FORM 10-K

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2001

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to
Commission file number 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, N.Y.	**10105**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (212) 969–1000

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:

Title of Class	**Name of each exchange on which registered**
units of limited partnership interest in Alliance Capital Management L.P.	None

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 ☒ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

There is no established trading market for the Alliance Capital Units representing limited partnership interests and they are subject to significant restrictions on transfer. Accordingly, it is not possible to state the aggregate market value of the Alliance Capital Units held by non-affiliates of the registrant.

249,029,340 units of limited partnership interest in Alliance Capital Management L.P. were outstanding as of March 1, 2002.

DOCUMENTS INCORPORATED BY REFERENCE

Certain pages of the Alliance Capital 2001 Annual Report to Unitholders are incorporated by reference in Part II of this Form 10-K.

GLOSSARY OF CERTAIN DEFINED TERMS

"Alliance" refers to Alliance Capital Management Corporation, a wholly-owned subsidiary of Equitable, and, where appropriate, to ACMC, its predecessor.

"Alliance Capital" or "Operating Partnership" refers to Alliance Capital Management L.P., a Delaware limited partnership, which is the operating partnership, and its subsidiaries and, where appropriate, to its predecessors, Alliance Holding and ACMC and their respective subsidiaries.

"Alliance Capital Units" refers to units representing limited partnership interests in Alliance Capital.

"ACMC" refers to ACMC, Inc., a wholly-owned subsidiary of Equitable.

"Alliance Holding" refers to Alliance Capital Management Holding L.P., a Delaware limited partnership formerly known as Alliance Capital Management L.P.

"Alliance Holding Units" refers to units representing assignments of beneficial ownership of limited partnership interests in Alliance Holding.

"AXA" refers to AXA, a company organized under the laws of France.

"AXA Client Solutions" refers to AXA Client Solutions, LLC, a wholly-owned subsidiary of AXA Financial.

"AXA Financial" refers to AXA Financial, Inc., a wholly-owned subsidiary of AXA.

"ECMC" refers to ECMC, LLC, a wholly-owned subsidiary of Equitable.

"Equitable" refers to The Equitable Life Assurance Society of the United States, a wholly-owned subsidiary of AXA Financial, and its subsidiaries other than Alliance Capital and its subsidiaries.

"General Partner" refers to Alliance in its capacity as general partner of Alliance Capital and Alliance Holding, and, where appropriate, to ACMC, its predecessor, in its capacity as general partner of Alliance Holding.

"Investment Advisers Act" refers to the Investment Advisers Act of 1940.

"Investment Company Act" refers to the Investment Company Act of 1940.

PART I

Item 1. Business

General

Alliance Holding was formed in 1987 to succeed to the business of ACMC which began providing investment management services in 1971. On April 21, 1988 the business and substantially all of the operating assets of ACMC were conveyed to Alliance Holding in exchange for a 1% general partnership interest in Alliance Holding and approximately 55% of the outstanding Alliance Holding Units. In December 1991 ACMC transferred its 1% general partnership interest in Alliance Holding to Alliance.

In October 1999 Alliance Holding reorganized by transferring its business and assets to Alliance Capital, a newly formed operating partnership, in exchange for all of the Alliance Capital Units ("Reorganization"). Since the date of the Reorganization Alliance Capital 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. 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. The Alliance Holding Units trade publicly on the New York Stock Exchange, Inc. ("NYSE") while the Alliance Capital Units do not trade publicly and are subject to significant restrictions on transfer. Alliance is the General Partner of both Alliance Capital and Alliance Holding.

On October 2, 2000 Alliance Capital acquired the business and assets of SCB Inc., formerly known as Sanford C. Bernstein Inc. ("Bernstein"), and assumed the liabilities of the Bernstein business ("Bernstein Acquisition"). The purchase price consisted of a cash payment of $1.4754 billion and 40.8 million newly issued Alliance Capital Units. AXA Financial purchased approximately 32.6 million newly issued Alliance Capital Units for $1.6 billion on June 21, 2000 to fund the cash portion of the purchase price.

As of March 1, 2002 AXA, AXA Financial, Equitable and certain subsidiaries of Equitable were the beneficial owners of 128,477,020 Alliance Capital Units or approximately 51.6% of the issued and outstanding Alliance Capital Units and 1,544,356 Alliance Holding Units or approximately 2.1% of the issued and outstanding Alliance Holding Units. As of March 1, 2002 Alliance Holding was the owner of 75,220,955 Alliance Capital Units or approximately 30.2% of the issued and outstanding Alliance Capital Units. As of March 1, 2002 SCB Partners Inc., a wholly-owned subsidiary of SCB Inc., was the owner of 40.8 million Alliance Capital Units or approximately 16.4% of the issued and outstanding Alliance Capital Units.

As of March 1, 2002 AXA and its subsidiaries owned all of the issued and outstanding shares of the common stock of AXA Financial. AXA Financial owns all of the issued and outstanding shares of Equitable. For insurance regulatory purposes all shares of common stock of AXA Financial beneficially owned by AXA and its affiliates have been deposited into a voting trust. See "Item 12. Security Ownership of Certain Beneficial Owners and Management."

AXA, a French company, is the holding company for an international group of companies and a worldwide leader in financial protection and wealth management. AXA operates primarily in Western Europe, North America and the Asia/Pacific region and, to a lesser extent, in other regions including the Middle East, Africa and South America. AXA has five operating business segments: life & savings, property & casualty, international insurance (including reinsurance), asset management and other financial services.

Alliance Capital provides diversified investment management and related services globally to a broad range of clients including (a) institutional investors, consisting of unaffiliated entities such as corporate and public employee pension funds, endowment funds, domestic and foreign institutions and governments and affiliates such as AXA and its insurance company subsidiaries, by means of separate accounts, sub-advisory relationships resulting from the efforts of the institutional marketing department, structured products, group trusts, and mutual funds sold exclusively to institutional investors and high net worth individuals, (b) private clients, consisting of high net worth individuals, trusts and estates, charitable foundations, partnerships, private and family corporations and other entities, by means of separate accounts, hedge funds, and certain other vehicles, (c) individual investors by means of retail mutual funds sponsored by Alliance Capital, its subsidiaries and affiliated joint venture companies including cash management products such as money market funds and deposit accounts and sub-advisory relationships in respect of mutual funds sponsored by third parties resulting from the efforts of the mutual fund marketing department ("Alliance Mutual Funds") and "managed account" products, and (d) institutional investors by means of in-depth research, portfolio strategy, trading and brokerage-related services. Alliance Capital and its subsidiaries provide investment management, distribution and shareholder and administrative services to the Alliance Mutual Funds.

Alliance Capital provides a broad offering of investment products, global in scope, with expertise in both growth and value oriented strategies, the two predominant equity investment styles, coupled with a fixed income capability in both taxable and tax exempt securities.

The following tables provide a summary of assets under management and associated revenues of Alliance Capital:

Assets Under Management (1)
(in millions)

	December 31,				
	1997	1998	1999	2000	2001
Institutional Investment Management (3)(4)	$ 136,908	$ 173,867	$ 207,280	$ 252,597	$ 258,642
Retail (4) (5)	79,808	108,484	155,547	164,248	156,596
Private Client	1,938	4,308	5,494	36,834	40,164
Total	$ 218,654	$ 286,659	$ 368,321	$ 453,679	$ 455,402

Revenues (2)
(in thousands)

	Years Ended December 31,				
	1997	1998	1999	2000	2001
Institutional Investment Management (3)	$ 315,065	$ 370,618	$ 417,683	$ 533,197	$ 704,826
Retail (5) (6)	625,607	884,657	1,312,671	1,710,645	1,552,411
Private Client (7)	11,485	43,038	105,508	153,242	407,458
Institutional Research Services	0	0	0	56,289	265,815
Other	23,179	25,743	33,443	68,726	62,388
Total	$ 975,336	$ 1,324,056	$ 1,869,305	$ 2,522,099	$ 2,992,898

(1) Includes assets under management of the business acquired in the Bernstein Acquisition at December 31, 2000 and December 31, 2001.
(2) Includes revenues of the business acquired in the Bernstein Acquisition for the fourth quarter of 2000 and all of 2001.
(3) Includes the general and separate accounts of AXA and its insurance company subsidiaries.
(4) Assets under management exclude certain non-discretionary advisory relationships and reflect 100% of the assets managed by unconsolidated joint venture subsidiaries and affiliates.
(5) Includes money market deposit accounts brokered by Alliance Capital for which no investment management services are performed.
(6) Set of certain fees paid to Equitable for services rendered by Equitable in marketing the variable annuity insurance and variable life products for which The Hudson River Trust ("HRT") was the funding vehicle. All of the portfolios of HRT were transferred to EQ Advisors Trust ("EQAT") effective October 18, 1999 and such fees are no longer payable to Equitable.
(7) Includes fees for the management of hedge funds which are higher than the fees charged for Institutional Investment Management and Retail and also provide for the payment of performance fees, incentive allocations or carried interests.

INSTITUTIONAL INVESTMENT MANAGEMENT SERVICES

Alliance Capital's Institutional Investment Management Services consist primarily of the active management of equity accounts, balanced accounts (equity and fixed income) and fixed income accounts for institutions such as corporate and public employee pension funds, endowment funds, domestic and foreign institutions, governments and affiliates (AXA and certain of its insurance company subsidiaries, including Equitable) by means of separate accounts, sub-advisory relationships resulting from the efforts of the institutional marketing group, structured products, group trusts and mutual funds sold exclusively to institutional investors and high net worth individuals. As of December 31, 2001 the assets of institutional investors were managed by 215 portfolio managers with an average of 15 years of experience in the industry and 9 years of experience with Alliance Capital.

As of December 31, 1999, 2000 and 2001 institutional investment management services represented approximately 56%, 56% and 57%, respectively, of total assets under management by Alliance Capital. The fees earned from these institutional investment management services represented approximately 22%, 21% and 24% of Alliance Capital's revenues for 1999, 2000 and 2001, respectively.

Institutional Investment Management Services Assets Under Management (1) (2)
(in millions)

	December 31,				
	1997	1998	1999	2000	2001
Investment Services:					
Active Equity & Balanced — Growth:					
Domestic	$ 55,405	$ 80,284	$ 99,403	$ 86,633	$ 75,879
Global & International	7,885	7,382	11,613	11,659	23,346

	63,290	87,666	111,016	98,292	99,225
Active Equity & Balanced — Value:					
Domestic	4,268	4,436	4,231	41,213	42,367
Global & International	—	—	—	12,478	13,449
	4,268	4,436	4,231	53,691	55,816
Active Fixed Income:					
Domestic	43,997	50,159	54,340	58,583	59,175
Global & International	2,743	3,980	5,114	10,123	16,262
	46,740	54,139	59,454	68,706	75,437
Index and Enhanced Index:					
Domestic	19,744	22,898	26,264	26,754	22,134
Global & International	2,866	4,728	6,315	5,154	6,030
	22,610	27,626	32,579	31,908	28,164
Total:					
Domestic	123,414	157,777	184,238	213,183	199,555
Global & International	13,494	16,090	23,042	39,414	59,087
Total	$ 136,908	$ 173,867	$ 207,280	$ 252,597	$ 258,642

(1) Includes 100% of the assets managed by unconsolidated joint venture subsidiaries and affiliates of $621 million at December 31, 1999, $1,126 million at December 31, 2000 and $870 million at December 31, 2001.

(2) Includes assets under management of the business acquired in the Bernstein Acquisition at December 31, 2000 and December 31, 2001.

Revenues From Institutional Investment Management Services (1)
(in thousands)

	Years Ended December 31,				
	1997	1998	1999	2000	2001
Investment Services:					
Active Equity & Balanced — Growth:					
Domestic	$ 168,343	$ 219,048	$ 254,558	$ 304,315	$ 242,944
Global & International	30,514	16,740	27,170	32,839	53,770
	198,857	235,788	281,728	337,154	296,714
Active Equity & Balanced — Value:					
Domestic	9,722	10,456	10,065	44,263	172,393
Global & International	—	—	—	16,503	101,006
	9,722	10,456	10,065	60,766	273,399
Active Fixed Income:					
Domestic	87,245	103,194	103,390	108,247	97,046
Global & International	7,040	8,193	8,338	9,972	15,679
	94,285	111,387	111,728	118,219	112,725
Index and Enhanced Index:					
Domestic	9,095	9,795	8,651	9,386	10,985
Global & International	3,034	2,997	3,752	3,530	3,639
	12,129	12,792	12,403	12,916	14,624
Total:					
Domestic	274,405	342,493	376,664	466,211	523,368
Global & International	40,588	27,930	39,260	62,844	174,094
	314,993	370,423	415,924	529,055	697,462
Distribution Revenues	—	116	1,669	4,052	7,243
Shareholder Servicing Fees	72	79	90	90	121
Total	$ 315,065	$ 370,618	$ 417,683	$ 533,197	$ 704,826

(1) Includes revenues of the business acquired in the Bernstein Acquisition for the fourth quarter of 2000 and all of 2001.

Equity and Balanced Accounts. Institutional equity and balanced accounts contributed approximately 16%, 16% and 19% of Alliance Capital's total revenues for 1999, 2000 and 2001, respectively. Assets under management relating to active equity and balanced accounts grew from approximately $60.8 billion as of December 31, 1996 to approximately $155.0 billion as of December 31, 2001.

Fixed Income Accounts. Institutional fixed income accounts contributed approximately 6%, 5% and 4% of Alliance Capital's total revenues for 1999, 2000 and 2001, respectively. Assets under management relating to active fixed income accounts increased from approximately $41.0 billion as of December 31, 1996 to approximately $75.4 billion as of December 31, 2001.

Institutional Clients

The approximately 2,965 separately managed accounts for institutional investors for which Alliance Capital acts as investment manager include corporate employee benefit plans, public employee retirement systems, AXA and its insurance company subsidiaries, endowments, foundations, foreign governments, multi-employer pension plans and financial and other institutions.

AXA and the general and separate accounts of Equitable and its insurance company subsidiary, including investments made by these accounts in EQAT (See "Retail Services — Variable Products"), represented approximately 20%, 15% and 14% of total assets under management by Alliance Capital at December 31, 1999, 2000 and 2001, respectively, and approximately 8%, 6% and 5% of Alliance Capital's total revenues for 1999, 2000 and 2001, respectively. Taken as a whole they comprise Alliance Capital's largest institutional client.

As of December 31, 2001 corporate employee benefit plan accounts represented approximately 12% of total assets under management by Alliance Capital. Assets under management for other tax-exempt accounts, including public employee benefit funds organized by government agencies and municipalities, endowments, foundations and multi–employer employee benefit plans, represented approximately 34% of total assets under management as of December 31, 2001.

The following table lists Alliance Capital's ten largest institutional clients, ranked in order of size of total assets under management as of December 31, 2001. Since Alliance Capital's fee schedules vary based on the type of account, the table does not reflect the ten largest revenue generating clients.

Client or Sponsoring Employer	Type of Account
AXA and its subsidiaries (including Equitable and its insurance company subsidiary)	U.S. Equity, Fixed Income, Passive, Global Equity, Global Fixed Income
Sub-Advised Vanguard Mutual Fund .	U.S. Equity, Global Equity
North Carolina Retirement System	Passive Equity, U.S. Equity, Global Equity
Foreign Government Central Bank	U.S. Equity, Global Equity
SunAmerica	U.S. Equity, Global Equity
SEI Investments.	U.S. Equity, Global Equity
Frank Russell Trust Company	U.S. Equity, Global Equity
Ford Motor Company	U.S. Equity, Global Equity
New York State Common Retirement Fund	U.S. Equity, Global Equity, Passive Growth
Foreign Government Central Bank	U.S. Fixed Income, Global Fixed Income, U.S. Equity, Global Equity, Asian Equity

These institutional clients accounted for approximately 19% of Alliance Capital's total assets under management at December 31, 2001 and approximately 4% of Alliance Capital's total revenues for the year ended December 31, 2001 (25% and 7%, respectively, if the investments by the separate accounts of Equitable in EQAT were included). No single institutional client other than Equitable and its insurance company subsidiary accounted for more than approximately 1% of Alliance Capital's total revenues for the year ended December 31, 2001. AXA and the general and separate accounts of Equitable and their subsidiaries accounted for approximately 7% of Alliance Capital's total assets under management at December 31, 2001 and approximately 2% of Alliance Capital's total revenues for the year ended December 31, 2001 (14% and 5% respectively, if the investments by the separate accounts of Equitable in EQAT were included).

Since its inception, Alliance Capital has experienced periods when it gained significant numbers of new accounts or amounts of assets under management and periods when it lost significant accounts or assets under management. These fluctuations result from, among other things, capital market conditions, Alliance Capital's performance under prevailing market conditions, changes in the investment preferences of clients that result in a shift in assets under management and other circumstances such as changes in the management or control of a client.

Institutional Investment Management Agreements and Fees

Alliance Capital's accounts for institutional investors are managed pursuant to a written investment management agreement between the client and Alliance Capital, which usually is terminable at any time or upon relatively short notice by either party. In general, Alliance Capital's contracts may not be assigned without the consent of the client.

In providing investment management services to institutional clients, Alliance Capital is principally compensated on the basis of fees calculated as a percentage of assets under management.

Management fees are generally charged in accordance with a fee schedule based on the type of portfolio, the size of the account and a percentage of assets under management. With respect to approximately 5% of assets under management for institutional investors, Alliance Capital charges performance–based fees, which consist of a relatively low base fee plus an additional fee if investment performance for the account exceeds certain benchmarks. No assurance can be given that such fee arrangements will not become more common in the investment management industry. Utilization of such fee arrangements by Alliance Capital on a broader basis could create greater fluctuations in Alliance Capital's revenues.

In connection with the investment advisory services provided to the general and separate accounts of Equitable and its insurance company subsidiary Alliance Capital provides ancillary accounting, valuation, reporting, treasury and other services. Equitable and its insurance company subsidiary compensate Alliance Capital for such services. See "Item 13. Certain Relationships and Related Transactions."

Marketing

Alliance Capital's institutional products are marketed globally by AllianceBernstein Institutional Investment Management, which has a sales force deployed across all product lines including growth equities, value equities and fixed income.

PRIVATE CLIENT SERVICES

Alliance Capital provides investment management services to private clients consisting of high net worth individuals, trusts and estates, charitable foundations, partnerships, private and family corporations and other similar entities by means of separate accounts, hedge funds and certain other vehicles. Fees for the management of hedge funds are higher than the fees charged for other accounts and also provide for the payment of performance fees, incentive allocations or carried interests to Alliance Capital. Alliance Capital provided investment management services to a group of private clients prior to the Bernstein Acquisition. Private clients were a core client group of Bernstein for over 30 years prior to the Bernstein Acquisition on October 2, 2000. The former private client services group of Bernstein is now known as the Bernstein Investment Research and Management unit of Alliance Capital ("BIRM"). The private client services group consists of BIRM and the historic Alliance Capital private client group. BIRM targets households with financial assets of $1 million or more and has a minimum account size of $400,000. BIRM's services consist of customized, tax-sensitive investment planning across a broad range of investment options.

BIRM's private client activities are built on a direct sales effort that involves over 175 advisors. These financial advisors work with private clients and their tax, legal and other advisors to tailor long-range investment plans to meet each client's needs. The portfolio created for each private client is intended to maximize after-tax investment returns given a client's individual investment goals, income requirements, risk tolerance, tax considerations and any other consideration relevant for that client.

Revenues from private clients, which represented 14% of Alliance Capital's total revenues for the year ended December 31, 2001, consist primarily of investment management fees earned from managing assets and, in the case of clients of BIRM, also include transaction charges earned by Sanford C. Bernstein & Co., LLC, a wholly-owned subsidiary, from executing trading activities relating to equities under management.

Private client accounts are managed pursuant to a written investment advisory agreement, which usually is terminable at any time or upon relatively short notice by any party. In general, these contracts may not be assigned without the consent of the client. In providing services to private clients Alliance Capital is compensated on the basis of fees calculated based on the

type of portfolio, the size of the account and a percentage of assets under management as well as transaction charges earned by Alliance Capital's wholly-owned subsidiary, Sanford C. Bernstein & Co., LLC, from executing trading activities.

The tables below set forth private client assets under management and revenues for the periods presented:

Private Client Assets Under Management (1)
(in millions)

	December 31,				
	1997	1998	1999	2000	2001
Investment Services:					
Active Equity & Balanced — Growth:					
Domestic	$ 1,623	$ 2,716	$ 3,614	$ 2,698	$ 4,114
Global & International	—	4	12	614	377
	1,623	2,720	3,626	3,312	4,491
Active Equity & Balanced — Value:					
Domestic	—	—	—	19,878	20,465
Global & International	—	—	—	5,531	5,215
	—	—	—	25,409	25,680
Active Fixed Income:					
Domestic	17	1,078	1,193	7,214	9,341
Global & International	182	358	382	473	333
	199	1,436	1,575	7,687	9,674
Index and Enhanced Index:					
Domestic	116	152	208	188	169
Global & International	—	—	85	238	150
	116	152	293	426	319
Total:					
Domestic	1,756	3,946	5,015	29,978	34,089
Global & International	182	362	479	6,856	6,075
Total	$ 1,938	$ 4,308	$ 5,494	$ 36,834	$ 40,164

(1) Includes private client assets under management of the business acquired in the Bernstein Acquisition at December 31, 2000 and December 31, 2001.

Revenues From Private Client Services (1)
(in thousands)

	December 31,				
	1997	1998	1999	2000	2001
Investment Services:					
Active Equity & Balanced — Growth:					
Domestic	$ 10,049	$ 29,497	$ 81,844	$ 27,038	$ 13,637
Global & International	—	17	749	724	5,242

	10,049	29,514	82,593	27,762	18,879
Active Equity & Balanced — Value:					
Domestic	—	—	—	89,493	334,909
Global & International	—	—	—	16,683	45,384
	—	—	—	106,176	380,293
Active Fixed Income:					
Domestic	46	2,447	2,541	14,205	5,552
Global & International	1,298	10,961	20,191	4,825	2,551
	1,344	13,408	22,732	19,030	8,103
Index and Enhanced Index:					
Domestic	92	116	176	227	97
Global & International	—	—	7	47	86
	92	116	183	274	183
Total:					
Domestic	10,187	32,060	84,561	130,963	354,281
Global & International	1,298	10,978	20,947	22,279	53,177
	11,485	43,038	105,508	153,242	407,458
Distribution Revenues	—	—	—	—	—
Shareholder Servicing Fees	—	—	—	—	—
Total	$ 11,485	$ 43,038	$ 105,508	$ 153,242	$ 407,458

(1) Includes revenues of the business acquired in the Bernstein Acquisition for the fourth quarter of 2000 and all of 2001.

Private Client Marketing

BIRM's private client financial advisors are dedicated to obtaining and maintaining client relationships. They do not manage money and do not sell individual stocks or external products. Their goal is to provide investment perspective for clients in order to assist them in determining a suitable mix of U.S. and non-U.S. equity securities and fixed income investments. The financial advisors are based in New York City, Los Angeles, West Palm Beach, Chicago, Dallas, San Francisco, Washington, D.C., White Plains, Seattle, Miami, Minneapolis and Houston. These offices reach not only the targeted market within these cities but also the surrounding areas.

BIRM's private client marketing group also has established an extensive nationwide referral-source network, including accountants, attorneys and consultants. These professionals serve many of the targeted clients. As part of this strategy, meetings for professionals are organized in many cities and BIRM's private client marketing group regularly provides them with written materials to inform them of investment insights and services.

RETAIL SERVICES

Alliance Capital's Retail Services consist of furnishing investment management and related services to individual investors by means of retail mutual funds sponsored by Alliance Capital, its subsidiaries and affiliated joint venture companies including cash management products such as money market funds and deposit accounts and sub-advisory relationships resulting from the efforts of the mutual fund marketing department ("Alliance Mutual Funds") and "managed account" products. The net assets comprising the Alliance Mutual Funds on December 31, 2001 amounted to approximately $157 billion. The assets of the Alliance Mutual Funds are managed by the same investment professionals who manage Alliance Capital's accounts of institutional investors and high net-worth individuals.

The tables below set forth retail assets under management and revenues for the periods presented:

Retail Services Assets Under Management
(in millions)

	December 31,				
	1997	1998	1999	2000	2001
Investment Services:					
Active Equity & Balanced — Growth:					
Domestic	$ 33,977	$ 50,205	$ 77,156	$ 76,983	$ 55,243
Global & International	4,750	5,071	16,316	18,779	15,790
	38,727	55,276	93,472	95,762	71,033
Active Equity & Balanced — Value:					
Domestic	2,857	4,466	6,954	11,456	17,405
Global & International	45	95	188	330	2,509
	2,902	4,561	7,142	11,786	19,914
Active Fixed Income:					
Domestic	32,160	37,209	42,068	43,169	47,791
Global & International	5,075	9,747	10,225	10,496	14,385
	37,235	46,956	52,293	53,665	62,176

Index and Enhanced Index:					
Domestic	944	1,691	2,640	3,035	3,469
Global & International	—	—	—	—	4
	944	1,691	2,640	3,035	3,473
Total:					
Domestic	69,938	93,571	128,818	134,643	123,908
Global & International	9,870	14,913	26,729	29,605	32,688
Total	$ 79,808	$ 108,484	$ 155,547	$ 164,248	$ 156,596

Revenues From Retail Services (1) (2) (3)
(in thousands)

	Years Ended December 31,				
	1997	1998	1999	2000	2001
Investment Services:					
Active Equity & Balanced — Growth:					
Domestic	$ 133,558	$ 201,638	$ 414,326	$ 563,655	$ 445,809
Global & International	46,025	47,547	80,394	109,309	78,098
	179,583	249,185	494,720	672,964	523,907
Active Equity & Balanced — Value:					
Domestic	13,122	21,528	28,651	40,276	86,616
Global & International	3,999	4,692	5,869	6,494	1,533
	17,121	26,220	34,520	46,770	88,149
Active Fixed Income:					
Domestic	125,883	157,513	170,938	190,312	235,560
Global & International	48,670	104,235	106,327	95,180	69,940
	174,553	261,748	277,265	285,492	305,500
Index and Enhanced Index:					
Domestic	1,244	2,378	3,821	2,294	1,288
Global & International	—	—	—	—	2
	1,244	2,378	3,821	2,294	1,290
Total:					
Domestic	273,807	383,057	617,736	796,537	769,275
Global & International	98,694	156,474	192,590	210,983	149,571
	372,501	539,531	810,326	1,007,520	918,846
Distribution Revenues	216,851	301,730	440,103	617,570	537,362
Shareholder Servicing Fees	36,255	43,396	62,242	85,555	96,203
Total	$ 625,607	$ 884,657	$ 1,312,671	$ 1,710,645	$ 1,552,411

(1) Includes fees received by Alliance Capital in connection with managed account product accounts.
(2) Net of certain fees paid to Equitable for services rendered by Equitable in marketing the variable annuity insurance and variable life products for which HRT was the funding vehicle. All of the portfolios of HRT transferred to EQAT effective October 18, 1999 and such fees are no longer payable to Equitable.
(3) Includes fees received by Alliance Capital in connection with its distribution of money market deposit accounts for which no investment management services are provided.

Alliance Mutual Funds and Managed Account Programs

Alliance Capital has been managing mutual funds since 1971. Since then, Alliance Capital has sponsored open-end load mutual funds and closed-end mutual funds (i) registered as investment companies under the Investment Company Act ("U.S. Funds"), and (ii) not registered under the Investment Company Act and which are not publicly offered to United States persons ("Offshore Funds"). Alliance Capital also manages retail managed account product programs, which are sponsored by various registered broker-dealers ("Managed Account Programs"). On December 31, 2001 net assets in the Alliance Mutual Funds and Managed Account Programs totaled approximately $88 billion.

Types of Alliance Mutual Funds and Managed Account Programs	Net Assets as of December 31, 2001 (in millions)

U.S. Funds — Open-End:		
Equity and Balanced	$	37,990
Taxable Fixed Income		7,769
Tax Exempt Fixed Income		4,259
Offshore Funds (Open and Closed-End):		
Equity and Balanced		9,130
Taxable Fixed Income		6,921
Managed Account Programs		11,058
U.S. Funds — Closed-End		3,532
Joint Venture Subsidiaries and Affiliates (1)		7,180
Total	$	87,839

(1) Assets under management exclude certain non-discretionary advisory relationships and reflect 100% of the assets managed by unconsolidated affiliates totaling approximately $2.6 billion.

Variable Products

Alliance Capital is a sub-adviser to EQAT, which is the funding vehicle for the variable annuity and variable life insurance products offered by Equitable and its insurance company subsidiary. The Alliance Variable Products Series Fund is a funding vehicle for variable annuity and variable life insurance products offered by other unaffiliated insurance companies. On December 31, 2001 the net assets of the portfolios of the Variable Products totaled approximately $37 billion:

	Net Assets as of December 31, 2001 (in millions)	
EQAT:		
Common Stock Portfolio	$	11,425
Equity Index Portfolio		2,706
Aggressive Stock Portfolio		2,241
Growth Investors Portfolio		2,161
Growth & Income Portfolio		1,903
Global Portfolio		1,477
Money Market Portfolio		1,304
Balanced Portfolio		963
EQ/Alliance Premier Growth Portfolio		864
Small Cap Growth Portfolio		633
Quality Bond Portfolio		627
Conservative Investors Portfolio		542
High Yield Portfolio		445
Technology Portfolio		355
International Portfolio		345
International Government Portfolio		208
Total EQAT		28,199
Alliance Variable Products Series Fund		9,272
Total	$	37,471

Distribution. The Alliance Mutual Funds are distributed to individual investors through broker–dealers, insurance sales representatives, banks, registered investment advisers, financial planners and other financial intermediaries. Alliance Fund Distributors, Inc. (“AFD”), a registered broker-dealer and a wholly-owned subsidiary of Alliance Capital, serves as the principal underwriter and distributor of the U.S. Funds and serves as a placing or distribution agent for most of the Offshore Funds. There are approximately 300 sales representatives who devote their time exclusively to promoting the sale of shares of Alliance Mutual Funds by financial intermediaries.

Alliance Capital maintains a mutual fund distribution system (the “System”) which permits open-end Alliance 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 $163.3 million and $330.6 million during 2001 and 2000, respectively. Management of Alliance Capital 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 ½ years.

The rules of the National Association of Securities Dealers, Inc. effectively limit the aggregate of all front-end, deferred and asset-based sales charges paid to AFD with respect to any class of its shares by each open-end U.S. Fund to 6.25% of cumulative gross sales of shares of that class, plus interest at the prime rate

plus 1% per annum.

The open-end U.S. Funds and Offshore Funds have entered into agreements with AFD under which AFD is paid a distribution services fee. Alliance Capital uses borrowings and its own resources to finance distribution of open-end Alliance Mutual Fund shares.

The selling and distribution agreements between AFD and the financial intermediaries that distribute Alliance Mutual Funds are terminable by either party upon notice (generally not more than sixty days) and do not obligate the financial intermediary to sell any specific amount of fund shares. A small amount of mutual fund sales is made directly by AFD, in which case AFD retains the entire sales charge.

During 2001 the ten financial intermediaries responsible for the largest volume of sales of open-end U.S. Funds were responsible for 52% of such sales. AXA Advisors, LLC ("AXA Advisors"), a wholly-owned subsidiary of AXA Financial that utilizes members of Equitable's insurance agency sales force as its registered representatives, has entered into a selected dealer agreement with AFD and, together with its predecessor, since 1986 has been responsible for a significant portion of total sales of shares of open-end U.S. Funds and Offshore Funds (4%, 4% and 3% in 1999, 2000 and 2001, respectively). AXA Advisors is under no obligation to sell a specific amount of fund shares and also sells shares of mutual funds sponsored by organizations unaffiliated with Equitable.

Subsidiaries of Merrill Lynch & Co., Inc. (collectively "Merrill Lynch") were responsible for approximately 26%, 18% and 13% of open-end Alliance Mutual Fund sales in 1999, 2000 and 2001, respectively. Citigroup Inc. and its subsidiaries ("Citigroup"), parent company of Salomon Smith Barney & Co., Inc., was responsible for approximately 6% of open-end Alliance Mutual Fund sales in 1999, 5% in 2000 and 5% in 2001. Neither Merrill Lynch nor Citigroup is under any obligation to sell a specific amount of Alliance Mutual Fund shares and each also sells shares of mutual funds that it sponsors and which are sponsored by unaffiliated organizations.

No dealer or agent other than AXA Advisors, Merrill Lynch and Citigroup has in any year since 1995 accounted for more than 10% of the sales of open-end Alliance Mutual Funds.

Many of the financial intermediaries that sell shares of Alliance Mutual Funds also offer shares of funds not managed by Alliance Capital and frequently offer shares of funds managed by their own affiliates.

Based on industry sales data reported by the Investment Company Institute (January 2002), Alliance Capital's market share in the U.S. mutual fund industry is 1.40% of total industry assets and Alliance Capital accounted for 1.41% of total open-end industry sales in the U.S. during 2001. While the performance of the Alliance Mutual Funds is a factor in the sale of their shares, there are other factors contributing to success in sales of mutual fund shares that are not as important in institutional investment management services. These factors include the level and quality of shareholder services (see "Shareholder and Administration Services" below) and the amounts and types of distribution assistance and administrative services payments. Alliance Capital believes that its compensation programs with financial intermediaries are competitive with others in the industry.

Under current interpretations of laws and regulations governing depository institutions, banks and certain of their affiliates generally are permitted to act as agent for their customers in connection with the purchase of mutual fund shares and to receive as compensation a portion of the sales charges paid with respect to such purchases. During 2001 banks and their affiliates accounted for approximately 13% of the sales of shares of open-end U.S. Funds and Variable Products.

Investment Management Agreements and Fees. Investment management fees from the Alliance Mutual Funds, EQAT and the Variable Products are based upon a percentage of average net assets. As certain of the U.S. Funds have grown, fee schedules have been revised to provide lower incremental fees above certain asset levels. Fees paid by the U.S. Funds and EQAT are fixed annually by negotiation between Alliance Capital and the board of directors or trustees of each U.S. Fund and EQAT, including a majority of the disinterested directors or trustees. Changes in fees must be approved by the shareholders of each U.S. Fund and EQAT. In general, the investment management agreements with the U.S. Funds and EQAT provide for termination at any time upon 60 days' notice.

Under each investment management agreement with a U.S. Fund, Alliance Capital provides the U.S. Fund with investment management services, office space and order placement facilities and pays all compensation of directors or trustees and officers of the U.S. Fund who are affiliated persons of Alliance Capital. Each U.S. Fund pays all of its other expenses. If the expenses of a U.S. Fund exceed an expense limit established under the securities laws of any state in which shares of that U.S. Fund are qualified for sale or as prescribed in the U.S. Fund's investment management agreement, Alliance Capital absorbs such excess through a reduction in the investment management fee. The expense ratios for the U.S. Funds during their most recent fiscal year ranged from 0.59% to 3.70%. In connection with newly organized U.S. Funds, Alliance Capital may also agree to reduce its fee or bear certain expenses to limit expenses during an initial period of operations.

*Cash Management Service*s

Alliance Capital provides cash management services to individual investors through a product line comprising 20 money market fund portfolios, including two offshore money market funds, domiciled in the Cayman Islands and in Dublin, Ireland and 3 types of brokered money market deposit accounts. Net assets in these products as of December 31, 2001 totaled approximately $31 billion.

	Net Assets as of December 31, 2001 (in millions)
Money Market Funds:	
Alliance Capital Reserves (two portfolios)	$ 15,995
Alliance Government Reserves (two portfolios)	8,200
Alliance Municipal Trust (eleven portfolios)	3,829
Non-U.S. Money Market Funds (two funds)	1,494
Alliance Money Market Fund (three portfolios)	1,410
Money Market Deposit Accounts (three products)	359
Total	$ 31,287

Under its investment management agreement with each money market fund, Alliance Capital is paid an investment management fee based on a percentage of the fund's average net assets. In the case of certain money market funds, the fee is payable at lesser rates with respect to average net assets in excess of $1.25

billion. For distribution and account maintenance services rendered in connection with the sale of money market deposit accounts, Alliance Capital receives fees from the participating banks that are based on outstanding account balances. Because the money market deposit account programs involve no investment management functions to be performed by Alliance Capital, Alliance Capital's costs of maintaining the account programs are less, on a relative basis, than its costs of managing the money market funds.

On December 31, 2001 more than 98% of the assets invested in Alliance Capital's cash management programs were attributable to regional broker-dealers and other financial intermediaries, with the remainder coming directly from the public. On December 31, 2001 more than 500 financial intermediaries offered Alliance Capital's cash management services. Alliance Capital's money market fund market share (not including deposit products), as computed based on market data reported by the Investment Company Institute (December 2001), has decreased from 1.99% of total money market fund industry assets at the end of 1996 to 1.89% at December 31, 2001.

Alliance Capital makes payments to financial intermediaries for distribution assistance and shareholder servicing and administration. Alliance Capital's money market funds pay fees to Alliance Capital at annual rates of up to 0.25% of average daily net assets pursuant to "Rule 12b-1" distribution plans except for Alliance Money Market Fund which pays a fee of up to 0.45% of its average daily net assets. Such payments are supplemented by Alliance Capital in making payments to financial intermediaries under the distribution assistance and shareholder servicing and administration program. During 2001 such

supplemental payments totaled approximately $108.0 million ($77.4 million in 2000). There are 7 employees of Alliance Capital who devote their time exclusively to marketing Alliance Capital's cash management services.

A principal risk to Alliance Capital's cash management services business is the acquisition of its participating financial intermediaries by companies that are competitors or that plan to enter the cash management services business. As of December 31, 2001 the five largest participating financial intermediaries were responsible for assets aggregating approximately $25 billion, or 81% of the cash management services total.

Many of the financial intermediaries whose customers utilize Alliance Capital's cash management services are broker-dealers whose customer accounts are carried, and whose securities transactions are cleared and settled, by the Pershing Division ("Pershing") of Donaldson, Lufkin & Jenrette Securities Corporation ("DLJ Securities Corporation"), a wholly-owned subsidiary of Credit Suisse First Boston Corporation. DLJ Securities Corporation was a wholly-owned subsidiary of AXA Financial until November 3, 2000. Pursuant to an agreement between Pershing and Alliance Capital, Pershing recommends that certain of its correspondent firms use Alliance Capital's money market funds and other cash management products. As of December 31, 2001 DLJ Securities Corporation and these Pershing correspondents were responsible for approximately $19 billion or 62% of Alliance Capital's total cash management assets. Pershing may terminate its agreement with Alliance Capital on 180 days' notice. If the agreement were terminated, Pershing would be under no obligation to recommend or in any way assist in the sale of Alliance Capital's cash management products and would be free to recommend or assist in the sale of competitive products.

Alliance Capital's money market funds distributed publicly in the United States are investment companies registered under the Investment Company Act and are managed under the supervision of boards of directors or trustees, which include disinterested directors or trustees who must approve investment management agreements and certain other matters. The investment management agreements between the money market funds and Alliance Capital provide for an expense limitation of 1% per annum or less of average daily net assets. See "Mutual Funds Management - Investment Management Agreements and Fees."

Shareholder and Administration Services

Alliance Global Investor Services, Inc. ("AGIS"), a wholly-owned subsidiary of Alliance Capital, provides registrar, dividend disbursing and transfer agency related services for each U.S. Fund and provides servicing for each U.S. Fund's shareholder accounts. As of December 31, 2001 AGIS employed 588 people. AGIS operates out of offices in Secaucus, New Jersey, San Antonio, Texas, and Scranton, Pennsylvania. Under each servicing agreement AGIS receives a monthly fee. Each servicing agreement must be approved annually by the relevant U.S. Fund's board of directors or trustees, including a majority of the disinterested directors or trustees, and may be terminated by either party without penalty upon 60 days' notice.

Most U.S. Funds utilize Alliance Capital and AGIS personnel to perform legal, clerical and accounting services not required to be provided by Alliance Capital. Payments by a U.S. Fund for these services must be specifically approved in advance by the U.S. Fund's board of directors or trustees. Currently, Alliance Capital and AGIS are accruing revenues for providing clerical and accounting services to the U.S. Funds and these closed-end funds at the rate of approximately $11.0 million per year.

ACM Global Investor Services S.A. ("ACMGIS") a wholly-owned subsidiary of Alliance Capital, is the registrar and transfer agent of substantially all of the Offshore Funds. As of December 31, 2001 ACMGIS employed 73 people. ACMGIS operates out of offices in Luxembourg and Singapore and receives a monthly fee for its registrar and transfer agency services. Each agreement between ACMGIS and an Offshore Fund may be terminated by either party upon 60 days' notice.

Alliance Capital expects to continue to devote substantial resources to shareholder servicing because of its importance in competing for assets invested in mutual funds and cash management services.

INSTITUTIONAL RESEARCH SERVICES

Institutional Research Services consist of in-depth research, portfolio strategy, trading and brokerage related services provided to institutional investors such as pension managers, mutual fund managers and other institutional investors who manage assets and look to Sanford C. Bernstein & Co., LLC ("SCB LLC") in the United States and Sanford C. Bernstein Limited ("SCBL") in Europe, wholly-owned subsidiaries of Alliance Capital, to provide services to support their asset management activities. As of December 31, 2001 SCB LLC served approximately 810 clients in the U.S. and approximately 236 in Europe, Australia and the Far East.

SCB LLC and SCBL earn revenues from institutional services by providing investment research and by executing brokerage transactions for research clients on an agency basis. In the case of research, research clients provide compensation principally by directing brokerage transactions to SCB LLC and SCBL in return for SCB LLC and SCBL research products. These services accounted for 2.2% and 8.9% of Alliance Capital's revenues in 2000 and 2001, respectively. SCB LLC is occasionally invited to and chooses to participate in underwriting syndicates for equity issuances.

The following table sets forth institutional services revenues for each of the periods presented:

Revenues From Institutional Research Services (1)
(in thousands)

	Years Ended December 31,				
	1997	1998	1999	2000	2001
Transaction Charges:					
U.S. Clients	$ —	$ —	$ —	$ 44,970	$ 197,653
Non-U.S. Clients	—	—	—	10,344	56,836
	—	—	—	55,314	254,489
Syndicate Participation and Other	—	—	—	975	11,326
Total	$ —	$ —	$ —	$ 56,289	$ 265,815

(1) Includes revenues of the business acquired in the Bernstein Acquisition for the fourth quarter of 2000 and all of 2001.

COMPETITION

The financial services industry is highly competitive and new entrants are continually attracted to it. No one or small number of competitors is dominant in the industry. Alliance Capital is subject to substantial competition in all aspects of its business. Pension fund, institutional and corporate assets are managed by investment management firms, broker-dealers, banks and insurance companies. Many of these financial institutions have substantially greater resources than Alliance Capital. Alliance Capital competes with other providers of institutional investment products and services primarily on the basis of the range of investment products offered, the investment performance of such products and the services provided to clients. Based on an annual survey conducted by *Pensions & Investments*, as of December 31, 2000 Alliance Capital was ranked 9th out of 251 managers based on U.S. institutional, tax-exempt assets under management. Additionally, Alliance Capital was ranked 6th out of the 21 largest managers of international index assets, 8th out of the 25 largest managers of domestic equity index funds and 15th out of the 25 largest domestic bond index managers.

Many of the firms competing with Alliance Capital for institutional clients also offer mutual fund shares and cash management services to individual investors. Competitiveness in this area is chiefly a function of the range of mutual funds and

cash management services offered, investment performance, quality in servicing customer accounts and the capacity to provide financial incentives to financial intermediaries through distribution assistance and administrative services payments funded by “Rule 12b-1” distribution plans and the investment adviser’s own resources.

CUSTODY AND BROKERAGE

Neither Alliance Capital nor its subsidiaries, other than SCB LLC, maintain custody of client funds or securities, which is maintained by client-designated banks, trust companies, brokerage firms or other custodians. SCB LLC maintains custody of private client assets and securities.

Alliance Capital generally has the discretion to select the brokers or dealers to be utilized to execute transactions for client accounts. SCB LLC and SCBL effect transactions for client accounts only if specifically authorized or directed by the client.

REGULATION

Alliance Capital, Alliance Holding, and Alliance are investment advisers registered under the Investment Advisers Act. Each U.S. Fund is registered with the Securities and Exchange Commission (“SEC”) under the Investment Company Act and the shares of most U.S. Funds are qualified for sale in all states in the United States and the District of Columbia, except for U.S. Funds offered only to residents of a particular state. AGIS is registered with the SEC as a transfer agent. SCB LLC and AFD are registered with the SEC as broker–dealers. SCB LLC is a member of the NYSE and SCBL is a member of the London Stock Exchange. SCB LLC, SCBL and AFD are subject to minimum net capital requirements ($9.7 million, $5.5 million and $9.3 million, respectively, at December 31, 2001) imposed by the SEC and Financial Services Authority on registered broker–dealers and had aggregate regulatory net capital of $173.8 million, $37.7 million and $43.6 million, respectively, at December 31, 2001.

The relationships of AXA and its subsidiaries, including Equitable and its insurance company subsidiary, with Alliance Capital are subject to applicable provisions of the New York Insurance Law and regulations. Certain of the investment advisory agreements and ancillary administrative service agreements are subject to either approval or disapproval by the New York Superintendent of Insurance within a prescribed notice period. Under the New York Insurance Law and regulations, the terms of these agreements are to be fair and equitable, charges or fees for services performed are to be reasonable, and certain other standards must be met. Fees must be determined either with reference to fees charged to other clients for similar services or, in certain cases, which include the ancillary service agreements, based on cost reimbursement.

Alliance Capital’s assets under management and revenues derived from the general accounts of Equitable and its insurance company subsidiary are directly affected by the investment policies for the general accounts. Among the numerous factors influencing general account investment policies are regulatory factors, such as (i) laws and regulations that require diversification of the investment portfolios and limit the amount of investments in certain investment categories such as below investment grade fixed maturities, equity real estate and equity interests, (ii) statutory investment valuation reserves, and (iii) risk-based capital guidelines for life insurance companies approved by the National Association of Insurance Commissioners. These policies have resulted in the shifting of general account assets managed by Alliance Capital into categories with lower management fees.

All aspects of Alliance Capital’s business are subject to various federal and state laws and regulations and to the laws in the foreign countries in which Alliance Capital’s subsidiaries conduct business. These laws and regulations are primarily intended to benefit clients and Alliance Mutual Fund shareholders and generally grant supervisory agencies broad administrative powers, including the power to limit or restrict the carrying on of business for failure to comply with such laws and regulations. In such event, the possible sanctions which may be imposed include the suspension of individual employees, limitations on engaging in business for specific periods, the revocation of the registration as an investment adviser, censures and fines.

EMPLOYEES

As of December 31, 2001 Alliance Capital and its subsidiaries employed 4,542 employees, including 642 investment professionals, of whom 215 are portfolio managers, 322 are research analysts and 94 are order placement specialists. The average period of employment of these professionals with Alliance Capital is approximately 7 years and their average investment experience is approximately 13 years. Alliance Capital considers its employee relations to be good.

SERVICE MARKS

Alliance Capital has registered a number of service marks with the U.S. Patent and Trademark Office, including an "A" design logo and the combination of such logo and the words "Alliance" and "Alliance Capital". Each of these service marks was registered in 1986. As a result of the Bernstein Acquisition, Alliance Capital acquired all of the rights and title in and to the Bernstein service marks, including a "Bee" design logo, the name Bernstein and a combination of such logo and the word Bernstein. These marks were registered in 1982, 1981 and 1981, respectively.

Item 2. Properties

Alliance Capital's and Alliance Holding's principal executive offices at 1345 Avenue of the Americas, New York, New York are occupied pursuant to a lease which extends until 2019. Alliance Capital currently occupies approximately 566,011 square feet of space at this location. Alliance Capital also occupies approximately 114,097 square feet of space at 135 West 50th Street, New York, New York, and approximately 187,203 square feet of space at 767 Fifth Avenue, New York, New York, under leases expiring in 2016, and 2002 and 2005, respectively. Alliance Capital also occupies approximately 4,594 square feet of space at 709 Westchester Avenue, White Plains, New York, 45,242 square feet of space at 925 Westchester Avenue, White Plains, New York, 4,341 square feet of space at One North Broadway, White Plains, New York, and 127,136 square feet of space at One North Lexington, White Plains, New York under leases expiring in 2004, 2008, 2008 and 2008, respectively. Alliance Capital and its subsidiaries, AFD and AGIS, occupy approximately 134,261 square feet of space in Secaucus, New Jersey, approximately 92,067 square feet of space in San Antonio, Texas, and approximately 60,653 square feet of space in Scranton, Pennsylvania, under leases expiring in 2016, 2009, and 2005, respectively.

Alliance Capital also leases space in 11 cities in the United States and its subsidiaries and affiliates lease space in London, England, Tokyo, Japan, and 25 other cities outside the United States.

Item 3. Legal Proceedings

On April 25, 2001, an amended class action complaint ("amended Miller Complaint") entitled *Miller, et al. v. Mitchell Hutchins Asset Management, Inc., et al.* was filed in federal district court in the Southern District of Illinois against Alliance Capital, AFD, and other defendants alleging violations of the Investment Company Act and breaches of common law fiduciary duty. The allegations in the amended Miller Complaint concern six mutual funds with which Alliance Capital has investment advisory agreements, including Alliance Premier Growth Fund ("Premier Growth Fund"), Alliance Health Care Fund, Alliance Growth Fund, Alliance Quasar Fund, Alliance Fund, and Alliance Disciplined Value Fund. The principal allegations of the amended Miller Complaint are that (i) certain advisory agreements concerning these funds were negotiated, approved, and executed in violation of the Investment Company Act, in particular because certain directors of these funds should be deemed interested under the Investment Company Act; (ii) the distribution plans for these funds were negotiated, approved, and executed in violation of the Investment Company Act; and (iii) the advisory fees and distribution fees paid to Alliance Capital and AFD, respectively, are excessive and, therefore, constitute a breach of fiduciary duty. Plaintiff seeks a recovery of certain fees paid by these Funds to Alliance Capital. On March 12, 2002 the court issued an order granting defendants' joint motion to dismiss the amended Miller Complaint. The court allowed plaintiffs up to and including April 1, 2002 to file an amended complaint comporting with its order.

Alliance Capital and AFD believe that plaintiffs' allegations in the amended Miller Complaint are without merit and intend to vigorously defend against these allegations.

On December 7, 2001 a complaint entitled *Benak v. Alliance Capital Management L.P. and Alliance Premier Growth Fund* ("Benak Complaint") was filed in federal district court in the District of New Jersey against Alliance Capital and Premier

Growth Fund alleging violation of the Investment Company Act. The principal allegations of the Benak Complaint are that Alliance Capital breached its duty of loyalty to Premier Growth Fund because one of the directors of the General Partner of Alliance Capital served as a director of Enron Corp. ("Enron") when Premier Growth Fund purchased shares of Enron and as a consequence thereof the investment advisory fees paid to Alliance Capital by Premier Growth Fund should be returned as a means of recovering for Premier Growth Fund the losses plaintiff allege were caused by the alleged breach of the duty of loyalty. Plaintiff seeks recovery of certain fees paid by Premier Growth Fund to Alliance Capital. On December 21, 2001 a complaint entitled *Roy v. Alliance Capital Management L.P. and Alliance Premier Growth Fund* ("Roy Complaint") was filed in federal district court in the Middle District of Florida, Tampa Division, against Alliance Capital and Premier Growth Fund. The allegations and relief sought in the Roy Complaint are virtually identical to the Benak Complaint. On March 13, 2002 the court granted the defendants' motion to transfer the Roy Complaint to federal district court in the District of New Jersey. On December 26, 2001 a complaint entitled *Roffe v. Alliance Capital Management L.P. and Alliance Premier Growth Fund* ("Roffe Complaint") was filed in federal district court in the District of New Jersey against Alliance Capital and Premier Growth Fund. The allegations and relief sought in the Roffe Complaint are virtually identical to the Benak Complaint. On February 14, 2002 a complaint entitled *Tatem v. Alliance Capital Management L.P. and Alliance Premier Growth Fund* ("Tatem Complaint") was filed in federal district court in the District of New Jersey against Alliance Capital and Premier Growth Fund. The allegations and relief sought in the Tatem Complaint are virtually identical to the Benak Complaint. On March 6, 2002 a complaint entitled *Gissen v. Alliance Capital Management L.P. and Alliance Premier Growth Fund* ("Gissen Complaint") was filed in federal district court in the District of New Jersey against Alliance Capital and Premier Growth Fund. The allegations and relief sought in the Gissen Complaint are virtually identical to the Benak Complaint.

Alliance Capital believes the plaintiffs' allegations in the Benak Complaint, Roy Complaint, Roffe Complaint, Tatem Complaint and Gissen Complaint are without merit and intends to vigorously defend against these allegations.

Alliance Capital and Alliance Holding are involved in various other inquiries, administrative proceedings and litigation, some of which allege substantial damages. While any proceeding or litigation has the element of uncertainty, Alliance Capital and Alliance Holding believe that the outcome of any one of the other

lawsuits or claims that is pending or threatened, or all of them combined, will not have a material adverse effect on Alliance Capital's or Alliance Holding's results of operations or financial condition.

Item 4. Submission of Matters to a Vote of Security Holders

Neither Alliance Capital nor Alliance Holding submitted a matter to a vote of security holders during the fourth quarter of 2001.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

Market for the Alliance Capital Units and the Alliance Holding Units

There is no established public trading market for the Alliance Capital Units. The Alliance Capital Units are subject to significant restrictions on transfer. In general, transfers of Alliance Capital Units will be allowed only with the written consent of both Equitable and the General Partner. Either Equitable or, where applicable, the General Partner may withhold its consent to a transfer in its sole discretion, for any reason. Generally, neither Equitable nor the General Partner will permit any transfer that it believes would create a risk that Alliance Capital would be treated as a corporation for tax purposes.

On March 1, 2002 there were approximately 673 Alliance Capital Unitholders of record.

The Alliance Holding Units are traded on the NYSE. The high and low sale prices on the NYSE during each quarter of Alliance Holding's two most recent fiscal years were as follows:

2001	High	Low
First Quarter	$ 59.35	$ 37.40
Second Quarter	53.40	38.20
Third Quarter	53.75	38.90
Fourth Quarter	54.32	44.45

2000	High	Low
First Quarter	$ 43.875	$ 29.3125
Second Quarter	50.375	38.375
Third Quarter	56.6875	46.00
Fourth Quarter	54.4375	42.50

On March 1, 2002 the closing price of the Alliance Holding Units on the NYSE was $45.90 per Unit. On March 1, 2002 there were approximately 1,714 Alliance Holding Unitholders of record.

Cash Distributions

Each of Alliance Capital and Alliance Holding distributes on a quarterly basis all of its Available Cash Flow (as defined in each Partnership Agreement). Prior to the Reorganization, Alliance Holding's Available Cash Flow was derived from the operations now conducted by Alliance Capital. Subsequent to the completion of the Reorganization in the fourth quarter of 1999, when Alliance Capital commenced operations, Alliance Holding's principal sources of income and cash flow have been attributable to its ownership of Alliance Capital Units.

Alliance Capital made the following distributions of Available Cash Flow in respect of 2001 and 2000:

Quarter During 2001 In Respect of Which a Cash Distribution Was Paid From Available Cash Flow	Amount of Cash Distribution Per Alliance Capital Unit	Payment Date
First Quarter	$ 0.75	May 24, 2001
Second Quarter	0.78	August 16, 2001
Third Quarter	0.75	November 21, 2001
Fourth Quarter	0.75	February 21, 2002
	$ 3.03	

Quarter During 2000 In Respect of Which a Cash Distribution Was Paid From Available Cash Flow	Amount of Cash Distribution Per Alliance Capital Unit	Payment Date
First Quarter	$ 0.815	May 18, 2000
Second Quarter	0.820	August 17, 2000
Third Quarter	0.905	November 22, 2000
Fourth Quarter	0.860	February 23, 2001
	$ 3.40	

Alliance Holding made the following distributions of Available Cash Flow in respect of 2001 and 2000:

Quarter during 2001 In Respect of Which a Cash Distribution Was Paid From Available Cash Flow	Amount of Cash Distribution Per Alliance Holding Unit	Payment Date
First Quarter	$ 0.68	May 24, 2001
Second Quarter	0.71	August 16, 2001
Third Quarter	0.67	November 21, 2001
Fourth Quarter	0.67	February 21, 2002
	$ 2.73	

Quarter During 2000 In Respect of Which a Cash Distribution Was Paid From Available Cash Flow	Amount of Cash Distribution Per Alliance Holding Unit	Payment Date
First Quarter	$ 0.74	May 18, 2000
Second Quarter	0.75	August 17, 2000
Third Quarter	0.84	November 22, 2000
Fourth Quarter	0.78	February 23, 2001
	$ 3.11	

Item 6. Selected Financial Data

The Selected Consolidated Financial Data that appears on page 21 of the Alliance Capital 2001 Annual Report to Unitholders is incorporated by reference in this Annual Report on Form 10-K.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations that appears on pages 22 through 33 of the Alliance Capital 2001 Annual Report to Unitholders is incorporated by reference in this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

The quantitative and qualitative disclosures about market risk contained in Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 32 through 33 of the Alliance Capital 2001 Annual Report to Unitholders are incorporated by reference in this Annual Report on Form 10-K.

Item 8. Financial Statements and Supplementary Data

The Consolidated Financial Statements of Alliance Capital and its subsidiaries and the report thereon by KPMG LLP that appear on pages 34 through 54 of the Alliance Capital 2001 Annual Report to Unitholders are incorporated by reference in this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Neither Alliance Capital nor Alliance Holding had any changes in or disagreements with accountants in respect of accounting or financial disclosure.

PART III

Item 10. Directors and Executive Officers of the Registrant

General Partner

Alliance Capital's and Alliance Holding's activities are managed and controlled by Alliance as General Partner and Alliance Capital and Alliance Holding Unitholders do not have any rights to manage or control Alliance Capital or Alliance Holding. The General Partner has agreed that it will conduct no active business other than managing Alliance Capital and Alliance Holding, although it may make certain investments for its own account.

The General Partner does not receive any compensation from Alliance Capital or Alliance Holding for services rendered to Alliance Capital or Alliance Holding as General Partner. The General Partner holds a 1% general partnership interest in Alliance Capital and 100,000 units of general partnership interest in Alliance Holding. As of March 1, 2002 Equitable, ACMC and ECMC, affiliates of the General Partner, held 128,477,020 Alliance Capital Units and 1,544,356 Alliance Holding Units.

The General Partner is reimbursed by Alliance Capital for all expenses incurred by it in carrying out its activities as General Partner of Alliance Capital and Alliance Holding, including compensation paid by the General Partner to its directors and officers (to the extent such persons are not compensated directly as employees of Alliance Capital) and the cost of directors and officers liability insurance obtained by the General Partner. The General Partner was not reimbursed for any such expenses in 2001 except for directors' fees and directors and officers liability insurance.

Directors and Executive Officers of the General Partner

The directors and executive officers of the General Partner are as follows:

Name	Age	Position
Bruce W. Calvert	55	Chairman of the Board, Chief Executive Officer and Director
Donald H. Brydon	56	Director
John D. Carifa	57	Director, President and Chief Operating Officer
Henri de Castries	47	Director
Christopher M. Condron	54	Director
Denis Duverne	48	Director
Richard S. Dziadzio	38	Director
Alfred Harrison	64	Director and Vice Chairman
Roger Hertog	60	Director and Vice Chairman
Benjamin D. Holloway	77	Director
W. Edwin Jarmain	63	Director
Peter D. Noris	46	Director
Lewis A. Sanders	55	Director, Vice Chairman and Chief Investment Officer
Frank Savage	63	Director
Peter J. Tobin	58	Director
Stanley B. Tulin	52	Director
Dave H. Williams	69	Director and Chairman Emeritus
Kathleen A. Corbet	42	Executive Vice President
Gerald M. Lieberman	55	Executive Vice President-Finance and Operations
David R. Brewer, Jr.	56	Senior Vice President and General Counsel
Robert H. Joseph, Jr.	54	Senior Vice President and Chief Financial Officer

Mr. Calvert joined Alliance in 1973 as an equity portfolio manager and was elected Chief Executive Officer on January 6, 1999 and Chairman of the Board on May 1, 2001. He served as Chief Investment Officer from May 3, 1993 until January 6, 1999. He served as Vice Chairman from May 3, 1993 until April 30, 2001. From 1986 to 1993 he was an Executive Vice President and from 1981 to 1986 he was a Senior Vice President. He was elected a Director of Alliance in 1992.

Mr. Brydon was elected a Director of Alliance in May 1997. He is Chairman and Chief Executive Officer of AXA Investment Managers S.A. Mr. Brydon was formerly Barclays Group's Deputy Chief Executive of BZW, the investment banking division of Barclays Plc., and was a member of the Executive Committee of Barclays. Before joining BZW, Mr. Brydon was the Chief Executive and Chairman of Barclays de Zoete Wedd Investment Management Ltd. (BZWIM) and had served in various executive capacities within the Barclays organization including Barclays Investment Management Ltd. and Barclays Bank. Mr. Brydon serves as director of Allied Domecq Plc., Amersham Plc., and Edinburgh UK Tracker Trust Plc. He also serves as Vice President of the European Asset Management Association. AXA Investment Managers S.A. is a subsidiary of AXA, a parent of Alliance Capital and Alliance Holding.

Mr. Carifa joined Alliance in 1971 and was elected President and Chief Operating Officer on May 3, 1993. He is Chief Executive Officer of Alliance Capital's Mutual Funds Division and is Chairman and Director of the majority of Alliance Capital's Mutual Fund Boards. He was the Chief Financial Officer from 1973 until 1994. He was an Executive Vice President from 1986 to 1993 and he was a Senior Vice President from 1980 to 1986. He was elected a Director of Alliance in 1992. Mr. Carifa serves on the Board and the Executive Committee of The American Composers Orchestra. He also serves on the Board of Trustees of the Valley Hospital in Ridgewood, New Jersey and is a member of the Board of Governors and Executive Committee of the Investment Company Institute.

Mr. de Castries was elected a Director of Alliance in October 1993. Since January 19, 2000, he has been Chairman of the Management Board of AXA. Prior thereto, he was Vice Chairman of the Management Board of AXA, Senior Executive Vice President Financial Services and Life Insurance Activities of AXA in the United States, Germany, the United Kingdom and Benelux from 1996 to 2000; Executive Vice President Financial Services and Life Insurance Activities of AXA from 1993 to 1996; General Secretary of AXA from 1991 to 1993; and Central Director of Finances of AXA from 1989 to 1991. Mr. de Castries is also a Director or Officer of various subsidiaries and affiliates of the AXA Group and a Director of AXA Financial, and Equitable. Mr. de Castries was elected Vice Chairman of AXA Financial on February 14, 1996 and was elected Chairman of AXA Financial, effective April 1, 1998. AXA, AXA Financial and Equitable are parents of Alliance Capital and Alliance Holding. Equitable is a subsidiary of AXA Financial.

Mr. Condron was elected a Director of Alliance in May 2001. He is Director, President and Chief Executive Officer of AXA Financial, which he joined in May 2001. He is Chairman of the Board and Chief Executive Officer of AXA Client Solutions and Equitable. Mr. Condron is also a member of the Management Board of AXA. Prior to being named to head AXA Financial, Mr. Condron served both as President and Chief Operating Officer of Mellon Financial Corporation ("Mellon") since 1999 and President and Chief Financial Officer of The Dreyfus Corporation since 1995. He was Vice Chairman of The Boston Company from 1989 to 1993 and was then named Executive Vice President of Mellon in 1993, when Mellon acquired The Boston Company. Mr. Condron was named Vice Chairman of Mellon in 1994. In 1990, Mr. Condron was appointed a Director and Treasurer of Central Supply Corp. He served on the Board of Governors of the Investment Company Institute from October 1997 through October 2000 and served on its Executive Committee from November 1998 through October 2000. He was re-appointed to the ICI's Board of Governors in October 2001. In 1999, Mr. Condron was appointed a Director of The American Ireland Fund, which he also serves as Treasurer. AXA, AXA Financial, AXA Client Solutions and Equitable are parents of Alliance Capital and Alliance Holding. AXA Client Solutions and Equitable are subsidiaries of AXA Financial. Equitable is a subsidiary of AXA Client Solutions.

Mr. Duverne was elected a Director of Alliance in February 1996. Mr. Duverne is Group Executive Vice President-Finance, Control and Strategy of AXA which he joined as Senior Vice President in 1995. Prior to that Mr. Duverne was a member of the Executive Committee, Operations of Banque Colbert from 1992 to 1995. Mr. Duverne was Secretary General of Compagnie Financière IBI from 1991 to 1992. Mr. Duverne worked for the French Ministry of Finance serving as Deputy Assistant Secretary for Tax Policy from 1988 to 1991 and director of the Corporate Taxes Department from 1986 to 1988. He is also a Director of various subsidiaries and affiliates of the AXA Group. Mr. Duverne is also a Director of Equitable. AXA and Equitable are parents of Alliance Capital and Alliance Holding. Equitable is a subsidiary of AXA Financial.

Mr. Dziadzio was elected a Director of Alliance in February 2001. Mr. Dziadzio is Senior Vice President — Asset Management Activities of AXA, which he joined in 1994 as a member of the corporate finance department with responsibilities in the realm of asset management and insurance businesses, as well as other areas of activities in the United States and United Kingdom. From 1998 through December 31, 2000, Mr. Dziadzio was Chief of Finance and Administration of AXA Real Estate Investment Managers, a wholly-owned subsidiary of AXA. Prior to joining AXA, he was with Yarmouth Group, a real estate investment advisory company, holding positions in New York and London. AXA is a parent of Alliance Capital and Alliance Holding.

Mr. Harrison joined Alliance in 1978 and was elected Vice Chairman on May 3, 1993. Mr. Harrison is in charge of Alliance Capital's Minneapolis office and is a senior portfolio manager. He was an Executive Vice President from 1986 to 1993 and a Senior Vice President from 1978 to 1986. He was elected a Director of Alliance in 1992.

Mr. Hertog was elected Director and Vice Chairman of Alliance on October 2, 2000. Prior thereto, he was President and Chief Operating Officer of Sanford C. Bernstein & Co., Inc., which he joined as a research analyst in 1968. Mr. Hertog is currently Chairman of the Manhattan Institute, a leading policy institute specializing in urban issues. He is also a Trustee of the American Enterprise Institute for Public Policy Research in Washington, D.C. and a Trustee of the New York Public Library. Mr. Hertog is a Director and President of SCB Inc.

Mr. Holloway was elected a Director of Alliance in November 1987. He is a consultant to The Continental Real Estate Companies. From September 1988 until his retirement in March 1990, Mr. Holloway was a Vice Chairman of Equitable. He served as an Executive Vice President of Equitable from 1979 until 1988. Prior to his retirement he served as a Director and Officer of various Equitable subsidiaries. Mr. Holloway is a Director of Interstate Hotels Corporation and the Museum of Contemporary Art in Miami. Mr. Holloway was a Director of Rockefeller Center Properties, Inc. and is a Director Emeritus of The Duke University Management Corporation, former Chairman of The Touro National Heritage Trust, a Regent of the Cathedral of St. John the Divine and a Trustee of Duke University (Emeritus) and the American Academy in Rome (Emeritus).

Mr. Jarmain was elected a Director of Alliance in May 2000. He has been President of Jarmain Group Inc. (a private investment holding company) since 1979. Mr. Jarmain has been a Director of AXA Financial and Equitable since July 1992 and a Director of several other companies affiliated with Equitable. He served as non-executive Chairman and Director of FCA International Ltd. from January 1994 through May 1998. AXA Financial and Equitable are parents of Alliance Capital and Alliance Holding. Equitable is a subsidiary of AXA Financial.

Mr. Noris was elected a Director of Alliance in July 1995. Since 1995 Mr. Noris has been Executive Vice President and Chief Investment Officer of AXA Financial and Equitable. Prior thereto, he was Vice President for Salomon Brothers from 1992 to 1995. From 1984 to 1992 Mr. Noris was a Principal in the Fixed Income and Equity Divisions of Morgan Stanley Group Inc. AXA Financial and Equitable are parents of Alliance Capital and Alliance Holding. Equitable is a subsidiary of AXA Financial.

Mr. Sanders was elected Director, Vice Chairman and Chief Investment Officer of Alliance on October 2, 2000. Prior thereto, he served as Chairman and Chief Executive officer of Sanford C. Bernstein & Co., Inc., which he joined in 1968 as a research analyst. Mr. Sanders is a Chartered Financial Analyst, a New York Stock Exchange supervisory analyst and was a member of the *Institutional Investor* All-America Research Team for four years. Mr. Sanders is a Director, Chairman and the Chief Executive Officer of SCB Inc.

Mr. Savage was elected a Director of Alliance in May 1993. He served as Chairman of Alliance Capital Management International, a division of Alliance Capital, from May 1994 until July 31, 2001. Mr. Savage is Chief Executive Officer of Savage Holdings LLC, a private equity investing firm. In addition, Mr. Savage is a Director of Lockheed Martin Corporation, Qualcomm Inc., and Enron Corp.

Mr. Tobin was elected a Director of Alliance in May 2000. He has been Dean of the Tobin College of Business since August 1998. As Dean, Mr. Tobin is the chief executive and academic leader of the College of Business. Mr. Tobin was Chief Financial Officer at The Chase Manhattan Corporation from 1996 to 1997. Prior thereto, he was Chief Financial Officer of Chemical Bank (which merged with chase in 1996) from 1991 to 1996 and Chief Financial Officer of Manufacturers Hanover Trust (which merged with Chemical in 1991) from 1985 to 1991. Mr. Tobin is a member of the American Institute of Certified Public Accountants, the New York State Society of CPA's and the Financial Executives Institute. He is also a member of the Independent Budget Office of New York City Advisory Board and the Boards of Directors of The H.W. Wilson Co. and P.A. Consulting Group. He has been a Director of AXA Financial since March 1999. AXA Financial is a parent of Alliance Capital and Alliance Holding.

Mr. Tulin was elected a Director of Alliance in July 1997. He is Vice Chairman and Chief Financial Officer of AXA Financial and Director, Vice Chairman and Chief Financial Officer of Equitable. In addition to his current responsibilities at AXA Financial, Mr. Tulin has responsibility for Group financial communication, relations with rating agencies and consolidated risk assessment. Since December 2000, he has also been Executive Vice President of AXA and a member of its Executive Committee. Mr. Tulin was formerly Coopers & Lybrand's Co-Chairman of the Insurance Industry Practice. Before joining Coopers & Lybrand, Mr. Tulin was with Milliman and Robertson for 17 years. Mr. Tulin is a Fellow of the Society of Actuaries, a Board member of the American Academy of Actuaries and a frequent speaker at actuarial and insurance industry conferences. He is a member of the Board of Directors and Treasurer of the Jewish Theological Seminary; Brandeis University Graduate School of International Economics and Finance; Board Member of the American Council of Life Insurers; and a Board Member of the Life Insurance Council of New York, Inc. AXA, AXA Financial and Equitable are parents of Alliance Capital and Alliance Holding. Equitable is a subsidiary of AXA Financial.

Mr. Williams joined Alliance in 1977 and was the Chairman of the Board until May 1, 2001 when he became Chairman Emeritus. He served as a Director of Equitable from March 1991 until April 2001 and served as a Director of AXA Financial from May 1992 until April 2001. He served as a Senior Executive Vice President of AXA from January 1997 through January 2000. Mr. Williams is a Director of Groupo Elektra. AXA, AXA Financial and Equitable are parents of Alliance Capital and Alliance Holding. Mr. Williams is the husband of Mrs. Reba W. Williams, a Director of Alliance until May 1, 2001.

Ms. Corbet joined Alliance in 1993 and has been an Executive Vice President since February 1997. Ms. Corbet has been the Chief Executive Officer of Alliance Fixed Income Investors, a division of Alliance Capital, since 2000 and Chairman of Alliance Capital Management Australia Limited and Alliance Capital Management New Zealand Limited, each a subsidiary of Alliance Capital, since February 2001. She served as Chief Executive Officer of Alliance Capital Limited, a wholly-owned subsidiary of Alliance Capital, from 1998 until 2000. She was Chief of Investment Operations of Alliance from 1997 to 1999. She served as President and Chief Administrative Officer of Alliance Fixed Income Investors from 1995 to 1999. She was Senior Vice President and Head of Insurance Asset Management, Money Markets and Quantitative Fixed Income Research from 1993 through 1994. Prior to joining Alliance, Ms. Corbet was Executive Vice President and Head of Fixed Income Management Division of Equitable Capital Management Corporation, which was acquired by Alliance in 1993. Ms. Corbet is a member of the Board of Trustees of Boston College and a member of the New York University Stern Business School Advisory Committee.

Mr. Lieberman joined Alliance in October 2000 as a member of the senior officer team from the Sanford C. Bernstein & Co., acquisition. He was named Executive Vice President, Finance and Operations in November 2000. Prior to the Bernstein Acquisition, Mr. Lieberman was a member of Bernstein's Board of Directors with senior responsibility for Finance and Administration. Prior to joining Bernstein in 1998, he was Chief Financial Officer and chief of administration

at Fidelity Investments. He is a member of the Board of Overseers for the University of Connecticut School of Business Administration, a Trustee of the University of Connecticut Foundation, and a member of the Board of Directors of American Friends of Beth Issie Shapiro.

Mr. Brewer joined Alliance in 1987 and has been Senior Vice President and General Counsel since 1991. From 1987 until 1990 Mr. Brewer was Vice President and Assistant General Counsel of Alliance. Mr. Brewer is a member of the Board of Directors of ICI Mutual Insurance Company.

Mr. Joseph joined Alliance in 1984 and has been Senior Vice President and Chief Financial Officer since December 1994. He was Senior Vice President and Controller from 1989 until January 1994 and Senior Vice President-Finance from January 1994 until December 1994. From 1986 until 1989 Mr. Joseph was Vice President and Controller of Alliance and from 1984 to 1986 Mr. Joseph was a Vice President and the Controller of AGIS, a subsidiary of Alliance Capital.

AXA Financial and SCB Inc. entered into an agreement in connection with the Bernstein Acquisition pursuant to which AXA Financial agreed to elect or cause the election of Messrs. Lewis A. Sanders and Roger Hertog to the Board of Directors until at least October 2, 2003.

Certain executive officers of Alliance are also directors or trustees and officers of various Alliance Mutual Funds and are directors and officers of certain of Alliance Capital's subsidiaries and affiliates.

All directors of the General Partner hold office until the next annual meeting of the stockholder of the General Partner and until their successors are elected and qualified. All officers of the General Partner serve at the discretion of the General Partner's Board of Directors.

The General Partner has an Audit Committee composed of its independent directors Messrs. Holloway, Jarmain, and Tobin. The Audit Committee reports to the Board of Directors with respect to the selection and terms of engagement of the independent auditors of Alliance Capital and Alliance Holding and with respect to certain other matters. The Audit Committee also reviews various matters relating to the accounting and auditing policies and procedures of Alliance Capital and Alliance Holding. The Audit Committee held 4 meetings in 2001.

The General Partner has a Board Compensation Committee composed of Messrs. Calvert, Condron and Holloway. The Board Compensation Committee is responsible for compensation and compensation related matters, including, but not limited to, responsibility and authority for determining bonuses, contributions and awards under most employee incentive plans or arrangements, amending or terminating such plans or arrangements or any welfare benefit plan or arrangement or adopting any new incentive, fringe benefit or welfare benefit plan or arrangement. The Option Committee, consisting of Mr. Holloway, is responsible for granting options under Alliance Capital's 1993 Unit Option Plan. The 1997 Option Committee, consisting of Messrs. Calvert, Condron and Holloway, is responsible for granting options under Alliance Capital's 1997 Long Term Incentive Plan. The Unit Option and Unit Bonus Committee, consisting of Messrs. Holloway and Condron, is responsible for granting awards under Alliance Capital's Unit Bonus Plan. The Board Compensation Committee, Option Committee, Unit Option and Unit Bonus Committee and 1997 Option Committee consult with an Executive Committee consisting of Messrs. Calvert, Carifa, Harrison, Sanders, Hertog, Lieberman and Ms. Corbet with respect to matters within their authority. The Committee under the SCB Deferred Compensation Award Plan consisting of Messrs. Sanders and Hertog is responsible for granting awards under the SCB Deferred Compensation Award Plan. The Century Club Plan Committee, consisting of Messrs. Carifa and Michael J. Laughlin, Executive Vice President of the General Partner and Chairman of the Board of AFD, is responsible for granting awards under Alliance Capital's Century Club Plan.

The General Partner pays directors who are not employees of Alliance Capital, Alliance Holding, AXA Financial or any affiliate of AXA Financial (i) an annual retainer of $20,000, (ii) a fee of $2,500 per meeting attended in person of the Board of Directors, (iii) a fee of $1,250 per meeting attended by telephone of the Board of Directors, (iv) a fee of $1,000 per meeting attended in person of a committee of the Board of Directors not held in conjunction with a Board of Directors meeting, and (v) a fee of $500 per meeting attended by telephone of a committee of the Board of Directors not held in conjunction with a Board of Directors meeting. The General Partner also grants annually to such directors an option to purchase 10,000 Alliance Holding Units pursuant to Alliance Capital's Unit Option Plans, the date of grant to be determined by the Board of Directors each year. During 2001, options were granted on May 17 to Messrs. Holloway, Jarmain and Tobin. Alliance Capital reimburses Messrs. Brydon, de Castries, Duverne, Dziadzio, Holloway, Jarmain, and Tobin for certain expenses incurred in attending Board of Directors' meetings. Other directors are not entitled to any additional compensation from the General Partner for their services as directors. The Board of Directors meets quarterly.

Section 16 (a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the General Partner's directors and executive officers, and persons who own more than 10% of the Alliance Holding Units or Alliance Capital Units to file with the SEC initial reports of ownership and reports of changes in ownership of Alliance Holding Units or Alliance Capital Units. To the best of Alliance Holding's knowledge, during the year ended December 31, 2001 all Section 16(a) filing requirements applicable to its executive officers, directors and 10% beneficial owners were complied with. To the best of Alliance Capital's knowledge, during the year ended December 31, 2001 all Section 16(a) filing requirements applicable to its executive officers, directors and 10% beneficial owners were complied with.

Item 11. Executive Compensation

The following Summary Compensation Table sets forth all plan and non-plan compensation awarded to, earned by or paid to the Chief Executive Officer and each of the four most highly compensated executive officers of the General Partner at the end of 2001 ("Named Executive Officers"):

		Annual Compensation (1)			Long Term Compensation Awards		Payouts	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Compensation ($) (2)	Restricted Stock Award(s) ($)	Options/ (#Units)	LTIP Payouts ($) (1)	All other Compen-sation ($) (3)
Bruce W. Calvert	2001	275,002	6,000,000	4,565,988	0	0	0	1,244,649
Chairman of the Board &	2000	275,002	9,600,000	8,850,551	0	300,000	0	1,632,051
Chief Executive Officer	1999	269,232	6,200,000	—	0	0	0	1,506,856
John D. Carifa	2001	275,002	6,000,000	288,975	0	0	0	1,313,493
President & Chief Operating	2000	275,002	9,600,000	2,449,450	0	300,000	0	1,634,179

Officer	1999	269,232	7,200,000	6,601,411	0	0	0	1,506,082
Lewis A. Sanders	2001	275,002	2,225,000	—	0	0	0	0
Vice Chairman &	2000	62,404	431,250	—	0	0	0	0
Chief Investment Officer	1999	—	—	—	—	—	—	—
Roger Hertog	2001	275,002	1,225,000	—	0	0	0	0
Vice Chairman	2000	62,404	306,250	—	0	0	0	0
	1999	—	—	—	—	—	—	—
Kathleen A. Corbet	2001	200,000	2,585,000	305,637	0	30,000	0	643,990
Executive Vice President	2000	189,903	2,445,000	874,678	0	150,000	0	727,257
	1999	175,000	1,975,000	113,508	0	40,000	0	643,781

(1) Mr. Sanders and Mr. Hertog became employees of Alliance Capital on October 2, 2000, the date of the Bernstein Acquisition. Accordingly, no amounts are included for periods prior to October 2, 2000.

(2) Perquisites and personal benefits are not included in column (e) if the aggregate amount did not exceed the lesser of either $50,000 or 10% of the total annual salary and bonus reported in columns (c) and (d).

Column (e) for 2001 includes for Mr. Calvert, among other perquisites and personal benefits, $4,305,970 representing the dollar value of the difference between the exercise price and fair market value of Alliance Holding Units acquired as a result of the exercise of options, distributions of $223,031 in respect of unvested Alliance Holding Units awarded under the Partners Compensation Plan and $25,987 of car allowance.

Column (e) for 2001 includes for Mr. Carifa, among other perquisites and personal benefits, distributions of $223,031 in respect of unvested Alliance Holding Units awarded under the Partners Compensation Plan, $29,800 for personal tax services and $20,279 of car allowance.

Column (e) for 2001 includes for Ms. Corbet, among other perquisites and personal benefits, $90,000 representing the dollar value of the difference between the exercise price and fair market value of Alliance Holding Units acquired as a result of the exercise of options and distributions of $208,805 in respect of unvested Alliance Holding Units awarded under the Partners Compensation Plan.

Column (e) for 2000 includes for Mr. Calvert, among other perquisites and personal benefits, $8,687,906 representing the dollar value of the difference between the exercise price and fair market value of Alliance Holding Units and AXA Financial common stock acquired as a result of the exercise of options, distributions of $128,152 in respect of unvested Alliance Holding units awarded under the Partners Compensation Plan and $19,617 of car allowance.

Column (e) for 2000 includes for Mr. Carifa, among other perquisites and personal benefits, $2,264,060 representing the dollar value of the difference between the exercise price and fair market value of AXA Financial common stock acquired as a result of the exercise of options, distributions of $128,152 in respect of unvested Alliance Holding Units awarded under the Partners Compensation Plan and $16,821 of air travel.

Column (e) for 2000 includes for Ms. Corbet, among other perquisites and personal benefits, $417,656 representing the dollar value of the difference between the exercise price and fair market value of Alliance Holding Units acquired as a result of the exercise of options, $322,315 relating to tax equalization and housing, for a temporary assignment in London, and distributions of $93,384 in respect of unvested Alliance Holding Units awarded under the Partners Compensation Plan.

Column (e) for 1999 includes for Mr. Carifa, among other perquisites and personal benefits, $6,525,000 representing the dollar value of the difference between the exercise price and fair market value of Alliance Holding Units acquired as a result of the exercise of options and $42,000 for personal tax services.

Column (e) for 1999 includes for Ms. Corbet $113,508 relating to a temporary assignment in London, including cost-of-living adjustment, tax equalization and car allowance.

(3) Column (i) includes award amounts vested and earnings credited in 1999, 2000 and 2001 in respect of the Alliance Partners Compensation Plan, SCB Deferred Compensation Plan and the Alliance Capital Management L.P. Annual Elective Deferral Plan ("Alliance Deferral Plan"). The table does not include any amounts in respect of 2001 awards under the Alliance Partners Compensation Plan, the SCB Deferred Compensation Plan or in respect of association with the hedge funds since none of these awards or contributions have vested and no earnings have been credited in respect thereof. Alliance Capital adopted the SCB Deferred Compensation Plan in connection with the Bernstein Acquisition. Under the SCB Deferred Compensation Plan Alliance Capital agreed to make awards of $96 million per year for three years after the closing for the benefit of certain individuals who were stockholders or principals of SCB Inc. on the closing date and their replacements.

Column (i) includes the following amounts for 2001:

	Bruce W. Calvert	John D. Carifa	Lewis A. Sanders	Roger Hertog	Kathleen A. Corbet
Earnings Accrued on Partners Plan Balances	$ 4,001	$ 4,535	$ 0	$ 0	$ 0
Vesting of Awards and Accrued Earnings Under Capital Accumulation Plan	102,496	98,240	0	0	0
Vesting of Awards and Accrued Earnings Under Alliance Partners Compensation Plan	1,112,395	1,112,395	0	0	586,057

Vesting of Matching Contributions and Earnings Under Alliance Deferral Plan	0	69,386	0	0	34,693
Profit Sharing Plan Contribution	22,100	22,100	0	0	22,100
Term Life Insurance Premiums	3,657	6,837	0	0	1,140
Total	$ 1,244,649	$ 1,313,493	$ 0	$ 0	$ 643,990

Option Grants in 2001

The table below shows information regarding grants of options made to the Named Executive Officers under the 1993 Unit Option Plan and the 1997 Long Term Incentive Plan ("Alliance Capital Option Plans") during 2001. The amounts shown for each of the Named Executive Officers as potential realizable values are based on assumed annualized rates of appreciation of five percent and ten percent over the full ten-year term of the options, which would result in Alliance Holding Unit prices of approximately $81.85 and $130.34, respectively. The amounts shown as potential realizable values for all Alliance Holding Unitholders represent the corresponding increases in the market value of 74,880,255 outstanding Alliance Holding Units held by all Alliance Holding Unitholders as of December 31, 2001, which would total approximately $2.4 billion and $6.0 billion, respectively. No gain to the optionees is possible without an increase in Alliance Holding Unit price which will benefit all Alliance Holding Unitholders proportionately. These potential realizable values are based solely on assumed rates of appreciation required by applicable SEC regulations. Actual gains, if any, on option exercises and Alliance Holding Unitholdings are dependent on the future performance of the Alliance Holding Units. There can be no assurance that the potential realizable values shown in this table will be achieved.

Option Grants In 2001

	Individual Grants (1)				Potential Realizable Value at Assumed Annual Rates of Unit Price Appreciation for Option Term	
Name	Number of Securities Underlying Options Granted (#)	% of total Options Granted to Employees in Fiscal Year (2)	Exercise Price ($/Unit)	Expiration Date	5% ($)	10% ($)
Bruce W. Calvert	0	N/A	N/A	N/A	N/A	N/A
John D. Carifa	0	N/A	N/A	N/A	N/A	N/A
Lewis A. Sanders	0	N/A	N/A	N/A	N/A	N/A
Roger Hertog	0	N/A	N/A	N/A	N/A	N/A
Kathleen A. Corbet	30,000	1.2%	50.25	12/7/2011	948,000	2,403,000

(1) Options on Alliance Holding Units are awarded at the fair market value of Alliance Holding Units at the date of award and become exercisable in 20% increments commencing one year from such date if the optionee has not died or terminated employment. Such options lapse at the earliest of ten years after award, three months after the optionee's normal termination of employment or disability, six months after the optionee's death, or at the time of the optionee's termination of employment otherwise than normally.

(2) Options in respect of 2,468,500 Alliance Holding Units were granted in 2001.

Aggregated Option Exercises in 2001 and 2001 Year-End Option Values

The following table summarizes for each of the Named Executive Officers the number of options exercised during 2001, the aggregate dollar value realized upon exercise, the total number of Alliance Holding Units subject to unexercised options held at December 31, 2001, and the aggregate dollar value of in-the-money, unexercised options held at December 31, 2001. Value realized upon exercise is the difference between the fair market value of the underlying Alliance Holding Units on the exercise date and the exercise price of the option. Value of unexercised, in-the-money options at fiscal year-end is the difference between its exercise price and the fair market value of the underlying Alliance Holding Units on December 31, 2001, which was $48.32 per Alliance Holding Unit. These values have not been, and may never be, realized. The underlying options have not been, and may never be, exercised, and actual gains, if any, on exercise will depend on the value of Alliance Holding Units on the date of exercise. There can be no assurance that these values will be realized.

Aggregated Option Exercises In 2001 And December 31, 2001 Option Values

			Number of Alliance Holding Units Underlying Unexpired Options at December 31, 2001		Value of Unexercised In-the-Money Options at December 31, 2001 ($) (1)	
Name	Options Exercised (# Units)	Value Realized ($)	Exercisable	Unexercisable	Exercisable	Unexercisable
Bruce W. Calvert	100,000	4,305,970	860,000	440,000	25,909,125	4,401,500
John D. Carifa	0	N/A	710,000	440,000	20,164,250	4,401,500
Lewis A. Sanders	0	N/A	0	0	0	0
Roger Hertog	0	N/A	0	0	0	0
Kathleen A. Corbet	30,000	90,000	223,000	236,000	7,274,596	1,458,340

(1) In-the-Money Options are those where the fair market value of the underlying Alliance Holding Units exceeds the exercise price of the option. The Named Executive Officers hold no other options in respect of the Alliance Holding Units or the Alliance Capital Units.

Options to acquire Alliance Holding Units are granted by Alliance Capital to its employees. Upon exercise of options, Alliance Holding exchanges the proceeds from exercise for a number of Alliance Capital Units equal to the number of Alliance Holding Units acquired pursuant to the option exercises, thus increasing Alliance Holding's investment in Alliance Capital.

Compensation Agreements with Certain Executive Officers

In connection with Equitable's 1985 acquisition of Donaldson, Lufkin & Jenrette, Inc. ("DLJ"), the former parent of ACMC, ACMC entered into employment agreements with Messrs. Calvert and Carifa. Each agreement provided for deferred compensation payable in stated monthly amounts for ten years commencing at age 65, or earlier in a reduced amount in the event of disability or death, if the individual involved so elects. The right to receive such deferred compensation is vested. Assuming payments commence at age 65, the annual amount of deferred compensation payable for ten years to Messrs. Calvert and Carifa is $434,612 and $522,036, respectively. While Alliance Capital assumed responsibility for payment of these deferred compensation obligations, ACMC and Alliance are required, subject to certain limitations, to make capital contributions to Alliance Capital in an amount equal to the payments, and ACMC is also obligated to the employees for the payments. ACMC's obligations to make capital contributions to Alliance Capital are guaranteed, subject to certain limitations, by Equitable Investment Corporation ("EIC"), a wholly-owned subsidiary of Equitable, the parent of Alliance.

In connection with the Bernstein Acquisition Mr. Sanders and Mr. Hertog entered into employment agreements with Alliance Capital that expire on October 2, 2003. Under the terms of their respective employment agreements Messrs. Sanders and Hertog have each agreed (i) not to engage, directly or indirectly, in any business that is competitive with Alliance Capital for a period through October 2, 2003 or, in the event of a termination by Alliance Capital without cause (as defined in their respective employment agreement) or by Messrs. Sanders or Hertog as the case may be, for good reason (as defined in their respective employment agreement), through the date of such termination; (ii) not to solicit or entice away any employee of

Alliance Capital for a period through October 2, 2003 or, in the event of a termination by Alliance Capital without cause or by Messrs. Sanders or Hertog, as the case may be, for good reason, through the date of such termination, and (iii) not to solicit or entice away any clients or accounts of Alliance Capital through the earlier of October 2, 2003 and the end of the one year period beginning on the date as of which employment is terminated. "Good reason" under the employment agreements of Messrs. Sanders and Hertog include any failure of Mr. Sanders or Mr. Hertog, respectively, to be elected to the Board of Directors of Alliance or the removal of Mr. Sanders or Mr. Hertog, respectively, from the Board without cause. The employment agreements provide for an annual minimum base salary of $1,000,000 per year and provide that Mr. Sanders and Mr. Hertog shall receive minimum annual awards under the SCB Deferred Compensation Plan of $5,333,000 and $4,000,000, respectively.

Certain Employee Benefit Plans

Retirement Plan. Alliance Capital maintains a qualified, non-contributory, defined benefit retirement plan covering most employees of Alliance Capital who have completed one year of service and attained age 21. Employer contributions are determined by application of actuarial methods and assumptions to reflect the cost of benefits under the plan. Each participant's benefits are determined under a formula which takes into account years of credited service, the participant's average compensation over prescribed periods and Social Security covered compensation. The maximum annual benefit payable under the plan may not exceed the lesser of $100,000 or 100% of a participant's average aggregate compensation for the three consecutive years in which he received the highest aggregate compensation from Alliance Capital or such lower limit as may be imposed by the Internal Revenue Code on certain participants by reason of their coverage under another qualified plan maintained by Alliance Capital. A participant is fully vested after the completion of five years of service. The plan generally provides for payments to or on behalf of each vested employee upon such employee's retirement at the normal retirement age provided under the plan or later, although provision is made for payment of early retirement benefits on an actuarially reduced basis. Normal retirement age under the plan is 65. Death benefits are payable to the surviving spouse of an employee who dies with a vested benefit under the plan.

The table below sets forth with respect to the retirement plan the estimated annual straight life annuity benefits payable upon retirement at normal retirement age for employees with the remuneration and years of service indicated.

	Estimated Annual Benefits						
	Years of Service at Retirement						
Average Final Compensation	15	20	25	30	35	40	45
$ 100,000	$ 18,654	$ 24,872	$ 31,090	$ 37,308	$ 43,526	$ 48,526	$ 53,526
150,000	29,904	39,872	49,840	59,808	69,776	77,276	84,776
200,000	41,154	54,872	68,590	82,308	96,026	100,000	100,000
250,000	52,404	69,872	87,340	100,000	100,000	100,000	100,000
300,000	63,654	84,872	100,000	100,000	100,000	100,000	100,000

Assuming they are employed by Alliance Capital until age 65, the credited years of service under the plan for Messrs. Calvert and Carifa and Ms. Corbet would be 38, 40, and 41, respectively. Compensation on which plan benefits are based includes only base compensation and not bonuses, incentive compensation, profit-sharing plan contributions or deferred compensation. The compensation for calculation of plan benefits for each of these three individuals for 2001 is $170,000, $170,000 and $170,000, respectively. Messrs. Sanders and Hertog are not eligible to participate in the retirement plan.

DLJ Executive Supplemental Retirement Program. In 1983, DLJ adopted an Executive Supplemental Retirement Program under which certain employees of Alliance Capital deferred a portion of their 1983 compensation in return for which DLJ agreed to pay each of them a specified annual retirement benefit for 15 years beginning at age 65. Benefits are based upon the participant's age and the amount deferred and are calculated to yield an approximate 12.5% annual compound return. In the event of the participant's disability or death, an equal or lesser amount is to be paid to the participant or his beneficiary. After age 55, participants the sum of whose age and years of service equals 80 may elect to have their benefits begin in an actuarially reduced amount before age 65. DLJ has funded its obligation under the Program through the purchase of life insurance policies.

The following table shows as to the Named Executive Officers who are participants in the Plan the estimated annual retirement benefit payable at age 65. Each of these individuals is fully vested in the applicable benefit.

Name	Estimated Annual Retirement Benefit
Bruce W. Calvert	$ 154,501.80
John D. Carifa	124,495.56

Item 12. Security Ownership of Certain Beneficial Owners and Management

Principal Security Holders

Alliance Capital has no information that any person beneficially owns more than 5% of the outstanding Alliance Capital Units except (i) AXA Financial, Equitable, ACMC and ECMC (Equitable, ACMC and ECMC are wholly-owned subsidiaries of AXA Financial) as reported on Schedule 13D dated June 30, 2000 and subsequent Forms 4 dated July 10, 2001 and September 10, 2001, respectively, filed with the SEC by AXA Financial and certain of its affiliates pursuant to the Securities Exchange Act of 1934, and (ii) SCB Inc. as reported on Schedule 13D dated October 12, 2000, filed with the SEC by SCB Inc. pursuant to the Securities Exchange Act of 1934. The following table and notes have been prepared in reliance upon such filings for the nature of ownership and an explanation of overlapping ownership.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership Reported on Schedule	Percent of Class
AXA (1)(2)(3)(4)(6) 25 avenue Matignon 75008 Paris France	128,477,020	51.6%
AXA Financial (1)(2)(3)4)(6) 1290 Avenue of the Americas New York, NY 10019	128,477,020	51.6%
SCB Inc. (5)(6) SCB Partners Inc. (5)(6) 50 Main Street, Suite 1000 White Plains, NY 10606	40,800,000	16.4%

(1) Based on information provided by AXA Financial, at March 1, 2002, AXA and certain of its subsidiaries beneficially owned all of AXA Financial's outstanding common stock. For insurance regulatory purposes the shares of capital stock of AXA Financial beneficially owned by AXA and its subsidiaries have been deposited into a voting trust ("Voting Trust") which has an initial term of 10 years commencing May 12, 1992. The trustees of the Voting Trust (the "Voting Trustees") are Claude Bébéar, Patrice Garnier and Henri de Clermont-Tonnerre, each of whom serves on the Supervisory Board of AXA. The Voting Trustees have agreed to exercise their voting rights to protect the legitimate economic interests of AXA, but with a view to ensuring that certain minority shareholders of AXA do not exercise control over AXA Financial or certain of its insurance subsidiaries.

(2) Based on information provided by AXA, on March 1, 2002, approximately 17.8% of the issued ordinary shares (representing 28.8% of the voting power) of AXA were owned directly and indirectly by Finaxa, a French holding company. As of March 1, 2002, 69.5% of the shares (representing 79.5% of the voting power) of Finaxa were owned by four French mutual insurance companies (the "Mutuelles AXA") and 22.2% of the shares of Finaxa (representing 13.7% of the voting power) were owned by Paribas, a French bank. On March 1, 2002, the Mutuelles AXA owned directly or indirectly through intermediate holding companies (including Finaxa) approximately 20.6% of the issued ordinary shares (representing 33.2% of the voting power) of AXA.

(3) The Voting Trustees may be deemed to be beneficial owners of all Alliance Capital Units beneficially owned by AXA and its subsidiaries. In addition, the Mutuelles AXA, as a group, and Finaxa may be deemed to be beneficial owners of all Alliance Capital Units beneficially owned by AXA and its subsidiaries. By virtue of the provisions of the Voting Trust Agreement, AXA may be deemed to have shared voting power with respect to the Alliance Capital Units. AXA and its subsidiaries have the power to dispose or direct the disposition of all shares of the capital stock of AXA Financial deposited in the Voting Trust. The Mutuelles AXA, as a group, and Finaxa may be deemed to share the power to vote or to direct the vote and to dispose or to direct the disposition of all the Alliance Capital Units beneficially owned by AXA and its subsidiaries. The address of each of AXA and the Voting Trustees is 25, avenue Matignon, 75008 Paris, France. The address of Finaxa is 23 avenue Matignon, 75008 Paris, France. The addresses of the Mutuelles AXA are as follows: The address of each of AXA Conseil Vie Assurance Mutuelle, AXA Assurances Vie Mutuelle and AXA Assurances I.A.R.D. Mutuelle is 370, rue Saint Honoré, 75001 Paris, France; and the address of AXA Courtage Assurance Mutuelle is 26, rue Louis le Grand, 75002 Paris, France. The address of Paribas is 3, rue d'Antin, Paris, France.

(4) By reason of their relationship, AXA, the Voting Trustees, the Mutuelles AXA, Finaxa, AXA Financial, AXA Client Solutions, Equitable, Equitable Holdings, LLC, ACMC and ECMC may be deemed to share the power to vote or to direct the vote and to dispose or direct the disposition of all or a portion of the 128,477,020 Alliance Capital Units.

(5) SCB Partners Inc. is a wholly-owned subsidiary of SCB Inc. Mr. Sanders is a Director, the Chairman and the Chief Executive Officer of SCB Inc. and is the owner of an approximate 22.2% equity interest in SCB Inc. Mr. Hertog is a Director, President and Chief Operating Officer of SCB Inc. and is the owner of an approximate 10% equity interest in SCB Inc. Mr. Lieberman is a Director and the Chief Financial Officer of SCB Inc. and is the owner of a less than 1% equity interest in SCB Inc. Mr. Sanders, Mr. Hertog and Mr. Lieberman disclaim beneficial ownership of the 40.8 million Alliance Capital Units owned by SCB Partners Inc.

(6) In connection with the Bernstein Acquisition SCB Inc., Alliance Capital and AXA Financial entered into a purchase agreement under which SCB Inc. has the right to sell or assign up to 2.8 million Alliance Capital Units issued in connection with the Bernstein Acquisition at any time. Beginning on October 2, 2002, SCB Inc. has the right ("Put") to sell to AXA Financial or an entity designated by AXA Financial up to 8.16 million Alliance Capital Units issued in connection with the Bernstein Acquisition each year less any Alliance Capital Units SCB Inc. may have otherwise transferred that year. The Put rights expire on October 2, 2010. Generally, SCB Inc. may exercise its Put rights only once per year and SCB Inc. may not deliver an exercise notice regarding its Put rights until at least nine months after it delivered its immediately preceding exercise notice.

Alliance Holding, 1345 Avenue of the Americas, New York, NY 10105, owns 75,220,955 or 30.2% of the outstanding Alliance Capital Units.

Alliance Holding has no information that any person beneficially owns more than 5% of the outstanding Alliance Holding Units.

Management

The following table sets forth, as of March 1, 2002, the beneficial ownership of Alliance Capital Units by each director and each Named Executive Officer of the General Partner and by all directors and executive officers of the General Partner as a group:

Name of Beneficial Owner	Number of Alliance Capital Units and Nature of Beneficial Ownership	Percent of Class
Bruce W. Calvert (1)	500,000	*
Donald H. Brydon (1)	0	*
John D. Carifa (1)	1,020,000	*
Henri de Castries (1)	0	*
Christopher M. Condron (1)	0	*
Denis Duverne (1)	0	*
Richard S. Dziadzio (1)	0	*
Alfred Harrison (1)	365,410	*
Roger Hertog (1)(2)	0	*
Benjamin D. Holloway	0	*
W. Edwin Jarmain (1)	0	*
Peter D. Noris (1)	0	*
Lewis A. Sanders (1)(2)	0	*
Frank Savage (1)	10,000	*
Peter J. Tobin (1)	0	*
Stanley B. Tulin (1)	0	*
Dave H. Williams (1)	759,036	*
Kathleen A. Corbet (1)	0	*
Gerald M. Lieberman (1)(2)	0	*
David R. Brewer, Jr. (1)	0	*
Robert H. Joseph, Jr. (1)	0	*
All Directors and executive officers of the General Partner as a Group (21 persons) (1)(2)	2,654,446	1.1%

* Number of Alliance Capital Units listed represents less than 1% of the Units outstanding.

(1) Excludes Alliance Capital Units beneficially owned by AXA, AXA Financial and/or Equitable. Messrs. Calvert, Brydon, de Castries, Condron, Duverne, Dziadzio, Jarmain, Noris, Tobin and Tulin are directors and/or officers of AXA, AXA Financial and/or Equitable. Messrs. Calvert, Carifa, Harrison, Hertog, Sanders, Savage, Williams, Lieberman, Brewer, Joseph and Ms. Corbet are directors and/or officers of Alliance.

(2) Excludes 40.8 million Alliance Capital Units beneficially owned by SCB Inc. and SCB Partners Inc., a wholly-owned subsidiary of SCB Inc. Mr. Sanders is a Director, the Chairman and the Chief Executive Officer of SCB Inc. and is the owner of an approximate 22.2% equity interest in SCB Inc. Mr. Hertog is a Director, President and Chief Operating Officer of SCB Inc. and is the owner of an approximate 10% equity interest in SCB Inc. Mr. Lieberman is a Director and the Chief Financial Officer of SCB Inc. and is the owner of a less than 1% equity interest in SCB Inc. Mr. Sanders, Mr. Hertog and Mr. Lieberman disclaim beneficial interest in the 40.8 million Alliance Capital Units owned by SCB Partners Inc.

The following table sets forth, as of March 1, 2002, the beneficial ownership of Alliance Holding Units by each director and each Named Executive Officer of the General Partner and by all directors and executive officers of the General Partner as a group:

Name of Beneficial Owner	Number of Alliance Holding Units and Nature of Beneficial Ownership	Percent of Class
Bruce W. Calvert (1)(2)	1,378,202	1.8%
Donald H. Brydon (1)	0	*
John D. Carifa (1)(3)	1,733,558	2.3%
Henri de Castries (1)	2,000	*
Christopher M. Condron (1)	3,000	*
Denis Duverne (1)	2,000	*
Richard S. Dziadzio (1)	0	*
Alfred Harrison (1)(4)	401,007	*
Roger Hertog (1)	0	*
Benjamin D. Holloway	1,600	*
W. Edwin Jarmain (1)	2,000	*
Peter D. Noris (1)	0	*
Lewis A. Sanders (1)	0	*
Frank Savage (1)	75,000	*
Peter J. Tobin (1)	0	*
Stanley B. Tulin (1)	4,000	*
Dave H. Williams (1)	612,517	*
Kathleen A. Corbet (5)	274,419	*
Gerald M. Lieberman (1)	0	*

David R. Brewer, Jr. (1)(6)	247,961	*
Robert H. Joseph, Jr. (1)(7)	154,186	*
All Directors and executive officers of the General Partner as a Group (21 persons)(8)	4,891,450	6.5%

* Number of Alliance Holding Units listed represents less than 1% of the Units outstanding.

(1) Excludes Alliance Holding Units beneficially owned by AXA, AXA Financial and/or Equitable. Messrs. Calvert, Brydon, de Castries, Condron, Duverne, Dziadzio, Jarmain, Noris, Tobin and Tulin are directors and/or officers of AXA, AXA Financial and/or Equitable. Messrs. Calvert, Carifa, Harrison, Hertog, Sanders, Savage, Lieberman, Brewer and Joseph and Ms. Corbet are directors and/or officers of Alliance.

(2) Includes 860,000 Alliance Holding Units which may be acquired within 60 days under Alliance Capital Option Plans.

(3) Includes 710,000 Alliance Holding Units which may be acquired within 60 days under Alliance Capital Option Plans and 1,200 Alliance Holding Units owned by Mr. Carifa's children.

(4) Includes 60,000 Alliance Holding Units which may be acquired within 60 days under Alliance Capital Option Plans.

(5) Includes 223,000 Alliance Holding Units which may be acquired within 60 days under Alliance Capital Option Plans.

(6) Includes 137,000 Alliance Holding Units which may be acquired within 60 days under Alliance Capital Option Plans and 4,000 Alliance Holding Units owned by Mr. Brewer's wife.

(7) Includes 132,120 Alliance Holding Units which may be acquired within 60 days under Alliance Capital Option Plans.

(8) Includes 2,122,120 Alliance Holding Units which may be acquired within 60 days under Alliance Capital Option Plans.

The following tables set forth, as of March 1, 2002, the beneficial ownership of the common stock of AXA and Finaxa by each director and each Named Executive Officer of the General Partner and by all directors and executive officers of the General Partner as a group:

AXA Common Stock (1)

Name of Beneficial Owner	Number of Shares and Nature of Beneficial Ownership	Percent of Class
Bruce W. Calvert (2)	20,288	*
Donald H. Brydon (3)	88,416	*
John D. Carifa (4)	60,342	*
Henri de Castries (5)	911,384	*
Christopher M. Condron	0	*
Denis Duverne (6)	411,759	*
Richard S. Dziadzio (7)	9,129	*
Alfred Harrison	0	*
Roger Hertog	0	*
Benjamin D. Holloway	0	*
W. Edwin Jarmain (8)	7,432	*
Peter D. Noris (9)	229,605	*
Lewis A. Sanders	0	*
Frank Savage	0	*
Peter J. Tobin (10)	2,910	*
Stanley B. Tulin (11)	648,059	*
Dave H. Williams	0	*
Kathleen A. Corbet (12)	200	*
Gerald M. Lieberman	0	*
David R. Brewer, Jr.	0	*
Robert H. Joseph, Jr.	0	*
All Directors and executive officers of the General Partner as a Group (21 persons) (13)	2,389,524	*

* Number of shares listed represents less than one percent (1%) of the outstanding AXA common stock.

(1) Holdings of AXA American Depositary Shares are expressed as their equivalent in AXA common stock. Each AXA American Depositary Share is equivalent to one-half of a share of AXA common stock.

(2) Represents 20,288 shares subject to options held by Mr. Calvert, which options Mr. Calvert has the right to exercise within 60 days.

(3) Includes 88,260 shares subject to options held by Mr. Brydon, which options Mr. Brydon has the right to exercise within 60 days.

(4) Includes 20,288 shares subject to options and 79,108 AXA American Depository Shares subject to options held by Mr. Carifa, which options Mr. Carifa has the right to exercise within 60 days.

(5) Includes 664,486 shares subject to options and 284,796 AXA American Depository Shares subject to options held by Mr. de Castries, which options Mr. de Castries has the right to exercise within 60 days and 30,000 shares owned by Mr. de Castries' minor children.

(6) Includes 307,609 shares subject to options and 158,220 AXA American Depository Shares subject to options, which options Mr. Duverne has the right to exercise within 60 days.

(7) Represents 9,129 shares subject to options held by Mr. Dziadzio, which options Mr. Dziadzio has the right to exercise within 60 days.

(8) Includes 11,800 AXA American Depository Shares owned by Jarmain Group Inc. Mr. Jarmain controls Jarmain Group Inc. Also includes 3,063 AXA American Depository Shares issuable on a deferred basis as of March 1, 2002

under AXA Financial's Stock Plan for Directors.

(9) Includes 46,055 shares subject to options and 287,556 AXA American Depository Shares subject to options held by Mr. Noris, which options Mr. Noris has the right to exercise within 60 days. Also includes 74,442 AXA American Depository Shares held by Mr. Noris.

(10) Includes 3,540 AXA American Depository Shares Mr. Tobin owns jointly with his spouse and 2,279 AXA American Depository Shares issuable on a deferred basis as of March 1, 2002 under AXA Financial's Stock Plan for Directors.

(11) Includes 58,332 shares subject to options and 975,011 AXA American Depository Shares subject to options held by Mr. Tulin, which options Mr. Tulin has the right to exercise within 60 days. Also includes 19,742 AXA American Depository Shares held by Mr. Tulin.

(12) Represents 400 AXA American Depository Shares held by Ms. Corbet.

(13) Includes 1,214,447 shares and 1,784,691 AXA American Depository Shares subject to options, which options may be exercised within 60 days.

Finaxa Common Stock

Name of Beneficial Owner	Number of Shares and Nature of Beneficial Ownership	Percent of Class
Bruce W. Calvert	0	*
Donald H. Brydon	0	*
John D. Carifa	0	*
Henri de Castries (1)	114,262	*
Christopher M. Condron	0	*
Denis Duverne	0	*
Richard S. Dziadzio	0	*
Alfred Harrison	0	*
Roger Hertog	0	*
Benjamin D. Holloway	0	*
W. Edwin Jarmain	0	*
Peter D. Noris	0	*
Lewis A. Sanders	0	*
Frank Savage	0	*
Peter J. Tobin	0	*
Stanley B. Tulin	0	*
Dave H. Williams	0	*
Kathleen A. Corbet	0	*
Gerald M. Lieberman	0	*
David R. Brewer, Jr.	0	*
Robert H. Joseph, Jr.	0	*
All Directors and executive officers of the General Partner as a Group (21 persons)	114,262	*

* Number of shares listed represents less than one percent (1%) of the outstanding Finaxa common stock.

(1) Includes 35,000 shares subject to options held by Mr. de Castries, which options Mr. de Castries has the right to exercise within 60 days.

The General Partner makes all decisions relating to the management of Alliance Capital and Alliance Holding. The General Partner has agreed that it will conduct no business other than managing Alliance Capital and Alliance Holding, although it may make certain investments for its own account. Conflicts of interest, however, could arise between Alliance Capital and Alliance Holding, the General Partner and the Unitholders of both Alliance Capital and Alliance Holding.

Section 17-403(b) of the Delaware Revised Uniform Limited Partnership Act (the “Delaware Act”) states that, except as provided in the Delaware Act or the partnership agreement, a general partner of a limited partnership has the same liabilities to the partnership and to the limited partners as a general partner in a partnership without limited partners. While, under Delaware law, a general partner of a limited partnership is liable as a fiduciary to the other partners, the Amended and Restated Agreement of Limited Partnership of Alliance Capital Management L.P. (“Alliance Capital Partnership Agreement”) and the Amended and Restated Agreement of Limited Partnership of Alliance Capital Management Holding L.P. (“Alliance Holding Partnership Agreement”) set forth a more limited standard of liability for the General Partner. The Alliance Capital Partnership Agreement and the Alliance Holding Partnership Agreement provide that the General Partner is not liable for monetary damages for errors in judgment or for breach of fiduciary duty (including breach of any duty of care or loyalty), unless it is established that the General Partner’s action or failure to act involved an act or omission undertaken with deliberate intent to cause injury, with reckless disregard for the best interests of Alliance Capital or Alliance Holding or with actual bad faith on the part of the General Partner, or constituted actual fraud. Whenever the Alliance Capital Partnership Agreement and the Alliance Holding Partnership Agreement provide that the General Partner is permitted or required to make a decision (i) in its “discretion,” the General Partner is entitled to consider only such interests and factors as it desires and has no duty or obligation to consider any interest of or other factors affecting Alliance Capital or Alliance Holding or any Unitholder of Alliance Capital or Alliance Holding or (ii) in its “good faith” or under another express

standard, the General Partner will act under that express standard and will not be subject to any other or different standard imposed by the Alliance Capital Partnership Agreement and the Alliance Holding Partnership Agreement or applicable law.

In addition, the Alliance Capital Partnership Agreement and the Alliance Holding Partnership Agreement grant broad rights of indemnification to the General Partner and its directors and affiliates and authorizes Alliance Capital and Alliance Holding to enter into indemnification agreements with the directors, officers, partners, employees and agents of Alliance Capital and its affiliates and Alliance Holding and its affiliates. Alliance Capital and Alliance Holding have

granted broad rights of indemnification to officers of the General Partner and employees of Alliance Capital and Alliance Holding. The foregoing indemnification provisions are not exclusive, and Alliance Capital and Alliance Holding are authorized to enter into additional indemnification arrangements. Alliance Capital and Alliance Holding have obtained directors and officers liability insurance.

The Alliance Capital Partnership Agreement and the Alliance Holding Partnership Agreement also allow transactions between Alliance Capital and Alliance Holding and the General Partner or its affiliates if the transactions are on terms determined by the General Partner to be comparable to (or more favorable to Alliance Capital or Alliance Holding than) those that would prevail with any unaffiliated party. The Alliance Capital Partnership Agreement and the Alliance Holding Partnership Agreement provide that those transactions are deemed to meet that standard if such transactions are approved by a majority of those directors of the General Partner who are not directors, officers or employees of any affiliate of the General Partner (other than Alliance Capital, and its subsidiaries or Alliance Holding) or, if in the reasonable and good faith judgment of the General Partner, the transactions are on terms substantially comparable to (or more favorable to Alliance Capital or Alliance Holding than) those that would prevail in a transaction with an unaffiliated party.

The Alliance Capital Partnership Agreement and the Alliance Holding Partnership Agreement expressly permit all affiliates of the General Partner (including Equitable and its other subsidiaries) to compete, directly or indirectly, with Alliance Capital and Alliance Holding, to engage in any business or other activity and to exploit any opportunity, including those that may be available to Alliance Capital and Alliance Holding. AXA, AXA Financial, Equitable and certain of their subsidiaries currently compete with Alliance Capital. See "Item 13. Certain Relationships and Related Transactions-Competition." The Alliance Capital Partnership Agreement and the Alliance Holding Partnership Agreement further provide that, except to the extent that a decision or action by the General Partner is taken with the specific intent of providing a benefit to an affiliate of the General Partner to the detriment of Alliance Capital or Alliance Holding, there is no liability or obligation with respect to, and no challenge of, decisions or actions of the General Partner that would otherwise be subject to claims or other challenges as improperly benefiting affiliates of the General Partner to the detriment of Alliance Capital or Alliance Holding or otherwise involving any conflict of interest or breach of a duty of loyalty or similar fiduciary obligation.

The fiduciary obligations of general partners is a developing area of the law and it is not clear to what extent the foregoing provisions of the Alliance Capital Partnership Agreement and the Alliance Holding Partnership Agreement are enforceable under Delaware or federal law.

Item 13. Certain Relationships and Related Transactions

Competition

AXA, AXA Financial, Equitable and certain of their direct and indirect subsidiaries provide financial services, some of which are competitive with those offered by Alliance Capital. The Alliance Capital Partnership Agreement specifically allows Equitable and its subsidiaries (other than the General Partner) to compete with Alliance Capital and to exploit opportunities that may be available to Alliance Capital. AXA, AXA Financial, Equitable and certain of their subsidiaries have substantially greater financial resources than Alliance Capital or the General Partner.

Financial Services

The Alliance Capital Partnership Agreement and the Alliance Holding Partnership Agreement permit Equitable and its affiliates to provide services to Alliance Capital and Alliance Holding on terms comparable to (or more favorable to Alliance Capital than) those that would prevail in a transaction with an unaffiliated third party. The General Partner believes that its arrangements with Equitable and its affiliates are at least as favorable to Alliance Capital and Alliance Holding as could be obtained from an unaffiliated third party, based on its knowledge of and inquiry with respect to comparable arrangements with or between unaffiliated third parties.

Alliance Capital acts as the investment manager for the general and separate accounts of Equitable and its insurance company subsidiary pursuant to investment advisory agreements. During 2001 Alliance Capital received approximately $43.6 million in fees pursuant to these agreements. In connection with the services provided under these agreements Alliance Capital provides ancillary accounting, valuation, reporting, treasury and other services under service agreements. During 2001 Alliance Capital received approximately $3.0 million in fees pursuant to these agreements. Equitable provides certain legal and other services to Alliance Capital relating to certain insurance and other regulatory aspects of the general and separate accounts of Equitable and its insurance company subsidiary. During 2001 Alliance Capital paid approximately $0.7 million to Equitable for these services.

Equitable has issued life insurance policies to ACMC on certain employees of Alliance Capital, the costs of which are borne by ACMC without reimbursement by Alliance Capital. During 2001 ACMC paid approximately $2.7 million in insurance premiums on these policies.

Alliance Capital and its employees are covered under various insurance policies maintained by Equitable and its subsidiaries. The amount of premiums for these group policies paid by Alliance Capital to Equitable was approximately $1.3 million for 2001.

Alliance Capital provides investment management services to certain separate accounts of Equitable. Advisory fees from these accounts totaled approximately $2.2 million for 2001.

In April 1996 Alliance Capital acquired the United States investing activities and business of National Mutual Funds Management ("NMFM"), a subsidiary of AXA. In connection therewith, Alliance Capital entered into investment management agreements with AXA Asia Pacific and various of its subsidiaries (collectively, the "AXA Asia Pacific Group"). In 2001, the management fees related to services provided by Alliance Capital and its subsidiaries under these agreements amounted to approximately $2.7 million.

AXA Advisors was Alliance Capital's fifth largest distributor of U.S. Funds in 2001 for which AXA Advisors received sales concessions from Alliance Capital on sales of $683 million. In 2001, AXA Advisors also distributed certain of Alliance Capital's cash management products. AXA Advisors received distribution payments totaling $7.9 million in 2001 for these services.

Alliance Capital and its subsidiaries provide investment management services to AXA Reinsurance Company, a subsidiary of AXA, and its affiliates, pursuant to discretionary investment advisory agreements. In 2001, the management fees related to services provided by Alliance Capital and its subsidiaries under such agreements amounted to approximately $3.1 million.

Alliance Capital and its subsidiaries provide investment management services to AXA World Funds, a Luxembourg fund, pursuant to a sub-advisory agreement between Alliance Capital and AXA Funds Management SA, a subsidiary of AXA. In 2001, the sub-advisory fees related to services provided by Alliance Capital ad its subsidiaries under the sub-advisory agreement amounted to approximately $275,000.

Alliance Capital and its subsidiaries provide investment management services to Nichidan Life Insurance Co., Ltd., a subsidiary of AXA, pursuant to various advisory agreements. In 2001, the advisory fees related to services provided by Alliance Capital and its subsidiaries under the advisory agreements amounted to approximately $1.0 million.

Alliance Capital and its subsidiaries provide investment management services to AXA Global Risks U.S. Insurance Company, a subsidiary of AXA, and its affiliates, pursuant to discretionary investment advisory agreements. In 2001, the advisory fees related to services provided by Alliance Capital under the agreements amounted to approximately $337,000.

Other Transactions

On February 1, 2001 Alliance Capital and AXA Asia Pacific Holdings Limited ("AXA Asia Pacific"), a subsidiary of AXA, entered into a Subscription and Shareholders Agreement under which they established two new investment management companies in Australia and New Zealand named Alliance Capital Management Australia Limited and Alliance Capital Management New Zealand Limited, respectively. AXA Asia Pacific and Alliance Capital each own fifty percent (50%) of the equity of each new company and have equal representation on the Boards. The new companies currently manage approximately $7.5 billion in assets, and recognized $12.3 million in management fees in 2001. In addition, Alliance Capital Management Australia Limited, a wholly-owned subsidiary of Alliance Capital, is required to pay a fee for office and related expenses to AXA Asia Pacific and such amount totaled approximately $1.9 million in 2001.

During 2001 Alliance Capital paid certain legal and other expenses incurred by Equitable and its insurance company subsidiary relating to the general and separate accounts of Equitable and such subsidiary for which it has been or will be fully reimbursed by Equitable. The largest amount of such indebtedness outstanding during 2001 was approximately $150,000 which represents the amount outstanding on June, 2001.

In connection with the Reorganization, Alliance Capital agreed to reimburse Alliance Holding for all costs and expenses incurred by Alliance Holding other than the payment of taxes.

Equitable and its affiliates are not obligated to provide funds to Alliance Capital, except for ACMC's and the General Partner's obligation to fund certain of Alliance Capital's deferred compensation and employee benefit plan obligations referred to under "Item 11. Executive Compensation - Compensation Agreements with Named Executive Officers."

In 1999 GIE Informatique AXA, an affiliate of AXA, entered into a technology cost contribution agreement with various AXA subsidiaries, including Alliance Capital, to enable the participants to share the costs and benefits of cooperative technology development through GIE Informatique AXA. All participants are joint owners of the technology and processes developed under this agreement. In 2001 Alliance Capital's share of such costs was approximately $907,000. Alliance Capital anticipates to pay its share of such costs under this agreement in 2002.

In 2001 Alliance Capital entered into a Services Agreement with Equitable pursuant to which Equitable agreed to provide certain data processing services and functions for a service fee not to exceed Equitable's direct and indirect costs and expenses as determined in accordance with the New York Insurance Law and regulations thereunder. Alliance Capital paid Equitable a service fee of approximately $2.2 million in 2001.

Mr. Dave H. Williams resigned as Chairman of the Board of Alliance on May 1, 2001 and became Chairman Emeritus of the Board of Alliance. Mr. Williams and Alliance entered into an agreement under which Mr. Williams has agreed to be employed by Alliance Capital from May 1, 2001 until December 31, 2003 ("Employment Period") and be paid an annual salary of $275,000. Mr. Williams has agreed to be a consultant to Alliance Capital for the period January 1, 2004 until December 31, 2006 ("Consulting Period") for a fee of $275,000 per year. During the Employment Period Alliance Capital will compensate Mr. Williams for serving as a Director of three Alliance Mutual Funds at one-half the fee paid to a non-affiliated director of those Funds and has agreed to pay Mr. Williams $200 per hour for all time spent meeting with clients at Alliance Capital's request. During the Employment Period Mr. Williams is entitled to office space, an administrative staff and certain standard executive officer perquisites including, but not limited to, reimbursement of income tax preparation costs, a gym membership and the use of a leased automobile and a chauffeur. During the Consulting Period he is entitled to be reimbursed, subject to an annual limitation, to cover any costs incurred in leasing another automobile and hiring his own chauffeur. Alliance Capital has agreed to provide Mr. Williams with a monthly allowance during the Consulting Period to cover Mr. Williams' costs in obtaining, furnishing and equipping an office at a separate location and maintaining an administrative staff. Alliance Capital purchased certain of Mr. Williams' prints for $13,288 under the agreement and agreed to return Mr. Williams' prints hanging in the headquarters office to a location in the New York City metropolitan area at Alliance Capital's expense. In addition, Alliance Capital agreed that during the Employment Period Mr. Williams and his wife, Ms. Reba W. Williams, a former Director of Alliance, are entitled to sponsor events for non-profit activities at Alliance Capital's facilities at Alliance Capital's

expense subject to a $100,000 annual limitation. Following the Employment Period Alliance Capital has agreed to provide Mr. Williams and his wife with comparable dental and medical benefits for their respective lives.

Ms. Reba W. Williams resigned as a Director of Alliance and as an employee of Alliance Capital on May 1, 2001. Ms. Williams and Alliance entered into an agreement under which Ms. Williams has agreed to be a consultant to Alliance Capital from May 1, 2001 until December 31, 2003 ("Consulting Term"). Under the agreement Alliance Capital has agreed to pay Ms. Williams a guaranteed supplemental retirement benefit of $180,000 per year for life. During the Consulting Term Alliance Capital will compensate Ms. Williams for serving as a Director of three Alliance Mutual Funds at one-half the fee paid to a non-affiliated director of those Funds and has agreed to pay Ms. Williams $100 per hour for all time spent meeting with clients at Alliance Capital's request. During the Consulting Term Ms. Williams is entitled, at Alliance Capital's expense, to the continued use of her office and the use of an administrative staff.

On May 2, 2001 EFM Holdings GmbH, an Austrian company controlled by Mr. and Ms. Williams, purchased Alliance Capital's 51% interest in East Fund Managementberatung GmbH, an Austrian investment manager, for $2.5 million in cash.

Mr. Frank Savage, a Director of Alliance, retired as an employee of Alliance Capital on July 31, 2001. Mr. Savage and Alliance entered into an agreement pursuant to which Mr. Savage was paid a bonus of $300,000 in respect of services performed in 2001. The agreement provides that while Mr. Savage is a Director of Alliance he will be paid an annual retainer equal to that paid to independent directors of Alliance for attending meetings of the Alliance Board of Directors and committees thereof. Mr. Savage will continue to serve as a Director of two Alliance Mutual Funds and shall be reimbursed for expenses incurred in attending Board meetings of those Funds by Alliance Capital or those Funds. The agreement provided that from August 1, 2001 until December 31, 2001 Mr. Savage was entitled to use office space at Alliance Capital's headquarters and the services of a secretary at Alliance Capital's expense.

Certain of the hedge funds managed by Alliance Capital pay a portion of the carried interests or performance fees to certain portfolio managers, research analysts and other investment professionals who are associated with the management of the hedge funds. Alliance Capital provides investment management services to the hedge funds and is entitled to receive between 75% and 100% of the aggregate carried interests or performance fees paid by such funds. Alliance Capital received approximately $1 million from the hedge funds in 2001. Mr. Alfred Harrison, a Director and Vice Chairman of the General Partner, received no amounts in 2001 in respect of his association with the hedge funds.

ACMC and the General Partner are obligated, subject to certain limitations, to make capital contributions to Alliance Capital in an amount equal to the payments Alliance Capital is required to make as deferred compensation under the employment agreements entered into in connection with Equitable's 1985 acquisition of DLJ, as well as obligations of Alliance Capital to various employees and their beneficiaries under Alliance Capital's Capital Accumulation Plan. In 2001, ACMC made capital contributions to Alliance Capital in the amount of $745,000 in respect of these obligations. ACMC's obligations to make these contributions are guaranteed by EIC subject to certain limitations. All tax deductions with respect to these obligations, to the extent funded by ACMC, Alliance or EIC, will be allocated to ACMC or Alliance.

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

The following is a list of the documents filed as a part of this Annual Report on Form 10-K:

Alliance Capital Financial Statements	Reference Pages in 2001 Annual Report
Consolidated Statements of Financial Condition	
December 31, 2001 and 2000	34
Consolidated Statements of Income	
Years ended December 31, 2001, 2000 and 1999	35
Consolidated Statements of Changes in Partners' Capital	
And Comprehensive Income	
Years ended December 31, 2001, 2000 and 1999	36
Consolidated Statements of Cash Flows	
Years ended December 31, 2001, 2000 and 1999	37
Notes to Consolidated Financial Statement	38-53
Independent Auditors' Report	54

(b) Reports on Form 8-K.

On March 15, 2002 Alliance Capital and Alliance Holding each filed a Current Report on Form 8-K with respect to a press release issued March 14, 2002.

On February 15, 2002 Alliance Capital and Alliance Holding each filed a Current Report on Form 8-K with respect to a press issued February 14, 2002.

On February 1, 2002 Alliance Capital and Alliance Holding each filed a Current Report on Form 8-K with respect to their Fourth Quarter 2001 Review dated January 31, 2002.

On January 16, 2002 Alliance Capital and Alliance Holding each filed a Current Report on Form 8-K with respect to a press release issued January 15, 2002.

On January 10, 2002 Alliance Capital and Alliance Holding each filed a Current Report on Form 8-K with respect to a complaint entitled Roy v. Alliance Capital Management L.P. and Alliance Premier Growth Fund.

On December 18, 2001 Alliance Capital and Alliance Holding each filed a Current Report on Form 8-K with respect to a press release issued December 14, 2001.

On December 13, 2001 Alliance Capital and Alliance Holding each filed a Current Report on Form 8-K with respect to a complaint entitled Benak v. Alliance Capital Management L.P. and Alliance Premier Growth Fund.

(c) Exhibits.

The following exhibits required to be filed by Item 601 of Regulation S-K are filed herewith or, in the case of Exhibit 13.1, incorporated by reference herein:

Exhibit	Description
2.1	Acquisition Agreement dated as of June 20, 2000 Amended and Restated as of October 2, 2000 among Alliance Capital Management L.P., Alliance Capital Management Holding L.P., Alliance Capital Management LLC, Sanford C. Bernstein Inc., Bernstein Technologies Inc., SCB Partners Inc., Sanford C. Bernstein & Co., LLC and SCB LLC (incorporated by reference to Exhibit 2.1 to the Form 10-K for the fiscal year ended December 31, 2000 of Alliance Capital Management L.P., as filed April 2, 2001).
2.2	Agreement and Plan of Reorganization dated August 20, 1999 among Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.), Alliance Capital Management L.P. (formerly Alliance Capital Management L.P. II), Alliance Capital Management Corporation and the Equitable Life Assurance Society of the United States (incorporated by reference to Exhibit (a)(1) to the Form 10-Q for the quarterly period ended September 30, 1999 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed on November 15, 1999).

3.1	Certificate of Amendment to Certificate of Limited Partnership dated October 29, 1999 of Alliance Capital Management L.P. (formerly Alliance Capital Management L.P. II) (incorporated by reference to Exhibit 2.1 to the Registration Statement of Form 8-A of Alliance Capital Management L.P. (formerly Alliance Capital Management L.P. II) filed on March 15, 2000).
3.2	Amended and Restated Agreement of Limited Partnership dated October 29, 1999 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) (incorporated by reference to Exhibit (a)(2) to the Form 10-Q for the quarterly period ended September 30, 1999 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed on November 15, 1999).
3.3	Amended and Restated Agreement of Limited Partnership dated October 29, 1999 of Alliance Capital Management L.P. (formerly Alliance Capital Management L.P. II) (incorporated by reference to Exhibit (a)(3) to the Form 10-Q for the quarterly period ended September 30, 1999 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed on November 15, 1999).
4.1	Senior Indenture dated as of August 10, 2001, between Alliance Capital Management L.P. and The Bank of New York (incorporated by reference to Exhibit 4 to the Form 10-Q for the quarterly period ended September 30, 2001 of Alliance Capital Management L.P. filed November 14, 2001).
10.1	Award Agreement dated as of December 31, 2001 under the Amended and Restated Alliance Partners Compensation Plan with Bruce W. Calvert.
10.2	Award Agreement dated as of December 31, 2001 under the Amended and Restated Alliance Partners Compensation Plan with John D. Carifa.
10.3	Award Agreement dated as of December 31, 2001 under the Amended and Restated Alliance Partners Compensation Plan with Alfred Harrison.
10.4	Award Agreement dated as of December 31, 2001 under the Amended and Restated Alliance Partners Compensation Plan with Kathleen A. Corbet.
10.5	Award Agreement dated as of December 31, 2001 under the Amended and Restated Alliance Partners Compensation Plan with Gerald M. Lieberman.
10.6	Award Agreement dated as of December 31, 2001 under the Amended and Restated Alliance Partners Compensation Plan with David R. Brewer, Jr.
10.7	Award Agreement dated as of December 31, 2001 under the Amended and Restated Alliance Partners Compensation Plan with Robert H. Joseph, Jr.
10.8	Unit Option Agreement dated as of December 7, 2001 with Kathleen A. Corbet.
10.9	Unit Option Agreement dated as of December 7, 2001 with Gerald M. Lieberman.
10.10	Unit Option Agreement dated as of December 7, 2001 with David R. Brewer, Jr.
10.11	Unit Option Agreement dated as of December 7, 2001 with Robert H. Joseph, Jr.
10.12	Deferral Agreement dated as of November 14, 2001 under the Alliance Capital Management L.P. Annual Elective Deferral Plan with David R. Brewer, Jr.
10.13	Deferral Agreement dated as of October 29, 2001 under the Alliance Capital Management L.P. Annual Elective Deferral Plan with Alfred Harrison.
10.14	Award Agreement dated October 2, 2001 for the Year 2001 Offering under the SCB Deferred Compensation Award Plan with Roger Hertog.
10.15	Award Agreement dated October 2, 2001 for the Year 2001 Offering under the SCB Deferred Compensation Award Plan with Gerald M. Lieberman.
10.16	Letter Agreement dated as of July 31, 2001 between Frank Savage, Alliance Capital Management Corporation and Alliance Capital Management L.P.
10.17	Letter Agreement dated as of April 30, 2001 between Dave H. Williams, Alliance Capital Management Corporation and Alliance Capital Management L.P.
10.18	Letter Agreement dated as of April 30, 2001 between Reba W. Williams, Alliance Capital Management Corporation and Alliance Capital Management L.P.
10.19	Services Agreement dated as of April 22, 2001 between Alliance Capital Management L.P. and The Equitable Life Assurance Society of the United States.

10.20	Subscription and Shareholders Agreement dated as of January 18, 2001, between Alliance Capital Management Corporation of Delaware, Alliance Capital Management Australia Limited, AXA Asia Pacific Holdings Limited, National Mutual Funds Management Limited, ACN 095 022 718 Limited (to be renamed Alliance Capital Management Australia Limited), and Cidwell Developments Limited (to be renamed Alliance Capital Management New Zealand Limited).
10.21	Restricted Unit Award Agreement dated as of December 31, 2000 under the Amended and Restated Alliance Partners Compensation Plan with Bruce W. Calvert (incorporated by reference to Exhibit 10.1 to the Form 10-K for the fiscal year ended December 31, 2000 of Alliance Capital Management L.P., as filed April 2, 2001).
10.22	Restricted Unit Award Agreement dated as of December 31, 2000 under the Amended and Restated Alliance Partners Compensation Plan with John D. Carifa (incorporated by reference to Exhibit 10.2 to the Form 10-K for the fiscal year ended December 31, 2000 of Alliance Capital Management L.P., as filed April 2, 2001).
10.23	Restricted Unit Award Agreement dated as of December 31, 2000 under the Amended and Restated Alliance Partners Compensation Plan with Alfred Harrison (incorporated by reference to Exhibit 10.3 to the Form 10-K for the fiscal year ended December 31, 2000 of Alliance Capital Management L.P., as filed April 2, 2001).
10.24	Restricted Unit Award Agreement dated as of December 31, 2000 under the Amended and Restated Alliance Partners Compensation Plan with David R. Brewer, Jr. (incorporated by reference to Exhibit 10.4 to the Form 10-K for the fiscal year ended December 31, 2000 of Alliance Capital Management L.P., as filed April 2, 2001).
10.25	Restricted Unit Award Agreement dated as of December 31, 2000 under the Amended and Restated Alliance Partners Compensation Plan with Robert H. Joseph, Jr. (incorporated by reference to Exhibit 10.5 to the Form 10-K for the fiscal year ended December 31, 2000 of Alliance Capital Management L.P., as filed April 2, 2001).
10.26	Unit Option Agreement dated as of December 11, 2000 with David R. Brewer, Jr. (incorporated by reference to Exhibit 10.6 to the Form 10-K for the fiscal year ended December 31, 2000 of Alliance Capital Management L.P., as filed April 2, 2001).
10.27	Unit Option Agreement dated as of December 11, 2000 with Robert H. Joseph, Jr. (incorporated by reference to Exhibit 10.7 to the Form 10-K for the fiscal year ended December 31, 2000 of Alliance Capital Management L.P., as filed April 2, 2001).
10.28	Deferral Agreement dated as of November 13, 2000 under the Alliance Capital Management L.P. Annual Elective Deferral Plan with John D. Carifa (incorporated by reference to Exhibit 10.8 to the Form 10-K for the fiscal year ended December 31, 2000 of Alliance Capital Management L.P., as filed April 2, 2001).

10.29 Deferral Agreement dated as of November 14, 2000 under the Alliance Capital Management L.P. Annual Elective Deferral Plan with Alfred Harrison (incorporated by reference to Exhibit 10.9 to the Form 10-K for the fiscal year ended December 31, 2000 of Alliance Capital Management L.P., as filed April 2, 2001).

10.30 Deferral Agreement dated as of November 15, 2000 under the Alliance Capital Management L.P. Annual Elective Deferral Plan with David R. Brewer, Jr. (incorporated by reference to Exhibit 10.10 to the Form 10-K for the fiscal year ended December 31, 2000 of Alliance Capital Management L.P., as filed April 2, 2001).

10.31 Deferral Agreement dated as of November 16, 2000 under the Alliance Capital Management L.P. Annual Elective Deferral Plan with Robert H. Joseph, Jr. (incorporated by reference to Exhibit 10.11 to the Form 10-K for the fiscal year ended December 31, 2000 of Alliance Capital Management L.P., as filed April 2, 2001).

10.32 Unit Option Agreement dated as of June 20, 2000 with Bruce W. Calvert (incorporated by reference to Exhibit 10.12 to the Form 10-K for the fiscal year ended December 31, 2000 of Alliance Capital Management L.P., as filed April 2, 2001).

10.33 Unit Option Agreement dated as of June 20, 2000 with John D. Carifa (incorporated by reference to Exhibit 10.13 to the Form 10-K for the fiscal year ended December 31, 2000 of Alliance Capital Management L.P., as filed April 2, 2001).

10.34 Unit Option Agreement dated as of June 20, 2000 with Alfred Harrison (incorporated by reference to Exhibit 10.14 to the Form 10-K for the fiscal year ended December 31, 2000 of

Alliance Capital Management L.P., as filed April 2, 2001).

10.35 Unit Option Agreement dated as of June 20, 2000 with David R. Brewer, Jr. (incorporated by reference to Exhibit 10.15 to the Form 10-K for the fiscal year ended December 31, 2000 of Alliance Capital Management L.P., as filed April 2, 2001).

10.36 Unit Option Agreement dated as of June 20, 2000 with Robert H. Joseph, Jr. (incorporated by reference to Exhibit 10.16 to the Form 10-K for the fiscal year ended December 31, 2000 of Alliance Capital Management L.P., as filed April 2, 2001).

10.37 Registration Rights Agreement dated as of October 2, 2000 by and among Alliance Capital Management L.P., Sanford C. Bernstein Inc. and SCB Partners Inc. (incorporated by reference to Exhibit 10.17 to the Form 10-K for the fiscal year ended December 31, 2000 of Alliance Capital Management L.P., as filed April 2, 2001).

10.38 Purchase Agreement dated as of June 20, 2000 by and among Alliance Capital Management L.P., AXA Financial, Inc. and Sanford C. Bernstein Inc. (incorporated by reference to Exhibit 10.18 to the Form 10-K for the fiscal year ended December 31, 2000 of Alliance Capital Management L.P., as filed April 2, 2001).

10.39 Financing Agreement dated as June 20, 2000 by and between AXA Financial, Inc. and Alliance Capital Management L.P. (incorporated by reference to Exhibit 10.19 to the Form 10-K for the fiscal year ended December 31, 2000 of Alliance Capital Management L.P., as filed April 2, 2001).

10.40 Letter Agreement dated as of June 20, 2000 by and between AXA Financial, Inc. and Sanford C. Bernstein Inc. (incorporated by reference to Exhibit 10.20 to the Form 10-K for the fiscal year ended December 31, 2000 of Alliance Capital Management L.P., as filed April 2, 2001).

10.41 Employment Agreement dated as of June 20, 2000 with Lewis A. Sanders (incorporated by reference to Exhibit 10.21 to the Form 10-K for the fiscal year ended December 31, 2000 of Alliance Capital Management L.P., as filed April 2, 2001).

10.42 Employment Agreement dated as of June 20, 2000 with Roger Hertog (incorporated by reference to Exhibit 10.22 to the Form 10-K for the fiscal year ended December 31, 2000 of Alliance Capital Management L.P., as filed April 2, 2001).

10.43 Employment Agreement dated as of June 20, 2000 with Michael L. Goldstein (incorporated by reference to Exhibit 10.23 to the Form 10-K for the fiscal year ended December 31, 2000 of Alliance Capital Management L.P., as filed April 2, 2001).

10.44 Employment Agreement dated as of June 20, 2000 with Andrew S. Adelson (incorporated by reference to Exhibit 10.24 to the Form 10-K for the fiscal year ended December 31, 2000 of Alliance Capital Management L.P., as filed April 2, 2001).

10.45 Employment Agreement dated as of June 20, 2000 with Marilyn G. Fedak (incorporated by reference to Exhibit 10.25 to the Form 10-K for the fiscal year ended December 31, 2000 of Alliance Capital Management L.P., as filed April 2, 2001).

10.46 Revolving Credit Agreement dated as of October 30, 2000 by and among Alliance Capital Management L.P., Bank of America, N.A., Banc of America Securities LLC, The Chase Manhattan Bank, and Deutsche Bank AG, New York and/or Cayman Islands Branches (incorporated by reference to Exhibit 10.26 to the Form 10-K for the fiscal year ended December 31, 2000 of Alliance Capital Management L.P., as filed April 2, 2001).

10.47 SCB Deferred Compensation Award Plan (incorporated by reference to Exhibit 99 to the Form S-8 of Alliance Capital Management Holding L.P., as filed October 3, 2000).

10.48 Alliance Capital Management L.P. Annual Elective Deferral Plan (incorporated by reference to Exhibit 99 to the Form S-8 of Alliance Capital Management Holding L.P., as filed November 6, 2000).

10.49 Unit Option Plan Agreement dated December 6, 1999 with Robert H. Joseph, Jr. (incorporated by reference to Exhibit 10.1 to the Form 10-K for the fiscal year ended December 31, 1999 of Alliance Capital Management L.P., as filed March 28, 2000).

10.50 Unit Option Plan Agreement dated December 6, 1999 with David R. Brewer, Jr. (incorporated by reference to Exhibit 10.2 to the Form 10-K for the fiscal year ended December 31, 1999 of Alliance Capital Management L.P., as filed March 28, 2000).

10.51 Amended and Restated Alliance Partners Compensation Plan dated December 6, 1999 (incorporated by reference to Exhibit 10.3 to the Form 10-K for the fiscal year ended December 31, 1999 of Alliance Capital Management L.P., as filed March 28, 2000).

10.52 Restricted Unit Award Agreement dated December 31, 1999 with Bruce W. Calvert (incorporated by reference to Exhibit 10.4 to the Form 10-K for the fiscal year ended December 31, 1999 of Alliance Capital Management L.P., as filed March 28, 2000).

10.53 Restricted Unit Award Agreement dated December 31, 1999 with John D. Carifa (incorporated by reference to Exhibit 10.5 to the Form 10-K for the fiscal year ended December 31, 1999 of Alliance Capital Management L.P., as filed March 28, 2000).

10.54 Restricted Unit Award Agreement dated December 31, 1999 with Alfred Harrison (incorporated by reference to Exhibit 10.6 to the Form 10-K for the fiscal year ended December 31, 1999 of Alliance Capital Management L.P., as filed March 28, 2000).

10.55 Restricted Unit Award Agreement dated December 31, 1999 with Robert H. Joseph, Jr. (incorporated by reference to Exhibit 10.7 to the Form 10-K for the fiscal year ended December 31, 1999 of Alliance Capital Management L.P., as filed March 28, 2000).

10.56 Restricted Unit Award Agreement dated December 31, 1999 with David R. Brewer, Jr. (incorporated by reference to Exhibit 10.8 to the Form 10-K for the fiscal year ended December 31, 1999 of Alliance Capital Management L.P., as filed March 28, 2000).

10.57 Commercial Paper Dealer Agreement, dated as of December 14, 1999 (incorporated by reference to Exhibit 10.9 to the Form 10-K for the fiscal year ended December 31, 1999 of Alliance Capital Management L.P., as filed March 28, 2000).

10.58 Extendible Commercial Notes Dealer Agreement, dated as of December 14, 1999 (incorporated by reference to Exhibit 10.10 to

the Form 10-K for the fiscal year ended December 31, 1999 of Alliance Capital Management L.P., as filed March 28, 2000).

10.59 Amended and Restated Investment Advisory and Management Agreement dated October 29, 1999 among Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.), Alliance Corporate Finance Group Incorporated and The Equitable Life Assurance Society of the United States (incorporated by reference to Exhibit (a)(6) to the Form 10-Q for the quarterly period ended September 30, 1999 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed on November 15, 1999).

10.60 Amended and Restated Accounting, Valuation, Reporting and Treasury Services Agreement dated October 29, 1999 between Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.), Alliance Corporate Finance Group Incorporated and The Equitable Life Assurance Society of the United States (incorporated by reference to Exhibit (a)(7) to the Form 10-Q for the quarterly period ended September 30, 1999 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed on November 15, 1999).

10.61 Global Assignment and Assumption Agreement dated October 29, 1999 between Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) and Alliance Capital Management L.P. (formerly Alliance Capital Management L.P. II) (incorporated by reference to Exhibit (a)(8) to the Form 10-Q for the quarterly period ended September 30, 1999 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed on November 15, 1999).

10.62 Pass-Through Agreement dated October 29, 1999 between Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) and Alliance Capital Management L.P. (formerly Alliance Capital Management L.P. II) (incorporated by reference to Exhibit (a)(9) to the Form 10-Q for the quarterly period ended September 30, 1999 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed on November 15, 1999).

10.63 Reimbursement Agreement dated August 16, 1999 between Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) and The Equitable Life Assurance Society of the United States (incorporated by reference to Exhibit (a)(1) to the Form 10-Q for the quarterly period ended June 30, 1999 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed on August 16, 1999).

10.64 Revolving Credit Agreement dated as of July 21, 1999 among Alliance Capital Management L.P. (formerly Alliance Capital Management L.P. II), as Borrower, and the lending institutions listed on Schedule 1 thereto, collectively as Banks, and Fleet National Bank, as Administrative Agent, The First National Bank of Chicago, as Syndication Agent, and Banque Nationale de Paris, as Documentation Agent (incorporated by reference to Exhibit (a)(2) to the Form 10-Q for the quarterly period ended June 30, 1999 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed on August 16, 1999).

10.65 Exchange Agreement dated April 8, 1999 among Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.), Alliance Capital Management L.P. (formerly Alliance Capital Management L.P. II) and The Equitable Life Assurance Society of the United States (incorporated by reference to Exhibit 10.2 to the Registration Statement on Form S-4 of Alliance Capital Management L.P. (formerly Alliance Capital Management L.P. II)).

10.66 Indemnification and Reimbursement Agreement dated April 8, 1999 among Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.), Alliance Capital Management L.P. (formerly Alliance Capital Management L.P. II) and The Equitable Life Assurance Society of the United States (incorporated by reference to Exhibit 10.2 to the Registration Statement on Form S-4 of Alliance Capital Management L.P. (formerly Alliance Capital Management L.P. II)).

10.67 Unit Option Plan Agreement dated December 10, 1998 with Bruce W. Calvert (incorporated by reference to Exhibit 10.102 to the Form 10-K for the fiscal year ended December 31, 1998 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 30, 1999).

10.68 Unit Option Plan Agreement dated December 10, 1998 with John D. Carifa (incorporated by reference to Exhibit 10.103 to the Form 10-K for the fiscal year ended December 31, 1998 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 30, 1999).

10.69 Unit Option Plan Agreement dated December 10, 1998 with David R. Brewer, Jr. (incorporated by reference to Exhibit 10.105 to the Form 10-K for the fiscal year ended December 31, 1998 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 30, 1999).

10.70 Unit Option Plan Agreement dated December 10, 1998 with Robert H. Joseph, Jr. (incorporated by reference to Exhibit 10.107 to the Form 10-K for the fiscal year ended December 31, 1998 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 30, 1999).

10.71 Revolving Credit Agreement dated as of July 20, 1998 among Alliance Capital Management L.P., as Borrower, and the lending institutions listed on Schedule 1 thereto, collectively as Banks, and Nations Bank, N.A., The Chase Manhattan Bank and the Bank of New York, individually as Co-Agents, Nations Bank N.A., as Administrative Agent, The Chase Manhattan Bank, as Syndication Agent, and the Bank of New York, as Documentation Agent (incorporated by reference to Exhibit 10.106 to the Form 10-K for the fiscal year ended December 31, 1998).

10.72 Unit Option Plan Agreement dated December 16, 1997 with David R. Brewer, Jr. (incorporated by reference to Exhibit 10.98 to the Form 10-K for the fiscal year ended December 31, 1997 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 30, 1998).

10.73 Unit Option Plan Agreement dated December 16, 1997 with Robert H. Joseph, Jr. (incorporated by reference to Exhibit 10.97 to the Form 10-K for the fiscal year ended December 31, 1997 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 30, 1998).

10.74 1997 Long Term Incentive Plan (incorporated by reference to Annex I to the Proxy Statement on Schedule 14A of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed December 4, 1997).

10.75 Unit Option Plan Agreement dated December 16, 1996 with David R. Brewer, Jr. (incorporated by reference to Exhibit 10.93 to the Form 10-K for the fiscal year ended December 31, 1996 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 27, 1997).

10.76 Unit Option Plan Agreement dated December 16, 1996 with Robert H. Joseph, Jr. (incorporated by reference to Exhibit 10.92 to the Form 10-K for the fiscal year ended December 31, 1996 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 27, 1997).

10.77 Unit Option Plan Agreement dated December 5, 1995 with David R. Brewer, Jr. (incorporated by reference to Exhibit 10.82 to the Form 10-K for the fiscal year ended December 31, 1995 of Alliance Capital Management Holding L.P. (formerly Alliance Capital

Management L.P.) filed April 1, 1996).

10.78 Unit Option Plan Agreement dated July 24, 1995 with Bruce W. Calvert (incorporated by reference to Exhibit 10.78 to the Form 10-K for the fiscal year ended December 31, 1995 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed April 1, 1996).

10.79 Unit Option Plan Agreement dated July 24, 1995 with John D. Carifa (incorporated by reference to Exhibit 10.80 to the Form 10-K for the fiscal year ended December 31, 1995 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed April 1, 1996).

10.80 Unit Option Plan Agreement dated April 25, 1995 with Bruce W. Calvert (incorporated by reference to Exhibit 10.77 to the Form 10-K for the fiscal year ended December 31, 1995 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed April 1, 1996).

10.81 Unit Option Plan Agreement dated April 25, 1995 with John D. Carifa (incorporated by reference to Exhibit 10.79 to the Form 10-K for the fiscal year ended December 31, 1995 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed April 1, 1996).

10.82 Unit Option Plan Agreement dated April 25, 1995 with David R. Brewer, Jr. (incorporated by reference to Exhibit 10.81 to the Form 10-K for the fiscal year ended December 31, 1995 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed April 1, 1996).

10.83 Unit Option Plan Agreement dated April 25, 1995 with Robert H. Joseph, Jr. (incorporated by reference to Exhibit 10.83 to the Form 10-K for the fiscal year ended December 31, 1995 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed April 1, 1997).

10.84 Unit Option Plan Agreement dated December 5, 1995 with Robert H. Joseph, Jr. (incorporated by reference to Exhibit 10.84 to the Form 10-K for the fiscal year ended December 31, 1995 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed April 1, 1997).

10.85 Unit Option Plan Agreement dated May 10, 1994 with Bruce W. Calvert (incorporated by reference to Exhibit 10.59 to the Form 10-K for the fiscal year ended December 31, 1994 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 30, 1995).

10.86 Unit Option Plan Agreement dated May 10, 1994 with John D. Carifa (incorporated by reference to Exhibit 10.60 to the Form 10-K for the fiscal year ended December 31, 1994 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 30, 1995).

10.87 Unit Option Plan Agreement dated May 10, 1994 with David R. Brewer, Jr. (incorporated by reference to Exhibit 10.61 to the Form 10-K for the fiscal year ended December 31, 1994 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 30, 1995).

10.88 Unit Option Plan Agreement dated May 10, 1994 with Robert H. Joseph, Jr. (incorporated by reference to Exhibit 10.62 to the Form 10-K for the fiscal year ended December 31, 1994 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 30, 1995).

10.89 Convertible Note Purchase Agreement dated as of August 11, 1994 between Alliance Capital Management L.P. (formerly Alliance Capital Management L.P. II) and Banco Bilbao Vizcaya, S.A. (incorporated by reference to Exhibit 10.67 to the Form 8-K to Alliance Capital Management L.P. (formerly Alliance Capital Management L.P.) filed on August 12, 1994).

10.90 Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) 1993 Unit Option Plan (incorporated by reference to Exhibit 4.1 to the Form S-8 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed July 12, 1993).

10.91 Alliance Capital Management L.P. Unit Bonus Plan (incorporated by reference to Exhibit 4.2 to the Form S-8 of Alliance Capital Management L.P. (formerly Alliance Capital Management L.P.) filed July 12, 1993).

10.92 Alliance Capital Management L.P. Century Club Plan (incorporated by reference to Exhibit 4.3 to the Form S-8 of Alliance Capital Management L.P. (formerly Alliance Capital Management L.P.) filed July 12, 1993).

10.93 Unit Option Plan Agreement dated October 10, 1992 with David R. Brewer, Jr. (incorporated by reference to Exhibit 10.49 to the Form 10-K for the fiscal year ended December 31, 1992 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 25, 1993).

10.94 Unit Option Plan Agreement dated October 10, 1992 with Robert H. Joseph, Jr. (incorporated by reference to Exhibit 10.48 to the Form 10-K for the fiscal year ended December 31, 1992 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 25, 1993).

10.95 Alliance Capital Accumulation Plan (incorporated by reference to Exhibit 10.51 to the Form 10-K for the fiscal year ended December 31, 1992 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 25, 1993).

10.96 Transfer Agreement dated December 12, 1991 between Alliance Capital Management Corporation and Alliance GP Incorporated (incorporated by reference to Exhibit 10.46 to the Form 10-K of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 27, 1992).

10.97 Unit Option Plan Agreement dated August 8, 1991 with David R. Brewer, Jr. (incorporated by reference to Exhibit 10.42 to the Form 10-K for the fiscal year ended December 31, 1991 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 27, 1992).

10.98 Unit Option Plan Agreement dated August 8, 1991 with Robert H. Joseph, Jr. (incorporated by reference to Exhibit 10.41 to the Form 10-K for the fiscal year ended December 31, 1991 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 27, 1992).

10.99 Alliance Capital Accumulation Plan (incorporated by reference to Exhibit 10.11 to the Form 10-K for the fiscal year ended December 31, 1988 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 31, 1989).

10.100 Alliance Partners Plan (incorporated by reference to Exhibit 10.12 to the Form 10-K for the fiscal year ended December 31, 1988 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 31, 1989).

12.1 Alliance Capital Consolidated Ratio of Earnings to Fixed Charges in respect of the years ended December 31, 2001, 2000 and 1999.

13.1 Pages 21 through 54 of the 2001 Alliance Capital Annual Report to Unitholders.

21.1 Subsidiaries of the Registrant.

23.1 Consent of KPMG LLP.

24.1	Power of Attorney by Donald H. Brydon.
24.2	Power of Attorney by Henri de Castries.
24.3	Power of Attorney by Christopher M. Condron.
24.4	Power of Attorney by Denis Duverne.
24.5	Power of Attorney by Richard S. Dziadzio.
24.6	Power of Attorney by Benjamin D. Holloway.
24.7	Power of Attorney by W. Edwin Jarmain.
24.8	Power of Attorney by Peter D. Noris.
24.9	Power of Attorney by Frank Savage.
24.10	Power of Attorney by Peter J. Tobin.
24.11	Power of Attorney by Stanley B. Tulin.
24.12	Power of Attorney by Dave H. Williams.

Signatures

Pursuant to the requirements of Section 13 or 15(d) 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.

By: Alliance Capital Management Corporation, General Partner

Date: March 28, 2002

By: /s/ Bruce W. Calvert
Bruce W. Calvert
Chief Executive Officer and
Chairman of the Board of Directors

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Date: March 28, 2002

/s/ John D. Carifa
John D. Carifa
President and Chief Operating Officer

Date: March 28, 2002

/s/ Robert H. Joseph, Jr.
Robert H. Joseph, Jr.
Senior Vice President, Chief
Financial Officer and Principal
Accounting Officer

Directors

/s/ Bruce W. Calvert	*
Bruce W. Calvert Chairman and Director	Benjamin D. Holloway Director
*	*
Donald H. Brydon Director	W. Edwin Jarmain Director
/s/ John D. Carifa	*
John D. Carifa Director	Peter D. Noris Director
*	/s/ Lewis A. Sanders
Henri de Castries Director	Lewis A. Sanders Director
*	*

Christopher M. Condron Director	Frank Savage Director
* Denis Duverne Director	* Peter J. Tobin Director
* Richard S. Dziadzio Director	* Stanley B. Tulin Director
/s/ Alfred Harrison Alfred Harrison Director	* Dave H. Williams Director
/s/ Roger Hertog Roger Hertog Director	/s/ David R. Brewer, Jr. David R. Brewer, Jr. (Attorney-in-Fact)

AWARD AGREEMENT

UNDER THE AMENDED AND RESTATED
ALLIANCE PARTNERS COMPENSATION PLAN

You have been granted an award under the Amended and Restated Alliance Partners Compensation Plan (the "Plan"), as specified below:

Participant ("you"): Bruce Calvert

Amount of Award: $ 2,000,000

Date of Grant: Dec. 31, 2001

Vesting Commencement Date: Jan. 31, 2003

In connection with your award (the "Award"), you, Alliance Capital Management Holding L.P.("Holding") and Alliance Capital Management L.P. ("Alliance") agree as set forth in this agreement (the "Agreement"). The Plan provides a description of the terms and conditions governing the Award. If there is any inconsistency between the terms of this Agreement and the terms of the Plan, the Plan's terms completely supersede and replace the conflicting terms of this Agreement. All capitalized terms have the meanings given them in the Plan, unless specifically stated otherwise in the Agreement.

You will be asked to make an election with respect to the investment of your Award as described in Section 3(b) of the Plan. Once you have made this election in accordance with the terms of the Plan and the election form, your Award will be treated as invested in either restricted Units of Holding, or in one or more designated money-market, debt or equity fund sponsored by Alliance or its Affiliate in accordance with the terms of the Plan applicable to Post-2000 Awards.

It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon you. The Committee is under no obligation to treat you or your award consistently with the treatment provided for other participants in the Plan.

This Agreement does not confer upon you any right to continuation of employment by a Company, nor does this Agreement interfere in any way with a Company's right to terminate your employment at any time.

This Agreement will be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

This Agreement will be governed by, and construed in accordance with, the laws of the state of New York (without regard to conflict of law provisions).

This Agreement and the Plan constitute the entire understanding between you and the Companies regarding this award. Any prior agreements, commitments or negotiations concerning this award are superseded. This Agreement may be amended only by another written agreement, signed by both parties.

BY SIGNING BELOW, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed effective as of Dec. 31, 2001.

Alliance Capital Management L.P.
By: Alliance Capital Management Corp., G.P.

Participant

/s/ Bruce Calvert
Signature

AWARD AGREEMENT

UNDER THE AMENDED AND RESTATED
ALLIANCE PARTNERS COMPENSATION PLAN

You have been granted an award under the Amended and Restated Alliance Partners Compensation Plan (the "Plan"), as specified below:

Participant ("you"): John Carifa

Amount of Award: $ 2,000,000

Date of Grant: Dec. 31, 2001

Vesting Commencement Date: Jan. 31, 2003

In connection with your award (the "Award"), you, Alliance Capital Management Holding L.P.("Holding") and Alliance Capital Management L.P. ("Alliance") agree as set forth in this agreement (the "Agreement"). The Plan provides a description of the terms and conditions governing the Award. If there is any inconsistency between the terms of this Agreement and the terms of the Plan, the Plan's terms completely supersede and replace the conflicting terms of this Agreement. All capitalized terms have the meanings given them in the Plan, unless specifically stated otherwise in the Agreement.

You will be asked to make an election with respect to the investment of your Award as described in Section 3(b) of the Plan. Once you have made this election in accordance with the terms of the Plan and the election form, your Award will be treated as invested in either restricted Units of Holding, or in one or more designated money-market, debt or equity fund sponsored by Alliance or its Affiliate in accordance with the terms of the Plan applicable to Post-2000 Awards.

It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon you. The Committee is under no obligation to treat you or your award consistently with the treatment provided for other participants in the Plan.

This Agreement does not confer upon you any right to continuation of employment by a Company, nor does this Agreement interfere in any way with a Company's right to terminate your employment at any time.

This Agreement will be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

This Agreement will be governed by, and construed in accordance with, the laws of the state of New York (without regard to conflict of law provisions).

This Agreement and the Plan constitute the entire understanding between you and the Companies regarding this award. Any prior agreements, commitments or negotiations concerning this award are superseded. This Agreement may be amended only by another written agreement, signed by both parties.

BY SIGNING BELOW, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed effective as of Dec 31, 2001.

Alliance Capital Management L.P.
By: Alliance Capital Management Corp., G.P.

Participant

/s/ John Carifa
Signature

AWARD AGREEMENT

UNDER THE AMENDED AND RESTATED
ALLIANCE PARTNERS COMPENSATION PLAN

You have been granted an award under the Amended and Restated Alliance Partners Compensation Plan (the "Plan"), as specified below:

Participant ("you"): Alfred Harrison

Amount of Award: $ 2,000,000

Date of Grant: Dec. 31, 2001

Vesting Commencement Date: Jan. 31, 2003

In connection with your award (the "Award"), you, Alliance Capital Management Holding L.P.("Holding") and Alliance Capital Management L.P. ("Alliance") agree as set forth in this agreement (the "Agreement"). The Plan provides a description of the terms and conditions governing the Award. If there is any inconsistency between the terms of this Agreement and the terms of the Plan, the Plan's terms completely supersede and replace the conflicting terms of this Agreement. All capitalized terms have the meanings given them in the Plan, unless specifically stated otherwise in the Agreement.

You will be asked to make an election with respect to the investment of your Award as described in Section 3(b) of the Plan. Once you have made this election in accordance with the terms of the Plan and the election form, your Award will be treated as invested in either restricted Units of Holding, or in one or more designated money-market, debt or equity fund sponsored by Alliance or its Affiliate in accordance with the terms of the Plan applicable to Post-2000 Awards.

It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon you. The Committee is under no obligation to treat you or your award consistently with the treatment provided for other participants in the Plan.

This Agreement does not confer upon you any right to continuation of employment by a Company, nor does this Agreement interfere in any way with a Company's right to terminate your employment at any time.

This Agreement will be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

This Agreement will be governed by, and construed in accordance with, the laws of the state of New York (without regard to conflict of law provisions).

This Agreement and the Plan constitute the entire understanding between you and the Companies regarding this award. Any prior agreements, commitments or negotiations concerning this award are superseded. This Agreement may be amended only by another written agreement, signed by both parties.

BY SIGNING BELOW, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed effective as of Dec 31, 2001.

Alliance Capital Management L.P.
By: Alliance Capital Management Corp., G.P.

Participant

/s/ Alfred Harrison
Signature

AWARD AGREEMENT

UNDER THE AMENDED AND RESTATED
ALLIANCE PARTNERS COMPENSATION PLAN

You have been granted an award under the Amended and Restated Alliance Partners Compensation Plan (the "Plan"), as specified below:

Participant ("you"): Kathleen Corbet

Amount of Award: $ 2,000,000

Date of Grant: Dec. 31, 2001

Vesting Commencement Date: Jan. 31, 2003

In connection with your award (the "Award"), you, Alliance Capital Management Holding L.P.("Holding") and Alliance Capital Management L.P. ("Alliance") agree as set forth in this agreement (the "Agreement"). The Plan provides a description of the terms and conditions governing the Award. If there is any inconsistency between the terms of this Agreement and the terms of the Plan, the Plan's terms completely supersede and replace the conflicting terms of this Agreement. All capitalized terms have the meanings given them in the Plan, unless specifically stated otherwise in the Agreement.

You will be asked to make an election with respect to the investment of your Award as described in Section 3(b) of the Plan. Once you have made this election in accordance with the terms of the Plan and the election form, your Award will be treated as invested in either restricted Units of Holding, or in one or more designated money-market, debt or equity fund sponsored by Alliance or its Affiliate in accordance with the terms of the Plan applicable to Post-2000 Awards.

It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon you. The Committee is under no obligation to treat you or your award consistently with the treatment provided for other participants in the Plan.

This Agreement does not confer upon you any right to continuation of employment by a Company, nor does this Agreement interfere in any way with a Company's right to terminate your employment at any time.

This Agreement will be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

This Agreement will be governed by, and construed in accordance with, the laws of the state of New York (without regard to conflict of law provisions).

This Agreement and the Plan constitute the entire understanding between you and the Companies regarding this award. Any prior agreements, commitments or negotiations concerning this award are superseded. This Agreement may be amended only by another written agreement, signed by both parties.

BY SIGNING BELOW, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed effective as of Dec 31, 2001.

Alliance Capital Management L.P.
By: Alliance Capital Management Corp., G.P.

Participant

/s/ Kathleen Corbet
Signature

AWARD AGREEMENT

UNDER THE AMENDED AND RESTATED
ALLIANCE PARTNERS COMPENSATION PLAN

You have been granted an award under the Amended and Restated Alliance Partners Compensation Plan (the "Plan"), as specified below:

Participant ("you"): Jerry Lieberman

Amount of Award: $ 250,000

Date of Grant: Dec. 31, 2001

Vesting Commencement Date: Jan. 31, 2003

In connection with your award (the "Award"), you, Alliance Capital Management Holding L.P.("Holding") and Alliance Capital Management L.P. ("Alliance") agree as set forth in this agreement (the "Agreement"). The Plan provides a description of the terms and conditions governing the Award. If there is any inconsistency between the terms of this Agreement and the terms of the Plan, the Plan's terms completely supersede and replace the conflicting terms of this Agreement. All capitalized terms have the meanings given them in the Plan, unless specifically stated otherwise in the Agreement.

You will be asked to make an election with respect to the investment of your Award as described in Section 3(b) of the Plan. Once you have made this election in accordance with the terms of the Plan and the election form, your Award will be treated as invested in either restricted Units of Holding, or in one or more designated money-market, debt or equity fund sponsored by Alliance or its Affiliate in accordance with the terms of the Plan applicable to Post-2000 Awards.

It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon you. The Committee is under no obligation to treat you or your award consistently with the treatment provided for other participants in the Plan.

This Agreement does not confer upon you any right to continuation of employment by a Company, nor does this Agreement interfere in any way with a Company's right to terminate your employment at any time.

This Agreement will be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

This Agreement will be governed by, and construed in accordance with, the laws of the state of New York (without regard to conflict of law provisions).

This Agreement and the Plan constitute the entire understanding between you and the Companies regarding this award. Any prior agreements, commitments or negotiations concerning this award are superseded. This Agreement may be amended only by another written agreement, signed by both parties.

BY SIGNING BELOW, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed effective as of Dec 31, 2001.

Alliance Capital Management L.P.
By: Alliance Capital Management Corp., G.P.

Participant

/s/ Jerry Lieberman
Signature

AWARD AGREEMENT

UNDER THE AMENDED AND RESTATED
ALLIANCE PARTNERS COMPENSATION PLAN

You have been granted an award under the Amended and Restated Alliance Partners Compensation Plan (the "Plan"), as specified below:

Participant ("you"): David Brewer

Amount of Award: $ 500,000

Date of Grant: Dec. 31, 2001

Vesting Commencement Date: Jan. 31, 2003

In connection with your award (the "Award"), you, Alliance Capital Management Holding L.P.("Holding") and Alliance Capital Management L.P. ("Alliance") agree as set forth in this agreement (the "Agreement"). The Plan provides a description of the terms and conditions governing the Award. If there is any inconsistency between the terms of this Agreement and the terms of the Plan, the Plan's terms completely supersede and replace the conflicting terms of this Agreement. All capitalized terms have the meanings given them in the Plan, unless specifically stated otherwise in the Agreement.

You will be asked to make an election with respect to the investment of your Award as described in Section 3(b) of the Plan. Once you have made this election in accordance with the terms of the Plan and the election form, your Award will be treated as invested in either restricted Units of Holding, or in one or more designated money-market, debt or equity fund sponsored by Alliance or its Affiliate in accordance with the terms of the Plan applicable to Post-2000 Awards.

It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon you. The Committee is under no obligation to treat you or your award consistently with the treatment provided for other participants in the Plan.

This Agreement does not confer upon you any right to continuation of employment by a Company, nor does this Agreement interfere in any way with a Company's right to terminate your employment at any time.

This Agreement will be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

This Agreement will be governed by, and construed in accordance with, the laws of the state of New York (without regard to conflict of law provisions).

This Agreement and the Plan constitute the entire understanding between you and the Companies regarding this award. Any prior agreements, commitments or negotiations concerning this award are superseded. This Agreement may be amended only by another written agreement, signed by both parties.

BY SIGNING BELOW, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed effective as of Dec 31, 2001.

Alliance Capital Management L.P.
By: Alliance Capital Management Corp., G.P

Participant

/s/ David Brewer
Signature

AWARD AGREEMENT

UNDER THE AMENDED AND RESTATED
ALLIANCE PARTNERS COMPENSATION PLAN

You have been granted an award under the Amended and Restated Alliance Partners Compensation Plan (the "Plan"), as specified below:

Participant ("you"): Robert Joseph

Amount of Award: $ 500,000

Date of Grant: Dec. 31, 2001

Vesting Commencement Date: Jan. 31, 2003

In connection with your award (the "Award"), you, Alliance Capital Management Holding L.P.("Holding") and Alliance Capital Management L.P. ("Alliance") agree as set forth in this agreement (the "Agreement"). The Plan provides a description of the terms and conditions governing the Award. If there is any inconsistency between the terms of this Agreement and the terms of the Plan, the Plan's terms completely supersede and replace the conflicting terms of this Agreement. All capitalized terms have the meanings given them in the Plan, unless specifically stated otherwise in the Agreement.

You will be asked to make an election with respect to the investment of your Award as described in Section 3(b) of the Plan. Once you have made this election in accordance with the terms of the Plan and the election form, your Award will be treated as invested in either restricted Units of Holding, or in one or more designated money-market, debt or equity fund sponsored by Alliance or its Affiliate in accordance with the terms of the Plan applicable to Post-2000 Awards.

It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon you. The Committee is under no obligation to treat you or your award consistently with the treatment provided for other participants in the Plan.

This Agreement does not confer upon you any right to continuation of employment by a Company, nor does this Agreement interfere in any way with a Company's right to terminate your employment at any time.

This Agreement will be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

This Agreement will be governed by, and construed in accordance with, the laws of the state of New York (without regard to conflict of law provisions).

This Agreement and the Plan constitute the entire understanding between you and the Companies regarding this award. Any prior agreements, commitments or negotiations concerning this award are superseded. This Agreement may be amended only by another written agreement, signed by both parties.

BY SIGNING BELOW, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed effective as of Dec 31, 2001.

Alliance Capital Management L.P.
By: Alliance Capital Management Corp., G.P

Participant

/s/ Robert Joseph
Signature

ALLIANCE CAPITAL MANAGEMENT L.P.
UNIT OPTION PLAN AGREEMENT

AGREEMENT, dated December 7, 2001 between Alliance Capital Management L.P. (the "Partnership"), Alliance Capital Management Holding L.P. ("Alliance Holding") and Kathleen A. Corbet (the "Participant"), an employee of the Partnership or a subsidiary of the Partnership (an "Employee Participant").

The 1997 Option Committee (the "Administrator") of the Board of the Board of Directors (the "Board") of Alliance Capital Management Corporation, the general partner of the Partnership and Alliance Holding, pursuant to the 1997 Long Term Incentive Plan, a copy of which has been delivered to the Participant (the "Plan"), has granted to the Participant an option to purchase units representing assignments of beneficial ownership of limited partnership interests in Alliance Holding (the "Units") as hereinafter set forth, and authorized the execution and delivery of this Agreement.

In accordance with that grant, and as a condition thereto, the Partnership, Alliance Holding and the Participant agree as follows:

1. Grant of Option. Subject to and under the terms and conditions set forth in this Agreement and the Plan, the Participant is the owner of an option (the "Option") to purchase the number of Units set forth in Section 1 of Exhibit A attached hereto at the per Unit price set forth in Section 2 of Exhibit A.

2. Term and Exercise Schedule. This Option shall not be exercisable to any extent prior to December 7, 2002 or after December 7, 2011 (the "Expiration Date"). Subject to the terms and conditions of this Agreement and the Plan, the Participant shall be entitled to exercise the Option prior to the Expiration Date and to purchase Units hereunder in accordance with the schedule set forth in Section 3 of Exhibit A.

The right to exercise this Option shall be cumulative so that to the extent this Option is not exercised when it becomes initially exercisable with respect to any Units, it shall be exercisable with respect to such Units at any time thereafter until the Expiration Date and any Units subject to this Option which have not then been purchased may not, thereafter, be purchased hereunder. A Unit shall be considered to have been purchased on or before the Expiration Date if notice of the purchase has been given and payment therefor has actually been received pursuant to Sections 3 and 13, on or before the Expiration Date.

3. Notice of Exercise, Payment and Certificate. Exercise of this Option, in whole or in part, shall be by delivery of a written notice to the Partnership and Alliance Holding pursuant to Section 14 which specifies the number of Units being purchased and is accompanied by payment therefor in cash. Promptly after receipt of such notice and purchase price, the Partnership and Alliance Holding shall deliver to the person exercising the Option a certificate for the number of Units purchased. Units to be issued upon the exercise of this Option may be either authorized and unissued Units or Units which have been reacquired by the Partnership, a subsidiary of the Partnership, Alliance Holding or a subsidiary of Alliance Holding.

4. Termination of Employment. This Option may be exercised by an Employee Participant only while the Employee Participant is employed full-time by the Partnership, except as follows:

(a) Disability. If the Employee Participant's employment with the Partnership terminates because of Disability, the Employee Participant (or his personal representative) shall have the right to exercise this Option, to the extent that the Employee Participant was entitled to do so on the date of termination of his employment, for a period which ends not later than the earlier of (i) three months after such termination, and (ii) the Expiration Date. "Disability" shall mean a determination by the Administrator that the Employee Participant is physically or mentally incapacitated and has been unable for a period of six consecutive months to perform the duties for which he was responsible immediately before the onset of his incapacity. In order to assist the Administrator in making a determination as to the Disability of the Employee Participant for purposes of this paragraph (a), the Employee Participant shall, as reasonably requested by the Administrator, (A) make himself available for medical examinations by one or more physicians chosen by the Administrator and approved by the Employee Participant, whose approval shall not unreasonably be withheld, and (B) grant the Administrator and any such physicians access to all relevant medical information concerning him, arrange to furnish copies of medical records to them, and use his best efforts to cause his own physicians to be available to discuss his health with them.

(b) Death. If the Employee Participant dies (i) while in the employ of the Partnership, or (ii) within one month after termination of his employment with the Partnership because of Disability (as determined in accordance with paragraph (a) above), or (iii) within one month after the Partnership terminates his employment for any reason other than for Cause (as determined in accordance with paragraph (c) below), this Option may be exercised, to the extent that the Employee Participant was entitled to do so on the date of his death, by the person or persons to whom the Option shall have been transferred by will or by the laws of descent and distribution, for a period which ends not later than the earlier of (A) six months from the date of the Employee Participant's death, and (B) the Expiration Date.

(c) Other Termination. If the Partnership terminates the Employee Participant's employment for any reason other than death, Disability or for Cause, the Employee Participant shall have the right to exercise this Option, to the extent that he was entitled to do so on the date of the termination of his employment, for a period which ends not later than the earlier of (i) three months after such termination, and (ii) the Expiration Date. "Cause" shall mean (A) the Employee Participant's continuing willful failure to perform his duties as an employee (other than as a result of his total or partial incapacity due to physical or mental illness), (B) gross negligence or malfeasance in the performance of the Employee Participant's duties, (c) a finding by a court or other governmental body with proper jurisdiction that an act or acts by the Employee Participant constitutes (1) a felony under the laws of the United States or any state thereof (or, if the Employee Participant's place of

employment is outside of the United States, a serious crime under the laws of the foreign jurisdiction where he is employed, which crime if committed in the United States would be a felony under the laws of the United States or the laws of New York), or (2) a violation of federal or state securities law (or, if the Employee Participant's place of employment is outside of the United States, of federal, state or foreign securities law) by reason of which finding of violation described in this clause (2) the Board determines in good faith that the continued employment of the Employee Participant by the Partnership would be seriously detrimental to the Partnership and its business, (D) in the absence of such a finding by a court or other governmental body with proper jurisdiction, such a determination in good faith by the Board by reason of such act or acts constituting such a felony, serious crime or violation, or (E) any breach by the Employee Participant of any obligation of confidentiality or non-competition to the Partnership.

For purposes of this Agreement, employment by a subsidiary of the Partnership shall be deemed to be employment by the Partnership. A "subsidiary" of the Partnership shall be any corporation or other entity of which the Partnership and/or its subsidiaries (a) have sufficient voting power (not depending on the

happening of a contingency) to elect at least a majority of its board of directors, or (b) otherwise have the power to direct or cause the direction of its management and policies.

5. No Right to Continued Employment. This Option shall not confer upon the Participant any right to continue in the employ of the Partnership or any subsidiary of the Partnership or to be retained as a Director, and shall not interfere in any way with the right of the Partnership to terminate the service of the Participant at any time for any reason.

6. Non-Transferability. This Option is not transferable other than by will or the laws of descent and distribution and, except as otherwise provided in Section 4, during the lifetime of the Participant this Option is exercisable only by the Participant; except that a Participant may transfer this Option, without consideration, subject to such rules as the Committee may adopt to preserve the purposes of the Plan (including limiting such transfers to transfers by Participants who are senior executives), to a trust solely for the benefit of the Participant and the Participant's spouse, children or grandchildren (including adopted and stepchildren and grandchildren) (each a "Permitted Transferee").

7. Payment of Withholding Tax. (a) In the event that the Partnership or Alliance Holding determines that any federal, state or local tax or any other charge is required by law to be withheld with respect to the exercise of this Option, the Participant shall promptly pay to the Partnership, a subsidiary specified by the Partnership or Alliance Holding, on at least seven business days' notice, an amount equal to such withholding tax or charge or (b) if the Participant does not promptly so pay the entire amount of such withholding tax or charge in accordance with such notice, or make arrangements satisfactory to the Partnership and Alliance Holding regarding payment thereof, the Partnership or any subsidiary of the Partnership may withhold the remaining amount thereof from any amount due the Participant from the Partnership or the subsidiary.

8. Dilution and Other Adjustments. The existence of this Option shall not impair the right of the Partnership or Alliance Holding or their respective partners to, among other things, conduct, make or effect any change in the Partnership's or Alliance Holding's business, any distribution (whether in the form of cash, limited partnership interests, other securities or other property), recapitalization (including, without limitation, any subdivision or combination of limited partnership interests), reorganization, consolidation, combination, repurchase or exchange of limited partnership interests or other securities of the Partnership or Alliance Holding, issuance of warrants or other rights to purchase limited partnership interests or other securities of the Partnership or Alliance Holding, or any incorporation of the Partnership or Alliance Holding. In the event of such a change in the partnership interests of the Partnership or Alliance Holding, the Board shall make such adjustments to this Option, including the purchase price specified in Section 1, as it deems appropriate and equitable. In the event of incorporation of the Partnership or Alliance Holding, the Board shall make such arrangements as it deems appropriate and equitable with respect to this Option for the Participant to purchase stock in the resulting corporation in place of the Units subject to this Option. Any such adjustment or arrangement may provide for the elimination of any fractional Unit or shares of stock which might otherwise become subject to this Option. Any decision by the Board under this Section shall be final and binding upon the Participant.

9. Rights as an Owner of a Unit. The Participant (or a transferee of this Option pursuant to Sections 4 and 6) shall have no rights as an owner of a Unit with respect to any Unit covered by this Option until he becomes the holder of record of such Unit, which shall be deemed to occur at the time that notice of purchase is given and payment in full is received under Section 3 and 13. By such actions, the Participant (or such transferee) shall be deemed to have consented to, and agreed to be bound by, all other terms, conditions, rights and obligations set forth in the then current Amended and Restated Agreement of Limited Partnership of Alliance Holding, and the then current Amended and Restated Agreement of Limited Partnership of the Partnership. Except as provided in Section 9, no adjustment shall be made with respect to any Unit for any distribution for which the record date is prior to the date on which the Participant becomes the holder of record of the Unit, regardless of whether the distribution is ordinary or extraordinary, in cash, securities or other property, or of any other rights.

10. Administrator. If at any time there shall be no 1997 Option Committee of the Board, the Board shall be the Administrator.

11. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

12. Interpretation. The Participant accepts this Option subject to all the terms and provisions of the Plan, which shall control in the event of any conflict between any provision of the Plan and this Agreement, and accepts as binding, conclusive and final all decisions or interpretations of the Board or the Administrator upon any questions arising under the Plan and/or this Agreement.

13. Notices. Any notice under this Agreement shall be in writing and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, registered, postage prepaid, and addressed, in the case of the Partnership, to the Secretary of Alliance Capital Management Corporation at 1345 Avenue of the Americas, New York, New York 10105, or if the Partnership should move its principal office, to such principal office, in the case of Alliance Holding, to the Secretary of Alliance Capital Management Corporation at 1345 Avenue of the Americas, New York, New York 10105, or if Alliance Holding should move its principal office, to such principal office, and, in the case of the Participant, to his last permanent address as shown on the Partnership's records, subject to the right of either party to designate some other address at any time hereafter in a notice satisfying the requirements of this Section.

14. Sections and Headings. All section references in this Agreement are to sections hereof for convenience of reference only and are not to affect the meaning of any provision of this Agreement.

ALLIANCE CAPITAL MANAGEMENT L.P.

By: Alliance Capital Management Corporation, its General Partner

By: /s/ John D. Carifa
John D. Carifa
President

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.

By: Alliance Capital Management Corporation, its General Partner

By: /s/ John D. Carifa
John D. Carifa
President

/s/ Kathleen A. Corbet
Kathleen A. Corbet

**Exhibit A To Unit Option Plan Agreement Dated December 7, 2001
between Alliance Capital Management L.P.,
Alliance Capital Management Holding L.P. and Kathleen A. Corbet**

1. The number of Units that the Participant is entitled to purchase pursuant to the Option granted under this Agreement is 30,000.

2. The per Unit price to purchase Units pursuant to the Option granted under this Agreement is $50.25 per Unit.

3. Percentage of Units With Respect to Which the Option First Becomes Exercisable on the Date Indicated

1.	December 7, 2002	20%
2.	December 7, 2003	20%
3.	December 7, 2004	20%
4.	December 7, 2005	20%
5.	December 7, 2006	20%

ALLIANCE CAPITAL MANAGEMENT L.P.
UNIT OPTION PLAN AGREEMENT

AGREEMENT, dated December 7, 2001 between Alliance Capital Management L.P. (the "Partnership"), Alliance Capital Management Holding L.P. ("Alliance Holding") and Gerald M. Lieberman (the "Participant"), an employee of the Partnership or a subsidiary of the Partnership (an "Employee Participant").

The 1997 Option Committee (the "Administrator") of the Board of the Board of Directors (the "Board") of Alliance Capital Management Corporation, the general partner of the Partnership and Alliance Holding, pursuant to the 1997 Long Term Incentive Plan, a copy of which has been delivered to the Participant (the "Plan"), has granted to the Participant an option to purchase units representing assignments of beneficial ownership of limited partnership interests in Alliance Holding (the "Units") as hereinafter set forth, and authorized the execution and delivery of this Agreement.

In accordance with that grant, and as a condition thereto, the Partnership, Alliance Holding and the Participant agree as follows:

1. Grant of Option. Subject to and under the terms and conditions set forth in this Agreement and the Plan, the Participant is the owner of an option (the "Option") to purchase the number of Units set forth in Section 1 of Exhibit A attached hereto at the per Unit price set forth in Section 2 of Exhibit A.

2. Term and Exercise Schedule. This Option shall not be exercisable to any extent prior to December 7, 2002 or after December 7, 2011 (the "Expiration Date"). Subject to the terms and conditions of this Agreement and the Plan, the Participant shall be entitled to exercise the Option prior to the Expiration Date and to purchase Units hereunder in accordance with the schedule set forth in Section 3 of Exhibit A.

The right to exercise this Option shall be cumulative so that to the extent this Option is not exercised when it becomes initially exercisable with respect to any Units, it shall be exercisable with respect to such Units at any time thereafter until the Expiration Date and any Units subject to this Option which have not then been purchased may not, thereafter, be purchased hereunder. A Unit shall be considered to have been purchased on or before the Expiration Date if notice of the purchase has been given and payment therefor has actually been received pursuant to Sections 3 and 13, on or before the Expiration Date.

3. Notice of Exercise, Payment and Certificate. Exercise of this Option, in whole or in part, shall be by delivery of a written notice to the Partnership and Alliance Holding pursuant to Section 14 which specifies the number of Units being purchased and is accompanied by payment therefor in cash. Promptly after receipt of such notice and purchase price, the Partnership and Alliance Holding shall deliver to the person exercising the Option a certificate for the number of Units purchased. Units to be issued upon the exercise of this Option may be either authorized and unissued Units or Units which have been reacquired by the Partnership, a subsidiary of the Partnership, Alliance Holding or a subsidiary of Alliance Holding.

4. Termination of Employment. This Option may be exercised by an Employee Participant only while the Employee Participant is employed full-time by the Partnership, except as follows:

(a) Disability. If the Employee Participant's employment with the Partnership terminates because of Disability, the Employee Participant (or his personal representative) shall have the right to exercise this Option, to the extent that the Employee Participant was entitled to do so on the date of termination of his employment, for a period which ends not later than the earlier of (i) three months after such termination, and (ii) the Expiration Date. "Disability" shall mean a determination by the Administrator that the Employee Participant is physically or mentally incapacitated and has been unable for a period of six consecutive months to perform the duties for which he was responsible immediately before the onset of his incapacity. In order to assist the Administrator in making a determination as to the Disability of the Employee Participant for purposes of this paragraph (a), the Employee Participant shall, as reasonably requested by the Administrator, (A) make himself available for medical examinations by one or more physicians chosen by the Administrator and approved by the Employee Participant, whose approval shall not unreasonably be withheld, and (B) grant the Administrator and any such physicians access to all relevant medical information concerning him, arrange to furnish copies of medical records to them, and use his best efforts to cause his own physicians to be available to discuss his health with them.

(b) Death. If the Employee Participant dies (i) while in the employ of the Partnership, or (ii) within one month after termination of his employment with the Partnership because of Disability (as determined in accordance with paragraph (a) above), or (iii) within one month after the Partnership terminates his employment for any reason other than for Cause (as determined in accordance with paragraph (c) below), this Option may be exercised, to the extent that the Employee Participant was entitled to do so on the date of his death, by the person or persons to whom the Option shall have been transferred by will or by the laws of descent and distribution, for a period which ends not later than the earlier of (A) six months from the date of the Employee Participant's death, and (B) the Expiration Date.

(c) Other Termination. If the Partnership terminates the Employee Participant's employment for any reason other than death, Disability or for Cause, the Employee Participant shall have the right to exercise this Option, to the extent that he was entitled to do so on the date of the termination of his employment, for a period which ends not later than the earlier of (i) three months after such termination, and (ii) the Expiration Date. "Cause" shall mean (A) the Employee Participant's continuing willful failure to perform his duties as an employee (other than as a result of his total or partial incapacity due to physical or mental illness), (B) gross negligence or malfeasance in the performance of the Employee Participant's duties, (c) a finding by a court or other governmental body with proper jurisdiction that an act or acts by the Employee Participant constitutes (1) a felony under the laws of the United States or any state thereof (or, if the Employee Participant's place of

employment is outside of the United States, a serious crime under the laws of the foreign jurisdiction where he is employed, which crime if committed in the United States would be a felony under the laws of the United States or the laws of New York), or (2) a violation of federal or state securities law (or, if the Employee Participant's place of employment is outside of the United States, of federal, state or foreign securities law) by reason of which finding of violation described in this clause (2) the Board determines in good faith that the continued employment of the Employee Participant by the Partnership would be seriously detrimental to the Partnership and its business, (D) in the absence of such a finding by a court or other governmental body with proper jurisdiction, such a determination in good faith by the Board by reason of such act or acts constituting such a felony, serious crime or violation, or (E) any breach by the Employee Participant of any obligation of confidentiality or non-competition to the Partnership.

For purposes of this Agreement, employment by a subsidiary of the Partnership shall be deemed to be employment by the Partnership. A "subsidiary" of the Partnership shall be any corporation or other entity of which the Partnership and/or its subsidiaries (a) have sufficient voting power (not depending on the

happening of a contingency) to elect at least a majority of its board of directors, or (b) otherwise have the power to direct or cause the direction of its management and policies.

5. No Right to Continued Employment. This Option shall not confer upon the Participant any right to continue in the employ of the Partnership or any subsidiary of the Partnership or to be retained as a Director, and shall not interfere in any way with the right of the Partnership to terminate the service of the Participant at any time for any reason.

6. Non-Transferability. This Option is not transferable other than by will or the laws of descent and distribution and, except as otherwise provided in Section 4, during the lifetime of the Participant this Option is exercisable only by the Participant; except that a Participant may transfer this Option, without consideration, subject to such rules as the Committee may adopt to preserve the purposes of the Plan (including limiting such transfers to transfers by Participants who are senior executives), to a trust solely for the benefit of the Participant and the Participant's spouse, children or grandchildren (including adopted and stepchildren and grandchildren) (each a "Permitted Transferee").

7. Payment of Withholding Tax. (a) In the event that the Partnership or Alliance Holding determines that any federal, state or local tax or any other charge is required by law to be withheld with respect to the exercise of this Option, the Participant shall promptly pay to the Partnership, a subsidiary specified by the Partnership or Alliance Holding, on at least seven business days' notice, an amount equal to such withholding tax or charge or (b) if the Participant does not promptly so pay the entire amount of such withholding tax or charge in accordance with such notice, or make arrangements satisfactory to the Partnership and Alliance Holding regarding payment thereof, the Partnership or any subsidiary of the Partnership may withhold the remaining amount thereof from any amount due the Participant from the Partnership or the subsidiary.

8. Dilution and Other Adjustments. The existence of this Option shall not impair the right of the Partnership or Alliance Holding or their respective partners to, among other things, conduct, make or effect any change in the Partnership's or Alliance Holding's business, any distribution (whether in the form of cash, limited partnership interests, other securities or other property), recapitalization (including, without limitation, any subdivision or combination of limited partnership interests), reorganization, consolidation, combination, repurchase or exchange of limited partnership interests or other securities of the Partnership or Alliance Holding, issuance of warrants or other rights to purchase limited partnership interests or other securities of the Partnership or Alliance Holding, or any incorporation of the Partnership or Alliance Holding. In the event of such a change in the partnership interests of the Partnership or Alliance Holding, the Board shall make such adjustments to this Option, including the purchase price specified in Section 1, as it deems appropriate and equitable. In the event of incorporation of the Partnership or Alliance Holding, the Board shall make such arrangements as it deems appropriate and equitable with respect to this Option for the Participant to purchase stock in the resulting corporation in place of the Units subject to this Option. Any such adjustment or arrangement may provide for the elimination of any fractional Unit or shares of stock which might otherwise become subject to this Option. Any decision by the Board under this Section shall be final and binding upon the Participant.

9. Rights as an Owner of a Unit. The Participant (or a transferee of this Option pursuant to Sections 4 and 6) shall have no rights as an owner of a Unit with respect to any Unit covered by this Option until he becomes the holder of record of such Unit, which shall be deemed to occur at the time that notice of purchase is given and payment in full is received under Section 3 and 13. By such actions, the Participant (or such transferee) shall be deemed to have consented to, and agreed to be bound by, all other terms, conditions, rights and obligations set forth in the then current Amended and Restated Agreement of Limited Partnership of Alliance Holding, and the then current Amended and Restated Agreement of Limited Partnership of the Partnership. Except as provided in Section 9, no adjustment shall be made with respect to any Unit for any distribution for which the record date is prior to the date on which the Participant becomes the holder of record of the Unit, regardless of whether the distribution is ordinary or extraordinary, in cash, securities or other property, or of any other rights.

10. Administrator. If at any time there shall be no 1997 Option Committee of the Board, the Board shall be the Administrator.

11. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

12. Interpretation. The Participant accepts this Option subject to all the terms and provisions of the Plan, which shall control in the event of any conflict between any provision of the Plan and this Agreement, and accepts as binding, conclusive and final all decisions or interpretations of the Board or the Administrator upon any questions arising under the Plan and/or this Agreement.

13. Notices. Any notice under this Agreement shall be in writing and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, registered, postage prepaid, and addressed, in the case of the Partnership, to the Secretary of Alliance Capital Management Corporation at 1345 Avenue of the Americas, New York, New York 10105, or if the Partnership should move its principal office, to such principal office, in the case of Alliance Holding, to the Secretary of Alliance Capital Management Corporation at 1345 Avenue of the Americas, New York, New York 10105, or if Alliance Holding should move its principal office, to such principal office, and, in the case of the Participant, to his last permanent address as shown on the Partnership's records, subject to the right of either party to designate some other address at any time hereafter in a notice satisfying the requirements of this Section.

14. Sections and Headings. All section references in this Agreement are to sections hereof for convenience of reference only and are not to affect the meaning of any provision of this Agreement.

ALLIANCE CAPITAL MANAGEMENT L.P.

By: Alliance Capital Management
Corporation, its General Partner

By: /s/ John D. Carifa
John D. Carifa
President

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.

By: Alliance Capital Management

Corporation, its General Partner

By: /s/ John D. Carifa
John D. Carifa
President

/s/ Gerald M. Lieberman
Gerald M. Lieberman

Exhibit A To Unit Option Plan Agreement Dated December 7, 2001
between Alliance Capital Management L.P.,
Alliance Capital Management Holding L.P. and Gerald M. Lieberman

1. The number of Units that the Participant is entitled to purchase pursuant to the Option granted under this Agreement is 40,000.

2. The per Unit price to purchase Units pursuant to the Option granted under this Agreement is $50.25 per Unit.

3. Percentage of Units With Respect to Which the Option First Becomes Exercisable on the Date Indicated

1.	December 7, 2002	20%
2.	December 7, 2003	20%
3.	December 7, 2004	20%
4.	December 7, 2005	20%
5.	December 7, 2006	20%

ALLIANCE CAPITAL MANAGEMENT L.P.
UNIT OPTION PLAN AGREEMENT

AGREEMENT, dated December 7, 2001 between Alliance Capital Management L.P. (the "Partnership"), Alliance Capital Management Holding L.P. ("Alliance Holding") and David R. Brewer, Jr. (the "Employee"), an employee of the Partnership or a subsidiary of the Partnership.

The Option Committee (the "Administrator") of the Board of Directors (the "Board") of Alliance Capital Management Corporation, the general partner of the Partnership and Alliance Holding, pursuant to the 1993 Unit Option Plan, a copy of which has been delivered to the Employee (the "Plan"), has granted to the Employee an option to purchase units representing assignments of beneficial ownership of limited partnership interests in Alliance Holding (the "Units") as hereinafter set forth, and authorized the execution and delivery of this Agreement.

In accordance with that grant, and as a condition thereto, the Partnership, Alliance Holding and the Employee agree as follows:

1. Grant of Option. Subject to and under the terms and conditions set forth in this Agreement and the Plan, the Employee is the owner of an option (the "Option") to purchase the number of Units set forth in Section 1 of Exhibit A attached hereto at the per Unit price set forth in Section 2 of Exhibit A.

2. Term and Exercise Schedule. This Option shall not be exercisable to any extent prior to December 7, 2002 or after December 7, 2011 (the "Expiration Date"). Subject to the terms and conditions of this Agreement and the Plan, the Employee shall be entitled to exercise the Option prior to the Expiration Date and to purchase Units hereunder in accordance with the schedule set forth in Section 3 of Exhibit A.

The right to exercise this Option shall be cumulative so that to the extent this Option is not exercised when it becomes initially exercisable with respect to any Units, it shall be exercisable with respect to such Units at any time thereafter until the Expiration Date and any Units subject to this Option which have not then been purchased may not, thereafter, be purchased hereunder. A Unit shall be considered to have been purchased on or before the Expiration Date if notice of the purchase has been given and payment therefor has actually been received pursuant to Sections 3 and 13, on or before the Expiration Date.

3. Notice of Exercise, Payment and Certificate. Exercise of this Option, in whole or in part, shall be by delivery of a written notice to the Partnership and Alliance Holding pursuant to Section 13 which specifies the number of Units being purchased and is accompanied by payment therefor in cash. Promptly after receipt of such notice and purchase price, the Partnership and Alliance Holding shall deliver to the person exercising the Option a certificate for the number of Units purchased. Units to be issued upon the exercise of this Option may be either authorized and unissued Units or Units which have been reacquired by the Partnership, a subsidiary of the Partnership, Alliance Holding or a subsidiary of Alliance Holding.

4. Termination of Employment. This Option may be exercised only while the Employee is a full-time employee of the Partnership, except as follows:

(a) Disability. If the Employee's employment with the Partnership terminates because of Disability, the Employee (or his personal representative) shall have the right to exercise this Option, to the extent that the Employee was entitled to do so on the date of termination of his employment, for a period which ends not later than the earlier of (i) three months after such termination, and (ii) the Expiration Date. "Disability" shall mean a determination by the Administrator that the Employee is physically or mentally incapacitated and has been unable for a period of six consecutive months to perform the duties for which he was responsible immediately before the onset of his incapacity. In order to assist the Administrator in making a determination as to the Disability of the Employee for purposes of this paragraph (a), the Employee shall, as reasonably requested by the Administrator, (A) make himself available for medical examinations by one or more physicians chosen by the Administrator and approved by the Employee, whose approval shall not unreasonably be withheld, and (B) grant the Administrator and any such physicians access to all relevant medical information concerning him, arrange to furnish copies of medical records to them, and use his best efforts to cause his own physicians to be available to discuss his health with them.

(b) Death. If the Employee dies (i) while in the employ of the Partnership, or (ii) within one month after termination of his employment with the Partnership because of Disability (as determined in accordance with paragraph (a) above), or (iii) within one month after the Partnership terminates his employment for any reason other than for Cause (as determined in accordance with paragraph (c) below), this Option may be exercised, to the extent that the Employee was entitled to do so on the date of his death, by the person or persons to whom the Option shall have been transferred by will or by the laws of descent and distribution, for a period which ends not later than the earlier of (A) six months from the date of the Employee's death, and (B) the Expiration Date.

(c) Other Termination. If the Partnership terminates the Employee's employment for any reason other than death, Disability or for Cause, the Employee shall have the right to exercise this Option, to the extent that he was entitled to do so on the date of the termination of his employment, for a period which ends not later than the earlier of (i) three months after such termination, and (ii) the Expiration Date. "Cause" shall mean (A) the Employee's continuing willful failure to perform his duties as an employee (other than as a result of his total or partial incapacity due to physical or mental illness), (B) gross negligence or malfeasance in the performance of the Employee's duties, (C) a finding by a court or other governmental body with proper jurisdiction that an act or acts by the Employee constitutes (1) a felony under the laws of the United States or any state thereof (or, if the Employee's place of employment is outside of the United States, a serious crime under the laws of the foreign jurisdiction where he is employed, which crime if committed in the United States would be a felony under the laws of the United States or the laws of

New York), or (2) a violation of federal or state securities law (or, if the Employee's place of employment is outside of the United States, of federal, state or foreign securities law) by reason of which finding of violation described in this clause (2) the Board determines in good faith that the continued employment of the Employee by the Partnership would be seriously detrimental to the Partnership and its business, (D) in the absence of such a finding by a court or other governmental body with proper jurisdiction, such a determination in good faith by the Board by reason of such act or acts constituting such a felony, serious crime or violation, or (E) any breach by the Employee of any obligation of confidentiality or non-competition to the Partnership.

For purposes of this Agreement, employment by a subsidiary of the Partnership shall be deemed to be employment by the Partnership. A "subsidiary" of the Partnership shall be any corporation or other entity of which the Partnership and/or its subsidiaries (a) have sufficient voting power (not depending on the

happening of a contingency) to elect at least a majority of its board of directors, or (b) otherwise have the power to direct or cause the direction of its management and policies.

5. Non-Transferability. This Option is not transferable other than by will or the laws of descent and distribution and, except as otherwise provided in Section 4, during the lifetime of the Employee this Option is exercisable only by the Employee.

6. No Right to Continued Employment. This Option shall not confer upon the Employee any right to continue in the employ of the Partnership or interfere in any way with the right of the Partnership to terminate the employment of the Employee at any time for any reason.

7. Payment of Withholding Tax. (a) In the event that the Partnership or Alliance Holding determines that any federal, state or local tax or any other charge is required by law to be withheld with respect to the exercise of this Option, the Employee shall promptly pay to the Partnership or a subsidiary specified by the Partnership or Alliance Holding, on at least seven business days' notice, an amount equal to such withholding tax or charge or (b) if the Employee does not promptly so pay the entire amount of such withholding tax or charge in accordance with such notice, or make arrangements satisfactory to the Partnership and Alliance Holding regarding payment thereof, the Partnership or any subsidiary of the Partnership may withhold the remaining amount thereof from any amount due the Employee from the Partnership or the subsidiary.

8. Dilution and Other Adjustments. The existence of this Option shall not impair the right of the Partnership or Alliance Holding or their respective partners to, among other things, conduct, make or effect any change in the Partnership's or Alliance Holding's business, any issuance of debt obligations or other securities by the Partnership or Alliance Holding, any grant of options with respect to an interest in the Partnership or Alliance Holding or any adjustment, recapitalization or other change in the partnership interests of the Partnership or Alliance Holding (including, without limitation, any distribution, subdivision, or combination of limited partnership interests), or any incorporation of the Partnership or Alliance Holding. In the event of such a change in the partnership interests of the Partnership or Alliance Holding, the Board shall make such adjustments to this Option, including the purchase price specified in Section 1, as it deems appropriate and

equitable. In the event of incorporation of the Partnership or Alliance Holding, the Board shall make such arrangements as it deems appropriate and equitable with respect to this Option for the Employee to purchase stock in the resulting corporation in place of the Units subject to this Option. Any such adjustment or arrangement may provide for the elimination of any fractional Unit or shares of stock which might otherwise become subject to this Option. Any decision by the Board under this Section shall be final and binding upon the Employee.

9. Rights as an Owner of a Unit. The Employee (or a transferee of this Option pursuant to Section 4) shall have no rights as an owner of a Unit with respect to any Unit covered by this Option until he becomes the holder of record of such Unit, which shall be deemed to occur at the time that notice of purchase is given and payment in full is received under Section 3 and 13. By such actions, the Employee (or such transferee) shall be deemed to have consented to, and agreed to be bound by, all other terms, conditions, rights and obligations set forth in the then current Amended and Restated Agreement of Limited Partnership of Alliance Holding and the then current Amended and Restated Agreement of Limited Partnership of the Partnership. Except as provided in Section 8, no adjustment shall be made with respect to any Unit for any distribution for which the record date is prior to the date on which the Employee becomes the holder of record of the Unit, regardless of whether the distribution is ordinary or extraordinary, in cash, securities or other property, or of any other rights.

10. Administrator. If at any time there shall be no Option Committee of the Board, the Board shall be the Administrator.

11. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

12. Interpretation. The Employee accepts this Option subject to all the terms and provisions of the Plan, which shall control in the event of any conflict between any provision of the Plan and this Agreement, and accepts as binding, conclusive and final all decisions or interpretations of the Board or the Administrator upon any questions arising under the Plan and/or this Agreement.

13. Notices. Any notice under this Agreement shall be in writing and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, registered, postage prepaid, and addressed, in the case of the Partnership, to the Secretary of Alliance Capital Management Corporation at 1345 Avenue of the Americas, New York, New York 10105, or if the Partnership should move its principal office, to such principal office, in the case of Alliance Holding, to the Secretary of Alliance Capital Management Corporation at 1345 Avenue of the Americas, New York, New York 10105, or if Alliance Holding should move its principal office, to such principal office, and, in the case of the Employee, to his last permanent address as shown on the Partnership's records, subject to the right of either party to designate some other address at any time hereafter in a notice satisfying the requirements of this Section.

14. Sections and Headings. All section references in this Agreement are to sections hereof for convenience of reference only and are not to affect the meaning of any provision of this Agreement.

ALLIANCE CAPITAL MANAGEMENT L.P.

By: Alliance Capital Management Corporation, its General Partner

By: /s/ John D. Carifa
John D. Carifa
President

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ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.

By: Alliance Capital Management Corporation, General Partner

By: /s/ John D. Carifa
John D. Carifa
President

/s/ David R. Brewer, Jr.
David R. Brewer, Jr.

Exhibit A To Unit Option Plan Agreement Dated December 7, 2001
between Alliance Capital Management L.P.,
Alliance Capital Management Holding L.P. and David R. Brewer, Jr.

1. The number of Units that the Employee is entitled to purchase pursuant to the Option granted under this Agreement is 15,000.

2. The per Unit price to purchase Units pursuant to the Option granted under this Agreement is $50.25 per Unit.

3. Percentage of Units With Respect to Which the Option First Becomes Exercisable on the Date Indicated

1.	December 7, 2002	20%
2.	December 7, 2003	20%
3.	December 7, 2004	20%
4.	December 7, 2005	20%
5.	December 7, 2006	20%

ALLIANCE CAPITAL MANAGEMENT L.P.
UNIT OPTION PLAN AGREEMENT

AGREEMENT, dated December 7, 2001 between Alliance Capital Management L.P. (the "Partnership"), Alliance Capital Management Holding L.P. ("Alliance Holding") and Robert H. Joseph, Jr. (the "Participant"), an employee of the Partnership or a subsidiary of the Partnership (an "Employee Participant").

The 1997 Option Committee (the "Administrator") of the Board of the Board of Directors (the "Board") of Alliance Capital Management Corporation, the general partner of the Partnership and Alliance Holding, pursuant to the 1997 Long Term Incentive Plan, a copy of which has been delivered to the Participant (the "Plan"), has granted to the Participant an option to purchase units representing assignments of beneficial ownership of limited partnership interests in Alliance Holding (the "Units") as hereinafter set forth, and authorized the execution and delivery of this Agreement.

In accordance with that grant, and as a condition thereto, the Partnership, Alliance Holding and the Participant agree as follows:

1. Grant of Option. Subject to and under the terms and conditions set forth in this Agreement and the Plan, the Participant is the owner of an option (the "Option") to purchase the number of Units set forth in Section 1 of Exhibit A attached hereto at the per Unit price set forth in Section 2 of Exhibit A.

2. Term and Exercise Schedule. This Option shall not be exercisable to any extent prior to December 7, 2002 or after December 7, 2011 (the "Expiration Date"). Subject to the terms and conditions of this Agreement and the Plan, the Participant shall be entitled to exercise the Option prior to the Expiration Date and to purchase Units hereunder in accordance with the schedule set forth in Section 3 of Exhibit A.

The right to exercise this Option shall be cumulative so that to the extent this Option is not exercised when it becomes initially exercisable with respect to any Units, it shall be exercisable with respect to such Units at any time thereafter until the Expiration Date and any Units subject to this Option which have not then been purchased may not, thereafter, be purchased hereunder. A Unit shall be considered to have been purchased on or before the Expiration Date if notice of the purchase has been given and payment therefor has actually been received pursuant to Sections 3 and 13, on or before the Expiration Date.

3. Notice of Exercise, Payment and Certificate. Exercise of this Option, in whole or in part, shall be by delivery of a written notice to the Partnership and Alliance Holding pursuant to Section 14 which specifies the number of Units being purchased and is accompanied by payment therefor in cash. Promptly after receipt of such notice and purchase price, the Partnership and Alliance Holding shall deliver to the person exercising the Option a certificate for the number of Units purchased. Units to be issued upon the exercise of this Option may be either authorized and unissued Units or Units which have been reacquired by the Partnership, a subsidiary of the Partnership, Alliance Holding or a subsidiary of Alliance Holding.

4. Termination of Employment. This Option may be exercised by an Employee Participant only while the Employee Participant is employed full-time by the Partnership, except as follows:

(a) Disability. If the Employee Participant's employment with the Partnership terminates because of Disability, the Employee Participant (or his personal representative) shall have the right to exercise this Option, to the extent that the Employee Participant was entitled to do so on the date of termination of his employment, for a period which ends not later than the earlier of (i) three months after such termination, and (ii) the Expiration Date. "Disability" shall mean a determination by the Administrator that the Employee Participant is physically or mentally incapacitated and has been unable for a period of six consecutive months to perform the duties for which he was responsible immediately before the onset of his incapacity. In order to assist the Administrator in making a determination as to the Disability of the Employee Participant for purposes of this paragraph (a), the Employee Participant shall, as reasonably requested by the Administrator, (A) make himself available for medical examinations by one or more physicians chosen by the Administrator and approved by the Employee Participant, whose approval shall not unreasonably be withheld, and (B) grant the Administrator and any such physicians access to all relevant medical information concerning him, arrange to furnish copies of medical records to them, and use his best efforts to cause his own physicians to be available to discuss his health with them.

(b) Death. If the Employee Participant dies (i) while in the employ of the Partnership, or (ii) within one month after termination of his employment with the Partnership because of Disability (as determined in accordance with paragraph (a) above), or (iii) within one month after the Partnership terminates his employment for any reason other than for Cause (as determined in accordance with paragraph (c) below), this Option may be exercised, to the extent that the Employee Participant was entitled to do so on the date of his death, by the person or persons to whom the Option shall have been transferred by will or by the laws of descent and distribution, for a period which ends not later than the earlier of (A) six months from the date of the Employee Participant's death, and (B) the Expiration Date.

(c) Other Termination. If the Partnership terminates the Employee Participant's employment for any reason other than death, Disability or for Cause, the Employee Participant shall have the right to exercise this Option, to the extent that he was entitled to do so on the date of the termination of his employment, for a period which ends not later than the earlier of (i) three months after such termination, and (ii) the Expiration Date. "Cause" shall mean (A) the Employee Participant's continuing willful failure to perform his duties as an employee (other than as a result of his total or partial incapacity due to physical or mental illness), (B) gross negligence or malfeasance in the performance of the Employee Participant's duties, (c) a finding by a court or other governmental body with proper jurisdiction that an act or acts by the Employee Participant constitutes (1) a felony under the laws of the United States or any state thereof (or, if the Employee Participant's place of

employment is outside of the United States, a serious crime under the laws of the foreign jurisdiction where he is employed, which crime if committed in the United States would be a felony under the laws of the United States or the laws of New York), or (2) a violation of federal or state securities law (or, if the Employee Participant's place of employment is outside of the United States, of federal, state or foreign securities law) by reason of which finding of violation described in this clause (2) the Board determines in good faith that the continued employment of the Employee Participant by the Partnership would be seriously detrimental to the Partnership and its business, (D) in the absence of such a finding by a court or other governmental body with proper jurisdiction, such a determination in good faith by the Board by reason of such act or acts constituting such a felony, serious crime or violation, or (E) any breach by the Employee Participant of any obligation of confidentiality or non-competition to the Partnership.

For purposes of this Agreement, employment by a subsidiary of the Partnership shall be deemed to be employment by the Partnership. A "subsidiary" of the Partnership shall be any corporation or other entity of which the Partnership and/or its subsidiaries (a) have sufficient voting power (not depending on the happening of a contingency) to elect at least a majority of its board of directors, or (b) otherwise have the power to direct or cause the direction of its management and policies.

5. No Right to Continued Employment. This Option shall not confer upon the Participant any right to continue in the employ of the Partnership or any subsidiary of the Partnership or to be retained as a Director, and shall not interfere in any way with the right of the Partnership to terminate the service of the Participant at any time for any reason.

6. Non-Transferability. This Option is not transferable other than by will or the laws of descent and distribution and, except as otherwise provided in Section 4, during the lifetime of the Participant this Option is exercisable only by the Participant; except that a Participant may transfer this Option, without consideration, subject to such rules as the Committee may adopt to preserve the purposes of the Plan (including limiting such transfers to transfers by Participants who are senior executives), to a trust solely for the benefit of the Participant and the Participant's spouse, children or grandchildren (including adopted and stepchildren and grandchildren) (each a "Permitted Transferee").

7. Payment of Withholding Tax. (a) In the event that the Partnership or Alliance Holding determines that any federal, state or local tax or any other charge is required by law to be withheld with respect to the exercise of this Option, the Participant shall promptly pay to the Partnership, a subsidiary specified by the Partnership or Alliance Holding, on at least seven business days' notice, an amount equal to such withholding tax or charge or (b) if the Participant does not promptly so pay the entire amount of such withholding tax or charge in accordance with such notice, or make arrangements satisfactory to the Partnership and Alliance Holding regarding payment thereof, the Partnership or any subsidiary of the Partnership may withhold the remaining amount thereof from any amount due the Participant from the Partnership or the subsidiary.

8. Dilution and Other Adjustments. The existence of this Option shall not impair the right of the Partnership or Alliance Holding or their respective partners to, among other things, conduct, make or effect any change in the Partnership's or Alliance Holding's business, any distribution (whether in the form of cash, limited partnership interests, other securities or other property), recapitalization (including, without limitation, any subdivision or combination of limited partnership interests), reorganization, consolidation, combination, repurchase or exchange of limited partnership interests or other securities of the Partnership or Alliance Holding, issuance of warrants or other rights to purchase limited partnership interests or other securities of the Partnership or Alliance Holding, or any incorporation of the Partnership or Alliance Holding. In the event of such a change in the partnership interests of the Partnership or Alliance Holding, the Board shall make such adjustments to this Option, including the purchase price specified in Section 1, as it deems appropriate and equitable. In the event of incorporation of the Partnership or Alliance Holding, the Board shall make such arrangements as it deems appropriate and equitable with respect to this Option for the Participant to purchase stock in the resulting corporation in place of the Units subject to this Option. Any such adjustment or arrangement may provide for the elimination of any fractional Unit or shares of stock which might otherwise become subject to this Option. Any decision by the Board under this Section shall be final and binding upon the Participant.

9. Rights as an Owner of a Unit. The Participant (or a transferee of this Option pursuant to Sections 4 and 6) shall have no rights as an owner of a Unit with respect to any Unit covered by this Option until he becomes the holder of record of such Unit, which shall be deemed to occur at the time that notice of purchase is given and payment in full is received under Section 3 and 13. By such actions, the Participant (or such transferee) shall be deemed to have consented to, and agreed to be bound by, all other terms, conditions, rights and obligations set forth in the then current Amended and Restated Agreement of Limited Partnership of Alliance Holding, and the then current Amended and Restated Agreement of Limited Partnership of the Partnership. Except as provided in Section 9, no adjustment shall be made with respect to any Unit for any distribution for which the record date is prior to the date on which the Participant becomes the holder of record of the Unit, regardless of whether the distribution is ordinary or extraordinary, in cash, securities or other property, or of any other rights.

10. Administrator. If at any time there shall be no 1997 Option Committee of the Board, the Board shall be the Administrator.

11. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

12. Interpretation. The Participant accepts this Option subject to all the terms and provisions of the Plan, which shall control in the event of any conflict between any provision of the Plan and this Agreement, and accepts as binding, conclusive and final all decisions or interpretations of the Board or the Administrator upon any questions arising under the Plan and/or this Agreement.

13. Notices. Any notice under this Agreement shall be in writing and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, registered, postage prepaid, and addressed, in the case of the Partnership, to the Secretary of Alliance Capital Management Corporation at 1345 Avenue of the Americas, New York, New York 10105, or if the Partnership should move its principal office, to such principal office, in the case of Alliance Holding, to the Secretary of Alliance Capital Management Corporation at 1345 Avenue of the Americas, New York, New York 10105, or if Alliance Holding should move its principal office, to such principal office, and, in the case of the Participant, to his last permanent address as shown on the Partnership's records, subject to the right of either party to designate some other address at any time hereafter in a notice satisfying the requirements of this Section.

14. Sections and Headings. All section references in this Agreement are to sections hereof for convenience of reference only and are not to affect the meaning of any provision of this Agreement.

ALLIANCE CAPITAL MANAGEMENT L.P.

By: Alliance Capital Management Corporation, its General Partner

By: /s/ John D. Carifa
John D. Carifa
President

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.

By: Alliance Capital Management
Corporation, its General Partner

By: /s/ John D. Carifa
John D. Carifa
President

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

**Exhibit A To Unit Option Plan Agreement Dated December 7, 2001
between Alliance Capital Management L.P.,
Alliance Capital Management Holding L.P. and Robert H. Joseph, Jr.**

1. The number of Units that the Participant is entitled to purchase pursuant to the Option granted under this Agreement is 15,000.

2. The per Unit price to purchase Units pursuant to the Option granted under this Agreement is $50.25 per Unit.

3. Percentage of Units With Respect to Which the Option First Becomes Exercisable on the Date Indicated

1.	December 7, 2002	20%
2.	December 7, 2003	20%
3.	December 7, 2004	20%
4.	December 7, 2005	20%
5.	December 7, 2006	20%

DEFERRAL AGREEMENT
UNDER
THE ALLIANCE CAPITAL MANAGEMENT L.P.
ANNUAL ELECTIVE DEFERRAL PLAN
FOR
YEAR 2001 BONUS OR YEAR END COMISSION PAYMENTS

This agreement (the "**Plan Agreement**") is entered into between David Brewer ("**you**") and Alliance Capital Management L.P. (the "**Company**") with respect to your elective deferral of a portion of your Bonus or Year End Commission Payments for the year 2001 under the Alliance Capital Management L.P. Annual Elective Deferral Plan (the "**Plan**"). You have elected to defer a portion of your year 2001 Bonus or Year End Commission Payments as set forth in the Deferral Election signed by you and submitted with this Plan Agreement (your "**Elective Deferral**") and in connection with that deferral you agree to the terms set forth in this Plan Agreement. The Plan provides a description of the terms and conditions governing your Elective Deferral and all other aspects of your participation in the Plan. If there is any inconsistency between the terms of this Plan Agreement and the terms of the Plan, the Plan's terms completely supercede and replace the conflicting terms of this Plan Agreement. All capitalized terms have the meanings given them in the Plan, unless specifically stated otherwise in this Plan Agreement.

1. Crediting of Your Elective Deferral. Your Elective Deferral will be credited to you under the Plan as of the date such amount(s) would otherwise have been paid to you absent your Deferral Election.

2. Crediting of Your Company Matching Contribution. As of the date that you are credited with the amount(s) constituting your Elective Deferral, you shall also be credited with an additional amount equal to 20% of those amount(s) (the "**Company Matching Contribution**").

3. Conversion of Units. Your Elective Deferral and related Company Matching Contribution shall be converted into Units as soon as practicable after such amounts are credited to you. The price per Unit used for such conversion shall be based on:

(i) For Units purchased from one or more holders of outstanding Units, the cost paid by the Company for such Units as determined pursuant to the purchase and pricing methodologies generally used under the Partners Plan, reduced, at the discretion of the Committee, by the applicable commissions and purchase transaction fees; and

(ii) For Units newly issued and acquired directly from Holding, a price equal to the average regular session closing price of the Units reflected on the NYSE composite tape for the December 31 following

the relevant Deferral Election Date (or, if such date is not a trading day on the NYSE, then the last preceding trading day).

4. Distributions on Units. Any quarterly or special distribution paid with respect to Units credited to you shall also be credited to you and shall be converted into additional Units at such intervals as may be established by the Committee, but in any event no less frequently than annually. The price per Unit used for such conversion shall be based on:

(i) For Units purchased from one or more holders of outstanding Units, the cost paid by the Company for such Units as determined pursuant to the purchase and pricing methodologies generally used under the Partners Plan, reduced, at the discretion of the Committee, by the applicable commissions and purchase transaction fees; and

(ii) For Units newly issued and acquired directly from Holding, a price equal to the average regular session closing price of the Units reflected on the NYSE composite tape for the date such distributions are paid.

5. Your Account. As of the date you are credited with cash amounts in respect of your Elective Deferral, Company matching Contribution or any distribution on Units credited to you in respect of your Elective Deferral or Company Matching Contribution, those amounts shall be posted to a bookkeeping account established under the Plan in your name (your "**Plan Account**"). As of the date that any such amounts are converted into Units, your Plan Account shall be amended to reflect such conversation to Units.

6. Vesting

(a) *Elective Deferrals*. Your Elective Deferral and all distributions credited with respect to Units into which your Elective Deferral has been converted, shall be 100% vested and non-forfeitable from and after the date such Elective Deferral and distributions are credited to you.

(b) *Company Match*. You shall become vested in your Company Matching Contribution and all distributions credited with respect to Units into which your Company Matching Contribution has been converted, in installments of one-third of the amount of your Company Matching Contribution and such distributions as of December 31 of each of 2002, 2003 and 2004, provided that you remain in the employ of the Company or an affiliate as of each such December 31, except that the entire amount of your Company Matching Contribution and the related distributions credited to you will fully vest if, prior to your Termination of Employment, you die, incur a Disability or attain age 62. In the event of your Termination of Employment prior to age 62 other than due to death or Disability, to the extent that any portion of your Company Matching Contribution and related distributions is not vested as of

the date of your Termination of Employment, such unvested portion shall be forfeited by you.

7. Distribution.

(a) *Distribution Election*. You are required to complete the distribution section of your Deferral Election to designate the time and method of distribution for the amounts covered by your Deferral Election and the Company Matching Contribution and distributions relating to such amounts. The distribution instructions set forth in your Deferral Election shall be irrevocable as to the amounts covered by such election; provided, however, that, if you so request, the Committee may, in its sole discretion, allow you to amend your distribution instructions to extend the deferral of the amounts covered by your Deferral Election and the Company Matching Contribution and related distributions, if such amendment is made at least one year prior to the scheduled distribution

commencement date for such amounts and the amendment defers commencement of such distribution for at least three years beyond the scheduled distribution commencement date.

(b) *Uncertainty as to Distribution Date*. If, with respect to amounts covered by your Deferral Election, you have failed to elect a distribution commencement date or there exists any ambiguity as to the distribution commencement date you have elected, such amounts (including the relevant vested Company matching Contribution) may be distributed to you after the earlier of the date of your Termination of Employment or the third anniversary of your Deferral Election Date, unless determined otherwise by the Committee, in its sole discretion.

(c) *Uncertainty as to Method of Payment*. If, with respect to amounts covered by your Deferral Election, you have failed to elect a method of payment or there exists any ambiguity as to the method of payment you elected, the method of payment for such amounts (including the relevant vested Company Matching Contribution) shall be lump sum, unless determined otherwise by the Committee, in its sole discretion.

(d) *Form of Distribution*. All distributions shall be paid in-kind in the form of Units.

8. Financial Emergencies. If you experience an Unforeseeable Financial Emergency, you may petition the Committee to (i) suspend any deferrals required but not yet made under your Deferral Election and/or (ii) receive a partial or full payout of your Account Balance. The Committee shall have complete discretion to accept or reject your petition and to determine the amounts, if any, which may be paid out to you; provided, however, that the payout shall not exceed the lesser of your Account Balance, or the amount reasonably needed to satisfy the Unforeseeable Financial Emergency.

9. Withdrawal Election. You (or, after your death, your Beneficiary) may elect, at any time, to withdraw all of your Account Balance, less a withdrawal penalty equal to 10% of such amount. This election can be made at any time before or after your Retirement, Disability, death or Termination of Employment, and whether or not you (or your Beneficiary) is in the process of being paid pursuant to an installment payment schedule. No partial withdrawals of your Account Balance shall be allowed. You (or your Beneficiary) shall make this election by giving the Committee advance written notice of the election in a form determined from time to time by the Committee. Once you have withdrawn your Account Balance your participation in the Plan shall terminate and you shall not be eligible to participate in the Plan in the future.

10. Beneficiary Designation. You are encouraged to designate a Beneficiary to receive your Account Balance under the Plan in the event of your death. You may do so by completing and signing a Beneficiary Designation Form provided by the Committee and returning it to the Committee. You shall have the right change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Committee's rules and procedures, as in effect from time to time. Upon the acceptance by the Committee of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be canceled. The Committee shall be entitled to rely on the last Beneficiary Designation Form filed by you and accepted by the Committee prior to your death. No designation or change in designation of a Beneficiary shall be effective until received, accepted and acknowledged in writing by the Committee or its designated agent. In the event of your death, the amounts relating to your Elective Deferral and the related Company Matching Contribution as well as all other amounts comprising your Account Balance will be distributed in accordance with your last Beneficiary Designation Form submitted to and acknowledged by the Committee. If you fail to designate a Beneficiary by way of a properly completed Beneficiary Designation Form acknowledged by the Committee or if your designated Beneficiaries predecease you or die prior to complete distribution of your Account Balance, then your designated Beneficiary shall be deemed to be your estate. If the Committee has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Committee shall have the right, exercisable in its discretion, to withhold such payments until this matter is resolved to the Committee's satisfaction.

11. Tax Withholding. As and when any Federal, state or local tax or any other charge is required by law to be withheld with respect to the vesting of amounts credited to you, the payment of distributions on any Units credited to you and the distribution of Units or other amounts from your Plan Account (a "**Withholding Amount"**), you agree promptly to pay the Withholding Amount to the Company in cash. You agree that if you do not pay the Withholding Amount to the Company, the Company may withhold any unpaid portion of the Withholding Amount from any amount otherwise due to you. Notwithstanding the foregoing, the Company may, in its sole discretion, establish and amend policies from time to time for the satisfaction

of Withholding Amounts by the deduction of a portion of the Units credited to you under the Plan.

12. Administration. It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Plan Agreement, all of which shall be binding upon you. The Committee is under no obligation to treat you or your interest under the Plan with the treatment provided for other participants in the Plan.

13. Miscellaneous.

(a) This Plan Agreement does not confer upon you any right to continuation of employment by the Company, nor does this Plan Agreement interfere in any way with the Company's right to terminate your employment at any time.

(b) Nothing in this Plan Agreement is intended or should be construed as a guarantee or assurance that you will receive any amounts in respect of a Bonus or Year End Commission Payments or any award under the Partners Plan, and all such entitlements remain in the sole discretion of the Company.

(c) This Plan Agreement will be governed by, and construed in accordance with, the laws of the State of New York (without regard to conflict law provisions).

(d) This Plan Agreement and the Plan constitute the entire understanding between you and the Company regarding your year 2001 Elective Deferral and the related Company matching Contribution. Any prior agreements, commitments or negotiations concerning the same are superceded. This Plan Agreement may be amended only by another written agreement, signed by parties.

BY SIGNING BELOW, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

IN WITNESS WHEREOF, the parties hereto have caused this Plan Agreement to be executed effective as of November 14, 2001.

Alliance Capital Management L.P.
By: Alliance Capital Management Corporation, General Partner

Participant Signature:

/s/ David Brewer
David Brewer

ALLIANCE ELECTIVE DEFERRAL PLAN

DEFERRAL ELECTION FORM

David Brewer
Name of Participant

December 31, 2001
Deferral Date

I hereby make the following irrevocable election regarding the deferral of my 2001 bonus/4Q2001 commission and the conversion of that amount into units of Alliance Capital Management Holding L.P. ("Units") under the provisions of the above-named plan (the "Plan"). I acknowledge that I have received and reviewed the following documents: a Plan term sheet, a prospectus for the Plan (which contains the Plan Document), an Alliance 2000 Annual Report, an Alliance 2000 Form 10-K and a Plan Agreement that requires my signature.

Election of the Participant for this Deferral:

I hereby elect to defer a portion of my 2001 bonus/4Q2001 commission equal to 50% (increments of 10%- cannot exceed 50%) of my 2001 Alliance Partners Compensation Plan Award, if any, not to exceed $250,000 and to have that amount converted into Units in accordance with the provisions of the Plan.

/s/ David Brewer
Signature of Participant

November 14, 2001
Date

David Brewer
Print Name

This form must be faxed to Pete Swetz at (212) 969-6854 before 5:00 p.m. on Wednesday, November 14, 2001. You will receive a confirmation via e-mail within 24 hours of receipt of your fax. Please do not call Pete's office unless you do not receive this confirmation within 24 hours. Forms received after 5:00 p.m. on Wednesday, November 14, 2001 will not be accepted.

ALLIANCE ANNUAL ELECTIVE DEFERRAL PLAN

DISTRIBUTION DATE ELECTION FORM

David Brewer
Name of Participant

December 31, 2001
Deferral Date

I hereby make the following election regarding the distribution of my account balance in the above-named plan (the "Plan") relating to the above referenced deferral. I understand that distributions will be made in kind only – units of Alliance Capital Management Holding L.P. ("Units") – as further described in the Plan document.

Election of the Participant for this Deferral:

☒ Lump sum of Units on or about Jan. (must be Jan., April, July, or Oct.) of the year 2007 (no sooner than the third anniversary of the deferral date – January, 2005).

o Equal annual installments of Units over years (not to exceed 10 years) with the first distribution to be made on or about (must be Jan., April, July, or Oct.) of the year (no sooner than the third anniversary of the deferral date – January, 2005).

Election of the Participant for this Deferral if Termination of Employment:

☒ In addition to the above election, I hereby elect to receive a lump sum distribution relating to this deferral upon termination of employment, if that termination date occurs before the above lump sum date/termination commencement date.

/s/ David Brewer	November 14, 2001
Signature of Participant	Date

David Brewer
Print Name

This form must be faxed to Pete Swetz at (212) 969-6854 before 5:00 p.m. on Wednesday, November 14, 2001. You will receive a confirmation via e-mail within 24 hours of receipt of your fax. Please do not call Pete's office unless you do not receive this confirmation within 24 hours. Forms received after 5:00 p.m. on Wednesday, November 14, 2001 will not be accepted.

DEFERRAL AGREEMENT
UNDER
THE ALLIANCE CAPITAL MANAGEMENT L.P.
ANNUAL ELECTIVE DEFERRAL PLAN
FOR
YEAR 2001 BONUS OR YEAR END COMISSION PAYMENTS

This agreement (the "**Plan Agreement**") is entered into between Alfred Harrison ("**you**") and Alliance Capital Management L.P. (the "**Company**") with respect to your elective deferral of a portion of your Bonus or Year End Commission Payments for the year 2001 under the Alliance Capital Management L.P. Annual Elective Deferral Plan (the "**Plan**"). You have elected to defer a portion of your year 2001 Bonus or Year End Commission Payments as set forth in the Deferral Election signed by you and submitted with this Plan Agreement (your "**Elective Deferral**") and in connection with that deferral you agree to the terms set forth in this Plan Agreement. The Plan provides a description of the terms and conditions governing your Elective Deferral and all other aspects of your participation in the Plan. If there is any inconsistency between the terms of this Plan Agreement and the terms of the Plan, the Plan's terms completely supercede and replace the conflicting terms of this Plan Agreement. All capitalized terms have the meanings given them in the Plan, unless specifically stated otherwise in this Plan Agreement.

1. Crediting of Your Elective Deferral. Your Elective Deferral will be credited to you under the Plan as of the date such amount(s) would otherwise have been paid to you absent your Deferral Election.

2. Crediting of Your Company Matching Contribution. As of the date that you are credited with the amount(s) constituting your Elective Deferral, you shall also be credited with an additional amount equal to 20% of those amount(s) (the "**Company Matching Contribution**").

3. Conversion of Units. Your Elective Deferral and related Company Matching Contribution shall be converted into Units as soon as practicable after such amounts are credited to you. The price per Unit used for such conversion shall be based on:

(i) For Units purchased from one or more holders of outstanding Units, the cost paid by the Company for such Units as determined pursuant to the purchase and pricing methodologies generally used under the Partners Plan, reduced, at the discretion of the Committee, by the applicable commissions and purchase transaction fees; and

(ii) For Units newly issued and acquired directly from Holding, a price equal to the average regular session closing price of the Units reflected on the NYSE composite tape for the December 31 following

the relevant Deferral Election Date (or, if such date is not a trading day on the NYSE, then the last preceding trading day).

4. Distributions on Units. Any quarterly or special distribution paid with respect to Units credited to you shall also be credited to you and shall be converted into additional Units at such intervals as may be established by the Committee, but in any event no less frequently than annually. The price per Unit used for such conversion shall be based on:

(i) For Units purchased from one or more holders of outstanding Units, the cost paid by the Company for such Units as determined pursuant to the purchase and pricing methodologies generally used under the Partners Plan, reduced, at the discretion of the Committee, by the applicable commissions and purchase transaction fees; and

(ii) For Units newly issued and acquired directly from Holding, a price equal to the average regular session closing price of the Units reflected on the NYSE composite tape for the date such distributions are paid.

5. Your Account. As of the date you are credited with cash amounts in respect of your Elective Deferral, Company matching Contribution or any distribution on Units credited to you in respect of your Elective Deferral or Company Matching Contribution, those amounts shall be posted to a bookkeeping account established under the Plan in your name (your "**Plan Account**"). As of the date that any such amounts are converted into Units, your Plan Account shall be amended to reflect such conversation to Units.

6. Vesting

(a) *Elective Deferrals*. Your Elective Deferral and all distributions credited with respect to Units into which your Elective Deferral has been converted, shall be 100% vested and non-forfeitable from and after the date such Elective Deferral and distributions are credited to you.

(b) *Company Match*. You shall become vested in your Company Matching Contribution and all distributions credited with respect to Units into which your Company Matching Contribution has been converted, in installments of one-third of the amount of your Company Matching Contribution and such distributions as of December 31 of each of 2002, 2003 and 2004, provided that you remain in the employ of the Company or an affiliate as of each such December 31, except that the entire amount of your Company Matching Contribution and the related distributions credited to you will fully vest if, prior to your Termination of Employment, you die, incur a Disability or attain age 62. In the event of your Termination of Employment prior to age 62 other than due to death or Disability, to the extent that any portion of your Company Matching Contribution and related distributions is not vested as of

the date of your Termination of Employment, such unvested portion shall be forfeited by you.

7. Distribution.

(a) *Distribution Election*. You are required to complete the distribution section of your Deferral Election to designate the time and method of distribution for the amounts covered by your Deferral Election and the Company Matching Contribution and distributions relating to such amounts. The distribution instructions set forth in your Deferral Election shall be irrevocable as to the amounts covered by such election; provided, however, that, if you so request, the Committee may, in its sole discretion, allow you to amend your distribution instructions to extend the deferral of the amounts covered by your Deferral Election and the Company Matching Contribution and related distributions, if such amendment is made at least one year prior to the scheduled distribution

commencement date for such amounts and the amendment defers commencement of such distribution for at least three years beyond the scheduled distribution commencement date.

(b) *Uncertainty as to Distribution Date*. If, with respect to amounts covered by your Deferral Election, you have failed to elect a distribution commencement date or there exists any ambiguity as to the distribution commencement date you have elected, such amounts (including the relevant vested Company matching Contribution) may be distributed to you after the earlier of the date of your Termination of Employment or the third anniversary of your Deferral Election Date, unless determined otherwise by the Committee, in its sole discretion.

(c) *Uncertainty as to Method of Payment*. If, with respect to amounts covered by your Deferral Election, you have failed to elect a method of payment or there exists any ambiguity as to the method of payment you elected, the method of payment for such amounts (including the relevant vested Company Matching Contribution) shall be lump sum, unless determined otherwise by the Committee, in its sole discretion.

(d) *Form of Distribution*. All distributions shall be paid in-kind in the form of Units.

8. Financial Emergencies. If you experience an Unforeseeable Financial Emergency, you may petition the Committee to (i) suspend any deferrals required but not yet made under your Deferral Election and/or (ii) receive a partial or full payout of your Account Balance. The Committee shall have complete discretion to accept or reject your petition and to determine the amounts, if any, which may be paid out to you; provided, however, that the payout shall not exceed the lesser of your Account Balance, or the amount reasonably needed to satisfy the Unforeseeable Financial Emergency.

9. Withdrawal Election. You (or, after your death, your Beneficiary) may elect, at any time, to withdraw all of your Account Balance, less a withdrawal penalty equal to 10% of such amount. This election can be made at any time before or after your Retirement, Disability, death or Termination of Employment, and whether or not you (or your Beneficiary) is in the process of being paid pursuant to an installment payment schedule. No partial withdrawals of your Account Balance shall be allowed. You (or your Beneficiary) shall make this election by giving the Committee advance written notice of the election in a form determined from time to time by the Committee. Once you have withdrawn your Account Balance your participation in the Plan shall terminate and you shall not be eligible to participate in the Plan in the future.

10. Beneficiary Designation. You are encouraged to designate a Beneficiary to receive your Account Balance under the Plan in the event of your death. You may do so by completing and signing a Beneficiary Designation Form provided by the Committee and returning it to the Committee. You shall have the right change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Committee's rules and procedures, as in effect from time to time. Upon the acceptance by the Committee of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be canceled. The Committee shall be entitled to rely on the last Beneficiary Designation Form filed by you and accepted by the Committee prior to your death. No designation or change in designation of a Beneficiary shall be effective until received, accepted and acknowledged in writing by the Committee or its designated agent. In the event of your death, the amounts relating to your Elective Deferral and the related Company Matching Contribution as well as all other amounts comprising your Account Balance will be distributed in accordance with your last Beneficiary Designation Form submitted to and acknowledged by the Committee. If you fail to designate a Beneficiary by way of a properly completed Beneficiary Designation Form acknowledged by the Committee or if your designated Beneficiaries predecease you or die prior to complete distribution of your Account Balance, then your designated Beneficiary shall be deemed to be your estate. If the Committee has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Committee shall have the right, exercisable in its discretion, to withhold such payments until this matter is resolved to the Committee's satisfaction.

11. Tax Withholding. As and when any Federal, state or local tax or any other charge is required by law to be withheld with respect to the vesting of amounts credited to you, the payment of distributions on any Units credited to you and the distribution of Units or other amounts from your Plan Account (a "**Withholding Amount"**), you agree promptly to pay the Withholding Amount to the Company in cash. You agree that if you do not pay the Withholding Amount to the Company, the Company may withhold any unpaid portion of the Withholding Amount from any amount otherwise due to you. Notwithstanding the foregoing, the Company may, in its sole discretion, establish and amend policies from time to time for the satisfaction

of Withholding Amounts by the deduction of a portion of the Units credited to you under the Plan.

12. Administration. It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Plan Agreement, all of which shall be binding upon you. The Committee is under no obligation to treat you or your interest under the Plan with the treatment provided for other participants in the Plan.

13. Miscellaneous.

(a) This Plan Agreement does not confer upon you any right to continuation of employment by the Company, nor does this Plan Agreement interfere in any way with the Company's right to terminate your employment at any time.

(b) Nothing in this Plan Agreement is intended or should be construed as a guarantee or assurance that you will receive any amounts in respect of a Bonus or Year End Commission Payments or any award under the Partners Plan, and all such entitlements remain in the sole discretion of the Company.

(c) This Plan Agreement will be governed by, and construed in accordance with, the laws of the State of New York (without regard to conflict law provisions).

(d) This Plan Agreement and the Plan constitute the entire understanding between you and the Company regarding your year 2001 Elective Deferral and the related Company matching Contribution. Any prior agreements, commitments or negotiations concerning the same are superceded. This Plan Agreement may be amended only by another written agreement, signed by parties.

BY SIGNING BELOW, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

IN WITNESS WHEREOF, the parties hereto have caused this Plan Agreement to be executed effective as of October 29, 2001.

Alliance Capital Management L.P.
By: Alliance Capital Management Corporation, General Partner

Participant Signature:

/s/ Alfred Harrison
Alfred Harrison

ALLIANCE ELECTIVE DEFERRAL PLAN

DEFERRAL ELECTION FORM

Alfred Harrison
Name of Participant

December 31, 2001
Deferral Date

I hereby make the following irrevocable election regarding the deferral of my 2001 bonus/4Q2001 commission and the conversion of that amount into units of Alliance Capital Management Holding L.P. ("Units") under the provisions of the above-named plan (the "Plan"). I acknowledge that I have received and reviewed the following documents: a Plan term sheet, a prospectus for the Plan (which contains the Plan Document), an Alliance 2000 Annual Report, an Alliance 2000 Form 10-K and a Plan Agreement that requires my signature.

Election of the Participant for this Deferral:

I hereby elect to defer a portion of my 2001 bonus/4Q2001 commission equal to 50% (increments of 10%- cannot exceed 50%) of my 2001 Alliance Partners Compensation Plan Award, if any, not to exceed $ and to have that amount converted into Units in accordance with the provisions of the Plan.

/s/ Alfred Harrison
Signature of Participant

October 27, 2001
Date

Alfred Harrison
Print Name

This form must be faxed to Pete Swetz at (212) 969-6854 before 5:00 p.m. on Wednesday, November 14, 2001. You will receive a confirmation via e-mail within 24 hours of receipt of your fax. Please do not call Pete's office unless you do not receive this confirmation within 24 hours. Forms received after 5:00 p.m. on Wednesday, November 14, 2001 will not be accepted.

ALLIANCE ANNUAL ELECTIVE DEFERRAL PLAN

DISTRIBUTION DATE ELECTION FORM

Alfred Harrison
Name of Participant

December 31, 2001
Deferral Date

I hereby make the following election regarding the distribution of my account balance in the above-named plan (the "Plan") relating to the above referenced deferral. I understand that distributions will be made in kind only – units of Alliance Capital Management Holding L.P. ("Units") – as further described in the Plan document.

Election of the Participant for this Deferral:

☒ Lump sum of Units on or about Jan. (must be Jan., April, July, or Oct.) of the year 2005 (no sooner than the third anniversary of the deferral date – January, 2005).

o Equal annual installments of Units over years (not to exceed 10 years) with the first distribution to be made on or about (must be Jan., April, July, or Oct.) of the year (no sooner than the third anniversary of the deferral date – January, 2005).

Election of the Participant for this Deferral if Termination of Employment:

☒ In addition to the above election, I hereby elect to receive a lump sum distribution relating to this deferral upon termination of employment, if that termination date occurs before the above lump sum date/termination commencement date.

/s/ Alfred Harrison	October 27, 2001
Signature of Participant	Date

Alfred Harrison
Print Name

This form must be faxed to Pete Swetz at (212) 969-6854 before 5:00 p.m. on Wednesday, November 14, 2001. You will receive a confirmation via e-mail within 24 hours of receipt of your fax. Please do not call Pete's office unless you do not receive this confirmation within 24 hours. Forms received after 5:00 p.m. on Wednesday, November 14, 2001 will not be accepted.

AWARD AGREEMENT
FOR THE YEAR 2001 OFFERING
UNDER THE SCB DEFERRED COMPENSATION AWARD PLAN

You have been granted an Award under the SCB Deferred Compensation Award Plan (the "Plan") pursuant to the year 2001 offering under the Plan, as specified below:

Participant ("you"): Roger Hertog

Amount of Award: $ 10,000,000

Date of Grant: Oct. 2, 2001

In connection with your Award, you and Alliance Capital Management L.P. agree as set forth in this agreement (the "Agreement"). The Plan provides a description of the terms and conditions governing your Award. If there is any inconsistency between the terms of this Agreement and the terms of the Plan, the Plan's terms completely supersede and replace the conflicting terms of this Agreement. All capitalized terms have the meanings given them in the Plan, unless specifically stated otherwise in the Agreement.

1. Award Denomination. Although your Award is initially denominated in cash, it will be converted into Holding Units, Money Market Shares or a combination thereof. You may elect the percentage of your Award to be denominated in Holding Units and Money Market Shares by timely completing and submitting a year 2001 offering Investment Election Form. Your election will be subject to the approval of the Committee. If you fail to make a timely election your Award will be invested 100% into Money Market Shares, unless the Committee determines otherwise, in its sole discretion.

2. Vesting of Award. Your Award shall vest with respect to one-third of the Holding Units and Money Market Shares representing the Award as of each of the first, second and third anniversary of the Date of Grant of your Award, *provided* that you remain in the employ of the Company as of each such anniversary, except that your Award will fully vest:

(a) upon your death, Disability or attainment of age 65 prior to your Termination of Employment; or

(b) as of the date that the employment of all Committee members (after having exhausted all replacements) has either been (i) terminated involuntarily other than for Cause or (ii) terminated by such Committee members for Good Reason.

3. Forfeitures. To the extent that any portion of your Award is not vested as of, or in connection with, your Termination of Employment, the Holding Units and Money Market Shares comprising the unvested portion of your Award shall be forfeited.

4. Distribution of Award. The Holding Units and Money Market Shares under your Award will be distributed to you in accordance with your year 2001 offering Distribution Election Form. If you fail to submit a properly completed year 2001 offering Distribution Election Form on a timely basis, the Holding Units and Money Market Shares under your Award will be distributed in a lump sum on or about the third anniversary of the Date of Grant of your Award, unless the Committee determines otherwise, in its sole discretion.

5. Beneficiary Designation. By completing a Beneficiary Designation Form provided to you by the Company under the Plan, you may select a beneficiary to receive your Award in the event of your death. If you have previously completed a Beneficiary Designation Form under the Plan, your designation under that form will apply with respect to this Award. If you do not submit a properly completed Beneficiary Designation Form under the Plan, your Award will be distributed to your estate in the event of your death.

6. Tax Withholding. As and when any federal, state or local tax or any other charge is required by law to be withheld with respect to the vesting of your Award, the payment of dividends or distributions on any Holding Units and Money Market Shares under the Award and the distribution of such Holding Units or Money Market Shares (a "Withholding Amount"), you agree promptly to pay the Withholding Amount to the Company in cash. You agree that if you do not pay the Withholding Amount to the Company, the Company may withhold any unpaid portion of the Withholding Amount from any amount otherwise due to you. Notwithstanding the foregoing, the Company may, in its sole discretion, establish and amend policies from time to time for the satisfaction of Withholding Amounts by the deduction of a portion of the Holding Units or Money Market Shares under your Award.

7. Administration. It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon you. The Committee is under no obligation to treat you or your award consistently with the treatment provided for other participants in the Plan.

8. Miscellaneous.

(a) This Agreement does not confer upon you any right to continuation of employment by the Company, nor does this Agreement interfere in any way with the Company's right to terminate your employment at any time.

(b) This Agreement will be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(c) This Agreement will be governed by, and construed in accordance with, the laws of the state of New York (without regard to conflict of law provisions).

(d) This Agreement and the Plan constitute the entire understanding between you and the Company regarding this award. Any prior agreements, commitments or negotiations concerning your Award are superseded. This Agreement may be amended only by another written agreement, signed by both parties.

BY SIGNING BELOW, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed effective as of Oct. 2, 2001.

Alliance Capital Management L.P.
By: Alliance Capital Management
Corporation, General Partner

Participant

/s/ Roger Hertog
Signature

AWARD AGREEMENT
FOR THE YEAR 2001 OFFERING
UNDER THE SCB DEFERRED COMPENSATION AWARD PLAN

You have been granted an Award under the SCB Deferred Compensation Award Plan (the "Plan") pursuant to the year 2001 offering under the Plan, as specified below:

Participant ("you"): Jerry Lieberman

Amount of Award: $2,667,000

Date of Grant: Oct. 2, 2001

In connection with your Award, you and Alliance Capital Management L.P. agree as set forth in this agreement (the "Agreement"). The Plan provides a description of the terms and conditions governing your Award. If there is any inconsistency between the terms of this Agreement and the terms of the Plan, the Plan's terms completely supersede and replace the conflicting terms of this Agreement. All capitalized terms have the meanings given them in the Plan, unless specifically stated otherwise in the Agreement.

1. Award Denomination. Although your Award is initially denominated in cash, it will be converted into Holding Units, Money Market Shares or a combination thereof. You may elect the percentage of your Award to be denominated in Holding Units and Money Market Shares by timely completing and submitting a year 2001 offering Investment Election Form. Your election will be subject to the approval of the Committee. If you fail to make a timely election your Award will be invested 100% into Money Market Shares, unless the Committee determines otherwise, in its sole discretion.

2. Vesting of Award. Your Award shall vest with respect to one-third of the Holding Units and Money Market Shares representing the Award as of each of the first, second and third anniversary of the Date of Grant of your Award, *provided* that you remain in the employ of the Company as of each such anniversary, except that your Award will fully vest:

(a) upon your death, Disability or attainment of age 65 prior to your Termination of Employment; or

(b) as of the date that the employment of all Committee members (after having exhausted all replacements) has either been (i) terminated involuntarily other than for Cause or (ii) terminated by such Committee members for Good Reason.

3. Forfeitures. To the extent that any portion of your Award is not vested as of, or in connection with, your Termination of Employment, the Holding Units and Money Market Shares comprising the unvested portion of your Award shall be forfeited.

4. Distribution of Award. The Holding Units and Money Market Shares under your Award will be distributed to you in accordance with your year 2001 offering Distribution Election Form. If you fail to submit a properly completed year 2001 offering Distribution Election Form on a timely basis, the Holding Units and Money Market Shares under your Award will be distributed in a lump sum on or about the third anniversary of the Date of Grant of your Award, unless the Committee determines otherwise, in its sole discretion.

5. Beneficiary Designation. By completing a Beneficiary Designation Form provided to you by the Company under the Plan, you may select a beneficiary to receive your Award in the event of your death. If you have previously completed a Beneficiary Designation Form under the Plan, your designation under that form will apply with respect to this Award. If you do not submit a properly completed Beneficiary Designation Form under the Plan, your Award will be distributed to your estate in the event of your death.

6. Tax Withholding. As and when any federal, state or local tax or any other charge is required by law to be withheld with respect to the vesting of your Award, the payment of dividends or distributions on any Holding Units and Money Market Shares under the Award and the distribution of such Holding Units or Money Market Shares (a "Withholding Amount"), you agree promptly to pay the Withholding Amount to the Company in cash. You agree that if you do not pay the Withholding Amount to the Company, the Company may withhold any unpaid portion of the Withholding Amount from any amount otherwise due to you. Notwithstanding the foregoing, the Company may, in its sole discretion, establish and amend policies from time to time for the satisfaction of Withholding Amounts by the deduction of a portion of the Holding Units or Money Market Shares under your Award.

7. Administration. It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon you. The Committee is under no obligation to treat you or your award consistently with the treatment provided for other participants in the Plan.

8. Miscellaneous.

(a) This Agreement does not confer upon you any right to continuation of employment by the Company, nor does this Agreement interfere in any way with the Company's right to terminate your employment at any time.

(b) This Agreement will be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(c) This Agreement will be governed by, and construed in accordance with, the laws of the state of New York (without regard to conflict of law provisions).

(d) This Agreement and the Plan constitute the entire understanding between you and the Company regarding this award. Any prior agreements, commitments or negotiations concerning your Award are superseded. This Agreement may be amended only by another written agreement, signed by both parties.

BY SIGNING BELOW, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed effective as of Oct. 2, 2001.

Alliance Capital Management L.P.
By: Alliance Capital Management
Corporation, General Partner

Participant

/s/ Jerry Lieberman
Signature

July 31, 2001

Frank Savage
Alliance Capital
Management Corporation
1345 Avenue of the Americas
New York, NY 10105

Dear Frank:

This letter sets forth the terms of your Agreement with Alliance Capital Management Corporation (the "Company") and Alliance Capital Management L.P. (the "Partnership") in connection with your retirement.

1. *Retirement*. Effective as of July 31, 2001 ("Retirement Date"), you shall retire as an employee of the Partnership and shall resign as an officer of the Company and as an officer and director of all divisions and subsidiaries of the Partnership.

You shall continue to serve on the Board of Directors ("Board") of the Company, subject to the election by the Board and the shareholders as necessary. You shall also continue to serve on the boards of directors of The Nile Growth Company and The Southern Africa Fund (collectively, the "Funds"), subject in all cases to the election by the boards of directors and shareholders of the Funds as necessary. For your service to the Company as a director, you shall be paid an annual retainer equal to that paid to independent directors and fees for attending meetings of the Board and Committees thereof on the same basis as independent directors.

2. *Payments/Benefits*. You shall be entitled to any accrued and unpaid compensation in the amount of $6,153.84 earned through the Retirement Date. A year-end bonus for the period ending December 31, 2001 in the amount of Three Hundred Thousand Dollars ($300,000.00) (less proper federal tax deductions) shall be paid to you at the time the Partnership pays year-end bonuses to its employees.

On the Retirement Date, you shall return your current automobile to the Partnership. Except as otherwise provided herein, as of the Retirement Date, your participation in and contributions to all welfare, non-qualified and qualified plans of the Partnership and its affiliates shall cease and your rights to a distribution, rollover, form of payment or deferral regarding your account balances shall be determined in accordance with the terms and conditions of the respective plans. Until the Retirement Date, the Partnership will continue in effect your current medical coverage under its group medical plan(s). As of the Retirement Date,

you will be given the option to continue in effect coverage under the Partnership's medical plans under the terms and conditions of the applicable plans at your expense.

3. *Expenses*. The Partnership or the Funds, as the case may be, shall reimburse you for expenses that you incur in attending board meetings in accordance with the Partnership's or the Funds' policies and procedures applicable to independent directors.

4. *Office and Support Staff*. Until December 31, 2001, at the Partnership's expense, you shall be entitled to use two small exterior, executive offices at the Partnership's New York City office and your current secretary, Ms. Eva Evgenis, shall assist you in the performance of your duties.

5. *Acknowledgment*. You hereby acknowledge that you have carefully read this Agreement, fully understand and accept all of its provisions and sign it voluntarily of your own free will. You further acknowledge that you have been provided a full opportunity to review and reflect on the terms of this Agreement and to seek the advice of legal counsel of your choice. You acknowledge that you have been given a period of twenty-one (21) days to consider this Agreement before signing it. You may revoke this Agreement within seven (7) days of your signing it. For such revocation to be effective, written notice must be received by the Company no later than the close of business on the seventh day after you sign this Agreement. If you revoke this Agreement it shall be of no further force and effect.

6. *Release*. (a) In consideration of the foregoing agreements by the Partnership, you hereby agree to and do fully and completely release, discharge and waive any and all claims, complaints, causes of action, actions, suits, debts, sums of money, contracts, controversies, agreements, promises, or demands of whatever kind, in law or in equity, which you ever had, now have or which you, your heirs, executors or administrators may have against the Partnership and its subsidiaries, affiliates, predecessors, successors and assigns, and each and all of their officers, directors, partners, associates, agents, shareholders and employees by reason of any event, matter, cause or thing which has occurred prior to the date of execution of this Agreement (hereinafter "Claims"). You understand and accept that this Agreement specifically covers, but is not limited to, any and all Claims which you have or may otherwise have against the Partnership relating in any way to compensation, or to any other terms, conditions or circumstances of your employment with the Partnership and to your termination of such employment as contemplated hereby, whether for severance or based on statutory or common law claims for employment discrimination (including any claims under the Age Discrimination in Employment Act), wrongful discharge, breach of contract or any other theory, whether legal or equitable. Notwithstanding the foregoing, in no event shall you be deemed by this paragraph to have released any

rights or claims you may have for payments or benefits under this Agreement or to seek indemnification with respect to liability incurred by you in your capacity as an officer or director of the Company, the Partnership or their affiliated entities.

(b) In exchange for the benefits provided to them under this Agreement, the Partnership, the Company and their subsidiaries, divisions, affiliated entities, predecessors, successors and assigns hereby agree to and do fully and completely release you and your heirs, successors and assigns from any and all claims, causes of action, suits, demands and/or controversies of whatever kind, in law or equity, which has occurred prior to the date of the execution of this Agreement (hereinafter, "Company Claims") arising out of your former employment with the Company and the Partnership. The Company Claims that are being released include for example, and without limitation, claims arising under any federal, state, or common law, statute, regulation, or law of any other type. Furthermore, the releasers herein acknowledge that there are no lawsuits, charges or demands currently pending based on any claim released in this Section and that they promise never to file or prosecute a lawsuit complaint or charge based on the claims released in this Section. Notwithstanding the foregoing, the Company, the Partnership and their respective affiliates do not waive any rights to which they may be entitled (i) to seek to enforce this Agreement or (ii) pursuant to any Company Claims that are founded upon or directly related to breach of fiduciary duty and/or willful or intentional misconduct in your capacity as a director of the Company or the Funds.

7. *Indemnification; Successors and Assigns*. So long as you continue to be a director of the Company, you shall be an "Indemnified Person" within the meaning of the Agreement of Limited Partnership of the Partnership. The foregoing indemnity shall not apply to claims by the Company or the Partnership against you that arise under the terms of this Agreement and nothing herein shall require indemnification for any conduct occurring after the termination of your service as a director of the Company.

This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, heirs (in your case) and assigns. Any successor of the Company or the Partnership shall assume the obligations of the Company or the Partnership, as the case may be, under this Agreement and perform any duties and responsibilities in the same manner and to the same extent that the Company or the Partnership would be required to perform if no such succession had taken place.

8. *Entire Agreement*. Effective as of the Retirement Date, all prior agreements relating to your employment by the Partnership and your service as an officer, director, consultant or other independent contractor to the Partnership and

each of its affiliates will terminate and be no further force or effect and you hereby waive all rights, benefits, claims and causes of action under those agreements. This Agreement contains the entire understanding with respect to the subject matter hereof, and supersedes any and all prior agreements and understandings, whether written or oral, among you, the Company, the Partnership or any affiliate thereof with respect to the subject matter hereof.

9. *Miscellaneous*. This Agreement may not be altered, modified or amended except by written instrument signed by you, the Company and the Partnership. This Agreement shall be governed by New York law, without reference to principles of conflicts of law.

10. *Counterparts*. This Agreement may be executed in counterparts, each of which shall be binding on the parties and have the full legal effect of the original.

Sincerely,

ALLIANCE CAPITAL MANAGEMENT L.P.

By: ALLIANCE CAPITAL MANAGEMENT
CORPORATION, its General Partner

By: /s/ Bruce W. Calvert
Bruce W. Calvert
Chief Executive Officer

AGREED TO AND ACCEPTED BY

/s/ Frank Savage
Frank Savage

August 7, 2001
Date

April 30, 2001

Dave H. Williams
Alliance Capital
Management Corporation
1345 Avenue of the Americas
New York, NY 10105

Dear Dave:

This letter sets forth the terms of your agreement with Alliance Capital Management Corporation (the "Company") and Alliance Capital Management L.P. (the "Partnership") in connection with your new role and responsibilities.

1. *Title/Position*. For the period commencing on May 1, 2001 ("Effective Date") through May 1, 2006 (the "Term"), you shall serve as Chairman Emeritus of the Board of Directors ("Board") of the Company, subject to the election by the Board and the shareholders as necessary. Effective as of May 1, 2001 you shall resign as a member of committees of the Board, as a member of the Executive Committee, as a Director and as Chairman of the Alliance Money Market Funds, and as an officer and as a member of the boards of directors of all subsidiaries of the Partnership.

From the Effective Date through December 31, 2003 ("Employment Period"), you shall continue to be employed by the Partnership and shall participate in meetings with directors and employees of the Partnership and its affiliates when reasonably requested by the Partnership. During the Employment Period, you shall also continue to serve as a Chairman and President of The India Liberalisation Fund, The Spain Fund, The Austria Fund and The Southern Africa Fund (collectively, the "Funds") and you shall continue to serve as directors of such Funds, subject in all cases to the election by the boards of directors and shareholders of the Funds as necessary.

2. *Compensation*. During the Employment Period, without regard as to whether you are elected or re-elected Chairman Emeritus of the Board, you shall be paid a guaranteed annual salary of $275,000, payable in bi-weekly installments and subject to applicable withholding and other taxes. From January 1, 2004 through May 1, 2006 ("Consulting Period"), you shall be paid a fee at the rate of $275,000 per year, payable in bi-weekly installments, regardless as to whether you are re-elected Chairman Emeritus of the Board. During the Term, you shall no longer participate in the Partnership's bonus program and shall no longer be eligible for new option or other incentive awards, including new awards under the Partners Compensation Plan. All prior awards under the Partners Compensation Plan shall continue to vest in accordance with applicable terms under that Plan. If you should die or become disabled during the Term, payments representing the salary or the consulting fee, as the case may be, remaining to be paid for the remainder of the Term shall be paid to you or, in the case of your death, to your spouse in bi-weekly installments.

During the Employment Period, for your services to the Funds, you shall be compensated at one-half the director's fee payable to non-affiliated directors of the Funds. In addition, during the Employment Period, to the extent that you are requested to meet with clients and you agree to do so, the Partnership shall compensate you at a rate of $200 per hour and reimburse you for your reasonable expenses in accordance with the Partnership's policies and procedures.

3. *Benefits*. During the Employment Period, you and your eligible dependents shall continue to participate in the Partnership's group health, dental and life insurance plans. Following the end of the Employment Period, the Partnership shall continue to provide you and your spouse with comparable dental and medical benefits for your respective lives. During the Employment Period you shall also continue to participate in, contribute to or accrue benefits under the Partnership's retirement plans.

4. *Perquisites and Expenses*. During the Employment Period, at the Partnership's expense of an amount not to exceed $15,000 per year, you shall be entitled to standard senior executive officer perquisites, including but not limited to, reimbursement of certain costs of income tax preparation and a gym membership. During the Employment Period, you shall also be entitled to the use of your current automobile and the services of your regular chauffeur during your business hours or otherwise in connection with your services to the Company and the Partnership. If, during the Employment Period, your automobile or chauffeur is unavailable for any reason and you need an automobile or chauffeur in connection with the performance of your services to the Company and the Partnership, the Partnership will use its best efforts to provide you with another automobile or chauffeur, as the case may be. During the Consulting Period, you shall be reimbursed in an amount of up to $90,000 per year, which shall be used to cover any costs incurred by you in leasing another automobile and hiring another chauffeur.

If you should die or become disabled during the Employment Period, your spouse for the remainder of the Employment Period, shall be entitled to the use of your automobile and the services of your regular chauffeur during her business hours or otherwise in connection with her services to the Partnership.

During the Employment Period, any travel by you in connection with the performance of your duties hereunder or the business of the Partnership or the Funds shall be on the same basis and manner as travel by current members of the Executive Committee. In addition, during the Employment Period in furtherance of your duties hereunder, you shall continue to have the use of the Partnership's aircraft under terms and conditions as determined by the Executive Committee from time to time.

The Partnership or the Funds, as the case may be, shall reimburse you for all reasonable business-related expenses incurred by you during the Employment Period, in accordance with the Partnership's or the Fund's policies and procedures.

5. *Office and Support Staff*. During the Employment Period, at the Partnership's expense, you shall be entitled to use your current office, conference room and print storage area and your current support staff (which in your case, includes Ms. Suzanne B. McGrath, Executive Secretary, and Mr. Michael W. Strempek, Administrative Assistant) (collectively, "Administrative Staff") shall assist you in the performance of your duties. You shall be entitled to additional part-time or temporary secretarial services as required in your reasonable judgment, subject to the approval of the Executive Committee.

During the Employment Period, should any member of your Administrative Staff resign or should their employment otherwise be terminated, you shall be entitled to hire a suitable replacement or replacements at comparable levels of compensation and benefits in accordance with the Partnership's compensation and benefits policies for Senior Executive Secretaries and Administrative Assistants in effect at such time.

During the Consulting Period, the Partnership agrees to provide you with a monthly allowance in the amount of $25,000, which shall be used to cover any costs incurred by you in (a) obtaining, furnishing and equipping an office at a non-Partnership location and (b) paying any costs relating to the employment of your Administrative Staff or their replacements.

6. *Art Collection*. The Partnership shall purchase certain prints from your collection currently housed in the Partnership's Tokyo office for an amount equal to $13,288. During the Employment Period your print collection at the Partnership's office located in New York City shall remain; *provided that*, you or your spouse shall have the right, at the Partnership's expense, to have the prints returned to you at a location in the New York City metropolitan area on a gradual basis but in no event shall such prints be returned any later than the end of the Employment Period.

7. *Use of Facilities*. During the Employment Period, in addition to hosting events in connection with your duties hereunder, you and your wife shall be entitled to sponsor events at the Company's or the Partnership's facilities for your non-profit activities to the extent that such facilities are available and such use does not conflict with a Company or Partnership event or activity. The Partnership shall cover the costs, including refreshments and staffing, of such events that you and your wife sponsor, subject to a limitation in the aggregate amount of $100,000 per year.

8. *Nondisparagement*. During the Term, you shall not make any statement, written or oral, that would disparage the Partnership and its affiliates or the personal or professional reputation of any of the present or former directors or senior executive officers of the Partnership and its affiliates. During the Term, the Partnership agrees that it shall not make, and it shall cause each of its senior executive officers and directors and each senior executive officer and director of its affiliates not to make any communication, whether written or oral, that would disparage you or your professional or personal reputation.

Notwithstanding the foregoing, nothing in this Paragraph 8 shall prevent any person from (a) responding publicly to incorrect, disparaging or derogatory public statements to the extent reasonably necessary to correct or refute such public statements or (b) making any truthful statement to the extent (x) necessary to enforce this agreement or (y) comply with legal process required by applicable law or by any court, arbitrator or administrative or legislative body (including any committee thereof) with apparent jurisdiction to order such person to disclose or make accessible such information.

You acknowledge that the provisions of this Paragraph are reasonable and necessary for the protection of the Partnership and its affiliates and that the Partnership and its affiliates will be irrevocably damaged if such provisions are not specifically enforced. Accordingly, you agree that a breach of any of the provisions under this Paragraph will be deemed to be a material breach of this agreement and will entitle the Partnership to terminate this agreement and all further obligations it may have hereunder.

9. *No Restrictions on Future Activities*. You at any time may perform services for East Fund Management and following the Employment Period, nothing in this agreement shall restrict your employment by any third party. However, if you are employed by or provide services to a competitor of the Partnership or any of its affiliates, with the exception of East Fund Management, at any time during the Term, the Partnership shall be entitled to terminate all further obligations it may have under this agreement, with the exception of its obligation to pay you your annual base salary or annual consulting fee, as the case may be, for the remainder of the Term pursuant to Paragraph 2 of this agreement.

10. *Indemnification; Successors and Assigns*. During the Employment Period and so long as you continue to be a director of the Company, you shall be an "Indemnified Person" within the meaning of the Agreement of Limited Partnership of the Partnership as in effect on the Effective Date. In your capacity as a director, you shall be covered by the Partnership's directors' and officers' liability policy. During the Employment Period, you shall continue to be covered by any directors' and officers' liability policy maintained by any of the Funds so long as you continue to be an officer or director of that Fund.

The foregoing indemnity shall not apply to claims by the Company against you that arise under the terms of this agreement and nothing herein shall require indemnification for any conduct occurring after the Term.

This agreement shall be binding upon and inure to the benefit of the parties and their respective successors, heirs (in your case) and assigns. Any successor of the Company or the Partnership shall assume the obligations of the Company or the Partnership, as the case may be, under this agreement and perform any duties and responsibilities in the same manner and to the same extent that the Company or the Partnership would be required to perform if no such succession had taken place.

11. *Entire Agreement; Dispute Resolution; Amendments; Governing Law*. This agreement contains the entire understanding with respect to the subject matter hereof, including the terms and conditions of your continued employment with the Company and the Partnership and supersedes any and all prior agreements and understandings, whether written or oral, between you, the Company, the Partnership or any affiliate thereof, with respect to the subject matter hereof, which shall include any such agreements, programs, plans or policies referred to herein, and in no event shall it supersede any Company or Partnership agreement, program or plan (including those of any predecessor) regarding your right to receive benefits, including but not limited to any deferred compensation and retirement benefits or the Share Purchase Agreement dated as of May 2, 2001 between the Company and a newly formed company controlled by you. Any dispute arising out of, or relating to, this agreement shall be resolved by binding arbitration, to be held in the Borough of Manhattan in New York City, in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

12. *Status as Independent Contractor; Withholding*. The parties hereby agree that during the Consulting Period, you shall be an independent contractor with respect to the Partnership, and shall not be an agent or an employee of the Partnership. The payment of any amount hereunder shall be subject to such withholding taxes or requirements, if any, as may apply from time to time to independent contractors. During the Consulting Period, you shall be responsible for paying all applicable taxes arising under any payments hereunder.

This agreement may not be altered, modified or amended except by written instrument signed by you, the Company and the Partnership. This agreement shall be governed by New York law, without reference to principles of conflicts of law.

Sincerely,

ALLIANCE CAPITAL MANAGEMENT L.P.

By: ALLIANCE CAPITAL MANAGEMENT CORPORATION,
its General Partner

By: /s/ Bruce W. Calvert
Bruce W. Calvert
Chief Executive Officer

AGREED TO AND ACCEPTED BY

/s/ Dave H. Williams
Dave H. Williams

April 30, 2001
Date

April 30, 2001

Reba W. Williams
Alliance Capital
Management Corporation
1345 Avenue of the Americas
New York, NY 10105

Dear Reba,

This letter sets forth the terms of your agreement with Alliance Capital Management Corporation (the "Company") and Alliance Capital Management L.P. (the "Partnership") relating to your future role and responsibilities.

1. *Resignation.* Effective as of May 1, 2001 ("Effective Date"), you shall resign as a member of the Board of Directors (the "Board") of the Company and as an employee of the Partnership.

2. *Position/Duties*. For the period commencing on the Effective Date through December 31, 2003 (the "Term"), you agree to serve as a consultant to the Partnership to advise on the phasing-in of a photo and art collection, which shall gradually replace the prints from your collection that are currently hanging in the offices of the Partnership and its subsidiaries. During the Term, you shall also continue to serve on the boards of directors of The India Liberalisation Fund, The Spain Fund, The Austria Fund and The Southern Africa Fund (collectively, the "Funds"), subject in all cases to the election by the boards of directors and shareholders of the Funds as necessary.

3. *Compensation/Benefits/Expenses*. Commencing on the Effective Date, the Partnership shall pay to you a guaranteed supplemental retirement benefit in the amount of $180,000 per year for your life. For your services to the Funds, you shall be compensated at one-half the director's fee payable to non-affiliated directors of the Funds. In addition, during the Term, to the extent that you are requested by the Partnership to meet with clients and you agree to do so, then the Partnership shall compensate you at a rate of $100 per hour and reimburse you for your reasonable expenses in accordance with the Partnership's policies and procedures.

During the Term, any travel by you in connection with the performance of your duties hereunder or the business of the Partnership or the Funds shall be on the same basis and manner as travel by current members of the Executive Committee. In addition, during the Term, the Partnership or the Funds, as the case may be, shall reimburse you for all reasonable business–related expenses that you incur in attending board meetings in accordance with the Partnership's or the Fund's policies and procedures.

As of the Effective Date, your participation in and contributions to all welfare, non-qualified and qualified plans of the Partnership and its affiliates shall cease. Your rights to a distribution, rollover, form of payment or deferral regarding your account balances shall be determined in accordance with terms and conditions of the respective plans. Notwithstanding the foregoing, if for any reason you cease to receive spousal dental and medical coverage under benefits provided to your husband by the Partnership, the Partnership shall provide you with comparable dental and medical benefits for life.

4. *Office and Support Staff.* During the Term, at the Partnership's expense, you shall be entitled to use your current office, conference room and print storage area. During the Term, your current support staff (which in your case includes Ms. Julie A. Perez, Executive Secretary, Mr. Robert Siciliano, Executive Secretary and Art Registrar and Mr. Steve Diehl, art installer (part-time employee)) (collectively, "Administrative Staff") and such additional part-time or temporary secretarial services as required in your reasonable judgment and as approved by the Executive Committee, shall assist you in the performance of your duties; *provided, however*, Mr. Siciliano and Mr. Diehl's employment may be terminated by the Partnership upon the Partnership's complete return to you at a location in New York City of your print collection currently housed at the Partnership's New York City offices.

During the Term, should any one of the Administrative Staff resign or should their employment otherwise be terminated (and in the case of Mr. Siciliano or Mr. Diehl, prior to the Partnership's complete return to you of your print collection), you shall be entitled to hire a suitable replacement or replacements at comparable levels of compensation and benefits in accordance with the Partnership's compensation and benefits policies for Senior Executive Secretaries and Administrative Assistants in effect at such time.

5. *Use of Facilities*. During the Term, in addition to hosting events in connection with your duties hereunder, you and your husband shall be entitled to sponsor events at the Company's or the Partnership's facilities for your non-profit activities to the extent that such facilities are available and such use does not conflict with a Company or Partnership event or activity. The Partnership shall cover the costs, including refreshments and staffing, of such events that you and your husband sponsor, subject to a limitation in the aggregate amount of $100,000 per year.

6. *Nondisparagement*. From the Effective Date through May 1, 2006, you shall not make any statement, written or oral, that would disparage the Partnership and its affiliates or the personal or professional reputation of any of the present or former directors or senior executive officers of the Partnership and its affiliates. From the Effective Date through May 1, 2006, the Partnership agrees that it shall not make, and it shall cause each of its senior executive officers and directors and each senior executive officer and director of its affiliates not to make any communication, whether written or oral, that would disparage you or your professional or personal reputation.

Notwithstanding the foregoing, nothing in this Paragraph 8 shall prevent any person from (a) responding publicly to incorrect, disparaging or derogatory public statements to the extent reasonably necessary to correct or refute such public statements or (b) making any truthful statement to the extent (x) necessary to enforce this agreement or (y) comply with legal process required by applicable law or by any court, arbitrator or administrative or legislative body (including any committee thereof) with apparent jurisdiction to order such person to disclose or make accessible such information.

You acknowledge that the provisions of this Paragraph are reasonable and necessary for the protection of the Partnership and its affiliates and that the Partnership and its affiliates will be irrevocably damaged if such provisions are not specifically enforced. Accordingly, you agree that a breach of any of the provisions under this Paragraph will be deemed to be a material breach of this agreement and will entitle the Partnership to terminate this agreement and all further obligations it may have hereunder.

7. *Indemnification*. The Partnership confirms that as a director of the Company, you are an "Indemnified Person" until the Effective Date within the meaning of the Agreement of Limited Partnership of the Partnership.

During the Term, the Partnership agrees to indemnify you and hold you and your respective heirs and representatives harmless against any and all damages, costs, liabilities, losses and expenses (including reasonable attorneys' fees) as a result of any claim or proceeding, or threatened claim or proceeding, against you that arises out of the performance of your services hereunder as a consultant to the Partnership and as a director of the Funds; *provided that* any such claim or proceeding is not attributable to any recklessness, deliberate misconduct or gross negligence on your part. During the Term, you shall also be covered by any directors' and officers' liability policy maintained by any of the Funds so long as you continue to be a director of that Fund.

The foregoing indemnity shall not apply to claims by the Company against you that arise under the terms of this agreement and nothing herein shall require indemnification for any conduct occurring after the Term.

8. *Entire Agreement; Dispute Resolution; Amendments; Governing Law*. Except as otherwise provided in the agreement with your husband dated the same date as this agreement, this agreement contains the entire understanding with respect to the subject matter hereof, including the terms and conditions of your continued service with the Company and the Partnership, and supersedes any and all prior agreements and understandings, whether written or oral, between you, the Company, the Partnership or any affiliate thereof, with respect to the subject matter hereof. Any dispute arising out of, or relating to, this agreement shall be resolved by binding arbitration, to be held in the Borough of Manhattan in New York City, in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

9. *Status as Independent Contractor; Withholding*. The parties agree that during the Term, you shall be an independent contractor with respect to the Partnership, and shall not be an agent or an employee of the Partnership. The payment of any amount hereunder shall be subject to such withholding taxes or requirements, if any, as may apply from time to time to independent contractors. You shall be responsible for paying all applicable taxes arising under any payments hereunder.

This agreement may not be altered, modified or amended except by written instrument signed by you, the Company and the Partnership. This agreement shall be governed by New York law, without reference to principles of conflicts of law.

Sincerely,

ALLIANCE CAPITAL MANAGEMENT L.P.

By: ALLIANCE CAPITAL MANAGEMENT CORPORATION, its General Partner

By: /s/ Bruce W. Calvert
Bruce W. Calvert
Chief Executive Officer

AGREED TO AND ACCEPTED BY

/s/ Reba W. Williams
Reba W. Williams

April 30, 2001
Date

SERVICES AGREEMENT

THIS AGREEMENT made as of and effective this 22nd day of April, 2001.

B E T W E E N:

Alliance Capital Management L.P., a limited partnership with a principal place of business located at 1345 Avenue of the Americas, New York, New York (hereinafter referred to as "Alliance"), and **The Equitable Life Assurance Society of the United States,** a corporation with its principal place of business located at 1290 Avenue of the Americas, New York in the State of New York, 10104, (hereinafter referred to as "Equitable");

W I T N E S S E T H

WHEREAS Alliance provides certain data processing services and functions for itself and certain of its affiliated companies, (hereinafter, referred to as "Alliance Companies"); and

WHEREAS Alliance desires to have the data processing services and functions, more particularly described herein, performed by Equitable from the Equitable Information Processing Center presently located at 400 Willow Tree Road, Leonia, New Jersey 07605; and

WHEREAS Equitable is willing to provide Alliance such data processing services and functions, all in accordance with the terms and conditions of this Agreement;

NOW THEREFORE, in consideration of the premises and the mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby expressly acknowledged, the parties hereto agree as follows:

ARTICLE 1. BASIC PROVISIONS

1.1 **Composition of Agreement.** This Agreement is comprised of:

(i) the provisions of Articles 1 through 8 herein (the "Basic Provisions"); and,

(ii) schedules and technical exhibits for software systems, specifications, time tables, other terms and conditions, fees and charges and other schedules agreed upon by Equitable and Alliance or any Alliance Companies.

1.2 **Basic Provisions Controlling.** In the event of any conflict or inconsistency between any schedule, exhibit or any other document made part of this Agreement and the Basic Provisions, the Basic Provisions shall be controlling.

1.3 **Entire Agreement.** This Agreement sets forth the entire and exclusive understanding and agreement of Equitable, Alliance and Alliance Companies with respect to its subject matter hereof and supersedes and merges any prior understandings or agreements, oral or written.

ARTICLE 2. SCOPE OF SERVICES

2.1 **The Services.** (1) Upon the terms and conditions of this Agreement, Equitable shall provide Alliance with the services set out in Schedule A attached to this Agreement, including without limitation the service level requirements that are specified therein (the "Services").

(2) Each party hereto confirms, acknowledges and agrees that the terms and conditions of this Agreement are commercially reasonable and generally consistent with industry practice in the circumstances of the transactions contemplated herein.

2.2 **Change Management and Additional Services.** In the event Alliance wishes Equitable to provide any services to Alliance that are not included in the Services, Alliance shall submit a written request for same to Equitable and the parties agree that they shall use their reasonable efforts to negotiate, in good faith, such provision of services in accordance with the terms of this Agreement. Any such additional services shall be incorporated into the definition of Services, and shall be at fees calculated on the same basis and in accordance with the principles set forth in Article 5 hereof.

ARTICLE 3. ALLIANCE RESPONSIBILITIES

3.1 **Alliance Responsibilities.** Alliance shall perform the obligations set out in Schedule B attached hereto ("Alliance Obligations").

3.2 **Data Delivery.** Equitable may accept as correct, accurate and reliable, without any further inquiry, all information, data, documents and other records delivered, supplied or made available to Equitable hereunder, and may assume full disclosure to Equitable hereunder in the performance of the Services. Equitable shall have no responsibility or liability for any error, inadequacy or omission to the extent that it results from inaccurate or incomplete information, data, documents or other records provided to Equitable in connection with this Agreement.

ARTICLE 4. LEGAL COMPLIANCE

4.1 **Compliance with Local Laws and Policies.** Each party hereto agrees that it shall, at its own cost and expense: (i) comply with all laws, rules, regulations, procedures and policies of their respective jurisdictions (including complete and accurate disclosure of information to any regulatory body to which any party hereto may be subject) that concern this Agreement in any manner whatsoever; and (ii) notify the other party in a timely manner regarding any changes in such laws, regulations, rules, procedures and policies which may affect their respective performance of this Agreement.

ARTICLE 5. PAYMENTS

5.1 **Service Fees and Payment.** The fees to be paid by Alliance to Equitable in consideration of the Services (the "Service Fees") shall be as set forth in Schedule F attached hereto. Alliance and Equitable agree that: (i) the Service Fees have been calculated in accordance with, and have been based upon, Equitable's direct and indirect costs and expenses as determined by Equitable in accordance with Section 1505 of the New York Insurance Law and New York Insurance Department Regulation No. 33 and, as applicable, in conformity with generally accepted accounting principles in the United States of America; and (ii) that the Service Fees do not exceed such costs and expenses.

ARTICLE 6. AUDIT RIGHTS

6.1 **Books and Records.** Equitable shall prepare and maintain reasonably detailed books, accounts and records concerning the Services rendered to Alliance. Equitable agrees that its record keeping obligations in this Section 6 hereof shall include the obligation to maintain financial and accounting records that are necessary to support the commercial reasonability and industry consistency of this Agreement.

6.2 **Inspection Rights.** In addition to any other right or remedy of Alliance, Alliance shall, at any time during the term of this Agreement , have the right to visit any location of Equitable for the purpose of, and to, examine, audit and inspect such books, accounts and records, together with any other aspect of Equitable's provision of the Services hereunder upon forty–eight (48) hours prior written notice. Any such audit or inspection by Alliance shall not unreasonably interfere with, or in any way, disrupt Equitable's normal commercial or administrative operations, and may be conducted during ordinary business hours (unless otherwise agreed to by the parties) at Equitable's EDP Facility, and shall be subject to Alliance's designated representative agreeing to Equitable's reasonable and standard confidentiality arrangements, which shall be substantially consistent with Schedule H. Alliance agrees to provide Equitable, and to instruct its auditors to provide Equitable, with a copy of the portions of each written report concerning the Services prepared in connection with any such audit.

6.2.1 Subject to the limitations of Section 6.2, the inspection rights shall include, without limitation, the right of Alliance's internal audit department, in coordination with Equitable's internal audit department, to conduct physical and data security inspections and data center operational reviews (including tape/catridge inventory and inspections and offsite data shipping procedures) of the data center, including meeting with data operations and other appropriate personnel, and reviewing equipment being used to process Alliance's data, to obtain an independent assessment of physical security and data center operations.

ARTICLE 7. TERM AND TERMINATION

7.1 **Term.** (1) Except as otherwise provided herein, this Agreement shall commence as of the date hereof and continue until December 31st, 2003. This Agreement shall automatically renew and continue for successive one (1) year periods unless Equitable provides Alliance with at least twelve (12) months prior written notice or Alliance provides Equitable with at least six (6) months prior written notice during the initial term of their intention not to renew this Agreement, or either party provides the other party with at least six (6) months prior written notice thereafter of its intention not to renew such successive one (1) year period. Either party shall have the right to terminate this Agreement at any time whatsoever immediately upon written notice to the other party in the event that the notifying party is legally prohibited, by any court of competent jurisdiction or regulatory authority in the United States of America, from having any or all of the Services performed by Equitable, and in such event, this Agreement shall terminate upon the effective date of any such prohibition.

(2) Any time after October 31, 2002, Alliance may terminate this Agreement without cause upon at least six (6) months prior written notice to Equitable. In the event Alliance and Equitable cease to be Affilatesas defined in Section 9 of Schedule G, either party will have the right to terminate this Agreement upon at least six (6) months notice. In the event Alliance continues to be an affiliate of Equitable but the majority of the partnership interests of Alliance are held by an entity other than Equitable or any of its subsidiaries, then this Agreement will have to be submitted to the New York Insurance Department ("NYID") for review. In such event Equitable will have right to amend this agreement if necessary to respond to the objections raised by the NYID. In the event neither party terminates pursuant to this section, and the continuing provision of services under this Agreement results in additional costs to Equitable, such costs will be charged to Alliance consistent with Article 5 hereunder.

(3) In the event that either party exercises its termination rights under Subsection 7.1(1) or Subsection 7.1(2) or Section 4(b) of Schedule G, the terminating party shall financially compensate the other party in accordance with the formula and guidelines set out in Schedule E attached hereto, in complete and final satisfaction, and in full substitution, of any other remedies and rights that the non–terminating party may have in any connection therewith.

ARTICLE 8. MISCELLANEOUS

8.1 **Definitions**. All capitalized terms not otherwise defined in the text of this Agreement shall have the meaning ascribed in Schedule G herein.

8.2 **Governing Law and Attornment.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York without regard to the State of New York's conflicts of law rules. The parties hereto submit and attorn to the non–exclusive jurisdiction of the State and federal courts located in the State of New York.

This Agreement is hereby executed and delivered by each of the parties hereto as of the effective date first set out herein.

Alliance Capital Management L.P. **By: Alliance Capital Management Corporation,** **Its General Partner**	**The Equitable Life Assurance** **Society of the United States**
By: /s/ John D. Carifa	By: /s/ William Levine
Name: John D. Carifa	Name: William Levine
Title: President & COO	Title: Executive Vice President & CIO

SCHEDULE A — SERVICES

1. Service Description

On April 22, 2001 (the "Start Date"), Equitable shall provide Alliance with the all of the services set forth herein including, but limited to, the transmission, storage, maintenance, processing and protection of certain Alliance Companies' information and data ("Services"). It is understood that Alliance assistance will still be required for a reasonable period, not to exceed 2 months beyond the Start Date , particularly with respect to problem determination and resolution, scheduling, security administration and data recovery. . Service levels set forth below shall be reevaluated and reestablished upon the sixth month anniversary of the Start Date and shall, at least, be equivalent in quality and nature (type and extent) to those services listed below.

(A) Mainframe Computer & Telecommunications Operations

Equitable will operate and control the MVS mainframe and telecommunications equipment, which consist of the following subsystems:

(i) JES

Equitable is responsible for providing adequate spool space and responsive spooling services for Alliance applications to support Alliance operational specifications. Alliance shall acquire, install and maintain its printers at its locations globally and any necessary interface equipment. Alliance shall be responsible for all supplies, maintenance and usage charges related to these print facilities.

(ii) TSO

Equitable shall provide the TSO users with such foreground and background services that meet the service standards set forth below in Section 2 of this Schedule A.

(iii) TCP/IP

Equitable shall provide high speed TCP/IP network connectivity between Alliance and Equitable Leonia facility. This service is the transport mechanism for communication between Alliance offices and the Alliance LPARS hosted at Equitable. This access includes, DNS, TN3270 emulation, FTP between open systems and IP Printing. The standards are set forth below in Section 2 of Schedule A.

(iv) CICS

Equitable shall provide access to Alliance on-line CICS applications in accordance with the service standards set forth below in Section 2 of this Schedule A

(v) VTAM, NCP, RJE, NJE, Mailbox and/or Tracs & NDM (Connect Direct)

Equitable is responsible for defining the logical and physical network and maintaining it in accordance with the standards set forth below in Section 2 of this Schedule A.

(B) Tape/Cartridge and Disk Management Services

(i) Library Maintenance

Equitable shall maintain a tape library process that provides reasonably responsive retrieval, mounting and filing of Alliance's tape volumes in accordance with Alliance processing requirements as provided to Equitable, as such may be modified pursuant to the Change Management process set forth in this Agreement and standardization efforts set forth in Schedule B (the "Processing Requirements").

(ii) Off-site Storage

Equitable is responsible for retaining volumes off-site as agreed upon and providing availability for retrieval at Equitable's off-site storage vendor's facility based on the Alliance Processing Requirements including transportation to and from the off-site storage facility.

(iii) Tape/Cartridge Volume Management

Equitable is responsible for providing availability of an adequate number of volumes for output recording based on the Alliance Processing Requirements. Alliance is responsible for defining the tape retention policies that support Alliance's business requirements complying with an agreed upon retention policy that supports the controlled growth of volumes.

(iv) Disk Space Management

Equitable is responsible for providing availability of adequate disk space for processing Alliance's applications based on the Alliance Processing Requirements. Alliance is responsible for complying with an agreed upon space management policy that supports the controlled growth of on-line disk data.

(v) Disk Data Recovery

Equitable is responsible for providing that all on-line operating system and application data is backed up and recoverable based on the Alliance Processing Requirements.

(C) Performance Management

(i) Operating System

Equitable shall provide mainframe services in accordance with the agreed upon service levels set forth herein and report results on a monthly basis. The current Alliance operating system will be imported into the Equitable EDP Facility on or before the Start Date and shall be operated in a manner that is technologically segregated and partitioned

(logically or physically) from all other Equitable EDP Facility operating systems. Equitable shall be responsible for monitoring and tuning the operating system, with Alliance's support if required.

(ii) Applications

Alliance is responsible for its applications. Equitable will provide necessary assistance to Alliance in isolating application performance problems and recommending solutions.

(iii) Telecommunications

Equitable shall manage and supervise, for and on behalf of Alliance, the telecommunication services related to the Services. With respect to SNI partners, Equitable will coordinate troubleshooting and supervise with Alliance's support.

(D) Capacity Planning

(i) Resource Utilization

Equitable is responsible for monitoring and reporting Alliance's resource utilization. Reporting shall consist of month and cumulative year-to-date TAPE, CPU & DASD utilization. Equitable will provide, where reasonable, customized resource usage reports based on Alliance's business and transaction groupings. Equitable will provide adequate capacity to meet Alliance's Processing Requirements.

(ii) Planning & Notifications

At a minimum, on a yearly basis during the term of this Agreement, consistent with Equitable's and Alliance's budget processes Equitable and Alliance will participate in the annual capacity forecasting process for the purpose of projecting Alliance's capacity requirements for the following year. This includes: CPU, DASD, TAPE and telecommunications. Alliance also has the responsibility of providing early notification (at least thirty (30) days if reasonably possible) of changes in its demand for resources. Any change in forecasted demand may result in an adjustment to the charges payable by Alliance, in accordance with Schedule F.

(E) Security

(i) Physical Plant

Equitable is responsible for maintaining a physically secure environment, consistent with its current standards.

(ii) Data

Equitable shall be responsible for physical data security in connection with the Services, which includes the engineering and support of RACF or similar security product and any underlying security products and/or system exits. Alliance will perform security administration functions, which includes ID creation and deletion with respect to Alliance Companies' operations globally. Equitable shall secure Alliance Companies' data from all other Equitable data.

(iii) Remote Access

Equitable and Alliance will provide a secure remote access process that adheres to guidelines published by both companies.

(F) Disaster/Recovery

(i) General

Equitable shall provide an alternate-processing site (Hot Site) for all of Alliance's mission critical, mainframe production applications as defined by Alliance from time to time. From the Start Date through October 31, 2001, this requirement shall be met through Alliance's existing agreement with Comdisco. Payment for such agreement from April 1, 2001 is included in the annual Service Fee.Equitable will select the disaster recovery service provider to fulfill its obligations hereunder after October 31, 2001.

(ii) Plan Development

Equitable and Alliance are jointly responsible for the development of an effective disaster recovery plan. Alliance will, in accordance with Equitable disaster recovery procedures, identify its mission critical applications and files and provide reasonable assistance to Equitable to develop & support an appropriate recovery plan.

(iii) Plan Maintenance

Alliance is responsible for stipulating application and data access priorities, including all related disaster/recovery documentation. Equitable is responsible for analyzing changes in recovery requirements and adjusting the integrated plan to fulfill new requirements. Equitable is also responsible for coordinating periodic drills to provide recoverability testing and for managing the recovery vendor.

(iv) Off-site Storage

Alliance is responsible for identifying mainframe mission critical files that must be housed off-site which shall be stored based on the Alliance Processing Requirements as agreed to by the parties.. Equitable shall provide off-site storage for the Alliance mainframe mission critical files and shall manage the off-site storage process and vendor.

(G) Software Services

(i) Selection

In accordance with Section 2.2., of this Agreement, Equitable and Alliance have a joint responsibility for selection of new or replacement operating system software for the purpose of meeting Alliance's Processing Requirements. Alliance shall use its reasonable efforts to coordinate with Equitable's operating systems and update levels therefor.

(ii) Vendor Management

Equitable is responsible for managing its mainframe and telecommunications system software suppliers and maintainers. Alliance is responsible for managing all applications systems vendors used by Alliance, including those listed ***in Section 1B of Schedule C.***

(iii) Contract Management

Equitable is responsible for managing its mainframe and telecommunications operating system software contracts. Alliance is responsible for managing all application systems contracts including those listed in ***Section 1B of Schedule C***.

(iv) Installation & Maintenance

Equitable is responsible for installing and maintaining operating system software and program products based on Alliance's Processing Requirements . Equitable is responsible for maintaining software currency of vendor supported products to support Alliance's business requirements and for problem determination and resolution of related problems.

(v) Standardization/Consolidation Assistance

Alliance agrees to provide the necessary assistance to Equitable in reducing the number of unique software products it requires. Any reduction will be based on a mutual agreement of both companies. In addition, Alliance agrees to migrate to Equitable's standard operating system product set on a mutually agreeable schedule.

(H) Hardware and Software

(i) Selection

Hardware shall include mainframe, peripherals and telecommunications equipment exclusive of workstations, local area networks, and remote printers located throughout Alliance globally. Equitable is responsible for selection of new or replacement hardware to meet both Equitable and Alliance's processing needs.

(ii) Vendor Management

Equitable is responsible for managing hardware and software suppliers and maintainers, excluding Alliance applications as defined in Section 1(B) of Schedule C.

(iii) Contract Management

Equitable is responsible for managing hardware and software related contracts, excluding Alliance applications as defined in Section 1(B) of Schedule C.

(iv) Installation & Maintenance

Equitable is responsible for installing, operating and maintaining hardware and software, excluding Alliance applications as defined in Section 1(B) of Schedule C.

(I) Application Support

(i) Change Management

Alliance will notify Equitable of application installations and/or modifications prior to implementation. This notification will work through both companies Change Control framework. Alliance will provide reasonable support for new/changed application installations.

(J) Facility

Equitable's EDP Facility provides conditioned raised floor space, which includes water detection and HVAC systems. The facility is insulated against power failures/fluctuations by an uninterruptable power supply and two standby diesel generators. The facility is protected by a ceiling-mounted, pre-action, dry pipe sprinkler system and a below-floor Halon fire suppression system. A plant security force is on-site 24 hours/day, 365 days/year, and is aided by a closed-circuit television system to monitor the facility.

2. Processing Service Levels:

Equitable shall provide all Services specified herein, and shall meet or exceed service levels set forth herein, to meet Alliance electronic data processing requirements in accordance with this Agreement. Availability as set forth below will be calculated and reported on a monthly and year-to-date basis. Outages as a result of operator, equipment, telecommunications controlled by Equitable, operating system software, unscheduled maintenance and facility failure will be charged against availability. Application or Alliance caused (whether by act or failure to act where there is a duty to act) outages will not be charged nor will outages for scheduled maintenance be charged against availability. All references to time are Eastern Standard Time.

Allowance will be made for periods of regular scheduled system maintenance, such as IPL's, operating system and program product upgrades.

Alliance represents and warrants that the service levels set forth below have been achieved continuously for the six (6) months preceding the Start Date. In the event of a misrepresentation hereunder, the service levels to which the misrepresentation relates will be restated downward based upon the mutual agreement of the parties acting reasonably and in good faith .

The following preliminary electronic data processing service levels shall be provided:

(A) MVS, TSO, CICS, Control-M, CA-7, Telecommunication Access Methodology ("TCPIP")(excluding Alliance applications.)

Availability

These services are required 24 hours/day, 7 days/week. The availability for these services shall be 99.9% on a monthly basis.

(B) On-line CICS

Availability

The availability for production CICS regions shall be 99.9% on a monthly basis. The availability for testing/development CICS regions shall be 99.0% on a monthly basis. The necessary availability period for the different CICS regions is shown in the following table.

REGION	Application	LPAR	SLA Start	SLA End
CICSFITS	Fixed Income Trading	O39P	7:00 a.m.	7:00 p.m.
CICSPMP4	Portfolio Management System — IMS (prod)	O39P	7:00 a.m.	10:30 p.m.
CICSPMQ4	Portfolio Management System — IMS (QA)	O39P	7:00 a.m.	10:00 p.m.
CICSPMT4	Portfolio Management System — IMS (test)	O39D	7:00 a.m.	10:00 p.m.
CICSPRD1	Global Access Card — MAP	O39P	8:00 a.m.	7:00 p.m.
CICSPRD2	Smart Stream — IE	O39P	7:00 a.m.	12:00 a.m.
CICSPRD3	Portfolio Accounting Core Engine	O39P	4:00 a.m.	7:00 p.m.
CICSREGR	PACE — Regression (test)	O39D	N/A	
CICSTST1	PACE — Test	O39D	4:00 a.m.	3:00 a.m.
CICSY2K1	Y2K — Test	O39D	8:00 a.m.	7:00 a.m.
CICSY2T1	Y2K — Test	O39D	8:00 a.m.	7:00 a.m.
CICSY2T4	Y2K — Test	O39D	8:00 a.m.	7:00 a.m.

Production Internal Response Time

The monthly requirement is 95% of all transactions requiring equal to or less than .25 seconds of CPUTIME processed within 1.0 seconds internal host response time.

(C) TSO Interactive Testing

Availability

The TSO availability requirement is 24 hours/day, 7 days/week. The availability shall be 99.9% on a monthly basis.

TSO Transaction Response Time

The monthly requirement is 95% of all Period 1 transactions requiring equal to or less than 800 standard IBM service units processed within .7 seconds. This is subject to Alliance having TSO Monitor installed in its current environment to allow measurement and reporting.

(D) Batch Processing

Scheduled Commitments

All critical batch processing as set forth in Table **below** will be completed at the Equitable processing site as set forth in the Table.. The service level shall be 95% completion of mainframe processing.

Application	Job	SLA
AUM	AUX270DP	7:30 a.m.
AUM	AUX470DP	7:30 a.m.
Davenport	DAVT01DP DAVT02DP	10:30 p.m.
GAC	GAC009DP	12:00 a.m.
GAC	GACTR4DP	5:00 a.m.
GAC	GAC050DP	6:00 a.m.
GAC	GAC032DP	5:30 a.m.
GAC	GAC033DP GAC033D2	5:30 a.m.
Hazlet	HAZT01DP HAZT02DP	10:30 p.m.
PACE	PAXAS20V	1:45 a.m.
PACE	PAXTOKYO	3:00 a.m.
PCR	PCREL1DT PCREL2DT PCREHMDT	8:00 p.m.

(E) The Equitable Telecommunications Network (SNA & TCP/IP)

Availability

The Equitable portion of the telecommunications network shall be available 24 hours a day, 7 days a week. The availability shall be 99.9%, on a monthly basis.

(F) Disaster Recovery

Availability

Equitable's recovery plan shall provide for the recovery of Alliance's mission critical production applications within 2 hours of disaster declaration with the data latency at zero from point of failure (that is, data that is located in Alliance's Secaucus disaster recovery site will be mirrored from Equitable's Leonia Data using SRDF in semi-synchronous mode.) This plan must be executed minimally once a year to include CICS, Network connectivity (SNA & TCP/IP) and batch processing. Alliance shall cooperate in developing and testing this plan.

(G) Credits

(i) Starting on June 1, 2001, credits for not meeting the service levels set forth above will be calculated monthly based on the service levels set forth above. The credit for failing to meet any service level during any calendar month shall equal to 1% of the annualized Service Fees to be paid by Alliance hereunder for the current calender year for each service level not met, provided that Alliance provides a written statement briefly describing the impact on Alliance's business. A credit shall be earned only for the initial service level failure and not for any service level failure that results from or is caused by the initial service level failure.

(ii) Equitable will have the opportunity to earn back or negate a credit if it achieves the service level on the failed service for the two consecutive months following the month of failure and exceeds the service level in one of the two months.

(iii) Credits will in no case reduce the Service Fee due under Section 1.1 of Schedule F for the current year and will first be applied against payments due from Alliance relating to excess usage pursuant to Sec. 1.3 of Schedule F in the year the credit is earned. In the event that the credits exceed excess usage charges ("Unused Credit"), the Unused Credit, which shall not exceed $100,000, will be applied against the

following year's Service Fee. If the Unused Credits arise in the final year of this Agreement, Equitable shall pay the amount of the Unused Credit (not to exceed $100,000) to Alliance in US dollars by wire transfer to the account designated by Alliance.

(iv) In the event Equitable exceeds all service levels for six (6) consecutive months in a calendar year, Equitable will be entitled to $100,000 to offset any credits earned or to be earned by Alliance in that calendar year. Such offset earned in a calendar year shall not be carried over to a subsequent year.

(v) The credits available to Alliance under this Schedule A shall be Alliance's sole and exclusive remedy for a failure by Equitable to meet any service level, except for Alliance's right to declare a termination of this Agreement in the event Equitable fails to meet any three or more service levels (but not necessarily the same three service levels) for six consecutive months. If Alliance terminates hereunder, Equitable shall pay Alliance's actual and necessary transition costs of moving to a new service provider (including Alliance), provided however that (a) such costs shall not exceed $2,500,000 and are supported by documentation reasonably acceptable to Equitable and (b) all credits accrued by Alliance will be negated by a termination hereunder.

(vi) In the event that the Services are being provided through Equitable's disaster recovery site, Alliance shall not be entitled to claim a breach or termination of this Agreement because of the failure to meet the service levels, nor shall Alliance be entitled to any credits hereunder, during the disaster recovery period.

SCHEDULE B

ALLIANCE OBLIGATIONS

In addition to any other obligations set out in the Agreement:

(a) **Software applications**

Alliance is responsible for the licensing and maintenance and maintaining current levels of its Applications Systems set forth in Section 1 (B) of Schedule C. Alliance shall provide reasonable assistance to Equitable in changing any Equitable's resources to higher, supported levels of operating system software and mainframe and telecommunications hardware.

(b) **Standardization**

Alliance must provide reasonable cooperation and personnel resources to assist in software and hardware standardization efforts. This includes providing sufficient time in its processing schedules to allow testing and implementation of new software and hardware.

(c) **Transfer to Equitable EDP Facility**

1. Cooperation

Alliance shall provide reasonable cooperation, information and resource in the planning and execution of the Alliance Systems transfer to the Equitable facilities.

2. Assistance

Alliance shall provide reasonable time and personnel assistance in transitioning production and support responsibilities.

3. Documentation

Alliance shall provide the appropriate documentation, procedures and media to support all processing. Alliance shall provide reasonable assistance to Equitable in understanding of any such material that is in a foreign language.

SCHEDULE C

EQUITABLE RESOURCES

1. SOFTWARE SUPPORTING ALLIANCE'S SYSTEMS

A)

B) Alliance Applications Systems:

Alliance Applications Systems	
ADMIN	Systems
ADP	Print Image Reporting

ADV	Advest
AMT	Ameritrade
AUM	Assets Under Managemnet
BIL	Billing
BLR	William Blair
BNY	Bank of New York
BNY	Bank of New York
BRS	Bear Stearns
BRS	Bear Stearns
BTL	Butler Wick
CAMRA	CAMRA
CMB	Cumberland
CNV	Legend Financial Services
COM	Commissions
CRD	DST Cardin
CRW	Crowell Weedon
DAS	Distributed Assistance Systems
DAV	Davenport
DAV	Davenport
DIS	Discovery
DISPATCH	Dispatch (Report Distribution)
DTC	Depository Trust Company
ERN	Ernst & Company
FIT	Fixed Income Trading Systems
FLT	Fleet
FOL	Folger Nolan
FSG	First Securities
GAC	Global Acces Card (will replace MAP)
GOG	MAP Intergrated
GST	Gorian Thorne
HAZ	Hazlet, Burt & Watson
HRZ	Herzog
HUM	Wayne Hummer
INC	Investor National
INS	Institutional Monthly
INT	Institutional Accounts
JOS	Josephthal
KCK	Purchase Kickers
LEB	Lebenthal
MAP	Managed Asset Plan
MAP	Managed Asset Plan
MBS	Mortgage Back Securities
MFO	Mutual Fund Operations (Sales)
MLS	Miller Schroeder
MST	Managed Asset Plan
OMN	Omnibus

PACE	Porfolio Accounting Core Engine
PACERQST	PACE On-Request Reporting
PCR-CORE	Pension Client Reports
PCR-CPMS	Pension Client Reports
PCR-POOL	Pension Client Reports
PEN	Penson
PER	Pershing
PER	Pershing
PMS	Investment Management System
PMV	Portfolio Management Views
PST	Managed Accounts
RAG	Ragen McKenzie
SCHEDD	Schedule D (Regulatory Reporting)
SMT	Smartstream
SUN	Sunpoint
SWP	Sweep Systems
TRD	Trading

3. EQUITABLE EQUIPMENT

The following is a description of the initial equipment configurations which will be installed at the Equitable EDP Facility, to support the implementation of the Alliance Systems.

SCHEDULE D

SERVICES MANAGEMENT

1. Transition Assistance

Upon any termination of this Agreement for any reason whatsoever, Equitable shall provide reasonable assistance and good faith cooperation to Alliance to facilitate and achieve the transition of the performance of all Services by Equitable to either Alliance or another person designated by Alliance, including without limitation, the support, services and resources set out in Schedules A and C hereof. All such transition support, cooperation, assistance and services shall be deemed to be included in the term "Services" used in this Agreement. Furthermore, and without limiting the foregoing, Alliance shall have the option, exercisable with no less than sixty (60) days notice prior to the termination date or the expiration date of this Agreement, to request that Equitable's Services and this Agreement continue on a month to month basis subject to termination by Alliance on thirty days notice after the termination date or the termination or expiration date, as applicable, for the then applicable annual fee applied pro rata. Alliance shall have the right to have this Agreement continue on a monthly basis pursuant to this paragraph for up to one hundred and twenty (120) days. Any extension beyond the 120 days will be until the end of the current calendar year.

2. EDP Service Report

Equitable shall keep Alliance fully and accurately informed on a reasonable timely basis concerning its provision of the Services. Without limiting the foregoing, Equitable shall submit to Alliance a written monthly status report by the 15th calendar day of the month which shall review the Services provided for each preceding month, and reasonably detailed information concerning any failure of Equitable to provide the Services for each preceding month. Without limiting the foregoing, all such monthly reports shall include the date and time of any relevant incidents, acts or omissions, the status of any such incidents, acts or omissions as at the date and time such report is delivered to Alliance, reasonably detailed information concerning the response, and corrective measures undertaken by Equitable in response to any such situations, and Equitable's proposals, recommendations and options to both resolve any such situations and preventative/pro-active measures it has taken or proposes to take to prevent any such situation in the future. The reports shall also include monthly usage of CPU, DASD and TAPE.

3. EDP Service Management

In addition to the staffing obligations of Equitable pursuant to Section 14 of Schedule G, Equitable and Alliance shall jointly form a "Joint Services Management Committee" composed of representatives of each of Equitable and Alliance, who shall meet on a reasonably regular basis to review and discuss the provision of the Services and to resolve all issues of concern to either party concerning this Agreement. Except for notices issued pursuant to Section 5 of Schedule G of this Agreement, all communication concerning this Agreement and the day-to-day provision, and management, of the Services shall be conducted through the Joint Services Management Committee. The initial representatives of each party to the Joint Services Management Committee shall be as follows:

Alliance:	Howard Samborn Senior Vice President	Sal Raineri Vice President
Equitable:	William Levine Executive Vice President and CIO Project Executive Charles Sokolski Senior Vice President	Andrew Kregar Managing Director Project Manager James Crosby Managing Director

Either party may at any time and from time to time change its designated representative(s) upon written notice to the other party.

4. Dispute Resolution

The purpose of this Section is to set forth a framework and procedure under which Equitable and Alliance shall use their best efforts to resolve any disputes that may arise under this Agreement without resort to litigation. The parties agree to first utilize a three-step process to accomplish this goal, engaging first in informal discussion, and thereafter, to arbitration.

(1) Joint Services Management Committee: The parties shall first attempt to resolve all disputes, by submitting such disputes to, for discussion and resolution by, the Joint Services Management Committee. If a resolution of such dispute is not reached by the Joint Services Management Committee within ten (10) Business Days of the submission of such dispute, then the parties shall proceed in accordance with Subsection 4(2) of this Schedule D.

(2) Discussions Between the Parties: In the event of a dispute under this Agreement, including without limitation, any failure of the parties to agree on a matter requiring settlement or agreement (a "Dispute"), the party alleging the Dispute shall provide notice in accordance with Section 5 of Schedule G giving particulars of the Dispute to the other party (the "Notice of Dispute"). The parties each agree to appoint a representative and to cause their respective representatives to meet as soon as possible in an effort to resolve the Dispute. Should the Dispute not be resolved within ten (10) Business Days of the Notice of Dispute, representatives of the parties at a senior management level shall attempt, in good faith to resolve the Dispute in no more

than fifteen (15) Business Days from the date of the Notice of Dispute. All such representatives of the parties shall be referred to hereafter as "Settlement Nominees," and the fifteen (15) Business Day period shall be referred to as the "Period of Discussion."

(3) Arbitration: In the event that the Settlement Nominees are unable to resolve the Dispute during the Period of Discussion, either party may submit, within five (5) Business Days following the expiration of the Period of Discussion, the Dispute to binding arbitration before three (3) arbitrators in New York pursuant to the rules of American Arbitration Association, except as modified below:

(a) the party (the "Initiating Party") wishing to submit the Dispute to Arbitration shall select one initial arbitrator and shall send a notice of the Dispute (the "Arbitration Notice") to the other party setting out the name of the arbitrator so selected by such party;

(b) The other party (the "Recipient") shall have ten (10) Business Days from receipt of the Arbitration Notice to select a second arbitrator and to notify the Initiating Party of the name of the arbitrator selected by the Recipient;

(c) promptly upon their selection and, in any event within seven (7) Business Days of the appointment of the second arbitrator, the two arbitrators then selected shall appoint a third arbitrator;

(d) if the Recipient fails to appoint a second arbitrator or the two selected arbitrators fail to appoint a third arbitrator, the Initiating Party in the event of a default by the Recipient or either party in the event of a default by the two arbitrators will be free upon notice to the other party to request that a court of competent jurisdiction in the state of New York promptly appoint the second or third arbitrator, as applicable, and to notify each party of such appointment;

(e) the parties shall agree in advance as to the manner in which the arbitration panel shall promptly hear witnesses and arguments, review documents and otherwise conduct the arbitration procedures and failing agreement within five (5) Business Days from the date of selection of the third arbitrator, the arbitration panel shall formulate its own procedural rules in accordance with the rules of the American Arbitration Association and promptly commence and expeditiously conduct the arbitration proceedings;

(f) the arbitration panel shall be independent of the parties and, shall issue its decision (by majority or unanimous decision) in writing within forty–five (45) calendar days from the date of appointment of the third arbitrator;

(g) nothing in this Section 4 of Schedule D shall prevent either party from applying to a court of competent jurisdiction for equitable relief pending final disposition of the arbitration proceeding;

(h) in no event shall the arbitrators have the jurisdiction to amend or vary the terms of this Agreement;

(i) the arbitration award shall be given in writing and shall be final and binding on the parties, not subject to any appeal, except in the event of any corruption, fraud, or the like, or evident partiality or misconduct by the arbitrator(s), or where the arbitrator(s) exceed(s) or abuse(s) their powers, or where a final and definitive award is not made by the arbitrator(s) on a timely basis or contrary to their terms of appointments, and shall deal with the question of costs of arbitration and all matters related thereto;

(j) judgment upon the award rendered may be entered in any court having jurisdiction, or, application may be made to such court for a judicial recognition of the award or an order of enforcement thereof, as the case may be; and

(k) subject to Paragraph (g) of this provision, it shall be a condition precedent to the bringing of any legal proceedings with respect to the Dispute that the arbitration procedure set out in this Section 4 of Schedule D shall have taken place.

SCHEDULE E

LIABILITY AND INDEMNIFICATION

1. Equitable Indemnification

(1) Notwithstanding Section 3 of this Schedule E, Equitable hereby indemnifies and holds Alliance and Alliance Companies harmless for any, and all, harm, liability, expense, costs, loss or damage, (whether arising in negligence, tort, equity, contract or otherwise) that arises out of, or in any connection with, either any breach whatsoever of, or action, suits, proceedings or claims concerning, any of Equitable's obligations pursuant to Section 1 and 2 of Schedule H, with respect to the confidentiality of Alliance Companies' Confidential Information as defined in Schedule H, or Equitable's obligations pursuant to Section 18(l)(vi) of Schedule G of the Agreement.

(2) Alliance shall promptly notify Equitable of any information, or reasonable belief of Alliance, concerning any suit, claim, action, proceeding or written communication that may exist concerning, in any way, the indemnities provided in Subsection 1(1) of this Schedule E, and Equitable agrees that it shall fully and promptly co–operate with, and assist, Alliance and Alliance Companies in any such defense, action, suit, claim or proceeding to which Alliance may become involved or a party. The foregoing notwithstanding, Equitable shall have the right in its sole discretion, and at its expense, to participate in and control the defense of any such suit, claim, action or proceeding and in any and all negotiations with respect thereto, and neither Alliance nor any Alliance Companies shall settle any such suit, claim, action or proceeding without Equitable's prior written approval.

(3) Equitable shall maintain reasonable insurance coverage to protect itself in connection with any liability whatsoever that may arise for Equitable in any connection with any act or omission of Equitable in any connection with this Agreement, including without limitation Equitable's indemnification of Alliance pursuant to this Section 1 and Section 4 of this Schedule E. All such insurance shall be of an amount, and shall be provided to Equitable on terms and conditions, that is reasonably acceptable to Alliance. The existence or non-existence of any insurance coverage shall in no way limit or otherwise affect Equitable's indemnification obligations hereunder.

(4) Without limiting the foregoing, all such insurance coverage shall be evidenced by insurance policies which have terms and conditions reasonably satisfactory to Alliance and such insurance policies shall not be cancelable or subject to reduction of coverage, or other modification, except after thirty (30) days prior written notice to Alliance. Equitable will deliver to Alliance, upon request, certificates or other satisfactory evidence of any insurance required to be maintained by Alliance hereunder and a certified copy of the original insurance policies within thirty (30) days of Alliance's request. Any loss under any of the insurance policies provided for herein will be adjusted with the associated insurance company by Equitable at Equitable's sole expense, subject to Alliance's approval.

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2. Alliance Indemnification

(1) Notwithstanding Section 3 of this Schedule E, Alliance hereby indemnifies and holds Equitable harmless for any, and all, harm, liability, expense, cost, loss or damage, (whether arising in negligence, tort, equity, contract or otherwise) that arises out of, or in any connection with, either any breach whatsoever of, or actions, suits, proceedings or claims concerning, any of Alliance's obligations pursuant to Section 1 and 3 of Schedule H, with respect to the confidentiality of Equitable's Confidential Information or Alliance's representations, warranties and covenants pursuant to Paragraph 18(2)(iii) of Schedule G of the Agreement.

(2) Equitable shall promptly notify Alliance of any information, or reasonable belief of Equitable, concerning any suit, claim, action, proceeding or written communication that may exist concerning, in any way, the indemnities provided in Subsection 2(l), and Alliance agrees that it and any associated Alliance Company shall fully and promptly cooperate with, and assist, Equitable in any such defense, action, suit, claim or proceeding to which Equitable may become involved or a party. The foregoing notwithstanding, Alliance shall have the right in its sole discretion, and at its expense, to participate in and control the defense of any such suit, claim, action or proceeding and in any and all negotiations with respect thereto, and Equitable shall not settle any such suit, claim, action or proceeding without Alliance's prior written approval.

(3) Only to the extent insurance is not provided under an Equitable insurance program, Alliance shall maintain reasonable insurance coverage to protect itself in connection with any liability whatsoever that may arise for Alliance in any connection with any act or omission of Alliance in any connection with this Agreement, including without limitation Alliance's indemnification of Equitable pursuant to this Section 2 and Section 4 of this Schedule E. All such insurance shall be of an amount, and shall be provided to Alliance on terms and conditions, that is reasonably acceptable to Equitable.

(4) Without limiting the foregoing, all such insurance coverage shall be evidenced by insurance policies which have terms and conditions reasonably satisfactory to Equitable and such insurance policies shall not be cancelable or subject to reduction of coverage, or other modification, except after thirty (30) days prior written notice to Equitable. Alliance will deliver to Equitable, upon request, certificates or other satisfactory evidence of any insurance required to be maintained by Equitable hereunder and a certified copy of the original insurance policies within thirty (30) days of Equitable's request. Any loss under any of the insurance policies provided for herein will be adjusted with the associated insurance company by Alliance at Alliance's sole expense, subject to Equitable's approval.

3. Limitation of Liability

Except as otherwise provided in Section 1, Section 2, and Section 4 of this Schedule E, Equitable and Alliance agree as follows:

(a) Each party's liability to the other party for any and all direct harm, liability, expense, cost, loss or damage, whether in negligence, tort, equity, contract or otherwise, arising out of, or in connection with, this Agreement shall be strictly limited, in the aggregate in respect of all incidents or occurrences, to the amount of Two Million, Five Hundred Thousand ($2,500,000.00) Dollars;

(b) Each party agrees that the other party shall not be liable for any lost profits, failure to realize expected savings, or any other indirect commercial or economic loss of any kind whatsoever;

(c) Each party agrees that except as otherwise provided in this Agreement neither party shall be liable for any harm, loss, damages, expenses, costs, suit, claim or demand whatsoever against the other party that is made by any person or entity who is not a party to this Agreement; and

(d) UNDER NO CIRCUMSTANCES WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, THIRD PARTY, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR EXEMPLARY EXPENSES, COSTS, LIABILITY, LOSS, OR DAMAGE WHATSOEVER.

4. Personal Injury and Property Damage Indemnity

Notwithstanding Section 3 of this Schedule E, Equitable and Alliance each agree to indemnify, defend and hold harmless the other from any and all claims, actions, damages, liabilities, costs and expenses, including reasonable attorneys' fees and expenses, arising out of third party claims for bodily injury or damage to physical property, to the extent caused directly and proximately by the negligence or willful misconduct of the other party, its employees, officers or agents.

5. Default and Rights of Termination

(1) The occurrence of any one or more of the following events shall be deemed to be an "Event of Default":

(a) if either party either breaches any material covenant or obligation contained in this Agreement, or consistently breaches any other obligations or covenants so as to constitute a material breach of this Agreement;

(b) if Alliance fails to timely pay on amounts due hereunder;

(c) if either party becomes or is declared insolvent or bankrupt, is the subject of any proceedings relating to its liquidation, insolvency or for the appointment of a receiver or similar officer for it, makes an assignment for the benefit of all or substantially all of its creditors, or

enters into an agreement for the composition, extension, or readjustment of all or substantially all of its obligations, then Alliance may, by giving written notice thereof to Equitable, terminate this Agreement as of the date specified in such notice; or

(d) if a governmental regulatory order or final judgment or decree in any jurisdiction which materially and adversely affects the ability of either party to fulfill its obligations under this Agreement shall have been made, issued, obtained or entered and such order, judgment or decree shall not have been vacated, discharged or stayed pending appeal within the applicable appeal period.

(2) If either party commits an Event of Default that is capable of being remedied and has not been remedied within thirty (30) calendar days after written notice of the Event of Default has been delivered to such party, the non-breaching party, may terminate this Agreement immediately upon the expiration of such remedial time period, or any time thereafter upon written notice thereof to the breaching party, provided that where an Event of Default occurs pursuant to the provisions of Subparagraph 5(l)(c) and (d) hereof, the non-breaching party shall not be obliged to provide a remedial period, but may terminate this Agreement immediately upon the occurrence of such Event of Default and upon written notice to the breaching party, and provided further that where the Event of Default is Alliance's failure to timely pay any amount due hereunder, the cure period shall be ten (10) calendar days and default interest at lesser of the prime rate then in effect as published by the Wall Street Journal or the maximum rate allowed by law shall be due and payable on any such late payment calculated from the first day after the date upon which the payment was due. All such rights of termination shall be in addition to, and shall not exclude, any other rights and remedies that the party not in breach or default may have.

6. Termination Compensation

In the event that either party exercises its termination rights under Subsection 7.1(1) or 7.1(2) or Section 4(b) of Schedule G, and in accordance with Subsection 7.1(3) of this Agreement, the terminating party shall compensate the non–terminating party for the actual costs and expenses incurred by the non-terminating party that directly result from such termination, including without limitation the costs and expenses incurred by the non-terminating party in order to put the non-terminating party in a reasonably similar position that it would have been in but for such termination.

Each party shall use its reasonable efforts to mitigate any such costs and expenses, including without limitation Equitable shall attempt to use the Equitable Resources for its own internal purposes or for Alliance's use where acceptable to Alliance. All such compensation shall be subject to the non-terminating party's delivery to the other party of reasonable evidence, information and materials documenting any such costs or expenses suffered by the non-terminating party.

SCHEDULE F

SERVICE FEES

1. Service Fee

1.1 Except as otherwise expressly provided herein, as full and complete consideration for the provision of all Services, the annual Service Fee payable by Alliance to Equitable under this Agreement shall be $2,562,000 per annum for each year of the Term. For 2001, the Service Fee shall be prorated to the beginning of April 2001 for a total fee of $1,921,500 for 2001. For the years 2002 and 2003, the Service Fee shall remain at $2,562,000 provided that Alliance's anticipated use of Computing Resources (described in the Table set forth below) shall not increase or decrease by more than 10% per year. In the event of a termination by Alliance pursuant to the first sentence of Section 7.1 (2) of the Services Agreement the parties will negotiate in good faith for a refund, if any, of prepaid Service Fees.

1.2 The total Service Fee is based upon Alliance's monthly average usage projections for each processing element (CPU, DASD and Tape) for each of the 3 years of the term of this Agreement. These usage projections will be based upon average actual usage by Alliance during the first three months of the term and will be in the form of Table 1 below. For 2002 and thereafter the processes described in Schedule A, Section 1(D)(ii) shall be followed to establish projected usage.

Alliance agrees to reimburse Equitable for any additional indirect costs and expenses and third party costs required by Alliance to meet additional requirements specific to Alliance if Alliance specifically requests in writing.

1.3 In the event Alliance's actual usage for any of the processing elements in Table 1 for a given year during the term of this Agreement exceeds the monthly projections for that element multiplied by 12, Alliance shall be charged for such usage based on Equitable's internal Cost Allocation Methodology ("CAM") for each such element. In the first quarter of a calendar year, Equitable establishes the internal CAM for these processing elements, based on its projected expenses and planning assumptions; these rates remain in effect for that whole year.

Table 1

ELEMENTS

TOTAL CPU TIME
(minutes)

TAPES/ EXCPs)

DISK STORAGE
(Giga bytes)

If, during the budget planning cycle referred to in Schedule A, sec. 1(D)(ii), but no later than September 30, Alliance and Equitable project that Alliance's usage of any of these elements would increase or decrease by more than 10 percent (10%) for that upcoming year, the parties shall renegotiate the Services Fees and the above elements table. The method of calculating the revised Service Fees shall be based upon Equitable's CAM methodology and for 2002 any reduction shall not affect direct costs incurred by Equitable related to Services to be rendered to Alliance.

2. Travel Expenses

In addition to the Service Fees, Alliance shall pay, or reimburse Equitable, for any reasonable out-of-pocket expenses related to travel and travel-related expenses, incurred by Equitable at the request or with the approval of Alliance in connection with Equitable's Performance of this Agreement. Such expenses include expenses in connection with equipment installation and site surveys.

3. Taxes

Alliance shall pay, or reimburse Equitable, for all sales or services taxes which are levied or imposed in any jurisdiction in connection with the services contemplated hereby.

4. Time of Payment

The annual Service Fee for 2001 will be payable on May 1, 2001 . Thereafter, each annual Service Fee will be invoiced on January 1 of each year payable within thirty days thereafter. Any other sum due to Equitable thereunder for which a time for payment is not otherwise specified will be due and payable within thirty (30) days after the due date of an invoice therefor from Equitable.

5. Method of Payment

All Service Fees, and other charges that are due thereunder shall be payable in US dollars and shall be made by wire transfer to such account that Equitable may designate.

6. Start–Up Expenses

In addition to the Service Fees, Alliance shall reimburse Equitable for all non-recurring costs and expenses incurred by Equitable in connection with the establishment and commencement of Services pursuant to this Agreement, excluding any such costs and expenses that are attributable to any personnel, management or employee salaries or benefits. Such start-up costs and expenses are currently estimated to be $550,000 and shall include, without limitation, the following: consulting services, vendor professional services, one time software and hardware rental and telecommunication costs and other related out-of-pocket expenses. Alliance shall reimburse Equitable for such amounts either on, or before May 1, 2001 subject to Equitable's reasonable accounting for same including the delivery to Alliance of receipts in connection therewith.

7. Telecommunication Expenses

The annual Service Fee set forth in Section 1.1 above includes telecommunication expenses of $240,000. Any amount paid by Equitable in excess of $240,000 relating to Alliance's use of telecommunications shall be reimbursed to Equitable by Alliance at the same time as the payment of the annual Service Fee.

8. Non–Affiliated Expenses

In the event that any Alliance Company ceases to be an Affiliate of Equitable, Alliance shall reimburse Equitable for any additional third party software costs incurred by Equitable in order to continue to provide the Services.

SCHEDULE G

GENERAL TERMS AND CONDITIONS

1. Interpretation

In this Agreement words importing a singular number only shall include the plural and vice versa. The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only, and shall affect neither the construction nor the interpretation of this Agreement. The terms, "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular part, Article, Section or other portion hereof and include any

agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith references herein to parts, Articles and Sections are to parts, Articles and Sections of this Agreement. In this Agreement, all references to currency shall be references to the lawful currency of the USA. If for any reason a court of competent jurisdiction finds any provision of this Agreement, or portion thereof, to be unenforceable, that provision of the Agreement shall be enforced to the maximum extent permissible so as to effect the intent of the parties, and the remainder of this Agreement shall continue in full force and effect. No amendment or modification of this Agreement shall be binding unless in writing and signed by duly authorized representatives of both parties.

2. Force Majeure

Except for Equitable's obligations to provide the Services via, and through, the disaster recovery and back–up services provided in Section 17 of this Schedule G, neither party shall be liable for any failure or delay in its performance under this Agreement due to causes, including, but not limited to, acts of God, acts of civil or military authority, fires, epidemics, floods, earthquakes, riots, wars, sabotage, , and governmental actions and labor shortages or disputes, which are beyond its reasonable control; provided that the delayed party: (i) gives the other party written notice of such cause promptly, and in any event within fifteen (15) days of discovery thereof, and (ii) uses its reasonable efforts to correct such failure or delay in its performance. Except for Equitable's obligations to provide the Services via, and through, the disaster recovery and back–up services provided in Section 17 of this Schedule G, the delayed party's time for performance or cure under this Section 2 of Schedule G shall be extended for a period equal to the duration of the cause or sixty (60) days, whichever is less. In the event that any such event continues for a period greater than sixty (60) days, either party shall have the right to terminate this Agreement by providing written notice on or before 10 days after such sixty (60) day period. The effective date of Alliance's termination shall not be more than six months after the date of such notice. The effective date of Equitable's termination shall be not less than six months after the date of such notice.

3. Relationship of the Parties

Nothing in this Agreement shall either render, or be interpreted or construed to mean, Alliance and Equitable are either partners, joint venturers, employer/employee or principal/agent of the other. Neither party shall have any authority whatsoever to obligate or commit the other party, contractually or otherwise. Neither party shall do anything whatsoever to represent to any person that they have any authority to so obligate or commit the other party. Each of Alliance and Equitable agree that each of them are independent contractors. Equitable shall only act within the scope of its actual and express authority under this Agreement.

Equitable shall not represent to any person that it has any authority, or permission, or consent to either represent or act on behalf of Alliance in any connection with this Agreement except as is expressly authorized by Alliance.

4. Assignment

(a) The rights and liabilities of the parties hereto shall bind and inure to the benefit of their respective successors and assigns as the case may be; provided that, since Alliance has specifically contracted for Equitable's unique and special services, Equitable shall not have the right to assign or delegate any of its obligations under this Agreement, either in whole or in part, to any person, except an Affiliate of Equitable which agrees in writing to assume all of Equitable's obligations hereunder, without the prior written consent of Alliance. Any attempted assignment in violation of the provisions of this Section 4 of Schedule G shall be void. Except as expressly specified in this Agreement, the parties do not intend, nor shall any clause be interpreted to create in any third party, any obligations to, or right or benefit by, such third party under this Agreement from either Equitable or Alliance.

(b) In the event Equitable anticipates that it will transfer its data processing to an Affiliate, which does not agree in writing to assume all of Equitable's obligations hereunder,Equitable shall have the right to terminate this Agreement upon twelve (12) months written notice to Alliance.

5. Notices

(a) Any notice given pursuant to this Agreement shall be in writing and shall be forwarded in the manner prescribed herein to the respective party at the address designated as follows or at such revised address as such party may, from time to time, designate by giving notice in writing to the other parties in the prescribed manner:

Alliance Capital

Alliance Capital Management, L.P.
1345 Avenue of the Americas
New York, NY 10105

Attention: Chief Information Officer

Copy to: General Counsel

Equitable:

The Equitable Life Assurance
Society of the United
1290 Avenue of the Americas
New York, New York 10104
U.S.A.

Attention: Chief Information Officer

Copy to: General Counsel

(b) Notice shall be given in the manner prescribed as follows: (i) by delivery, effective at the time of actual delivery; or (ii) by registered or certified mail, effective on the third business day following the deposit of such registered or certified mail with each party's, respective, postal service. In the event of any disruption, or threatened disruption, of regular postal service notice shall not be given by mail.

6. No Waiver

Failure by either party to enforce any provision of this Agreement shall not be deemed a waiver of future enforcement of that or any other provisions.

7. Further Assurances

Each of Alliance and Equitable agree that they shall execute and deliver all further documents, filings and agreements that contain reasonable terms and conditions, and do all things that are reasonably necessary to realize and perfect the intention of this Agreement and the obligations set out herein.

8. No Merger

The parties agree and acknowledge that none of the warranties, representations and covenants contained in this Agreement shall merge upon either the execution and delivery of this Agreement by both parties, or upon the full payment (or any partial payments) of the Service Fees, and that all such warranties, representations and covenants shall continue in full force and effect both throughout the term of this Agreement, or as otherwise stipulated in Section 21 of this Schedule G.

9. Definitions

In this Agreement, the following terms shall have the following meanings:

(1) "Affiliate" shall mean a company controlling, controlled by or under common control with another company;

(2) "Business Day" shall mean each week day, except Saturday and Sunday and where any week days occur on a statutory holiday observed in the State of New York;

(3) "Equitable EDP Facility" shall mean the information and data processing offices, centre and facilities of Equitable commercially identified as The Equitable Information Processing Centre located at 400 Willow Tree Road, Leonia, New Jersey, U.S.A.;

(4) "Hardware" shall mean the information technology, equipment, hardware and electronic data processing support and operating technology that Equitable shall use to provide all Services and that is more particularly described and set out under the Equitable Hardware title in Schedule C attached hereto, or as the parties hereto may otherwise agree from time to time;

(5) "Equitable Resources" shall mean all of the Hardware, Software, network topology, communications equipment, systems, processes and equipment that Equitable shall use to provide all Services and that is more particularly described in Schedule C attached hereto, or as the parties hereto may otherwise agree from time to time;

(6) "Software" shall mean the computer programs, which may be combined or embodied in any medium whatsoever, consisting of a set of logical instructions and information which guide the functioning of Equitable Hardware, and which shall include all information, know–how, methodologies, systems, and processes concerning such computer programs including without limitation object code, source code, all operational /functional specifications, technical specifications, process flow diagrams, design notes, documentation, and all updates, releases, enhancements, modifications and customizations that Equitable shall use and rely upon to provide Services, as such computer programs are more particularly identified in Schedule C attached hereto, or as the parties hereto may otherwise agree from time to time.

10. Schedules

Each of the Schedules delineated below are attached hereto and incorporated into the provisions of this Agreement, and each Schedule shall be subject and subordinate to the nonscheduled provisions of this Agreement in the event of any conflict or contradiction between them.

Schedule A	— Services
Schedule B	— Alliance Obligations
Schedule C	— Equitable Resources
Schedule D	— Services Management
Schedule E	— Liability and Indemnification
Schedule F	— Service Fees
Schedule G	— General Terms and Conditions
Schedule H	— Proprietary and Confidentiality Obligations

11. Intentionally blank

12. Intentionally blank

13. Service Quality

(1) In addition to any other rights and remedies that may be available to Alliance, Equitable will use reasonable procedures to detect, identify and correct errors or mistakes in the Services and will promptly notify Alliance of any such errors or mistakes. In the event of any breach of Equitable's Service

obligations which causes an error or mistake in any record, report, data, information or output, Equitable shall at its own expense, promptly use reasonable efforts to correct and reprocess such records, reports, data, information or output. In the event of any failure or omission in Equitable's provision of Services, Equitable shall use reasonable efforts to correct such failure or omission in Service. Equitable's obligations under this Subsection 13(l) shall be conditional upon Alliance providing Equitable with prompt written notice of errors or mistakes in processing, and errors or omissions in the Services, and providing Equitable with all necessary supporting documentation.

(2) If Equitable, for any reason whatsoever, fails to correct any failure to provide the Services pursuant to such Subsection 13(l) hereof, notwithstanding any other right of, or remedy that may be available to Alliance in such event, Alliance shall have the right to correct such failure, either directly or indirectly with the assistance of another person it may retain, if such failure continues for an aggregate period of sixty (60) days during the term of this Agreement. In the event Alliance chooses to either directly or indirectly correct such failure, Equitable shall fully cooperate with Alliance or any of Alliance's representatives, to facilitate such correction, including without limitation permitting reasonable access under Equitable supervision and in accordance with Equitable's access policy to Equitable EDP Facility, reasonable access to and the assistance of Equitable's relevant operational personnel, and all relevant records, reports, information and documentation concerning such failed Service obligation and shall reimburse Alliance for costs necessarily and actually incurred in correcting such failure. In such event, credits due under Schedule A shall not apply. Once the failure is corrected by Alliance, service shall be transitioned back to Equitable and the service levels of Schedule A and any eligibility for credits shall be reinstated.

(3) Equitable shall: (i) use its reasonable efforts to provide all of the Services in a manner, and to an extent, that shall facilitate and promote the transparent and so-called "seamless" provision of services by Alliance to its customers; and (ii) provide appropriate personnel, services and technology to protect the security, welfare and integrity of all Alliance's data and information, including all Alliance Confidential Information (as defined in Schedule H).

(4) The parties shall, in good faith and diligently, work together and cooperate with each other concerning the provision of all of the Services to Alliance.

14. Staffing

Equitable agrees to provide all of the Services with appropriately experienced and technically competent personnel.

15. Services Management

The Services shall, in addition to any other obligations set out herein, be managed and performed in accordance with the provisions of Schedule D attached hereto.

16. Intentionally blank

17. EDP Service Back-Up Facilities

Without limiting any provision hereof, Equitable shall provide all of the Services to Alliance in accordance with the availability and operational requirements and specifications set out in Schedule A attached hereto. In any event that Equitable does not provide the Services to Alliance within one (1) hour or such period of time as otherwise agreed to by the parties, Alliance shall have the right to invoke the backup and disaster recovery services set out in Schedule A attached hereto shall be followed. Any reliance on the services, equipment, computer hardware, computer software, networks, telecommunication services, data storage services, or electronic data processing services of any other person by Equitable in the course of providing the Services to Alliance shall not, in any manner or to any extent, relieve, diminish, or limit any of Equitable's performance obligations and duties under this Agreement.

18. Warranties

(1) Except for the rights of Equitable to use the Alliance Application Systems for the purpose of this Agreement, which rights are to be obtained by Alliance, Equitable hereby represents, warrants and covenants to Alliance the following:

(i) Equitable has full power and authority to enter into this Agreement and to provide the Services as set out herein, and to perform each and every covenant and agreement herein contained;

(ii) the execution and delivery of this Agreement, and the performance of the covenants and agreements herein contained, are not, in any manner or to any extent, limited or restricted by, and are not in conflict with, any commercial arrangements, obligations, contract, agreement, or other instrument to which Equitable is bound, or by any rights of any other person;

(iii) except for Alliance Application Systems, the Equitable Resources shall be complete and adequate to enable Equitable to fully perform the Services in accordance with this Agreement;

(iv) in accordance with Section 1 of Schedule H, as between Equitable and Alliance, Alliance shall be the owner, with good and marketable title, of all data, information, and files that are directly and specifically related to the Services, and to all Alliance Confidential Information;

(v) Equitable Resources and any other goods, materials, technology and equipment used by Equitable to provide the Services shall be free and clear of all liens, charges, security interests, encumbrances and any other rights of other persons including without limitation any intellectual property, contractual, or confidentiality rights to the extent that such may, or could, in any way, affect the ability of Equitable to provide the Services to Alliance as herein provided;

(vi) the performance of this Agreement by Equitable, including without limitation the provision of all of the Services by Equitable shall not, in any manner or to any extent whatsoever, infringe, contravene, breach, interfere with, or harm, the rights of any other person, including

without limitation any intellectual property rights, copyrights, patent rights, moral rights, confidentiality rights, equitable rights, contractual rights, common law rights, or statutory rights;

(vii) that all arrangements and agreements that Equitable may have with other persons who will provide either products or services, or both, to Equitable in any connection with the Services, including without limitation any computer hardware, software, disaster recovery or back-up services, network services, or telecommunications services, shall be maintained in good standing and not breached or terminated if such termination will have any adverse impact on Equitable's ability to provide any of the Services; and

(viii) all things done, undertaken, created, or contributed by any person on behalf of Equitable, in any connection with the Services, shall be by persons strictly on a work for hire basis, and all right, title, and interest in all intellectual property created by any such person in any connection with the Services shall be wholly transferred and assigned to Equitable.

(2) Alliance hereby represents, warrants and covenants to Equitable the following:

(i) Alliance has full power and authority to enter into this Agreement and to perform each and every covenant and agreement herein contained;

(ii) this Agreement has been duly authorized, executed and delivered by Alliance and constitutes a valid, binding and legally enforceable agreement of Alliance;

(iii) the performance of Alliance Obligations shall not, in any manner or to any extent whatsoever, infringe, contravene, breach, interfere with or harm, the rights of any other person, including without limitation any intellectual property rights, copyrights, patent rights, moral rights, confidentiality rights, equitable rights, contractual rights, common law rights, or statutory rights;

(iv) that the documents, data and other information of Alliance and Alliance Companies provided by Alliance to Equitable, and relied on by Equitable, pursuant to this Agreement shall be, in all material aspects, reasonably complete and accurate at the time same is provided to Equitable;

(v) the execution and delivery of this Agreement and the performance of the covenants and agreements herein contained are not limited or restricted by, and are not in conflict with, any contract, agreement or other instrument to which Alliance is bound; and

(vi) the execution and delivery of this Agreement, and the performance of the covenants and agreements herein contained, are not, in any manner or to any extent, limited or restricted by, and are not in conflict with, any commercial arrangements, obligations, contract, agreement, or other instrument to which Alliance is bound, or by any rights of any other person.

(3) THE FOREGOING WARRANTIES ARE EXCLUSIVE AND ARE GIVEN AND ACCEPTED IN LIEU OF ANY AND ALL OTHER WARRANTIES, DUTIES, OR OBLIGATIONS, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY OTHER IMPLIED WARRANTIES OF MERCHANTABILITY AND ANY IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE. THIS IS A SERVICE AGREEMENT AND IS NOT SUBJECT TO ARTICLE 2 OR 2A OF THE UNIFORM COMMERCIAL CODE AS ENACTED BY THE STATE OF NEW YORK OR OTHERWISE.

19. Liability and Indemnification

The parties agree to all of the liability and indemnification provisions set out in Schedule E attached hereto, which the parties agree and acknowledge are fair, reasonable and equitable in the circumstances of this transaction.

20. Counterparts

This Agreement may be executed in counterparts, all of which taken together shall constitute one single Agreement between the parties hereto.

21. Intentionally blank

22. Hiring of Employees

During the term of this Agreement and for a one (1) year period thereafter, Alliance and Equitable agree not to, directly or indirectly, hire or make offers of employment to or enter into consultant relationship with officers or employees (or former officers, consultants or employees as the case may be) of the other who were engaged in providing the Services, unless otherwise agreed to between the parties. The provisions of this Section shall not apply to any current (or former, as the case may be) employee, consultant or officer of either party whose termination of employment was not a voluntary action on such employee's or officer's part, nor shall it apply to a terminating party which terminates pursuant to Section 5 of Schedule E.

SCHEDULE H

PROPRIETARY AND CONFIDENTIALITY OBLIGATIONS

1. Proprietary and Related Rights

(1) The parties agree, acknowledge and confirm that Alliance and each respective Alliance Company owns, and shall own, all right, title and interest in, and to, all aspects of all data and information related to each such company's respective operation, customers, insurance policies and business,

including without limitation all copies of reports and information delivered to Alliance concerning Equitable's provision of the Services ("Alliance EDP Information"). Equitable shall, in a manner consistent with its obligations, use the same degree of care as it uses to protect its own comparable information to protect all such Alliance EDP Information and data from any harm, damage, theft, tampering, sabotage, interference, or unauthorized use, during the term of this Agreement and during such time as any such Alliance information remains in the possession of Equitable. Equitable shall not represent to any person that all, or any part of, such data and information is either the property, or is an asset, of Equitable whatsoever. Equitable shall have a non–exclusive and non–transferable right to use Alliance EDP Information only for the purpose of this Agreement and only to the extent that such use is strictly necessary for Equitable to provide Alliance with the Services.

(2) All Equitable Resources (excluding Alliance Application Systems), technology, processes, systems, and know–how that Equitable uses to perform the Services shall, for the purposes of this Agreement, be deemed to be the sole and exclusive property of Equitable.

(3) All information concerning Alliance and Alliance Companies, including without limitation all regulatory, commercial, financial, sales, marketing, business, personnel, administrative, technological, customer, insured, and any Alliance EDP Information, together with any information concerning this Agreement, is hereby deemed to be the proprietary and confidential information of Alliance and Alliance Companies ("Alliance Confidential Information") and shall be held in strict confidentiality in accordance with this Schedule H.

(4) All information concerning Equitable, including without limitation all regulatory, personnel, administrative, technological information, together with any information concerning this Agreement, is hereby deemed to be the proprietary and confidential information of Equitable ("Equitable Confidential Information") and shall be held in strict confidentiality in accordance with this Schedule H.

2. Alliance Confidential Information

All Alliance Confidential Information shall be held in strict confidence by Equitable and shall not be used by Equitable for its benefit, or for the benefit of any other person, or for any purpose other than is strictly necessary for the purpose of this Agreement. Equitable shall have an obligation to prevent the Alliance Confidential Information from being misappropriated, used without the consent of Alliance, wrongfully disclosed, harmed, stolen, manipulated, tampered with, copied, or

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electronically transmitted or otherwise communicated, except as otherwise expressly permitted by this Agreement. Equitable shall use reasonable efforts so that all persons that have any access to Alliance Confidential Information in any connection with Equitable's performance of this Agreement, whether officers, employees, agents, affiliates, independent contractors or otherwise, are fully apprised of, and obligated to adhere to, all of Equitable's confidentiality obligations set out herein.

3. Equitable Confidential Information

All Equitable Confidential Information shall be held in strict confidence by Alliance and shall not be used by Alliance for its benefit, or for the benefit of any other person, or for any purpose other than is strictly necessary for the purpose of this Agreement. Alliance shall have an obligation to prevent the Equitable Confidential Information from being misappropriated, used without the consent of Equitable, wrongfully disclosed, harmed, stolen, manipulated, tampered with, copied, or electronically transmitted or otherwise communicated, except as otherwise expressly permitted by this Agreement.

4. Other

The terms "Alliance Confidential Information" and "Equitable Confidential Information" do not include information: (i) which is, or becomes, generally available to the public other than as a result of an unauthorized disclosure thereof by the other party; (ii) which is rightfully obtained by the recipient party from a third party which is not obligated to protect its confidentiality; or (iii) which is established by a party to be known by this party prior to its having been furnished by the other party.

Nothing in this Agreement shall prevent either party from making disclosure of any information if a party is required to do so by order of any court of competent jurisdiction or any competent regulatory authority, or under any applicable legal provision, provided that a written notice of any requirement to make such disclosure is given to the other party immediately upon the party becoming aware of such requirements and prior to disclosing any information whatsoever.

The provisions of this Schedule H shall remain in effect for a period of three years after termination or expiration of this Agreement.

Subscription and Shareholders Agreement

Alliance Capital Management Corporation of Delaware

Alliance Capital Management Australia Limited

AXA Asia Pacific Holdings Limited

National Mutual Funds Management Limited

ACN 095 022 718 Limited
(to be renamed Alliance Capital Management Australia Limited)

Cidwell Developments Limited
(to be renamed Alliance Capital Management New Zealand Limited)

Freehills

101 Collins Street Melbourne VIC 3000 Australia
Telephone 61 3 9288 1234 Facsimile 61 3 9288 1567
www.freehills.com.au DX240 Melbourne

SYDNEY MELBOURNE PERTH CANBERRA BRISBANE HANOI HO CHI MINH CITY
Correspondent Offices JAKARTA KUALA LUMPUR SINGAPORE

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approved under the Professional Standards Act 1994 (NSW)

Reference JH

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Clause

This subscription and shareholders agreement

is made on January 2001 between the following parties:

1. **Alliance Capital Management Corporation of Delaware**
of 1345 Avenue of the Americas, New York, NY 10105, United States of America
(ACMCD)

2. **Alliance Capital Management Australia Limited**
ABN 58 007 212 606
of Level 29, Governor Phillip Tower, 1 Farrer Place, Sydney, NSW 2000
(ACM)

3. **AXA Asia Pacific Holdings Limited**
ABN 78 069 123 011
of 447 Collins Street, Melbourne, Vic 3000
(AXA APH)

4. **National Mutual Funds Management Limited**
ABN 32 006 787 720
of 447 Collins Street, Melbourne, Vic 3000
(NMFM)

5. **ACN 095 022 718 Limited**
ACN 095 022 718
(to be renamed Alliance Capital Management Australia Limited)
of Level 29, Governor Phillip Tower, 1 Farrer Place, Sydney, NSW 2000
(Aus Co)

6. **Cidwell Developments Limited,** a company incorporated in New Zealand
(to be renamed Alliance Capital Management New Zealand Limited)
of 80 The Terrace, Wellington, New Zealand
(NZ Co)

Recitals

A. ACM (which is a subsidiary of ACMCD) and NMFM and National Mutual Funds Management NZ Limited ("NMFM NZ") (both of which are subsidiaries of AXA APH) carry on separate existing investment management businesses.

B. ACMCD and AXA APH wish to establish the Joint Venture Group (comprising Aus Co and NZ Co) to carry out certain investment management business activities in Australia and New Zealand and to carry out investment management activities in support of the investment management businesses of other companies, including ACM, NMFM and NMFM NZ.

The parties agree

in consideration of, among other things, the mutual promises contained in this agreement:

1 Definitions and interpretation

1.1 Definitions

In this agreement:

ACCC means the Australian Competition and Consumer Commission;

Acceptance Notice means a notice in writing stating that the Offeree is willing to purchase the Sale Shares on the Nominated Terms;

Acceptance Period means the period within 45 Business Days of an Offeree receiving the Transfer Notice from the Proposing Transferor under clause 11.2;

Accounting Period means a year which ends on 31 December of each year, the first accounting period being the period ending on 31 December 2001;

Accounting Standards means the Australian Accounting Standards from time to time and if and to the extent that any matter is not covered by Australian Accounting Standards means generally accepted accounting principles applied from time to time in Australia or New Zealand (as the case may be) for a business similar to the relevant Business;

ACMCD Shares means the shares issued to ACMCD under clause 3.1;

ACM Delegation Agreement means an agreement in substantially the form set out in schedule 1 between ACM and Aus Co which sets out arrangements for the delegation or sub-delegation of mandates by ACM to Aus Co;

Acquired Business has the meaning given to it in clause 9.8((a));

Adherence Agreement means a deed substantially in the form set out in schedule 2 the purpose of which is, among other things, to ensure that this agreement will apply to a Shareholder who is not already a party as if that new Shareholder was a party to this agreement;

Adjustment Note includes any document or record treated by the Commissioner of Taxation as an adjustment note or as enabling the claiming of an input tax credit for which an entitlement otherwise arises;

Alliance Group or **ACMCD's Group** means Alliance Capital Management L.P. and its Controlled Entities (excluding the Companies) and "**member of the Alliance Group**" will be construed accordingly;

APRA means the Australian Prudential Regulation Authority;

ASIC means the Australian Securities and Investments Commission;

ASX means Australian Stock Exchange Limited ACN 008 624 691;

Audited Accounts means, in respect of an Accounting Period:

(a) the report of the Directors;

(b) the report of the Auditors; and

(c) the audited accounts,

in respect of:

(d) each Company; and

(e) each of its Controlled Entities,

which are for that Accounting Period and accord with the Accounting Standards;

Auditors means the auditors from time to time of each Company;

Aus Co Shares means fully paid ordinary shares in the capital of Aus Co;

AXA means the ultimate holding company of ACMCD and of AXA APH as at the date of this agreement which is incorporated in France;

AXA APH Group means AXA APH and its Controlled Entities and "**member of the AXA APH Group**" will be construed accordingly;

AXA APH Shares means the Shares issued to AXA APH under clause 3.1;

Bank has the meaning given to the word "bank" in section 9 of the Corporations Law;

Board means the board of Directors of each Company from time to time;

Budget means, in respect of an Accounting Period, the budget of each Company for that Accounting Period including:

(a) a revenue and capital budget which provides estimates of the material items of expenditure for each month;

(b) a cash flow forecast for each month;

(c) a balance sheet, and

(d) a profit and loss,

which has been approved by resolution or written consent or direction made or given in accordance with clause 7.3 or clause 7.4;

Business means:

(a) the performance of certain investment management activities (in the case of Aus Co) in Australia and (in the case of NZ Co) in New Zealand; and

(b) each other business which is conducted by each Company from time to time;

Business Day means a day on which trading banks are open for business in Melbourne, Sydney and (where the reference relates to NZ Co) Wellington, except a Saturday, Sunday or public holiday;

Business Plan means, in respect of an Accounting Period, the business plan of each Company for each of the three Accounting Periods from the start of that Accounting Period including for each Accounting Period:

(a) projections for sales, new business, business loss, revenue and cash flow;

(b) forecasts; and

(c) an analysis of business prospects and objectives,

which has been approved by resolution or written consent or direction made or given in accordance with clause 7.3 or clause 7.4;

Cease to Control means in respect of an entity:

(a) the entity is no longer a Controlled Entity of the entity which has ceased control; or

(b) the entity is no longer a Subsidiary of the entity which has ceased control,

and **Ceasing to Control** shall be construed accordingly.

Company means each of Aus Co and NZ Co as the context requires and Companies means both Aus Co and NZ Co;

Compensation Amount means the amount determined in accordance with clause 9.10((a));

Completion Date means the date being 5 Business Days after:

(a) satisfaction of the conditions precedent in clause 2.1; or

(b) such other date from which the parties agree that this agreement is to be of full force and effect;

Confidential Information means any information that is by its nature confidential or which is designated by a party as confidential:

(a) provided by one party to another party; or

(b) which relates to:

(1) the Business;

(2) a Shareholder or a Controlled Entity of a Shareholder;

(3) a Company;

(4) the property, rights, business activities, customers, assets or affairs of any of the persons referred to in paragraphs (b)(1) to (3) of this definition; or

(5) the subject matter of this agreement;

Constitution means the constitution of each Company as amended from time to time;

Controlled Entity of an entity means another entity in respect of which the first entity has the capacity to determine the outcome of decisions about the second entity's financial and operating policies;

Controller means, in relation to the property of a corporation:

(a) a receiver, or receiver and manager, of that property; or

(b) anyone else who (whether or not as agent for the corporation) is in possession, or has control, of that property for the purpose of enforcing a Security Interest;

Core Shareholder means ACMCD, AXA APH and any person to whom Shares are transferred under clause 11;

Directors means the directors from time to time of each Company;

Disposal means:

(a) the grant or creation of any Security Interest over any Share (or over any legal or beneficial interest in or any rights of any Share);

(b) the sale, transfer or other disposal of any Share (or any legal or beneficial interest in or any rights of any Share);

(c) the entry into an agreement in respect of the rights to vote which are conferred in respect of any Share;

(d) the provision of any warrant, option or right of first refusal or offer in respect of any of the matters which are provided in paragraphs (a) to (c) of this definition;

(e) the offer or entry into of an agreement, whether or not subject to any condition precedent or subsequent, to do any of the matters which are provided in paragraphs (a) to (d) of this definition; or

(f) the creation of any interest in a Share in favour of a third person,

and **Dispose** shall be construed accordingly;

Fair Value means the amount which is:

(a) agreed by the Trigger Shareholder and the Non-Trigger Shareholder as the fair value of the Trigger Shares; or

(b) failing such agreement within 20 Business Days, is calculated by a Valuer as the fair value of the Trigger Shares in accordance with clause 13.3;

First Budget means the Budget for the first Accounting Period, being the period ending on 31 December 2001, which has been approved by written consent by an authorised representative of ACMCD and by an authorised representative of AXA APH;

Fees Deed means an agreement between ACM, NMFM, NMFM New Zealand and the Companies substantially in the form set out in schedule 3 concerning fee arrangements;

First Business Plan means the Business Plan for the first Accounting Period, being the period ending on 31 December 2001, which has been approved by written consent by an authorised representative of AXA APH;

Governmental Agency means any government or any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, department, tribunal, agency or entity;

Group means the Alliance Group or the AXA APH Group as the context requires;

GST has the same meaning as in the GST Act and includes any replacement or subsequent similar tax;

GST Act means A New Tax System (Goods and Services Tax) Act 1999 (Cth) and in clause 18.1 if the context requires includes goods and services tax under the Goods and Services Tax Act 1985 (New Zealand);

Holding Company has the meaning given to the words "holding company" in the Corporations Law;

Insolvency Event means, in respect of a party:

(a) a final order is made that the party be:

(1) wound up; or

(2) otherwise dissolved;

(b) a final order is made to appoint a liquidator or provisional liquidator in respect of that party; or

(c) a Controller is appointed over substantially all of the assets or undertaking of that party;

Institutional Investor means an investor:

(a) being a life insurance company;

(b) being a superannuation fund with net assets of:

(1) (in the case of an Australian investor) at least A$25 million; or

(2) (in the case of a New Zealand investor) at least NZ$5 million;

(c) being a building society or friendly society;

(d) being a person who controls at least:

(1) (in the case of an Australian investor) A$25 million (including any amount held by an associate or under a trust that the person manages) for the purpose of investment in securities; or

(2) (in the case of a New Zealand investor) NZ$5 million (including any amount held by an associate or under a trust that the person manages) for the purpose of investment in securities;

(e) being an investor directed discretionary portfolio service, portfolio administration service or master fund (including but not limited to Deutsche, IPAC, AM Corp, Mercer, SMF, Wilson Dilworth and Access master funds), where all of the underlying investors in the service or fund are persons falling within any of paragraphs (a) to (d) of this definition; or

(f) being an investor who gives an investment management mandate under a stand alone investment management agreement provided that such an investor will not be an Institutional Investor under this definition, in respect of any other investments by that investor unless the investor is also a person falling within any of paragraphs (a) — (e) of this definition.

Joint Venture Group means Aus Co and NZ Co;

Latest Core Shareholder in relation to a Shareholder means:

(a) where the Shareholder is a Core Shareholder, that Core Shareholder; and

(b) when the Shareholder is not a Core Shareholder, the most recent Core Shareholder to hold the Shares held by that Shareholder;

Law includes:

(a) any general law;

(b) any law, rule, regulation, authorisation, ruling, judgement, order or decree of any Governmental Agency or Regulator; and

(c) any statute, regulation, proclamation, ordinance or by-law,

in Australia, New Zealand, United States of America or any other relevant jurisdiction;

Management Accounts means, in respect of a month of an Accounting Period, the management accounts of each Company and of each of its Controlled Entities for that month, including:

(a) a profit and loss statement;

(b) a balance sheet;

(c) a cash flow statement;

(d) an analysis of revenue;

(e) a review of the Budget and Business Plan;

(f) a comparison of the Budget and Business Plan with actual results;

(g) a rolling cash flow forecast for the next 12 months; and

(h) a description of each material matter which occurred in or relates to that month,

or as otherwise required by the Board;

Material Appointments Assets means the assets referred to in paragraph (b) of the definition of Material Appointments Notice;

Material Appointment Notice means a notice by AXA APH that:

(a) AXA APH or members of the AXA APH Group intend to appoint persons other than the Companies to provide investment management services and such appointments either relate to the proper discharge by an officer of the AXA APH Group of any fiduciary obligation or duty or the proper discharge of any equivalent responsibility by a member of the AXA APH Group or do not come within any other proviso or exception to the restrictions on the members of AXA APH Group in clause 9;

(b) specifies the asset classes to which the appointments referred to in (a) will relate;

(c) confirms that the New Appointment Percentage is greater than 50 when calculated in accordance with the following formula:

New Appointment Percentage = $\frac{R}{E} \times 100$
where:

R is equal to:

(1) where it is the first Material Appointment Notice - the annual fees that are or would have been payable under the Fees Deed by AXA APH to the Companies for the investment management of the Material Appointments Assets as at the end of the last quarter before the giving of the Material Appointment Notice;

(2) where there has been at least one Material Appointment Notice - the aggregate of the annual fees relating to the investment of the Material Appointment Assets for each such notice determined in accordance with R(1) above.

E is equal to:

(3) where it is the first Material Appointment Notice - the aggregate of:

(A) the annual fees that are or would have been payable under the Fees Deed by AXA APH to the Companies or their delegates for the investment management of all of the assets referable to the AXA APH Group (including, without limitation, assets of unit trusts managed by the AXA APH Group) as at the end of the last quarter before the giving of the Material Appointments Notice; and

(B) the fees calculated under R(1).

(4) where there has been at least one prior Material Appointment Notice - - the aggregate of the annual fees determined in accordance with E(3)(A) above and the fees calculated under R(2) above.

Minor Appointment Percentage means the number calculated in accordance with clause 9.7;

New Constitutions means the constitution of each Company in a form to be agreed between the parties (acting reasonably) to be adopted on or before the Completion Date in accordance with clause 3.5((b));

New Tax System changes has the same meaning as in the Trade Practices Act 1974 (Cth);

NMFM Delegation Agreement means an agreement between NMFM and Aus Co substantially in the form set out in schedule 1 which sets out arrangements for the delegation or sub-delegation of mandates by NMFM to Aus Co;

NMFM New Zealand means National Mutual Funds Management NZ Limited of 80 The Terrace, Wellington, New Zealand;

NMFM New Zealand Delegation Agreement means an agreement between NMFM New Zealand and NZ Co substantially in the form set out in schedule 1 which sets out arrangements for the delegation or sub-delegation of mandates by NMFM New Zealand to NZ Co;

Nominated Terms means the terms and conditions on which the Sale Shares are offered to be sold including, without limitation, the sale price which must be payable in cash only;

Non-Trigger Shareholder means the Shareholder other than the Trigger Shareholder;

NZ Co Shares means fully paid ordinary shares in the capital of NZ Co;

Offeree means each Shareholder other than the Proposing Transferor;

Ordinary Share means an ordinary share in the capital of each Company as provided in the relevant New Constitution;

Proposed Transferee means the person to whom the Proposing Transferor proposes to sell or transfer the Sale Shares if they are not purchased by the Offeree under clause 11.6;

Proposing Transferor means a Shareholder proposing to Dispose of its Shares;

Regulator means each of:

(a) ACCC;

(b) APRA;

(c) ASIC; and

(d) ASX,

and any other person, company or Governmental Agency responsible for the administration of any applicable Law;

Related Body Corporate has the same meaning given to "related body corporate" in section 9 of the Corporations Law;

Related Party Transaction means a transaction between the Company and a Shareholder or any of the members of its Group or their respective directors or partners;

Region means Australia and New Zealand;

Removed Assets means the assets referred to in paragraph (b) of the definition of Removed Assets Notice;

Removed Assets Notice means an notice by AXA APH to the other parties that:

(a) AXA APH or members of the AXA APH Group intend to appoint persons other than the Companies to provide investment management services and such appointments either relate to the proper discharge by an officer of the AXA APH Group of any fiduciary obligation or duty or the proper discharge of any equivalent responsibility by a member of the AXA APH Group or do not come within any other proviso or exception to the restrictions on the members of the AXA APH Group in clause 9 (including, and not limited to, the exception where the Companies or the third party as delegate of the Companies do not have appropriate expertise, capacity and proven ability to manage the asset class or classes concerned); and

(b) specifies the assets class or classes to which the appointments referred to in paragraph (a) above will relate;

Retail Investor means an investor who is not an Institutional Investor;

Sale Shares means all of the Shares held by a Proposing Transferor;

Secretary means the secretary from time to time of the Company;

Securities means shares, debentures, stocks, bonds, notes, prescribed interests, units, warrants, options, derivative instruments or any other securities;

Security Interest includes any mortgage, charge, bill of sale, pledge, deposit, lien, encumbrance, hypothecation or other right, entitlement, interest, power, authority, discretion, claim, remedy or arrangement of any nature having the purpose or effect of providing security for the obligations of any person;

Shares means Aus Co Shares and NZ Co Shares;

Shareholder means a registered holder of a Share including each of ACMCD and AXA APH while and for so long as they are registered holders of a Share;

Sub-Distributor Agreements means agreements between certain members of the AXA APH Group and certain members of the Alliance Group substantially in the form set out in schedule 4 or, in the case of Luxemburg funds, the form of agreement agreed among the parties under clause 2.1((f)), which provide for the appointment of the relevant member of the AXA APH Group as sub-distributors of certain Alliance Capital retail mutual funds;

Subsidiary has the meaning given to the word "subsidiary" in section 9 of the *Corporations Law*;

Tag-Along Notice means a notice in writing stating that the Offeree is willing to sell its Shares on the Nominated Terms;

Tax Invoice includes any document or record treated by the Commissioner of Taxation as a tax invoice or as enabling the claiming of an input tax credit for which an entitlement otherwise arises;

Transaction Document means each of:

(a) the ACM Delegation Agreement;

(b) the NMFM Delegation Agreement;

(c) the NMFM New Zealand Delegation Agreement;

(d) the Sub-Distributor Agreements; and

(e) the Fees Deed;

Transfer Notice means a notice:

(a) specifying that the Proposing Transferor proposes to transfer the Sale Shares;

(b) specifying the Nominated Terms;

(c) specifying the Proposed Transferee; and

(d) advising the Offeree that it is entitled, by giving notice in writing to the Proposing Transferor within the next 30 Business Days, to purchase the Sale Shares on the Nominated Terms and in accordance with clause 11;

Trigger Event, in relation to a Shareholder, means:

(a) a person, other than that Shareholder, acquiring any legal or equitable interest in the Shares held by the Shareholder (other than as permitted under clause 10);

(b) an Insolvency Event occurs in respect of that Shareholder;

(c) that Shareholder is prohibited from being a shareholder in the Company by a change in any Law; or

(d) that Shareholder materially breaches:

(1) this agreement;

(2) a Constitution; or

(3) a Transaction Document,

and such breach is not remedied within 20 Business Days after written notice requiring the remediation of the breach has been given by the other Shareholder;

(a) AXA APH gives a Material Appointment Notice to ACMCD and the Companies;

whether or not such event as described in paragraphs (a) to (d) of this definition is in the control of the Shareholder;

Trigger Shareholder means the Shareholder in relation to which a Trigger Event has occurred;

Trigger Shares means, in relation to a Trigger Shareholder, all of the Shares held by the Trigger Shareholder or a Related Entity (as defined in clause 10.1 ((b))((2))); and

Valuer means the president from time to time of the Victorian branch of the Institute of Chartered Accountants or the nominee of that president with not less than 10 years experience in valuing companies which carry on business similar to or the same as that carried on by the Company.

1.2 Interpretation

In this agreement, headings are only for convenience and do not affect interpretation and, unless the context requires otherwise:

(a) words in the singular include the plural and the other way around;

(b) words of one gender include any gender;

(c) a reference to a person includes an individual, a company, partnership, joint venture, association, corporation or other body corporate and a Governmental Agency or Regulator;

(d) a reference to a party to this agreement includes that party’s executors, administrators, successors and permitted assigns;

(e) a promise or agreement by 2 or more persons binds each person individually and all of them jointly;

(f) a reference to a clause, party, schedule, annexure or exhibit is a reference to a clause of, and a party, schedule, annexure and exhibit to, this agreement and a reference to this agreement includes any schedule, annexure or exhibit;

(g) a reference to a thing (including, but not limited to, a right) includes any part of that thing;

(h) a reference to a right includes a remedy, power, authority, discretion or benefit;

(i) a reference to legislation includes any amendment to that legislation, any consolidation or replacement of it, and any subordinate legislation made under it;

(j) terms defined in the GST Act have the same meaning in clause 19 of this agreement;

(k) a reference to an agreement other than this agreement includes an undertaking, deed, agreement or legally enforceable arrangement or understanding, whether or not in writing;

(l) a reference to a document includes any amendment or supplement to, or replacement or novation of, that document;

(m) if a word or phrase is defined, another grammatical form of that word or phrase has a corresponding meaning;

(n) examples are descriptive only and not exhaustive;

(o) a reference to "$" means the lawful dollar currency of Australia;

(p) a provision must not be construed against a party merely because that party was responsible for preparing this agreement or that provision;

(q) a reference to a body, other than a party to this agreement (including, but not limited to, an association, authority, corporation, body corporate or institution), whether statutory or not:

(1) which ceases to exist;

(2) which is reconstituted, renamed or replaced; or

(3) whose powers or functions are transferred to another body,

is a reference to the body which replaces it or which serves substantially the same purposes or has the same powers or functions; and

(r) a document expressed to be "in the agreed terms" means a document in the form of the draft initialled for identification by or on behalf of the parties to this agreement.

1.3 Business Day

Where the day on or by which something must be done is not a Business Day, that thing must be done on or by the next Business Day.

2 Conditions precedent

2.1 Conditions precedent

This agreement (except this clause 2 and clauses 1 and 1 to 15 to 20) will be of no force or effect unless or until the following conditions precedent are satisfied:

(a) the satisfaction or waiver of each condition precedent to (other than the execution of or the performance of any obligation under this agreement) each Transaction Document;

(b) the New Constitution has been adopted by each Company;

(c) the grant of all licences, consents and approvals required by Law in respect of the conduct of the Business on terms and conditions satisfactory to the parties;

(d) the approval of the First Budget;

(e) the approval of the First Business Plan; and

(f) the parties agree the form of Sub-Distributor Agreement for the distribution of Luxemburg funds,

unless the parties otherwise agree in writing.

2.2 Reasonable endeavours

The parties shall use their reasonable endeavours to satisfy the conditions precedent set out in clause 2.1 (unless they have been waived by written agreement between the parties) on or before 31 January 2001.

2.3 Termination prior to satisfaction

A party may immediately terminate this agreement by written notice to the other parties if:

(a) any of the conditions precedent set out in clause 2.1 (not having been waived by the parties) are not satisfied on or before 30 June 2001; or

(b) prior to satisfaction of all the conditions precedent set out in clause 2.1:

(1) an Insolvency Event occurs in respect of a party;

(2) there occurs:

(A) an event;

(B) the introduction into the relevant legislature of a proposed Law or the proposal or making of any new Law;

(C) the adoption by a Governmental Agency or Regulator of a policy; or

(D) the official announcement on behalf of the relevant legislature or a Governmental Agency or Regulator that a Law will be introduced or policy adopted in the future,

which in the reasonable opinion of that party has or is likely to have a material adverse effect on the actual or likely future financial or trading position of that party or the Joint Venture Group.

3 Capital contributions

3.1 Subscription by ACMCD and AXA APH

(a) ACMCD will subscribe for:

(1) 4,750,000 Aus Co Shares at a subscription price of $1 per Aus Co Share (being a total subscription price of $4,750,000); and

(2) 2,000,000 NZ Co Shares at a subscription price of NZ$1 per NZ Co Share (being a total subscription price of NZ$2,000,000).

(b) AXA APH will subscribe for:

(1) 4,750,000 Aus Co Shares at a subscription price of $1 per Aus Co Share (being a total subscription price of $4,750,000); and

(2) 2,000,000 NZ Co Shares at a subscription price of NZ$1 per NZ Co Share (being a total subscription price of NZ$2,000,000).

3.2 Change of name

(a) ACM agrees that it will change its name on or prior to the Completion Date to a name which may include the words “Alliance Capital Management” but is not identical to the name of the Companies.

(b) If ACMCD ceases to hold any Shares in the Companies, the other parties will promptly procure that the names of the Companies are changed to names which do not include the words “Alliance Capital Management”. The other parties acknowledge that all right, title and interest in and to the name “Alliance Capital Management” belongs to ACMCD or its Group and nothing in this agreement or the other Transaction Documents creates any proprietary right or interest of the other parties to that name.

3.3 Completion

(a) Completion of the subscription and issue of the Shares subscribed for under clause 3.1 will occur on the Completion Date.

(b) On the Completion Date:

(1) ACMCD must pay to Aus Co and NZ Co $4,750,000 and NZ$2,000,000 respectively in respect of the Shares subscribed for under clause 3.1(a) and, subject to receipt of the total subscription price, Aus Co must issue 4,750,000 Aus Co Shares and NZ Co must issue 2,000,000 NZ Co Shares to ACMCD;

(2) AXA APH must pay to Aus Co and NZ Co $4,750,000 and NZ$2,000,000 respectively in respect of the Shares subscribed for under clause 3.1(b) and, subject to receipt of the total subscription price, Aus Co must issue 4,750,000 Aus Co Shares and NZ Co must issue 2,000,000 NZ Co Shares to AXA APH;

(3) the name of Aus Co must be changed to Alliance Capital Management Australia Limited and the name of NZ Co must be changed to Alliance Capital Management New Zealand Limited;

(4) ACM and Aus Co will enter into the ACM Delegation Agreement;

(5) ACM, NMFM, NMFM New Zealand and the Companies will enter into the Fees Deed;

(6) NMFM and Aus Co will enter into the NMFM Delegation Agreement;

(7) NMFM New Zealand and NZ Co will enter into the NMFM New Zealand Delegation Agreement; and

(8) certain members of the AXA APH Group and certain members of the Alliance Group will enter into the Sub-Distributor Agreements.

3.4 Shares to rank equally

(a) The Shares in each Company will rank equally in all respects except as provided otherwise in this agreement or the relevant Constitution.

(b) Unless otherwise agreed in writing between the parties, at all times Shares in each Company will be held by ACMCD and AXA APH in equal proportions. It is the intention of ACMCD and AXA APH that the Shares in each Company be dealt with as if they were shares in one company. ACMCD and AXA APH agree that Aus Co Shares and NZ Co Shares are stapled and must not be dealt with separately.

3.5 Constitution

(a) The rights and liabilities of the Shareholders under each Constitution will be subject to their rights and liabilities under this agreement.

(b) Each of the parties acknowledges and agrees that the New Constitutions will be in a form consistent with the provisions of this agreement but to the extent of any inconsistency this agreement will prevail.

3.6 Security Interests

(a) A Shareholder must not grant, create or permit to exist any Security Interest in respect of any Shares (including a Security Interest over any legal or beneficial interest in or any rights of any Shares) without having obtained the prior written approval of all other Shareholders.

(b) A Shareholder may, among other things, refuse to give its approval under clause 3.6((a)) if the person in whose favour the Security Interest is proposed to be granted, created or permitted to exist does not acknowledge and agree (in a form reasonably satisfactory to that Shareholder) that the Security Interest is subject to the terms and conditions of this agreement including, without limitation, the restrictions on Disposal set out in clause 10.

4 Appointments

4.1 Boards of Joint Venture Group

The provisions in clauses 4 to 10 (inclusive) of this agreement apply to each of:

(a) Aus Co; and

(b) NZ Co.

4.2 Composition of the Board

(a) Each of ACMCD and AXA APH is entitled while and for so long as it holds any Shares to:

(1) appoint up to 3 Directors; and

(2) remove and replace any Director appointed by it,

by written notice to the other parties.

(b) Each of ACMCD and AXA APH must ensure that each Director appointed by it is a person with suitable qualifications, experience and expertise to fulfil the position of Director of the Company.

(c) Each of ACMCD and AXA APH will be responsible for and hold harmless the other parties against any claim for unfair or wrongful dismissal arising out of the removal of a Director appointed by it.

(d) An alternate Director may be appointed and removed or replaced in accordance with the relevant Constitution.

(e) Until such time as AXA Ceases to Control either:

(1) ACMCD or any transferee of the ACMCD Shares; or

(2) AXA APH or any transferee of the AXA APH Shares,

ACMCD and AXA APH will request AXA to nominate one person for appointment as Director. ACMCD and AXA APH will together procure the appointment of such person as a Director.

(f) Upon AXA Ceasing to Control either:

(1) ACMCD or any transferee of the ACMCD Shares; or

(2) AXA APH or any transferee of the AXA APH Shares,

any person nominated by AXA and appointed to act as a Director will become ineligible to act as a Director (and the New Constitutions will so provide) and the Shareholders will together as soon as reasonably practicable procure the retirement or removal of that person as a Director.

4.3 Chair

ACMCD may from time to time elect one of the Directors to the office of chairman of Directors and determine the period for which that Director is to be chairman of Directors.

4.4 Secretary

(a) The Board may appoint and remove and replace a Secretary.

(b) The parties contemplate that the Secretary will be responsible for, among other things, the preparation and circulation of agenda and notices of meetings of the Board and Shareholders.

5 Board activities

5.1 Meetings

(a) The Board must meet together for the dispatch of business at such times as are required for the proper conduct of the business and affairs of the relevant Company but, in any event, not less frequently than once every quarter. For the purposes of this agreement, attendance at meetings may be

by way of telephone or videoconference participation and the parties agree that the New Constitutions shall provide accordingly.

(b) No business may be conducted at a meeting of the Board unless:

(1) notice of such business has been given in accordance with clause 5.4;

(2) notice of such business has been given to each Director by the Secretary or a Director; or

(3) all of the Directors otherwise agree.

5.2 Voting at meetings

(a) The Directors appointed by ACMCD and AXA APH will each have 1 vote on any resolution which requires approval provided that the Directors appointed by ACMCD present at the meeting (whether in person or by telephone or videoconference) will be entitled to exercise a majority of votes on any resolution (including, for the avoidance of doubt, a resolution for the appointment of chief executive officer of the relevant Company) except a resolution which requires approval in accordance with clause 7.3.

(b) The Director (if any) appointed by AXA will have 1 vote on any resolution which requires approval in accordance with clause 7.4 but in no other circumstances.

(c) The Chairman will not have a casting vote.

(d) If AXA Ceases to Control either:

(1) ACMCD or any transferee of the ACMCD Shares; or

(2) AXA APH or any transferee of the AXA APH Shares,

the Director (if any) appointed by AXA will no longer have a vote on any resolution including a resolution which requires approval in accordance with clause 7.4.

5.3 Quorum

(a) No business may be conducted at a meeting of the Board unless a quorum is present.

(b) Subject to clause 5.3(d), a quorum for a meeting of the Board (or a particular resolution) comprises any two Directors, one of whom has been appointed by ACMCD and one of whom has been appointed by AXA APH, or their properly appointed alternates.

(c) A meeting of the Board must be convened for the same place and time on the same day in the following week if a quorum is not present within one hour after the time for which a meeting was convened.

(d) Any Director (or that Director's properly appointed alternate) in attendance at a meeting convened in accordance with clause 5.3(c) comprises a quorum at such meeting.

5.4 Notice of meetings

The parties must ensure that each Director is given at least 5 Business Days notice of a meeting of the Board with such notice being accompanied by all board papers and other information relevant to the meeting unless all the Directors agree otherwise.

6 Business plans, budgets and reporting

6.1 Business Plan

Each Company must update the Business Plan including the First Business Plan, and provide the updated Business Plan to each Shareholder and Director 40 Business Days before the start of each Accounting Period for approval by the Board.

6.2 Budget

Each Company must prepare a Budget for each financial year and provide the Budget to each Shareholder and Director 40 Business Days before the start of each Accounting Period for approval by the Board.

6.3 Financial statements

(a) Each Company must maintain, in accordance with the Accounting Standards, proper, usual and up-to-date financial and accounting records in relation to the assets, profits and losses, cash flow, business and affairs of the Company.

(b) Each Company must ensure that the Auditors prepare the Audited Accounts for each Accounting Period within 3 months after the end of that Accounting Period.

(c) Each Company must ensure that Audited Accounts for each Accounting Period are provided to each Shareholder and Director and laid before the Company in general meeting within 4 months after the end of that Accounting Period.

(d) Each Company must produce Management Accounts for each month of an Accounting Period and provide the Management Accounts to each Shareholder and Director within 45 days after the end of that month.

6.4 Auditor

Each Company must appoint an Auditor. The appointment of the Auditor must be approved by two Directors, one of whom has been appointed by ACMCD and one of whom has been appointed by AXA APH.

6.5 Access to documents

Subject to clause 15 and the provision of reasonable notice to the Secretary, each of the parties and their respective nominees (including, at that party's cost, its

internal auditor and/or an independent auditor) is entitled during normal business hours and other times which are reasonable in the circumstances to:

(a) enter any premises which are occupied by each Company;

(b) inspect any property or assets of each Company;

(c) have access to and inspect the board papers, books, records, accounts and documents of each Company and to take copies at their own expense;

(d) perform (at that party's cost) an audit of each Company; and

(e) ask questions in relation to the affairs, finances and accounts of each Company of:

(1) any Director;

(2) any Shareholder;

(3) any employee of the Company;

(4) any professional adviser of the Company in that capacity; and

(5) the Auditors,

but not so as to unreasonably interfere with or disrupt the business operations of the Companies.

Subject to clause 15, each of AXA APH and ACMCD and their respective nominees (including, at AXA APH or ACMCD's cost, as the case may be, its internal auditor and/or an independent auditor) is entitled (at their own expense) to be provided with copies of any information in the possession or under the control of the other party or its Group as may be reasonably required for the purposes of:

(a) verifying any financial calculations under this agreement or the Fees Deed; or

(b) verifying that all of the obligations under clause 9 of this agreement of the other party or its Group which directly affect such financial calculations have been met in accordance with their terms,

but not:

(a) so as to unreasonably interfere with or disrupt the business operations of the other party or its Group; or

(b) to the extent that the provision of such information is restricted or prohibited by any Law or would result in the contravention of any duty of confidentiality or contractual obligation binding on the other party or its Group.

7 Management

7.1 Delegation of powers

The Board may (subject to clause 5.2((a)) in its discretion delegate the powers of management to the chief executive officer of the relevant Company in accordance with the service agreement between the Company and the chief executive officer or written directions from the Board from time to time.

7.2 Dividend policy

(a) Subject to clause 7.2(b), each Company must and each party must do all things within its power to procure that the Company distributes 100% of the net profit after tax (after providing for the regulatory capital and other funding requirements of the Company as specified in the Budget and the Business Plan) as a dividend payable to the Shareholders equally in respect of each Share.

(b) Neither Company is required to distribute the net profit after tax under clause 7.2(a):

(1) to the extent that such dividend is prohibited under:

(A) Law; or

(B) a restriction imposed by any Governmental Agency or Regulator; or

(2) as otherwise permitted by resolution or written consent or direction made or given in accordance with clause 7.3.

7.3 Matters requiring joint consent

Subject to clauses 7.4 and 7.5, neither Company must do or omit to do any of the following without a resolution approved by at least one Director appointed by ACMCD and one Director appointed by AXA APH:

(a) acquire or dispose of any Securities in any Controlled Entity;

(b) declare or pay any dividend otherwise than in accordance with clause 7.2;

(c) incur any:

(1) liability in respect of any interest bearing borrowings or debt or other financial accommodation exceeding $5,000,000; or

(2) liability in respect of the provision, or agreement for the provision, of any guarantees, indemnities or similar obligations by any person otherwise than in the ordinary course of the Business;

(d) enter into any Related Party Transaction (other than any delegation under clause 7.5);

(e) approve the Budget;

(f) approve the Business Plan;

(g) approve an increase in the number of Directors which the parties are in total entitled to appoint, remove and replace under clause 4;

(h) approve the acquisition of an Acquired Business;

(i) approve the issue of Shares to the Shareholders on a pro rata basis to fund the acquisition of an Acquired Business;

(j) amend or propose a resolution for an amendment to the Constitution;

(k) propose or take any step in the voluntary winding up of the Company; or

(l) change the share capital of the Company including, without limitation, any:

(1) issue, grant or creation of any Securities or issue, grant, creation or entry into of any options, warrants, offers or agreements or other rights in respect of any Securities except as provided in this agreement;

(2) reduction of capital;

(3) buy back of any Share;

(4) consolidation or subdivision of any Share; or

(5) call on any unpaid share capital.

7.4 Deadlock resolution

Either Company may do or omit to do any of the actions described in clause 7.3(a) to (i) if approved by resolution or the written consent or direction of all of the Directors appointed by either ACMCD or AXA APH and by a Director appointed from time to time by AXA.

7.5 Sub-delegation

(a) AXA APH acknowledges and agrees that the Companies will sub-delegate their investment management functions with respect to all asset classes (other than Australian or New Zealand Securities) to the members of the Alliance Group which have appropriate expertise, capacity and proven capability to manage the asset class or classes concerned. However, such sub-delegation will not relate to Australian or New Zealand Securities without the prior written agreement of NMFM.

(b) AXA APH acknowledges and agrees that the sub-delegation by the Companies of their investment management functions to the members of the Alliance Group during the term of this agreement may require the approval of the New York Insurance Authority (or any successor body) which may or may not be forthcoming. The Companies and the members of the Alliance Group will have no liability to AXA APH or its Controlled Entities if such approval is not forthcoming for any reason.

(c) ACMCD or any member of the Alliance Group to which a Company makes a sub-delegation may not further delegate an investment management function to investment managers who are not a member of the Alliance Group unless a member of the AXA APH Group approves such further delegation in writing.

(d) Where at the Completion Date there are existing sub-delegations by ACM, National Mutual Funds Management (Global) Limited, NMFM or NMFM NZ (whether or not to a Related Body Corporate) the parties agree that these sub-delegations may be maintained and all fees payable under them will continue to be paid by ACM, National Mutual Funds Management (Global) Limited, NMFM or NMFM NZ as the case may be. These payments may be made either directly or through the relevant Company. This clause is subject to clause 12 of the Fees Deed.

7.6 Offshore Funds

ACMCD agrees to procure that where any of the funds or portfolios managed by it or its Group are required by their investment objectives or guidelines to invest 65% or more of the value of assets under management of the relevant fund or portfolio in the Region, the investment management of the relevant fund or portfolio is assigned, delegated or sub–delegated (as ACMCD deems appropriate) to the most appropriate of the Companies. The terms of such assignment,

delegation or sub–delegation must provide for the relevant Company to be entitled to be paid at least 70% of the fees actually received in respect of the relevant assets. If the consent of the client to such assignment, delegation or sub-delegation cannot be obtained, the parties will enter into arrangements of equivalent financial effect (such as the payment of a research fee of the same amount).

7.7 Distribution of Alliance Capital Mutual Funds

For the duration of this agreement, ACMCD agrees to procure that the members of the AXA APH Group nominated by AXA APH will be appointed as sub-distributors of any mutual fund products offered by the Alliance Group to Retail Investors in the Region on the terms of the Sub-Distributor Agreements. This will be a non-exclusive appointment.

7.8 Payment of Fees

For the duration of this agreement, ACMCD will procure the payment of fees to AXA APH in respect of all mutual fund products offered by the Alliance Group in the Region:

(a) sold by the members of the AXA APH Group nominated by AXA APH to investors in the Region; or

(b) sold by any other distributor to investors in the Region and in respect of which the members of the AXA APH Group have provided such assistance as may be reasonably required by the Alliance Group or the global distributor of such products for the sale of such products in the Region.

7.9 Fee Scales

The fees payable to the members of the AXA APH Group under clause 7.8((a)) will be calculated at rates commensurate with the rates paid to other distributors of the relevant products. The fees payable to the members of the AXA APH Group under clause 7.8((b)) will be that number of bp of the actual amount of the sales of such products in the Region as ACMCD and AXA APH agree acting reasonably. AXA APH and ACMCD acknowledge that their expectation is that the fee will be approximately 15 bp.

7.10 Termination of Delegation Agreements

(a) The Companies may not terminate the NMFM Delegation Agreement or the NMFM New Zealand Delegation Agreement without the prior consent in writing of AXA APH.

(b) Aus Co may not terminate the ACM Delegation Agreement without the prior consent in writing of ACMCD.

8 Meetings of shareholders

8.1 Quorum

(a) No business may be conducted at a meeting of the Shareholders unless a quorum is present.

(b) Subject to clause 8.1(d), a quorum for a meeting of the Shareholders comprises all Shareholders (in person or by proxy or by representative).

(c) A meeting of the Shareholders must be convened for the same place and time on the same day in the following week if a quorum is not present within one hour after the time for which a meeting was convened.

(d) The Shareholders in attendance (in person or by proxy or by representative) at a meeting convened in accordance with clause 8.1(c) comprise a quorum at such meeting if all Shareholders are not present (in person or by proxy or by representative) within one hour after the time for which the meeting was convened.

8.2 Notice of meetings

The parties must ensure that each Shareholder is given at least 21 days notice of a meeting of the Shareholders with such notice being accompanied by all information relevant to the meeting unless all the Shareholders agree otherwise.

9 Exclusivity

9.1 Exclusivity for the Company

(a) Each of AXA APH and ACMCD undertake to each other and to each of the Companies to procure that save as provided in the remainder of this clause 9, the Companies shall be the vehicles through which they conduct their asset management activities in the Region.

(b) AXA APH acknowledges and agrees that there will be circumstances, as provided in the remainder of this clause 9, in which assets belonging to Australian or New Zealand investors are managed outside the Region by a member of the Alliance Group.

9.2 AXA APH Undertakings

AXA APH undertakes to ACMCD and to each of the Companies that it and each member of the AXA APH Group will do or procure the following:

(a) the AXA APH Group will not establish, acquire or otherwise be interested in any undertaking in the Region (other than portfolio investments in the ordinary course or as the holder of not more than 15% of the issued shares of any company listed on a stock exchange) the principal business of which is to undertake asset management activities;

(b) the AXA APH Group will not market any asset management activities to or undertake such activities for any Institutional Investor in the Region independently of the Companies;

(c) the AXA APH Group will not distribute any single manager product, branded AXA or branded with any of AXA APH's own brands, in the Region for Retail Investors which is not managed by either of the Companies or by a third party as the delegate of either of the Companies (subject to the Companies or the third party having appropriate expertise capacity and proven capability to manage the asset class or classes concerned); and

(d) the AXA APH Group will ensure that the investment management services in connection with all products offered to Retail Investors and all investment assets of the statutory funds of the AXA APH Group are carried out exclusively by the Companies (subject to the Companies having appropriate expertise capacity and proven capability to manage the asset class or classes concerned) subject to:

(1) obtaining consent to the sub-delegation from those clients whose consent is required, which consent the AXA APH Group will use all reasonable endeavours to obtain; and

(2) the multi-manager products of the AXA APH Group for Retail Investors for which it is agreed that the relevant Company shall be included in the list of managers for such products (subject to the relevant Company having appropriate expertise capacity and proven capability to manage the asset class or classes concerned).

9.3 ACMCD Undertakings

ACMCD undertakes to AXA APH and each of the Companies that it and each member of the Alliance Group will do or procure the following:

(a) the Alliance Group will not establish, acquire or otherwise be interested in any undertaking in the Region (other than portfolio investments in the ordinary course or as the holder of not more than 15% of the issued shares of any company listed on a stock exchange) the principal business of which is to undertake asset management activities;

(b) subject to clause 9.5(b), the Alliance Group will not actively market in the Region its asset management activities (which includes but is not limited to products other than funds of the type referred to in the proviso to clause 9.3(c)) to any Institutional Investor in the Region provided however that nothing shall prevent the Alliance Group from accepting a mandate from an Institutional Investor (whether as an investor in a mutual fund or as a segregated account) that has not been actively solicited by it. To the extent that the investment

objectives or guidelines of the relevant mandate requires 65 per cent or more of the value of assets under management of the portfolio to be invested in Australian or New Zealand securities, such mandate will be delegated by the relevant member of the Alliance Group to the relevant Company as appropriate or sub-delegated by the relevant Company as the parties shall determine in accordance with the

requirements of the relevant client and the terms of the ACM Delegation Agreement;

(c) the Alliance Group will not establish or operate any business or arrangement for the public distribution or administration (including unit holder settlements) of funds to or for Retail Investors in the Region provided however, that nothing shall prevent the Alliance Group from arranging for the distribution and marketing of its funds established under the laws of a jurisdiction outside the Region to Retail Investors and Institutional Investors in the Region pursuant to its distribution arrangements with AXA APH or with third parties in accordance with clauses 7.7 and 7.8:

Nothing in this clause 9.3((c)) prevents the Alliance Group from establishing, sponsoring or otherwise being interested in mutual funds or investment portfolios of any kind established under the laws of a jurisdiction outside the Region and managed outside the Region and which invest in securities or other assets located in the Region. Where 65 per cent or more of the value of assets under management of the relevant fund or portfolio is required by its investment objectives or guidelines to be invested in assets located in the Region, the second sentence in clause 9.3((b)) will apply;

(d) the Alliance Group will not establish or operate any business or arrangement in the Region for the management in the Region of property vehicles (including listed property trusts) which invest directly in real property ("Direct Property Vehicles") provided however that nothing shall prevent the Alliance Group establishing, sponsoring or managing real estate investment vehicles outside the Region which hold and trade in the securities of property companies (wherever such property companies may be domiciled) ("Indirect Property Vehicles"); and

(e) the Alliance Group will not establish or operate any business in the Region which engages in residential or commercial lending in the Region.

9.4 Companies' Undertakings

Save to the extent required by law or any regulatory authority, each Company undertakes to ACMCD and to AXA APH not to engage or otherwise arrange or be involved in:

(a) the public distribution or administration (including unit holder settlements) of any products in the Region for Retail Investors; or

(b) the management in the Region of Direct Property Vehicles provided however that nothing shall prevent the Company establishing, sponsoring and managing Indirect Property Vehicles in the Region; or

(c) residential or commercial lending in the Region; or

(d) the trading or management of real property in the Region.

9.5 Other Activities

Nothing in this agreement will, or is intended to, prevent:

(a) the AXA APH Group from conducting any business which:

(1) is not expressly limited or prohibited by clause 9.2;

(2) is listed in clause 9.4((a)) to 9.4((d));

(3) is the management of multi-manager products offered by members of the AXA APH Group;

(4) involves the creation, management or distribution of private debt, private equity or structured finance products in the Region or elsewhere which the Joint Venture Group is unable or unwilling to undertake; or

(5) each of the relevant Companies and a Director appointed by ACMCD consents to in its absolute discretion.

(b) the Alliance Group from conducting any business which:

(1) is not expressly limited or prohibited by clause 9.3; or

(2) involves the creation, management or distribution by way of private placement (as that term is understood in the US) to eligible investors of private debt, private equity or structured finance products or portfolios in the Region or elsewhere;

(c) the Companies from conducting any business which is not expressly limited or prohibited by clause 9.4.

9.6 Duration of Undertakings

The undertakings in this clause 9 will apply:

(a) to ACMCD for so long as a member of the Alliance Group has a holding of Shares; and

(b) to AXA APH for so long as a member of the AXA APH Group has a holding of Shares.

9.7 Limitation

(a) The parties acknowledge that neither AXA APH nor ACMCD will have any obligation under clause 9 to do or procure any action by (in the case of AXA APH) a member of the AXA APH Group or (in the case of ACMCD) a member of the Alliance Group where compliance will cause a member of the AXA APH Group or a member of the Alliance Group to breach any law, regulation or directive from a Governmental Agency, provided that where the breach relates to the proper discharge by an officer of the AXA APH Group of any fiduciary obligation or duty or the proper discharge of any equivalent responsibility by a member of the AXA APH Group:

(1) until the end of the third anniversary of the date of this agreement, a Removed Assets Notice; and

(2) after the third anniversary of the date of this agreement a notice specifying that this clause applies and the class or classes of assets concerned,

must also be given to ACMCD.

(b) The parties acknowledge that nothing in this agreement will prevent AXA APH or members of the AXA APH Group from using investment management services provided by persons other than the Companies following the giving of a Removed Assets Notice in respect of Removed Assets provided that AXA APH will pay the Compensation Amount in accordance with clause 9.10 to the Companies if the Minor Appointment Percentage is 7.5 or above when calculated in accordance with the following formula:

Minor Appointment Percentage = $\frac{R}{E} \times 100$

where:

R is equal to:

(1) where there has only been one Removed Assets Notice - the annual fees that are or would have been payable under the Fees Deed by AXA APH to the Companies for the investment management of the Removed Assets as at the end of the last quarter before the giving of the Removed Assets Notice; and

(2) where there has been more than one Removed Assets Notice - the aggregate of the annual fees relating to the investment of the Removed Assets for all such notices determined in accordance with R(1) above;

E is equal to:

(3) where there has only been one Removed Assets Notice - the aggregate of:

(A) the annual fees that are or would have been payable under the Fees Deed by AXA APH to the Companies or their delegates for the investment management of all of the assets referable to the AXA APH Group (including, without limitation, assets of unit trusts managed by AXA APH Group) as at the end of the last quarter before the giving of the Removed Assets Notice; and

(B) fees calculated under R(1) above.

(4) where there has been more than one Removed Assets Notice - the aggregate of the annual fees determined in accordance with (3)(A) above and the fees calculated under R(2).

(c) From the third anniversary of the Completion Date, AXA APH may give a Material Appointment Notice. AXA APH may give more than one Material Appointment Notice.

(d) From the date which is one month after the date of the Material Appointment Notice, the restrictions in clause 9 will cease to apply to the

parties to this agreement in respect of the asset classes specified in the Material Appointment Notice. On the giving of a Material Appointment Notice, AXA APH shall be deemed to have served a notice on each Company of a Trigger Event, and the provisions of clause 13 shall apply.

9.8 Acquisition of financial services company

(a) If a member of the AXA APH Group or a member of the Alliance Group ("Acquirer") agrees to acquire a company or business with an interest in asset management activities in the Region, the Acquirer must within 30 days of such agreement give notice to the Companies offering such asset management activities in the Region ("Acquired Business") for sale to the

relevant Company for fair value (as agreed between ACMCD and AXA APH or, failing such agreement within 20 Business Days of such notice, as calculated by a Valuer as fair value in accordance with clause 13.3) but, in addition, requiring the Valuer to take into account any taxation obligations of the Vendor of the Acquired Business and other payments to third parties arising from the sale of the

Acquired Business and to determine an amount to so compensate the Vendor) and otherwise on reasonable arm's length terms and conditions (including, but not limited to, terms and conditions relating to shareholders' and regulatory approvals).

(b) Within 40 Business Days of receipt of a notice under clause 9.8((a)) or (if fair value is calculated by a Valuer under clause 13.3) within 20 Business Days of the date of receipt of the valuation prepared by the Valuer, the relevant Company must give notice to the Acquirer stating whether the relevant Company wishes to acquire the Acquired Business for fair value and on the other terms of the offer.

(c) If the relevant Company fails to give a notice under clause 9.8((a)), or gives notice that it does not wish to acquire the Acquired Business, or the acquisition of the Acquired Business is not completed within 4 months of the notice given under clause 9.8((a)) then the Acquirer may give notice to the parties that the undertakings given by it under this clause 9 will not apply to the Acquired Business.

(d) If the relevant Company gives a notice that it does wish to acquire the Acquired Business, then the parties undertake to use their reasonable efforts to complete the sale within 4 months of the date of the notice. If the sale is not completed within 4 months, the parties will not be bound to complete the sale and will have no further liability to each other in relation thereto (save for any failure to use their reasonable efforts as aforesaid).

(e) The Shareholders agree to subscribe for the Shares approved by the Board under clause 7.3(i).

9.9 Existing sub-delegations

This clause has been intentionally deleted.

9.10 Compensation agreements

(a) Until the end of the third anniversary of the date of this agreement, AXA APH will pay on a quarterly basis within 30 days of the end of the quarter to the Companies an amount calculated in accordance with the following formula:

$(F_1 - - F_2) - (F_1 \times 0.075)$

where:

F_1 means the fees for the relevant quarter that would have been payable under the Fees Deed by AXA APH to the Companies arising from the investment management of all of the assets referable to the AXA APH Group (including assets of unit trusts managed by the AXA APH Group) and managed by the Companies, including the Removed Assets; and

F_2 means the fees for the relevant quarter that were actually payable under the Fees Deed by AXA APH to the Companies arising from the investment management of all of the assets referable to the AXA APH Group (including assets of unit trusts managed by the AXA APH Group) but excluding the Removed Assets.

(b) After the third anniversary of the date of this agreement, ACMCD and the Companies are entitled (subject to clause 9.10((c))) to pursue any remedies against AXA APH available at law to compensate for any loss or damage suffered or incurred as a result of any breach of clause 9.7((b)) if the Minor Appointment Percentage is at any time 7.5 or above including, without limitation, actions for damages and/or injunctive relief.

(c) AXA APH will have no liability under clause 9.10((b)) to the extent the breach relates to a member of the AXA APH Group using investment services provided by persons other than the Companies due to the proper discharge by an officer of the AXA APH Group of any fiduciary obligation or duty or the proper discharge of any equivalent responsibility by a member of the AXA APH Group.

10 Transfers of shares - general

10.1 General prohibition

A Shareholder must not Dispose of, or purport to Dispose of, and neither Company must give effect to a Disposal of, any Shares unless:

(a) the prior written consent of the other Shareholder has been obtained (which consent may be withheld in the absolute discretion of the other Shareholder);

(b) the Disposal is:

(1) of all of a Shareholders' Shares; and

(2) in favour of a Controlled Entity of the Latest Core Shareholder or a body corporate which has the same Holding Company as the Latest Core Shareholder (a "Related Entity"); or

(c) the Disposal is in accordance with clauses 11 to 13.

10.2 Transfer to Latest Core Shareholder

A Disposal under clause 10.1((b)) is on the basis that if the transferee ceases to be a Related Entity of the Latest Core Shareholder, that transferee must transfer all of the Shares it holds to the Latest Core Shareholder or to another Related Entity of the Latest Core Shareholder.

10.3 Approval of transfer

Where a transfer of Shares is in conformity with this agreement, each party must take any steps which for the time being are within its power and are necessary to procure that any approval required under the relevant Constitution for the transfer is given and that the Directors register the transfer.

11 Transfers of shares - pre-emptive rights

11.1 Right to transfer

At any time after 3 years from the Completion Date, each Shareholder may transfer all (but not less than all) of the Shares held by it to a third party in accordance with this clause 11 if the third party can demonstrate adequate financial, technical and any other capacities reasonably required to be able to perform the rights and obligations under this agreement and all other agreements which would be incumbent upon them if the transfer were to go ahead.

11.2 Transfer Notice

A Proposing Transferor must give a Transfer Notice to each Company and the other Shareholder.

11.3 Non-revocation

A Transfer Notice may not be revoked without the prior consent of the Offeree and will by force of this agreement constitute an unconditional and irrevocable offer by the Proposing Transferor to sell the Sale Shares to the Offeree on the Nominated Terms and in accordance with this clause 11.

11.4 Acceptance Notice

An Offeree may give an Acceptance Notice to the Proposing Transferor at any time during the Acceptance Period.

11.5 Completion

(a) Completion of a sale which is the subject of an Acceptance Notice given to the Proposing Transferor during the Acceptance Period must take place at

a time and place to be agreed by the Proposing Transferor and the Offeree or, failing agreement, at 10 am at the registered office of the Company on the Business Day being 10 Business Days after the date that the Acceptance Notice was given to the Proposing Transferor.

(b) Subject to any relevant Nominated Terms, at completion:

(1) the Offeree must pay to the Proposing Transferor any cash consideration specified in the Nominated Terms for the Sale Shares by bank cheque; and

(2) the Proposing Transferor must deliver to the Offeree:

(A) a share transfer form for the transfer of the Sale Shares to the Offeree (or its nominee) duly executed by the Proposing Transferor;

(B) the certificate (if any) relating to the Sale Shares;

(C) any resignations or notices of removal of and releases of all obligations of the Company to each of the Directors of the Company appointed by the Proposing Transferor;

(c) Any transfer of Sale Shares by the Proposing Transferor to the Offeree shall be a transfer of the legal and beneficial interest together with all rights attaching to the Sale Shares free and clear from all claims and Security Interests.

11.6 Remaining Shares

(a) Subject to clause 12, if no Acceptance Notice is given to the Proposing Transferor during the Acceptance Period, the Proposing Transferor may, at any time within 30 Business Days after the expiry of the Acceptance Period, sell and transfer the Sale Shares to the Proposed Transferee specified in the Transfer Notice on the Nominated Terms.

(b) If the Proposing Transferor fails to sell and transfer the Sale Shares within the period specified in clause 11.6((a)), the Proposing Transferor loses its entitlement to do so without first complying with this clause 11 again.

12 Tag-along Right

12.1 Tag-Along Notice

Where the Offeree has not exercised its pre-emptive right under clause 11, the Offeree may within the Acceptance Period give a Tag Along Notice to the Proposing Transferor and the Proposed Transferee that it requires the Proposed Transferee to purchase all of the Shares held by the Offeree on the same Nominated Terms.

12.2 No Transfer

If the Offeree gives a Tag Along Notice under clause 12.1 the Proposing Transferor must not transfer its Shares to the Proposed Transferee and must not

permit the Company to register any such transfer, unless the Proposed Transferee purchases the Shares the subject of the Tag Along Notice at the same time as the Proposing Transferor's Shares on the same Nominated Terms.

12.3 Transfer to Proposed Transferee

If the Offeree does not exercise its pre-emptive right under clause 11 or its tag-along right under this clause within the Acceptance Period, the Proposing Transferor may within 30 Business Days after the expiry of the Acceptance Period, sell and transfer the Sale Shares to the Proposed Transferee specified in the Transfer Notice on the Nominated Terms.

13 Transfers of shares - required transfers

13.1 Notice of Trigger Event

(a) Where a Trigger Event occurs, the Trigger Shareholder must immediately give notice in writing to each Company setting out full particulars of the Trigger Event.

(b) Each Company must as soon as practicable after:

(1) receiving a notice of a Trigger Event from a Trigger Shareholder; or

(2) otherwise becoming aware of the occurrence of a Trigger Event in relation to a Trigger Shareholder,

give a notice in writing to the Non-Trigger Shareholder advising that a Trigger Event has occurred in relation to the Trigger Shareholder and:

(3) if clause 13.1(b)(1) applies, attaching a copy of the notice received from the Trigger Shareholder; or

(4) if clause 13.1(b)(2) applies, giving details (so far as they are known to the Company) of the Trigger Event.

13.2 Rights following a Trigger Event

Without limitation to its other rights:

(a) the Non-Trigger Shareholder may:

(1) at any time within 10 Business Days of receiving a notice from the Company under clause 13.1(b), give a notice in writing to the Company requiring that the Fair Value of the Trigger Shares be ascertained; and

(2) at any time within 20 Business Days after the Fair Value is ascertained, terminate this agreement by written notice to the other parties; and

(b) if no notice is given within the period specified in clause 13.2(a), the Non-Trigger Shareholder has no further rights under this clause 13.2 in relation to the Trigger Event the subject of the notice from the Company under clause 13.1(b).

13.3 Fair Value

(a) If the Non-Trigger Shareholder requires in accordance with clause 13.2(a)(1) that the Fair Value of the Trigger Shares be ascertained and the Trigger Shareholder and the Non-Trigger Shareholder have not agreed the Fair Value within 20 Business Days the Company must appoint a Valuer within 10 Business Days to ascertain the Fair Value of the Trigger Shares as soon as practicable:

(1) by first assessing the value of the Company as a whole and then allocating that value among the classes of issued securities in the Company; and

(2) by having regard to any other basis considered appropriate including:

(A) the profit, strategic positioning, future prospects and undertaking of the Business;

(B) the amount which a person of repute and credibility would be prepared to pay for the Trigger Shares acting at arm's length;

(C) any loss or damage suffered or incurred by the Company as a result of the Trigger Event;

(D) whether the transfer of the Trigger Shares to the Non-Trigger Shareholder would give control of the Company to the Non-Trigger Shareholder; and

(E) the Accounting Standards.

(b) The Fair Value of the Trigger Shares ascertained by a valuer appointed under this clause 13.3 and such valuation will be final and binding on all Shareholders.

(c) A Valuer appointed to ascertain the Fair Value of the Trigger Shares under this clause 13.3 acts as expert and not as arbitrator.

(d) Each Shareholder and the Company must provide all information and assistance reasonably requested by and may make submissions to any Valuer appointed to ascertain the Fair Value of the Trigger Shares under this clause 13.3.

(e) The costs of the any Valuer appointed to ascertain the Fair Value of the Trigger Shares under this clause 13.3 must be borne by the Company and indemnified by the Trigger Shareholder.

13.4 Notice of Fair Value

(a) As soon as practicable after the Fair Value of the Trigger Shares has been ascertained, the Company must give:

(1) a notice in writing to the Non-Trigger Shareholder:

(A) advising it of the Fair Value of the Trigger Shares and that it is entitled by giving notice in writing to the Company within

20 Business Days of receiving the notice from the Company to purchase the Trigger Shares at the Fair Value; and

(B) if the Fair Value was ascertained by a Valuer appointed under clause 13.3, enclosing a copy of the valuation prepared by the Valuer; and

(2) if the Fair Value was ascertained by a Valuer appointed under clause 13.3, a copy of the valuation prepared by the Valuer to the Trigger Shareholder.

(b) The provisions of clause 11 shall apply to the Trigger Shares as if:

(1) the notice under clause 13.4(a)(1) was a Transfer Notice given by the Trigger Shareholder as Proposing Transferor under clause 11.2;

(2) a notice given in accordance with the request under clause 13.4(a)(1)(B) was an Acceptance Notice given by the Non-Trigger Shareholder as Proposing Transferor under clause 11.4; and

(3) the Fair Value was the Nominated Terms,

and clause 11.6 does not operate.

14 New shareholders

Before:

(a) either Company allots or issues; or

(b) a Shareholder transfers,

any Share to any person (except to a party), each party and that person must enter into an Adherence Agreement.

15 Confidentiality and announcements

15.1 Prohibitions on use of Confidential Information

(a) A party must not disclose any Confidential Information to any person except as permitted under clause 15.2.

(b) A party must not use or attempt to use any Confidential Information in a manner which may damage in any way:

(1) the Business;

(2) the prospects of success of the Business;

(3) the actual or likely future financial or trading position of the Joint Venture Group; or

(4) the interests of a Shareholder in the Business or the Joint Venture Group including, without limitation, the value of the Shares.

15.2 Permitted disclosure

A party may disclose Confidential Information:

(a) which pertains exclusively to that party;

(b) to the extent that Confidential Information is within the public domain (except as a result of a breach of this clause 15);

(c) to the extent that Confidential Information was within the possession of the party prior to receiving that Confidential Information (except as a result of a breach of this clause 15);

(d) to the extent that Confidential Information was lawfully received by that party from a third party with the right to disclose the Confidential Information (except as a result of a breach of this clause 15);

(e) to a Controlled Entity of the party;

(f) to the extent the other parties have given written notice to that party of their consent to that disclosure;

(g) to an employee of that party or a member of that party's Group for the sole purpose of that person fulfilling their services to that party as an employee;

(h) to an auditor for the sole purpose of that person fulfilling their services to that party as an auditor;

(i) to a person for the sole purpose of that person advising or providing other services to that party in a professional capacity;

(j) to the extent required by:

(1) Law;

(2) any Governmental Agency;

(3) any Regulator; or

(4) any applicable stock exchange on which the securities of the party or its Parent Entity are traded,

in which case the party must give such notice to the other parties as is reasonably practicable to give and is permitted by Law, the relevant Governmental Agency, the relevant Regulator and the rules of the applicable stock exchange; or

(k) to enforce or conduct any claim or proceeding which arises in connection with this agreement or a policy of insurance, in which case, if that disclosure is made under clauses 15(e) to (i), that party:

(l) must use its reasonable endeavours to ensure that the person to whom that disclosure is made does not disclose that Confidential Information to any person other than that party unless that disclosure falls within clause 15(a) to (k); and

(m) will be liable for any disclosure of that Confidential Information by the person to whom that disclosure is made to any person other than that party unless that disclosure falls within clause 15(a) to (k).

16 Representations and warranties

16.1 Representations and warranties

Each party represents and warrants to the other parties at the Completion Date that:

(a) it is a corporation which is registered (or taken to be registered) and validly existing under the laws of its place of incorporation;

(b) it has the corporate power to own its assets and to carry on its business as it is now being conducted;

(c) it has taken all action which is necessary to authorise the execution of and performance of its obligations under this agreement;

(d) it has the power, without the consent of any other person (subject, in the case of ACMCD and ACM to clause 7.5((b))), to enter into and perform its obligations under this agreement;

(e) this agreement, when executed, will constitute legal, valid and binding obligations of it in accordance with its terms;

(f) the execution of and performance of its obligations under this agreement comply with all applicable Laws and its constituent documents (if any) and do not result in any breach or default under any agreement or instrument to which it is a party;

(g) it has obtained all necessary authorisations, permits, licences and registrations required in order to execute and perform its obligations under this agreement and such authorisations, permits, licences and registrations are in full force and effect; and

(h) any broker's fee or finder's fee payable to any broker or intermediary engaged by that party with respect to the transactions contemplated by this agreement will be paid by that party and not by the Joint Venture Group.

16.2 Reliance

Each party acknowledges that the other parties are entering into this agreement in reliance on the representations and warranties made by it under clause 16.1.

16.3 Non limitation

Each representation and warranty under clause 16.1 is separate and independent and not limited by reference to any other representation or warranty or anything in this agreement.

16.4 Investigation

All right and powers of a party in connection with the representations and warranties made under clause 16.1 may be enforced or made whether or not, before entry into this agreement, that party knew or could have discovered (whether by any investigation made by or on behalf of that party) that any such representation or warranty has not been complied with or is otherwise untrue, incorrect or misleading.

16.5 Waiver of rights

Each party waives all rights which any of them may have in respect of any misrepresentation, inaccuracy or omission in or from any information or advice which is supplied or given by any of them or any of its employees, directors or other officers or Controlled Entities in enabling that party to give the representations and warranties made by it under clause 16.1.

16.6 Future events

If anything occurs or arises which results or may result in any of the representations and warranties made under clause16.1 by a party being unfulfilled, untrue, misleading or incorrect, the party must immediately give written notice of that thing to the other parties.

17 Term and termination

17.1 Termination

This agreement is intended to have indefinite operation and will only terminate:

(a) under clauses 2.3 or 13;

(b) when there is only one Shareholder; or

(c) as agreed in writing between the parties.

17.2 Survival

Clauses 1, 15, 16 and 18 to 20 and the accrued rights and obligations of the parties survive termination of this agreement.

18 GST

18.1 GST pass on clause

If GST is or will be imposed on any supply made under this agreement, the supplier may, to the extent that the consideration otherwise provided for that supply under this agreement is not stated to already include an amount in respect of GST on the supply:

(a) increase the consideration otherwise provided for that supply under this agreement by the amount of that GST; or

(b) otherwise recover from the recipient the amount of that GST.

18.2 Tax Invoices/Adjustment Notes

The recovery of any amount in respect of GST by the supplier under this agreement on a supply is subject to the issuing of the relevant Tax Invoice or Adjustment Note to the recipient. Subject to any other provision of the agreement, the recipient must pay any amount in respect of GST within 7 days of the issuing of the relevant Tax Invoice or Adjustment Note to the recipient.

18.3 Later adjustment to price or GST

If there is an adjustment event in relation to a supply which results in the amount of GST on a supply being different from the amount in respect of GST recovered by the supplier, as appropriate, the supplier:

(a) may recover from the recipient the amount by which the amount of GST on the supply exceeds the amount recovered; and

(b) must refund to the recipient the amount by which the amount recovered exceeds the amount of GST on the supply.

18.4 Cost reduction clause

The supplier must reduce the consideration provided for a supply under this agreement (excluding any amount in respect of GST on the supply) if the suppliers' costs are reduced having regard alone to the direct and indirect impact of the New Tax System changes. Such reduction must be made in a manner consistent with Part VB of the Trade Practices Act 1974 (Cth) and any guidelines made under that Act, whether or not that Act and the guidelines would otherwise apply to the supplier.

19 Notices

19.1 How notices may be given

A notice, request, demand, consent or approval (each a **notice**) under this agreement:

(a) must be in writing;

(b) may be signed for the party giving it by the party's authorised officer, attorney or solicitor;

(c) may be delivered personally to the person to whom it is addressed, or left at or sent by prepaid post to the person's address, or faxed to the person's fax number, given below:

(1) if to ACMCD:

Address:	1345 Avenue of the Americas New York NY 10105 USA
Fax:	0011 1 212 969 1334
Attention:	General Counsel;

(2) if to ACM:

Address:	Level 29 Governor Phillip Tower 1 Farrer Place Sydney NSW 2000
Fax:	02 9247 9910
Attention:	Company Secretary;

(3) if to AXA APH:

Address:	Level 15 447 Collins Street Melbourne Vic 3000
Fax:	(61 3) 9618 5298
Attention:	Company Secretary;

(4) if to NMFM:

Address:	Level 15 447 Collins Street Melbourne Vic 3000
Fax:	(61 3) 9618 5298
Attention:	Company Secretary;

(5) if to Aus Co:

Address:	Level 29 Governor Phillip Tower 1 Farrer Place Sydney NSW 2000
Fax:	02 9247 9910
Attention:	Managing Director; and

(6) if to NZ Co:

Address:	Level 29 Governor Phillip Tower 1 Farrer Place Sydney NSW 2000
Fax:	02 9247 9910

Attention: Managing Director.

19.2 When notice by fax taken as given

A notice is taken as given by the sender and received by the intended recipient if faxed, on completion of transmission but if delivery or receipt is on a day which is not a business day in the jurisdiction of the recipient or is after 5.00 pm at the place of delivery or receipt, it is taken as given at 9.00 am on the next business day in such jurisdiction.

19.3 Change of address or fax number

A party may change its address or fax number for notices by giving notice to the other party.

20 General

20.1 Relationship of parties

This agreement does not:

(a) constitute a relationship of agency, partnership, joint venture or trust between the parties; or

(b) authorise a party to assume or create any obligations on behalf of the other party except as specifically permitted under this agreement.

20.2 Costs and expenses

(a) The Company must pay the costs and expenses in respect of the incorporation of the Company.

(b) Each party must pay its own costs and expenses in respect of the negotiation, preparation, execution and delivery of this agreement and the Transaction Documents.

(c) Each of ACMCD and AXA APH must pay 50% of any stamp duty payable on this agreement and the Transaction Documents.

(d) Each party must pay its own costs and expenses in respect of the enforcement or protection or attempted enforcement or protection of any rights under this agreement and the Transaction Documents.

20.3 Governing law and jurisdiction

(a) This agreement is governed by the law of Victoria.

(b) Each party irrevocably submits to the non-exclusive jurisdiction of the courts of Victoria and courts hearing appeals from them.

20.4 Delegation

A party ("Delegator") may not delegate performance of its obligations under this agreement except to a wholly owned member of the same Group without the written consent of the other party (which may be withheld by a party in its absolute discretion). As between the parties, notwithstanding any such delegation the Delegator will remain primarily responsible for the performance of its obligations under this agreement.

20.5 Cumulative rights

The powers, rights, authorities, discretions or remedies of a party under this agreement do not exclude any other power, right, authority, discretion or remedy.

20.6 Waiver

(a) A party waives a right under this agreement (including a right under this clause 20.6((a))) only if it does so in writing.

(b) A party does not waive a right simply because it:

(1) fails to exercise the right;

(2) delays exercising the right; or

(3) only exercises part of the right.

(c) A party may not rely on any conduct of another party as a defence to exercise of a right under this agreement by that party.

(d) A waiver of one breach of a term of this agreement does not operate as a waiver of another breach of the same term or any other term.

20.7 Whole agreement

This agreement replaces any previous agreement, representation, warranty or understanding between the parties concerning the subject matter and contains the whole agreement between the parties.

20.8 Variation of agreement

A variation of this agreement must be in writing and signed by all of the parties or by persons authorised to sign for them.

20.9 Prohibition or enforceability

(a) Any provision of, or the application of any provision of, this agreement which is prohibited in any jurisdiction is, in that jurisdiction, ineffective only to the extent of that prohibition.

(b) Any provision of, or the application of any provision of this agreement, which is void, illegal or unenforceable in any jurisdiction does not affect the validity, legality or enforceability of that provision in any other jurisdiction or of the remaining provisions of this agreement in that or any other jurisdiction.

(c) If any provision of this agreement is void, illegal or unenforceable, it may be severed without affecting the enforceability of the other provisions in this agreement.

20.10 Counterparts

This agreement may be executed in any number of counterparts and all of those counterparts taken together constitute one and the same instrument.

20.11 Attorney

Each person who is specified to execute this agreement as attorney for a party, represents and warrants to each party that:

(a) such person is duly empowered to do so under a validly subsisting power of attorney; and

(b) the provisions of this agreement will be valid and binding on that party to the same extent that such provisions would be valid and binding on that party if it had executed this agreement as principal.

Executed as an agreement:

Signed for and on behalf of
Alliance Capital Management Corporation of Delaware
by Kathleen Corbet its duly authorised officer in the presence of:

/s/ Rosalie Rodriguez	/s/ Kathleen A. Corbet
Witness	Executive Vice President
Rosalie Rodriguez	Kathleen A. Corbet
Name (please print)	Name (please print)

Signed by
Alliance Capital Management Australia Limited
in accordance with section 127(1) of the Corporations Law:

/s/ Margaret Joy Adams	/s/ Antonios G. Poleondakis
Secretary/Director	Director
Margaret Joy Adams	Antonios G. Poleondakis
Name (please print)	Name (please print)

/s/ Philip Kennedy
Witness to both signatures

Philip Kennedy
Name

Signed for and on behalf of
AXA Asia Pacific Holdings Limited
by Les Owen its duly authorised officer in the presence of:

/s/ Sally Cormack	/s/ Arthur Leslie Owen

Witness

Group Chief Executive Officer

Sally Cormack
Name (please print)

Arthur Leslie Owen
Name (please print)

Signed for and on behalf of
National Mutual Funds Management Limited
by its duly authorised officer in the presence of:

/s/ Sally Cormack
Witness

/s/ Arthur Leslie Owen
Group Chief Executive Officer

Sally Cormack
Name (please print)

Arthur Leslie Owen
Name (please print)

Signed by
ACN 095 022 718 Limited
in accordance with section 127(1) of the Corporations Law:

/s/ John Nairn
Director

/s/ Antonios G. Poleondakis
Director

John Nairn
Name (please print)

Antonios G. Poleondakis
Name (please print)

/s/ Philip Kennedy
Witness to both signatures

Philip Kennedy
Name

Signed by
Cidwell Developments Limited

/s/ John Nairn
Director

/s/ Antonios G. Poleondakis
Director

John Nairn
Name (please print)

Antonios G. Poleondakis
Name (please print)

/s/ Philip Kennedy
Witness to both signatures

Philip Kennedy
Name

Schedule 1 - Delegation Agreement

INVESTMENT AND FINANCIAL SERVICES ASSOCIATION

NATIONAL MUTUAL FUNDS MANAGEMENT LIMITED
("NMFM")

and

ACN 095 022 718 LIMITED

("Manager")

STANDARD INVESTMENT MANAGEMENT AGREEMENT

PLEASE NOTE:

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STANDARD INVESTMENT MANAGEMENT AGREEMENT

AGREEMENT dated 18 January 2001 between:

1. **NATIONAL MUTUAL FUNDS MANAGEMENT LIMITED** (ACN 006 787 720) of Level 15, 447 Collins Street, Melbourne, Victoria ("**NMFM**"); and

2. **ACN 095 022 718 LIMITED** (ACN 095 022 718) of Level 29 Governor Phillip Tower, 1 Farrer Place, Sydney, NSW ("**Manager**") (to be renamed Alliance Capital Management Australia Limited).

A. NMFM is an investment manager of portfolios on behalf of its clients.

B. NMFM wishes to sub-delegate its investment management for certain portfolios to the Manager.

C. The Manager wishes to accept appointment and manage the relevant portfolios as a sub-delegate for NMFM on the understanding that the Manager may itself sub-delegate where authorised.

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires:

ACM Group means Alliance Capital Management LP and any Related Body Corporate of it and any other limited partnership that would be a Related Body Corporate of Alliance Capital Management LP if Alliance Capital Management LP and that other limited partnership were bodies corporate.

Authorised Person means each officer identified in Schedule 2 and any other person appointed as an authorised person under clause 12.2 from time to time.

Block-Booked Transaction means entering into a trade on behalf of one or more clients or one or more Portfolios and allocating parts of the trade among those clients or Portfolios before, at the time of or after the trade has been entered into.

Business Day means a day on which the Manager is open for business in Sydney or Melbourne of the Manager, but excluding Saturday and Sunday.

Clearing House means a person who provides facilities for the transfer, clearing or settlement of either securities or futures contracts, in the ordinary course of trading in securities or futures contracts.

Custodian means if a body corporate or bodies corporate have been appointed a Custodian of a Portfolio, that body corporate or bodies corporate, as notified to the Manager in writing by NMFM in accordance with clause 2.2, which satisfies any requirements imposed by the Regulator from time to time and includes any sub-custodian appointed by a Custodian.

Derivative Contracts has its ordinary meaning from time to time and includes, without limitation, swaps, futures, forward rate agreements and options.

GST means any goods and services tax, consumption tax, value-added tax or any similar impost or duty which is or may be levied or becomes payable in connection with the supply of goods or services.

Portfolio means all assets of one or more defined pools or groups of assets including any Derivative Contracts, which NMFM notifies to the Manager in writing are to be invested and managed by the Manager under this Agreement, and all income and accretions in respect of them or any part thereof.

Regulator means:

(a) the Australian Prudential Regulation Authority established under the Australian Prudential Regulation Authority Act 1998; and

(b) the Australian Securities and Investments Commission established under the Australian Securities and Investments Commission Act 1989; and

(c) their successors.

Related Body Corporate means the same as in section 50 of the Corporations Law.

Relevant Law means any requirement of the Superannuation Industry (Supervision) Act 1993, the Corporations Law, the Australian Securities and Investments Commission Act 1989 and any other present or future law of the Commonwealth of Australia or any State or Territory with which NMFM or the Manager must comply or which NMFM or the Manager must satisfy in order:

(a) to secure imposition at a concessional rate of any income tax which, in the opinion of NMFM, is or may become payable in connection with a Portfolio; or

(b) for NMFM or the Manager to avoid a relevant penalty, detriment or disadvantage.

Supervised Agent means an agent identified in paragraph 1 of Schedule 1.

Taxes means all taxes of whatever nature lawfully imposed including income tax, recoupment tax, land tax, sales tax, payroll tax, fringe benefits tax, group tax, capital gains tax, profit tax, interest tax, GST, property tax, undistributed profits tax, withholding tax, municipal rates, financial institutions duty, bank account debit tax, stamp duties and other taxes, charges, duties and levies assessed or charged or assessable or chargeable by or payable to any national, federal, state or municipal taxation or excise authority, including any interest, penalty or fee imposed in connection with any tax, rates, duties, charges or levies.

1.2 Interpretation

Headings are for convenience only and do not affect interpretation. In this Agreement, unless the context otherwise requires:

(a) The singular includes the plural and vice versa.

(b) A reference to a person includes a reference to a body corporate, a government organisation, body or instrumentality, an unincorporated body and any other entity.

(c) Each recital and schedule of this Agreement and direction and instruction under this Agreement forms part of this Agreement.

(d) A reference to this Agreement includes a reference to any variation, replacement or novation of it.

(e) A reference to any legislation or to any provision of any legislation includes a reference to any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it.

(f) A reference to any party to this Agreement where relevant includes a reference to the party's successors and permitted assigns.

(g) A reference to dollars or $ is a reference to Australian currency.

(h) Where a word or phrase is defined, its other grammatical terms have corresponding meanings.

(i) A reference to conduct includes a reference to any omission, statement or undertaking, whether or not in writing.

(j) If a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day.

2. APPOINTMENT

2.1 Manager

NMFM appoints the Manager as agent of NMFM to invest and manage the Portfolios on the terms contained in this Agreement and the Manager accepts the appointment.

2.2 Custodian

(a) NMFM may notify the Manager of the appointment of a Custodian for each Portfolio. The Manager and a Custodian may use Clearing Houses as required in the ordinary course of investment and management of the Portfolio. NMFM must take all reasonable steps to procure that a Custodian will:

(i) act in accordance with the instructions of the Manager under this Agreement;

(ii) open and maintain safe custody of ownership records;

(iii) receive all dividends and income forming part of a Portfolio; and

(iv) promptly advise the Manager of cash movements of a Portfolio in an electronic format consistent with industry practice.

(b) If a Custodian is not able (itself or through its agents or sub-custodians) to settle transactions in a place in which the Manager is authorised to invest or to hold assets, provided the investment instructions notified pursuant to clause 3.2 and the Relevant Law are otherwise complied with, NMFM authorises (but the Manager is not obliged) the Manager or a nominee of the Manager to act as Custodian of the relevant assets.

3. DUTIES OF THE MANAGER

3.1 Manager

The Manager must:

(a) invest and manage the Portfolios for and on behalf of NMFM in accordance with this Agreement;

(b) keep each Portfolio under review and confer at regular intervals with NMFM regarding the investment and management of each Portfolio;

(c) keep proper books of account in relation to each Portfolio recording transactions by the Manager and to provide information in relation to the Portfolio to assist NMFM or a Custodian in the preparation of reports required under the Relevant Law as instructed by NMFM, unless in any particular circumstance and with the consent of NMFM such books of account are to be maintained by a Custodian;

(d) give proper instructions to the relevant Custodian in relation to transactions concerning each Portfolio;

(e) comply with any reasonable requests by NMFM for information or assistance, or under force of law and as advised to NMFM, give any information and assistance and make available any records relating to any Portfolio reasonably required by any auditors in relation to a Portfolio or the Regulator;

(f) provide access to and a copy of the accounts relating to each Portfolio whenever reasonably requested by NMFM to any person duly authorised by NMFM;

(g) exercise all due diligence and vigilance in carrying out its functions, powers and duties under this Agreement;

(h) promptly notify NMFM of any instructions given to it by NMFM which have not been complied with;

(i) account to NMFM for any monetary benefits, fees or commissions received by the Manager or any Related Body Corporate of the Manager in relation to the investment of the Portfolio, other than benefits permitted to be received in accordance with the policy disclosed under clause 3.7 and fees and commissions referred to in clauses 7.1 and 7.2;

(j) exercise due care in selecting, appointing and reviewing the performance of any agent of the Manager in connection with a Portfolio or any broker engaged by the Manager under clause 4.1(d);

(n) subject to clause 2.2(b), use reasonable endeavours to ensure that the assets comprising each Portfolio are vested as soon as practicable in the relevant Custodian or Clearing House, unless the Manager believes having regard to the nature of the investment and the interests of NMFM it is not reasonably practicable to do so (for example, because a structured investment product involves another party acting as custodian); and

(o) act in good faith in determining any allocation of a Block-Booked Transaction to any Portfolio before, during and after the transaction has been entered into by the Manager.

3.2 Investment Instructions

(a) The investment instructions for a Portfolio notified to the Manager by NMFM at the commencement of this Agreement (or as soon as practicable thereafter) and as amended or added to from time to time in accordance with paragraph (b) must be complied with by the Manager in exercising any investment discretion.

(b) The investment instructions notified in accordance with paragraph (a) may be amended or added to by a specific written instruction given to the Manager by an Authorised Person of NMFM and the Manager must commence implementation of the amended investment instructions from the Business Day following the day that notification is received by the Manager. Any amended investment instructions must be completely implemented as soon as is reasonably practical having regard to the nature of the amendment and the nature of the relevant assets.

(c) If the Manager is unable to comply with the investment instructions given pursuant to paragraph (b) it must immediately notify NMFM. Upon receipt of such notice NMFM must either:

(i) withdraw the specific instructions with which the Manager is unable to comply in accordance with this clause;

(ii) or terminate the Agreement pursuant to clause 9, in which case the specific instruction will have no effect.

(d) If a specific written instruction is:

(i) inconsistent with the investment instructions notified in accordance with paragraph (a) of clause 3.2 but is not expressed to amend those instructions in accordance with paragraph (b) of clause 3.2; or

(ii) in the Manager’s opinion, ambiguous or unclear in any respect,

the Manager must promptly clarify the instruction with NMFM and the instruction will not operate until it has been clarified.

3.3 Investment objectives

The investment objectives for a Portfolio notified to the Manager by NMFM at the commencement of this agreement (or as soon as practicable thereafter) and as amended or added to from time to time are guidelines and are not intended to be legally binding on the Manager but the Manager must have regard to them in investing and managing each Portfolio.

3.4 Portfolio Changes

If by reason of:

(a) market movements;

(b) contributions to or withdrawals from a Portfolio;

(c) a change in the nature of any investment (whether through change in business activity or credit rating),

a Portfolio ceases to comply with an investment instruction notified in accordance with clause 3.2, the Manager must remedy the non-compliance in accordance with any instruction given under clause 3.2 or, if no time is specified in such instruction, as soon as practicable after the Manager becomes aware of the non-compliance. If remedied in accordance with this clause, the non-compliance will not constitute a breach of the Agreement nor will it give rise to any right or remedy on the part of NMFM.

3.5 Compliance with Relevant Law

The Manager must comply with any Relevant Law to the extent that it concerns the functions, powers and duties of the Manager in relation to the management of each Portfolio under this Agreement. However, NMFM acknowledges that:

(a) The Manager is not responsible in relation to any Portfolio for monitoring the total position of any fund or trust where the relevant Portfolio does not constitute the whole of the fund or trust;

(b) The Manager is not required to comply in relation to any Portfolio with any Relevant Law relating to in-house assets as defined in section 71 of the Superannuation Industry (Supervision) Act 1993 unless NMFM or an Authorised Person of NMFM has given a specific direction in writing to The Manager as to which specific investments must not form part of the specific Portfolio or a part in excess of a certain specified level in order to ensure that a fund or trust complies with Relevant Law;

(c) The Manager may act on specific instructions given by NMFM without investigating whether the act will comply with the Relevant Law, but must not comply with any direction which it is aware will cause a breach of the Relevant Law; and

(d) The Manager has no obligation to ensure that it complies with any Relevant Law applicable to NMFM or any constitutional documents or legislation regulating NMFM to the extent it does not directly concern the functions, powers and duties of the Manager in relation to the management of a Portfolio under this Agreement.

3.6 NMFM may instruct or vary decision of the Manager

The Manager agrees that NMFM may, at any time, instruct the Manager with respect to the identity of the investments or vary any decision of the Manager in the performance of the Manager's functions in managing the assets of each Portfolio from that time, in which circumstances NMFM has the sole responsibility for the consequences of that instruction or variation. However, the Manager may complete any transaction already commenced except where it would be reasonable in all the circumstances for the Manager to discontinue the transaction and the Manager would not incur any liability to a third party in so doing.

3.7 Soft Dollar Receipts

The Manager must provide on request to NMFM a copy of the Manager's policy regarding the receipt by the Manager or its associates or any other member of the ACM Group of benefits in the nature of soft dollar receipts in relation to the investment or management of each Portfolio. The Manager will at all times comply with its policy. In addition, in the investment management of each Portfolio the Manager and its associates and any other member of the ACM Group must only accept any soft dollar receipts in the course of carrying on its business as an investment manager where to do so also benefits its clients, including NMFM.

4. POWERS OF THE MANAGER

4.1 Powers and Limitations

For the purpose of carrying out its functions and duties under this Agreement, subject to any matter notified by NMFM to the Manager in writing, the Manager has the powers of a natural person to deal with each Portfolio and to do all things and execute all documents necessary for the purpose of

managing each Portfolio (including, without limitation, entering into a Block Booked Transaction), but the Manager must not without the prior consent of NMFM (which may be expressed in this Agreement or in an investment instruction):

(a) hold Derivative Contracts for a Portfolio unless there are at all times, in the case of each contract, sufficient assets in the relevant Portfolio to support the underlying liability of the asset holder under every contract in the form of one or more of the following:

(i) assets of the kind required to be delivered under the contract;

(ii) other contracts or assets which substantially offset the underlying liability under the contract; and/or

(iii) cash or immediately realisable assets of sufficient value either to discharge the maximum contingent liability or effect an offset as described in clause 4.1(a)(ii);

(b) except as disclosed in paragraph 2 of Schedule 1, delegate any of its discretionary management powers under this Agreement;

(c) charge or encumber in any way (other than as arises by lien in the ordinary course of business or by statutory charge) any asset of a Portfolio;

(d) perform any broking function in relation to the Portfolio, but the Manager may, using reasonable care and diligence, on behalf of NMFM appoint any broker (including a member of the ACM Group) to act on behalf of the asset holder in relation to a Portfolio, subject to reasonable monitoring of capacity and performance;

(e) engage in securities lending in relation to the Portfolio (in which case the Manager must provide a copy of the agreed policy and any set limits); or

(f) attempt to borrow or raise money for, or on behalf of, a Portfolio.

4.2 Common investment of funds

Subject to Relevant Law and any restrictions notified by NMFM in respect of a Portfolio, each Portfolio may be invested with funds managed by the Manager on behalf of other persons. If the Manager is so authorised for a Portfolio NMFM consents to the Manager acting in the acquisition and disposal of assets on behalf of other persons and authorises the Manager to deal with each Portfolio and any other funds managed by the Manager as an undivided whole, to the extent necessary for the efficient management or administration of a Portfolio, subject to the Manager maintaining systems and records that distinguish each Portfolio from the property of any other person. A Portfolio must not be invested in any managed investment scheme (as defined by the Corporations Law) except with prior written authorisation of NMFM or if expressly provided for in an investment instruction.

4.3 Non-exclusivity

The Manager may from time to time perform similar investment and management services for itself and other persons to the services performed for NMFM under this Agreement. NMFM acknowledges that:

(a) the Manager has no obligation to purchase or sell, or recommend for purchase or sale, for the account of NMFM, any investment which the Manager purchases or sells for its own account or for the account of any other client of the Manager; and

(b) the Manager may give advice and take action in the performance of its duties for other clients which differ from advice given and action taken in relation to the Portfolio.

4.4 Derivative Contracts

If the Manager is authorised to enter into Derivative Contracts in instructions given pursuant to clause 3.2, it may subject to any contrary notification by NMFM to the Manager

in writing do so on behalf of the asset holder in its own name, or in the name of another person, as nominee for the Custodian and:

(a) The Manager will:

(i) promptly arrange payment of net proceeds received in respect of Derivative Contracts to the relevant Custodian; and

(ii) provide to NMFM a risk management statement in such form as is prescribed by the Regulator; and

(b) NMFM will:

(i) procure that the relevant Custodian will comply with authorised directions of the Manager in relation to payment of liabilities under or settlement of Derivative Contracts; and

(ii) if required by the Manager; execute a statement in the form set out in Schedule 3 to this Agreement.

5. INDEMNITIES

5.1 Manager

NMFM must indemnify the Manager against any losses or liabilities reasonably incurred by the Manager arising out of, or in connection with, and any costs, charges and expenses incurred in connection with, the Manager or any of its officers or agents acting under this Agreement or on account of any bona fide investment decision made by the Manager or its officers or agents except insofar as any loss, liability, cost, charge or expense is caused by the negligence, breach of this agreement, fraud or dishonesty of the Manager or its officers or Supervised Agents. This obligation continues after the termination of this Agreement. NMFM is not otherwise liable to the Manager for any loss or liability.

5.2 NMFM

The Manager must indemnify NMFM against any losses or liabilities reasonably incurred by NMFM arising out of, or in connection with, and any costs, charges and expenses incurred in connection with, any negligence, breach of this Agreement, fraud or dishonesty of the Manager or its officers or Supervised Agents. This obligation continues after the termination of this Agreement. the Manager is not otherwise liable to NMFM for any loss or liability.

5.3 Action against Agents

If NMFM is not indemnified by the Manager under clause 5.2 for the negligence, default, fraud or dishonesty of an agent of the Manager the Manager must provide reasonable assistance to NMFM (at the cost of NMFM) in any action of NMFM against an agent of the Manager arising out of, or in connection with any negligence, default, fraud or dishonesty of the agent. These obligations continue after the termination of this Agreement.

5.4 Brokers

NMFM is responsible to any broker appointed by the Manager pursuant to clause 4.1(d) for all brokerage and other charges arising from the implementation by the broker of any authorised transaction initiated by the Manager. NMFM authorises the Manager to approve any deduction from a Portfolio in respect of brokerage and other charges.

6. WITHDRAWALS and DEPOSITS

6.1 Request

NMFM may instruct the Manager to authorise a Custodian to make a withdrawal from a Portfolio in accordance with the procedures notified by NMFM to the Manager from time to time.

6.2 Satisfaction of request

The Manager, in respect of a withdrawal instruction for cash, must use reasonable endeavours to satisfy the instruction within 5 Business Days.

6.3 Withdrawal by transfer of assets

A withdrawal pursuant to clause 6.1 may be made by transfer of assets, property or investments comprised in a Portfolio as agreed by the Manager and NMFM.

6.4 Deposits

NMFM must advise the Manager of any additional money made available for investment and management pursuant to this Agreement, prior to transfer to a Custodian.

6.5 Cleared Funds

The Manager may deal with any payment by either NMFM or a Custodian as if made in cleared funds. NMFM must indemnify the Manager against any losses and expenses incurred by the Manager if the amount tendered does not result in cleared funds in the normal course.

7. MANAGEMENT FEES

7.1 Fee

In consideration for the Manager providing the services specified in this Agreement, the Manager is entitled to a management fee as set out in the agreement titled Fees and Adjustments Deed dated 18 January 2001.

7.2 Use of other Members of ACM Group

NMFM acknowledges that the Manager may invest in, deal with or engage the services of a member of the ACM Group engaged in separate business activities which are entitled to charge fees, brokerage and commissions provided that they are in the ordinary course of business and on arm’s length terms.

7.3 Expenses

NMFM must pay all Taxes and all costs, charges and expenses provided that they are reasonably incurred in connection with the management of the Portfolio or the acquisition, disposal or maintenance of any investment of the Portfolio (including all Custodian and Clearing House fees) or in acting under this Agreement. The Manager may invoice NMFM on account of such amounts and NMFM agrees to pay such amounts within 30 days of the date of the invoice.

7.4 Regulatory Costs

NMFM must bear the reasonable costs of the Manager associated with the provision of information and other assistance to the Regulator relating to a Portfolio, if the Regulator requires the information or other assistance under Relevant Law.

8. REPORTS

8.1 Regular Reports

The Manager must provide NMFM or such other persons as NMFM notifies the Manager in writing with the reports notified to the Manager by NMFM at the commencement of this agreement (or as soon as practicable thereafter) and as varied from time to time by further notifications from NMFM to the Manager and must take reasonable steps to ensure that those reports are complete and accurate in all material respects to the extent the necessary information is within the reasonable control of the Manager. The Manager will also provide, upon request by NMFM, additional information which is complete and accurate in all material respects to the extent the necessary information is within the reasonable control of the Manager, as to the making of, and return on, the investments in a Portfolio and as is necessary to enable NMFM to assess the capability of the Manager to manage the investments of each Portfolio, and otherwise to comply with Relevant Law.

8.2 Notice of Adverse Effect and breach of the Relevant Law

The Manager must promptly advise NMFM upon becoming aware of any event:

(a) having a significant effect on the financial position of the Portfolio;

(b) which causes a breach of the Relevant Law.

8.3 Additional Information

NMFM may request the Manager to provide to NMFM additional information required by NMFM to complete returns to regulatory authorities, including the Regulator and taxation authorities, and the Manager, if requested by NMFM, will promptly provide the information required by NMFM to fulfil its obligations.

9. TERMINATION

9.1 Term

This Agreement commences as of and from the date specified in paragraph 3 of Schedule 1.

9.2 Right to terminate

Subject to clause 9.3, this Agreement remains in force until terminated by NMFM giving to the Manager not less than 20 Business Days' written notice of termination or by the Manager giving to NMFM not less than 20 Business Days' written notice of termination or such lesser period of notice as the parties agree.

9.3 Default of the Manager

NMFM may terminate this Agreement at any time by written notice to the Manager if:

(a) a receiver, receiver and manager, administrative receiver or similar person is appointed with respect to the assets and undertakings of the Manager;

(b) the Manager:

(i) goes into liquidation (other than for the purposes of a reconstruction or amalgamation on terms previously approved in writing by NMFM);

(ii) ceases to carry on business in relation to its activities as an investment manager;

(iii) breaches any provision of this Agreement, or fails to observe or perform any representation, warranty or undertaking given by the Manager under this Agreement and the Manager fails to correct such breach or failure within 10 Business Days of receiving notice in writing from NMFM specifying such breach or failure;

(c) the Manager sells or transfers or makes any agreement for the sale or transfer of the main business and undertaking of the Manager or of a beneficial interest therein, other than to a Related Body Corporate for purposes of corporate reconstruction on terms previously approved in writing by NMFM; or

(d) Relevant Law requires the Agreement to terminate or any circumstance occurs giving rise to a breach of section 126 of the Superannuation Industry (Supervision) Act 1993.

9.4 Claims and transactions

The termination of this Agreement does not affect any:

(a) transaction properly entered into prior to termination;

(b) claim by the Manager in respect of accrued management fees and expenses incurred in respect of the period to termination; or

(c) other claim which either party may have against the other.

9.5 Discharge of obligations

The Manager may deal with the Portfolio for up to 30 Business Days from the effective date of termination of this Agreement in order to vest control of it in NMFM (or as NMFM may otherwise direct in writing) and during that time the Manager:

(a) subject to the consent of NMFM, may enter transactions to settle or otherwise extinguish or offset obligations incurred by the Manager in relation to a Portfolio before that date;

(b) must, with respect to obligations not capable of settlement before transfer of a Portfolio, create provision for such contingent liability as will arise, notify NMFM of that provision, and NMFM must procure that the relevant Custodian holds sufficient assets of the relevant Portfolio to satisfy that liability;

(c) may instruct the relevant Custodian to deduct from a Portfolio the fees, charges and expenses due to the date on which the transfer of the relevant Portfolio is effected if, after giving 10 Business Days' notice to NMFM of its intention to so direct the relevant Custodian, NMFM has not objected, and all charges and expenses incurred in the actions envisaged by this clause;

(d) must deliver to NMFM (or as NMFM reasonably directs) all records and other documents which may reasonably be required by NMFM in respect of each Portfolio; and

(e) may deal with each Portfolio in accordance with instructions from a new manager appointed by NMFM.

NMFM must take all necessary steps to facilitate the transfer of the Portfolios from the Manager

9.6 Report

The Manager must, within the period specified in paragraph 4 of Schedule 1, provide NMFM with a report which is complete and accurate in all material respects on the Portfolios and all investment transactions conducted since the last reports.

10. WARRANTIES AND ACKNOWLEDGMENT FROM NMFM AND THE MANAGER

10.1 Warranties of NMFM

NMFM warrants and represents to the Manager that during the term of this Agreement:

(a) NMFM is the investment manager of each Portfolio and it has the power to enter into and perform this Agreement, subject only to those express limitations that have been advised to the Manager in writing;

(b) there are no other investment managers of each Portfolio;

(c) NMFM will advise in writing of any change of the status for taxation purposes of a Portfolio;

(d) any Custodian appointed will not engage in securities lending in relation to any investments in a Portfolio unless written notice is given by NMFM to the Manager and NMFM will ensure that the Portfolio is able to be traded by Alliance Capital and that any securities lending does not interfere with Alliance Capital's ability to invest and manage the Portfolio under this Agreement.;

(e) NMFM, for the purposes of investment in securities, controls an amount of not less than $10,000,000 being an amount that includes any amount held:

(i) by an associate of NMFM, or
(ii) under a trust that NMFM manages; and

(f) NMFM is not a retail investor for the purposes of regulation 7.3.02B of the Corporations Law.

10.2 Acknowledgment

NMFM acknowledges that neither the Manager nor any other member of the ACM Group guarantees the repayment of capital or the performance of a Portfolio or makes any representation concerning any of these matters.

10.3 Warranties of the Manager

The Manager warrants and represents to NMFM:

(a) that it has and will at all times during the term of this Agreement have the skill, facilities, capacity and staff necessary to perform the duties and obligations under this Agreement;

(b) that it will ensure that sufficient competent investment management staff experienced in investment management will have charge at all times of the conduct of, and will maintain close supervision of, the investment and management of each Portfolio;

(c) that it will, at all times during the term of this Agreement, be the holder of a current dealers licence or investment advisers licence and all other licences required to be held under all applicable legislation governing the activities of the Manager and is not and, at all times during the term of this Agreement, will not be a disqualified person under a Relevant Law;

(d) that it will cooperate with each Custodian whenever requested to ensure that investments forming part of each Portfolio are in good and proper form with free and clear title in favour of NMFM or any permitted nominee and not subject to any express lien, charge or encumbrance of any nature other than as permitted by the Relevant Law; and

(e) that it will invest and manage each Portfolio at all times to perform its obligations under this Agreement and in accordance with the directions of NMFM.

10.4 Inaccurate warranty

If a warranty given by a party to this Agreement ceases to be accurate, that party must immediately advise the other party in writing.

11. VOTING

11.1 Exercise of Voting rights

NMFM will notify the Manager in writing if it is authorised to exercise any right to vote attached to a share or unit forming part of a Portfolio or to so direct the relevant Custodian. In the event that the Manager receives a direction from NMFM in relation to the appointment of a proxy and the way in which the proxy should vote, the Manager must use its best endeavours to implement the direction, but in the absence of any direction, the Manager may exercise or not exercise the right to vote as it sees fit, having regard to any general instruction notified in accordance with clause 3.2.

11.2 Notices of Meeting

The Manager is not required to dispatch to NMFM any notice of meeting relating to any person, company or unit trust in which a Portfolio is invested.

11.3 Voting Policy

The Manager must provide a copy of its proxy voting policy to NMFM upon request. the Manager must inform NMFM of any change to the Manager's proxy voting policy.

12. AUTHORISED PERSON

12.1 Authorised Person

Authorised Persons of NMFM and the Manager are authorised to make any written communication or take action on behalf of NMFM and the Manager respectively under this Agreement.

12.2 Variation of Authorised Persons

NMFM and the Manager may vary their respective Authorised Persons by notice to the other.

12.3 The Manager's action

The Manager is not obliged to take any action if a communication or action is not made by an Authorised Person of NMFM nor to enquire as to the identity of any person if it reasonably believes such person is an Authorised Person.

12.4 NMFM not liable

NMFM is not liable in respect of any action or omission by the Manager in reliance on any communication given or action taken by any person acting or purporting to act on behalf of NMFM who neither is an Authorised Person nor a person whom the Manager reasonably believes to be an Authorised Person, but NMFM can ratify such an action or omission in which case NMFM will be liable.

12.5 NMFM's action

NMFM is not obliged to take any action if a communication or action is not made by an Authorised Person of the Manager nor to enquire as to the identity of any person if it reasonably believes such person is an Authorised Person.

12.6 The Manager not liable

The Manager is not liable in respect of any action or omission by NMFM in reliance on any communication given or action taken by any person acting or purporting to act on behalf of the Manager who neither is an Authorised Person nor a person whom NMFM reasonably believes to be an Authorised Person, but the Manager can ratify such an action or omission in which case the Manager will be liable.

12.7 The Manager's reliance on instruction

If the Manager receives an instruction in circumstances where it is reasonable for the Manager to assume it was from an Authorised Person, subject to the Relevant Law the Manager is not liable for any properly performed action or omission by the Manager in reliance on that instruction.

13. INSURANCE

The Manager must maintain at its own expense or at the expense of a member of the ACM Group appropriate insurance in relation to its investment management business. the Manager must, upon written request from NMFM, give NMFM any information it may reasonably require concerning the scope of such insurances but is not required to provide a copy of any policy of insurance to NMFM.

14. NOTICES

Any notice given under this Agreement:

(a) must be sent to the address, facsimile number or email address as set out in Schedule 2 or to any other address, facsimile number or email address that either party may specify in writing to the other;

(b) will be taken to have been given:

(i) (in the case of delivery in person or by post) when delivered, received or left at the party's address;

(ii) (in the case of delivery by facsimile) on production of a transmission report by the machine from which the facsimile was sent which indicates that the facsimile was sent in its entirety to the number of the recipient;

(iii) (in the case of delivery by email address) on production of an email receipt from the recipient to the sender which indicates that the email was sent to the email address of the recipient and has been opened by the recipient,

but if delivery or receipt occurs on a day which is not a Business Day or is later than 2 pm (local time) it will be taken to have been duly given at the commencement of the next Business Day; and

(c) is subject to the provisions of clause 12.

15. NO WAIVER

No failure to exercise and no delay in exercising any right, power or remedy under this Agreement will operate as a waiver. No single or partial exercise of any right, power or remedy precludes any other or further exercise of that or any other right, power or remedy will operate as a waiver.

16. ASSIGNMENT

A party may not assign any of its rights and obligations under this Agreement without the prior written consent of the other party.

17. CONFIDENTIALITY

Except as required by law or as is necessary for the performance of its obligations under this Agreement by its officers or agents, neither party may directly or indirectly disclose to any other person, or use or permit to be disclosed or used for any purpose other than a purpose contemplated by this Agreement or as a consequence of any direction given pursuant to this Agreement or in the normal course of business for credit assessment, the terms of

this Agreement or any information that may be acquired by the party under or for the purposes of this Agreement and each party must keep all such information confidential, except where publicly available other than by breach of this Agreement.

18. FURTHER ASSURANCES

NMFM agrees to enter into and perform any instrument or agreement necessary to give effect to this Agreement. Where practicable NMFM will seek to procure that the asset holder or Custodian will enter into any master trading or clearing agreement required for orderly trading of investments pursuant to this Agreement and authorises the Manager to act as its agent under these agreements as is reasonably necessary for the Manager to comply with its investment management obligations under this Agreement.

19. AMENDMENT

This Agreement other than clause 3.2 and clause 8.1 may be amended by exchange of letters signed by the parties. The instructions given by NMFM pursuant to clause 3.2 and clause 8.1 may be amended by specific written instruction from an Authorised Person of NMFM to the Manager.

20. GOVERNING LAW AND JURISDICTION

This Agreement is governed by the laws of the State or Territory referred to in paragraph 5 of Schedule 1. The parties submit to the non-exclusive jurisdiction of Courts exercising jurisdiction there.

21. SEVERANCE

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will be ineffective in that jurisdiction to the extent of the prohibition or unenforceability. That will not invalidate the remaining provisions of this Agreement nor affect the validity or enforceability of that provision in any other jurisdiction.

22. COUNTERPARTS

This Agreement may be executed in any number of counterparts. All counterparts taken together will be deemed to constitute one document.

EXECUTED in Melbourne**.**

SCHEDULE 1
Additional definitions

1. CLAUSE 1.1, DEFINITION OF *SUPERVISED AGENT*

Supervised Agent means an agent of the Manager which in fact acts under the control and supervision of the Manager, but does not include a person which:

(a) is either a broker, a Clearing House or a counterparty, or another person who acts in a broker, a Clearing House or a counterparty capacity; or

(b) is an agent, or one of a class of agents, nominated in writing by the Manager for this purpose and which is not objected to by NMFM within 10 Business Days of the date NMFM receives the nomination; or

(c) is an agent whose conduct or actions is not capable of supervision by the Manager, in respect of the particular matter to which reference is made; or

(d) acts in accordance with the direction of NMFM in respect of the particular matter to which reference is made.

2. CLAUSE 4.1(b)

Discretionary management powers which may be delegated:

The Manager may at its discretion sub-delegate its investment management functions to a member of the ACM Group that have appropriate expertise capacity and proven capability to manage the asset class or classes concerned. However, such sub-delegation may not relate to assets domiciled in Australia or New Zealand without the prior written agreement of NMFM.

The Manager may sub-delegate its investment management functions to investment managers who are not member of the ACM Group but only with the prior agreement of NMFM.

3. CLAUSE 9

Commencement Date: 1 February 2001

4. CLAUSE 9

Period for termination report: 60 days

5. CLAUSE 20

State or Territory: Victoria

SCHEDULE 2

Notices
(Clause 2 and Clause 4)

1. NMFM

Attention: John Nairn

Address: Level 14, 440 Collins Street, Melbourne

Facsimile: 9617 2460

Email: jnairn@axa.com.au

Copy (if required):

Authorised Persons: John Nairn, Daniel Craine

2. MANAGER

Attention: Michael Bargholz

Address: Level 29, Governor Phillip Tower, 1 Farrer Place, Sydney, NSW, 2000

Facsimile:

Email:

Copy (if required):

Authorised Persons: Michael Bargholz, Joy Adams

SCHEDULE 3

Derivatives Trading
(Clause 4.4)

[To be agreed between the parties — IFSA, together with AFMA and the ABA, intend to release a standard version of this letter to be used by investment managers and their clients]

SIGNED for and on behalf of **NATIONAL MUTUAL FUNDS MANAGEMENT LIMITED** by its duly authorised officer in the presence of:	))))	
Sally Cormack		Arthur Leslie Owen
Witness		Group Chief Executive
Sally Cormack		Arthur Leslie Owen
Print name		Print Name

EXECUTED by **ACN 095 022 718 LIMITED** in accordance with section 127(1) of the Corporations Law)	)))	Michael Bargholz Signature
John Nairn		Michael Bargholz
Signature		Print name
John Nairn		CEO
Print name		Office held

Schedule 2 - Adherence Agreement

Date:

Parties: [insert name] having its office at [insert address] ("**Transferee**")

[insert name] having its office at [insert address] ("**Transferor**")

[insert name] having its office at [insert address] ("**Other Party**")

Recitals

A. Pursuant to the Shareholders' Agreement the share capital of the Joint Venture Group is held equally by each of Transferor and Other Party.

B. Transferor wishes to sell the Joint Venture Group Shares to Transferee and Transferee wishes to buy the Joint Venture Group Shares from Transferor.

C. Under the Shareholders' Agreement a Shareholder may transfer all of its holding to a third party provided, amongst other things, it enters into a deed of adherence substantially in the form of this deed.

Operative Provisions:

1 Definitions and Interpretations

1.1 The following words have these meanings in this deed unless the contrary intention appears.

Joint Venture Group Shares means [number] ordinary shares held by Transferor in the Company.

Shareholders' Agreement means the shareholders' agreement dated [ ] among Alliance Capital Management Corporation of Delaware, Alliance Capital Management Australia Limited, AXA Asia Pacific Holdings Limited, National Mutual Funds Management Limited and the Company.

1.2 Unless otherwise required by the context, words and terms in the Shareholders' Agreement have the same meaning when used in this deed.

1.3 Headings are used for convenience only and do not affect the interpretation of this deed.

2 Notification of Transfer

Upon completion of the transfer of Joint Venture Group Shares to Transferee, Transferor will immediately notify the Joint Venture Group and the Other Party and deliver copies of this deed executed by Transferor and Transferee.

3 Obligations of Transferor and Transferee

3.2 Transferee, other than a Transferee under clause 10.1(b), will not have to adhere to and will not be bound by clause 9 of the Shareholders' Agreement.

3.3 Transferee is aware of and understands all of the obligations and liabilities that it is required to undertake under clause 3.1.

3.4 Transferor, other than a Transferor under clause 10.1(b):

(a) is released from its obligations to further perform the Shareholders' Agreement, except obligations:
  (i) imposing an obligation of confidentiality; and
  (ii) owed by the Transferor to any party to the Shareholders' Agreement in respect of any past breaches and under any indemnities for actions occuring prior to the transfer; and

(b) will retain the rights it has against any party to the Shareholders' Agreement in respect of any past breaches and under any indemnities for actions occuring prior to the transfer.

3.5 Transferee may not transfer the Joint Venture Group Shares to any person unless that person enters into a deed of adherence in the form of this deed.

4 Affirmations

The parties to this deed confirm the Shareholders' Agreement in all respects.

5 Governing Law

This deed will be governed by and construed in accordance with the laws of Victoria and the parties submit to the jurisdiction of the courts of Victoria.

SIGNED by **[ ]**)
as attorney for **TRANSFEREE** in the)
presence of:)
)
_____)
Signature of witness)
)
_____)
Name of witness (block letters))
)
_____)
Address of witness)
)
_____)
Occupation of witness)
)

_____
By executing this deed the attorney states that the attorney has received no notice of revocation of the power of attorney

SIGNED by **[ ]**)
as attorney for **TRANSFEROR** in the)
presence of:)
)
_____)
Signature of witness)
)
_____)
Name of witness (block letters))
)
_____)
Address of witness) By executing this deed the attorney
) states that the attorney has received
_____) no notice of revocation of the power
Occupation of witness) of attorney
)

SIGNED by **[ ]**)
as attorney for **OTHER PARTY** in)
the presence of:)
)
_____)
Signature of witness)
)
_____)
Name of witness (block letters))
)
_____)
Address of witness) By executing this deed the attorney
) states that the attorney has received
_____) no notice of revocation of the power
Occupation of witness) of attorney
)

Schedule 3 - Fees Deed

Dated 18 January 2001

Fees and Adjustments Deed

Alliance Capital Management Australia Limited
(to be renamed Alliance Capital Australia Limited)
(ABN 58 007 212 606)
("ACM")

National Mutual Funds Management Limited
(ABN 32 006 787 720)
("NMFM Australia")

National Mutual Funds Management NZ Limited
("NMFM New Zealand")

ACN 095 022 718 Limited
(to be renamed Alliance Capital Management Australia Limited)
("Aus Co")

Cidwell Developments Limited
(to be renamed Alliance Capital Management New Zealand Limited)
("NZ Co")

Mallesons Stephen Jaques
Solicitors

Rialto

525 Collins Street
Melbourne Vic 3000
Telephone (61 3) 9643 4000
Fax (61 3) 9643 5999
DX 101 Melbourne
Ref: D. Lewis
Mel_Corp#386080.02

Contents **Fees and Adjustments Deed**

Fees and Adjustments Deed

Date: 18 January 2001

Parties:

ALLIANCE CAPITAL MANAGEMENT AUSTRALIA LIMITED (to be renamed Alliance Capital Australia Limited) having its registered office at Level 29, Governor Phillip Tower, 1 Farrer Place, Sydney, New South Wales, Australia **("ACM")**

NATIONAL MUTUAL FUNDS MANAGEMENT LIMITED having its registered office at Level 15, 447 Collins Street, Melbourne, Victoria, Australia **("NMFM Australia")**

NATIONAL MUTUAL FUNDS MANAGEMENT NZ LIMITED having its registered office at 80 The Terrace, Wellington, New Zealand **("NMFM New Zealand")**

ACN 095 022 718 LIMITED (to be renamed Alliance Capital Management Australia Limited) having its registered office at Level 29, Governor Phillip Tower, 1 Farrer Place, Sydney, Australia **("Aus Co")**

CIDWELL DEVELOPMENTS LIMITED (to be renamed Alliance Capital Management New Zealand Limited) having its registered office at 80 The Terrace, Wellington, New Zealand **("NZ Co")**

Recitals:

A. By an agreement dated 18 January 2001 Alliance Capital Management Corporation of Delaware, ACM, AXA Asia Pacific Holdings Limited, NMFM Australia, Aus Co and NZ Co have entered into a subscription and shareholders agreement in relation to Aus Co and NZ Co ("**Shareholders Agreement**").

B. In accordance with the Shareholders Agreement , NMFM Australia proposes to enter into the NMFM Australian IMA with Aus Co.

C. In accordance with the Shareholders Agreement , NMFM New Zealand proposes to enter into the NMFM New Zealand IMA with NZ Co.

D. In accordance with the Shareholders Agreement, ACM proposes to enter into the ACM IMA with Aus Co.

E. Each of the NMFM Australian IMA and the ACM IMA provides that Aus Co is entitled to a management fee as determined in accordance with this deed.

F. The NMFM New Zealand IMA provides that NZ Co is entitled to a management fee as determined in accordance with this deed.

Operative provisions:

1 Definitions and interpretation

1.1 In this deed, unless the context otherwise requires expressions used have these meanings:

ACM IMA: the investment management agreement entered into/to be entered into between ACM and Aus Co under which ACM appoints Aus Co as agent of ACM to invest and manage the portfolios referred to in that agreement.

ACM Index: see clause 2.7.

ACM Indexed Base Fee: see clauses 2.3 to 2.6.

ACM Average Index Movement: see clause 2.8.

ACM Mandate Fees: see clause 2.9.

ACM Mandates:

(a) all mandates entered into by Alliance Capital Management L.P., ACM or Sanford C. Bernstein & Co. Proprietary Ltd with clients in Australia or New Zealand; and

(b) all mandates entered into by Alliance Capital Management L.P., ACM or Sanford C. Bernstein & Co. Proprietary Ltd the investment objective of which is to invest more than 65% of the relevant client's assets in the relevant portfolio in Australia and/or New Zealand,

excluding mandates entered into with NMFM. The mandates entered into by Alliance Capital Management L.P., ACM or Sanford C. Bernstein & Co Proprietary Limited as at 30 September 2000 are set out in Schedule 1. For the avoidance of doubt, details of these mandates are provided in this deed merely to assist the parties in identification of the types of mandates likely to be included in the definition.

Anniversary Date: an anniversary date of the Commencement Date.

Australian GST: has the same meaning as in *A New Tax System (Goods & Services) Tax Act (Cth) 1999.*

Commencement Date: 1 February 2001.

Existing Mandate: a mandate the fees from which are included in the calculation of:

(a) ACM Indexed Base Fee; or

(b) NMFM Australia Indexed Base Fee; or

(c) NMFM New Zealand Indexed Base Fee

and which has been or is proposed to be transferred to Aus Co or NZ Co. For the purpose of this definition "transferred" includes any form of assignment or novation as well as a replacement or substitution or a new mandate with the same client in respect of substantially the same funds.

Fee Period: a quarter or, in the case of the first Fee Period, the period from the Commencement Date to the end of the quarter in which the Commencement Date occurs.

IMAs: the ACM IMA, the NMFM Australian IMA and the NMFM New Zealand IMA.

New Zealand GST: the goods and services tax under the *Goods and Services Tax Act 1985 (New Zealand).*

NMFM: NMFM Australia, NMFM New Zealand and/or NMFM Global.

NMFM Australia Index: see clause 3.7.

NMFM Australia Indexed Base Fee: see clauses 3.3 to 3.6.

NMFM Australia Average Index Movement: see clause 3.8.

NMFM Australia Mandate Fees: see clause 3.9.

NMFM Australia Mandates:

(a) all mandates entered into by NMFM Australia or NMFM Global with clients in Australia; and

(b) all mandates entered into by NMFM Australia or NMFM Global, the investment objective of which is to invest more than 65% of the relevant client's assets in the relevant portfolio in Australia and/or New Zealand

excluding mandates to the extent (if any) that they relate to loans secured by real or personal property, unsecured loans and real property management. The mandates entered into by NMFM Australia and NMFM Global as at 30 September 2000 are set out in Schedule 2. For the avoidance of doubt, details of these mandates are provided in this deed merely to assist the parties in identification of the types of mandates likely to be included in the definition.

NMFM Australian IMA: the investment management agreement entered into/to be entered into between NMFM Australia and Aus Co under which NMFM Australia appoints Aus Co as agent of NMFM Australia to invest and manage the portfolio referred to in that agreement.

NMFM Global: National Mutual Funds Management (Global) Limited ABN 74 057 398 393.

NMFM IMAs: the NMFM Australian IMA and the NMFM New Zealand IMA.

NMFM Mandates: the NMFM Australia Mandates and the NMFM New Zealand Mandates.

NMFM New Zealand IMA: the investment management agreement entered into/to be entered into between NMFM New Zealand and NZ Co under which NMFM New Zealand appoints NZ Co as agent of NMFM New Zealand to invest and manage the portfolio referred to in that agreement.

NMFM New Zealand Index: see clause 4.7.

NMFM New Zealand Indexed Base Fee: see clauses 4.3 to 4.6.

NMFM New Zealand Average Index Movement: see clause 4.8.

NMFM New Zealand Mandate Fees: see clause 4.9.

NMFM New Zealand Mandates:

(a) all mandates entered into by NMFM New Zealand or NMFM Global with clients in New Zealand; and

(b) all mandates entered into by NMFM New Zealand or NMFM Global, the investment objective of which is to invest more than 65% of the relevant client's assets in the relevant portfolio In Australia and/or New Zealand

excluding mandates to the extent (if any) that they relate to loans secured by real or personal property, unsecured loans and real property management. The mandates entered into by NMFM New Zealand and NMFM Global as at 30 September 2000 are set out in Schedule 3. For the avoidance of doubt, details of these mandates are provided in this deed merely to assist the parties in identification of the types of mandates likely to be included in the definition.

1.2 In this deed unless a contrary intention appears:

(a) all references to money, monetary amounts or currency are to the currency of Australia or the currency of New Zealand (as the case requires);

(b) a reference to this agreement or another instrument includes any variation or replacement of any of them;

(c) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;

(d) the singular includes the plural and vice versa;

(e) the word "person" includes a firm, a body corporate, an unincorporated association or an authority;

(f) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, without limitation, any persons taking by novation) and assigns;

(g) a reference to any thing (including, without limitation, any amount) is a reference to the whole and each part of it and a reference to a group of persons is a reference to all of them collectively, to any two or more of them collectively and to each of them individually; and

(h) a reference to a quarter is a period of 3 calendar months ending on 31 March, 30 June, 30 September or 31 December.

1.3 Headings are inserted for convenience. They do not affect the interpretation of this deed.

2 Fees payable to Aus Co and NZ Co by ACM under the ACM IMA

Fees payable by ACM

2.1 Subject to clause 2.2, the fee payable in respect of each Fee Period to Aus Co by ACM under the ACM IMA is determined in accordance with this formula:

$F_{ACM} = (0.65 \times IBF_{ACM}) + (MF_{ACM} - IBF_{ACM})$

where

F_{ACM} is the fee payable under this clause by ACM;

IBF_{ACM} is the ACM Indexed Base Fee;

MF_{ACM} is the ACM Mandate Fees.

If the first Fee Period does not commence at the start of a quarter, the fee payable for that first Fee Period is reduced in proportion to the length of the Fee Period relative to length of the quarter. For example if the Fee Period is two thirds of the length of the quarter, the fee payable is two thirds of the amount determined in accordance with the formula.

What if ACM Mandate Fees < ACM Indexed Base Fee?

2.2 If at the end of a Fee Period the ACM Mandate Fees are less than the ACM Indexed Base Fee, the following formula shall be substituted for the formula in clause 2.1 when determining the fee payable in respect of that Fee Period:

$F_{ACM} = 0.65 \times MF_{FACM}$

ACM Indexed Base Fee

2.3 Subject to clause 2.4, for the first Fee Period, the ACM Indexed Base Fee is an amount determined in accordance with this formula:

$IBF_{ACM} = AF_{ACM} / 4$

where:

IBF_{ACM} has the same meaning as in clause 2.1.

AF_{ACM} is the aggregate of the annualised fees payable on each ACM Mandate (after deduction of fees, or deemed fees, payable to sub-advisors in connection with those mandates) as at the last day of the quarter ending prior to the Commencement Date.

For the avoidance of doubt, example calculations showing how the ACM Indexed Base Fee would be calculated are set out in Schedule 4.

2.4 For the purposes of clause 2.3, if the fees paid to sub-advisors in connection with ACM Mandates during the relevant period are more than 49% of the fees paid to ACM in respect of those mandates, the

fees paid to sub-advisors are deemed to be 49% of the fees paid to ACM in respect of those mandates.

2.5 Subject to clause 2.6, for each Fee Period after the first Fee Period, the ACM Indexed Base Fee is determined in accordance with this formula:

$$IBF_{ACM}^{X} = IBF_{ACM}^{X-1} \times (1 + AIM_{ACM})$$

where

IBF_{ACM}^{X} is the ACM Indexed Base Fee for the Fee Period;

IBF_{ACM}^{X-1} is the ACM Indexed Base Fee for the immediately preceding Fee Period;

AIM_{ACM} is the ACM Average Index Movement for the Fee Period.

2.6 If the value of the funds under management in ACM Mandates on any Anniversary Date is less than half of the value of the funds under management in ACM Mandates as at the Commencement Date, the ACM Indexed Base Fee on that Anniversary Date is an amount equal to the total fees (after deduction of fees paid to sub-advisors) payable on all ACM Mandates in respect of the Fee Period ending on that Anniversary Date.

ACM Index

2.7 The ACM Index is calculated as at the end of each Fee Period. It is a composite index, made up of the indices applicable to the asset classes of the assets managed in ACM Mandates and weighted by the value of assets in each of those asset classes:

(a) for Fee Periods ending on or before 31 December 2001, as at 31 December 2000; and

(b) for all subsequent Fee Periods, as at the preceding 31 December.

The applicable indices may be varied from time to time by agreement between the parties. The applicable indices as at the Commencement Date are set out in Schedule 5.

ACM Average Index Movement

2.8 The ACM Average Index Movement for a Fee Period is the change in the ACM Index as at the end of the Fee Period as compared with the ACM Index as at the end of the immediately preceding Fee Period, expressed as a fraction of the ACM Index as at the end of the immediately preceding Fee Period divided by two.

ACM Mandate Fees

2.9 The ACM Mandate Fees are the total fees (after deduction of fees paid to sub-advisors) earned on ACM Mandates in the Fee Period.

Identification of ACM Mandates

2.10 ACM will notify the other parties of the details of all ACM Mandates as at the end of each Fee Period within 90 days of the end of that Fee Period.

3 Fees payable to Aus Co by NMFM Australia under the NMFM Australian IMA

Fee payable by NMFM Australia

3.1 Subject to clause 3.2, the fee payable in respect of each Fee Period to Aus Co by NMFM Australia under the NMFM Australian IMA is determined in accordance with this formula:

$F_{NMFMA} = (0.65 \times IBF_{NMFMA}) + (MF_{NMFMA} - IBF_{NMFMA})$

where

F_{NMFMA} is the fee payable under this clause by NMFM Australia;

IBF_{NMFMA} is the NMFM Australia Indexed Base Fee;

MF_{NMFMA} is the NMFM Australia Mandate Fees.

If the first Fee Period does not commence at the start of a quarter, the fee payable for that first Fee Period is reduced in proportion to the length of the Fee Period relative to length of the quarter. For example if the Fee Period is two thirds of the length of the quarter, the fee payable is two thirds of the amount determined in accordance with the formula.

What if NMFM Australia Mandate Fees < NMFM Australia Indexed Base Fee?

3.2 If at the end of a Fee Period the NMFM Australia Mandate Fees are less than the NMFM Australia Indexed Base Fee, the following formula is substituted for the formula in clause 3.1 when determining the fee payable in respect of that Fee Period: $F_{NMFMA} = 0.65 \times MF_{NMFMA}$

NMFM Australia Indexed Base Fee

3.3 Subject to clause 3.4, for the first Fee Period, the NMFM Australia Indexed Base Fee is an amount determined in accordance with this formula:

$IBF_{NMFMA} = AF_{NMFMA} / 4$

where:

IBF_{NMFMA} has the same meaning as in clause 3.1.

AF_{NMFMA} is the aggregate of the annualised fees payable on each NMFM Australia Mandate (after deduction of fees, or deemed fees, payable to sub-advisors in connection with those mandates) as at the last day of the quarter ending prior to the Commencement Date.

For the avoidance of doubt, an example calculation showing how the NMFM Australia Indexed Base Fee would be calculated based on the period from 1 July 2000 to 30 September 2000 is set out in Schedule 4.

3.4 For the purposes of clause 3.3, if the fees paid to sub-advisors in connection with NMFM Australia Mandates during the relevant period are more than 49% of the fees paid to NMFM Australia in respect of those mandates, the fees paid to sub-advisors are deemed to be 49% of the fees paid to NMFM Australia in respect of those mandates.

3.5 Subject to clause 3.6, for each Fee Period after the first Fee Period, the NMFM Australia Indexed Base Fee is determined in accordance with this formula:

$$IBF_{NMFMA}^{X} = IBF_{NMFMA}^{X-1} \times (1 + AIM_{NMFMA})$$

where

IBF_{NMFMA}^{X} is the NMFM Australia Indexed Base Fee for the Fee Period;

IBF_{NMFMA}^{X-1} is the NMFM Australia Indexed Base Fee for the immediately preceding Fee Period;

AIM_{NMFMA} is the NMFM Australia Average Index Movement for the Fee Period.

3.6 If the value of the funds under management in NMFM Mandates on any Anniversary Date is less than half of the value of the funds under management in NMFM Mandates as at the Commencement Date, the NMFM Australia Indexed Base Fee on that Anniversary Date is an amount equal to the total fees (after deduction of fees paid to sub-advisors) payable on all NMFM Australia Mandates in respect of the Fee Period ending on that Anniversary Date.

NMFM Australia Index

3.7 The NMFM Australia Index is calculated as at the end of each Fee Period. It is a composite index, made up of the indices applicable to the asset classes of the assets managed in NMFM Australia Mandates and weighted by the value of assets in each of those asset classes:

(a) for Fee Periods ending on or before 31 December 2001, as at 31 December 2000; and

(b) for all subsequent Fee Periods, as at the preceding 31 December.

The applicable indices may be varied from time to time by agreement between the parties. The applicable indices as at the Commencement Date are set out in Schedule 5.

NMFM Australia Average Index Movement

3.8 The NMFM Australia Average Index Movement for a Fee Period is the change in the NMFM Australia Index as at the end of the Fee Period as compared with the NMFM Australia Index as at the end of the immediately preceding Fee Period expressed as a fraction of the NMFM Australia Index as at the end of the immediately preceding Fee Period divided by two.

NMFM Australia Mandate Fees

3.9 The NMFM Australia Mandate Fees are the total fees (after deduction of fees paid to sub-advisors) earned on NMFM Australia Mandates in the Fee Period.

Identification of NMFM Australia Mandates

3.10 NMFM Australia will notify the other parties of the details of all NMFM Australia Mandates as at the end of each Fee Period within 90 days of the end of that Fee Period.

4 Fees payable to NZ Co by NMFM New Zealand under the NMFM New Zealand IMA

Fee payable by NMFM New Zealand

4.1 Subject to clause 4.2, the fee payable in respect of each Fee Period to NZ Co by NMFM New Zealand under the NMFM New Zealand IMA is determined in accordance with this formula:

$$F_{NMFMNZ} = (0.65 \times IBF_{NMFMNZ}) + (MF_{NMFMNZ} - IBF_{NMFMNZ})$$

where

F_{NMFMNZ} is the fee payable under this clause by NMFM New Zealand;

IBF_{NMFMNZ} is the NMFM New Zealand Indexed Base Fee;

MF_{NMFMNZ} is the NMFM New Zealand Mandate Fees.

If the first Fee Period does not commence at the start of a quarter, the fee payable for that first Fee Period is reduced in proportion to the length of the Fee Period relative to length of the quarter. For example if the Fee Period is two thirds of the length of the quarter, the fee payable is two thirds of the amount determined in accordance with the formula.

What if NMFM New Zealand Mandate Fees < NMFM New Zealand Indexed Base Fee?

4.2 If at the end of a Fee Period the NMFM New Zealand Mandate Fees are less than the NMFM New Zealand Indexed Base Fee, the following formula is substituted for the formula in clause 4.1 when determining the fee payable in respect of that Fee Period:

$F_{NMFMNZ} = 0.65 \times MF_{NMFMNZ}$

NMFM New Zealand Indexed Base Fee

4.3 Subject to clause 4.4, for the period from the first Fee Period, the NMFM New Zealand Indexed Base Fee is an amount determined in accordance with this formula:

$IBF_{NMFMNZ} = AF_{ACM} / 4$

where:

IBF_{NMFMNZ} has the same meaning as in clause 4.1.

AF_{NMFMNZ} is the aggregate of the annualised fees payable on each NMFM New Zealand Mandate (after deduction of fees, or deemed fees, payable to sub-advisors in connection with those mandates) as at the last day of the quarter ending prior to the Commencement Date.

For the avoidance of doubt, an example calculation showing how the NMFM New Zealand Indexed Base Fee would be calculated based on the period from 1 July 2000 to 30 September 2000 is set out in Schedule 4.

4.4 For the purposes of clause 4.3, if the fees paid to sub-advisors in connection with NMFM New Zealand Mandates during the relevant period are more than 49% of the fees paid to NMFM New Zealand in respect of those mandates, the fees paid to sub-advisors are deemed to be 49% of the fees paid to NMFM New Zealand in respect of those mandates.

4.5 Subject to clause 4.6, for each Fee Period after the first Fee Period, the NMFM New Zealand Indexed Base Fee is determined in accordance with this formula:

$$IBF_{NMFMNZ}^{X} = IBF_{NMFMNZ}^{X-1} \times (1 + AIM_{NMFMNZ})$$

where

IBF_{NMFMNZ}^{X} is the NMFM New Zealand Indexed Base Fee for the Fee Period;

IBF_{NMFMNZ}^{X-1} is the NMFM New Zealand Indexed Base Fee for the immediately preceding Fee Period;

AIM_{NMFMNZ} is the NMFM New Zealand Average Index Movement for the Fee Period.

4.6 If the value of the funds under management in NMFM New Zealand Mandates on any Anniversary Date is less than half of the value of the funds under management in NMFM New Zealand Mandates as at the Commencement Date, the NMFM New Zealand Indexed Base Fee on that Anniversary Date is an amount equal to the total fees (after deduction of fees paid to sub-advisors) payable on all NMFM New Zealand Mandates in respect of the Fee Period ending on that Anniversary Date.

NMFM New Zealand Index

4.7 The NMFM New Zealand Index is calculated as at the end of each Fee Period. It is a composite index, made up of the indices applicable to the asset classes of the assets managed in NMFM New Zealand Mandates and weighted by the value of assets in

each of those asset classes:

(a) for Fee Periods ending on or before 31 December 2001, as at 31 December 2000; and

(b) for all subsequent Fee Periods, as at the preceding 31 December.

The applicable indices may be varied from time to time by agreement between the parties. The applicable indices as at the Commencement Date are set out in Schedule 5.

NMFM New Zealand Average Index Movement

4.8 The NMFM New Zealand Average Index Movement for a Fee Period is the change in the NMFM New Zealand Index as at the end of the Fee Period as compared with the NMFM New Zealand Index as at the end of the immediately preceding Fee Period, expressed as a fraction of the NMFM New Zealand Index as at the end of the immediately preceding Fee Period divided by two.

NMFM New Zealand Mandate Fees

4.9 The NMFM New Zealand Mandate Fees are the total fees (after deduction of fees paid to sub-advisers) earned on NMFM New Zealand Mandates in the Fee Period.

Identification of NMFM New Zealand Mandates

4.10 NMFM New Zealand will notify the other parties of the details of all NMFM New Zealand Mandates as at the end of each Fee Period within 90 days of the end of that Fee Period.

5 Adjustments for retention of mandates

Adjustment payments

5.1 The parties acknowledge that, while it is their intention that all Existing Mandates be transferred (whether by means of assignment, novation or substitution) to Aus Co or NZ Co, in some cases this may not be achievable due to factors beyond their control. For example, some clients may withhold their consent. The parties therefore agree to make adjustment payments to Aus Co and/or NZ Co in accordance with this clause 5 in respect of each Fee Period during which Existing Mandates remain untransferred.

Amount of adjustment payment

5.2 The adjustment payment payable by each of ACM, NMFM Australia and NMFM New Zealand in respect of each Fee Period is an amount necessary to restore Aus Co and/or NZ Co (as the case may be) to the position they would have been in (after allowing for Australian GST or New Zealand GST if applicable) if all of the funds under management in every Existing Mandate, other than the parts of the funds under management in the NMFM Australia Mandates and NMFM New

Zealand Mandates listed in Schedule 6, that is not transferred had been transferred.

6 Determination of value of funds under management

For the purposes of this deed, wherever it is necessary to determine the value of funds under management, this is done in Australian currency or New Zealand currency (as appropriate) and in accordance with the valuation methods applicable in determining fees under the terms of the relevant mandates.

7 GST adjustments made in calculation of fees

Australian GST Adjustments

7.1 For the purposes of clauses 2.3, 2.8, 3.3 and 3.8, a fee earned by ACM in relation to ACM Mandates and NMFM Australia in relation to NMFM Australia Mandates is calculated:

(a) on an Australian GST-exclusive basis, if under the relevant mandate, the fee was increased on or after 1 July 2000 by an amount on account of Australian GST; or

(b) on an Australian GST-inclusive basis, if the Australian GST in respect of the supply (ie 1/11th of the consideration for the supply) is recovered by way of an expense by ACM or NMFM Australia (whichever is appropriate) under an expense recovery or indemnity mechanism; or

(c) if the fee is in respect of a supply that does not attract Australian GST, the fee will not be affected by sub-paragraphs (a) and (b) of this clause.

New Zealand GST Adjustments

7.2 If necessary, appropriate adjustments will be made with the object of ensuring that the fee arrangements are New Zealand GST neutral.

8 Timing and method of payment of fees and adjustment payments

When fees are paid?

8.1 The fees payable under clauses 2, 3 and 4 and amounts on account of Australian GST or any New Zealand GST in connection with those fees payable under clauses 10 and 11 accrue monthly and are to be paid within 30 days of the end of each Fee Period.

When are adjustment payments paid?

8.2 Adjustment amounts payable under clause 5 accrue and are payable at the same time as fees accrue and are payable under clauses 2, 3 and 4.

Method of payment

8.3 The fees payable under clauses 2, 3 and 4 and the adjustment amounts (if any) payable under clause 5 are payable in cash in such manner as is agreed between the parties.

Currency of payment

8.4 Fees and adjustment payments payable to Aus Co are paid in Australian currency.

8.5 Fees and adjustment payments paid to NZ Co are paid in New Zealand currency.

9 Approximation and verification of payments

Approximation of payments

9.1 The parties recognise that it may be impractical to determine the fees payable under clauses 2, 3 and 4 and the adjustment payments under clause 5 by the time the fees and adjustment payments are payable under clause 8. ACM, NMFM and Aus Co or NZ Co as appropriate may therefore agree on a method for reasonable approximation of the fees and adjustment payments and use that method to determine the fees and adjustment payments. The fees and adjustment payments will then be adjusted when it is practical to determine the correct amount of the fees and adjustment payments in accordance with clauses 2, 3, 4 and 5.

Changing method of approximation

9.2 The method of approximation chosen under clause 9.1 may be changed from time to time (always by agreement of between ACM, NMFM and Aus Co or NZ Co as appropriate) and different methods of approximation may be used for different fees and adjustment payments (again always by agreement).

Verification

9.3 Any one or more of the parties may (not more than once in a year) require that the calculation of fees or adjustment payments under this deed (and the determination of any amount necessary to calculate those fees or adjustment payments) be audited by that party's external or internal auditor.

Payment for verification

9.4 Unless the parties otherwise agree, an audit under clause 9.3 is to be done at the expense of the party or parties requesting it.

Access to documents

9.5 The parties must provide reasonable access to such information as an auditor conducting an audit under clause 9.3 reasonably requires to complete the audit but not so as to unreasonably interfere with or disrupt the business operations of any party.

Supply of information

9.6 ACM, NMFM Australia and NMFM New Zealand agree to prepare and supply Aus Co and NZ Co with information in such format as Aus Co and NZ Co may reasonably require in order for it to compute or verify the fees, any adjustment payments and any applicable Australian GST or New Zealand GST due under this deed.

10 Australian Goods and Services Tax

Australian GST exclusive fees and payments

10.1 The fees payable to Aus Co under clauses 2 and 3 are Australian GST-exclusive.

10.2 If Australian GST has an application to any supply made under the IMAs or this deed, and the consideration payable or to be provided under the IMAs or this deed is not otherwise expressly stated to be inclusive of Australian GST, the party making the

supply (in this clause 10 referred to as "Supplier") may, in addition to the consideration payable or to be provided elsewhere in the IMAs or this deed, subject to issuing a valid tax invoice, recover from the party receiving the supply (in this clause 10 referred to as "Recipient") an additional amount on account of Australian GST, such amount to be calculated by multiplying the amount or consideration payable or to be provided by the Recipient for the supply by the prevailing Australian GST rate.

Australian GST inclusive fees and payments

10.3 In relation to any fee or consideration that is expressed as Australian GST inclusive in the IMAs or this deed, in the event of an increase in the rate of Australian GST, the new Australian GST inclusive fee is determined by converting the existing Australian GST inclusive fee to a Australian GST exclusive figure (based on the Australian GST rate immediately prior to the new prevailing Australian GST rate) and multiplying it by (1+n) where "n" is the new prevailing rate of Australian GST (expressed as a decimal).

Adjustments

10.4 If, it is determined on reasonable grounds that the amount of Australian GST paid or payable on any supply made under the IMAs or this deed differs for any reason from the amount of Australian GST recovered from the Recipient then the amount of Australian GST recovered or recoverable from the Recipient shall be adjusted accordingly.

Calculation method

10.5 All amounts payable by the Recipient to the Supplier by way of reimbursement of an amount paid or payable by the Supplier to any other person, or calculated on the basis of amounts incurred or to be incurred by the Supplier, must be calculated on the basis of such amounts payable by the Supplier, or costs incurred by the Supplier, excluding any applicable amount in respect of Australian GST incurred by the Supplier to the extent to which the Supplier is entitled to an input tax credit in respect of such Australian GST or amount.

11 New Zealand Goods and Services Tax

Fees inclusive of New Zealand GST

11.1 All fees payable to NZ Co under this deed are expressed exclusive of New Zealand GST, if any. If New Zealand GST is payable in respect of any good or service supplied by NZ Co under the IMAs, the person receiving that supply is liable to pay to NZ Co an amount equal to the amount of the New Zealand GST.

Adjustment payments inclusive of New Zealand GST

11.2 All adjustment payments payable to NZ Co under this deed are expressed exclusive of New Zealand GST, if any. If New Zealand GST is payable in respect of any such adjustment payment, the person liable to make the adjustment payments is liable to pay to NZ Co an amount equal to the amount of the New Zealand GST.

New Zealand GST invoice required

11.3 The liability of any person to pay an amount under clause 11.1 or clause 11.2 is subject to that person first receiving a valid New Zealand GST invoice in respect of the amount payable.

12 Sub-advisory fees

12.1 The parties must ensure that, in respect of any Fee Period, the fees payable to sub-advisers in relation to all mandates will not exceed 49% of the gross fees payable by clients on those mandates until the ACM Indexed Base Fee, NMFM Australia Indexed Base Fee, NMFM New Zealand Indexed Base Fee as the case may be has been equalled. Fees payable on all sub-advisory mandates can be up to 70% of gross fees payable by clients on those mandates once the ACM Indexed Base Fee, NMFM Australia Indexed Base Fee, NMFM New Zealand Indexed Base Fee (as the case may be) has been exceeded . Reference is to be made to schedule 7 for examples of the calculations to be made for the purpose of clause 12.1.

12.2 In the event that Aus Co or NZ Co is responsible for paying the sub-advisory fees, then those fees as calculated in accordance with clause 12.1 shall be paid in full by ACM, NMFM Australia or NMFM NZ (as the case may be) to Aus Co or NZ Co as relevant. These fees will be in addition to amounts paid to Aus Co or NZ Co (as the case may be) in accordance with clauses 2, 3 or 4.

13 Governing law, jurisdiction and service of process

13.1 This deed is governed by the law in force in the State of Victoria.

13.2 Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of that State and courts of appeal from them.

13.3 Without preventing any other mode of service, any document in an action (including, without limitation, any writ of summons or other originating process or any third or other party notice) may be served on any party by being delivered to or left for that party at its registered office.

14 Counterparts

This agreement may consist of a number of copies, each signed by one or more parties to the agreement. If so, the signed copies are treated as making up the one document and the date on which the last counterpart is executed will be the date of the agreement.

EXECUTED as a deed

Schedule 1

[ACM Mandates as at 30 September 2000 - clause 1.1]

Schedule 2

[NMFM Australia Mandates as at 30 September 2000 - clause 1.1]

Schedule 3

[NMFM New Zealand Mandates as at 30 September 2000 - clause 1.1]

Schedule 4

[Examples of Indexed Base Fee calculations - clauses 2.3, 3.3 and 4.3]

Schedule 5

[Lists of applicable indices - clauses 2.7, 3.7 and 4.7]

Sector	Australian Index
Australian Shares	S&P/ASX 200 Accumulation Index in A$
International Shares	MSCI World ex Australia Accumulation Index in A$
Australian Fixed Interest	UBS Warburg Australian Composite Bond Index in A$
International Fixed Interest	Salomon Brothers World Government Bond Index Hedged in A$
Australian Cash	UBS Warburg Australian Bank Bill Index in A$
Listed Property	S&P/ASX 200 Property Accumulation in A$

Sector	NZ Index
NZ Shares	NZSE 40 Accumulation Index in NZ$
International Shares	MSCI World Accumulation Index in NZ$
NZ Fixed Interest	CSFB NZ Government Stock Index in NZ$
International Fixed Interest	Salomon Brothers World Government Bond Index Hedged in NZ$
NZ Cash	CSFB 90-day Bank Bill Index in NZ$

Schedule 6

[Lists NMFM Australia Mandates and NMFM New Zealand Mandates, or parts of those mandates, that do **not** trigger compensating payments under clause 5.2]

Schedule 7

[Examples of circumstances in which fee cap can be exceed - clause 12]

Execution page

Signed for and on behalf of
Alliance Capital Management Australia Limited
by its duly authorised officer in the presence of::

Mark Kenneth McFarlane	Margaret Joy Adams
Witness	Director
Mark Kenneth McFarlane	Margaret Joy Adams
Name (please print)	Name (please print)

Signed for and on behalf of
National Mutual Funds Management Limited
by its duly authorised officer in the presence of:

Sally Cormack	Arthur Leslie Owen
Witness	Group Chief Executive
Sally Cormack	Arthur Leslie Owen
Name (please print)	Name (please print)

Signed for and on behalf of
National Mutual Funds Management NZ Limited
by its duly authorised officer in the presence of:

Sally Cormack	Arthur Leslie Owen
Witness	Group Chief Executive
Sally Cormack	Arthur Leslie Owen
Name (please print)	Name (please print)

Executed by
ACN 095 022 718 Limited
in accordance with section 127(1) of the Corporations Law:

John Nairn
Director

Michael Bargholz
Director

John Nairn
Name (please print)

Michael Bargholz
Name (please print)

John Hutchinson
Witness to both signatures

John Hutchinson
Name

Executed by
Cidwell Developments Limited

John Nairn
Director

Michael Bargholz
Director

John Nairn
Name (please print)

Michael Bargholz
Name (please print)

John Hutchinson
Witness to both signatures

John Hutchinson
Name

Schedule 4 - Sub-Distributor Agreement

Alliance Fund Distributors

Australian Broker Agreement

Dear Sirs:

We are the distributor of shares (the "shares") of the investment companies listed on Exhibit A to this Agreement (each a "Fund" and collectively the "Funds"). We may amend Exhibit A from time to time upon notice to you to add or subtract Funds and this Agreement shall automatically apply to any Fund added to Exhibit A. We authorize you to offer and sell, as a non-exclusive intermediary, shares of any and all of the Funds in Australia upon the following terms and conditions:

1. You are to offer and sell shares of a Fund only at the offering price in accordance with the terms of the then current prospectus ("Prospectus") of the Fund. You understand that all purchase orders for shares submitted by you or your clients are subject to acceptance by the Fund and become effective only upon confirmation by the Fund.

2. (a) On each purchase of shares of a Fund subject to a front-end sales charge ("Front-End Shares"), the total sales charges charged to your clients shall not exceed the amount stated in the Prospectus. You understand that you may be entitled to receive from such sales charge only that portion reallowed to you as agreed upon between you and us.
(b) On each purchase of shares of a Fund by your clients subject to a contingent deferred sales charge ("CDSC Shares"), you understand that you will be entitled to receive as a commission that percentage of the offering price as will be agreed upon between you and us.
(c) During the term of this Agreement we may make other payments to you, in such amounts as we may from time to time agree, in consideration of your furnishing distribution or other services with respect to the shares of each Fund.
(d) We have no obligation to make any payment to you and you waive the right to receive any such payment until we receive monies therefor from the Fund. You agree that we may set off against any commission or fees owed to you any amounts you may owe us or our affiliates.

3. You shall not impose any sales charge or commission in connection with the reinvestment of dividends or distributions on the shares.

4. You are hereby authorized (i) to place orders to purchase shares directly with the Funds (acting through their local agent) subject to the applicable terms and conditions governing the placement of orders set forth in each Fund's Distribution Agreement and Prospectus, (ii) to place orders to redeem shares directly to the Funds (acting through their local agent) subject to the applicable terms and conditions set forth in the applicable Fund's Distribution Agreement and Prospectus.

5. Redemptions of shares by a Fund will be made at the net asset value of such shares, less the applicable contingent deferred sales charge or redemption fee, if any, in accordance with the Prospectus.

6. In offering and selling shares:

(a) you may offer and sell shares of a Fund only to Australian residents and such offers and sales may be made through any of your offices located in Australia provided, however, that you (including any of your representatives) may not under any circumstances offer shares in a Fund to any person while that person is not physically present in Australia. For this purpose, "offer" shall include, but not be limited to, any communication designed to advise as to the availability for investment of a Fund, advising on the desirability of investing in a Fund, otherwise discussing with a potential investor investment in a Fund or providing any Prospectus or sales literature regarding a Fund;

(b) you shall not accept any order (whether initial or subsequent) for the purchase of shares of a Fund from an investor while the investor is not in Australia;

(c) subject to this paragraph 6(c), you will obtain from each customer who invests in a Fund, prior to the time such customer makes the initial investment in the Fund, an executed application in the form provided by the Fund. If, pursuant to agreement between you and us, you do not supply the executed application to the Fund, you agree to maintain in your files an originally executed copy of the application or other documentation containing representations and warranties substantially similar to those contained in the relevant Fund's application and to make such application or other documentation available for inspection by us or the relevant Fund during normal business hours upon reasonable advance request;

(d) you further agree to send to any dealer or other intermediary to whom you may sell shares a notice stating in substance that, by purchasing such shares, such dealer or other intermediary represents and agrees that it is not purchasing any of the shares for the account of any non-Australian Person, that it will not offer to resell such shares directly or indirectly outside of Australia or to any non-Australian Person and that it will send to any other dealer or other intermediary to whom it sells any of the shares a notice containing substantially the same statement as contained in this sentence;

(e) you agree to implement and maintain appropriate procedures designed to assure that offers and sales of the shares by you (and your representatives) are made in compliance with the preceding four paragraphs. Upon our written request, you agree to provide us with written certification, executed by one of your compliance officers, to the effect that offers and sales of the shares have been made in compliance with the preceding four paragraphs; and

(f) for purposes of the foregoing, "Australian Person" means any citizen or resident of Australia (including any corporation, partnership or other entity created or organized under the laws of Australia or of any political subdivision thereof).

7. You agree:

(a) to place orders to shares only for the purpose of covering purchase orders already received or for your own bona fide investment;

(b) that you will not purchase any shares from your customers at prices lower than the redemption or repurchase prices then quoted by the relevant Fund;

(c) that you will not withhold placing clients' orders for shares so as to profit yourself as a result of such withholding; and

(d) that if any shares purchased by you or your clients are redeemed or repurchased by you or them within seven business days after the original order, you shall forthwith refund to us the full commission allowed, or fee paid, to you on such sales. Termination or cancellation of this Agreement shall not relieve you from the requirements of this subparagraph.

8. We shall not accept from you any conditional orders for shares. Delivery of shares purchased shall be made by the Funds only against receipt of the offering price for such shares, subject to deduction for the commission reallowed to you and our portion, if any, of the sales charge with respect to Front-End Shares purchased. If payment for shares purchased is not received within the time customary for such payments, the sale may be cancelled forthwith without any responsibility or liability on our part or on the part of the Funds (in which case you will be responsible for any loss including loss of profit suffered by the Funds resulting from your failure to make payments as aforesaid).

9. You understand that, except as we shall have specifically advised you in writing, no action has been or will be taken in any jurisdiction by us or the Funds that will permit a public offering of shares or possession or distribution of any prospectus, in preliminary or final form, by you in any jurisdiction outside Australia. You agree that you will comply with all applicable law and regulations and make or obtain all necessary filings, consents or approvals required of you in connection with the purchase, offer, sell or deliver shares (including, without limitation, any applicable requirements relating to the delivery of a Prospectus) in each case at your own expense.

10. (a) You shall take appropriate steps to establish and document the identity of a customer when the customer first applies to invest in the shares of a Fund. For all customers, you will obtain information regarding the business or occupation of the customer so as to ensure that the funds used to purchase shares of a Fund by a customer are not the proceeds of any illegal activity. You shall retain for at least five years (or longer if required by Australia law) after the customer's account with you has been closed and make available to appropriate authorities the records described above and any other records used in establishing the identity of such customers.

(b) You shall promptly forward to your customers any information provided by the Funds or us for such customers. You shall promptly forward to us any relevant information provided by your customers for the Funds or us.

11. You represent and warrant that you have all necessary authorizations, licenses, registrations and consents to enter into this Agreement and to offer and sell the shares as contemplated by this Agreement. You will on request provide us with evidence of any such authorization, registration or consent. You will immediately notify us if any such authorization, registration or consent is altered, suspended or revoked. You further represent that you are not required to be registered as a broker dealer under the U.S. Securities Exchange Act of 1934. In performing your obligations under this Agreement you will not imply nor represent that you are acting in the name of us or the Funds.

12. No person is authorized to make any representations concerning shares of a Fund except those contained in the Prospectus, and printed information issued by the Fund or by us as information supplemental to each Prospectus. We shall supply Prospectuses, reasonable quantities of reports to shareholders, supplemental sales literature, sales bulletins, and additional information as issued. You agree to distribute Prospectuses and reports to shareholders of the Funds to your clients, except to the extent that we expressly undertake to do so on your behalf. You agree not to use other advertising or sales material relating to the Funds, unless approved in writing by us in advance of such use. Any printed information furnished by us other than the Prospectus for each Fund, periodic reports and proxy solicitation materials are our sole responsibility and not the responsibility of the Funds, and you agree that the Funds shall have no liability or responsibility to you in these respects unless expressly assumed in connection therewith.

13. You agree to indemnify and hold harmless the Funds and us from and against any and all losses, claims, damages and liabilities (including fees and disbursements of counsel) arising from any breach by you of any of the provisions of this Agreement. Such agreement to indemnify shall survive the termination of this Agreement.

14. We, our affiliates and the Funds shall not be liable for any loss, expense, damages, costs or other claim arising out of any redemption or exchange pursuant to telephone instructions from any persons or our refusal to execute such instructions for any reason.

15. Either party to this Agreement may terminate this Agreement by giving written notice to the other. Such notice shall be deemed to have been given on the date on which it was either delivered personally to the other party or any officer or member thereof, or was sent via courier or by regular mail (post pre-paid) to the other party at his or its address as shown below. We may amend this Agreement at any time and your placing of an order after the effective date of any such amendment shall constitute your acceptance thereof.

16. We may assign our rights and duties under this Agreement to one of our affiliates if we give you one month's written notice of such assignment. You may not assign your rights or duties under this Agreement without our prior written consent.

This Agreement shall be construed in accordance with the laws of the State of New York and shall be binding upon both parties hereto when signed by us and accepted by you in the space provided below.

Agreed and Accepted

ALLIANCE FUND DISTRIBUTORS, INC.

Firm: _____

By: _____

By: _____

(Authorized Signature)

Date: _____

Date: _____

Exhibit 12.1 & #160;

Alliance Capital Management L.P.
Consolidated Ratio Of Earnings To Fixed Charges
(In Thousands)

	Years Ended		
	Dec. 31, 2001	Dec. 31, 2000	Dec. 31, 1999
Fixed Charges:			
Interest Expense	$ 34,915	$ 44,244	$ 22,585
Estimate of Interest Component In Rent Expense (1)	0	0	0
Total Fixed Charges	34,915	44,244	22,585
Earnings:			
Income Before Income Taxes	652,175	709,345	528,820
Other	2,133	3,525	7,448
Fixed Charges	34,915	44,244	22,585
Total Earnings	$ 689,223	$ 757,114	$ 558,853
Consolidated Ratio Of Earnings To Fixed Charges	19.74	17.11	24.74

(1) Alliance Capital Management L.P. has not entered into financing leases during these periods.

Selected Consolidated Financial Data

	Operating Partnership (1)			Alliance Capital Management Holding L.P.	
	Years Ended December 31,				
	2001	2000	1999	1998	1997
	(in thousands, unless otherwise indicated)				
Income Statement Data:					
Revenues:					
Investment advisory and services fees	**$ 2,023,766**	$ 1,689,817	$ 1,331,758	$ 952,992	$ 698,979
Distribution revenues	**544,605**	621,622	441,772	301,846	216,851
Institutional research services	**265,815**	56,289	—	—	—
Shareholder servicing fees	**96,324**	85,645	62,332	43,475	36,327
Other revenues, net	**62,388**	68,726	33,443	25,743	23,179
	2,992,898	2,522,099	1,869,305	1,324,056	975,336
Expenses:					
Employee compensation and benefits	**927,808**	651,884	508,566	340,923	264,251
Promotion and servicing:					
Distribution plan payments	**488,024**	476,039	346,642	266,400	181,080
Amortization of deferred sales commissions	**230,793**	219,664	163,942	108,853	73,841
Other	**174,587**	148,740	110,144	85,087	57,245
General and administrative	**311,958**	226,710	184,754	162,323	120,283
Interest	**34,915**	44,244	22,585	7,586	2,968
Amortization of intangible assets	**172,638**	46,252	3,852	4,172	7,006
Non-recurring items, net	**—**	(779)	—	—	120,900
	2,340,723	1,812,754	1,340,485	975,344	827,574
Income before income taxes	**652,175**	709,345	528,820	348,712	147,762
Income taxes	**37,550**	40,596	67,171	55,796	18,806
Net income	**$ 614,625**	$ 668,749	$ 461,649	$ 292,916	$ 128,956
Net income excluding performance fee earnings	**$ 567,802**	$ 632,046	$ 398,416	$ 270,366	$ 109,572
Net operating earnings(2)	**$ 787,263**	$ 714,222	$ 465,501	$ 297,088	$ 256,862
Net Income per Unit:(3)					
Basic net income per Unit	**$ 2.45**	$ 3.31	$ 2.67	$ 1.71	$ 0.76
Diluted net income per Unit	**$ 2.40**	$ 3.20	$ 2.59	$ 1.66	$ 0.74
Net Operating Earnings per Unit:(3)					
Diluted net income per Unit	**$ 2.40**	$ 3.20	$ 2.59	$ 1.66	$ 0.74
Amortization of intangible assets per Unit	**0.67**	0.22	0.02	0.02	0.04
Non-recurring items per Unit	**—**	—	—	—	0.70
Net operating earnings per Unit	**$ 3.07**	$ 3.42	$ 2.61	$ 1.68	$ 1.48
Performance Fee Earnings per Unit:(3)					
Base fee earnings per Unit	**$ 2.89**	$ 3.24	$ 2.24	$ 1.55	$ 1.37
Performance fee earnings per Unit	**0.18**	0.18	0.37	0.13	0.11
Net operating earnings per Unit	**$ 3.07**	$ 3.42	$ 2.61	$ 1.68	$ 1.48
Cash Distributions per Unit(3)(4)	**$ 3.03**	$ 3.40	$ 2.55	$ 1.62	$ 1.40
Pre-Tax Operating Margin(5)(6)	**33.7%**	38.8%	37.3%	34.5%	36.3%
Balance Sheet Data at Period End:					
Total assets	**$ 8,175,393**	$ 8,270,762	$ 1,661,061	$ 1,132,592	$ 784,460
Debt and long-term obligations(7)	**$ 805,483**	$ 933,475	$ 491,004	$ 238,089	$ 130,429
Partners' capital	**$ 3,988,160**	$ 4,133,677	$ 552,667	$ 430,273	$ 398,051
Assets Under Management at Period End (in millions)(8)	**$ 455,402**	$ 453,679	$ 368,321	$ 286,659	$ 218,654

(1) As discussed in Notes 1 and 3 to the consolidated financial statements, the financial information above reflects the operations of Alliance Capital Management Holding L.P. prior to the Reorganization effective October 29, 1999 and Alliance Capital Management L.P. (the "Operating Partnership") thereafter.

(2) Net operating earnings: Net income excluding amortization of intangible assets and non-recurring items.

(3) Per Unit amounts for all periods prior to the two-for-one Unit split in 1998 have been restated.

(4) 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.

(5) Income before income taxes (excluding amortization of intangible assets and non-recurring items) as a percentage of revenues (excluding distribution revenues).

(6) Pre-tax operating margin revenues exclude interest income derived from AXA Financial's purchase of 32,619,775 newly issued units on June 21, 2000 in connection with the Bernstein Acquisition discussed in Note 1 to the consolidated financial statements.

(7) Includes accrued expenses under employee benefit plans due after one year and debt.

(8) Assets under management exclude certain non-discretionary relationships and include 100% of assets managed by unconsolidated affiliates.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Reorganization and Bernstein Acquisition

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"). 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. 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. AXA Financial is an indirect wholly-owned subsidiary of AXA, a French company, which is a holding company for an international group of insurance and related financial services companies. 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.

On October 2, 2000, the Operating Partnership acquired the business and assets of SCB Inc., an investment research and management company formerly known as Sanford C. Bernstein Inc. ("Bernstein"), and assumed the liabilities of Bernstein ("Bernstein Acquisition"). The purchase price consisted of a cash payment of $1.4754 billion and 40.8 million newly issued Alliance Capital Units. AXA Financial purchased approximately 32.6 million newly issued Alliance Capital Units for $1.6 billion on June 21, 2000 to fund the cash portion of the purchase price.

At December 31, 2001, Alliance Holding owned approximately 74.9 million, or 30.1%, 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 December 31, 2001, AXA Financial was the beneficial owner of approximately 2.1% of the outstanding Alliance Holding Units and approximately 51.7% of the outstanding Alliance Capital Units which, including the general partnership interests in the Operating Partnership and Alliance Holding, represents an economic interest of approximately 52.8% in the Operating Partnership. At December 31, 2001, SCB Partners Inc., a wholly-owned subsidiary of SCB Inc., was the beneficial owner of approximately 16.4% of the outstanding Alliance Capital Units.

The Operating Partnership

The Operating Partnership provides diversified investment management and related services globally to a broad range of clients including (a) institutional investors, consisting of unaffiliated entities such as corporate and public employee pension funds, endowment funds, domestic and foreign institutions and governments and affiliates such as AXA and its insurance company subsidiaries, by means of separate accounts, sub-advisory relationships resulting from the efforts of the institutional marketing department, structured products, group trusts and mutual funds sold exclusively to institutional investors and high net worth individuals, (b) private clients, consisting of high net worth individuals, trusts and estates, charitable foundations, partnerships, private and family corporations and other entities, by means of separate accounts, hedge funds and certain other vehicles, (c) individual investors by means of publicly distributed mutual funds sponsored by the Operating Partnership, its subsidiaries and affiliated joint venture companies including cash management products such as money market funds and deposit accounts and sub-advisory relationships in respect of mutual funds sponsored by third parties resulting from the efforts of the mutual fund marketing department ("Alliance Mutual Funds") and managed account products, and (d) institutional investors by means of in-depth research, portfolio strategy, trading and brokerage-related services. The Operating Partnership and its subsidiaries provide investment management, distribution and shareholder and administrative services to the Alliance Mutual Funds.

All services provided by Alliance Holding prior to the Reorganization are now provided by the Operating Partnership.

The Operating Partnership's revenues are largely dependent on the total value and composition of assets under management. Assets under management were $455.4 billion as of December 31, 2001, an increase of 0.4% from December 31, 2000 primarily as a result of net asset inflows and a new Australia JV relationship, offset by market depreciation. Active equity and balanced account assets under management, which comprise approximately 60.6% of total assets under management, decreased by 4.2%. Active fixed income account assets under management which comprise 32.3% of total assets under management, increased by 13.3%. Assets under management grew 23.2% from December 31, 1999 to $453.7 billion as of December 31, 2000 primarily as a result of the Bernstein Acquisition, which added $85.8 billion on October 2, 2000, and net sales of Alliance Mutual Funds, offset by market depreciation.

In 2001, sales of Alliance Mutual Fund shares decreased to $44.7 billion compared to sales of $57.7 billion in 2000. The decrease, principally equity funds sold to both U.S. and non-U.S. investors, was partially offset by a decrease in mutual fund redemptions, and resulted in net Alliance Mutual Fund sales of $11.4 billion, a decrease of 51.1% from $23.3 billion in 2000.

Assets Under Management(1)

	12/31/01	12/31/00	% Change	12/31/00	12/31/99	% Change
			(Dollars in billions)			
Retail	**$ 156.6**	$ 164.3	(4.7)%	$ 164.3	$ 155.5	5.7%
Institutional investment management	**258.6**	252.6	2.4	252.6	207.3	21.9
Private client	**40.2**	36.8	9.2	36.8	5.5	569.1
Total	**$ 455.4**	$ 453.7	0.4%	$ 453.7	$ 368.3	23.2%

Assets Under Management by Investment Orientation(1)

	12/31/01	12/31/00	% Change	12/31/00	12/31/99	% Change
			(Dollars in billions)			
Active equity & balanced — Growth						
U.S.	**$ 135.2**	$ 166.9	(19.0)%	$ 166.9	$ 180.2	(7.4)%
Global & international	**39.5**	30.5	29.5	30.5	27.9	9.3
Active equity & balanced — Value						
U.S.	**80.2**	72.6	10.5	72.6	11.2	548.2
Global & international	**21.2**	18.3	15.8	18.3	0.2	9,050.0
Total active equity & balanced	**276.1**	288.3	(4.2)	288.3	219.5	31.3
Active fixed income						
U.S.	**116.3**	109.1	6.6	109.1	97.6	11.8
Global & international	**31.0**	20.9	48.3	20.9	15.7	33.1
Passive						
U.S.	**25.8**	30.0	(14.0)	30.0	29.1	3.1

Global & international	**6.2**	5.4	14.8	5.4	6.4	(15.6)
Total	**$ 455.4**	$ 453.7	(0.4)%	$ 453.7	$ 368.3	23.2%

Average Assets Under Management(1) (2)

	Twelve Months Ended			Twelve Months Ended		
	12/31/01	12/31/00	% Change	12/31/00	12/31/99	% Change
	(Dollars in billions)					
Retail	**$ 160.7**	$ 168.3	(4.5)%	$ 168.3	$ 126.0	33.6%
Institutional investment management	**253.6**	220.1	15.2	220.1	183.8	19.7
Private client	**38.3**	11.5	233.0	11.5	4.8	139.6
Total	**$ 452.6**	$ 399.9	13.2%	$ 399.9	$ 314.6	27.1%

Annualized Fee Base(3)

	12/31/01	12/31/00	% Change	12/31/00	12/31/99	% Change
	(Dollars in millions)					
Retail	**$ 909.0**	$ 1,002.1	(9.3)%	$ 1,002.1	$ 972.3	3.1%
Institutional investment management	**646.7**	643.6	0.5	643.6	450.6	42.8
Private client	**320.9**	297.6	7.8	297.6	15.3	1,845.1
Total	**$ 1,876.6**	$ 1,943.3	(3.4)%	$ 1,943.3	$ 1,438.2	35.1%

Analysis of Assets Under Management(1)

	2001				2000			
	Retail	Institutional Investment Mgmt	Private Client	Total	Retail	Institutional Investment Mgmt	Private Client	Total
	(Dollars in billions)							
Balance at January 1,	**$ 164.3**	**$ 252.6**	**$ 36.8**	**$ 453.7**	$ 155.5	$ 207.3	$ 5.5	$ 368.3
Sales/new accounts	**43.0**	**33.1**	**5.1**	**81.2**	57.3	17.5	1.5	76.3
Redemptions/terminations	**(35.8)**	**(12.5)**	**(2.8)**	**(51.1)**	(33.4)	(11.0)	(1.9)	(46.3)
Net cash management sales	**1.7**	**2.0**	**0.2**	**3.9**	2.9	2.8	—	5.7
Cash flow/unreinvested dividends	**(0.8)**	**1.7**	**—**	**0.9**	(1.4)	(6.0)	(0.5)	(7.9)
Net asset inflows (outflows)	**8.1**	**24.3**	**2.5**	**34.9**	25.4	3.3	(0.9)	27.8
Bernstein Acquisition	**—**	**—**	**—**	**—**	—	55.0	30.8	85.8
Australia JV company	**5.4**	**3.2**	**—**	**8.6**	—	—	—	—
Other	**(0.2)**	**(1.0)**	**—**	**(1.2)**	—	—	—	—
Market appreciation (depreciation)	**(21.0)**	**(20.5)**	**0.9**	**(40.6)**	(16.6)	(13.0)	1.4	(28.2)
Net change	**(7.7)**	**6.0**	**3.4**	**1.7**	8.8	45.3	31.3	85.4
Balance at December 31,	**$ 156.6**	**$ 258.6**	**$ 40.2**	**$ 455.4**	$ 164.3	$ 252.6	$ 36.8	$ 453.7

(1) Excludes certain non-discretionary relationships. Includes 100% of assets under management by unconsolidated affiliates as follows: $2.6 billion retail assets and $0.9 billion institutional investment management assets at December 31, 2001 and $2.7 billion retail assets and $1.1 billion institutional investment management assets at December 31, 2000. The 2000 presentation has been reclassified to conform to the 2001 presentation.

(2) Average monthly assets under management.

(3) Annualized Fee Base is defined as period end AUM times contractual annualized fee rates; assumes no change in AUM or fee rates for one year.

Assets under management at December 31, 2001 were $455.4 billion, an increase of $1.7 billion or 0.4% from December 31, 2000. Retail assets under management at December 31, 2001 were $156.6 billion, a decrease of $7.7 billion or 4.7% from December 31, 2000. This decrease was due principally to market depreciation of $21.0 billion, offset by net asset inflows of $8.1 billion and a new Australia JV company which added $5.4 billion. Institutional investment management assets under management at December 31, 2001 were $258.6 billion, an increase of $6.0 billion or 2.4% from December 31, 2000. This increase was due to net asset inflows of $24.3 billion and a new Australia JV company which added $3.2 billion, offset by market depreciation of $20.5 billion. Private client assets under management at December 31, 2001 were $40.2 billion, an increase of $3.4 billion or 9.2% from December 31, 2000. This increase was due principally to net asset inflows of $2.5 billion and market appreciation of $0.9 billion.

Assets under management at December 31, 2000 were $453.7 billion, an increase of $85.4 billion or 23.2% from December 31, 1999. Retail assets under management at December 31, 2000 were $164.3 billion, an increase of $8.8 billion or 5.7% from December 31, 1999. This increase was due principally to net asset inflows of $25.4 billion, offset by market depreciation of $16.6 billion. Institutional investment management assets under management at December 31, 2000 were $252.6 billion, an increase of $45.3 billion or 21.9% from December 31, 1999. This increase was due principally to the Bernstein Acquisition which added $55.0 billion and net asset inflows of $3.3 billion, offset by market depreciation of $13.0 billion. Private client assets under management at December 31, 2000 were $36.8 billion, an increase of $31.3 billion from December 31, 1999. This increase was due principally to the Bernstein Acquisition which added $30.8 billion and market appreciation of $1.4 billion, offset by net asset outflows of $0.9 billion.

Basis of Presentation — Financial Results

The following is a discussion of the results of operations for 2001 for the Operating Partnership compared to 2000 and of 2000 compared to the combined 1999 results of the Operating Partnership and, prior to the Reorganization, Alliance Holding. The combined 1999 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. All information prior to the Reorganization is that of Alliance Holding.

Consolidated Results of Operations

	2001	2000	% Change	2000	1999	% Change
			(Dollars in millions)			
Revenues	**$ 2,992.9**	$ 2,522.1	18.7%	$ 2,522.1	$ 1,869.3	34.9%
Expenses	**2,340.7**	1,812.8	29.1	1,812.8	1,340.5	35.2
Income before income taxes	**652.2**	709.3	(8.1)	709.3	528.8	34.1
Income taxes	**37.6**	40.6	(7.4)	40.6	67.2	(39.6)
Net income	**$ 614.6**	$ 668.7	(8.1)	$ 668.7	$ 461.6	44.9
Net income	**$ 614.6**	$ 668.7	(8.1)	$ 668.7	$ 461.6	44.9
Amortization of intangible assets	**172.7**	46.3	273.0	46.3	3.9	1,087.2
Non-recurring items, net	**—**	(0.8)	(100.0)	(0.8)	—	n/a
Net operating earnings(1)	**$ 787.3**	$ 714.2	10.2	$ 714.2	$ 465.5	53.4
Base fee earnings	**$ 741.0**	$ 677.5	9.4	$ 677.5	$ 402.3	68.4
Performance fee earnings	**46.3**	36.7	26.2	36.7	63.2	(41.9)
Net operating earnings(1)	**$ 787.3**	$ 714.2	10.2	$ 714.2	$ 465.5	53.4
Diluted net income per Unit	**$ 2.40**	$ 3.20	(25.0)	$ 3.20	$ 2.59	23.6
Amortization of intangible assets per Unit	**0.67**	0.22	204.5	0.22	0.02	1,000.0
Non-recurring items, net per Unit	**—**	—	n/a	—	—	n/a
Net operating earnings per Unit	**$ 3.07**	$ 3.42	(10.2)	$ 3.42	$ 2.61	31.0
Base fee earnings per Unit	**$ 2.89**	$ 3.24	(10.8)	$ 3.24	$ 2.24	44.6
Performance fee earnings per Unit	**0.18**	0.18	—	0.18	0.37	(51.4)
Net operating earnings per Unit	**$ 3.07**	$ 3.42	(10.2)	$ 3.42	$ 2.61	31.0
Distributions per Unit	**$ 3.03**	$ 3.40	(10.9%)	$ 3.40	$ 2.55	33.3%
Pre-tax operating margin(2) (3)	**33.7**%	38.8%		38.8%	37.3%	

(1) Net operating earnings: Net income excluding amortization of intangible assets and non-recurring items.

(2) Income before income taxes (excluding amortization of intangible assets and non-recurring items) as a percentage of revenues (excluding distribution revenues).

(3) Revenues exclude interest income derived from AXA Financial's purchase of 32,619,775 newly issued units on June 21, 2000.

Net income for 2001 decreased $54.1 million or 8.1% to $614.6 million from net income of $668.7 million for 2000. Diluted net income per Unit for 2001 decreased $0.80 or 25.0% to $2.40 from diluted net income per Unit of $3.20 for 2000. The decrease was due to higher operating expenses, principally employee compensation and benefits and general and administrative expenses, and amortization of intangible assets from the Bernstein Acquisition, offset partially by an increase in investment advisory and services fees, resulting from higher average assets under management in 2001 and institutional research services due principally to the Bernstein Acquisition.

Net income for 2000 increased $207.1 million or 44.9% to $668.7 million from net income of $461.6 million for 1999. Diluted net income per Unit for 2000 increased $0.61 or 23.6% to $3.20 from diluted net income per Unit of $2.59 for 1999. The increase was principally due to an increase in investment advisory and services fees, resulting from higher average assets under management due principally to the Bernstein Acquisition, which was offset partially by higher operating expenses, principally employee compensation and benefits, promotion and servicing, and general and administrative expenses.

Revenues(1)

	2001	2000	% Change	2000	1999	% Change
			(Dollars in millions)			
Investment advisory and services fees:						
Retail	**$ 918.8**	$ 1,007.5	(8.8)%	$ 1,007.5	$ 810.3	24.3%
Institutional investment management	**697.5**	529.1	31.8	529.1	415.9	27.2
Private client	**407.5**	153.3	165.8	153.3	105.5	45.3
Subtotal	**2,023.8**	1,689.9	19.8	1,689.9	1,331.7	26.9
Distribution revenues	**544.6**	621.6	(12.4)	621.6	441.8	40.7
Institutional research services	**265.8**	56.3	372.1	56.3	—	n/a
Shareholder servicing fees	**96.3**	85.6	12.5	85.6	62.3	37.4
Other revenues, net	**62.4**	68.7	(9.2)	68.7	33.5	105.1
Total	**$ 2,992.9**	$ 2,522.1	18.7%	$ 2,522.1	$ 1,869.3	34.9%

(1) Reflect revenues of the business of Bernstein from the date of the October 2, 2000 acquisition, revenues of Alliance Holding prior to the Reorganization and revenues of the Operating Partnership thereafter. Revenues of the acquired Bernstein business were included for all of 2001 and one quarter of 2000.

Investment Advisory and Services Fees

Investment advisory and services fees, the largest component of the Operating Partnership's revenues, 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 include brokerage transaction charges of Sanford C. Bernstein & Co., LLC ("SCB LLC"), a wholly-owned subsidiary of the Operating Partnership, for substantially all private client transactions and certain institutional investment management client transactions. The Operating Partnership's investment advisory and services fees increased 19.8% and 26.9% in 2001 and 2000, respectively.

Certain investment advisory contracts provide for a performance fee, in addition to or in lieu of a base fee, that is calculated as either a percentage of absolute investment results or a percentage of investment results in excess of a stated benchmark 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 aggregated $79.4 million, $72.5 million, and $162.2 million in 2001, 2000 and 1999, respectively. Higher performance fees in 2001 were primarily the result of certain hedge funds investing in value stocks. Lower performance fees in 2000 were primarily the result of a decline in absolute returns in certain hedge funds investing in growth and technology stocks.

Retail investment advisory and services fees decreased by $88.7 million or 8.8% for 2001, primarily as a result of a 4.5% decrease in average assets under management, offset by a $2.3 million increase in performance fees. Retail investment advisory and services fees increased by $197.2 million or 24.3% for 2000, primarily as a result of a 33.6% increase in average assets under management, offset by a $63.7 million decrease in performance fees.

Institutional investment management investment advisory and services fees increased by $168.4 million or 31.8% for 2001, due to a 15.2% increase in average assets under management, as assets under management of the acquired Bernstein business were included for all of 2001 and one quarter of 2000, and an increase in performance fees of $12.5 million. Institutional investment management investment advisory and services fees increased by $113.2 million or 27.2% for 2000, due primarily to a 19.7% increase in average assets under management and an increase in performance fees of $9.6 million.

Private client investment advisory and services fees increased by $254.2 million or 165.8% for 2001, primarily as a result of a 233.0% increase in average assets under management, with assets under management of the acquired Bernstein business included for all of 2001 and one quarter of 2000, offset by a $8.0 million decrease in performance fees. Private client investment advisory and services fees increased by $47.8 million or 45.3% for 2000, primarily as a result of a 139.6% increase in average assets under management, primarily from the Bernstein Acquisition, offset by a $35.7 million decrease in performance fees.

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 decreased 12.4% in 2001 principally due to lower average daily mutual fund assets under management attributable to market depreciation and lower net sales of Back-End Load Shares. Distribution revenues increased 40.7% in 2000 principally due to higher average mutual fund assets under management attributable to net sales of Back-End Load Shares under the Operating Partnership's mutual fund distribution system (the "System"), described under "Capital Resources and Liquidity".

Institutional Research Services

Institutional research services revenue consists of brokerage transaction charges and underwriting syndicate revenues related to services provided to institutional investors by SCB LLC. Brokerage transaction charges earned and related expenses are recorded on a trade date basis. Syndicate participation and underwriting revenues include gains, losses and fees, net of syndicate expenses, arising from securities offerings in which SCB LLC acts as an underwriter or agent. Syndicate participation and underwriting revenues are recorded on the offering date. Revenues from institutional research services were $265.8 million for 2001 and $56.3 million for fourth quarter 2000 as revenues of the acquired Bernstein business were included for all of 2001 and one quarter of 2000.

Shareholder Servicing Fees

The Operating Partnership's subsidiaries, Alliance Global Investor Services, Inc. and ACM Global Investor Services S.A., provide transfer agency services to the Alliance Mutual Funds. Shareholder servicing fees increased 12.5% and 37.4% in 2001 and 2000, respectively, as a result of increases in the number of mutual fund shareholder accounts serviced. The number of shareholder accounts serviced increased to approximately 7.5 million as of December 31, 2001, compared to approximately 6.6 million and 5.4 million as of December 31, 2000 and 1999, respectively.

Other Revenues, Net

Other revenues, net consist principally of administration and recordkeeping services provided to the Alliance Mutual Funds and the General Accounts of The Equitable Life Assurance Society of the United States ("ELAS"), a wholly-owned subsidiary of AXA Financial, and its insurance subsidiary. Investment income and changes in value of investments are also included. Subsequent to the Bernstein Acquisition, other revenues, net also includes net interest income earned on securities loaned to and borrowed from brokers and dealers. Other revenues, net decreased for 2001 from 2000 principally as a result of $29.8 million of interest earned during 2000 on the proceeds from AXA Financial's purchase of 32,619,775 newly issued Alliance Capital Units on June 21, 2000 to finance the cash portion of the Bernstein Acquisition, offset partially by an increase in net interest income earned in 2001 on securities loaned to and borrowed from brokers and dealers as a result of the Bernstein Acquisition. Other revenues, net increased for 2000 primarily as a result of higher interest income, including $29.8 million in interest earned on the proceeds from AXA Financial's purchase of 32,619,775 newly issued Operating Partnership Units.

Expenses(1)

	2001	2000	% Change	2000	1999	% Change
				(Dollars in millions)		
Employee compensation and benefits	**$ 927.8**	$ 651.9	42.3%	$ 651.9	$ 508.6	28.2%
Promotion and servicing	**893.4**	844.4	5.8	844.4	620.6	36.1
General and administrative	**312.0**	226.7	37.6	226.7	184.8	22.7
Interest	**34.9**	44.2	(21.0)	44.2	22.6	95.6
Amortization of intangible assets	**172.6**	46.3	272.8	46.3	3.9	1,087.2
Non-recurring items, net	**—**	(0.8)	(100.0)	(0.8)	—	n/a
Total	**$ 2,340.7**	$ 1,812.7	29.1%	$ 1,812.7	$ 1,340.5	35.2%

(1) Reflect expenses of the business of Bernstein from the date of the October 2, 2000 acquisition, expenses of Alliance Holding prior to the Reorganization and expenses of the Operating Partnership thereafter. Expenses of the acquired Bernstein business were included for all of 2001 and one quarter of 2000.

Employee Compensation and Benefits

In connection with the Reorganization, all employees of Alliance Holding became employees of the Operating Partnership effective October 29, 1999. In connection with the Bernstein Acquisition, all employees of Bernstein subsidiaries became employees of the Operating Partnership effective October 2, 2000. Employee compensation and benefits, which represent approximately 39.6% of total expenses in 2001, 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 increased 42.3% and 28.2% in 2001 and 2000, respectively, primarily as a result of higher base compensation and commissions and incentive compensation due to increased operating earnings. Base compensation increased in 2001 principally from the Bernstein Acquisition as expenses of the acquired Bernstein business were included for all of 2001 and one quarter of 2000 and in support of growth in Alliance's private client, institutional research services and mutual fund distribution capabilities combined with salary increases. The Operating Partnership had 4,542 employees at December 31, 2001 compared to 4,438 in 2000 and 2,396 in 1999. Commissions increased primarily due to the full year impact of the Bernstein Acquisition and to higher new account wins and cash flow in institutional investment management and private client distribution in 2001, and in 2000 due to the Bernstein Acquisition. Incentive compensation increased in 2001 due to higher operating earnings of $73.1 million, higher incentive compensation resulting from higher performance fees and the full year impact of a new deferred compensation plan adopted in connection with the Bernstein Acquisition. Incentive compensation increased in 2000 due to higher operating earnings and costs associated with a new Bernstein deferred compensation plan, offset in part by lower incentive compensation resulting from lower performance fees.

Promotion and Servicing

Promotion and servicing expenses, which represent approximately 38.2% of total expenses in 2001, 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 increased 5.8% and 36.1% in 2001 and 2000, respectively. The increase in 2001 was due primarily to higher floor brokerage expenses from the Bernstein Acquisition as expenses of the acquired Bernstein business were included for all of 2001 and one quarter of 2000 and an increase in amortization of deferred sales commissions of $11.1 million as a result of sales of Back-End Load Shares. The increase in 2000 was primarily due to increased distribution plan payments resulting from higher average domestic, offshore and cash management assets under management. An increase in amortization of deferred sales commissions of $55.7 million for 2000 also contributed to the increase in promotion and servicing expense. Other promotion and servicing expenses increased for 2001 and 2000 primarily as a result of higher travel and entertainment costs due to the full year impact of the Bernstein Acquisition and, in 2000, higher promotional expenditures incurred in connection with mutual fund sales initiatives.

General and Administrative

General and administrative expenses, which represent approximately 13.3% of total expenses in 2001, are costs related to operations, including technology, professional fees, occupancy, communications, equipment and similar expenses. General and administrative expenses increased 37.6% and 22.7% in 2001 and 2000, respectively, due principally to increased occupancy and other costs related to the Bernstein Acquisition and higher technology expenses incurred in connection with certain mutual fund and portfolio management technology initiatives.

Interest

Interest expense is incurred on the Operating Partnership's borrowings and on deferred compensation owed to employees. Interest expense decreased for 2001 primarily as a result of a decrease in interest accrued on deferred compensation liabilities offset by an increase in interest on debt. Interest expense increased for 2000 primarily as a result of higher debt and an increase in interest accrued on deferred compensation liabilities.

Amortization of Intangible Assets

Amortization of intangible assets is attributable to the intangible assets recorded in connection with the acquisitions made by the Operating Partnership, including the Bernstein Acquisition on October 2, 2000, and the acquisition of ACMC, Inc., the predecessor of both Alliance Holding and the Operating Partnership, by ELAS during 1985. Amortization of intangibles increased for 2001 and 2000 principally due to the Bernstein Acquisition.

Taxes on Income

The Operating Partnership, a private limited partnership, is not subject to federal or state corporate income taxes. However, the Operating Partnership and SCB LLC are 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. Foreign corporate subsidiaries are generally subject to taxes in the foreign jurisdictions where they are located.

Income tax expense of $37.6 million in 2001 decreased by $3.0 million from 2000 primarily as a result of lower pre-tax income. Income tax expense of $40.6 million in 2000 decreased by $26.6 million from 1999 primarily as a result of a lower effective tax rate due to the Reorganization.

Capital Resources and Liquidity

Partners' capital of the Operating Partnership was $3,988.2 million at December 31, 2001, a decrease of $145.5 million or 3.5% from partners' capital at December 31, 2000. The decrease is primarily due to cash distributions in respect of the Operating Partnership's Available Cash Flow (as defined in the Alliance Capital Partnership Agreement). Partners' capital of the Operating Partnership was $4,133.7 million at December 31, 2000, an increase of $3,581.0 million or 647.9% from partners' capital at December 31, 1999. On October 2, 2000, the Operating Partnership completed the Bernstein Acquisition for $1,475.4 million in cash and 40.8 million newly issued Operating Partnership Units. 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 used the proceeds primarily to finance the cash portion of the Bernstein Acquisition.

Cash flow from operations, proceeds from borrowings and proceeds from the issuance of Operating Partnership Units to AXA Financial and its subsidiaries 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 by $3.9 million in 2001. Cash inflows included $996.8 million from operations, net proceeds from the sale of investments of $56.8 million and $24.1 million of proceeds from employee options exercised for Alliance Holding Units. Cash outflows included $785.5 million in distributions to its General Partner and Unitholders, net repayments of debt of $173.1 million, capital expenditures of $87.0 million and the purchase of Alliance Holding Units by subsidiaries of the Operating Partnership for deferred compensation plans of $22.9 million.

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 $163.3 million and $330.6 million during 2001 and 2000, respectively. 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 5½ 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 to provide back-up liquidity for the 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 July 1999, Alliance Holding entered into a $200 million three-year revolving credit facility with a group of commercial banks. During October 2000, the Operating Partnership entered into a $250 million two-year revolving credit facility. The terms of the $200 million and $250 million credit facilities are generally similar to the $425 million credit facility. In connection with the Reorganization, the Operating Partnership assumed Alliance Holding's rights and obligations under all of these programs and facilities. The revolving credit facilities 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, capital expenditures 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. The Operating Partnership was in compliance with the covenants at December 31, 2001.

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.

In August 2001, the Operating Partnership issued $400 million 5.625% Notes ("Senior Notes") in a public offering. The registration statement filed with the Securities and Exchange Commission allows for the issuance of up to $600 million in senior debt securities. The Senior Notes mature in 2006 and are redeemable at any time. The proceeds from the Senior Notes were used to reduce commercial paper and credit facility borrowings and for other general partnership purposes.

The Operating Partnership's outstanding debt and weighted average interest rates at December 31, 2001 and 2000 were as follows:

	December 31,					
	2001			2000		
	Total Available	Balance	Interest Rate	Total Available	Balance	Interest Rate
	(Dollars in millions)					
Senior Notes	**$ 400.0**	**$ 398.0**	**5.9%**	$ —	$ —	—%
Commercial paper	**425.0**	**198.2**	**1.9**	425.0	396.9	6.7
Revolving credit facilities(1)	**450.0**	**—**	**—**	450.0	284.0	7.0
ECN program	**100.0**	**24.9**	**1.9**	100.0	98.2	6.8
Other	**n/a**	**6.5**	**4.5**	n/a	3.1	5.4
Total	**$ 1,375.0**	**$ 627.6**	**4.4%**	$ 975.0	$ 782.2	6.7%

(1) Excludes the $425 million facility used to provide back-up liquidity for commercial paper program.

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 April 25, 2001, an amended class action complaint ("amended Miller Complaint") entitled *Miller, et al. v. Mitchell Hutchins Asset Management, Inc., et al.*, was filed in Federal district court in the Southern District of Illinois against Alliance Capital, AFD, and other defendants alleging violations of the Federal Investment Company Act of 1940, as amended ("ICA") and breaches of common law fiduciary duty. The allegations in the amended Miller Complaint concern six mutual funds with which Alliance Capital has investment advisory agreements, including Alliance Premier Growth Fund, Alliance Health Care Fund, Alliance Growth Fund, Alliance Quasar Fund, Alliance Fund, and Alliance Disciplined Value Fund. The principal allegations of the amended complaint are that (i) certain advisory agreements concerning these funds were

negotiated, approved, and executed in violation of the ICA, in particular because certain directors of these funds should be deemed interested under the ICA; (ii) the distribution plans for these funds were negotiated, approved, and executed in violation of the ICA; and (iii) the advisory fees and distribution fees paid to Alliance Capital and AFD, respectively, are excessive and, therefore, constitute a breach of fiduciary duty. Plantiff seeks a recovery of certain fees paid by these funds to Alliance Capital.

Alliance Capital and AFD believe that plaintiffs' allegations in the amended Miller Complaint are without merit and intend to vigorously defend against these allegations. At the present time, management of Alliance Capital and AFD are unable to estimate the impact, if any, that the outcome of these actions may have on Alliance Capital's results of operations or financial condition.

On December 7, 2001 a complaint entitled *Benak v. Alliance Capital Management L.P. and Alliance Premier Growth Fund* ("Benak Complaint") was filed in Federal district court in the District of New Jersey against Alliance Capital and Alliance Premier Growth Fund ("Premier Growth Fund") alleging violation of the ICA. The principal allegations of the Benak Complaint are that Alliance Capital breached its duty of loyalty to Premier Growth Fund because one of the directors of the General Partner of Alliance Capital served as a director of Enron Corp. ("Enron") when Premier Growth Fund purchased shares of Enron and as a consequence thereof the investment advisory fees paid to Alliance Capital by Premier Growth Fund should be returned as a means of recovering for Premier Growth Fund the losses plaintiff allege were caused by the alleged breach of the duty of loyalty. Plaintiff seeks recovery of certain fees paid by Premier Growth Fund to Alliance Capital. On December 21, 2001 a complaint entitled *Roy v. Alliance Capital Management L.P. and Alliance Premier Growth Fund* ("Roy Complaint") was filed in Federal district court in the Middle District of Florida, Tampa Division, against Alliance Capital and Premier Growth Fund. The allegations and relief sought in the Roy Complaint are virtually identical to the Benak Complaint. On December 26, 2001 a complaint entitled *Roffe v. Alliance Capital Management L.P. and Alliance Premier Growth Fund* ("Roffe Complaint") was filed in Federal district court in the District of New Jersey against Alliance Capital and Premier Growth Fund. The allegations and relief sought in the Roffe Complaint are virtually identical to the Benak Complaint. On February 14, 2002 a complaint entitled *Tatem v. Alliance Capital Management L.P. and Alliance Premier Growth Fund* ("Tatem Complaint") was filed in Federal district court in the District of New Jersey against Alliance Capital and Premier Growth Fund. The allegations and relief sought in the Tatem Complaint are virtually identical to the Benak Complaint.

Alliance Capital believes the plaintiffs' allegations in the Benak Complaint, Roy Complaint, Roffe Complaint and Tatem Complaint are without merit and intends to vigorously defend against these allegations. At the present time, management of Alliance Capital is unable to estimate the impact, if any, that the outcome of these actions may have on Alliance Capital's results of operations or financial condition.

Alliance Capital and Alliance Holding are involved in various other inquiries, administrative proceedings and litigation, some of which allege substantial damages. While any proceeding or litigation has the element of uncertainty, Alliance Capital and Alliance Holding believe that the outcome of any one of the other lawsuits or claims that is pending or threatened, or all of them combined, will not have a material adverse effect on Alliance Capital's or Alliance Holding's results of operations or financial condition.

New Accounting Pronouncements

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 142, ("SFAS 142") *"Goodwill and Other Intangible Assets"*. SFAS 142 changes the accounting for goodwill and certain intangible assets from an amortization method to an impairment approach. Management adopted SFAS 142 on January 1, 2002. The adoption of SFAS 142 is expected to result in a decrease in the amortization of intangible assets of approximately $150 million and an increase in net income of approximately $148 million. In addition, SFAS 142 requires the Operating Partnership's goodwill to be tested annually for impairment with the first test to be completed by June 30, 2002. Although the testing of the Operating Partnership's goodwill for impairment has not yet been completed, management believes that the completion of such testing will not result in an indicated impairment.

In October 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144, ("SFAS 144") *"Accounting for the Impairment or Disposal of Long-Lived Assets"*. Management adopted this Statement on January 1, 2002 and the adoption of the Statement did not have a material effect on the Operating Partnership's 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 for 2001 and 2000 and the combined Available Cash Flow of the Operating Partnership for the two months ended December 31, 1999 and Alliance Holding for the ten months ended October 29, 1999 were as follows:

Cash Distributions	2001	2000	1999
		(Dollars in thousands)	
Available Cash Flow	**$ 759,087**	$ 689,516	$ 405,328
Special distribution	**—**	—	36,455
Total distribution	**$ 759,087**	$ 689,516	$ 441,783
Distributions per Unit	**$ 3.03**	$ 3.40	$ 2.55

Market Risk, Risk Management and Derivative Financial Instruments

The Operating Partnership's investments consist of investments, available-for-sale, and other investments. Investments, available-for-sale, include equity and fixed income mutual funds and money market investments. The carrying value of the money market investments approximates fair value. Although investments, available-for-sale, are purchased for long-term investment, the portfolio strategy considers them available-for-sale from time to time due to changes in market interest rates, equity prices and other relevant factors. Other investments include investments in hedge funds sponsored by the Operating Partnership.

Non Trading Market Risk Sensitive Instruments

Investments with Interest Rate Risk — Fair Value

The table below provides the Operating Partnership's potential exposure, measured in terms of fair value, to an immediate 100 basis point increase in interest rates from the levels prevailing at December 31, 2001. A 100 basis point fluctuation in interest rates is a hypothetical rate scenario used to calibrate potential risk and does not represent management's view of future market changes. While these fair value measurements provide a representation of interest rate sensitivity of fixed income mutual funds and fixed income hedge funds, they are based on the portfolio exposures at a particular point in time and may not be representative of future market results. These exposures will change as a result of ongoing changes in investments in response to management's assessment of changing market conditions and available investment opportunities (in thousands):

	At December 31, 2001	+100 Basis Point Change
Fixed income investments	**$ 21,076**	$ (959)

Investments with Equity Price Risk — Fair Value

The Operating Partnership's investments also include investments in equity mutual funds and equity hedge funds. The following table provides the Operating Partnership's potential exposure from those investments, measured in terms of fair value, to an immediate 10% drop in equity prices from those prevailing at December 31, 2001. A 10% decrease in equity prices is a hypothetical scenario used to calibrate potential risk and does not represent management's view of future market changes. While these fair value measurements provide a representation of equity price sensitivity of equity mutual funds and equity hedge funds, they are based on the portfolio exposures at a particular point in time and may not be representative of future market results. These exposures will change as a result of ongoing portfolio activities in response to management's assessment of changing market conditions and available investment opportunities (in thousands):

	At December 31, 2001	—10% Equity Price Change
Equity investments	**$ 47,704**	$ (4,770)

Debt — Fair Value

At year end 2001, the aggregate fair value of long-term debt issued by the Operating Partnership was $402.7 million. The table below provides the potential fair value exposure to an immediate 100 basis point decrease in interest rates from those prevailing at year end 2001 (in thousands):

	At December 31, 2001	—100 Basis Point Change
Long-term debt	**$ 402,728**	$ (18,566)

Derivative Financial Instruments

The Operating Partnership utilized an interest rate cap to reduce its exposure to interest rate risk by effectively placing a ceiling or "cap" on interest payable on up to $100 million of the debt outstanding under the Operating Partnership's commercial paper program and five-year revolving credit facility. The interest rate cap expired in December 2001.

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.

Alliance Capital Management L.P.

Consolidated Statements of Financial Condition
(in thousands)

	December 31, 2001	2000
Assets		
Cash and cash equivalents	**$ 220,127**	$ 216,251
Cash and securities segregated, at market (cost $1,409,013 and $1,289,120)	**1,415,158**	1,306,334
Receivables:		
Brokers and dealers	**1,441,604**	1,316,694
Brokerage clients	**156,945**	187,945
Fees	**356,033**	401,609
Investments, available-for-sale	**281,718**	340,318
Furniture, equipment and leasehold improvements, net	**243,988**	199,699
Intangible assets, net	**3,264,782**	3,430,708
Deferred sales commissions, net	**648,244**	715,692
Other investments	**52,651**	52,925
Other assets	**94,143**	102,587
Total assets	**$ 8,175,393**	$ 8,270,762

Liabilities and Partners' Capital		
Liabilities:		
Payables:		
Brokers and dealers	**$ 995,627**	$ 882,576
Brokerage clients	**1,822,735**	1,636,869
Alliance Mutual Funds	**211,621**	279,249
Accounts payable and accrued expenses	**194,538**	238,640
Accrued compensation and benefits	**328,077**	313,426
Debt	**627,609**	782,232
Minority interests in consolidated subsidiaries	**7,026**	4,093
Total liabilities	**4,187,233**	4,137,085
Commitments and contingencies		
Partners' capital:		
General Partner	**41,553**	43,005
Limited partners: 248,688,640 and 246,992,617 Units issued and outstanding	**4,101,765**	4,255,560
	4,143,318	4,298,565
Less: Capital contributions receivable from General Partner	**33,927**	32,668
Deferred compensation expense	**116,384**	130,377
Accumulated other comprehensive income	**4,847**	1,843
Total partners' capital	**3,988,160**	4,133,677
Total liabilities and partners' capital	**$ 8,175,393**	$ 8,270,762

See accompanying Notes to Consolidated Financial Statements.

Alliance Capital Management L.P.*

Consolidated Statements of Income
(in thousands, except per Unit amounts)

	For the Years Ended December 31,				
			1999		
	2001	2000	Two Months Ended December 31	Ten Months Ended October 29	Combined For 1999
Revenues:					
Investment advisory and services fees	**$ 2,023,766**	$ 1,689,817	$ 324,255	$ 1,007,503	$ 1,331,758
Distribution revenues	**544,605**	621,622	87,611	354,161	441,772
Institutional research services	**265,815**	56,289	—	—	—
Shareholder servicing fees	**96,324**	85,645	11,636	50,696	62,332
Other revenues, net	**62,388**	68,726	7,313	26,130	33,443
	2,992,898	2,522,099	430,815	1,438,490	1,869,305
Expenses:					
Employee compensation and benefits	**927,808**	651,884	137,771	370,795	508,566
Promotion and servicing:					
Distribution plan payments	**488,024**	476,039	65,256	281,386	346,642
Amortization of deferred sales commissions	**230,793**	219,664	31,229	132,713	163,942
Other	**174,587**	148,740	21,676	88,468	110,144
General and administrative	**311,958**	226,710	33,385	151,369	184,754
Interest	**34,915**	44,244	5,856	16,729	22,585
Amortization of intangible assets	**172,638**	46,252	641	3,211	3,852
Non-recurring items, net	**—**	(779)	—	—	—
	2,340,723	1,812,754	295,814	1,044,671	1,340,485
Income before income taxes	**652,175**	709,345	135,001	393,819	528,820
Income taxes	**37,550**	40,596	8,098	59,073	67,171
Net income	**$ 614,625**	$ 668,749	$ 126,903	$ 334,746	$ 461,649
Net income per Unit:					
Basic	**$ 2.45**	$ 3.31			$ 2.67
Diluted	**$ 2.40**	$ 3.20			$ 2.59

* As discussed in Notes 1 and 3, 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 Consolidated Financial Statements.

Alliance Capital Management L.P.*

Consolidated Statements of Changes in Partners' Capital and Comprehensive Income
(in thousands, except per Unit amounts)

	For the Years Ended December 31					
	General Partner's Capital	Limited Partners' Capital	Capital Contributions Receivable	Deferred Compensation Expense	Accumulated Other Comprehensive Income	Total Partners' Capital
Balance at December 31, 1998	$ 4,617	$ 457,010	$ (30,519)	$ (500)	$ (335)	$ 430,273
Comprehensive Income:						
Net income	3,347	331,399	—	—	—	334,746
Other comprehensive income:						
Unrealized gain on investments, net	—	—	—	—	370	370
Foreign currency translation adjustment, net	—	—	—	—	1,035	1,035
Comprehensive Income	3,347	331,399	—	—	1,405	336,151
Cash distributions to partners ($1.51 per Alliance Holding Unit)	(2,608)	(258,137)	—	—	—	(260,745)
Amortization of deferred compensation expense	—	—	—	500	—	500
Capital contributions from General Partner	—	—	686	—	—	686
Compensation plan accrual	18	1,752	(1,770)	—	—	—
Proceeds from options for Alliance Holding Units exercised	120	11,853	—	—	—	11,973
Balance prior to October 29, 1999 Reorganization	5,494	543,877	(31,603)	—	1,070	518,838
Comprehensive Income:						
Net income	1,269	125,634	—	—	—	126,903
Other comprehensive income:						
Unrealized gain on investments, net	—	—	—	—	1,645	1,645
Foreign currency translation adjustment, net	—	—	—	—	(91)	(91)
Comprehensive Income	1,269	125,634	—	—	1,554	128,457
Cash distributions to partners ($0.56 per Alliance Capital Unit)	(971)	(96,141)	—	—	—	(97,112)
Capital contributions from General Partner	—	—	406	—	—	406
Compensation plan accrual	(1)	(42)	43	—	—	—
Proceeds from options for Alliance Holding Units exercised	21	2,057	—	—	—	2,078
Balance at December 31, 1999	5,812	575,385	(31,154)	—	2,624	552,667
Comprehensive Income:						
Net income	6,687	662,062	—	—	—	668,749
Other comprehensive income:						
Unrealized loss on investments, net	—	—	—	—	(2,131)	(2,131)
Foreign currency translation adjustment, net	—	—	—	—	(2,336)	(2,336)
Comprehensive Income	6,687	662,062	—	—	(4,467)	664,282
Cash distributions to partners ($3.45 per Alliance Capital Unit)	(6,332)	(626,831)	—	—	—	(633,163)
Capital contributions from General Partner	—	—	658	—	—	658
Purchase of Alliance Holding Units to fund deferred compensation plans	—	(2,002)	—	(144,624)	—	(146,626)
Amortization of deferred compensation expense	—	—	—	14,247	—	14,247
Proceeds from issuance of Alliance Capital Units to ELAS and AXA Financial	16,295	1,613,230	—	—	—	1,629,525
Issuance of Alliance Capital Units for Bernstein Acquisition	20,604	2,039,796	—	—	—	2,060,400
Purchase of Alliance Capital Units from Alliance Holding	(280)	(27,762)	—	—	—	(28,042)
Compensation plan accrual	22	2,150	(2,172)	—	—	—
Proceeds from options for Alliance Holding Units exercised and associated tax benefit	197	19,532	—	—	—	19,729
Balance at December 31, 2000	43,005	4,255,560	(32,668)	(130,377)	(1,843)	4,133,677
Comprehensive Income:						
Net income	**6,146**	**608,479**	**—**	**—**	**—**	**614,625**
Other comprehensive income:						
Unrealized loss on investments, net	**—**	**—**	**—**	**—**	**(1,512)**	**(1,512)**
Foreign currency translation adjustment, net	**—**	**—**	**—**	**—**	**(1,492)**	**(1,492)**
Comprehensive Income	**6,146**	**608,479**	**—**	**—**	**(3,004)**	**611,621**
Cash distributions to partners ($3.14 per Alliance Capital Unit)	**(7,860)**	**(777,670)**	**—**	**—**	**—**	**(785,530)**
Capital contributions from General Partner	**—**	**—**	**745**	**—**	**—**	**745**
Purchase of Alliance Holding Units to fund deferred compensation plans	**—**	**(10,458)**	**—**	**(12,464)**	**—**	**(22,922)**
Amortization of deferred compensation expense	**—**	**—**	**—**	**26,457**	**—**	**26,457**
Compensation plan accrual	**20**	**1,984**	**(2,004)**	**—**	**—**	**—**
Proceeds from options for Alliance Holding Units exercised and associated	**242**	**23,870**	**—**	**—**	**—**	**24,112**

tax benefit						
Balance at December 31, 2001	**$ 41,553**	**$ 4,101,765**	**$ (33,927)**	**$ (116,384)**	**$ (4,847)**	**$ 3,988,160**

* As discussed in Notes 1 and 3, 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 Consolidated Financial Statements.

Alliance Capital Management L.P.*

Consolidated Statements of Cash Flows
(in thousands)

	For the Years Ended December 31,				
			1999		
	2001	2000	Two Months Ended December 31	Ten Months Ended October 29	Combined For 1999
Cash flows from operating activities:					
Net income	**$614,625**	$668,749	$126,903	$334,746	$461,649
Adjustments to reconcile net income to net cash provided from (used in) operating activities:					
Amortization and depreciation	**446,119**	301,618	35,641	152,635	188,276
Non-recurring items, net	**—**	34,634	—	—	—
Other, net	**67,686**	64,603	3,646	18,120	21,766
Changes in assets and liabilities:					
(Increase) in segregated cash and securities	**(108,824)**	(620,716)	—	—	—
(Increase) decrease in receivable from brokers and dealers	**(124,903)**	95,193	(43,637)	(15,777)	(59,414)
(Increase) decrease in receivable from brokerage clients	**31,000**	(56,984)	—	—	—
(Increase) decrease in fees receivable	**44,881**	(28,868)	(75,298)	(61,440)	(136,738)
(Increase) in deferred sales commissions	**(163,349)**	(330,633)	(67,114)	(326,258)	(393,372)
(Increase) decrease in other investments	**(775)**	3,611	(16,626)	(17,935)	(34,561)
(Increase) decrease in other assets	**7,154**	(17,478)	(21,791)	(278)	(22,069)
Increase (decrease) in payable to Alliance Mutual Funds	**(67,572)**	24,987	46,813	7,981	54,794
Increase (decrease) in payable to brokers and dealers	**113,244**	(15,836)	30,510	(8,178)	22,332
Increase in payable to brokerage clients	**185,866**	463,159	—	—	—
Increase (decrease) in accounts payable and accrued expenses	**(39,134)**	54,499	(10,009)	7,988	(2,021)
Increase (decrease) in accrued compensation and benefits, less deferred compensation	**(9,184)**	41,864	(43,863)	167,304	123,441
Net cash provided from (used in) operating activities	**996,834**	682,402	(34,825)	258,908	224,083
Cash flows from investing activities:					
Purchase of investments	**(2,976,827)**	(4,387,839)	(301,448)	(888,180)	(1,189,628)
Proceeds from sale of investments	**3,033,589**	4,184,128	287,425	900,130	1,187,555
Purchase of businesses, net	**(5,422)**	(1,475,400)	—	(142)	(142)
Additions to furniture, equipment and leasehold improvements, net	**(87,000)**	(75,796)	(13,033)	(50,463)	(63,496)
Net cash (used in) investing activities	**(35,660)**	(1,754,907)	(27,056)	(38,655)	(65,711)
Cash flows from financing activities:					
Proceeds from issuance of debt	**18,723,030**	6,511,357	867,854	2,043,616	2,911,470
Repayment of debt	**(18,896,141)**	(6,142,982)	(707,001)	(2,015,874)	(2,722,875)
Cash distributions to partners	**(785,530)**	(633,163)	(97,112)	(260,745)	(357,857)
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 contributions from General Partner	**745**	658	406	686	1,092
Proceeds from options for Alliance Holding Units exercised and associated tax benefit	**24,112**	19,729	2,078	11,973	14,051
Purchase of Alliance Holding Units to fund deferred compensation plans	**(22,922)**	(146,626)	—	—	—
Net cash provided from (used in) financing activities	**(956,706)**	1,210,456	66,225	(220,344)	(154,119)
Effect of exchange rate changes on cash and cash equivalents	**(592)**	(1,885)	529	217	746
Net increase in cash and cash equivalents	**3,876**	136,066	4,873	126	4,999
Cash and cash equivalents at beginning of the period	**216,251**	80,185	75,312	75,186	75,186
Cash and cash equivalents at end of the period	**$220,127**	$216,251	$80,185	$75,312	$80,185

* As discussed in Notes 1 and 3, 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 Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. Reorganization and Bernstein Acquisition

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"). 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. 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. AXA Financial is an indirect wholly-owned subsidiary of AXA, a French company, that is a holding company for an international group of insurance and related financial services companies. 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.

On October 2, 2000, the Operating Partnership acquired the business and assets of SCB Inc., an investment research and management company formerly known as Sanford C. Bernstein Inc. ("Bernstein"), and assumed the liabilities of Bernstein ("Bernstein Acquisition"). The purchase price consisted of a cash payment of $1.4754 billion and 40.8 million newly issued Alliance Capital Units. AXA Financial purchased approximately 32.6 million newly issued Alliance Capital Units for $1.6 billion on June 21, 2000 to fund the cash portion of the purchase price.

At December 31, 2001, Alliance Holding owned approximately 74.9 million, or 30.1%, 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 December 31, 2001, AXA Financial was the beneficial owner of approximately 2.1% of the outstanding Alliance Holding Units and approximately 51.7% of the outstanding Alliance Capital Units which, including the general partnership interests in the Operating Partnership and Alliance Holding, represents an economic interest of approximately 52.8% in the Operating Partnership. At December 31, 2001, SCB Partners Inc., a wholly-owned subsidiary of SCB Inc., was the beneficial owner of approximately 16.4% of the outstanding Alliance Capital Units.

2. Business Description

The Operating Partnership provides diversified investment management and related services globally to a broad range of clients including (a) institutional investors, consisting of unaffiliated entities such as corporate and public employee pension funds, endowment funds, domestic and foreign institutions and governments and affiliates such as AXA and its insurance company subsidiaries, by means of separate accounts, sub-advisory relationships resulting from the efforts of the institutional marketing department, structured products, group trusts and mutual funds sold exclusively to institutional investors and high net worth individuals, (b) private clients, consisting of high net worth individuals, trusts and estates, charitable foundations, partnerships, private and family corporations and other entities, by means of separate accounts, hedge funds and certain other vehicles, (c) individual investors by means of publicly distributed mutual funds sponsored by the Operating Partnership, its subsidiaries and affiliated joint venture companies including cash management products such as money market funds and deposit accounts and sub-advisory relationships in respect of mutual funds sponsored by third parties resulting from the efforts of the mutual fund marketing department ("Alliance Mutual Funds") and managed account products, and (d) institutional investors by means of in-depth research, portfolio strategy, trading and brokerage-related services. The Operating Partnership and its subsidiaries provide investment management, distribution and shareholder and administrative services to the Alliance Mutual Funds.

3. Summary of Significant Accounting Policies

Basis of Presentation

The Operating Partnership's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of the financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

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. All information prior to the Reorganization is that of Alliance Holding.

Principles of Consolidation

The consolidated financial statements include the Operating Partnership and its majority-owned subsidiaries. The equity method of accounting is used for unconsolidated subsidiaries in which the Operating Partnership's ownership interests range from 20 to 50 percent and the Operating Partnership exercises significant influence over operating and financial policies. All significant intercompany transactions and balances among the consolidated entities have been eliminated.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and highly liquid investments with maturities of three months or less. Due to the short-term nature of these investments, the recorded value approximates fair value.

Investments

Investments, principally investments in Alliance Mutual Funds, are classified as available-for-sale securities. These investments are stated at fair value with unrealized gains and losses reported as a separate component of accumulated other comprehensive income in partners' capital. Realized gains and losses on the sale of investments are included in income currently and are determined using the specific-identification method.

Furniture, Equipment and Leasehold Improvements

Furniture, equipment and leasehold improvements are stated at cost, less accumulated depreciation and amortization. Depreciation is recognized on a straight-line basis over the estimated useful lives of eight years for furniture and three to six years for equipment. Leasehold improvements are amortized on a straight-line basis over the lesser of their estimated useful lives or the terms of the related leases.

Intangible Assets

Intangible assets consist principally of goodwill resulting from acquisitions and costs assigned to contracts of businesses acquired. Goodwill is being amortized on a straight-line basis over estimated useful lives ranging from twenty to forty years. Costs assigned to investment contracts of businesses acquired are being amortized on a straight-line basis over estimated useful lives of twenty years. Impairment of intangible assets is evaluated by comparing the undiscounted cash flows expected to be realized from those intangible assets to their recorded values. If the expected future cash flows are less than the carrying value of intangible assets, an impairment loss is recognized for the difference between the carrying amount and the estimated fair value of those intangible assets.

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.

Derivative Financial Instruments

Management of the Operating Partnership manages interest paid on outstanding debt through the use of derivative financial instruments. Derivative financial instruments are accounted for at fair value with resulting gains and losses included in interest expense.

Revenue Recognition

Investment advisory and services base fees are recorded as revenue as the related services are performed. Certain investment advisory contracts provide for a performance fee, in addition to or in lieu of a base fee, that is calculated as either a percentage of absolute investment results or a percentage of investment results in excess of a stated benchmark over a specified period of time. Performance fees are recorded as revenue at the end of the measurement period. Transaction charges earned and related expenses are recorded on a trade date basis. Distribution revenues and shareholder servicing fees are accrued as earned.

Institutional research services revenue consists of brokerage transaction charges and underwriting syndicate revenues related to services provided to institutional investors. Brokerage transaction charges earned and related expenses are recorded on a trade date basis. Syndicate participation and underwriting revenues include gains, losses and fees, net of syndicate expenses, arising from securities offerings in which Sanford C. Bernstein & Co., LLC ("SCB LLC"), a wholly-owned subsidiary of the Operating Partnership, acts as an underwriter or agent. Syndicate participation and underwriting revenues are recorded on the offering date.

Mutual Fund Underwriting Activities

Purchases and sales of shares of Alliance Mutual Funds in connection with the underwriting activities of the Operating Partnership's subsidiaries, including related commission income, are recorded on trade date. Receivables from brokers and dealers for sale of shares of Alliance Mutual Funds are generally realized within three business days from trade date, in conjunction with the settlement of the related payables to Alliance Mutual Funds for share purchases.

Collateralized Securities Transactions

Securities borrowed and securities loaned are recorded at the amount of cash collateral advanced or received in connection with the transaction and are included in receivables from and payables to brokers and dealers in the consolidated statement of financial condition. Securities borrowed transactions require SCB LLC to deposit cash or other collateral with the lender. With respect to securities loaned, SCB LLC receives cash or other collateral from the borrower. The initial collateral advanced or received approximates or is greater than the fair value of securities borrowed or loaned. SCB LLC monitors the fair value of the securities borrowed and loaned on a daily basis and requests additional collateral or returns excess collateral as appropriate. Income or expense is recognized over the life of the transactions.

Securities Transactions

Customers' securities transactions are reported on a settlement date basis with related commission income and expenses reported on a trade date basis. Receivables from and payables to customers include amounts due on cash and margin transactions. Securities owned by customers are held as collateral for receivables. Such collateral is not reflected in the consolidated financial statements. Principal securities transactions and related expenses are recorded on a trade date basis.

Option Plans

The Operating Partnership applies the provisions of Accounting Principles Board Opinion No. 25 ("APB 25"), *"Accounting for Stock Issued to Employees"*, under which compensation expense is recorded on the date of grant only if the market price of the underlying Alliance Holding Units exceeds the exercise price. Statement of Financial Accounting Standards No. 123 ("SFAS 123"), *"Accounting for Stock-Based Compensation"*, requires entities to recognize the fair value of

all stock-based awards on the date of grant as expense over the vesting period or, alternatively, to continue to apply the provisions of APB 25 with disclosure of pro forma net income as if the fair-value method defined in SFAS 123 had been applied.

Advertising

Advertising costs are expensed as incurred and are included in other promotion and servicing expenses.

Foreign Currency Translation

Assets and liabilities of foreign subsidiaries are translated into United States dollars at exchange rates in effect at the balance sheet dates, and related revenues and expenses are translated into United States dollars at average exchange rates in effect during each period. Net foreign currency gains and losses resulting from the translation of assets and liabilities of foreign operations into United States dollars are reported as a separate component of accumulated other comprehensive income in partners' capital. Net foreign currency gains and losses for the three-year period ended December 31, 2001 were not material.

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. Cash distributions are recorded when declared.

Comprehensive Income

Total comprehensive income is reported in the Consolidated Statements of Changes in Partners' Capital and Comprehensive Income and includes net income, unrealized gains and losses on investments classified as available-for-sale, and foreign currency translation adjustments. The accumulated balance of comprehensive income items is displayed separately in the partners' capital section of the Consolidated Statements of Financial Condition.

4. Acquisitions

On October 2, 2000, Alliance Capital acquired the business and assets of Bernstein and assumed the liabilities of the Bernstein business. The purchase price consisted of a cash payment of $1.4754 billion and 40.8 million newly issued Alliance Capital Units. AXA Financial purchased approximately 32.6 million newly issued Alliance Capital Units for $1.6 billion on June 21, 2000 to fund the cash portion of the purchase price.

The acquisition was accounted for under the purchase method with the results of Bernstein included in the consolidated financial statements from the acquisition date. The cost of the acquisition was allocated on the basis of the estimated fair value of the assets acquired and liabilities assumed. Portions of the purchase price were identified as net tangible assets of $0.1 billion and costs assigned to contracts acquired of $0.4 billion. Costs assigned to contracts acquired are being amortized over twenty years. The excess of the purchase price over the fair value of net assets acquired resulted in the recognition of goodwill of approximately $3.0 billion and is being amortized over twenty years.

On February 29, 1996, Alliance Holding acquired substantially all of the assets and liabilities of Cursitor Holdings, L.P. ("CHLP") and all of the outstanding shares of Cursitor Holdings Limited, currently Cursitor Alliance Holdings Limited (collectively, "Cursitor"), for approximately $159.0 million. The acquisition of Cursitor, which was accounted for under the purchase method, resulted in the formation of a new subsidiary, Cursitor Alliance LLC ("Cursitor Alliance"), in which CHLP owned a 7% minority equity interest. On February 23, 2001 CHLP exercised its option to require the Operating Partnership to purchase the minority interest for $10.0 million. During the fourth quarter of 2000, management of the Operating Partnership determined that the remaining value of the intangible assets recorded in connection with this acquisition was impaired and wrote-off the remaining balance, resulting in a charge of $16.6 million.

5. Cash and Securities Segregated Under Federal Regulations and Other Requirements

At December 31, 2001, $1.4 billion in United States Treasury Bills was segregated in a special reserve bank custody account for the exclusive benefit of customers under rule 15c3-3 of the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934.

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. All information prior to the Reorganization is that of Alliance Holding. (In thousands, except per Unit amounts):

	2001	2000	1999
Net income	**$ 614,625**	$ 668,749	$ 461,649
Weighted average Units outstanding — Basic	**247,993**	199,980	171,155
Dilutive effect of employee options	**5,890**	6,744	5,153
Weighted average Units outstanding — Diluted	**253,883**	206,724	176,308
Basic net income per Unit	**$ 2.45**	$ 3.31	$ 2.67
Diluted net income per Unit	**$ 2.40**	$ 3.20	$ 2.59

7. Investments, Available-for-Sale

At December 31, 2001 and 2000, investments available-for-sale consisted principally of investments in Alliance Mutual Funds. The amortized cost, gross unrealized gains and losses and fair value of investments, available-for-sale, were as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
2001	**$ 281,748**	**$ 1,045**	**$ (1,075)**	**$ 281,718**
2000	$ 338,845	$ 1,756	$ (283)	$ 340,318

Proceeds from sales of investments, available-for-sale, were approximately $3.0 billion, $4.2 billion and $1.2 billion in 2001, 2000 and 1999, respectively. Gross gains and gross losses realized from the sales for the years ended December 31, 2001, 2000 and 1999 were not material.

8. Furniture, Equipment and Leasehold Improvements

Furniture, equipment and leasehold improvements are comprised of (in thousands):

December 31,	2001	2000
Furniture and equipment	**$ 270,130**	$ 211,477
Leasehold improvements	**152,471**	125,604
	422,601	337,081
Less: Accumulated depreciation and amortization	**178,613**	137,382
Furniture, equipment and leasehold improvements, net	**$ 243,988**	$ 199,699

During fourth quarter 2000, management of the Operating Partnership determined that the remaining value of certain leasehold improvements was impaired and a write-off of $18 million was recorded.

9. Intangible Assets

Intangible assets consist of (in thousands):

December 31,	2001	2000
Goodwill, net of accumulated amortization of $214,537 and $62,704 in 2001 and 2000, respectively	**$ 2,876,657**	$ 3,021,883
Costs assigned to investment contracts of businesses acquired, net of accumulated amortization of $116,389 and $95,689 in 2001 and 2000, respectively	**388,125**	408,825
Intangible assets, net	**$ 3,264,782**	$ 3,430,708

10. Other Investments

Other investments, at equity or cost, are comprised of (in thousands):

December 31,	2001	2000
Investments in sponsored partnerships and other investments	**$ 44,115**	$ 44,947
Investments in unconsolidated affiliates	**8,536**	7,978
Other investments	**$ 52,651**	$ 52,925

11. Debt

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 to provide back-up liquidity for the 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 July 1999, Alliance Holding entered into a $200 million three-year revolving credit facility with a group of commercial banks. During October 2000, the Operating Partnership entered into a $250 million two-year revolving credit facility. The terms of the $200 million and $250 million credit facilities are generally similar to the $425 million credit facility. In connection with the Reorganization, the Operating Partnership assumed Alliance Holding's rights and obligations under all of these programs and facilities. The revolving credit facilities 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, capital expenditures 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. The Operating Partnership was in compliance with the covenants at December 31, 2001.

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.

In August 2001, the Operating Partnership issued $400 million 5.625% Notes ("Senior Notes") in a public offering. The registration statement filed with the SEC allows for the issuance of up to $600 million in senior debt securities. The Senior Notes mature in 2006 and are redeemable

at any time. The proceeds from the Senior Notes were used to reduce commercial paper and credit facility borrowings and for other general partnership purposes.

The Operating Partnership's outstanding debt and weighted average interest rates at December 31, 2001 and 2000 were as follows:

	December 31, 2001			2000		
	Total Available	Balance	Interest Rate	Total Available	Balance	Interest Rate
	(Dollars in millions)					
Senior Notes	**$ 400.0**	**$ 398.0**	**5.9 %**	$ —	$ —	—%
Commercial paper	**425.0**	**198.2**	**1.9**	425.0	396.9	6.7
Revolving credit facilities (1)	**450.0**	**—**	**—**	450.0	284.0	7.0

ECN program	**100.0**	**24.9**	**1.9**	100.0	98.2	6.8
Other	**n/a**	**6.5**	**4.5**	n/a	3.1	5.4
Total	**$ 1,375.0**	**$ 627.6**	**4.4 %**	$ 975.0	$ 782.2	6.7%

(1) Excludes the $425 million facility used to provide back-up liquidity for commercial paper program.

12. Interest Rate Cap Agreement

Alliance Holding entered into a three-year interest rate cap agreement with a major U.S. commercial bank, effective in December 1998, which was assumed by the Operating Partnership in connection with the Reorganization. The purpose of this agreement was to reduce the Operating Partnership's exposure to interest rate risk by effectively placing an interest rate ceiling or "cap" of 6% per annum on interest payable on up to $100 million of the debt outstanding under the commercial paper program and the five-year revolving credit facility. The interest rate cap agreement expired during December 2001.

13. Commitments and Contingencies

The Operating Partnership and its subsidiaries lease office space, furniture and office equipment under various operating leases. The future minimum payments under noncancelable leases, net of sublease commitments, at December 31, 2001 aggregated $1.1 billion and are payable as follows: $62.7 million, $61.7 million, $73.1 million, $66.4 million and $59.2 million for the years 2002 through 2006, respectively, and a total of $801.6 million for the remaining years through 2019. Office leases contain escalation clauses that provide for the pass through of increases in operating expenses and real estate taxes. Rent expense for the years ended December 31, 2001, 2000 and 1999 was $73.4 million, $46.2 million and $31.9 million, respectively.

On April 25, 2001, an amended class action complaint ("amended Miller Complaint") entitled *Miller, et al. v. Mitchell Hutchins Asset Management, Inc., et al.*, was filed in federal district court in the Southern District of Illinois against Alliance Capital, AFD, and other defendants alleging violations of the federal Investment Company Act of 1940, as amended ("ICA") and breaches of common law fiduciary duty. The allegations in the amended Miller Complaint concern six mutual funds with which Alliance Capital has investment advisory agreements, including Alliance Premier Growth Fund, Alliance Health Care Fund, Alliance Growth Fund, Alliance Quasar Fund, Alliance Fund, and Alliance Disciplined Value Fund. The principal allegations of the amended complaint are that (i) certain advisory agreements concerning these funds were negotiated, approved, and executed in violation of the ICA, in particular because certain directors of these funds should be deemed interested under the ICA; (ii) the distribution plans for these funds were negotiated, approved, and executed in violation of the ICA; and (iii) the advisory fees and distribution fees paid to Alliance Capital and AFD, respectively, are excessive and, therefore, constitute a breach of fiduciary duty. Plaintiff seeks a recovery of certain fees paid by these funds to Alliance Capital.

Alliance Capital and AFD believe that plaintiffs' allegations in the amended Miller Complaint are without merit and intend to vigorously defend against these allegations. At the present time, management of Alliance Capital and AFD are unable to estimate the impact, if any, that the outcome of these actions may have on Alliance Capital's results of operations or financial condition.

On December 7, 2001 a complaint entitled *Benak v. Alliance Capital Management L.P. and Alliance Premier Growth Fund* ("Benak Complaint") was filed in federal district court in the District of New Jersey against Alliance Capital and Alliance Premier Growth Fund ("Premier Growth Fund") alleging violation of the ICA. The principal allegations of the Benak Complaint are that Alliance Capital breached its duty of loyalty to Premier Growth Fund because one of the directors of the General Partner of Alliance Capital served as a director of Enron Corp. ("Enron") when Premier Growth Fund purchased shares of Enron and as a consequence thereof the investment advisory fees paid to Alliance Capital by Premier Growth Fund should be returned as a means of recovering for Premier Growth Fund the losses plaintiff allege were caused by the alleged breach of the duty of loyalty. Plaintiff seeks recovery of certain fees paid by Premier Growth Fund to Alliance Capital. On December 21, 2001 a complaint entitled *Roy v. Alliance Capital Management L.P. and Alliance Premier Growth Fund* ("Roy Complaint") was filed in federal district court in the Middle District of Florida, Tampa Division, against Alliance Capital and Premier Growth Fund. The allegations and relief sought in the Roy Complaint are virtually identical to the Benak Complaint. On December 26, 2001 a complaint entitled *Roffe v. Alliance Capital Management L.P. and Alliance Premier Growth Fund* ("Roffe Complaint") was filed in federal district court in the District of New Jersey against Alliance Capital and Premier Growth Fund. The allegations and relief sought in the Roffe Complaint are virtually identical to the Benak Complaint. On February 14, 2002 a complaint entitled *Tatem v. Alliance Capital Management L.P. and Alliance Premier Growth Fund* ("Tatem Complaint") was filed in federal district court in the District of New Jersey against Alliance Capital and Premier Growth Fund. The allegations and relief sought in the Tatem Complaint are virtually identical to the Benak Complaint.

Alliance Capital believes the plaintiffs' allegations in the Benak Complaint, Roy Complaint, Roffe Complaint and Tatem Complaint are without merit and intends to vigorously defend against these allegations. At the present time, management of Alliance Capital is unable to estimate the impact, if any, that the outcome of these actions may have on Alliance Capital's results of operations or financial condition.

Alliance Capital and Alliance Holding are involved in various other inquiries, administrative proceedings and litigation, some of which allege substantial damages. While any proceeding or litigation has the element of uncertainty, Alliance Capital and Alliance Holding believe that the outcome of any one of the other lawsuits or claims that is pending or threatened, or all of them combined, will not have a material adverse effect on Alliance Capital's or Alliance Holding's results of operations or financial condition.

14. Net Capital

SCB LLC, a wholly-owned subsidiary of the Operating Partnership, is a broker-dealer and member of the New York Stock Exchange, Inc. ("NYSE"). SCB LLC is subject to Uniform Net Capital Rule 15c3-1 of the SEC. SCB LLC computes its net capital under the alternative method permitted by the rule, which requires that minimum net capital, as defined, equal the greater of two percent of aggregate debit items arising from customer transactions, as defined, which amounts to $9.7 million, or $1 million. At December 31, 2001, SCB LLC had net capital of $173.8 million, which exceeded the minimum net capital requirements by $164.1 million. Advances, dividend payments and other equity withdrawals by SCB LLC are restricted by the regulations of the SEC, NYSE and other securities agencies. At December 31, 2001, $24.2 million was not available for payment of cash dividends and advances.

Alliance Fund Distributors, Inc. ("AFD"), a wholly-owned subsidiary of the Operating Partnership, serves as distributor and/or underwriter for certain Alliance Mutual Funds. AFD is registered as a broker-dealer under the Securities Exchange Act of 1934 and is subject to the minimum net capital requirements imposed by the SEC. AFD's net capital at December 31, 2001 was $43.6 million, which was $34.3 million in excess of its required net capital of $9.3 million.

15. Risk Management

Customer Activities

In the normal course of business, brokerage activities involve the execution, settlement and financing of various customer securities, which may expose SCB LLC to off-balance sheet risk in the event the customer is unable to fulfill its contracted obligations by requiring SCB LLC to purchase or sell securities at prevailing market prices.

SCB LLC's customer securities activities are transacted on either a cash or margin basis. In margin transactions, SCB LLC extends credit to the customer, subject to various regulatory and internal margin requirements. These transactions are collateralized by cash or securities in the customer's account. In connection with these activities, SCB LLC may execute and clear customer transactions involving the sale of securities not yet purchased. SCB LLC seeks to control the risks associated with margin transactions by requiring customers to maintain collateral in compliance with the aforementioned regulatory and internal guidelines. SCB LLC monitors required margin levels daily and, pursuant to such guidelines, requires the customers to deposit additional collateral, or reduce positions, when necessary. A majority of SCB LLC's customer margin accounts are managed on a discretionary basis whereby

SCB LLC maintains control over the investment activity in the accounts. For these discretionary accounts, SCB LLC's margin deficiency exposure is minimized through maintaining a diversified portfolio of securities and by virtue of its discretionary authority and role as custodian.

SCB LLC may enter into forward currency contracts on behalf of accounts for which SCB LLC acts as custodian. SCB LLC minimizes credit risk associated with these contracts by monitoring these positions on a daily basis, as well as by virtue of its discretionary authority and role as custodian.

In accordance with industry practice, SCB LLC records customer transactions on a settlement date basis, which is generally three business days after trade date. SCB LLC is therefore exposed to risk of loss on these transactions in the event of the customer's or broker's inability to meet the terms of their contracts, in which case SCB LLC may have to purchase or sell financial instruments at prevailing market prices. Settlement of these transactions is not expected to have a material effect upon SCB LLC's and the Operating Partnership's financial statements.

Other Counterparties

SCB LLC is engaged in various brokerage activities in which counterparties primarily include broker-dealers, banks and other financial institutions. In the event counterparties do not fulfill their obligations, SCB LLC may be exposed to risk. The risk of default depends on the creditworthiness of the counter-party or issuer of the instrument. It is SCB LLC's policy to review, as necessary, the credit standing of each counterparty.

In connection with SCB LLC's security borrowing and lending arrangements, which constitute the majority of the receivable from and payable to brokers and dealers, SCB LLC enters into collateralized agreements which may result in credit exposure in the event the counterparty to a transaction is unable to fulfill its contractual obligations. Security borrowing arrangements require SCB LLC to deposit cash collateral with the lender. With respect to security lending arrangements, SCB LLC receives collateral in the form of cash in amounts generally in excess of the market value of the securities loaned. SCB LLC minimizes credit risk associated with these activities by establishing credit limits for each broker and monitoring these limits on a daily basis. Additionally, security borrowing and lending collateral is marked to market on a daily basis, and additional collateral is deposited by or returned to SCB LLC as necessary.

16. Employee Benefit Plans

In connection with the Reorganization, all employees of Alliance Holding became employees of the Operating Partnership effective October 29, 1999 and the Operating Partnership assumed all employee benefit plans previously administered by Alliance Holding. The Operating Partnership and its subsidiaries maintain a number of qualified and non-qualified employee benefit and incentive compensation plans. Except as indicated, the aggregate amount available for annual employee bonuses and contributions to the various employee benefit plans discussed below is based on a percentage of the consolidated operating profits of the Operating Partnership and its subsidiaries.

The Operating Partnership maintains a qualified profit sharing plan covering substantially all U.S. and certain foreign employees except former employees of Bernstein. The amount of the annual contribution to the plan is determined by a committee of the Board of Directors of the General Partner. Contributions are limited to the maximum amount deductible for federal income tax purposes, generally 15% of the total annual compensation of eligible participants. Aggregate contributions for 2001, 2000 and 1999 were $14.1 million, $13.6 million and $11.4 million, respectively.

The Operating Partnership maintains a qualified 401(k) plan covering former employees of Bernstein. The amount of the annual contribution to the plan is determined by a committee of the Board of Directors of the General Partner. Contributions are limited to the maximum amount deductible for federal income tax purposes. Aggregate contributions for 2001 and 2000 were $4.2 million and $4.1 million, respectively.

The Operating Partnership maintains a qualified non-contributory defined benefit retirement plan in the U.S. covering substantially all U.S. employees except former employees of Bernstein and certain foreign employees. Benefits are based on years of credited service, average final base salary and primary Social Security benefits. The Operating Partnership's funding policy is to contribute annually an amount not to exceed the maximum amount that can be deducted for federal income tax purposes. Plan assets are comprised principally of corporate equity securities, U.S. Treasury securities and shares of Alliance Mutual Funds.

The projected benefit obligation under the retirement plan at December 31, 2001 and 2000 was comprised of (in thousands):

	2001	2000
Benefit obligation at beginning of year	**$ 38,927**	$ 31,142
Service cost	**3,825**	3,239
Interest cost	**2,902**	2,481
Actuarial gains/losses	**4,835**	2,606
Benefits paid	**(832)**	(541)
Benefit obligation at end of year	**$ 49,657**	$ 38,927

Changes in plan assets at fair value for the years ended December 31, 2001 and 2000 were comprised of (in thousands):

	2001	2000
Plan assets at fair value at beginning of year	**$ 32,859**	$ 37,862
Actual return on plan assets	**(3,332)**	(4,462)
Benefits paid	**(832)**	(541)
Plan assets at fair value at end of year	**$ 28,695**	$ 32,859

The following table presents the retirement plan's funded status and amounts recognized in the consolidated statements of financial condition at December 31, 2001 and 2000 (in thousands):

	2001	2000
Benefit obligation in excess of plan assets	**$ (20,962)**	$ (6,068)
Unrecognized net (gain) loss from past experience different from that assumed and effects of changes in assumptions	**6,956**	(4,457)
Prior service cost not yet recognized in net periodic pension cost	**(1,081)**	(1,195)
Unrecognized net plan assets at January 1, 1987 being recognized over 26.3 years	**(1,620)**	(1,763)
Accrued pension expense included in accrued compensation and benefits	**$ (16,707)**	$ (13,483)

Net expense under the retirement plan for the years ended December 31, 2001, 2000 and 1999 was comprised of (in thousands):

	2001	2000	1999
Service cost	**$ 3,825**	$ 3,239	$ 3,599
Interest cost on projected benefit obligations	**2,902**	2,481	2,313
Expected return on plan assets	**(3,191)**	(3,710)	(3,160)
Net amortization	**(310)**	(794)	(331)
Net pension charge	**$ 3,226**	$ 1,216	$ 2,421

Actuarial computations at December 31, 2001, 2000 and 1999 were made utilizing the following assumptions:

	2001	2000	1999
Discount rate on benefit obligations	**7.25%**	7.75%	8.00%
Expected long-term rate of return on plan assets	**10.00%**	10.00%	10.00%
Annual salary increases	**5.66%**	5.66%	5.66%

Variances between actuarial assumptions and actual experience are amortized over the estimated average remaining service lives of employees participating in the retirement plan.

17. Deferred Compensation Plans

The Operating Partnership maintains a nonqualified unfunded deferred compensation plan known as the Capital Accumulation Plan and assumed obligations under contractual unfunded deferred compensation arrangements covering certain executives.

The Capital Accumulation Plan was frozen on December 31, 1987 and no additional awards have been made. The Board of Directors of the General Partner may terminate the Capital Accumulation Plan at any time without cause, in which case the Operating Partnership's liability would be limited to benefits that have vested. Benefits due eligible executives under the contractual unfunded deferred compensation arrangements vested on or before December 31, 1987. Payment of vested benefits under both the Capital Accumulation Plan and the contractual unfunded deferred compensation arrangements will generally be made over a ten-year period commencing at retirement age. The General Partner is obligated to make capital contributions to the Operating Partnership in amounts equal to benefits paid under the Capital Accumulation Plan and the contractual unfunded deferred compensation arrangements. Amounts included in employee compensation and benefits expense for the Capital Accumulation Plan and the contractual unfunded deferred compensation arrangements for the years ended December 31, 2001, 2000 and 1999 were $2.0 million, $2.2 million and $1.7 million, respectively.

In connection with the acquisition of Bernstein, the Operating Partnership adopted a deferred compensation plan, known as the SCB Deferred Compensation Plan, under which the Operating Partnership has agreed to invest $96 million per annum for three years to fund purchases of Alliance Holding Units or an Alliance sponsored money market fund, in each case for the benefit of certain individuals who were stockholders or principals of Bernstein or hired to replace them. The awards vest ratably over three years and are amortized

as employee compensation expense over the vesting period. Participants may elect to defer receipt of vested awards. The Operating Partnership made awards aggregating $103.4 million and $81.8 million in 2001 and 2000, respectively. Aggregate amortization of $34.6 million and $6.8 million was recorded for the years ended December 31, 2001 and 2000, respectively.

During 1995, the Operating Partnership established an unfunded deferred compensation plan known as the Alliance Partners Compensation Plan (the "Plan") under which certain awards may be granted to eligible executives. A committee comprised of certain executive officers of the General Partner administers the Plan and determines the aggregate amount and recipients of awards. Awards made in 1995 vest ratably over three years. Annual awards made from 1996 through 1998 generally vest ratably over eight years. Until distributed, the 1995 through 1998 awards are credited with earnings based on the Operating Partnership's earnings growth rate. Payment of vested 1995 through 1998 benefits will generally be made in cash over a five-year period commencing at retirement or termination of employment although, under certain circumstances, full or partial lump sum payments may be made. Annual awards made for 1999 and 2000 are payable in Alliance Holding Units and a subsidiary of the Operating Partnership purchases Alliance Holding Units to fund the related benefits. The Alliance Holding Units may not be transferred until vested. The vesting periods, for 1999 and 2000 awards, range from one to eight years depending on the age of the participant. Beginning with 2001 awards, vesting periods for annual awards range from one to four years depending on the age of the participant and a participant may elect to have up to 50% of his or her award used to purchase certain Alliance Mutual Funds. Upon vesting, awards are distributed to participants unless an election to defer receipt has been made. Quarterly cash distributions on non-vested Alliance Holding Units for which a deferral election has not been made are paid

currently to participants. Quarterly cash distributions on vested and non-vested Alliance Holding Units and income credited on cash awards or Alliance Mutual Funds for which a deferral election has been made are reinvested and distributed as elected by participants. The Plan may be terminated at any time without cause, in which case the Operating Partnership's liability would be limited to vested benefits. The Operating Partnership made awards in 2001, 2000 and 1999 aggregating $62.5 million, $62.1 million and $48.2 million, respectively. The amounts charged to employee compensation and benefits expense for the years ended December 31, 2001, 2000 and 1999 were $19.4 million, $18.2 million and $12.0 million, respectively.

During 2000, the Operating Partnership established an unfunded deferred compensation plan known as the Annual Elective Deferral Plan (the "Deferral Plan") under which participants may elect to defer a portion of their annual bonus or commission and invest it in the Deferral Plan. A committee comprised of certain executive officers of the General Partner administers the Deferral Plan and the Operating Partnership contributes a supplemental amount equal to 20% of the deferred bonus or commission to the Deferral Plan. The supplemental amounts contributed by the Operating Partnership, which totaled $2.1 million and $2.7 million in 2001 and 2000, respectively, vest ratably over three years and are amortized as employee compensation expense.

18. Employee Unit Award and Option Plans

In connection with the Reorganization, the Operating Partnership assumed all obligations under the employee award and option plans previously administered by Alliance Holding.

During 1988, a Unit Option Plan (the "Unit Option Plan") was established under which options to purchase Alliance Holding Units were granted to certain key employees. A committee of the Board of Directors of the General Partner administers the Unit Option Plan and determines the grantees and the number of options to be granted. Options may be granted for terms of up to ten years and each option must have an exercise price of not less than the fair market value of Alliance Holding Units on the date of grant. Options are exercisable at a rate of 20% of the Alliance Holding Units subject to options on each of the first five anniversary dates of the date of grant. As of December 31, 2001, 919,120 options to purchase Alliance Holding Units were outstanding under the Unit Option Plan. No more options may be granted under the Unit Option Plan.

During 1993, the 1993 Unit Option Plan, the Unit Bonus Plan and the Century Club Plan (together the "1993 Plans") were established by Alliance Holding. Committees of the Board of Directors of the General Partner administer the 1993 Plans and determine the recipients of grants and awards. Under the 1993 Unit Option Plan, options to purchase Alliance Holding Units may be granted to key employees for terms of up to ten years. Each option must have an exercise price of not less than the fair market value of Alliance Holding Units on the date of grant. Options are exercisable at a rate of 20% of the Alliance Holding Units subject to options on each of the first five anniversary dates of the date of grant. Under the Unit Bonus Plan, Alliance Holding Units may be awarded to key employees in lieu of all or a portion of the cash bonuses they would otherwise receive under the Operating Partnership's incentive compensation program. Under the Century Club Plan, employees whose primary responsibilities are to assist in the distribution of Alliance Mutual Funds are eligible to receive an award of Alliance Holding Units. The aggregate number of Alliance Holding Units that can be the subject of options granted or that can be awarded under the 1993 Plans may not exceed 6,400,000 Alliance Holding Units and

552 Alliance Holding Units were available to be granted or awarded as of December 31, 2001. As of December 31, 2001, 6,062,600 Alliance Holding Units were subject to options granted and 330,848 Alliance Holding Units were subject to other awards made under the 1993 Plans.

During 1997, the 1997 Long Term Incentive Plan (the "1997 Plan") was established by Alliance Holding. Committees of the Board of Directors of the General Partner administer the 1997 Plan and determine the recipients of Alliance Holding Unit awards, including options, restricted Alliance Holding Units and phantom restricted Alliance Holding Units, performance awards, other Alliance Holding Unit based awards, or any combination thereof. Awards under the 1997 Plan may be granted to key employees for terms established at the time of grant by the Committees. The aggregate number of Alliance Holding Units that can be the subject of options granted or that can be awarded under the 1997 Plan may not exceed 41,000,000 Alliance Holding Units and 28,603,000 were available to be granted or awarded as of December 31, 2001. As of December 31, 2001, 12,368,500 Alliance Holding Units were subject to options granted and 25,500 Alliance Holding Units were subject to other awards made under the 1997 Plan.

During 2001, 2000, and 1999, the Committees authorized the grant of options to employees of the Operating Partnership to purchase 2,468,500, 4,703,000 and 2,000,000 Alliance Holding Units, respectively, under the Unit Option Plan, the 1993 Plans and the 1997 Plan. The per Alliance Holding Unit weighted-average fair value of options granted during 2001, 2000 and 1999 was $9.23, $8.32 and $3.88, respectively, on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions: risk-free interest rates of 4.5%, 5.9%, and 5.7% for 2001, 2000 and 1999, respectively; expected dividend yield of 5.8% for 2001, 7.2% for 2000 and 8.7% for 1999; and a volatility factor of the expected market price of Alliance Holding's Units of 33% for 2001, 30% for 2000 and 29% for 1999.

The Operating Partnership applies APB 25 in accounting for its option plans and, accordingly, no compensation cost has been recognized for employee options, granted at fair market value, in the consolidated financial statements. Had the Operating Partnership determined compensation cost based on the fair value at the grant date for its employee options under SFAS 123, the Operating Partnership's net income for 2001, 2000 and 1999 would have been reduced to the pro forma amounts indicated below (in thousands):

December 31,	2001	2000	1999
SFAS 123 pro forma:			
Net income	**$ 595,782**	$ 656,712	$ 455,546
Basic net income per Unit	**$ 2.38**	$ 3.25	$ 2.63
Diluted net income per Unit	**$ 2.32**	$ 3.14	$ 2.56

Pro forma net income reflects options granted beginning January 1, 1995. Therefore, the full impact of calculating compensation cost for options under SFAS 123 is not reflected in the pro forma net income amounts presented above because compensation cost is reflected over the options' vesting period of five years and compensation cost for options granted prior to January 1, 1995 is not considered.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected Alliance Holding Unit price volatility. Because employee options have characteristics signifi-cantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing model does not necessarily provide a reliable single measure of the fair value of the options.

The following table summarizes the activity in options under the Unit Option Plan, 1993 Plans and the 1997 Plan:

	Alliance Holding Units	Weighted Average Exercise Price Per Alliance Holding Unit
Outstanding at January 1, 1999	12,279,428	$ 14.94
Granted	2,000,000	$ 30.18
Exercised	(1,477,878)	$ 9.51
Forfeited	(303,800)	$ 17.79
Outstanding at December 31, 1999	12,497,750	$ 17.95
Granted	4,703,000	$ 50.93
Exercised	(1,688,870)	$ 10.90
Forfeited	(96,500)	$ 26.62
Outstanding at December 31, 2000	15,415,380	$ 28.73
Granted	2,468,500	$ 50.34
Exercised	(1,672,560)	$ 13.45
Forfeited	(353,500)	$ 34.33
Outstanding at December 31, 2001	15,857,820	**$** 33.58
Exercisable at December 31, 2001	7,257,520	

Exercise prices for options outstanding as of December 31, 2001 ranged from $7.97 to $58.50 per Alliance Holding Unit. The weighted-average remaining contractual life of those options is 7.20 years.

The following table summarizes information concerning currently outstanding and exercisable options:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding as of 12/31/01	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable as of 12/31/01	Weighted Average Exercise Price
$ 7.97 - $ 18.78	4,683,720	4.20	$ 12.92	4,328,720	$ 12.48
22.50 - 27.31	2,456,400	6.94	26.29	1,402,600	26.30
30.25 - 46.78	1,696,200	7.93	30.30	636,700	30.25
48.50 - 50.56	4,906,000	9.18	49.36	475,000	48.50
51.10 - 58.50	2,115,500	8.95	53.78	414,500	53.75
$ 7.97 - $ 58.50	15,857,820	7.20	$ 33.58	7,257,520	$ 21.42

19. Income Taxes

The Operating Partnership is a private partnership for federal income tax purposes and, accordingly, is not subject to federal and state corporate income taxes. However, the Operating Partnership and SCB LLC are subject to the New York City unincorporated business tax ("UBT"). 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. Foreign corporate subsidiaries are generally subject to taxes in the foreign jurisdictions where they are located. Alliance Holding is a publicly traded partnership for federal income tax purposes and is subject to the UBT and a 3.5% federal tax on partnership gross income from the active conduct of a trade or business.

The provision for income taxes consists of (in thousands):

Years Ended December 31,	2001	2000	1999
Partnership unincorporated business taxes	**$ 22,704**	$ 25,687	$ 25,607
Federal tax on partnership gross business income	**—**	—	33,104
Corporate subsidiaries:			
Federal	**8,220**	6,980	4,250
State, local and foreign	**4,590**	10,078	4,210
Current tax expense	**35,514**	42,745	67,171
Deferred tax expense (benefit)—state and local	**2,036**	(2,149)	—
Provision for income taxes	**$ 37,550**	$ 40,596	$ 67,171

The principal reasons for the difference between the effective tax rates and the UBT statutory tax rate of 4% are as follows (in thousands):

Years Ended December 31,	2001		2000		1999	
UBT statutory rate	**$ 26,087**	**4.0 %**	$ 28,374	4.0%	$ 21,153	4.0%
Federal tax on partnership gross business income	**—**	**—**	—	—	33,104	6.3
Corporate subsidiaries' federal, state, local and foreign income taxes	**12,097**	**1.9**	15,349	2.2	8,212	1.5
Other, net	**(634)**	**(0.1)**	(3,127)	(0.5)	4,702	0.9
Provision for income taxes and effective tax rates	**$ 37,550**	**5.8 %**	$ 40,596	5.7%	$ 67,171	12.7%

Under Statement of Financial Accounting Standards No. 109 ("SFAS 109"), *"Accounting for Income Taxes"*, deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The tax effect of significant items comprising the net deferred tax assets are as follows (in thousands):

December 31,	2001	2000
Deferred tax asset:		
Differences between book and tax treatment of deferred compensation plans	**$ 7,411**	$ 8,582
Differences between book and tax basis of intangible assets	**1,139**	1,802
Other, primarily accruals deductible when paid	**651**	1,436
	9,201	11,820
Deferred tax liability:		
Differences between book and tax basis of furniture, equipment and leasehold improvements	**669**	641
Differences between book and tax basis of investment partnerships	**1,120**	354
Differences between book and tax basis of intangible assets	**1,669**	492
	3,458	1,487
Net deferred tax asset	**5,743**	10,333
Valuation allowance	**(4,730)**	(7,284)
Deferred tax asset, net of valuation allowance	**$ 1,013**	$ 3,049

The net change in the valuation allowance for the year ended December 31, 2001 was $2.6 million. The valuation allowance primarily relates to uncertainties on the deductibility for UBT purposes of certain compensation related items and the amortization expense related to certain intangibles. The net deferred tax asset is included in other assets.

20. Business Segment Information

Alliance Holding adopted Statement of Financial Accounting Standards No. 131 ("SFAS 131"), *"Disclosures about Segments of an Enterprise and Related Information"*, in 1999. SFAS 131 establishes standards for the way a public enterprise reports information about operating segments in its annual and interim financial statements. It also establishes standards for related enterprise-wide disclosures about products and services, geographic areas and major customers. Generally, financial information is required to be reported consistent with the basis used by management to allocate resources and assess performance.

Management has assessed the requirements of SFAS 131 and determined that, because the Operating Partnership utilizes a consolidated approach to assess performance and allocate resources, it has only one operating segment. Enterprise-wide disclosures as of and for the years ended December 31, 2001, 2000 and 1999 were as follows:

Services

Total revenues derived from the Operating Partnership's and, prior to the Reorganization, Alliance Holding's investment management services for the years ended December 31, 2001, 2000 and 1999 were (in millions):

	2001	2000	1999
Retail	**$ 1,552**	$ 1,711	$ 1,313
Institutional investment management	**705**	533	418
Private client	**408**	153	105
Institutional research services	**266**	56	—
Other	**62**	69	33
Total	**$ 2,993**	$ 2,522	$ 1,869

Geographic Information

Total revenues, long-lived assets and assets under management related to the Operating Partnership's and, prior to the Reorganization, Alliance Holding's domestic and foreign operations as of and for the years ended December 31, were (in millions):

	2001	2000	1999
Total revenues:			
United States	**$ 2,599**	$ 2,144	$ 1,541
International	**394**	378	328
Total	**$ 2,993**	$ 2,522	$ 1,869
Long-lived assets:			
United States	**$ 4,122**	$ 4,328	$ 803
International	**35**	18	40
Total	**$ 4,157**	$ 4,346	$ 843
Assets under management:			
United States	**$ 388,768**	$ 394,362	$ 316,919
International	**66,634**	59,317	51,402
Total	**$ 455,402**	$ 453,679	$ 368,321

Major Customers

The Alliance Mutual Funds are distributed to individual investors through broker-dealers, insurance sales representatives, banks, registered investment advisers, financial planners and other financial intermediaries. AXA Advisors, LLC ("AXA Advisors"), a wholly-owned subsidiary of AXA Financial that uses members of the AXA Financial insurance agency sales force as its registered representatives, has entered into a selected

dealer agreement with AFD and has been responsible for 3%, 4% and 4% of U.S. and offshore mutual fund sales in 2001, 2000 and 1999, respectively. Subsidiaries of Merrill Lynch & Co., Inc. ("Merrill Lynch") were responsible for approximately 13%, 18% and 26% of U.S. and offshore mutual fund sales in 2001, 2000 and 1999, respectively. Citigroup, Inc. ("Citigroup"), parent company of Salomon Smith Barney & Co., Inc., was responsible for approximately 5%, 5% and 6% of U.S. and offshore mutual fund sales in 2001, 2000 and 1999, respectively. AXA Advisors, Merrill Lynch and Citigroup are under no obligation to sell a specific amount of Alliance Mutual Funds' shares and each also sells shares of mutual funds that it sponsors and which are sponsored by unaffiliated organizations.

AXA and the general and separate accounts of the Equitable Life Assurance Society of the United States ("ELAS"), a wholly-owned subsidiary of AXA, (including investments by the separate accounts of ELAS in the funding vehicles EQ Advisors Trust and The Hudson River Trust for certain periods) accounted for approximately 14%, 15% and 20% of total assets under management at December 31, 2001, 2000 and 1999, respectively, and approximately 5%, 6% and 8% of total revenues for the years ended December 31, 2001, 2000 and 1999, respectively. No single institutional client other than AXA and ELAS accounted for more than 1% of total revenues for the years ended December 31, 2001, 2000 and 1999, respectively.

21. Related Party Transactions

Investment management, distribution, shareholder and administrative and brokerage services are provided to the Alliance Mutual Funds. Substantially all of these services are provided under contracts that set forth the services to be provided and the fees to be charged. The contracts are subject to annual review and approval by each of the Alliance Mutual Funds' boards of directors or trustees and, in certain circumstances, by the Alliance Mutual Funds' shareholders. As of December 31, 2001, 97 employees had outstanding margin loans from SCB LLC totaling $37.7 million.

Revenues for services provided to the Alliance Mutual Funds are as follows (in thousands):

Years Ended December 31,	2001	2000	1999
Investment advisory and services fees	**$ 1,088,239**	$ 1,021,755	$ 895,784
Distribution revenues	**544,605**	621,622	441,772
Shareholder servicing fees	**87,222**	85,645	62,332
Other revenues	**11,032**	11,605	9,935
Brokerage	**9,029**	1,686	—

Investment management and administration services are provided to AXA and to AXA Financial and certain of their subsidiaries other than the Operating Partnership (the "AXA Subsidiaries") and certain of their affiliates. In addition, certain AXA Subsidiaries distribute Alliance Mutual Funds, for which they receive commissions and distribution payments. Sales of Alliance Mutual Funds through the AXA Subsidiaries, excluding cash management products, aggregated approximately $0.7 billion, $1.3 billion and $1.2 billion for the years ended December 31, 2001, 2000 and 1999, respectively. The Operating Partnership and its employees are covered by various insurance policies maintained by AXA Subsidiaries. In addition, the Operating Partnership pays fees for other services and technology provided by AXA and the AXA Subsidiaries.

Aggregate amounts included in the consolidated financial statements for transactions with the AXA Subsidiaries and certain of their affiliates are as follows (in thousands):

Years Ended December 31,	2001	2000	1999
Assets:			
Institutional investment management fees receivable	**$ 3,666**	$ 5,997	$ 7,136
Revenues:			
Investment advisory and services fees	**65,563**	52,070	51,647
Other revenues	**3,034**	8,062	11,003
Expenses:			
Distribution payments to financial intermediaries	**7,873**	107,353	106,170
General and administrative	**7,020**	3,706	4,950

22. Supplemental Cash Flow and Noncash Investing and Financing Activities Information

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

Years Ended December 31,	2001	2000	1999
Interest	**$ 24,973**	$ 22,519	$ 10,206
Income taxes	**32,191**	36,626	68,369
Noncash investing and financing activities were as follows (in thousands):			
Issuance of Operating Partnership Units for Bernstein Acquisition	**$ —**	$ 2,060,400	$ —

23. Accounting Pronouncements

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"*. Management adopted this Statement on January 1, 2001 and the adoption of the Statement did not have a material effect on the Operating Partnership's results of operations, liquidity, or capital resources.

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141 ("SFAS 141"), *"Business Combinations"*. Under SFAS 141, which has been adopted, the purchase method of accounting is required to be used for all business combinations initiated after June 30, 2001. The adoption of SFAS 141 did not affect materially the Operating Partnership's results of operations, liquidity, or capital resources.

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 142, ("SFAS 142") *"Goodwill and Other Intangible Assets"*. SFAS 142 changes the accounting for goodwill and certain intangible assets from an amortization method to an impairment approach. Management adopted SFAS 142 on January 1, 2002. The adoption of SFAS 142 is expected to result in a decrease in the amortization of intangible assets of approximately $150 million and an increase in net income of approximately $148 million. In addition, SFAS 142 requires the Operating Partnership's goodwill to be tested annually for impairment with the first test to be completed by June 30, 2002. Although the testing of the Operating Partnership's goodwill for impairment has not yet been completed, management believes that the completion of such testing will not result in an indicated impairment.

In October 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144, ("SFAS 144") *"Accounting for the Impairment or Disposal of Long-Lived Assets"*. Management adopted this Statement on January 1, 2002 and the adoption of the Statement did not have a material effect on the Operating Partnership's results of operations, liquidity, or capital resources.

24. Cash Distribution

On January 31, 2002, the General Partner declared a total distribution of $188.4 million or $0.75 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 Decem-ber 31, 2001. The distribution is payable on February 21, 2002 to holders of record on February 11, 2002.

25. Quarterly Financial Data (Unaudited)
(in thousands, except per Unit data)

	Quarters Ended 2001			
	December 31	**September 30**	**June 30**	**March 31**
Revenues	**$ 765,449**	**$ 724,846**	**$ 760,166**	**$ 742,437**
Net income	**$ 150,794**	**$ 150,838**	**$ 160,719**	**$ 152,274**
Basic net income per Unit (1)	**$ 0.60**	**$ 0.60**	**$ 0.64**	**$ 0.61**
Diluted net income per Unit (1)	**$ 0.59**	**$ 0.59**	**$ 0.63**	**$ 0.59**
Cash distributions per Unit (2)	**$ 0.75**	**$ 0.75**	**$ 0.78**	**$ 0.75**

	Quarters Ended 2000			
	December 31	**September 30**	**June 30**	**March 31**
Revenues	$ 793,170	$ 615,586	$ 564,937	$ 548,406
Net income	$ 148,258	$ 195,506	$ 153,835	$ 171,150
Basic net income per Unit (1)	$ 0.60	$ 0.95	$ 0.87	$ 0.99
Diluted net income per Unit (1)	$ 0.58	$ 0.91	$ 0.83	$ 0.95
Cash distributions per Unit (2)	$ 0.86	$ 0.905	$ 0.82	$ 0.815

(1) Due to changes in the number of weighted average Units outstanding, quarterly net income per Unit may not add to the totals for the year.
(2) Declared and paid during the following quarter.

Alliance Capital Management L.P.

Independent Auditors' Report

The General Partner and Unitholders
Alliance Capital Management L.P.
We have audited the accompanying consolidated statements of financial condition of Alliance Capital Management L.P. and subsidiaries ("Alliance Capital") as of December 31, 2001 and 2000, and the related consolidated statements of income, changes in partners' capital and comprehensive income and cash flows for each of the years in the two-year period ended December 31, 2001 and the two-month period ended December 31, 1999. We have also audited the consolidated statements of income, changes in partners' capital and comprehensive income and cash flows of Alliance Capital Management Holding L.P. and subsidiaries, the predecessor to Alliance Capital, for the ten-month period ended October 29, 1999 (date of Reorganization — Note 1). These consolidated financial statements are the responsibility of the management of the General Partner. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Alliance Capital as of December 31, 2001 and 2000, and Alliance Capital's and Alliance Capital Management Holding L.P. and subsidiaries' results of operations and cash flows for each of the periods referred to above presented in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP
New York, New York
January 31, 2002, except as to Note 13, which is dated as of
February 14, 2002

SUBSIDIARIES OF ALLIANCE CAPITAL

Alliance Capital Management Corporation of Delaware
(Delaware)

ACM Software Services Ltd.
(Delaware)

Alliance Capital Asset Management (India) Private Ltd.
(India)

Alliance Capital Australia Limited
(Australia)

Alliance Capital Management Australia Limited
(Australia)

Alliance Capital Management New Zealand Limited
(New Zealand)

Alliance Capital Management (Asia) Ltd.
(Delaware)

Alliance Capital (Mauritius) Private Limited
(Mauritius)

Alliance Corporate Finance Group Incorporated
(Delaware)

Alliance Capital Latin America Ltda.
(Brazil)

ACAM Trust Company Private Limited
(India)

Alliance Capital Management Canada, Inc.
(Canada)

Alliance Capital (Luxembourg) S.A.
(Luxembourg)

Alliance Eastern Europe Inc.
(Delaware)

Alliance Capital Global Derivatives Corporation
(Delaware)

Alliance Barra Research Institute, Inc.
(Delaware)

Alliance Fund Distributors, Inc.
(Delaware)

Alliance Global Investor Services, Inc.
(Delaware)

Alliance Capital Oceanic Corporation
(Delaware)

Alliance Capital Management (Japan) Inc.
(Delaware)

Alliance Capital Asset Management (Japan) Ltd.
(Japan)

ACM Global Investor Services S.A.
(Luxembourg)

ACM Fund Services (Espana) S.L.
(Spain)

ACM International (France) SAS
(France)

Alliance Capital Limited
(UK)

Alliance Capital Services Limited
(UK)

Cursitor Alliance LLC
(Delaware)

Alliance-Cecogest S.A.
(France)

Cursitor-Eaton Asset Management Company
(New York)

Cursitor Alliance Holdings Limited
(UK)

Cursitor Management Co. SA
(Luxembourg)

Alliance Asset Allocation Limited
(UK)

Dimensional Trust Management Limited
(UK)

Draycott Partners, Ltd.
(Massachusetts)

Cursitor Alliance Services Limited
(UK)

Meiji-Alliance Capital Corporation
(Delaware)

New-Alliance Asset Management (Asia) Limited
(Hong Kong)

ACM New-Alliance (Luxembourg) S.A.
(Luxembourg)

Alliance Capital Management (Singapore) Ltd.
(Singapore)

Alliance Capital Management (Proprietary) Limited
(South Africa)

Alliance-Odyssey Capital Management (Namibia)(Proprietary) Limited
(Namibia)

Alliance-MBCA Capital (Private) Limited
(Zimbabwe)

Alliance Capital Whittingdale Limited
(UK)

ACM Investments Limited
(UK)

Whittingdale Holdings Limited
(UK)

Whittingdale Nominees Limited
(UK)

Alliance Capital Management LLC
(Delaware)

Sanford C. Bernstein & Co., LLC
(Delaware)

Sanford C. Bernstein Limited
(UK)

Sanford C. Bernstein Proprietary Limited
(Australia)

Sanford C. Bernstein (CREST Nominees) Limited
(UK)

Independent Auditors' Consent

The General Partner
Alliance Capital Management L.P.:

We consent to the incorporation by reference in the registration statements (No. 333-64886) on Form S-3 and (No. 333-47194, No. 333-51418, No. 333-49392, No. 333-47667, No. 333-47655, No. 033-54575, No. 033-65930 and No. 033-65932) on Forms S-8 of Alliance Capital Management L.P. and subsidiaries ("Alliance Capital") of our report dated January 31, 2002, except as to Note 13 which is dated as of February 14, 2002, with respect to the consolidated statements of financial condition of Alliance Capital as of December 31, 2001 and 2000, and the related consolidated statements of income, changes in partners' capital and comprehensive income and cash flows for each of the years in the two-year period ended December 31, 2001 and the two-month period ended December 31, 1999; and the related consolidated statements of income, changes in partners' capital and comprehensive income and cash flows of Alliance Capital Management Holding L.P. and subsidiaries, the predecessor to Alliance Capital, for the ten-month period ended October 29, 1999 (date of Reorganization), and all related financial statement schedules, which is incorporated by reference in the December 31, 2001 annual report on Form 10-K of Alliance Capital.

/s/ KPMG LLP
KPMG LLP

New York, New York

March 28, 2002

POWER-OF-ATTORNEY

KNOWN TO ALL MEN BY THESE PRESENTS, that the person whose signature appears below hereby revokes all prior powers granted by the undersigned to the extent inconsistent herewith and constitutes and appoints Bruce W. Calvert**,** John D. Carifa and David R. Brewer, Jr., and each of them, to act severally as attorneys-in-fact and agents, with full power of substitution and resubstitution, for the undersigned in any and all capacities, for the sole purpose of signing the Alliance Capital Management L.P. Annual Report on Form 10-K for the fiscal year ended December 31, 2001 and filing the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact, or their substitute or substitutes, may do or cause to be done by virtue hereof.

Date: February 15, 2002

/s/ Donald Hood Brydon
Donald Hood Brydon

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Date: February 15, 2002

/s/ Henri de Castries
Henri de Castries

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Date: February 15, 2002

/s/ Christopher M. Condron
Christopher M. Condron

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Date: February 15, 2002

/s/ Denis Duverne
Denis Duverne

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Date: February 15, 2002

/s/ Richard S. Dziadzio
Richard S. Dziadzio

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Date: February 15, 2002

/s/ Benjamin D. Holloway
Benjamin D. Holloway

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Date: February 15, 2002

/s/ W. Edwin Jarmain
W. Edwin Jarmain

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Date: February 15, 2002

/s/ Peter D. Noris
Peter D. Noris

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Date: February 15, 2002

/s/ Frank Savage
Frank Savage

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Date: February 15, 2002

/s/ Peter J. Tobin
Peter J. Tobin

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Date: February 15, 2002

/s/ Stanley B. Tulin
Stanley B. Tulin

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Date: February 15, 2002

/s/ Dave H. Williams
Dave H. Williams