up with specific margin numbers. We're not heading in that direction. And we don't manage to get there.

ROBERT LEE: OK.

JERRY LIEBERMAN: Does that help?

ROBERT LEE: Yes, it does. And the second question is on the Fixed Income business. You noted, year-to-date, that business had picked up and I think you mentioned you had some pretty good numbers in your Global Fixed Income strategies. Can you give us some more color on how you see that business progressing? Flows were a little bit below where they had been running. Are you pretty optimistic about that heading into 2008?

LEW SANDERS: Yes, we remain optimistic for the reasons you cited.

JERRY LIEBERMAN: Yes, Bob. The third quarter had the negative numbers in our Retail channel for Fixed Income but we like the performance numbers. We like what we've done in these investment services. We like the reception that we've seen in clients in this space. So we're optimistic about our Fixed Income services.

LEW SANDERS: And you know, you have to see the Institutional Fixed Income business as having evolved from performance against the benchmark to relationships that are predicated on meeting unique client objectives, often using cash as well as synthetics and mandate designs that aren't standardized.

And so, our success in this domain rests, as well, on these capabilities to actually compete well for the mandates of that character, which increasingly characterize the competitive setting, especially outside the United States.

ROBERT LEE: OK. Thank you.

OPERATOR: Thank you. Our next question is a follow-up from Bill Katz with Buckingham Research, please go ahead.

BILL KATZ: OK. Thanks again. Jerry, can you just go back where you were talking about the high watermark issue, I just want to make sure I understand that. As you look at next year, is it a reset to the calendar date? Or is it based on rolling returns? I'm trying to get a better handle on sort of the leverage into next year.

LEW SANDERS: Jerry's point was to stress that as things now stand, there are not material high watermarks that we have to overcome before the diversified services would be in a position to earn performance fees. There are some, but they're not really material. And it's not calendar-date based. It's rolling. You should also understand that there are hedge funds in the line that have fairly strong positive returns year-to-date and are earning meaningful performance fees.

BILL KATZ : And the other question, in terms of the operating leverage, if I recall correctly, you were accruing compensation against a certain level of anticipated performance fees. How much, if any, of the operating leverage this quarter reflects any kind of reversal of those compensation accruals?

JERRY LIEBERMAN: There's some in there, Bill and you can figure this out yourself by looking at what we've now put into comp for the nine months versus the compensation versus where we were before. And there was indeed a year-to-date update on that number in the quarter. So that's a good catch.

BILL KATZ: If I could just ask one more. Just curious, given the robust growth in Value, and what seems to be a more decisive shift to Growth in the industry, I'm sort of surprised you're not seeing a more robust shift into Growth as some of your competitors are. And do you think that the ultimate outcome here is a flattening of flows, given a slowdown in Value offset by increasing Growth?

LEW SANDERS: Look, this is actually a fairly immature phenomenon, Bill. It's really less than two quarters. And so, if one were to extrapolate these conditions, I think you make a prediction that Value flows would slow some, Growth flows would accelerate. And we would anticipate participating on both parts of that equation.

Remember too however, that it will be muted in our case because of style blends, which is a growing part of the mix and where this is moot. Indeed, that is its principle attribute.

BILL KATZ : Good point. OK, thank you.

OPERATOR: Thank you.

JERRY LIEBERMAN: Just to expand a little bit on that last comment that Lew made. Its principal attribute, this will further show clients why that is a great solution. And the coming together of these services represents a great solution set for our clients.

OPERATOR: Thank you. Our next question is a follow-up from Cynthia Mayer of Merrill Lynch, please go ahead.

CYNTHIA MAYER: Hi. Just a follow-up on the high watermark issue. Can you give us a sense of the historic returns of the diversified services so we can get a sense of how easy it would be to overcome a mid single digit deficit?

LEW SANDERS: Well, Cynthia, naturally, we can't do that easily on a telephone call. But let me summarize it by saying that the return profile for those services in the third quarter was not statistically provocative, which is to say that, within the range of predictions one would make, given the character of those services, an outcome like the third quarter, which was negative, would not have been highly unusual. It wouldn't have great frequency, but it would not be highly unusual.

There is a rough symmetry to the distribution of returns so that quarters that proved as hostile as the third quarter have corresponding quarters that are highly favorable but unpredictable in their appearance. So, therefore, rendering a forecast as to when there might be a recovery, and will it have similar magnitude, isn't really possible. The message I'm trying to leave is there isn't anything about the third quarter return that would make you feel that our expectation for returns in these services need to be adjusted.

CYNTHIA MAYER: OK. And since it sounds like the hedge funds, a lot of them reside in private client and some of the hedge funds are doing well, would you expect, rather than outflows across the hedge funds as a group, to see money transfer from one to the other?

LEW SANDERS: No. I wouldn't anticipate that at all. Again, I want to stress that the hedge funds and private clients, for the most part, there are exceptions to this, but for the most part, are a part of a well crafted investment plan which employed multiple strategies, not just hedge funds. The ones that are selected, are selected because they fit well given the other asset exposures those clients have with us, and perhaps even outside of us. And disturbing those allocations because of a three month period of disappointing returns would be inappropriate, to say the least.

So, I don't think you should anticipate anything like that. You just have to see this in the context in which it resides. It's different than hedge funds that are stand-alones and point-product solutions from the perspective of their client.

JERRY LIEBERMAN: Cynthia.

CYNTHIA MAYER: Yes.

JERRY LIEBERMAN: Thinking about our flows going forward and the assumption that we've made, there's nothing in there for significant outflows of hedge funds.

LEW SANDERS: We don't anticipate that. It's conceivable that, as I mentioned earlier, the flows could slow somewhat in the immediate period, it's possible. It's also possible that our progress institutionally could be restrained a bit. It wouldn't be surprising. But, I don't think that you should judge that. Our interest in success in this area is not going to be substantively changed as a function of this one quarter results. I want to stress again, these funds, the weakest of them are down mid single digits. And a number are up, actually, two, pretty substantially. So you just have to keep this in context.

CYNTHIA MAYER: OK. Guys, one more question.

JERRY LIEBERMAN: Sure.

CYNTHIA MAYER: It sounds like you're a little bit cautious on DB for next year and hopeful on DC, and I'm just wondering if you're thinking in terms of the dimensions of those two as one being large enough for DC making up for a slow down in DB in terms of either dollars of AUM or the earnings they bring to the firm. Do you expect it to be enough to replace a slowdown in DB?

LEW SANDERS: Well, first of all, I don't want to leave you with a forecast that we're anticipating a slow down in DB. We actually didn't provide any such forecast. We simply noted that, in response, I think it was to Bill's question, that the slowdown that's occurred could be explained by the setting in the DB marketplace in the U.S. and the emerging vibrancy of the DC arena, which is actually a new phenomena for this firm.

But I don't want to leave you with the impression that we think our global DB business in '08 is going to slow. We are not offering that forecast one way or the other.

CYNTHIA MAYER: OK.

JERRY LIEBERMAN: Slowing of the DB in the U.S. offsetting increasing performance in regards to us collecting funds on the DC in U.S. We don't look for any surprises in what may happen overseas outside the U.S.

CYNTHIA MAYER: OK.

LEW SANDERS: Also, when you think about institutional flows, remember that we're talking about many kinds of relationships that are outside of the pension arena. You have the emerging ...

JERRY LIEBERMAN: Sovereign wealth.

LEW SANDERS: Sovereign wealth funds. You have any number of government -sponsored funds. Some have retirement dates, actually many are where the DC encroachment isn't an issue at all. If you look at our institutional business, you'll notice that 50 percent of the assets are from clients domiciled outside of the United States, which is why I don't think you should draw conclusions about flows as to say well gee, the DB U.S. marketplace is migrating rapidly to DC and doesn't that therefore, mean your growth rate will slow

CYNTHIA MAYER: Right. I understand. DB is a pocket within a large institutional channel.

LEW SANDERS: Well put. More succinct than I.

OPERATOR: Thank you. There appear to be no further questions at this time. I'd like to turn the floor back over to Phil Talamo for any closing remarks.

PHILIP TALAMO: I want to thank everyone for participating in our call. As always, feel free to call the investor relations team with any further questions. Enjoy the rest of your evening.

OPERATOR: Thank you. This concludes today's conference. You may now disconnect.

END

