FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended JUNE 30, 2000

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________________ to ____________________

Commission File No. 000-29961

ALLIANCE CAPITAL MANAGEMENT L.P.

(Exact name of registrant as specified in its charter)

DELAWARE	13-4064930
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1345 AVENUE OF THE AMERICAS, NEW YORK, NY 10105

(Address of principal executive offices)
(Zip Code)

(212) 969-1000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

205,573,518 Units of limited partnership interests in Alliance Capital Management L.P. were outstanding as of June 30, 2000.

ALLIANCE CAPITAL MANAGEMENT L.P.

Index to Form 10-g

Part I

FINANCIAL INFORMATION

	PAGE
Item 1. FINANCIAL STATEMENTS	
Condensed Consolidated Statements of Financial Condition	1
Condensed Consolidated Statements of Income	2
Condensed Consolidated Statements of Changes in Partners' Capital and Comprehensive Income	3
Condensed Consolidated Statements of Cash Flows	4
Notes to Condensed Consolidated Financial Statements	5-9
Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	10-20

Part II

OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS	21
Item 2. CHANGES IN SECURITIES	21
Item 3. DEFAULTS UPON SENIOR SECURITIES	21
Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS	21
Item 5. OTHER INFORMATION	21
Item 6. EXHIBITS AND REPORTS ON FORM 8-K	21

Part I

FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

ALLIANCE CAPITAL MANAGEMENT L.P.
Condensed Consolidated Statements of Financial Condition

(in thousands)

ASSETS	6/30/00 (unaudited)	12/31/99
Cash and cash equivalents	$ 1,513,928	$ 80,185
Receivable from brokers and dealers for sale of shares of Alliance mutual funds	165,741	218,569
Fees receivable:		
Alliance mutual funds	127,886	189,866
Separately managed accounts:		
Affiliated clients	9,075	7,136
Third-party clients	125,499	112,847
Investments, available-for-sale	152,622	98,620
Furniture, equipment and leasehold improvements, net	145,454	140,045
Intangible assets, net	97,619	98,068
Deferred sales commissions, net	689,301	604,723
Other investments	60,562	57,786
Other assets	65,811	53,216
Total assets	$ 3,153,498	$ 1,661,061
LIABILITIES AND PARTNERS' CAPITAL		
Liabilities:		
Payable to Alliance mutual funds for share purchases	$ 186,824	$ 254,151
Accounts payable and accrued expenses	213,220	225,922
Accrued compensation and benefits	334,058	235,120
Debt	268,416	390,079
Minority interests in consolidated subsidiaries	2,822	3,122
Total liabilities	1,005,340	1,108,394
Partners' capital	2,148,158	552,667
Total liabilities and partners' capital	$ 3,153,498	$ 1,661,061

See accompanying notes to condensed consolidated financial statements.

ALLIANCE CAPITAL MANAGEMENT L.P.*
Condensed Consolidated Statements of Income
(unaudited)
(in thousands, except per Unit amounts)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	Alliance Capital 6/30/00	Alliance Holding 6/30/99	Alliance Capital 6/30/00	Alliance Holding 6/30/99
Revenues:				
Investment advisory and services fees:				
Alliance mutual funds	$ 260,728	$ 185,928	$ 515,845	$ 380,827
Separately managed accounts:				
Affiliated clients	14,221	14,171	26,999	26,894
Third-party clients	102,692	91,176	208,987	188,972
Distribution revenues	155,438	105,218	302,678	198,830
Shareholder servicing fees	21,622	15,500	40,980	28,797
Other revenues	10,236	6,948	17,854	14,364
	564,937	418,941	1,113,343	838,684
Expenses:				
Employee compensation and benefits	131,444	102,693	260,089	220,972
Promotion and servicing:				
Distribution plan payments to financial intermediaries:				
Affiliated	33,401	25,191	64,269	50,875
Third-party	82,801	57,728	165,835	109,869
Amortization of deferred sales commissions	53,184	40,017	103,886	74,698
Other	39,896	28,093	73,843	54,896
General and administrative	50,175	45,403	99,029	87,739
Interest	10,268	4,479	24,390	7,980
Amortization of intangible assets	981	964	1,956	1,927
Litigation adjustment, net	-	-	(23,853)	-
	402,150	304,568	769,444	608,956
Income before income taxes	162,787	114,373	343,899	229,728
Income taxes	8,952	17,159	18,914	34,460
Net income	$ 153,835	$ 97,214	$ 324,985	$ 195,268
Net income per Unit:				
Basic	$ 0.87	$ 0.56	$ 1.86	$ 1.13
Diluted	$ 0.83	$ 0.55	$ 1.78	$ 1.10

* As discussed in Notes 1 and 2, the financial information above reflects the operations of Alliance Capital Management Holding L.P. prior to the Reorganization effective October 29, 1999 and of Alliance Capital Management L.P. thereafter.

See accompanying notes to condensed consolidated financial statements.

ALLIANCE CAPITAL MANAGEMENT L.P.*
Condensed Consolidated Statements of
Changes in Partners' Capital
and Comprehensive Income

(unaudited)
(in thousands)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	Alliance Capital 6/30/00	Alliance Holding 6/30/99	Alliance Capital 6/30/00	Alliance Holding 6/30/99
Partners' capital - beginning of period	$ 530,452	$ 458,949	$ 552,667	$ 430,273
Comprehensive income:				
Net income	153,835	97,214	324,985	195,268
Unrealized gain on investments, net	140	327	227	1,151
Foreign currency translation adjustment, net	(536)	-	(607)	3
Comprehensive income	153,439	97,541	324,605	196,422
Capital contribution received from Alliance Capital Management Corporation	90	90	180	1,066
Cash distributions to partners...............................	(142,173)	93,316)	(300,378)	(167,364)
Purchase of Alliance Holding Units to fund Alliance Partners Compensation Plan.....................	-	-	(47,635)	-
Amortization of deferred compensation expense................	2,631	-	6,371	-
Proceeds from issuance of Alliance Capital Units to ELAS and AXA Financial..............................	1,600,000	-	1,629,525	-
Purchase of Alliance Capital Units from Alliance Holding	-	-	(28,042)	-
Proceeds from options for Alliance Holding Units exercised ..	3,719	3,798	10,865	-
Partners' capital - end of period	$ 2,148,158	$ 467,062	$ 2,148,158	$ 467,062

* As discussed in Notes 1 and 2, the financial information above reflects the operations of Alliance Capital Management Holding L.P. prior to the Reorganization effective October 29, 1999 and of Alliance Capital Management L.P. thereafter.

See accompanying notes to condensed consolidated financial statements.

ALLIANCE CAPITAL MANAGEMENT L.P.*
Condensed Consolidated Statements of Cash Flows

(unaudited)
(in thousands)

	SIX MONTHS ENDED	
	Alliance Capital 6/30/00	Alliance Holding 6/30/99
Cash flows from operating activities:		
Net income	$ 324,985	$ 195,268
Adjustments to reconcile net income to net cash provided from operating activities:		
Amortization and depreciation	124,703	86,151
Other, net	20,895	9,339
Changes in assets and liabilities:		
(Increase) decrease in receivable from brokers and dealers for sale of shares of Alliance mutual funds	52,825	(23,790)
(Increase) decrease in fees receivable from Alliance mutual funds, affiliated clients and third-party clients	46,996	(24,258)
(Increase) in deferred sales commissions	(188,464)	(213,425)
(Increase) in other investments	(2,800)	(14,411)
(Increase) in other assets	(12,892)	(5,915)
Increase (decrease) in payable to Alliance mutual funds for share purchases	(67,365)	39,481
(Decrease) in accounts payable and accrued expenses	(12,156)	(17,535)
Increase in accrued compensation and benefits, less deferred compensation	95,833	95,607
Net cash provided from operating activities	382,560	126,512
Cash flows from investing activities:		
Purchase of investments	(688,379)	(514,538)
Proceeds from sale of investments	634,594	426,850
Additions to furniture, equipment and leasehold improvements, net	(23,747)	(27,290)
Other	-	(142)
Net cash used in investing activities	(77,532)	(115,120)
Cash flows from financing activities:		
Proceeds from borrowings	4,224,887	905,231
Repayment of debt	(4,359,979)	(743,375)
Cash distributions to partners	(300,378)	(167,364)
Purchase of Alliance Holding Units to fund Alliance Partners Compensation Plan	(47,635)	-
Proceeds from issuance of Alliance Capital Units to ELAS and AXA Financial	1,629,525	-
Purchase of Alliance Capital Units from Alliance Holding	(28,042)	-
Capital contribution received from Alliance Capital Management Corporation	180	566
Proceeds from options for Alliance Holding Units exercised	10,865	6,665
Net cash provided from financing activities	1,129,423	1,723
Effect of exchange rate changes on cash and cash equivalents	(708)	-
Net increase in cash and cash equivalents	1,433,743	13,115
Cash and cash equivalents at beginning of period	80,185	75,186
Cash and cash equivalents at end of period	$ 1,513,928	$ 88,301

* As discussed in Notes 1 and 2, the financial information above reflects the operations of Alliance Capital Management Holding L.P. prior to the Reorganization effective October 29, 1999 and of Alliance Capital Management L.P. thereafter.

See accompanying notes to condensed consolidated financial statements.

(unaudited)

1. REORGANIZATION

Effective October 29, 1999, Alliance Capital Management Holding L.P., formerly known as Alliance Capital Management L.P. ("Alliance Holding"), reorganized by transferring its business to Alliance Capital Management L.P., a newly formed private partnership ("Alliance Capital" or the "Operating Partnership"), in exchange for all of the Units of Alliance Capital (the "Reorganization"). The Operating Partnership recorded the transferred assets and assumption of liabilities at the amounts reflected in Alliance Holding's books and records on the date of transfer. Since the Reorganization, the Operating Partnership has conducted the diversified investment management services business formerly conducted by Alliance Holding, and Alliance Holding's business has consisted of holding Alliance Capital Units and engaging in related activities. Alliance Capital Management Corporation ("ACMC"), an indirect wholly-owned subsidiary of AXA Financial, Inc. ("AXA Financial"), is the general partner of both Alliance Holding and the Operating Partnership. Alliance Capital is a registered investment adviser under the Investment Advisers Act of 1940. Alliance Holding Units are publicly traded on the New York Stock Exchange while Alliance Capital Units do not trade publicly and are subject to significant restrictions on transfer.

As part of the Reorganization, Alliance Holding offered each Alliance Holding Unitholder the opportunity to exchange Alliance Holding Units for Alliance Capital Units on a one-for-one basis. In the exchange offer, approximately 99.6 million Alliance Holding Units were exchanged for Alliance Capital Units. This number includes the approximately 95.1 million Alliance Holding Units exchanged by affiliates of AXA Financial.

At June 30, 2000, Alliance Holding owned approximately 72.6 million, or 35%, of the issued and outstanding Alliance Capital Units. ACMC owns 100,000 general partnership Units in Alliance Holding and a 1% general partnership interest in the Operating Partnership. At June 30, 2000, AXA Financial was the beneficial owner of approximately 2.1% of Alliance Holding's outstanding Units and approximately 62.5% of the Operating Partnership's outstanding Units which, including the general partnership interests, equates to an economic interest of approximately 63.6% in the Operating Partnership.

The Operating Partnership provides diversified investment management and related services to a broad range of clients including unaffiliated separately managed accounts, The Equitable Life Assurance Society of the United States ("ELAS"), a wholly-owned subsidiary of AXA Financial, and its insurance company subsidiary and to individual investors through mutual funds and various other investment vehicles. Separately managed accounts consist primarily of the active management of equity and fixed income portfolios for institutional investors including corporate and public employee pension funds, the general and separate accounts of ELAS and its insurance company subsidiary, endowment funds, and the assets of other domestic and foreign institutions. The Operating Partnership provides investment management, distribution, and shareholder and administrative services to its sponsored mutual funds and cash management products, including money market funds and deposit accounts ("Alliance mutual funds").

2. BERNSTEIN ACQUISITION

Pursuant to an acquisition agreement dated as of June 20, 2000 among Alliance Capital, Alliance Holding, Sanford C. Bernstein Inc. ("Bernstein") and Bernstein Technologies Inc., a wholly owned subsidiary of Bernstein, Alliance Capital has agreed to acquire the Bernstein business for $1.4754 billion in cash and 40.8 million Alliance Capital units subject to adjustment in certain circumstances. On June 21, 2000 AXA Financial purchased from Alliance Capital 32,619,775 newly issued Alliance Capital units for $1.6 billion, and Alliance Capital will use the proceeds primarily to finance the cash portion of the acquisition price.

The obligations of both Alliance Capital and Bernstein to close the transactions contemplated by the acquisition agreement depend upon meeting a number of conditions, including the approval of Alliance Holding unitholders, Alliance Capital's reasonable satisfaction that Bernstein has maintained at least 75% of its client revenue base as of May 31, 2000, and receipt of regulatory approvals and consents from Bernstein's clients and other third parties. The parties are working to close the acquisition by the fourth quarter of 2000.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The unaudited interim condensed consolidated financial statements of the Operating Partnership included herein have been prepared in accordance with the instructions to Form 10-Q pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, all adjustments, consisting only of normal recurring adjustments necessary for a fair presentation of (a) the Operating Partnership's financial position at June 30, 2000, (b) the Operating Partnership's and Alliance Holding's results of operations for the three months and six months ended June 30, 2000 and 1999, respectively, and (c) the Operating Partnership's and Alliance Holding's cash flows for the six months ended June 30, 2000 and 1999, respectively, have been made.

The consolidated financial statements' dollar and per Unit amounts and disclosures reflect the operations of Alliance Holding prior to the Reorganization effective October 29, 1999 and Alliance Capital thereafter. The accounting policies summarized below are followed by the Operating Partnership subsequent to the Reorganization and were followed by Alliance Holding prior to the Reorganization. All information prior to the Reorganization is that of Alliance Holding.

RECLASSIFICATIONS

Certain prior period amounts have been reclassified to conform with the current period presentation.

4. DEFERRED SALES COMMISSIONS

Sales commissions paid to financial intermediaries in connection with the sale of shares of open-end Alliance mutual funds sold without a front-end sales charge are capitalized and amortized over periods not exceeding five and one-half years, the period of time during which deferred sales commissions are expected to be recovered from distribution plan payments received from those funds and from contingent deferred sales charges received from shareholders of those funds upon the redemption of their shares. Contingent deferred sales charges reduce unamortized deferred sales commissions when received.

5. QUARTERLY FINANCIAL INFORMATION

The following table summarizes the actual and pro forma unaudited condensed results of operations of the Operating Partnership for the three months and six months ended June 30, 2000 and 1999, respectively, as if the Reorganization (See Note 1) had occurred on January 1, 1999. The pro forma financial information reflects the Operating Partnership as a private partnership that is not subject to a federal tax of 3.5% on partnership gross income from the active conduct of a trade or business.

The pro forma financial information does not necessarily reflect the results of operations that would have been obtained had the Reorganization occurred on January 1, 1999, nor is the pro forma financial information necessarily indicative of the results of operations that may be achieved for any future period. (In thousands, except per Unit amounts):

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	Actual 6/30/00	Pro Forma 6/30/99	Actual 6/30/00	Pro Forma 6/30/99
Revenues	$ 564,937	$ 418,941	$1,113,343	$ 838,684
Expenses	402,150	304,568	769,444	608,956
Income before income taxes	162,787	114,373	343,899	229,728
Income taxes	8,952	7,630	18,914	14,856
Net income	$ 153,835	$ 106,743	$ 324,985	$ 214,872
Basic net income per Alliance Capital Unit	$ 0.87	$ 0.62	$ 1.86	$ 1.25
Diluted net income per Alliance Capital Unit	$ 0.83	$ 0.60	$ 1.78	$ 1.21

6. NET INCOME PER UNIT

Basic net income per Unit is derived by reducing net income for the 1% General Partner interest and dividing the remaining 99% by the weighted average number of Units outstanding. Diluted net income per Unit is derived by reducing net income for the 1% General Partner interest and dividing the remaining 99% by the total of the weighted average number of Units outstanding and the dilutive Unit equivalents resulting from outstanding employee options and restricted units. All information prior to the Reorganization is that of Alliance Holding. (In thousands, except per Unit amounts):

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	Alliance Capital 6/30/00	Alliance Holding 6/30/99	Alliance Capital 6/30/00	Alliance Holding 6/30/99
Net income	$ 153,835	$ 97,214	$ 324,985	$ 195,268
Weighted average Units outstanding-Basic	175,133	171,043	173,246	170,804
Dilutive effect of employee options and restricted units	7,997	5,325	7,697	5,164
Weighted average Units outstanding-Diluted	183,130	176,368	180,943	175,968
Basic net income per Unit	$ 0.87	$ 0.56	$ 1.86	$ 1.13
Diluted net income per Unit	$ 0.83	$ 0.55	$ 1.78	$ 1.10

7. COMMITMENTS AND CONTINGENCIES

On July 25, 1995, a Consolidated and Supplemental Class Action Complaint (the "Original Complaint") was filed against Alliance North American Government Income Trust, Inc. (the "Fund"), Alliance Holding and certain other defendants affiliated with Alliance Holding alleging violations of federal securities laws, fraud and breach of fiduciary duty in connection with the Fund's investments in Mexican and Argentine securities. On September 26, 1996, the United States District Court for the Southern District of New York granted the defendants' motion to dismiss all counts of the Original Complaint. On October 29, 1997, the United States Court of Appeals for the Second Circuit affirmed that decision.

On October 29, 1996, plaintiffs filed a motion for leave to file an amended complaint. The principal allegations of the proposed amended complaint are that (i) the Fund failed to hedge against currency risk despite representations that it would do so, (ii) the Fund did not properly disclose that it planned to invest in mortgage-backed derivative securities, and (iii) two advertisements used by the Fund misrepresented the risks of investing in the Fund. On October 15, 1998, the United States Court of Appeals for the Second Circuit issued an order granting plaintiffs' motion to file an amended complaint alleging that the Fund misrepresented its ability to hedge against currency risk and denying plaintiffs' motion to file an amended complaint alleging that the Fund did not properly disclose that it planned to invest in mortgage-backed derivative securities and that certain advertisements used by the Fund misrepresented the risks of investing in the Fund. On December 1, 1999, the United States District Court for the Southern District of New York granted the defendants' motion for summary judgment on all claims against all defendants. On December 14 and 15, 1999, the plaintiffs filed motions for reconsideration of the Court's ruling. These motions are currently pending with the Court.

A Stipulation and Agreement of Settlement has been signed with the lawyers for the plaintiffs settling this action. Under the Stipulation and Agreement of Settlement Alliance Capital will permit Fund shareholders to invest up to $250 million in Alliance mutual funds free of initial sales charges. On August 3, 2000 the Court signed an order approving the Stipulation and Agreement of Settlement. Shareholders of the Fund have thirty days from the date the order becomes final to appeal the order.

Alliance Capital assumed all of Alliance Holding's liabilities in respect of this litigation in connection with the Reorganization. As a result of the settlement, Alliance Capital recorded a non-cash gain of $22.5 million ($23.9 million pre-tax) during the three months ended March 31, 2000. While the ultimate outcome of this matter cannot be determined at this time, management does not expect that it will have a material adverse effect on Alliance Capital's or Alliance Holding's results of operations or financial condition.

8. INCOME TAXES

The Operating Partnership is a private partnership for federal income tax purposes and, accordingly, is not subject to federal or state corporate income taxes. However, the Operating Partnership is subject to the New York City unincorporated business tax. Domestic corporate subsidiaries of the Operating Partnership, which are subject to federal, state and local income taxes, are generally included in the filing of a consolidated federal income tax return. Separate state and local income tax returns are filed for domestic corporate subsidiaries. Foreign corporate subsidiaries are generally subject to taxes in the foreign jurisdictions where they are located.

9. SUPPLEMENTAL CASH FLOW INFORMATION

Cash payments for interest and income taxes were as follows (in thousands):

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	Alliance Capital 6/30/00	Alliance Holding 6/30/99	Alliance Capital 6/30/00	Alliance Holding 6/30/99
Interest	$ 5,309	$ 1,747	$ 12,375	$ 4,108
Income taxes	7,976	56,875	21,419	64,274

10. ACCOUNTING PRONOUNCEMENT

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, ("SFAS 133")"ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES". Under this Statement, an entity is required to recognize derivative instruments as either assets or liabilities in the statement of financial condition and measure those instruments at fair value. In addition, any entity that elects to apply hedge accounting is required to establish at the inception of the hedge the method it will use for assessing effectiveness of the hedging derivative and the measurement approach for determining the ineffective aspect of the hedge. In June 1999, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 137 ("SFAS 137"), which deferred the effective date of SFAS 133 to all fiscal quarters of all fiscal years beginning after June 15, 2000. Management intends to adopt this Statement on January 1, 2001 and does not believe that the adoption of the Statement will have a material effect on the operating Partnership's financial condition, results of operations, liquidity, or capital resources.

11. CASH DISTRIBUTION

On July 26, 2000, the General Partner declared a distribution of $146,224,000 or $0.82 per Alliance Capital Unit representing a distribution from Available Cash Flow (as defined in the Alliance Capital Partnership Agreement) of the Operating Partnership for the three months ended June 30, 2000. The distribution is payable on August 17, 2000 to holders of record on August 7, 2000.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

REORGANIZATION

Effective October 29, 1999, Alliance Capital Management Holding L.P., formerly known as Alliance Capital Management L.P. ("Alliance Holding"), reorganized by transferring its business to Alliance Capital Management L.P., a newly formed private partnership ("Alliance Capital" or the "Operating Partnership"), in exchange for all of the Units of Alliance Capital (the "Reorganization"). The Operating Partnership recorded the transferred assets and assumption of liabilities at the amounts reflected in Alliance Holding's books and records on the date of transfer. Since the Reorganization, the Operating Partnership has conducted the diversified investment management services business formerly conducted by Alliance Holding, and Alliance Holding's business has consisted of holding Alliance Capital Units and engaging in related activities. Alliance Capital Management Corporation ("ACMC"), an indirect wholly-owned subsidiary of AXA Financial, Inc. ("AXA Financial"), is the general partner of both Alliance Holding and the Operating Partnership. Alliance Capital is a registered investment adviser under the Investment Advisers Act of 1940. Alliance Holding Units are publicly traded on the New York Stock Exchange while Alliance Capital Units do not trade publicly and are subject to significant restrictions on transfer.

As part of the Reorganization, Alliance Holding offered each Alliance Holding Unitholder the opportunity to exchange Alliance Holding Units for Alliance Capital Units on a one-for-one basis. In the exchange offer, approximately 99.6 million Alliance Holding Units were exchanged for Alliance Capital Units. This number includes the approximately 95.1 million Alliance Holding Units exchanged by affiliates of AXA Financial.

At June 30, 2000, Alliance Holding owned approximately 72.6 million, or 35%, of the issued and outstanding Alliance Capital Units. ACMC owns 100,000 general partnership Units in Alliance Holding and a 1% general partnership interest in the Operating Partnership. At June 30, 2000, AXA Financial was the beneficial owner of approximately 2.1% of Alliance Holding's outstanding Units and approximately 62.5% of the Operating Partnership's outstanding Units which, including the general partnership interests, equates to an economic interest of approximately 63.6% in the Operating Partnership.

The Operating Partnership provides diversified investment management and related services to a broad range of clients including unaffiliated separately managed accounts, The Equitable Life Assurance Society of the United States ("ELAS"), a wholly-owned subsidiary of AXA Financial, and its insurance company subsidiary and to individual investors through mutual funds and various other investment vehicles. Separately managed accounts consist primarily of the active management of equity and fixed income portfolios for institutional investors, including corporate and public employee pension funds, the general and separate accounts of ELAS and its insurance company subsidiary, endowment funds, and the assets of other domestic and foreign institutions. The Operating Partnership provides investment management, distribution, and shareholder and administrative services to its sponsored mutual funds and cash management products, including money market funds and deposit accounts ("Alliance mutual funds").

BERNSTEIN ACQUISITION

Pursuant to an acquisition agreement dated as of June 20, 2000 among Alliance Capital, Alliance Holding, Sanford C. Bernstein Inc. ("Bernstein") and Bernstein Technologies Inc., a wholly owned subsidiary of Bernstein, Alliance Capital has agreed to acquire the Bernstein business for $1.4754 billion in cash and 40.8 million Alliance Capital units subject to adjustment in certain circumstances. On June 21, 2000 AXA Financial purchased from Alliance Capital 32,619,775 newly issued Alliance Capital units for $1.6 billion, and Alliance Capital will use the proceeds primarily to finance the cash portion of the acquisition price.

The obligations of both Alliance Capital and Bernstein to close the transactions contemplated by the acquisition agreement depend upon meeting a number of conditions, including the approval of Alliance Holding unitholders, Alliance Capital's reasonable satisfaction that Bernstein has maintained at least 75% of its client revenue base as of May 31, 2000, and receipt of regulatory approvals and consents from Bernstein's clients and other third parties. The parties are working to close the acquisition by the fourth quarter of 2000.

GENERAL

The Partnership's revenues are largely dependent on the total value and composition of assets under its management. Assets under management were $387.8 billion as of June 30, 2000, an increase of 20.8% from June 30, 1999 primarily as a result of market appreciation and strong net sales of Alliance mutual funds. Active equity and balanced account assets under management, which comprise approximately 62% of total assets under management, grew 32.5%. Active fixed income account assets under management, which comprise approximately 29% of total assets under management, increased by 3.1%.

In the second quarter of 2000, sales of mutual funds and variable products, excluding cash management products, were $19.4 billion, an increase of $5.6 billion, compared to sales of $13.8 billion in the second quarter of 1999. In addition, redemptions increased $5.9 billion to $12.6 billion from $6.7 billion during the same period. The increase in redemptions, partially offset by an increase in sales, resulted in net mutual fund and variable products sales of $6.9 billion, a decrease of 2.8% from $7.1 billion in the second quarter of 1999.

ASSETS UNDER MANAGEMENT (1):

(Dollars in billions)	6/30/00	6/30/99	$ Change	% Change
Alliance mutual funds:				
Mutual funds	$ 109.8	$77.6	$32.2	41.5%
Variable products	44.4	36.0	8.4	23.3
Cash management products	30.7	27.3	3.4	12.5
	184.9	140.9	44.0	31.2
Separately managed accounts:				
Affiliated clients	28.9	29.7	(0.8)	(2.7)
Third-party clients	174.0	150.4	23.6	15.7
	202.9	180.1	22.8	12.7
Total	$387.8	$321.0	$66.8	20.8%

ASSETS UNDER MANAGEMENT BY INVESTMENT ORIENTATION (1):

(Dollars in billions)	6/30/00	6/30/99	$ Change	% Change
Active equity & balanced				
Domestic	$209.1	$161.5	$47.6	29.9%
Global & international	31.6	20.1	11.5	57.2
Active fixed income				
Domestic	97.7	92.0	5.7	6.2
Global & international	13.2	15.6	(2.4)	(15.4)
Index				
Domestic	30.0	26.9	3.1	11.5
Global & international	6.2	4.9	1.3	26.5
Total	$387.8	$321.0	$66 8	20.8

AVERAGE ASSETS UNDER MANAGEMENT (1):

	THREE MONTHS ENDED			SIX MONTHS ENDED		
(Dollars in billions)	6/30/00	6/30/99	% Change	6/30/00	6/30/99	% Change
Alliance mutual funds	$185.5	$131.5	41.1%	$179.7	$126.7	41.8%
Separately managed accounts:						
Affiliated clients	28.6	29.9	(4.3)	28.9	29.7	(2.7)
Third-party clients	172.7	145.5	18.7	169.5	143.7	18.0
Total	$386.8	$306.9	26.0%	$378.1	$300.1	26.0%

ANALYSIS OF ASSETS UNDER MANAGEMENT (1):

(Dollars in billions)	2000			1999		
	Separately Managed Accounts	Mutual Funds	Total	Separately Managed Accounts	Mutual Funds	Total
Balance at January 1,	$198.9	$169.4	$368.3	$168.1	$118.6	$286.7
New accounts/sales	6.3	40.7	47.0	6.8	25.5	29.1
Terminations/redemptions	(3.0)	(25.8)	(28.8)	(2.6)	(12.1)	(13.8)
Net cash management sales	-	(1.5)	(1.5)	-	0.8	0.8
Cash flow	(2.9)	(0.5)	(3.4)	(4.8)	(0.6)	(3.1)
Transfers	-	-	-	(0.5)	0.5	-
Market appreciation	3.6	2.6	6.2	13.1	8.2	21.3
Net change	4.0	15.5	19.5	12.0	22.3	34.3
Balance at June 30,	$202.9	$184.9	$387.8	$180.1	$140.9	$321.0

(1) Excludes certain non-discretionary relationships and includes 100% of assets under management by unconsolidated affiliates. Includes $2.5 billion mutual fund assets and $0.9 billion separately managed account assets at June 30, 2000 and $2.2 billion mutual fund assets and $0.5 billion separately managed account assets at June 30, 1999. Certain amounts in the 1999 presentation have been reclassified to conform to the 2000 presentation.

Assets under management at June 30, 2000 were $387.8 billion, a decrease of $6.4 billion or 1.6% from March 31, 2000 and an increase of $19.5 billion or 5.3% from December 31, 1999. The decrease from March 31, 2000 was primarily due to market depreciation and net asset outflows from cash management services products which offset net sales of mutual funds and variable products and net asset inflows of separately managed accounts. The increase from December 31, 1999 was primarily due to net sales of mutual funds and variable products, market appreciation and net asset inflows into separately managed accounts, partially offset by net asset outflows from cash management services products.

Alliance mutual fund assets under management at June 30, 2000 were $184.9 billion, a decrease of $4.3 billion or 2.3% from March 31, 2000 and an increase of $15.5 billion or 9.1% from December 31, 1999. The decrease for the second quarter was due principally to net asset outflows from cash management services products, primarily due to two significant account terminations totaling $3.7 billion, of $5.7 billion and market depreciation of $5.3 billion, partially offset by net sales of mutual funds and variable products of $3.9 billion and $3.0 billion, respectively. The increase for the six months ended June 30, 2000

was due principally to net sales of mutual funds and variable products of $11.3 billion and $3.6 billion, respectively, and market appreciation of $2.6 billion, partially offset by net asset outflows from cash management services products of $1.5 billion.

Separately managed account assets under management at June 30, 2000 for third-party clients and affiliated clients were $202.9 billion, a decrease of $2.1 billion or 1.0% from March 31, 2000 and an increase of $4.0 billion or 2.0% from December 31, 1999. The decrease for the second quarter was primarily due to market depreciation of $5.3 billion and third-party client account terminations of $2.0 billion, partially offset by net new third-party client accounts and asset additions of $4.8 billion and asset additions to affiliated client accounts of $0.4 billion. The increase for the six months ended June 30, 2000 was primarily due to market appreciation of $3.6 billion and new third-party client accounts of $6.3 billion, partially offset by asset withdrawals from affiliated client accounts, primarily the General Accounts of ELAS, of $1.1 billion and third-party client account terminations and net asset withdrawals of $4.8 billion.

Assets under management at June 30, 1999 were $321.0 billion, an increase of $19.7 billion or 6.5% from March 31, 1999 and an increase of $34.3 billion or 12.0% from December 31, 1998.

Alliance mutual fund assets under management at June 30, 1999 were $140.9 billion, an increase of $13.6 billion or 10.7% from March 31, 1999 and an increase of $22.3 billion or 18.8% from December 31, 1998. The increase for the second quarter 1999 was due principally to net sales of mutual funds and cash management products of $6.6 billion and $0.7 billion, respectively, and market appreciation of $5.6 billion. The increase for the six months ended June 30, 1999 was due principally to net sales of mutual funds and variable products of $12.4 billion and $1.1 billion, respectively, and market appreciation of $8.2 billion.

Separately managed account assets under management at June 30, 1999 for third-party clients and affiliated clients were $180.1 billion, an increase of $6.0 billion or 3.4% from March 31, 1999 and an increase of $12.0 billion or 7.1% from December 31, 1998. The increase for the second quarter 1999 was primarily due to market appreciation of $7.4 billion and new third-party client accounts of $3.6 billion, reduced by net third-party client account terminations and asset withdrawals of $3.9 billion, asset withdrawals from affiliated client accounts of $0.3 billion and transfers from affiliated client accounts of $0.5 billion into mutual funds. The increase for the six months ended June 30, 1999 was primarily due to market appreciation of $13.1 billion, new third-party client accounts of $6.8 billion and asset additions to affiliated client accounts of $1.2 billion, partially offset by net third-party client account terminations and asset withdrawals of $8.6 billion and transfers from affiliated client accounts of $0.5 billion into mutual funds.

BASIS OF PRESENTATION

Actual results of operations of the Operating Partnership are presented for the three months and six months ended June 30, 2000. The pro forma financial information of the Operating Partnership for the three months and six months ended June 30, 1999, assumes the Reorganization occurred on January 1, 1999, and reflects the Operating Partnership as a private partnership that is not subject to a federal tax of 3.58% on partnership gross income from the active conduct of a trade or business. The pro forma financial information for the three months and six months ended June 30, 1999, does not necessarily reflect the results of operations that would have been obtained had the Reorganization occurred on January 1, 1999, nor is the pro forma financial information necessarily indicative of the results of operations that may be achieved for any future period.

CONSOLIDATED RESULTS OF OPERATIONS

(Dollars in millions)	THREE MONTHS ENDED Actual 6/30/00	Pro Forma 6/30/99(1)	% Change	SIX MONTHS ENDED Actual 6/30/00	Pro Forma 6/30/99(1)	% Change
Revenues	$564.9	$418.9	34.9%	$1,113.3	$838.7	32.7%
Expenses	402.1	304.5	32.1	769.4	609.0	26.3
Income before income taxes	162.8	114.4	42.3	343.9	229.7	49.7
Income taxes	9.0	7.7	16.9	18.9	14.8	27.7
Net income	$153.8	$106.7	44.1	$ 325.0	$214.9	51.2
Net income per Unit:						
Basic	$ 0.87	$ 0.62	40.3	$ 1.86	$ 1.25	48.8
Diluted	$ 0.83	$ 0.60	38.3	$ 1.78	$ 1.21	47.1
Net income per Unit excluding impact performance fees - diluted	$ 0.80	$ 0.58	37.9	$ 1.72	$ 1.09	57.8
Net income per Unit excluding impact of of NAGIT litigation adjustment - diluted	$ 0.83	$ 0.60	40.3%	$ 1.65	$ 1.21	36.4%
Pre-tax margin(2):	39.8%	36.5%	-	39.5%	35.9%	-

(1) Pro forma amounts assume the Alliance Holding Reorganization occurred on January 1, 1999. The pro forma financial information reflects the Operating Partnership as a private partnership that is not subject to a federal tax of 3.5% on partnership gross income from the active conduct of a trade or business.

(2) Calculated after netting distribution revenues against total expenses; excludes the impact of NAGIT litigation adjustment.

Net income for the three months and six months ended June 30, 2000 increased $47.1 million or 44.1% and $110.1 million or 51.2%, respectively, from pro forma net income for the three months and six months ended June 30, 1999. The increases were principally due to increases in investment advisory and services fees resulting primarily from higher average assets under management for both periods. The increase for the six months ended June 30, 2000 was also due to the $22.5 million ($23.9 million pre-tax) impact of a non-cash gain related to the settlement of litigation concerning the Alliance North American Government Income Trust, Inc. ("NAGIT"). These increases were partially offset by higher operating expenses, principally promotion and servicing and compensation and benefits, and higher income taxes. Actual income taxes increased from pro forma income taxes, which assume the Alliance Holding Reorganization occurred on January 1, 1999, primarily as a result of higher pre-tax income.

BASIS OF PRESENTATION - ACTUAL RESULTS

The following is a discussion of the results of operations of the operating Partnership for the three months and six months ended June 30, 2000 and of Alliance Holding, prior to the Reorganization, for the three months and six months ended June 30, 1999. The presentation is considered meaningful in understanding the diversified investment management business operated by Alliance Holding prior to the Reorganization and by the Operating Partnership thereafter.

REVENUES

(Dollars in millions)	THREE MONTHS ENDED Operating Partnership 6/30/00	Alliance Holding 6/30/99	% Change	SIX MONTHS ENDED Operating Partnership 6/30/00	Alliance Holding 6/30/99	% Change
Investment advisory and services fees:						
Alliance mutual funds	$260.7	$185.9	40.2%	$515.8	$380.8	35.5%
Separately managed accounts:						
Affiliated clients	14.2	14.2	-	27.0	26.9	0.4
Third-party clients	102.7	91.2	12.6	209.0	189.0	10.6
Distribution revenues	155.5	105.2	47.8	302.7	198.8	52.3
Shareholder servicing fees	21.6	15.5	39.4	41.0	28.8	42.4
Other revenues	10.2	6.9	47.8	17.8	14.4	23.6
Total	$564.9	$418.9	34.9%	$1,113.3	$838.7	32.7%

INVESTMENT ADVISORY AND SERVICES FEES

Investment advisory and services fees are generally calculated as a small percentage of the value of assets under management and vary with the type of account managed. Fee income is therefore affected by changes in the amount of assets under management, including market appreciation or depreciation, the addition of new client accounts or client contributions of additional assets to existing accounts, withdrawals of assets from and termination of client accounts, purchases and redemptions of mutual fund shares, and shifts of assets between accounts or products with different fee structures. Investment advisory and services fees for the three months and six months ended June 30, 2000 increased $146.0 million or 34.9% and $274.6 million or 32.7% , respectively, from the three months and six months ended June 30, 1999.

Certain investment advisory contracts provide for performance fee, in addition to or in lieu of a base fee, that is calculated as a percentage of the related investment results over a specified period of time. Performance fees are recorded as revenue at the end of the measurement period and will generally be higher in favorable markets and lower in unfavorable markets, which may increase the volatility of the operating Partnership's revenues and earnings. Performance fees earned on certain separately managed accounts and mutual funds aggregated $8.0 million and $16.1 million for the three months and six months ended June 30, 2000. Performance fees for the three months ended June 30, 2000 were unchanged compared to the second quarter of 1999. Performance fees for the six months ended June 30, 2000 decreased $34.5 million or 68.1% from the six months ended June 30, 1999 primarily as the result of a refinement, in the fourth quarter of 1999, of the procedures for estimating such fees. Currently, a substantial amount of the accounts that may earn performance fees have calendar year measurement periods. As a result, for 1999 and subsequent years, the majority of such fees, if any, will be recognized in the fourth quarter.

Investment advisory and services fees from Alliance mutual funds for the three months ended June 30, 2000 increased $74.8 million or 40.2% from the three months ended June 30, 1999 primarily as a result of a 41.1% increase in average assets under management. Investment advisory and services fees from Alliance mutual funds for the six months ended June 30, 2000 increased $135.0 million or 35.5% from the six months ended June 30, 1999 primarily as a result of a 41.8% increase in average assets under management, partially offset by a $26.5 million decrease in performance fees.

Investment advisory and services fees from affiliated clients, primarily the General Accounts of ELAS, for the three months ended June 30, 2000 were unchanged from the three months ended June 30, 1999 due primarily to higher performance fees of $0.8 million, partially offset by lower average assets under management, the General Accounts of ELAS, of 4.3%. For the six months ended June 30, 2000, investment advisory and services fees increased $0.1 million or 0.4% from the six months ended June 30, 1999 due primarily to higher performance fees of $1.2 million, partially offset by lower average assets under management of 2.7%.

Investment advisory and services fees from third party clients for the three months and six months ended June 30, 2000 increased $11.5 million or 12.6% and $20.0 million or 10.6%, respectively, from the three months and six months ended June 30, 1999 primarily due to an increase in average assets under management of 18.7% and 18.0%, respectively, partially offset by lower performance fees of $0.4 million and $9.0 million, respectively.

DISTRIBUTION REVENUES

The Operating Partnership's subsidiary, Alliance Fund Distributors, Inc. ("AFD"), acts as distributor of the Alliance mutual funds and receives distribution plan fees from those funds in reimbursement of distribution expenses it incurs. Distribution revenues for the three months and six months ended June 30, 2000 increased 47.8% and 52.3%, respectively, from the three months and six months ended June 30, 1999 principally due to higher average equity mutual fund assets under management attributable to strong sales of Back-End Load Shares under the Operating Partnership's mutual fund distribution system (the "System") described under "Capital Resources and Liquidity", and market appreciation.

SHAREHOLDER SERVICING FEES

The Operating Partnership's subsidiaries, Alliance Fund Services, Inc. and ACM Global Investor Services S.A., provide transfer agency services to the Alliance mutual funds. Shareholder servicing fees for the three months and six months ended June 30, 2000 increased 39.4% and 42.4%, respectively, from the three months and six months ended June 30, 1999 as a result of increases in the number of mutual fund shareholder accounts serviced. The number of shareholder accounts serviced increased to approximately 6.1 million as of June 30, 2000 compared to approximately 4.5 million as of June 30, 1999.

OTHER REVENUES

Other revenues consist principally of investment income and changes in value of other investments. Administration and recordkeeping services provided to the Alliance mutual funds and the General Accounts of ELAS and its insurance subsidiary are also included in other revenues. Other revenues for the three months and six months ended June 30, 2000 increased from the three and six months ended June 30, 1999 principally as a result of higher interest and dividend income.

EXPENSES

(Dollars in millions)	THREE MONTHS ENDED Operating Partnership 6/30/00	Alliance Holding 6/30/99	% Change	SIX MONTHS ENDED Operating Partnership 6/30/00	Alliance Holding 6/30/99	% Change
Employee compensation and benefits	$131.4	$102.7	27.9%	$260.1	$221.0	17.7%
Promotion and servicing	209.2	151.0	38.5	407.8	290.4	40.4
General and administrative	50.2	45.4	10.6	99.0	87.7	12.9
Interest	10.3	4.5	128.9	24.4	8.0	205.0
Amortization of intangible assets	1.0	1.0	-	2.0	1.9	5.3
Litigation adjustment, net	-	-	N/A	(23.9)	-	N/A
Total	$402.1	$304.6	32.0%	$769.4	$609.0	26.3%

EMPLOYEE COMPENSATION AND BENEFITS

Employee compensation and benefits include salaries, commissions, fringe benefits and incentive compensation based on profitability. Provisions for future payments to be made under certain deferred compensation arrangements are also included in employee compensation and benefits expense.

Employee compensation and benefits for the three months and six months ended June 30, 2000 increased 27.9% and 17.7%, respectively, from the three months and six months ended June 30, 1999 primarily as a result of increased incentive and base compensation and commissions. Compensation increased principally due to higher pre-tax income, an increase in the number of employees, primarily in mutual fund areas, combined with salary increases. The Operating Partnership had 2,475 employees at June 30, 2000 compared to 2,288 at June 30, 1999. Commissions increased primarily due to higher mutual fund and institutional sales.

PROMOTION AND SERVICING

Promotion and servicing expenses include distribution plan payments to financial intermediaries for distribution of sponsored mutual funds and cash management services' products and amortization of deferred sales commissions paid to financial intermediaries for the sale of Back-End Load Shares under the System. See "Capital Resources and Liquidity". Also included in this expense category are travel and entertainment, advertising, promotional materials, and investment meetings and seminars for financial intermediaries that distribute the Operating Partnership's mutual fund products.

Promotion and servicing expenses for the three months and six months ended June 30, 2000 increased 38.5% and 40.4%, respectively, from the three months and six months ended June 30, 1999 primarily due to increased distribution plan payments resulting from higher average domestic, offshore and cash management assets under management. An increase for the three months and six months ended June 30, 2000 of $13.2 million and $29.2 million, respectively, in amortization of deferred sales commissions from the three months and six months ended June 30, 1999, resulting from higher sales of Back-End Load Shares, also contributed to the increase in promotion and servicing expense. Other promotion and servicing expenses increased primarily as a result of higher travel and entertainment costs and higher promotional expenditures incurred in connection with mutual fund sales initiatives.

GENERAL AND ADMINISTRATIVE

General and administrative expenses are costs related to operations, including technology, professional fees, occupancy, communications, equipment and similar expenses. General and administrative expenses for the three months and six months ended June 30, 2000 increased 10.6% and 12.9%, respectively, for the three and six months ended June 30, 1999 due principally to higher occupancy related expenses partially offset by lower technology expenses.

INTEREST

Interest expense is incurred on borrowings and on deferred compensation owed to employees. Interest expense for the three months and six months ended June 30, 2000 increased from the three months and six months ended June 30, 1999 primarily as a result of an increase in deferred compensation liabilities and higher debt.

TAXES ON INCOME

The Operating Partnership, a private limited partnership, is not subject to federal or state corporate income taxes. However, the Operating Partnership is subject to the New York City unincorporated business tax. Domestic corporate subsidiaries of the Operating Partnership are subject to federal, state and local income taxes, and are generally included in the filing of a consolidated federal income tax return. Separate state and local income tax returns are filed for the domestic corporate subsidiaries. Foreign corporate subsidiaries are generally subject to taxes in the foreign jurisdictions where they are located.

Income tax expense for the three months and six months ended June 30, 2000 decreased $8.2 million and $15.5 million, respectively, from the three months and six months ended June 30, 1999 primarily as a result of a lower effective tax rate. The Operating Partnership, a private partnership, is not subject to a federal tax of 3.5% on partnership gross income from the active conduct of a trade or business which results in a lower effective tax rate compared to Alliance Holding, a public partnership, which is subject to the 3.5% federal tax.

CAPITAL RESOURCES AND LIQUIDITY

Partners' capital of the operating Partnership was $2,148.2 million at June 30, 2000, an increase of $1,617.7 million or 304.9% from $530.5 million at March 31, 2000 and an increase of $1,595.5 million or 288.7% from $552.7 million at December 31, 1999. On June 21, 2000 AXA Financial purchased from the Operating Partnership 32,619,775 newly issued Operating Partnership Units for $1.6 billion and the Operating Partnership will use the proceeds primarily to finance the cash portion of the acquisition price of Bernstein.

Cash flow from operations and proceeds from borrowings have been the Operating Partnership's, and prior to the Reorganization, Alliance Holding's principal sources of working capital.

The Operating Partnership's cash and cash equivalents increased $1,433.7 million for the six months ended June 30, 2000. Cash inflows included $382.6 million from operations, AXA Financial's purchase from the Operating Partnership of 32,619,775 newly issued Operating Partnership Units for $1.6 billion and $10.9 million of proceeds from employee options exercised for Alliance Holding Units. Cash outflows included $300.4 million in cash distributions, debt repayments, net of borrowings, of $135.1 million, the purchase of Alliance Holding Units to fund $47.6 million in awards under the Alliance Partners Compensation Plan, net purchases of investments of $53.8 million and $23.7 million in capital expenditures.

The Operating Partnership's mutual fund distribution system includes a multi-class share structure. The System permits the Operating Partnership's open-end mutual funds to offer investors various options for the purchase of mutual fund shares, including the purchase of Front-End Load Shares and Back-End Load Shares. The Front-End Load Shares are subject to a conventional front-end sales charge paid by investors to AFD at the time of sale. AFD in turn compensates the financial intermediaries distributing the funds from the front-end sales charge paid by investors. For Back-End Load Shares, investors do not pay a front-end sales charge although, if there are redemptions before the expiration of the minimum holding period (which ranges from one year to four years), investors pay a contingent deferred sales charge ("CDSC") to AFD. While AFD is obligated to compensate the financial intermediaries at the time of the purchase of Back-End Load Shares, it receives higher ongoing distribution fees from the funds. Payments made to financial intermediaries in connection with the sale of Back-End Load Shares under the System, net of CDSC received, reduced cash flow from operations by approximately $188.5 million for the six months ended June 30, 2000. Management believes AFD will recover the payments made to financial intermediaries for the sale of Back-End Load Shares from the higher distribution fees and CDSC it receives over periods not exceeding 5 1/2 years.

During 1998, Alliance Holding increased its commercial paper program to $425 million and entered into a $425 million five-year revolving credit facility with a group of commercial banks and a $425 million commercial paper program. Under the credit facility, the interest rate, at the option of the borrower, is a floating rate generally based upon a defined prime rate, a rate related to the London Interbank Offered Rate (LIBOR) or the Federal Funds rate. A facility fee is payable on the total facility. Borrowings under the credit facility and the commercial paper program may not exceed $425 million in the aggregate. In connection with the Reorganization, the Operating Partnership assumed Alliance Holding's rights and obligations under the five-year revolving credit facility and the commercial paper program. The revolving credit facility will be used to provide back-up liquidity for the Operating Partnership's commercial paper program, to fund commission payments to financial intermediaries for the sale of Back-End Load Shares under the Operating Partnership's mutual fund distribution system, and for general working capital purposes.

During July 1999, Alliance Holding entered into a $200 million three-year revolving credit facility with a group of commercial banks. In connection with the Reorganization, the Operating Partnership assumed Alliance Holding's rights and obligations under the three-year revolving credit facility. The new revolving credit facility, the terms of which are generally similar to the $425 million credit facility, will be used to fund commission payments to financial intermediaries for the sale of Back-End Load Shares under the operating Partnership's mutual fund distribution system and for general working capital purposes.

The revolving credit facilities contain covenants which, among other things, require the Operating Partnership to meet certain financial ratios.

In December 1999, the Operating Partnership established a $100 million Extendible Commercial Notes ("ECN") Program as a supplement to its $425 million commercial paper program. ECNs are short-term uncommitted debt instruments that do not require back-up liquidity support.

At June 30, 2000, the Operating Partnership had $217.3 million of commercial paper and ECNs outstanding, borrowings under the revolving credit facilities of $48.0 million, and a $3.1 million note related to an acquisition in 1998. The Operating Partnership used $121.7 million of the cash proceeds from AXA Financial's purchase from the Operating Partnership of 32,619,775 newly issued Operating Partnership Units for $1.6 billion to reduce its debt.

The Operating Partnership's substantial equity base and access to public and private debt, at competitive terms, should provide adequate liquidity for its general business needs. Management believes that cash flow from operations and the issuance of debt and Alliance Capital or Alliance Holding Units will provide the Operating Partnership with the financial resources to meet its capital requirements for mutual fund sales and its other working capital requirements.

COMMITMENTS AND CONTINGENCIES

The Operating Partnership's capital commitments, which consist primarily of operating leases for office space, are generally funded from future operating cash flows.

On July 25, 1995, a Consolidated and Supplemental Class Action Complaint (the "Original Complaint") was filed against Alliance North American Government Income Trust, Inc. (the "Fund"), Alliance Holding and certain other defendants affiliated with Alliance Holding alleging violations of federal securities laws, fraud and breach of fiduciary duty in connection with the Fund's investments in Mexican and Argentine securities. On September 26, 1996, the United States District Court for the Southern District of New York granted the defendants' motion to dismiss all counts of the Original Complaint. On October 29, 1997, the United States Court of Appeals for the Second Circuit affirmed that decision.

On October 29, 1996, plaintiffs filed a motion for leave to file an amended complaint. The principal allegations of the proposed amended complaint are that (i) the Fund failed to hedge against currency risk despite representations that it would do so, (ii) the Fund did not properly disclose that it planned to invest in mortgage-backed derivative securities, and (iii) two advertisements used by the Fund misrepresented the risks of investing in the Fund. On October 15, 1998, the United States Court of Appeals for the Second Circuit issued an order granting plaintiffs' motion to file an amended complaint alleging that the Fund misrepresented its ability to hedge against currency risk and denying plaintiffs' motion to file an amended complaint alleging that the Fund did not properly disclose that it planned to invest in mortgage-backed derivative securities and that certain advertisements used by the Fund misrepresented the risks of investing in the Fund. On December 1, 1999, the United States District Court for the Southern District of New York granted the defendants' motion for summary judgment on all claims against all defendants. On December 14 and 15, 1999, the plaintiffs filed motions for reconsideration of the Court's ruling. These motions are currently pending with the Court.

A Stipulation and Agreement of Settlement has been signed with the lawyers for the plaintiffs settling this action. Under the Stipulation and Agreement of Settlement Alliance Capital will permit Fund shareholders to invest up to $250 million in Alliance mutual funds free of initial sales charges. On August 3, 2000 the Court signed an order approving the Stipulation and Agreement of Settlement. Shareholders of the Fund have thirty days from the date the order becomes final to appeal the order.

Alliance Capital assumed all of Alliance Holding's liabilities in respect of this litigation in connection with the Reorganization. As a result of the settlement, Alliance Capital recorded a non-cash gain of $22.5 million ($23.9 million pre-tax) during the three months ended March 31, 2000. While the ultimate outcome of this matter cannot be determined at this time, management does not expect that it will have a material adverse effect on Alliance Capital's or Alliance Holding's results of operations or financial condition.

CHANGES IN ACCOUNTING PRINCIPLES

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES". Under this Statement, an entity is required to recognize derivative instruments as either assets or liabilities in the statement of financial condition and measure those instruments at fair value. In addition, any entity that elects to apply hedge accounting is required to establish at the inception of the hedge the method it will use for assessing effectiveness of the hedging derivative and the measurement approach for determining the ineffective aspect of the hedge. In June 1999, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 137 ("SFAS 137"), which deferred the effective date of SFAS 133 to all fiscal quarters of all fiscal years beginning after June 15, 2000. Management intends to adopt this Statement on January 1, 2001 and does not believe that the adoption of the Statement will have a material effect on the Operating Partnership's financial condition, results of operations, liquidity, or capital resources.

CASH DISTRIBUTIONS

The Operating Partnership is required to distribute all of its Available Cash Flow (as defined in the Alliance Capital Partnership Agreement) to the General Partner and Alliance Capital Unitholders. Alliance Holding is also required to distribute all of its Available Cash Flow (as defined in the Alliance Holding Partnership Agreement). The Available Cash Flow of the Operating Partnership and Alliance Holding for the three months and six months ended June 30, 2000 and 1999 were as follows:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	Operating Partnership 6/30/00	Alliance Holding 6/30/99	Operating Partnership 6/30/00	Alliance Holding 6/30/99
Available Cash Flow (in thousands)	$146,224	$93,380	$288,397	$186,696
Distributions Per Unit	$0.82	$0.54	$1.635	$1.08

FORWARD-LOOKING STATEMENTS

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

Part II

OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

On August 3, 2000 the Court signed an order approving the Stipulation and Agreement of Settlement in the legal proceeding reported in the Alliance Capital Management L.P. ("Alliance Capital") Annual Report on Form 10-K for the year ended December 31, 1999. Shareholders of Alliance North American Government Income Trust, Inc. have thirty days from the date the order becomes final to appeal the order.

Item 2. CHANGES IN SECURITIES

None.

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

15 Independent Accountants' Review Report

27 Financial Data Schedule

(b) Reports on Form 8-K

Alliance Capital filed a report on Form 8-K dated June 20, 2000 announcing that it had entered into a definitive agreement with Sanford C. Bernstein, Inc. ("SCB") pursuant to which Alliance Capital has agreed, subject to certain terms and conditions, to acquire substantially all of the assets and assume substantially all of the liabilities of SCB and its subsidiaries. Alliance Capital also agreed to issue on June 20, 2000 approximately 32.6 million units of limited partnership interest in Alliance Capital to AXA Financial, Inc. for $1.6 billion.

SIGNATURE

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.

ALLIANCE CAPITAL MANAGEMENT L.P.

Dated: August 14, 2000

By: Alliance Capital Management Corporation, its General Partner

By: /s/ Robert H. Joseph, Jr.

Robert H. Joseph, Jr.
Senior Vice President &
Chief Financial Officer

EXHIBIT 15

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The General Partner and Unitholders
Alliance Capital Management L.P.:

We have reviewed the condensed consolidated statement of financial condition of Alliance Capital Management L.P. and subsidiaries ("Alliance Capital") as of June 30, 2000, and the related condensed consolidated statements of income, changes in partners' capital and comprehensive income for the three-month and six-month periods ended June 30, 2000 and the condensed consolidated statements of cash flows for the six-month period ended June 30, 2000. We have also reviewed the condensed consolidated statements of income, changes in partners' capital and comprehensive income for the the three-month and six-month periods ended June 30, 1999 and the condensed consolidated statements of cash flows of Alliance Capital Management Holding L.P. ("Alliance Holding"), the predecessor to Alliance Capital, for the six-month period ended June 30, 1999. These condensed consolidated financial statements are the responsibility of the management of Alliance Capital Management Corporation, the General Partner.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated statement of financial condition of Alliance Capital as of December 31, 1999 and the related consolidated statements of income, changes in partners' capital and comprehensive income and cash flows of Alliance Capital for the two-month period ended December 31, 1999 and Alliance Holding for the ten-month period ended October 29,1999 (not presented herein); and in our report dated February 2, 2000, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated statement of financial condition as of December 31, 1999, is fairly stated, in all material respects, in relation to the consolidated statement of financial condition from which it has been derived.

July 26, 2000

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ALLIANCE CAPITAL MANAGEMENT L.P.
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152,622
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