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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

For the Fiscal Year Ended December 31, 2003

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 001-09818

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**13-3434400** (I.R.S. Employer Identification No.)
1345 Avenue of the Americas **New York, N.Y.** (Address of principal executive offices)	**10105** (Zip Code)

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

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

Title of Class	Name of each exchange on which registered
units representing assignments of beneficial ownership of limited partnership interests*	**New York Stock Exchange**

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes ☒ No o

The aggregate market value of the units representing assignments of beneficial ownership of limited partnership interests* held by non-affiliates of the registrant as of February 1, 2004 was approximately $2,753,268,426.

The number of units representing assignments of beneficial ownership of limited partnership interests outstanding as of February 1, 2004 was 79,002,779.*

DOCUMENTS INCORPORATED BY REFERENCE

This Form 10-K does not incorporate any document by reference.

* includes 100,000 units of general partnership interest having economic interests equivalent to the economic interests of the units representing assignments of beneficial ownership of limited partnership interests

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GLOSSARY OF CERTAIN DEFINED TERMS

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

"Alliance" or "ACMC" refers to Alliance Capital Management Corporation, a wholly-owned subsidiary of Equitable, and, where appropriate, to ACMI, 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 ACMI and their respective subsidiaries.

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

"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" 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 and savings, property and casualty insurance, international insurance (including reinsurance), asset management and other financial services.

"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, an indirect wholly-owned subsidiary of AXA Financial, and its subsidiaries other than Alliance Capital and its subsidiaries.

"Exchange Act" refers to the Securities Exchange Act of 1934, as amended.

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

"Investment Advisers Act" refers to the Investment Advisers Act of 1940, as amended.

"Investment Company Act" refers to the Investment Company Act of 1940, as amended.

"SEC" refers to the United States Securities and Exchange Commission.

"Securities Act" refers to the Securities Act of 1933, as amended.

PART I

Item 1. Business

General

Alliance Holding was formed in 1987 to succeed to the business of ACMI, which began providing investment management services in 1971. On April 21, 1988 the business and substantially all of the operating assets of ACMI 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 ACMI 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") under the ticker symbol "AC". 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. On November 25, 2002 SCB Partners Inc., a wholly-owned subsidiary of SCB Inc., sold to ECMC 8,160,000 Alliance Capital Units pursuant to an agreement entered into in connection with the Bernstein Acquisition. On March 5, 2004 SCB Partners Inc. sold to ECMC an additional 8,160,000 Alliance Capital Units ("Sale") under that agreement.

As of February 1, 2004 AXA, AXA Financial, Equitable and certain subsidiaries of Equitable beneficially owned 136,859,599 Alliance Capital Units or approximately 54.2% of the issued and outstanding Alliance Capital Units and 1,444,356 Alliance Holding Units or approximately 1.8% of the issued and outstanding Alliance Holding Units which, including the general partnership interests in Alliance Capital and Alliance Holding, represents an economic interest of approximately 55.5% in Alliance Capital. Following the Sale, AXA Financial's economic interest in Alliance Capital increased by approximately 3.0% to approximately 58.5%. As of February 1, 2004 Alliance Holding owned 79,002,779 Alliance Capital Units or approximately 31.3% of the issued and outstanding Alliance Capital Units. As of February 1, 2004 SCB Partners Inc. owned 32,640,000 Alliance Capital Units or approximately 12.9% of the issued and outstanding Alliance Capital Units (and, following the Sale, 24,480,000 Alliance Capital Units or approximately 9.7%, respectively).

As of February 1, 2004 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. See "Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" of this Form 10-K.

AXA 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 and savings, property and

casualty insurance, 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 of affiliates such as AXA and its insurance company subsidiaries, by means of separately managed accounts, institutional sub-advisory relationships, structured products, group trusts, mutual funds, and other investment vehicles, (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 separately managed accounts, hedge funds, and other investment 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, sub-advisory relationships in respect of mutual funds sponsored by third parties and other investment vehicles ("Alliance Mutual Funds") and "managed account" products, and (d) institutional investors desiring institutional research services by means of in-depth research, portfolio strategy, trading and brokerage-related services. Alliance Capital and its subsidiaries also provide investment management, distribution and/or shareholder and administrative services to Alliance Mutual Funds.

Alliance Capital provides a broad offering of investment products with expertise in both growth and value oriented strategies, the two predominant equity investment styles, as well as a fixed income capability in both taxable and tax exempt securities. The product line includes international, global and emerging markets services, as well as local and regional services in major markets around the world. Alliance Capital uses internal fundamental and quantitative research as the key to its investment process across all investment disciplines.

Alliance Capital earns revenues by charging fees for managing the investment assets of clients. Fees are generally calculated as a percentage of the value of assets under management and vary with the type of account managed. Accordingly, fee income generally increases or decreases as average assets under management increase or decrease. Increases in assets under management generally result from appreciation in the value of client assets and from inflows of additional assets from new and existing clients. Conversely, decreases in assets under management generally result from market depreciation and from client redemptions or withdrawals.

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

Assets Under Management[1]

	December 31,				
	1999	2000	2001	2002	2003
	(in millions)				
Institutional Investment Management[3][4]	$ 198,832	$ 237,379	$ 241,491	$ 210,990	$ 269,465
Private Client[4]	1,830	35,697	39,169	39,693	51,550
Retail[4]	164,958	176,945	171,496	135,896	153,784
Total	$ 365,620	$ 450,021	$ 452,156	$ 386,579	$ 474,799

Revenues[2]

	Years Ended December 31,				
	1999	2000	2001	2002	2003
	(in thousands)				
Institutional Investment Management[3][5]	$ 408,864	$ 514,268	$ 669,028	$ 627,501	$ 649,592
Private Client[5]	93,405	139,155	397,420	425,155	486,361
Retail[6][7]	1,333,593	1,743,661	1,598,247	1,364,252	1,276,759
Institutional Research Services	—	56,289	265,815	294,910	267,868
Other	33,443	68,726	62,388	30,604	52,241
Total	$ 1,869,305	$ 2,522,099	$ 2,992,898	$ 2,742,422	$ 2,732,821

(1) Includes assets under management of the business acquired in the Bernstein Acquisition except at December 31, 1999.

(2) Includes revenues of the business acquired in the Bernstein Acquisition for the fourth quarter of 2000 and all of 2001, 2002 and 2003.

(3) Includes the general and separate accounts of the insurance company subsidiaries of AXA Financial.

(4) Excludes certain non-discretionary client relationships and assets managed by unconsolidated affiliates.

(5) Includes performance fees, incentive allocations or carried interests for hedge funds and certain other investment vehicles.

(6) Net 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 received by Alliance Capital in connection with its distribution of money market deposit accounts for which no investment management services are provided.

INSTITUTIONAL INVESTMENT MANAGEMENT SERVICES

Alliance Capital's Institutional Investment Management Services group provides 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, structured products, group trusts, mutual funds and other investment vehicles. As of December 31, 2003 the assets of institutional investors were managed by 205 portfolio managers with an average of 15 years of experience in the industry and 9 years of experience with Alliance Capital. Alliance Capital's portfolio managers manage various types of accounts, including separately managed accounts, mutual funds, hedge funds and other investment vehicles, within each portfolio manager's investment discipline.

As of December 31, 2001, 2002 and 2003 institutional investment management services represented approximately 53%, 55% and 57%, respectively, of total assets under management by Alliance Capital. The fees earned from these services represented approximately 22%, 23% and 24% of Alliance Capital's revenues for 2001, 2002 and 2003, respectively.

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

Institutional Investment Management Services Assets Under Management[1][2]

	December 31,				
	1999	2000	2001	2002	2003
	(in millions)				
Investment Services:					
Active Equity & Balanced—Growth:					
Domestic	$ 96,188	$ 83,611	$ 83,303	$ 54,845	$ 55,854
Global & International	10,649	10,613	11,915	11,234	18,991
	106,837	94,224	95,218	66,079	74,845
Active Equity & Balanced—Value:					
Domestic	4,231	38,386	39,603	34,624	53,145
Global & International	—	12,199	13,146	15,773	34,860
	4,231	50,585	52,749	50,397	88,005
Active Fixed Income:					
Domestic	50,010	50,223	48,471	56,461	56,999
Global & International	4,882	10,018	16,585	17,431	25,730
	54,892	60,241	65,056	73,892	82,729
Index and Enhanced Index:					
Domestic	26,472	26,937	22,289	16,271	17,732
Global & International	6,400	5,392	6,179	4,351	6,154
	32,872	32,329	28,468	20,622	23,886
Total:					
Domestic	176,901	199,157	193,666	162,201	183,730
Global & International	21,931	38,222	47,825	48,789	85,735
Total	$ 198,832	$ 237,379	$ 241,491	$ 210,990	$ 269,465

(1) Excludes certain non-discretionary client relationships and assets managed by unconsolidated affiliates.

(2) Includes assets under management of the business acquired in the Bernstein Acquisition except at December 31, 1999.

Revenues From Institutional Investment Management Services[1]

	Years Ended December 31,				
	1999	2000	2001	2002	2003

	(in thousands)				
Investment Services:					
Active Equity & Balanced—Growth:					
Domestic	$ 256,411	$ 304,164	$ 239,564	$ 200,599	$ 174,264
Global & International	25,589	30,741	53,679	38,934	47,260
	282,000	334,905	293,243	239,533	221,524
Active Equity & Balanced—Value:					
Domestic	10,065	43,925	175,769	194,224	182,667
Global & International	—	16,503	74,669	70,765	110,689
	10,065	60,428	250,438	264,989	293,356
Active Fixed Income:					
Domestic	95,047	95,045	90,916	85,582	82,185
Global & International	9,166	10,706	19,637	24,379	41,094
	104,213	105,751	110,553	109,961	123,279
Index and Enhanced Index:					
Domestic	8,827	9,607	11,164	6,496	5,022
Global & International	3,759	3,577	3,630	6,522	6,411
	12,586	13,184	14,794	13,018	11,433
Total:					
Domestic	370,350	452,741	517,413	486,901	444,138
Global & International	38,514	61,527	151,615	140,600	205,454
Total	$ 408,864	$ 514,268	$ 669,028	$ 627,501	$ 649,592

(1) Includes revenues of the business acquired in the Bernstein Acquisition for the fourth quarter of 2000 and all of 2001, 2002 and 2003.

Institutional equity and balanced accounts contributed approximately 18%, 18% and 19% of Alliance Capital's total revenues for 2001, 2002 and 2003, respectively. Institutional fixed income accounts contributed approximately 4%, 4% and 5% of Alliance Capital's total revenues for 2001, 2002 and 2003, respectively.

Institutional Clients

The approximately 3,480 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 14%, 15% and 16% of total assets under management by Alliance Capital at December 31, 2001, 2002 and 2003, respectively, and approximately 5%, 5% and 5% of Alliance Capital's total revenues for 2001, 2002 and 2003, respectively. Taken as a whole they comprise Alliance Capital's largest institutional client.

As of December 31, 2003 assets under management for corporate employee benefit plans represented approximately 15.8% 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 23.8% of total assets under management as of December 31, 2003.

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, 2003. Because 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	Investment Services
AXA and its subsidiaries (including Equitable and its insurance company subsidiary)	U.S. Equity, Fixed Income, Passive, Global Equity, Global Fixed Income
Vanguard Mutual Fund (Sub-Advised)	U.S. Equity
North Carolina Retirement System	Passive Equity, U.S. Equity, Global Equity
SBC Communications	U.S. Equity, Passive Equity
ASAP Funding	U.S. Fixed Income
New York State Common Retirement Fund	U.S. Equity, Global Equity

Frank Russell Trust Company	U.S. Equity, Global Equity
Ford Motor Company	U.S. Equity, Global Equity
Mineworkers Pension Scheme	Global Equity
SEI Investments	U.S. Equity, Global Equity, Fixed Income

These institutional clients accounted for approximately 19% of Alliance Capital's total assets under management at December 31, 2003 and approximately 3% of Alliance Capital's total revenues for the year ended December 31, 2003 (24% and 5%, 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, 2003. Assets under management of AXA and the general and separate accounts of Equitable and their subsidiaries, invested primarily in fixed income securities, accounted for approximately 10% of Alliance Capital's total assets under management at December 31, 2003 and approximately 3% of Alliance Capital's total revenues for the year ended December 31, 2003 (16% 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, conditions of financial markets, investment performance of client accounts under prevailing market conditions, changes in the investment preferences of clients that result in a shift in assets under management, changes in Alliance Capital's reputation as an investment manager, changes in the management or control of a client and other circumstances.

Institutional Investment Management Agreements and Fees

Accounts of 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 client consent.

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 13.4% of assets under management for institutional investors, Alliance Capital charges performance-based fees, which include arrangements that provide for a relatively low base fee plus an additional fee if investment performance for the account exceeds a specified benchmark. No assurance can be given that performance fee arrangements will not become more common in the investment management industry. Utilization of performance 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 investment services 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 separately managed accounts, hedge funds and other investment vehicles. Alliance Capital provided investment management services to a small 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 opening account size of $400,000. BIRM's services consist of customized, tax-sensitive investment planning making available a broad range of investment options.

BIRM's private client activities are built on a direct sales effort that involves over 170 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 approximately 13%, 16% and 18% of Alliance Capital's total revenues for the years ended December 31, 2001, 2002 and 2003, respectively, 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 ("SCB LLC"), a registered broker-dealer and a wholly-owned subsidiary of Alliance Capital, for executing trades relating to equity securities under management.

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

Private Client Services Assets Under Management[(1)(2)]

	December 31,				
	1999	2000	2001	2002	2003
			(in millions)		
Investment Services:					
Active Equity & Balanced—Growth:					
Domestic	$ 1,361	$ 594	$ 2,206	$ 3,517	$ 5,556
Global & International	11	614	367	271	3,155
	1,372	1,208	2,573	3,788	8,711
Active Equity & Balanced—Value:					
Domestic	—	21,432	21,899	19,441	25,477
Global & International	—	5,796	5,480	5,602	5,530
	—	27,228	27,379	25,043	31,007
Active Fixed Income:					
Domestic	71	6,929	9,084	10,755	11,717
Global & International	387	327	121	44	37
	458	7,256	9,205	10,799	11,754
Index and Enhanced Index:					
Domestic	—	5	12	63	77
Global & International	—	—	—	—	1
	—	5	12	63	78
Total:					
Domestic	1,432	28,960	33,201	33,776	42,827
Global & International	398	6,737	5,968	5,917	8,723
Total	$ 1,830	$ 35,697	$ 39,169	$ 39,693	$ 51,550

(1) Includes assets under management of the business acquired in the Bernstein Acquisition except at December 31, 1999.

(2) Excludes certain non-discretionary client relationships and assets managed by unconsolidated affiliates.

Revenues From Private Client Services[1]

	Years Ended December 31,				
	1999	2000	2001	2002	2003
			(in thousands)		
Investment Services:					
Active Equity & Balanced—Growth:					
Domestic	$ 70,802	$ 14,019	$ 20,897	$ 52,981	$ 55,069
Global & International	749	724	4,918	3,710	9,191
	71,551	14,743	25,815	56,691	64,260
Active Equity & Balanced—Value:					
Domestic	—	87,047	273,381	252,580	285,077
Global & International	—	16,683	59,413	66,476	78,117
	—	103,730	332,794	319,056	363,194
Active Fixed Income:					
Domestic	2,456	16,555	36,572	49,200	58,867
Global & International	19,398	4,121	2,234	178	21
	21,854	20,676	38,806	49,378	58,888
Index and Enhanced Index:					

Domestic	—	6	5	30	18
Global & International	—	—	—	—	1
	—	6	5	30	19
Total:					
Domestic	73,258	117,627	330,855	354,337	399,031
Global & International	20,147	21,528	66,565	70,818	87,330
Total	$ 93,405	$ 139,155	$ 397,420	$ 425,155	$ 486,361

(1) Includes revenues of the business acquired in the Bernstein Acquisition for the fourth quarter of 2000 and all of 2001, 2002 and 2003.

Private Client Investment Management Agreements and Fees

Private client accounts are managed pursuant to a written investment advisory agreement among the client, Alliance Capital and SCB LLC, which usually is terminable at any time or upon relatively short notice by either 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 the transaction charges earned by SCB LLC referred to above. Aggregate fees for the management of hedge funds may be higher than the fees charged for other assets under management in private client accounts because they provide for the payment of performance fees, incentive allocations or carried interests to Alliance Capital.

Private Client Marketing

BIRM's private client financial advisors are dedicated to obtaining and maintaining client relationships. These advisors 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, Chicago, Dallas, Houston, Los Angeles, Miami,

Minneapolis, San Francisco, Seattle, Washington, D.C., and West Palm Beach. These offices service the targeted market within these cities and the surrounding areas.

BIRM's private client marketing group also has established an extensive nationwide referral network, including accountants, attorneys and consultants who 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, sub-advisory relationships in respect of mutual funds sponsored by third parties and other investment vehicles, and "managed account" products. The net assets under management of the Alliance Mutual Funds on December 31, 2003 amounted to approximately $154 billion. Retail assets under management are valued and totaled, and the applicable liabilities are subtracted, in determining net assets under management. The assets of the Alliance Mutual Funds are managed by the same investment professionals who manage Alliance Capital's institutional and private client accounts. Alliance Capital and its subsidiaries provide investment management, distribution and/or shareholder and administrative services to Alliance Mutual Funds.

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

Retail Services Assets Under Management[(1)]

	December 31,				
	1999	2000	2001	2002	2003
	(in millions)				
Investment Services:					
Active Equity & Balanced—Growth:					
Domestic	$ 82,870	$ 82,110	$ 60,450	$ 30,981	$ 35,796
Global & International	16,306	18,585	15,121	7,951	10,783
	99,176	100,695	75,571	38,932	46,579

Active Equity & Balanced—Value:					
Domestic	6,954	12,729	18,735	19,952	27,082
Global & International	188	344	2,547	3,244	5,762
	7,142	13,073	21,282	23,196	32,844
Active Fixed Income:					
Domestic	46,873	51,535	58,473	56,604	50,100
Global & International	9,127	8,607	12,694	14,467	19,755
	56,000	60,142	71,167	71,071	69,855
Index and Enhanced Index:					
Domestic	2,640	3,035	3,471	2,688	4,307
Global & International	—	—	5	9	199
	2,640	3,035	3,476	2,697	4,506
Total:					
Domestic	139,337	149,409	141,129	110,225	117,285
Global & International	25,621	27,536	30,367	25,671	36,499
Total	$ 164,958	$ 176,945	$ 171,496	$ 135,896	$ 153,784

(1) Excludes certain non-discretionary client relationships and assets managed by unconsolidated affiliates.

Revenues From Retail Services[1][2][3]

	Years Ended December 31,				
	1999	2000	2001	2002	2003
	(in thousands)				
Investment Services:					
Active Equity & Balanced—Growth:					
Domestic	$ 423,515	$ 576,825	$ 460,097	$ 284,595	$ 204,831
Global & International	81,975	111,407	78,342	67,459	71,912
	505,490	688,232	538,439	352,054	276,743
Active Equity & Balanced—Value:					
Domestic	28,651	40,276	83,195	101,637	105,429
Global & International	5,869	6,494	6,232	12,027	19,974
	34,520	46,770	89,427	113,664	125,403
Active Fixed Income:					
Domestic	179,366	203,948	255,869	240,369	223,623
Global & International	106,292	95,150	71,416	87,383	115,612
	285,658	299,098	327,285	327,752	339,235
Index and Enhanced Index:					
Domestic	3,821	2,294	2,158	1,746	4,099
Global & International	—	—	9	4	966
	3,821	2,294	2,167	1,750	5,065
Total:					
Domestic	635,353	823,343	801,319	628,347	537,982
Global & International	194,136	213,051	155,999	166,873	208,464
	829,489	1,036,394	957,318	795,220	746,446
Distribution Revenues[4]	441,772	621,622	544,605	467,463	436,037
Shareholder Servicing Fees[4]	62,332	85,645	96,324	101,569	94,276

Total	$ 1,333,593	$ 1,743,661	$ 1,598,247	$ 1,364,252	$ 1,276,759

(1) Includes fees received by Alliance Capital in connection with Managed Account Programs.

(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.

(4) A description of distribution revenues and shareholder servicing fees may be found in "Retail Services—Distribution" of this Item 1.

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 Programs, which are sponsored by various registered broker-dealers ("Managed Account Programs"). On December 31, 2003 net assets in

these types of Alliance Mutual Funds and Managed Account Programs totaled approximately $80 billion.

Types of Alliance Mutual Funds and Managed Account Programs	**Net Assets as of December 31, 2003[1]**
	(in millions)
U.S. Funds—Open-End:	
Equity and Balanced:	
Growth	$ 14,596
Value	14,220
Taxable Fixed Income	8,059
Tax Exempt Fixed Income	4,850
Offshore Funds (Open- and Closed-End):	
Taxable Fixed Income	16,057
Equity and Balanced:	
Growth	8,837
Value	1,153
Index and Enhanced Index	197
Managed Account Programs	7,737
U.S. Funds—Closed-End	4,609
Total	$ 80,315

(1) Excludes certain non-discretionary client relationships and assets managed by unconsolidated affiliates.

Variable Products

Alliance Capital is a sub-adviser to EQAT, an investment vehicle for the variable annuity and variable life insurance products offered by Equitable and its insurance company subsidiary. AllianceBernstein Variable Products Series Fund is the investment vehicle for variable annuity and variable life insurance products offered by unaffiliated insurance companies. On December 31, 2003 the net assets of the portfolios of the Variable Products totaled approximately $43 billion:

Variable Products by Portfolio:	**Net Assets as of December 31, 2003**
	(in millions)
EQAT:	
Common Stock Portfolio	$ 9,357
Equity Index Portfolio	3,148
Growth & Income Portfolio	2,507
Quality Bond Portfolio	1,827
Money Market Portfolio	1,649
International Portfolio	1,580
Diversified Value Portfolio	1,539
Premier Growth Portfolio	1,081
Small Cap Growth Portfolio	1,003
Intermediate Government Portfolio	976
High Yield Portfolio	803

Small Company Index Portfolio		326
Total EQAT		25,796
Alliance Variable Products Series Fund		16,991
Total	$	42,787

Variable Products by Investment Orientation:	**Net Assets as of December 31, 2003**
	(in millions)
Equity and Balanced—Growth:	
Domestic	$ 13,715
Global & International	1,563
	15,278
Equity and Balanced—Value:	
Domestic	15,557
Global & International	1,913
	17,470
Active Fixed Income:	
Domestic	5,634
Global & International	96
	5,730
Index and Enhanced Index:	
Domestic	4,307
Global & International	2
	4,309
Total:	
Domestic	39,213
Global & International	3,574
Total:	$ 42,787

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. AllianceBernstein Investment Research and Management, Inc. ("ABIRM"), 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 235 sales representatives who devote their time exclusively to promoting the sale of shares of Alliance Mutual Funds by financial intermediaries.

Alliance Capital's mutual fund distribution system (the "System") includes a multi-class share structure that 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 ABIRM at the time of sale. ABIRM in turn pays sales commissions to the financial intermediaries distributing the funds from the front-end sales charge it receives from 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 ABIRM. While ABIRM is obligated to pay sales commissions to the financial intermediaries at the time of the purchase of Back-End Load Shares, it receives higher ongoing distribution services fees from the mutual funds. Deferred sales commissions are expected to be recovered from receipt of CDSC and the higher ongoing distribution services fees received from the mutual funds over periods not exceeding five and one-half years. Payments of sales commissions made to financial intermediaries in connection with the sale of Back-End Load Shares under the System, net of CDSC received, totaled approximately $94.9 million and $81.6 million during 2003 and 2002, respectively.

The rules of the National Association of Securities Dealers, Inc. effectively cap the aggregate of all front-end, deferred and asset-based sales charges received by ABIRM. The cap is 6.25% of cumulative gross sales (plus interest at the prime rate plus 1% per annum) in each share class of the open-end U.S. Funds.

Each open-end U.S. Fund has adopted a plan under Rule 12b-1 of the Investment Company Act that allows the fund to pay, out of assets of the fund, asset-based sales charges or distribution and service fees for the distribution and sale of its shares ("Rule 12b-1 Fees"). The open-end U.S. Funds and Offshore Funds have entered into agreements with ABIRM under which ABIRM is paid a distribution services fee. ABIRM and the financial intermediaries have entered into selling and distribution agreements for the distribution of Alliance Mutual Funds pursuant to which ABIRM pays sales commissions. These agreements 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 ABIRM, in which case ABIRM retains the entire sales charge.

Alliance Capital may make cash payments from time to time from its own resources to financial intermediaries in connection with the sale of shares of its open-end U.S. Funds. Such payments, which are sometimes referred to as revenue sharing, may be associated with the status of a fund on a financial intermediary's preferred list of funds or otherwise associated with the financial intermediary's marketing and other support activities, such as client education meetings relating to a fund. Alliance Capital uses borrowings and its own resources to finance distribution of open-end Alliance Mutual Fund shares.

During 2003 the ten financial intermediaries responsible for the largest volume of sales of open-end U.S. Funds were responsible for 46% of such sales. AXA Advisors, LLC ("AXA Advisors"), a wholly-owned subsidiary of AXA Financial that utilizes members of Equitable's insurance sales force as its registered representatives, has entered into a selected dealer agreement with ABIRM and has been responsible for a significant portion of total sales of shares of open-end U.S. Funds and Offshore Funds (3% in each of 2001, 2002 and 2003, respectively). AXA Advisors is under no obligation to sell a specific amount of fund shares and also sells shares of mutual funds sponsored by affiliates and unaffiliated organizations.

Subsidiaries of Merrill Lynch & Co., Inc. (collectively "Merrill Lynch") were responsible for approximately 13%, 12% and 7% of open-end Alliance Mutual Fund sales in 2001, 2002 and 2003, respectively. Citigroup Inc. (and its subsidiaries, "Citigroup") was responsible for approximately 5% of open-end Alliance Mutual Fund sales in 2001, 3% in 2002 and 9% in 2003. 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 1999 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 (December 2003), Alliance Capital's market share in the U.S. mutual fund industry is 1.29% of total industry assets and Alliance Capital accounted for 0.66% of total open-end industry sales in the U.S. during 2003. While the investment 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. 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 made to financial

intermediaries. 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 2003 banks and their affiliates accounted for approximately 17% 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 reflected in the investment advisory agreement and reviewed annually by the boards of directors or trustees, including a majority of the disinterested directors or trustees. Increases 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 it receives from the fund. In connection with U.S. Funds, Alliance Capital may also agree to reduce its fee or bear certain expenses to limit total fund expenses during an initial period of operations. In 2004, each U.S. Fund is expected to appoint an independent compliance officer reporting to the independent directors of each U.S. Fund. The expense of this officer and his or her staff will be borne by Alliance Capital.

Alliance Capital has reduced certain of the advisory fees charged to U.S. Funds in connection with the resolution of market timing matters. See "Regulation" in this Item 1.

Cash Management Services

Alliance Capital provides cash management services to individual investors through a product line comprising 24 money market fund portfolios, including three money market portfolios domiciled in the Cayman Islands or in Dublin, Ireland. Net assets in these products as of December 31, 2003 totaled approximately $31 billion. There are seven employees of Alliance Capital who devote their time exclusively to marketing Alliance Capital's cash management services.

	Net Assets as of December 31, 2003
	(in millions)

Money Market Funds:		
AllianceBernstein Capital Reserves (two portfolios)	$	12,847
AllianceBernstein Government Reserves (two portfolios)		7,525
AllianceBernstein Institutional Reserves (seven portfolios)		6,797
AllianceBernstein Municipal Trust (ten portfolios)		903
Non-U.S. Money Market Funds (three portfolios)		2,610
Total	$	30,682

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.

Although these funds seek to maintain a constant net asset value of $1 per share, it is possible that adverse events relating to portfolio securities could result in the value of the money market fund shares declining below that level. In such cases, Alliance Capital would face a choice between allowing the decline or committing financial resources to the fund to prevent the decline. If Alliance Capital were to commit financial resources, they could be substantial. If Alliance Capital declined to do so, the adverse effects on Alliance Capital's reputation and standing in the investment community could be material.

On December 31, 2003, 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 retail and institutional investors. On December 31, 2003 approximately 450 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 2003), has decreased from 1.95% of total money market fund industry assets at the end of 1998 to 1.50% at December 31, 2003.

Financial intermediaries receive payments for distribution assistance, shareholder servicing and administration. Alliance Capital's money market funds pay Rule 12b-1 Fees to Alliance Capital at annual rates of up to 0.25% of average daily net assets. Such payments are supplemented by Alliance Capital in making payments to financial intermediaries for distribution assistance, shareholder servicing and administration, a form of revenue sharing. During 2003 such supplemental payments totaled approximately $97.3 million ($107.1 million in 2002).

A key 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, 2003 the five largest participating financial intermediaries were responsible for assets aggregating approximately $25.5 billion, or 82.4% 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 The Bank of New York Company, Inc. 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 sponsored by Alliance Capital. As of December 31, 2003 these Pershing correspondents were responsible for approximately $20.6 billion or 66.7% 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 annually 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 "Retail Services—Investment Management Agreements and Fees."

Shareholder and Administration Services

Alliance Global Investor Services, Inc. ("AGIS"), a wholly-owned subsidiary of Alliance Capital, provides transfer agency and related services for each U.S. Fund and provides servicing for each U.S. Fund's shareholder accounts. As of December 31, 2003 AGIS employed 536 people. AGIS operates out of offices in Secaucus, New Jersey, San Antonio, Texas, and Scranton, Pennsylvania. AGIS receives a monthly fee under each of its servicing agreements with the U.S. Funds. 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 $11.1 million per year.

ACM Global Investor Services S.A. ("ACMGIS") a wholly-owned subsidiary of Alliance Capital, is the transfer agent of substantially all of the Offshore Funds. As of December 31, 2003 ACMGIS employed 46 people. ACMGIS operates out of offices in Luxembourg and Singapore and receives a monthly fee for

its transfer agency services under services agreements which may be terminated by either party upon 60 days' notice.

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 SCB LLC in the United States and Sanford C. Bernstein Limited ("SCBL") in Europe, each a wholly-owned subsidiary of Alliance Capital, to provide services to support their asset management activities. As of December 31, 2003 SCB LLC and SCBL served approximately 948 clients in the U.S. and approximately 439 in Europe, Australia and the Far East. Alliance Capital (acting on behalf of those discretionary clients that have authorized it to transact business with SCB) is one of SCB's largest client relationships. Revenues derived from clients of Alliance Capital were approximately 3% of SCB's 2003 revenues.

SCB LLC and SCBL earn revenues by providing investment research and executing brokerage transactions for research clients. Research clients provide compensation principally by directing brokerage transactions to SCB LLC and SCBL in return for their research products. These services accounted for approximately 9%, 11% and 10% of Alliance Capital's revenues in 2001, 2002 and 2003, respectively.

The following table sets forth Institutional Research Services revenues for each of the periods presented:

Revenues From Institutional Research Services[(1)]

	Years Ended December 31,				
	1999	2000	2001	2002	2003
	(in thousands)				
Transaction Charges:					
U.S. Clients	$ —	$ 44,970	$ 197,653	$ 230,596	$ 192,597
Non-U.S. Clients	—	10,344	56,836	59,663	72,800
	—	55,314	254,489	290,259	265,397
Other	—	975	11,326	4,651	2,471
Total	$ —	$ 56,289	$ 265,815	$ 294,910	$ 267,868

(1) Includes revenues of the business acquired in the Bernstein Acquisition for the fourth quarter of 2000 and all of 2001, 2002 and 2003.

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 from numerous investment management, stock brokerage and investment banking firms, insurance companies, banks, savings and loan associations and other financial institutions. These competitors offer a wide range of financial and investment management services to the same retail investors, institutional clients and high-net-worth customers that Alliance Capital seeks to attract. Many of these financial institutions have substantially greater resources than Alliance Capital. Alliance Capital competes with other providers of 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.

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. AXA and its subsidiaries are not obligated to provide resources to Alliance Capital.

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 client assets and securities, primarily those of private clients.

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 directed by the client or otherwise permitted.

REGULATION

Alliance Capital, Alliance Holding, and Alliance are investment advisers registered under the Investment Advisers Act. Each U.S. Fund is registered with the 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 ABIRM 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 ABIRM are subject to minimum net capital requirements of $15.2 million, $7.5 million and $9.2 million, respectively, at December 31, 2003) imposed by the SEC and the United Kingdom Financial Services Authority and had aggregate regulatory net capital of $140.6 million, $25.7 million and $51.0 million, respectively, at December 31, 2003.

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 State Insurance Law and regulations ("NYSIL"). Certain of the investment advisory agreements and ancillary administrative service agreements are subject to approval or disapproval by the New York Superintendent of Insurance within a prescribed notice period. Under the NYSIL, 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 that 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.

Market Timing Investigations

Certain regulatory authorities, including the SEC and the Office of the New York State Attorney General ("NYAG"), are investigating practices in the mutual fund industry identified as "market timing" and "late trading" of mutual fund shares and have requested that Alliance Capital provide information to them. Alliance Capital has cooperated and will continue to cooperate with all of these authorities. On December 18, 2003, Alliance Capital reached terms with the SEC for the resolution of regulatory claims against Alliance Capital with respect to market timing. The agreement with the SEC is reflected in an Order Instituting Administrative and Cease-and-Desist Proceedings pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act and Sections 9(b) and 9(f) of the Investment Company Act, Making Findings and Imposing Remedial Sanctions and a Cease-and-Desist Order of the Commission (as amended on January 15, 2004, the "Order"). The Order found that Alliance Capital maintained relationships with certain investors who were permitted to engage in market timing trades in certain domestic mutual funds sponsored by Alliance Capital in return for or in connection with making investments (which were not actively traded) in other Alliance Capital

products, including hedge funds and mutual funds, for which it receives advisory fees ("Market Timing Relationships"). The Order also stated that the SEC determined to accept an Offer of Settlement submitted by Alliance Capital. Alliance Capital concurrently reached an agreement in principle with the NYAG which is subject to final, definitive documentation.

The Board of Directors of the General Partner ("Board") appointed a special committee ("Special Committee") consisting of all of the independent directors of the Board to direct and oversee a comprehensive review of the facts and circumstances relating to the issues being investigated by the SEC, the NYAG and other interested authorities. The Board authorized the Special Committee to retain such advisers as it deems necessary to assist it in the performance of its duties, and it has retained its own legal counsel to so assist it. Information about the initial results of the internal investigation and the activities of the Special Committee is set forth in Alliance Capital's Form 10-Q for the quarter ended September 30, 2003.

These and related matters are the subject of an ongoing investigation by the Special Committee and its counsel.

On February 10, 2004, Alliance Capital received (i) a subpoena duces tecum from the Office of the Attorney General of the State of West Virginia and (ii) a request for information from the Office of the State Auditor, Securities Commission, for the State of West Virginia (together, the "Information Requests"). Both Information Requests call for Alliance Capital to produce documents concerning, among other things, any market timing or late trading in Alliance Capital-sponsored mutual funds.

Terms of Order and NYAG Agreement

Among the key provisions of the Order and the agreement with the NYAG (each, an "Agreement") are the following: Under both Agreements, Alliance Capital must establish a $250 million fund to compensate fund shareholders for the adverse effect of market timing. Of the $250 million fund, the Agreements characterize $150 million as disgorgement and $100 million as a penalty. The Agreement with the NYAG requires a weighted average reduction in fees of 20% with respect to investment advisory agreements with Alliance Capital-sponsored U.S. long-term open-end retail mutual funds for a minimum of five years, which commenced January 1, 2004. This reduction in fees is expected to reduce Alliance Capital revenues by approximately $70 million in 2004.

Under the Agreements, the boards of the U.S. Funds, all of which have already moved to elect independent chairmen from among their independent directors, will also have independent directors that comprise at least 75% of each Board, and will add a senior officer and any needed staff to assist the Boards in

their oversight of compliance, fiduciary issues and conflicts of interest.

Alliance Capital has retained the services of an Independent Distribution Consultant, who is subject to the approval of the staff of the SEC and the independent directors of the U.S. Funds. The Independent Distribution Consultant has been retained to create a plan for the distribution of the $250 million fund to mutual fund shareholders. To the extent the Independent Distribution Consultant concludes that the harm to mutual fund shareholders caused by market timing exceeds $200 million, Alliance Capital will be required to contribute additional monies to the restitution fund. The plan will be submitted to the SEC and Alliance Capital for approval. After the SEC and management of Alliance Capital approve the distribution plan it will be published and the public will be afforded an opportunity to comment. After the comment period has ended, the SEC will issue an order approving the final plan. Restitution payments under the plan are not likely to be made prior to the fall of 2004.

The terms and conditions of the Agreements also include, among others: formation of a Code of Ethics Oversight Committee, composed of senior executives of Alliance Capital's operating businesses, to oversee all matters relating to issues arising under the Alliance Capital Code of Ethics; establishment of an Internal Compliance Controls Committee, chaired by Alliance Capital's Chief

Compliance Officer, which shall review compliance issues throughout Alliance Capital, endeavor to develop solutions to those issues as they may arise from time to time, and oversee implementation of those solutions; establishment of a company ombudsman to whom Alliance Capital employees may convey concerns about Alliance Capital business matters that they believe involve matters of ethics or questionable practices; engagement of an Independent Compliance Consultant who shall conduct a comprehensive review of Alliance Capital's supervisory, compliance, and other policies and procedures designed to prevent and detect conflicts of interest, breaches of fiduciary duty, breaches of the Code of Ethics and federal securities law violations by Alliance Capital and its employees; and commencing in 2005, and biannually thereafter, Alliance Capital shall undergo a compliance review by an independent third party.

Alliance Capital recorded a pre-tax charge to income of $190 million for the quarter ended September 30, 2003 to cover restitution, litigation and other costs associated with these investigations and other litigation. Alliance Capital recorded an additional $140 million pre-tax charge against its fourth quarter 2003 earnings in connection with these matters. As a result of these charges, the Board of Directors of the General Partner of Alliance Capital and Alliance Holding determined not to pay a distribution to their respective unitholders for the fourth quarter of 2003. Distributions are expected to resume for the first quarter of 2004, with payout policy returning to traditional levels in relation to cash flow for the second quarter of 2004. For more information about the effect of the $250 million fund, the related charges and the fee reduction on Alliance Capital's results of operations, financial condition and distributions, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of this Form 10-K and Notes 15 and 21 to Alliance Capital's Consolidated Financial Statements in Item 8 of this Form 10-K.

Revenue Sharing

Alliance Capital and approximately twelve other investment management firms were publicly mentioned in connection with the settlement by the SEC of charges that Morgan Stanley violated federal securities laws relating to its receipt of compensation for selling specific mutual funds and the disclosure of such compensation. The SEC has indicated publicly that, among other things, it is considering enforcement action in connection with mutual funds' disclosure of such arrangements and in connection with the practice of considering mutual fund sales in the direction of brokerage commissions from fund portfolio transactions. The SEC has issued subpoenas to Alliance Capital in connection with this matter and Alliance Capital has provided documents and other information to the SEC and is cooperating fully with its investigation.

EMPLOYEES

As of December 31, 2003 Alliance Capital and its subsidiaries had 4,096 employees, including 589 investment professionals, of whom 205 are portfolio managers, 304 are research analysts, 65 are order placement specialists and 15 are corporate finance professionals. The average period of employment of these professionals with Alliance Capital is approximately 7 years and their average investment experience is approximately 14 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. The mark "AllianceBernstein" was registered in 2003.

OTHER INFORMATION

Alliance Capital and Alliance Holding file annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and other reports required to comply with federal securities laws. The public may read and copy any materials filed with the SEC at the SEC's Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an internet site (*http://www.sec.gov*) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

Alliance Capital and Alliance Holding maintain an internet site (*http://alliancecapital.com*). The portion of the site at "About Alliance/Investor Relations/Reports and Filings" links to both companies' annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and

amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act. These reports are available through the site free of charge as soon as reasonably practicable after such material is filed with or furnished to the SEC.

RISK FACTORS

This section should be read in conjunction with the general description of our business in this Part I and with the audited consolidated financial statements and related notes, the selected financial data and Management's Discussion and Analysis of Financial Condition and Results of Operations contained elsewhere in this Form 10-K.

Alliance Capital's business is dependent on investment advisory, selling and distribution agreements that are subject to termination or non-renewal on short notice.

Most of Alliance Capital's revenues are derived pursuant to written investment advisory and investment management agreements or selling and distribution agreements with mutual funds, institutional investors and private clients. Generally, the investment advisory and investment management agreements are terminable at any time or upon relatively short notice by either party. In general, the selling and distribution agreements between ABIRM 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. Any termination of or failure to renew a significant number of these agreements could have a material adverse impact on the revenues and profits of Alliance Capital.

Alliance Capital's inability to access clients through financial intermediaries could have a material adverse effect on Alliance Capital's financial condition, results of operations and business prospects.

Alliance Capital's ability to market its mutual funds, sub-advisory services and investment services is partly dependent on access to the client base of corporate and public employee pension funds, endowment funds, domestic and foreign institutions and governments, insurance companies, securities firms, brokers, banks and other intermediaries. These intermediaries generally offer their clients various investment products in addition to, and in competition with, those of Alliance Capital. In addition, certain institutional investors rely on consultants to advise them on the choice of investment adviser, and Alliance Capital will not always be considered among the best choices by all such consultants. Further, Alliance Capital's private client services group relies on referrals from financial planners, registered investment advisors and other professionals. Alliance Capital cannot be certain that it will continue to have access to these third parties. Losing such access could have a material adverse effect on Alliance Capital's financial condition, results of operations and business prospects.

Increased competition could reduce the demand for Alliance Capital's products and services, which could have a material adverse effect on Alliance Capital's business, financial condition, results of operations and business prospects.

Alliance Capital is subject to substantial and growing competition in all aspects of its business. The investment management industry is relatively mature, with competitors that provide similar services and may have undifferentiated capabilities. Such competition could reduce the demand for our products and services and could have a material adverse effect on Alliance Capital's business, financial condition, results of operations and business prospects. Alliance Capital competes with hundreds of other mutual fund management and distribution companies that distribute their fund shares through financial intermediaries as well as directly to individual investors. Alliance Capital also competes with brokerage and investment banking firms, insurance companies, banks and other financial institutions, many of which are larger, have proprietary access to distribution, have a broader range of product choices and investment capabilities and have greater capital resources.

Market fluctuation has a direct and significant impact on Alliance Capital's levels of assets under management; a significant reduction in assets under management could have a material adverse effect on Alliance Capital's financial condition, results of operations and business prospects.

Performance of financial markets (both domestic and international), global economic conditions, investment performance of sponsored investment products and separately managed accounts, interest rates, inflation rates, and other factors that are difficult to predict affect the mix, market values and levels of Alliance Capital's assets under management. Investment advisory and services fees (which include brokerage transaction charges of SCB LLC for substantially all private client transactions and certain institutional investment management client transactions), the largest component of Alliance Capital's revenues, are generally calculated as a percentage of the value of assets under management and vary with the type of account managed. Accordingly, fee income generally increases or decreases as average assets under management increase or decrease and is affected by market appreciation or depreciation, inflow of new client assets (including purchases of mutual fund shares), and outflow of client assets (including redemption of mutual fund shares). In addition, changing market conditions may cause a shift in Alliance Capital's mix of assets under management towards fixed income products and a related decline in revenues and income because Alliance Capital generally derives higher fee revenue and income from assets invested in its equity products than in its fixed income products.

Alliance Capital's ability to achieve investment returns for clients that meet or exceed investment returns for comparable asset classes and investment services is a key consideration in clients' and prospective clients' decision to invest assets with Alliance Capital or to invest additional assets. Any inability of Alliance Capital to meet the relevant investment benchmarks could result in clients withdrawing assets and in prospective clients choosing to invest with a competitor.

Declines in financial markets or higher redemption levels in the Alliance Mutual Funds, or both, as compared to the assumptions Alliance Capital has used to estimate undiscounted future cash flows, as described in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Critical Accounting Pronouncements" of this Form 10-K, could result in the impairment of the deferred sales commission asset. Due to the volatility of the financial markets and changes in redemption rates, Alliance Capital is unable to predict whether or when a future impairment of the deferred sales commission asset might occur. Should an impairment occur, any loss would reduce materially the recorded amount of Alliance Capital's asset with a corresponding charge to Alliance Capital's expense. Alliance Holding's proportionate share of Alliance Capital's charge to expense would reduce materially Alliance Holding's net income.

Alliance Capital's business is subject to pervasive regulation, both in the U.S. and globally, with attendant costs of risk management, and compliance and serious consequences for violations.

Virtually 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. Violations of such laws or regulations could subject Alliance Capital and/or its employees to disciplinary proceedings or civil or criminal liability, including revocation of Alliance Capital's and its subsidiaries' registrations as an investment adviser or broker-dealer, revocation of the licenses of individual employees, censures, fines or temporary suspension or permanent bar from the conduct of business. Any such proceeding or liability could have a material adverse effect on Alliance Capital's business, financial condition, results of operations and business prospects. These laws and regulations generally grant supervisory agencies and bodies' broad administrative powers, including, in some cases, the power to limit or restrict carrying on of business for failure to comply with such laws and regulations. Due to the extensive regulations and laws to which Alliance Capital is subject, management is required to devote substantial time and effort to legal and regulatory compliance issues.

In addition, the regulatory environment in which Alliance Capital operates is subject to change. Alliance Capital may be adversely affected as a result of new or revised legislation or regulations or by changes in the interpretation or enforcement of existing laws and regulations.

Insurance expenses have increased significantly in recent years and management of Alliance Capital expects additional increases in 2004. In addition, certain insurance coverage may not be available or may only be available at prohibitive costs. Renewals of insurance policies may subject Alliance Capital and Alliance Holding to additional costs through the assumption of higher deductibles and/or co-insurance liability. Higher insurance costs and incurred deductibles reduce Alliance Capital's and Alliance Holding's net income.

Alliance Capital's involvement in the market timing investigations and related matters has had and may continue to have an adverse effect on assets under management, including an increase in mutual fund shareholder redemptions, and has caused and may continue to cause general reputational damage, both of which could result in decreased revenues.

Alliance Capital's reputation has suffered and could continue to suffer as a result of the issues related to the market timing of mutual fund shares. Alliance Capital's business is based on public trust and confidence and any damage to that trust and confidence can cause assets under management to decline. Investors in the Alliance Mutual Funds may choose to redeem their investments from funds or products managed by Alliance Capital. This may require the Alliance Mutual Funds to sell investments held by those funds to provide for sufficient liquidity and could also have an adverse effect on the investment performance of the funds. In addition, increased redemptions of mutual fund shares or reductions in assets managed by Alliance Capital for institutional or private clients, whether caused by specific concerns relating to market timing or by more general reputational damage, would reduce the management fees Alliance Capital earns and have an adverse effect on results of operations. Also, any increase in redemptions of Back-End Load Shares could contribute to the creation of an impairment condition of Alliance Capital's deferred sales commission asset and the recognition of a loss. Finally, to the extent the Independent Distribution Consultant concludes that the harm to mutual fund shareholders caused by market timing exceeds $200 million, Alliance Capital will be required to contribute additional monies to the restitution fund.

Risks related to Alliance Capital's structure

The partnership structure of Alliance Holding and Alliance Capital limits unitholders' abilities to influence the management and operation of Alliance Capital's business and is highly likely to delay or prevent a change in control of Alliance Holding and Alliance Capital.

Alliance, which is the general partner of both Alliance Holding and Alliance Capital, generally has the exclusive right and full authority and responsibility to manage, conduct, control and operate their respective businesses, except as otherwise expressly stated in their respective Amended and Restated Agreements of Limited Partnership. Unlike holders of common stock in a corporation, Alliance Holding and Alliance Capital unitholders will have only limited voting rights on matters affecting Alliance Capital's business. The respective Amended and Restated Agreements of Limited Partnership provide that unitholders do not have any right to vote for directors of the General Partner and that unitholders can only vote on certain extraordinary matters (including removal of the General Partner under certain, extraordinary circumstances). Additionally, Alliance Capital's structure, which includes significant restrictions on transfers of Alliance Capital Units and provisions that have the practical ability to prevent the removal of the General Partner, are highly likely to have the effect of discouraging or delaying certain transactions which involve actual or threatened change in control of Alliance Capital's management.

Alliance Capital Units are illiquid.

There is no public trading market for Alliance Capital Units and Alliance Capital does not anticipate that a public trading market will ever develop for Alliance Capital Units. Alliance Capital's Amended and Restated Agreement of Limited Partnership restricts its ability to participate in a public trading market or anything substantially equivalent to one by providing that any transfer which may cause Alliance Capital to be classified as a "publicly traded partnership" as defined in Section 7704 of the Internal Revenue Code shall be deemed void and shall not be recognized by Alliance Capital. In addition, Alliance Capital Units are subject to significant restrictions on transfer; all transfers of Alliance Capital Units are subject to the written consent of Equitable and the General Partner pursuant to Alliance Capital's Amended and Restated Agreement of Limited Partnership. 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. Equitable and the General Partner have implemented a transfer policy that requires a seller to locate a purchaser, and imposes annual volume restrictions on transfers.

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 568,500 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 75,630 square feet of space at 767 Fifth Avenue,

New York, New York, under leases expiring in 2016 and 2005, respectively. Alliance Capital also occupies approximately 21,057 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 141,002 square feet of space at One North Lexington, White Plains, New York under leases expiring in 2008. Alliance Capital and its subsidiaries, ABIRM 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 under leases expiring in 2010, 2015, and 2021, in Tokyo, Japan under leases expiring in 2004, 2006 and 2007, and in 25 other cities outside the United States.

Item 3. Legal Proceedings

On April 25, 2001, an amended class action complaint entitled *Miller, et al. v. Mitchell Hutchins Asset Management, Inc., et al.* was filed in the United States District Court for the Southern District of Illinois against Alliance Capital, Alliance Fund Distributors, Inc. (now known as AllianceBernstein Investment Research and Management, Inc. "ABIRM"), and other defendants alleging violations of the Investment Company Act and breaches of common law fiduciary duty. The principal allegations of the amended complaint were that the advisory and distribution fees for certain mutual funds managed by Alliance Capital were excessive in violation of the Investment Company Act and the common law. Plaintiffs subsequently amended their complaint to include as plaintiffs shareholders of the AllianceBernstein Premier Growth Fund ("Premier Growth Fund"), the AllianceBernstein Quasar Fund (now known as AllianceBernstein Small Cap Growth Fund), the AllianceBernstein Growth and Income Fund, the AllianceBernstein Corporate Bond Fund, the AllianceBernstein Growth Fund, the AllianceBernstein Balanced Shares Fund, and the AllianceBernstein Americas Government Income Trust. On December 19, 2003, the parties entered into a settlement agreement resolving the matter, and it has been dismissed by the Court.

On December 7, 2001, a complaint entitled *Benak v. Alliance Capital Management L.P. and Alliance Premier Growth Fund* ("Benak Complaint") was filed in the United States District Court for the District of New Jersey against Alliance Capital and Premier Growth Fund alleging that defendants violated Section 36(b) 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 alleges were caused by the alleged breach of the duty of loyalty. Subsequently, between December 21, 2001, and July 11, 2002, five complaints making substantially the same allegations and seeking substantially the same relief as the Benak Complaint were filed against Alliance Capital and Premier Growth Fund. All of those actions were consolidated in the United States District Court for the District of New Jersey. On January 6, 2003, a consolidated amended complaint entitled *Benak v. Alliance Capital Management L.P.*("Benak Consolidated Amended Complaint") was filed containing allegations similar to those in the individual complaints, although it does not name Premier Growth Fund as a defendant. On February 9, 2004, the Court granted with prejudice Alliance Capital's motion to dismiss the Benak Consolidated Amended

Complaint, holding that plaintiff's allegations failed to state a claim under Section 36(b). Plaintiffs have thirty days from the entry of the dismissal order to appeal the court's decision dismissing the action.

Alliance Capital believes that plaintiffs' allegations in the Benak Consolidated Amended Complaint were without merit and intends to vigorously defend against any appeal that may be taken from the dismissal with prejudice of the action.

On April 8, 2002, in *In re Enron Corporation Securities Litigation*, a consolidated complaint ("Enron Complaint") was filed in the United States District Court for the Southern District of Texas, Houston Division, against numerous defendants, including Alliance Capital. The principal allegations of the Enron Complaint, as they pertain to Alliance Capital, are that Alliance Capital violated Sections 11 and 15 of the Securities Act with respect to a registration statement filed by Enron and effective with the SEC on July 18, 2001, which was used to sell $1.9 billion Enron Corp. Zero Coupon Convertible Notes due 2021. Plaintiffs allege that Frank Savage, who was at that time an employee of Alliance Capital and who was and remains a director of the General Partner of Alliance Capital, signed the registration statement at issue. Plaintiffs allege that the registration statement was materially misleading. Plaintiffs further allege that Alliance Capital was a controlling person of Frank Savage. Plaintiffs therefore assert that Alliance Capital is itself liable for the allegedly misleading registration statement. Plaintiffs seek rescission or a rescissory measure of damages. On June 3, 2002, Alliance Capital moved to dismiss the Enron Complaint as the allegations therein pertain to it. On March 12, 2003, that motion was denied. A First Amended Consolidated Complaint ("Enron Amended Consolidated Complaint"), with substantially similar allegations as to Alliance Capital, was filed on May 14, 2003. Alliance Capital filed its answer on June 13, 2003. On May 28, 2003, plaintiffs filed an Amended Motion for Class Certification. On October 23, 2003, following the completion of class discovery, Alliance Capital filed its opposition to class certification. Alliance Capital's motion is pending. The case is currently in discovery.

Alliance Capital believes that plaintiffs' allegations in the Enron Amended Consolidated Complaint as to it are without merit and intends to vigorously defend against these allegations.

On May 7, 2002, a complaint entitled *The Florida State Board of Administration v. Alliance Capital Management L.P.* ("SBA Complaint") was filed in the Circuit Court of the Second Judicial Circuit, in and for Leon County, Florida against Alliance Capital. The SBA Complaint alleges breach of contract relating to the Investment Management Agreement between The Florida State Board of Administration ("SBA") and Alliance Capital, breach of the covenant of good faith and fair dealing contained in the Investment Management Agreement, breach of fiduciary duty, negligence, gross negligence and violation of the Florida Securities and Investor Protection Act, in connection with purchases and sales of Enron common stock for the SBA investment account. The SBA seeks more than $300 million in compensatory damages and an unspecified amount of punitive damages. On June 10, 2002, Alliance Capital moved to dismiss the SBA Complaint. On September 12, 2002, the court denied Alliance Capital's motion to dismiss the SBA Complaint in its entirety. On November 13, 2003, the SBA filed an amended complaint ("Amended SBA Complaint"). While the Amended SBA Complaint contains the Enron claims, the Amended SBA Complaint also alleges that Alliance Capital breached its contract with the SBA by investing in or continuing to hold stocks for the SBA's investment portfolio that were not "1-rated," the highest rating that Alliance Capital's research analysts could assign. The SBA also added claims for negligent supervision and common law fraud. On December 13, 2003, Alliance Capital moved to dismiss the fraud and breach of fiduciary duty claims in the Amended SBA Complaint. On January 27, 2004, the court denied that motion. The case is currently in discovery.

Alliance Capital believes that the SBA's allegations in the Amended SBA Complaint are without merit and intends to vigorously defend against these allegations.

On September 12, 2002, a complaint entitled *Lawrence E. Jaffe Pension Plan, Lawrence E. Jaffe Trustee U/A 1198 v. Alliance Capital Management L.P., Alfred Harrison and Alliance Premier Growth*

Fund, Inc. ("Jaffe Complaint") was filed in the United States District Court for the Southern District of New York against Alliance Capital, Alfred Harrison and Premier Growth Fund alleging violation of the Investment Company Act. Plaintiff seeks damages equal to Premier Growth Fund's losses as a result of Premier Growth Fund's investment in shares of Enron and a recovery of all fees paid to Alliance Capital beginning November 1, 2000. On March 24, 2003, the court granted Alliance Capital's motion to transfer the Jaffe Complaint to the United States District Court for the District of New Jersey to be consolidated with the Benak Consolidated Amended Complaint already pending there. On December 5, 2003, plaintiff filed an amended complaint ("Amended Jaffe Complaint") in the United States District Court for the District of New Jersey. The Amended Jaffe Complaint alleges violations of Section 36(a) of the Investment Company Act, common law negligence, and negligent misrepresentation. Specifically, the Amended Jaffe Complaint alleges that: (i) the defendants breached their fiduciary duties of loyalty, care and good faith to Premier Growth Fund by causing Premier Growth Fund to invest in securities of Enron, (ii) the defendants were negligent for investing in securities of Enron, and (iii) through prospectuses and other documents defendants misrepresented material facts related to Premier Growth Fund's investment objective and policies. On January 23, 2004, defendants moved to dismiss the Amended Jaffe Complaint.

Alliance Capital and Alfred Harrison believe that plaintiff's allegations in the Amended Jaffe Complaint are without merit and intend to vigorously defend against these allegations.

On December 13, 2002, a putative class action complaint entitled *Patrick J. Goggins, et al. v. Alliance Capital Management L.P., et al.* ("Goggins Complaint") was filed in the United States District Court for the Southern District of New York against Alliance Capital, Premier Growth Fund and individual directors and certain officers of Premier Growth Fund. On August 13, 2003, the court granted Alliance Capital's motion to transfer the Goggins Complaint to the United States District Court for the District of New Jersey. On December 5, 2003, plaintiffs filed an amended complaint ("Amended Goggins Complaint") in the United States District Court for the District of New Jersey. The Amended Goggins Complaint alleges that defendants violated Sections 11, 12(a)(2) and 15 of the Securities Act because the Fund's registration statements and prospectuses contained untrue statements of material fact and omitted material facts. More specifically, the Amended Goggins Complaint alleges that the Fund's investment in Enron was inconsistent with the Fund's stated strategic objectives and investment strategies. Plaintiffs seeks rescissory relief or an unspecified amount of compensatory damages on behalf of a class of persons who purchased shares of Premier Growth Fund during the period October 31, 2000 through February 14, 2002. On January 23, 2004, Alliance Capital moved to dismiss the Amended Goggins Complaint.

Alliance Capital, Premier Growth Fund and the other defendants believe that plaintiffs' allegations in the Amended Goggins Complaint are without merit and intend to vigorously defend against these allegations.

On August 9, 2003, the Securities and Exchange Board of India ("SEBI") ordered that Samir C. Arora, a former research analyst/portfolio manager of Alliance Capital, refrain from buying, selling or dealing in Indian securities. Until August 4, 2003, when Mr. Arora announced his resignation from Alliance Capital, he served as head of Asian emerging markets equities and a fund manager of Alliance Capital Asset Management (India) Pvt. Ltd. ("ACAML"), a fund management company 75% owned by Alliance Capital. The order states that Mr. Arora relied on unpublished price sensitive information in making certain investment decisions on behalf of certain clients of ACAML and Alliance Capital, that there were failures to make required disclosures regarding the size of certain equity holdings, and that Mr. Arora tried to influence the sale of Alliance Capital's stake in ACAML. Mr. Arora contested the findings in the order by filing objections and at a personal hearing held on August 28, 2003. On September 24, 2003, SEBI issued an order confirming its previous order against Mr. Arora. On October 10, 2003, Mr. Arora filed an appeal with the Securities Appellate Tribunal ("SAT") seeking certain interim reliefs. Mr. Arora's appeal was heard by the SAT on December 15, 2003. The SAT

passed an order on January 12, 2004 wherein it did not grant any interim reliefs to Mr. Arora since SEBI had stated that the investigations in the matter were in progress. However, SAT has directed SEBI to complete the investigations by February 28, 2004 and to pass final orders in the matter by March 31, 2004.

Alliance Capital is reviewing this matter, and at the present time management of Alliance Capital does not believe its outcome will have a material impact on Alliance Capital's results of operations or financial condition.

On September 8, 2003, SEBI issued to Alliance Capital a show cause notice and finding of investigation (the "Notice"). The Notice requires Alliance Capital to explain its failure to make disclosure filings as to the acquisition of shares of five (5) Indian equity securities held at various times by Alliance Capital (through sub-accounts under foreign institutional investor licenses), ACAML and Alliance Capital's local Indian mutual fund as required under the SEBI (Insider Trading) Regulations, 1992 and the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 inter alia when the holdings of the said entities in the Relevant Scrips crossed 5% which could make Alliance Capital liable to pay penalties prescribed under Section 15A of the SEBI Act, 1992, which requires that disclosure be made when the holdings of an investor (or a group of investors acting in concert) in an Indian security either exceeds five percent (5%) of the outstanding shares or changes by more than two percent (2%). On October 14, 2003, and November 10, 2003, Alliance Capital filed its reply and written submissions, respectively. Alliance Capital also had a personal hearing before SEBI on October 21, 2003 and the decision of SEBI in relation to the Notice is pending.

At the present time, management of Alliance Capital does not believe the outcome of this matter will have a material impact on Alliance Capital's results of operations or financial condition.

On October 1, 2003, a class action complaint entitled *Erb, et al. v. Alliance Capital Management L.P., et al.* ("Erb Complaint") was filed in the Circuit Court of St. Clair County, Illinois, against Alliance Capital. Plaintiff, purportedly a shareholder in Premier Growth Fund, alleges that Alliance Capital breached unidentified provisions of Premier Growth Fund's prospectus and subscription and confirmation agreements that allegedly required that every security bought for Premier Growth Fund's portfolio must be a "1-rated" stock, the highest rating that Alliance Capital's analysts could assign. Plaintiff alleges that Alliance Capital impermissibly purchased shares of stocks that were not 1-rated. Plaintiff seeks rescission of all purchases of any non-1-rated stocks Alliance Capital made for Premier Growth Fund over the past ten years, as well as an unspecified amount of damages. On November 25, 2003, Alliance Capital removed the Erb Complaint to the United States District Court for the Southern District of Illinois on the basis that plaintiffs' alleged breach of contract claims are preempted under the

Securities Litigation Uniform Standards Act. On December 29, 2003, plaintiff filed a motion for remand. On February 25, 2004, the court granted that motion and remanded the action to state court.

Alliance Capital believes that plaintiff's allegations in the Erb Complaint are without merit and intends to vigorously defend against these allegations.

Mutual Fund Trading Matters

On October 2, 2003, a purported class action complaint entitled *Hindo, et al. v. AllianceBernstein Growth & Income Fund, et al.* ("Hindo Complaint") was filed against Alliance Capital, Alliance Holding, ACMC, AXA Financial, the AllianceBernstein family of mutual funds ("AllianceBernstein Funds"), the registrants and issuers of those funds, certain officers of Alliance Capital ("Alliance defendants"), and certain other defendants not affiliated with Alliance Capital, as well as unnamed Doe defendants. The Hindo Complaint was filed in the United States District Court for the Southern District of New York by alleged shareholders of two of the AllianceBernstein Funds. The Hindo Complaint alleges that certain of the Alliance defendants failed to disclose that they improperly allowed certain hedge funds and other unidentified parties to engage in "late trading" and "market

timing" of AllianceBernstein Fund securities, violating Sections 11 and 15 of the Securities Act, Sections 10(b) and 20(a) of the Exchange Act, and Sections 206 and 215 of the Investment Advisers Act. Plaintiffs seek an unspecified amount of compensatory damages and rescission of their contracts with Alliance Capital, including recovery of all fees paid to Alliance Capital pursuant to such contracts.

Between October 3, 2003 and January 29, 2004, forty additional lawsuits making factual allegations generally similar to those in the Hindo Complaint were filed against Alliance Capital and certain other defendants, and others may be filed. These lawsuits are as follows:

Federal Court Class Actions

Twenty-five of the lawsuits were brought as class actions filed in federal court (twenty-one in the United States District Court for the Southern District of New York, two in the United States District Court for the District of New Jersey, one in the United States District Court for the Northern District of California, and one in the United States District Court for the District of Connecticut). Certain of these additional lawsuits allege claims under the Securities Act, the Exchange Act, the Investment Advisers Act, the Investment Company Act and common law. All of these lawsuits are brought on behalf of shareholders of AllianceBernstein Funds, except three. Of these three, one was brought on behalf of a unitholder of Alliance Holding and two were brought on behalf of participants in the Profit Sharing Plan for Employees of Alliance Capital ("Plan"). The latter two lawsuits allege claims under Sections 404, 405 and 406 of The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), on the grounds that defendants violated fiduciary obligations to the Plan by failing to disclose the alleged market timing and late trading activities in AllianceBernstein Funds, and by permitting the Plan to invest in funds subject to those activities. One of these ERISA actions has been voluntarily dismissed.

Federal Court Derivative Actions

Eight of the lawsuits were brought as derivative actions in federal court (one in the United States District Court for the Southern District of New York, five in the United States District Court for the Eastern District of New York, and two in the United States District Court for the District of New Jersey). These lawsuits allege claims under the Exchange Act, Section 36(b) of the Investment Company Act and/or common law. Six of the lawsuits were brought derivatively on behalf of certain AllianceBernstein Funds, with the broadest lawsuits being brought derivatively on behalf of all AllianceBernstein Funds, generally alleging that defendants violated fiduciary obligations to the AllianceBernstein Funds and/or fund shareholders by permitting select investors to engage in market timing activities and failing to disclose those activities. Two of the lawsuits were brought derivatively on behalf of Alliance Holding, generally alleging that defendants breached fiduciary obligations to Alliance Holding or its unitholders by failing to prevent the alleged undisclosed market timing and late trading activities from occurring.

State Court Representative Actions

Two lawsuits were brought as class actions in the Supreme Court of the State of New York, County of New York, by alleged shareholders of an AllianceBernstein Fund on behalf of shareholders of the AllianceBernstein Funds. The lawsuits allege that defendants allowed certain parties to engage in late trading and market timing transactions in the AllianceBernstein Funds and that such arrangements breached defendants' fiduciary duty to investors, and purport to state a claim for breach of fiduciary duty. One of the complaints also purports to state claims for breach of contract and tortious interference with contract.

A lawsuit was filed in Superior Court for the State of California, County of Los Angeles, alleging that defendants violated fiduciary responsibilities and disclosure obligations by permitting

certain favored customers to engage in market timing and late trading activities in the AllianceBernstein Funds, and purports to state claims of unfair business practices under Sections 17200 and 17303 of the California Business & Professional Code. Pursuant to these statutes, the action was brought on behalf of members of the general public of the state of California.

State Court Derivative Actions

Three lawsuits were brought as derivative actions in state court (one in the Supreme Court of the State of New York, County of New York, and two in the Superior Court of the State of Massachusetts, County of Suffolk). The New York action was brought derivatively on behalf of Alliance Holding and alleges that, in connection with alleged market timing and late trading transactions, defendants breached their fiduciary duties to Alliance Holding and its unitholders by failing to maintain adequate controls and employing improper practices in managing unspecified AllianceBernstein Funds. The

Massachusetts actions were brought derivatively on behalf of certain AllianceBernstein Funds and allege state common law claims for breach of fiduciary duty, abuse of control, gross mismanagement, waste and unjust enrichment.

State Court Individual Action

A lawsuit was filed in the District Court of Johnson County, Kansas, Civil Court Department, alleging that defendants were negligent and breached their fiduciary duties by knowingly entering into a number of illegal and improper arrangements with institutional investors for the purpose of engaging in late trading and market timing in AllianceBernstein Funds to the detriment of plaintiff and failing to disclose such arrangements in the AllianceBernstein Fund prospectuses, and purports to state claims under Sections 624 and 626 of the Kansas Consumer Protection Act, and Section 1268 of the Kansas Securities Act. The lawsuit also purports to state claims of negligent misrepresentation, professional negligence and breach of fiduciary duty under common law.

All of these lawsuits seek an unspecified amount of damages.

All of the federal actions discussed above under "Mutual Fund Trading Matters" (*i.e.*, federal court class actions and federal court derivative actions) are the subject of a petition or tag-along notices filed by Alliance Capital before the Judicial Panel on Multidistrict Litigation ("MDL Panel") seeking to have all of the actions centralized in a single forum for pre-trial proceedings. On January 29, 2004, the MDL Panel held a hearing on these petitions. On February 20, 2004, the MDL Panel transferred all of the actions to the United States District Court for the District of Maryland. Pursuant to agreements among the parties, the Alliance defendants' responses to the federal actions that have been served on Alliance Capital are stayed pending a decision on consolidation by the MDL panel and the filing of an amended or operative complaint. The various plaintiffs seeking appointment to serve as lead plaintiffs have stipulated to stay the lead plaintiff decision until after the MDL Panel makes a decision on the MDL petitions pending before it. In addition, discovery has not commenced in any of these cases. In most of them, discovery is stayed under the Private Securities Litigation Reform Act of 1995 or pursuant to an agreement among the parties.

Defendants have removed each of the state court representative actions discussed above under "Mutual Fund Trading Matters," and thereafter submitted the actions to the MDL Panel in a notice of tag-along actions. Plaintiff in each of these actions has moved to remand the action back to state court or has indicated an intention to do so. Where defendants have responded to the complaints, defendants have moved to stay proceedings pending transfer by the MDL Panel.

Defendants have not yet responded to the complaints filed in the state court derivative actions and state court individual action.

Alliance Capital recorded charges to income totaling $330 million in 2003 in connection with establishing the $250 million restitution fund (which is discussed in detail under "Item 1, Regulation" of this Form 10-K) and certain other matters discussed above under "Legal Proceedings". Management of Alliance Capital, however, cannot determine at this time the eventual outcome, timing or impact of these matters. Accordingly, it is possible that additional charges in the future may be required.

With respect to the matters discussed above under "Legal Proceedings" of this Item 3 (other than those referred to in the preceding paragraph and those related to SEBI), management of Alliance Capital and Alliance Holding is unable to estimate the impact, if any, that the outcome of these matters may have on Alliance Capital's or Alliance Holding'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.

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 2003.

PART II

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

Market for Alliance Capital Units and Alliance Holding Units

There is no established public trading market for Alliance Capital Units, which 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. 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. Equitable and the General Partner have implemented a transfer policy, a copy of which is available upon request from the office of the corporate secretary of Alliance.

On February 2, 2004 there were approximately 535 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:

2003	High	Low
First Quarter	$ 34.30	$ 25.75
Second Quarter	39.25	28.10

Third Quarter	38.85	32.60
Fourth Quarter	35.05	29.50

2002	High	Low
First Quarter	$ 50.81	$ 38.60
Second Quarter	47.50	31.00
Third Quarter	34.74	23.39
Fourth Quarter	36.24	23.20

On February 2, 2004 the closing price of Alliance Holding Units on the NYSE was $36.91 per Unit. On February 2, 2004 there were approximately 1,440 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). 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 2003 and 2002:

Quarter During 2003 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	$ 0.43	May 22, 2003
Second Quarter	0.58	August 18, 2003
Third Quarter	0.64	November 20, 2003
Fourth Quarter	0.00	N/A
	$ 1.65	

Quarter During 2002 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	$ 0.67	May 23, 2002
Second Quarter	0.65	August 13, 2002
Third Quarter	0.53	November 21, 2002
Fourth Quarter	0.59	February 20, 2003
	$ 2.44	

Alliance Holding made the following distributions of Available Cash Flow in respect of 2003 and 2002:

Quarter During 2003 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	$ 0.37	May 22, 2003
Second Quarter	0.51	August 18, 2003
Third Quarter	0.57	November 20, 2003
Fourth Quarter	0.00	N/A
	$ 1.45	

Quarter During 2002 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	$ 0.59	May 23, 2002
Second Quarter	0.58	August 13, 2002
Third Quarter	0.46	November 21, 2002
Fourth Quarter	0.52	February 20, 2003
	$ 2.15	

Item 6. Selected Financial Data

SELECTED FINANCIAL DATA
(in thousands, unless otherwise indicated)

	Alliance Capital Management Holding L.P.[1]				
	Years Ended December 31,				
	2003	2002	2001	2000	1999
INCOME STATEMENT DATA:					
Revenues:					
Equity in earnings of Operating Partnership	$ 100,424	$ 183,695	$ 182,020	$ 244,922	$ 52,665
Investment advisory and services fees	—	—	—	—	1,007,503
Distribution revenues	—	—	—	—	354,161
Shareholder servicing fees	—	—	—	—	50,696
Other revenues	—	—	—	—	26,130
	100,424	183,695	182,020	244,922	1,491,155
Expenses:					
Employee compensation and benefits	—	—	—	—	377,035
Promotion and servicing:					
Distribution plan payments	—	—	—	—	252,028
Amortization of deferred sales commissions	—	—	—	—	132,713
Other	—	—	—	—	117,826
General and administrative	—	—	—	—	151,369
Interest	—	—	—	—	10,489
Amortization of goodwill and intangibles	—	—	—	—	3,211
	—	—	—	—	1,044,671
Income before income taxes	100,424	183,695	182,020	244,922	446,484
Income taxes	21,819	21,653	22,729	20,952	63,642
Net income	$ 78,605	$ 162,042	$ 159,291	$ 223,970	$ 382,842
NET INCOME PER ALLIANCE HOLDING UNIT:					
Basic net income per Alliance Holding Unit	$ 1.02	$ 2.14	$ 2.15	$ 3.10	$ 2.61
Diluted net income per Alliance Holding Unit	$ 1.01	$ 2.11	$ 2.10	$ 2.93	$ 2.53
CASH DISTRIBUTIONS PER ALLIANCE HOLDING UNIT[2]	$ 1.45	$ 2.15	$ 2.73	$ 3.11	$ 2.49
BALANCE SHEET DATA AT PERIOD END:					
Total assets	$ 1,166,097	$ 1,237,546	$ 1,230,344	$ 1,268,837	$ 272,060
Partners' capital	$ 1,158,606	$ 1,230,543	$ 1,222,037	$ 1,260,550	$ 265,608

(1) As discussed in Note 1 to the financial statements, the financial information above reflects the consolidated operations of Alliance Capital Management Holding L.P. ("Alliance Holding") prior to the Reorganization effective October 29, 1999 and the use of the equity method of accounting thereafter.

(2) Alliance Holding is required to distribute all of its Available Cash Flow, as defined in the Alliance Holding Partnership Agreement, to its partners and Alliance Holding Unitholders.

ALLIANCE CAPITAL MANAGEMENT L.P.
SELECTED CONSOLIDATED FINANCIAL DATA
(in thousands, unless otherwise indicated)

	Operating Partnership[1]				Alliance Capital Management Holding L.P.[1]
	Years Ended December 31,				
	2003	2002	2001	2000	1999
INCOME STATEMENT DATA:					
Revenues:					
Investment advisory and services fees	$ 1,882,399	$ 1,847,876	$ 2,023,766	$ 1,689,817	$ 1,331,758
Distribution revenues	436,037	467,463	544,605	621,622	441,772
Institutional research services	267,868	294,910	265,815	56,289	—
Shareholder servicing fees	94,276	101,569	96,324	85,645	62,332
Other revenues, net	52,241	30,604	62,388	68,726	33,443
	2,732,821	2,742,422	2,992,898	2,522,099	1,869,305
Expenses:					
Employee compensation and benefits	914,529	907,075	930,672	669,234	517,679

Promotion and servicing:					
Distribution plan payments	370,575	392,780	429,056	421,284	318,463
Amortization of deferred sales commissions	208,565	228,968	230,793	219,664	163,942
Other	164,972	193,322	233,555	203,495	138,323
General and administrative	339,706	329,059	311,958	226,710	184,754
Interest	25,286	27,385	32,051	26,894	13,472
Amortization of goodwill and intangible assets	20,700	20,700	172,638	46,252	3,852
Charge for mutual fund matters and legal proceedings	330,000	—	—	—	—
Non-recurring items, net	—	—	—	(779)	—
	2,374,333	2,099,289	2,340,723	1,812,754	1,340,485
Income before income taxes	358,488	643,133	652,175	709,345	528,820
Income taxes	28,680	32,155	37,550	40,596	67,171
Net income	$ 329,808	$ 610,978	$ 614,625	$ 668,749	$ 461,649
NET INCOME PER UNIT:					
Basic net income per Unit	$ 1.30	$ 2.42	$ 2.45	$ 3.31	$ 2.67
Diluted net income per Unit	$ 1.29	$ 2.39	$ 2.40	$ 3.20	$ 2.59
CASH DISTRIBUTIONS PER UNIT[2]	$ 1.65	$ 2.44	$ 3.03	$ 3.40	$ 2.55
Pre-tax Margin[3]	13.1%	23.5%	21.8%	28.1%	28.3%
BALANCE SHEET DATA AT PERIOD END:					
Total assets	$ 8,171,669	$ 7,217,970	$ 8,175,393	$ 8,270,762	$ 1,661,061
Debt and long-term obligations[4]	$ 571,046	$ 589,185	$ 805,483	$ 933,475	$ 491,004
Partners' capital	$ 3,778,469	$ 3,963,451	$ 3,988,160	$ 4,133,677	$ 552,667
ASSETS UNDER MANAGEMENT AT PERIOD END (in millions)[5]	$ 474,799	$ 386,579	$ 452,156	$ 450,021	$ 365,620

(1) As discussed in Note 1 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. ("Alliance Capital" or the "Operating Partnership") thereafter.

(2) 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.

(3) Income before income taxes as a percentage of total revenues.

(4) Includes debt and accrued expenses under employee benefit plans due after one year.

(5) Excludes certain non-discretionary client relationships and assets managed by unconsolidated affiliates.

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

ALLIANCE HOLDING

The Alliance Holding financial statements and notes and management's discussion and analysis of financial condition and results of operations should be read in conjunction with the consolidated financial statements and notes and management's discussion and analysis of financial condition and results of operations of the Operating Partnership included in this Annual Report on Form 10-K.

RESULTS OF OPERATIONS

	Years Ended December 31,					
	2003	2002	% Change	2002	2001	% Change
	(Dollars in millions, except per Unit amounts)					
Equity in earnings of Operating Partnership	$ 100.4	$ 183.7	(45.3)%	$ 183.7	$ 182.0	0.9%
Income taxes	21.8	21.7	0.5	21.7	22.7	(4.4)
Net income	$ 78.6	$ 162.0	(51.5)	$ 162.0	$ 159.3	1.7
Diluted net income per Unit	$ 1.01	$ 2.11	(52.1)	$ 2.11	$ 2.10	0.5
Distributions per Unit	$ 1.45	$ 2.15	(32.6)%	$ 2.15	$ 2.73	(21.2)%

Alliance Holding's principal source of income and cash flow is attributable to its ownership in the Operating Partnership.

Net income of Alliance Holding of $78.6 million or $1.01 diluted net income per Unit for 2003 decreased $83.4 million or $1.10 per Unit from net income of $162.0 million or $2.11 diluted net income per Unit for 2002. The decrease reflects equity in lower net income of the Operating Partnership due principally to the charge for mutual fund matters and legal proceedings described in "Note 7. Contingencies" of the Alliance Holding Financial Statements included in Item 8.

of this Annual Report on Form 10-K and a decrease in distribution revenues and institutional services revenues, partially offset by higher investment advisory and services fees and lower promotion and servicing expenses.

Net income of Alliance Holding of $162.0 million or $2.11 diluted net income per Unit for 2002 increased $2.7 million or $0.01 per Unit from net income of $159.3 million or $2.10 diluted net income per Unit for 2001. The increase reflects equity in lower net income of the Operating Partnership, due principally to a decrease in revenues, partially offset by a decrease in the Operating Partnership's expenses, primarily amortization of goodwill resulting from the adoption of Statement of Financial Accounting Standards No. 142 ("SFAS 142"), "*Goodwill and Other Intangible Assets*," on January 1, 2002, compensation and benefits expense and promotion and servicing expense, and an increase in Alliance Holding's percentage ownership in the Operating Partnership. Absent the adoption of SFAS 142, the decrease in net income for 2002 would have amounted to $37.0 million, or 23.2%, and diluted net income per Unit for 2002 would have decreased $0.51 or 24.3%.

CAPITAL RESOURCES AND LIQUIDITY

Alliance Holding's partners' capital was $1,158.6 million at December 31, 2003, a decrease of $71.9 million or 5.8% from $1,230.5 million at December 31, 2002. The decrease is primarily due to cash distributions to Alliance Holding Unitholders of $151.5 million and $20.6 million for the purchase of Alliance Holding Units for deferred compensation plans offset by net income of $78.6 million and $21.6 million of proceeds from the exercise of options for Alliance Holding Units.

Alliance Holding's partners' capital was $1,230.5 million at December 31, 2002, an increase of $8.5 million or 0.7% from $1,222.0 million at December 31, 2001. The increase is primarily due to net income of $162.0 million and $22.1 million of proceeds from the exercise of options for Alliance Holding Units, partially offset by cash distributions to Alliance Holding Unitholders of $174.7 million.

Alliance Holding's cash and cash equivalents remained unchanged in 2003. Cash inflows included $172.5 million of cash distributions from the Operating Partnership. Cash outflows included $151.5 million of cash distributions to Alliance Holding Unitholders.

Management believes that the cash flow from its ownership of Units of the Operating Partnership will provide Alliance Holding with the financial resources to meet its capital obligations.

COMMITMENTS AND CONTINGENCIES

See "Note 7. Contingencies" of the Alliance Holding Financial Statements contained in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

CASH DISTRIBUTIONS

Alliance Holding is required to distribute all of its Available Cash Flow, as defined in the Alliance Holding Partnership Agreement, to its partners and Alliance Holding Unitholders. Alliance Holding's principal source of cash flow is attributable to its ownership of Alliance Capital Units. The Operating Partnership recorded a pre-tax charge to income of $190 million for the quarter ended September 30, 2003 to cover restitution, litigation and other costs associated with the market timing investigations and other litigation. The Operating Partnership recorded an additional $140 million pre-tax charge against its fourth quarter 2003 earnings in connection with these matters. As a result of these charges, the Board of Directors of the General Partner of the Operating Partnership and Alliance Holding determined not to pay a distribution to their respective Unitholders for the fourth quarter of 2003. Distributions are expected to resume for the first quarter of 2004, with payout policy returning to traditional levels in relation to cash flow for the second quarter of 2004. For more information about the effect of the charges, a related $250 million restitution fund and certain mutual fund fee reductions on the Operating Partnership's results of operations, financial condition and distributions, see "Item 1. Regulation" of this Form 10-K, and "Note 7. Contingencies" of the Alliance Holding Financial Statements contained in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K and "Note 21. Charge for Mutual Fund Matters and Legal Proceedings" of the Operating Partnership's Consolidated Financial Statements contained in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K. Alliance Holding's Available Cash Flow and distributions per Unit for the years ended December 31, 2003, 2002 and 2001 were as follows:

	2003	2002	2001
	(Dollars in thousands, except per Unit amounts)		
Available Cash Flow	$ 112,085	$ 163,517	$ 204,141
Distributions per Unit	$ 1.45	$ 2.15	$ 2.73

ACCOUNTING PRONOUNCEMENTS

See "Note 10. Accounting Pronouncements" of Alliance Holding's Financial Statements contained in Item 8. of this Annual Report on Form 10-K for a discussion of recently issued accounting pronouncements.

FORWARD-LOOKING STATEMENTS

Certain statements provided by Alliance Holding and Alliance Capital 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 Holding and Alliance Capital 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 Holding and Alliance Capital undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements. For further information regarding these forward looking statements and the factors that could cause actual results to differ, please refer to the Risk Factors section in Part I of this Form 10-K. Any or all of the forward-looking statements that we make in this Form 10-K or any other public statements we issue may turn out to be wrong. It is important to remember that other factors besides those listed in the Risk Factors section could also adversely affect our business, operating results or financial condition.

ALLIANCE CAPITAL

Alliance Capital earns revenues by providing diversified investment management services, which includes charging fees for managing the investment assets of clients. Accordingly, management is focused on increasing the amount of assets under management ("AUM") by Alliance Capital and its subsidiaries. Increases in AUM result from appreciation in the value of these assets, and from inflows of additional assets from new and existing clients. Conversely, the amount of AUM can decline due to market depreciation and from client redemptions. Moreover, additional asset inflows and redemptions are driven, in part, by relative investment performance.

The growth of Institutional Asset Management remained strong, driven primarily by increased acceptance of the firm's global investment platforms in growth, value and fixed income, especially among clients domiciled outside the US. Large cap value services grew substantially and generally outperformed benchmarks in 2003. Large cap growth services experienced net redemptions and generally underperformed benchmarks, owing to in part to their emphasis on high quality companies with above average capitalizations, a segment of the growth universe that trailed broad market returns. Other institutional growth services generally outperformed their benchmarks, in some cases by a substantial margin. Institutional fixed income services generally outperformed their benchmarks, with the exception of high yield. Long-term results remain competitive in most services.

Retail value equity had strong performance over all periods relative to Lipper averages. Large cap growth and technology services underperformed the Lipper averages while mid-cap, global growth research and other services outperformed their benchmarks. Retail fixed income funds generally outperformed their benchmark, with the exception of the high-yield fund which underperformed the Lipper average.

The private client channel continued to perform well in 2003. Balanced accounts led their global benchmarks for both short and long-term periods. Additionally, management is investing in advanced wealth planning research, marketing and client services and a multi-year expansion of private client distribution in conjunction with expanded field force and market coverage.

The Operating Partnership's institutional research services showed continued growth in the development of its U.K. operations, Sanford C. Bernstein Limited ("SCBL"), a wholly-owned subsidiary of the Operating Partnership, while revenues declined domestically in 2003 driven by lower New York Stock Exchange ("NYSE") transaction volume and lower price realization. However, Sanford C. Bernstein & Co., LLC ("SCB LLC"), a wholly-owned subsidiary of the Operating Partnership, did experience continued and growing client acceptance of its over-the-counter and program trading platforms and, in addition, SCB LLC continues to be an industry leader in quality metrics and research. Management believes institutional research services are well positioned for growth in overall revenues in 2004.

In connection with the settlement agreement reached with the NYAG, the Operating Partnership agreed to a weighted average reduction in fees of 20% with respect to investment advisory agreements with its sponsored U.S. long-term open-end retail mutual funds for a minimum of five years which commenced January 1, 2004. This reduction in fees is expected to reduce Alliance Capital revenues by approximately $40 million in 2004. Transfer agency fees were lowered in the fourth quarter of 2003. It is anticipated that management will further lower such fees in 2004. Management's focus on retail mutual funds will be aimed at simplifying its retail product offerings, achieving transparency in product offering disclosures and strengthening the funds' sales and marketing efforts. Management believes such actions will lead to lower costs to mutual fund shareholders in the form of lower expense ratios thereby leading to higher returns. Additionally, continued growth is anticipated in certain Alliance Mutual Funds including annuities, offshore mutual funds and managed account business.

As a result of 2003 charges for mutual fund matters and legal proceedings, distributions to Unitholders were suspended for the fourth quarter of 2003. Distributions are expected to resume for the first quarter of 2004, with the payout policy returning to traditional levels in relation to cash flow for the second quarter of 2004. Management of the Operating Partnership is looking forward to an improved operating environment in 2004, however, capital markets are subject to change and future operating results can not be predicted with certainty.

ASSETS UNDER MANAGEMENT BY DISTRIBUTION CHANNEL

	12/31/03	12/31/02	% Change	12/31/02	12/31/01	% Change
				(Dollars in billions)		
Retail	$ 153.8	$ 135.9	13.2%	$ 135.9	$ 171.5	(20.8)%
Institutional investment management	269.5	211.0	27.7	211.0	241.5	(12.6)
Private client	51.5	39.7	29.7	39.7	39.2	1.3
Total	$ 474.8	$ 386.6	22.8%	$ 386.6	$ 452.2	(14.5)%

ASSETS UNDER MANAGEMENT BY INVESTMENT ORIENTATION[(1)]

	12/31/03	12/31/02	% Change	12/31/02	12/31/01	% Change
				(Dollars in billions)		
Active equity & balanced—Growth:						

U.S.	$ 97.2	$ 89.3	8.8%	$ 89.3	$ 146.0	(38.8)%
Global & international	32.9	19.5	68.7	19.5	27.4	(28.8)
	130.1	108.8	19.6	108.8	173.4	(37.3)
Active equity & balanced—Value:						
U.S.	105.7	74.0	42.8	74.0	80.2	(7.7)
Global & international	46.2	24.6	87.8	24.6	21.2	16.0
	151.9	98.6	54.1	98.6	101.4	(2.8)
Active fixed income:						
U.S.	118.8	123.9	(4.1)	123.9	116.0	6.8
Global & international	45.5	31.9	42.6	31.9	29.4	8.5
	164.3	155.8	5.5	155.8	145.4	7.2
Index and Enhanced Index:						
U.S.	22.1	19.0	16.3	19.0	25.8	(26.4)
Global & international	6.4	4.4	45.5	4.4	6.2	(29.0)
	28.5	23.4	21.8	23.4	32.0	(26.9)
Total:						
U.S.	343.8	306.2	12.3	306.2	368.0	(16.8)
Global & international	131.0	80.4	62.9	80.4	84.2	(4.5)
Total	$ 474.8	$ 386.6	22.8%	$ 386.6	$ 452.2	(14.5)%

CHANGES IN ASSETS UNDER MANAGEMENT BY DISTRIBUTION CHANNEL

	2003				2002			
	Retail	Institutional Investment Mgmt	Private Client	Total	Retail	Institutional Investment Mgmt	Private Client	Total
	(Dollars in billions)							
Balance at January 1,	$ 135.9	$ 211.0	$ 39.7	$ 386.6	$ 171.5	$ 241.5	$ 39.2	$ 452.2
Sales/new accounts	26.9	31.8	7.1	65.8	27.9	20.4	7.0	55.3
Redemptions/terminations	(26.9)	(23.0)	(2.2)	(52.1)	(31.0)	(16.7)	(2.3)	(50.0)
Net cash management redemptions	(5.0)	—	—	(5.0)	(6.2)	—	—	(6.2)
Cash flow/unreinvested dividends	(1.7)	1.6	(0.9)	(1.0)	(2.7)	—	(0.7)	(3.4)
Net asset inflows (outflows)	(6.7)	10.4	4.0	7.7	(12.0)	3.7	4.0	(4.3)
Transfers	—	0.6	(0.6)	—	0.5	(0.5)	—	—
Market appreciation (depreciation)	24.6	47.5	8.4	80.5	(24.1)	(33.7)	(3.5)	(61.3)
Net change	17.9	58.5	11.8	88.2	(35.6)	(30.5)	0.5	(65.6)
Balance at December 31,	$ 153.8	$ 269.5	$ 51.5	$ 474.8	$ 135.9	$ 211.0	$ 39.7	$ 386.6

AVERAGE ASSETS UNDER MANAGEMENT BY DISTRIBUTION CHANNEL

	Years Ended December 31,			Years Ended December 31,		
	2003	2002	% Change	2002	2001	% Change
	(Dollars in billions)					
Retail	$ 143.1	$ 151.5	(5.5)%	$ 151.5	$ 176.2	(14.0)%
Institutional investment management	233.5	223.6	4.4	223.6	235.8	(5.2)
Private client	44.4	39.7	11.8	39.7	37.3	6.4
Total	$ 421.0	$ 414.8	1.5%	$ 414.8	$ 449.3	(7.7)%

(1) Includes a transfer, primarily due to a product offering expansion in 2002, of approximately $4.0 billion to active equity and balanced—value and approximately $1.0 billion to active fixed income from active equity and balanced—growth.

The Operating Partnership's revenues are largely dependent on the total value and composition of assets under management.

Assets under management were $474.8 billion, an increase of $37.0 billion or 8.5% from $437.8 billion at September 30, 2003 primarily from market appreciation of $35.6 billion and net asset inflows of $1.4 billion. Institutional investment management and Private Client asset inflows of $2.7 billion and $0.9 billion, respectively, were offset by Retail asset outflows of $2.2 billion.

Assets under management at December 31, 2003 were $474.8 billion, an increase of $88.2 billion or 22.8% from December 31, 2002, primarily due to an improved market environment, which resulted from significant market appreciation, due to improved global equity markets, and net asset inflows.

Retail assets under management at December 31, 2003 were $153.8 billion, an increase of $17.9 billion or 13.2% from December 31, 2002. This increase was due to market appreciation of $24.6 billion, primarily value equities, offset by net asset outflows of $6.7 billion. Institutional investment management assets under management at December 31, 2003 were $269.5 billion, an increase of $58.5 billion or 27.7% from December 31, 2002. The increase was principally due to market appreciation of $47.5 billion and net asset inflows of $10.4 billion. Private client assets under management at December 31, 2003 were $51.5 billion, an increase of $11.8 billion or 29.7% from December 31, 2002. The increase was principally due to market appreciation of $8.4 billion, primarily balanced account orientation, and net asset inflows of $4.0 billion. Active equity and balanced account assets under management, which comprise approximately 59.4% of total assets under management at December 31, 2003, increased by 36%. Active fixed income assets under management which comprise approximately 34.6% of total assets under management at December 31, 2003, increased by 5.5%.

Assets under management at December 31, 2002 were $386.6 billion, a decrease of $65.6 billion or 14.5% from December 31, 2001 resulting from significant market depreciation, due to global equity market declines, and net asset outflows.

Retail assets under management at December 31, 2002 were $135.9 billion, a decrease of $35.6 billion or 20.8% from December 31, 2001. This decrease was due principally to market depreciation of $24.1 billion and net asset outflows of $12.0 billion. Institutional investment management assets under management at December 31, 2002 were $211.0 billion, a decrease of $30.5 billion or 12.6% from December 31, 2001. This decrease was due principally to market depreciation of $33.7 billion offset by net asset inflows of $3.7 billion. Private client assets under management at December 31, 2002 were $39.7 billion, an increase of $0.5 billion or 1.3% from December 31, 2001. This increase was due to net asset inflows of $4.0 billion partially offset by market depreciation of $3.5 billion. Active equity and balanced account assets under management, which comprise approximately 53.6% of total assets under management at December 31, 2002, decreased by 24.5%. Active fixed income account assets under management which comprise 40.3% of total assets under management at December 31, 2002, increased by 7.2%.

CONSOLIDATED RESULTS OF OPERATIONS

	Years Ended December 31,					
	2003	2002	% Change	2002	2001	% Change
	(Dollars in millions, except per Unit amounts)					
Revenues	$ 2,732.8	$ 2,742.4	(0.4)%	$ 2,742.4	$ 2,992.9	(8.4)%
Expenses	2,374.3	2,099.3	13.1	2,099.3	2,340.7	(10.3)
Income before income taxes	358.5	643.1	(44.3)	643.1	652.2	(1.4)
Income taxes	28.7	32.1	(10.7)	32.1	37.6	(14.6)
Net income	$ 329.8	$ 611.0	(46.0)	$ 611.0	$ 614.6	(0.6)
Diluted net income per unit	$ 1.29	$ 2.39	(46.0)	$ 2.39	$ 2.40	(0.4)
Distributions per Unit	$ 1.65	$ 2.44	(32.4)	$ 2.44	$ 3.03	(19.5)%
Pre-tax Margin[(1)]	13.1%	23.5%		23.5%	21.8%	

(1) Income before income taxes as a percentage of total revenues.

Net income for 2003 decreased $281.2 million or 46.0% to $329.8 million from net income of $611.0 million for 2002. Diluted net income per Unit for 2003 decreased $1.10 or 46.0% to $1.29 from diluted net income per Unit of $2.39 for 2002. The decrease was principally due to an increase in expenses, primarily the charge for mutual fund matters and legal proceedings as described under "Expenses—Charge for Mutual Fund Matters and Legal Proceedings" and a decrease in distribution services fees and institutional research services revenues, offset partially by higher investment advisory and services fees and lower promotion and servicing expenses. Distribution services fees decreased principally as a result of lower average daily mutual fund assets under management, while institutional research services revenues declined primarily as a result of lower domestic price realization and lower NYSE transaction volume, partially offset by higher market share of addressable (non-program trading) NYSE volume and higher SCBL revenues. Investment advisory and services fees were $34.5 million higher primarily as a result of market appreciation of assets under management and net asset inflows. Promotion and servicing expenses decreased primarily as a result of lower distribution plan payments and lower amortization of deferred sales commissions.

Net income for 2002 decreased $3.6 million or 0.6% to $611.0 million from net income of $614.6 million for 2001. Diluted net income per Unit for 2002 decreased $0.01 or 0.4% to $2.39 from diluted net income per Unit of $2.40 for 2001. The decrease was principally due to a decrease in

revenues, primarily investment advisory and service fees and distribution revenues, offset partially by a decrease in expenses, primarily amortization of goodwill resulting from the adoption of Statement of Financial Accounting Standards No. 142 ("SFAS 142"), "*Goodwill and Other Intangible Assets*" on January 1, 2002, and lower compensation and benefits and promotion and servicing expense. Absent the adoption of SFAS 142, the decrease in net income for 2002 would have amounted to $153.7 million, or 25.0%, and diluted net income per Unit for 2002 would have decreased $0.60 or 25.0%.

REVENUES

	2003	2002	% Change	2002	2001	% Change
	(Dollars in millions)					
Investment advisory and services fees:[1]						
Retail	$ 746.4	$ 795.2	(6.1)%	$ 795.2	$ 957.3	(16.9)%
Institutional investment management	649.6	627.5	3.5	627.5	669.0	(6.2)
Private client	486.4	425.2	14.4	425.2	397.5	7.0
Subtotal	1,882.4	1,847.9	1.9	1,847.9	2,023.8	(8.7)
Distribution revenues	436.0	467.4	(6.7)	467.4	544.6	(14.2)
Institutional research services	267.9	294.9	(9.2)	294.9	265.8	10.9
Shareholder servicing fees	94.3	101.6	(7.2)	101.6	96.3	5.5
Other revenues, net	52.2	30.6	70.6	30.6	62.4	(51.0)
Total	$ 2,732.8	$ 2,742.4	(0.4)%	$ 2,742.4	$ 2,992.9	(8.4)%

(1) Certain amounts in the 2001 presentation have been reclassified to conform to the 2003 and 2002 presentation.

Investment Advisory and Services Fees

Investment advisory and services fees, the largest component of the Operating Partnership's revenues, are generally calculated as a percentage, referred to as "basis points", of the value of assets under management and vary with the type of account managed. Accordingly, fee income generally increases or decreases as average assets under management increase or decrease and is 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 SCB LLC for substantially all private client transactions and certain institutional investment management client transactions. The Operating Partnership's investment advisory and services fees increased 1.9% in 2003, primarily due to a 1.5% increase in average assets under management resulting from market appreciation of assets under management and net asset inflows and decreased 8.7% in 2002, primarily due to a 7.7% decrease in average assets under management resulting from market depreciation of assets under management and net asset outflows.

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 $81.8 million, $54.1 million, and $79.4 million in 2003, 2002 and 2001, respectively. Higher performance fees in 2003 were earned primarily by certain value equity- and fixed income-based hedge funds. Lower performance fees in 2002 were primarily related to lower investment returns, caused by adverse equity and fixed income markets,

earned by certain hedge funds investing in value stocks and certain growth investment advisory contracts, partially offset by higher performance fees in certain value investment advisory contracts.

Retail investment advisory and services fees decreased by $48.8 million or 6.1% for 2003, primarily as a result of a 5.5% decrease in average assets under management. Retail investment advisory and services fees decreased by $162.7 million or 16.9% for 2002, primarily as a result of a 14.0% decrease in average assets under management and a $5.1 million decrease in performance fees.

Institutional investment management investment advisory and services fees increased by $22.1 million or 3.5% for 2003, primarily as a result of a 4.4% increase in average assets under management offset by a decrease in brokerage transaction charges of $4.4 million due to lower transaction volume and a decline in performance fees of $1.5 million. Institutional investment management investment advisory and services fees decreased by $40.9 million or 6.2% for 2002, due to a 5.2% decrease in average assets under management and a decrease in performance fees of $1.9 million, offset partially by a $7.3 million increase in brokerage transaction charges from higher transaction volume.

Private client investment advisory and services fees increased $61.2 million or 14.4% for 2003, primarily as a result of an 11.8% increase in average assets under management and an increase in performance fees of $29.1 million offset by a decrease in brokerage transaction charges of $5.7 million due to lower transaction volume. Private client investment advisory and services fees increased $27.7 million or 7.0% for 2002, primarily as a result of a 6.4% increase in average assets under management and a $4.6 million increase in brokerage transaction charges due to higher transaction volume partially offset by a $18.4 million decrease in performance fees.

Distribution Revenues

The Operating Partnership's subsidiary, AllianceBernstein Investment Research and Management, Inc. ("ABIRM"), acts as distributor of the Alliance Mutual Funds and receives distribution fees from those funds covering a portion of the distribution expenses it incurs. Distribution revenues decreased 6.7% in 2003 and 14.2% in 2002 principally due to lower average daily mutual fund assets under management.

Institutional Research Services

Institutional research services revenue consists principally of brokerage transaction charges related to in-depth research and other services provided to institutional investors. Brokerage transaction charges earned and related expenses are recorded on a trade date basis. Revenues from institutional research services decreased $27.0 million to $267.9 million for 2003 from $294.9 million for 2002, due to lower NYSE transaction volume and lower domestic price realization partially offset by higher market share of addressable (non-program trading) NYSE volume and higher SCBL revenues. Revenues from institutional research services increased $29.1 million to $294.9 million for 2002 from $265.8 million for 2001, due to higher market share of NYSE transaction volumes, expanded research and broader trading capabilities.

Shareholder Servicing Fees

The Operating Partnership's wholly-owned 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 decreased 7.2% in 2003 and increased 5.5% in 2002. In the fourth quarter of 2003, fees earned from certain Alliance Mutual Funds included a $3.0 million reduction. The number of shareholder accounts serviced declined to approximately 7.1 million as of December 31, 2003, from approximately 7.4 million and 7.7 million as of December 31, 2002 and 2001, respectively, due to shareholder account terminations.

Other Revenues, Net

Other revenues, net consist of fees earned for 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. Changes in market value of investments, investment income and net interest income earned on securities loaned to and borrowed from brokers and dealers are also included. Other revenues, net increased for 2003 from 2002, principally as a result of mark to market gains on investments in Alliance Mutual Funds. Other revenues, net decreased for 2002 from 2001, principally due to investments in Alliance Mutual Funds which experienced market value declines from lower equity markets and lower net interest income due to lower interest rates.

EXPENSES

	2003	2002	% Change	2002	2001	% Change
			(Dollars in millions)			
Employee compensation and benefits	$ 914.5	$ 907.1	0.8%	$ 907.1	$ 930.7	(2.5)%
Promotion and servicing	744.1	815.1	(8.7)	815.1	893.4	(8.8)
General and administrative	339.7	329.0	3.3	329.0	312.0	5.5
Interest	25.3	27.4	(7.7)	27.4	32.0	(14.4)
Amortization of goodwill and intangible assets	20.7	20.7	—	20.7	172.6	(88.0)
Charge for mutual fund matters and legal proceedings	330.0	—	n/a	—	—	n/a
Total	$ 2,374.3	$ 2,099.3	13.1%	$ 2,099.3	$ 2,340.7	(10.3)%

Employee Compensation and Benefits

The Operating Partnership had 4,096 employees at December 31, 2003 compared to 4,172 in 2002 and 4,542 in 2001. Employee compensation and benefits, which represent approximately 38.5% of total expenses in 2003, include salaries, commissions, fringe benefits and cash and deferred incentive compensation based generally on profitability.

Employee compensation and benefits increased 0.8% in 2003, primarily as a result of higher incentive compensation expense partly offset by lower commission expense. Base compensation and fringes and other compensation decreased in 2003 primarily due to lower base compensation as a result of lower average headcount. Incentive compensation in 2003 increased as a result of higher deferred compensation amortization due to vesting, partly offset by lower short term incentive compensation expense reflecting the decrease in net income caused by the charge to income for mutual fund matters and legal proceedings. Commission expense was lower in 2003 as a result of lower retail sales volume and the implementation of a new deferred sales substitution plan.

Employee compensation and benefits decreased 2.5% in 2002, primarily as a result of lower base compensation and fringes and other compensation. Base compensation and fringes and other compensation decreased in 2002 due to reduced headcount and expense control initiatives. Incentive compensation in 2002 was unchanged from 2001 due to lower operating earnings offset by higher deferred compensation amortization due to vesting, primarily attributable to a deferred compensation plan entered into in connection with the Bernstein Acquisition. Commission expense remained flat due to the payment of 2002 compensation for certain sales management professionals as discretionary incentive compensation instead of commissions paid in 2001.

Promotion and Servicing

Under the Operating Partnership's mutual fund distribution system ("System"), promotion and servicing expenses, which represent approximately 31.3% of total expenses in 2003, 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" and "Note 15. Commitments and Contingencies" of the Operating Partnership's Consolidated Financial Statements contained in Item 8. of this Annual Report on Form 10-K. 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 decreased 8.7% and 8.8% in 2003 and 2002, respectively. The decrease in 2003 was primarily due to lower distribution plan payments resulting from lower average mutual fund assets under management, lower amortization of deferred sales commissions resulting from lower retail sales, as well as lower printing and mailing expense as a result of cost containment initiatives. The decrease in 2002 was primarily due to lower distribution plan payments from lower average mutual fund assets under management and to decreases in travel and entertainment and printing costs.

General and Administrative

General and administrative expenses, which represent approximately 14.3% of total expenses in 2003, are costs related to operations, including technology, professional fees, occupancy, communications and similar expenses. General and administrative expenses increased 3.3% and 5.5% in 2003 and 2002, respectively. The increase in 2003 is primarily due to higher legal fees incurred in connection with litigation and higher insurance costs partly offset by lower occupancy and communication costs. The increase in 2002 was due principally to higher occupancy costs, including a one-time $4.4 million charge during the third quarter of 2002 resulting from the sub-leasing of certain excess office space, and higher legal fees for litigation.

Interest

Interest expense is incurred on the Operating Partnership's borrowings. Interest expense for 2003 decreased primarily as a result of lower short-term debt. Interest expense for 2002 decreased primarily as a result of lower borrowings under the commercial paper and Extendible Commercial Notes ("ECN") programs.

Amortization of Goodwill and Intangible Assets

Amortization of goodwill and intangible assets is attributable to the goodwill and intangible assets recorded in connection with the acquisitions made by the Operating Partnership, including the Bernstein Acquisition and the acquisition of ACMC, Inc., the predecessor of both Alliance Holding and the Operating Partnership, by ELAS during 1985. Amortization of goodwill and intangible assets was unchanged in 2003 and decreased in 2002 primarily due to the adoption of SFAS 142 on January 1, 2002, which required the Operating Partnership to cease amortizing goodwill.

The Operating Partnership's Consolidated Statement of Financial Condition as of December 31, 2003 includes net goodwill, the excess of the purchase price over the fair value of identifiable assets of acquired companies, of $2.9 billion and intangible assets, the costs assigned to investment management contracts of businesses acquired, of $347 million. As a result of the adoption of SFAS 142, net goodwill is tested for impairment annually. Intangible assets are amortized on a straight-line basis over estimated useful lives of twenty years and tested for impairment periodically.

Charge for Mutual Fund Matters and Legal Proceedings

Management of the Operating Partnership recorded a $190 million and a $140 million charge to income for the quarterly periods ended September 30, 2003 and December 31, 2003, respectively, to cover restitution, litigation and other costs in connection with the terms reached with the NYAG and SEC with respect to market timing investigations into certain Alliance Mutual Funds and other litigation. See "Note 21. Charge for Mutual Fund Matters and Legal Proceedings" of the Operating Partnership's Consolidated Financial Statements contained in Item 8 of this Form 10-K.

Taxes on Income

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

Income tax expense of $28.7 million in 2003 decreased by $3.5 million from 2002 primarily as a result of lower pre-tax income partially offset by a higher effective tax rate reflecting an increase in non-deductible expenses related to the charge for mutual fund matters and legal proceedings and higher proportionate taxable earnings of corporate subsidiaries. Income tax expense of $32.2 million in 2002 decreased by $5.4 million from 2001 primarily as a result of lower pre-tax income and a lower effective income tax rate due to lower state and local taxes.

CAPITAL RESOURCES AND LIQUIDITY

Partners' capital of the Operating Partnership was $3,778.5 million at December 31, 2003, a decrease of $185.0 million or 4.7% from partners' capital of $3,963.5 million at December 31, 2002. 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) in excess of net income offset partially by amortization of deferred compensation expense, cash received for options exercised and foreign currency translation gains. Partners' capital of the Operating Partnership was $3,963.5 million at December 31, 2002, a decrease of $24.7 million or 0.6% from partners' capital of $3,988.2 million at December 31, 2001. The decrease is primarily due to cash distributions in respect of the Operating Partnership's Available Cash Flow in excess of net income.

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 $85.1 million in 2003. Cash inflows included $758.0 million from operations and $21.6 million of proceeds from employee options exercised for Alliance Holding Units. Cash outflows included $566.6 million in distributions to its General

Partner and Alliance Capital Unitholders, net repayments of debt of $22.1 million, net purchases of investments of $26.1 million, capital expenditures of $29.2 million and the purchase of Alliance Holding Units by a subsidiary of the Operating Partnership for deferred compensation plans of $67.1 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 ABIRM at the time of sale. ABIRM in turn pays sales commissions to the

financial intermediaries distributing the funds from the front-end sales charge it receives from 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 ABIRM. While ABIRM is obligated to pay sales commissions to the financial intermediaries at the time of the purchase of Back-End Load Shares, it receives higher ongoing distribution services fees from the mutual funds. Deferred sales commissions are expected to be recovered over periods not exceeding five and one-half years. Payments of sales commissions made to financial intermediaries in connection with the sale of Back-End Load Shares under the System, net of CDSC received, totaled approximately $94.9 million, $81.6 million and $163.3 million during 2003, 2002 and 2001, respectively.

In September 2002, the Operating Partnership entered into an $800 million five-year revolving credit facility with a group of commercial banks and other lenders, which replaced three previously existing credit facilities aggregating $875 million. Of the $800 million total, $425 million is intended to provide back-up liquidity for the Operating Partnership's $425 million commercial paper program, with the balance available for general purposes of the Operating Partnership, including capital expenditures and funding the payment of deferred sales commissions to financial intermediaries under the System. Under this revolving credit facility, the interest rate, at the option of the Operating Partnership, 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. The credit facility also provides for a facility fee payable on the total facility. In addition, a utilization rate fee is payable in the event the average aggregate daily outstanding balance exceeds $400 million for each calendar quarter. The revolving credit facility contains covenants which, among other things, require the Operating Partnership to meet certain financial ratios.

At December 31, 2003, the Operating Partnership maintained 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 Operating Partnership may issue 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.

In February 2002, the Operating Partnership signed a $125 million agreement with a commercial bank, under which it guaranteed certain obligations of SCBL incurred in the ordinary course of its business in the event SCBL is unable to meet those obligations. If SCBL is unable to satisfy any guaranteed obligation in full when due, the Operating Partnership will pay such obligation within three days of being notified of SCBL's failure to pay. This agreement is continuous and remains in effect until payment in full of any such obligation has been made by SCBL. At December 31, 2003, the Operating Partnership was not required to perform under the agreement and had no liability outstanding in connection with the agreement.

The Operating Partnership's total available debt, amounts outstanding, and weighted average interest rates at December 31, 2003 and 2002 were as follows:

	December 31,					
	2003			2002		
	Total Available	Amount Outstanding	Interest Rate	Total Available	Amount Outstanding	Interest Rate
	(Dollars in millions)					
Senior Notes	$ 600.0	$ 398.8	5.6%	$ 600.0	$ 398.4	5.6%
Commercial paper	425.0	—	—	425.0	22.0	1.3
Revolving credit facility	375.0(1)	—	—	375.0(1)	—	—
Extendible Commercial Notes	100.0	—	—	100.0	—	—
Other	n/a	6.5	2.8	n/a	6.5	3.4
Total	$ 1,500.0	$ 405.3	5.6%	$ 1,500.0	$ 426.9	5.4%

(1) Excludes $425 million of this $800 million facility, which is intended to provide back-up liquidity for the 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.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements and notes to consolidated financial statements requires management to make estimates and judgements that affect the reported amounts of assets, liabilities, revenues and expenses.

Management of the Operating Partnership believes that the critical accounting policies and estimates discussed below involve additional management judgement due to the sensitivity of the methods and assumptions used.

Deferred Sales Commission Asset

Significant assumptions utilized to estimate the Operating Partnership's future average assets under management of Back-End Load Shares include expected future market levels and redemption rates. Market assumptions are selected using a long-term view of expected average market returns based on historical returns of broad market indices. At December 31, 2003, the Operating Partnership's management used average market return assumptions of 5% for fixed income and 8% for equity to estimate annual market returns. Higher actual average market returns would increase undiscounted future cash flows, while lower actual average market returns would decrease undiscounted future cash flows. Future redemption rate assumptions were determined by reference to actual redemption experience over the three-year and five-year periods ended December 31, 2003. The Operating Partnership's management used a range of expected annual redemption rates of 16% to 20% at December 31, 2003, calculated as a percentage of average assets under management of the Operating Partnership. An increase in the actual rate of redemptions would decrease undiscounted future cash flows, while a decrease in the actual rate of redemptions would increase undiscounted future cash flows. These assumptions are reviewed and updated quarterly, or monthly when events or changes in circumstances occur that could significantly increase the risk of impairment of the asset. Estimates of undiscounted future cash flows and the remaining life of the deferred sales commission asset are made from these assumptions. The Operating Partnership's management considers the results of these

analyses performed at various dates. As of December 31, 2003, the Operating Partnership's management determined that the deferred sales commission asset was not impaired. If the Operating Partnership's management determines in the future that the deferred sales commission asset is not recoverable, an impairment condition would exist and a loss would be measured as the amount by which the recorded amount of the asset exceeds its estimated fair value. Estimated fair value is determined using the Operating Partnership's management's best estimate of future cash flows discounted to a present value amount.

During 2003, equity markets increased by approximately 29% as measured by the change in the Standard & Poor's 500 Stock Index and fixed income markets increased by approximately 4% as measured by the change in the Lehman Brothers' Aggregate Bond Index. The redemption rate for domestic Back-End Load Shares was approximately 22% in 2003. Declines in financial markets or higher redemption levels, or both, as compared to the assumptions used to estimate undiscounted future cash flows, as described above, could result in the impairment of the deferred sales commission asset. Due to the volatility of the capital markets and changes in redemption rates, the Operating Partnership's management is unable to predict whether or when a future impairment of the deferred sales commission asset might occur. Should an impairment occur, any loss would reduce materially the recorded amount of the Operating Partnership's asset with a corresponding charge to the Operating Partnership's expense. Alliance Holding's proportionate share of the Operating Partnership's charge to expense would reduce materially Alliance Holding's net income.

Goodwill

Significant assumptions are required in performing goodwill impairment tests. Such tests include determining whether the Operating Partnership, the reporting unit, estimated fair value exceeds its book value. There are several methods of estimating the Operating Partnership's fair values, which includes valuation techniques such as market quotations and expected discounted cash flows. In developing estimated fair value using a discounted cash flow valuation technique, business growth rate assumptions are applied over the estimated life of the goodwill asset and the resulting expected cash flows are discounted to arrive at a present value amount that approximates fair value. As of December 31, 2003, the goodwill asset impairment test did not indicate that this asset was impaired. However, future tests may be based upon different assumptions which may or may not result in an impairment of this asset. Should impairment occur, any loss would reduce materially the recorded amount of the Operating Partnership's asset with a corresponding charge to the Operating Partnership's expense.

Intangible Assets

Acquired intangibles are recognized at fair value and amortized over their estimated useful life. Intangible assets are evaluated for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Future cash flow estimates are used to test the intangible assets for recoverability. A present value technique is used to estimate the fair value of intangible assets using future cash flow estimates. The estimates used include estimating attrition factors of customer accounts, asset growth rates, direct expenses and fee rates. Developing these estimates requires highly uncertain assumptions as they are dependent upon historical trends that may or may not occur in the future. However, future tests may be based upon different assumptions which may or may not result in an impairment of this asset. Should impairment occur, any loss would reduce materially the recorded amount of the Operating Partnership's asset with a corresponding charge to the Operating Partnership's expense.

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.

	Contractual Obligations				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
	(Dollars in millions)				
Debt	$ 405.3	$ —	$ 405.3	$ —	$ —
Operating leases	1,064.6	77.6	151.9	134.7	700.4

Accrued compensation and benefits	165.7	—	68.4	27.2	70.1
Minority interests in consolidated subsidiaries	10.5	—	—	—	10.5
Total	$ 1,646.1	$ 77.6	$ 625.6	$ 161.9	$ 781.0

At December 31, 2003, the Operating Partnership recorded charges totaling $330 million to cover restitution, litigation and other costs, in connection with the terms reached with the NYAG and SEC with respect to market timing investigations into certain Alliance Mutual Funds and other litigation. In January 2004, the Operating Partnership paid $250 million in respect of the restitution fund plus additional amounts in respect of other litigation. Certain of the Operating Partnership's deferred compensation plans provide for the election by participants to receive Alliance Holding Units or Alliance sponsored mutual funds. From time-to-time, the Operating Partnership will fund participant elections and during the first two months of 2004, the Operating Partnership made purchases of the cash equivalent of the notional value of Alliance-sponsored mutual funds totaling $108.0 million. The Operating Partnership expects to purchase Alliance Holding Units with an aggregate value of approximately $31 million during March 2004. In addition, the Operating Partnership expects to make contributions to the Operating Partnership's qualified profit sharing plan of approximately $23.1 million in each of the next four years. The Operating Partnership is required to contribute additional amounts to its qualified noncontributory defined retirement plan by January 15, 2005. This amount is $1.4 million, based on current estimates, and the Operating Partnership expects to make this contribution during 2004.

See "Note 15. Commitments and Contingencies" of the Operating Partnership's Consolidated Financial Statements contained in Item 8. of this Form 10-K for a discussion of the Operating Partnership's mutual fund distribution system and related deferred sales commission asset, certain legal proceedings to which the Operating Partnership is a party and mutual fund investigations.

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. The Operating Partnership recorded a pre-tax charge to income of $190 million for the quarter ended September 30, 2003 to cover restitution, litigation and other costs associated with the market timing investigations and other litigation. The Operating Partnership recorded an additional $140 million pre-tax charge against its fourth quarter 2003 earnings in connection with these matters. As a result of these charges, the Board of Directors of the General Partner of the Operating Partnership and Alliance Holding determined not to pay a distribution to their respective Unitholders for the fourth quarter of 2003. Distributions are expected to resume for the first quarter of 2004, with payout policy returning to traditional levels in relation to cash flow for the second quarter of 2004. For more information about the effect of the charges, a related $250 million restitution fund and certain mutual fund fee reductions on the Operating Partnership's results of operations, financial condition and distributions, see "Item 1, Regulation" of this Form 10-K, and "Note 15. Commitments and Contingencies" and "Note 21. Charge for Mutual Fund Matters and Legal Proceedings" of the Operating Partnership's Consolidated

Financial Statements contained in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K. The Available Cash Flow of the Operating Partnership for 2003, 2002 and 2001 was as follows:

	2003	2002	2001
	(Dollars in thousands, except per Unit amounts)		
Available Cash Flow	$ 418,107	$ 615,603	$ 759,087
Distributions per Unit	$ 1.65	$ 2.44	$ 3.03

ACCOUNTING PRONOUNCEMENTS

See "Note 26. Accounting Pronouncements" of the Operating Partnership's Consolidated Financial Statements contained in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K for a discussion of recently issued accounting pronouncements.

FORWARD-LOOKING STATEMENTS

Certain statements provided by Alliance Holding and Alliance Capital 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 Holding and Alliance Capital 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 Holding and Alliance Capital undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements. For further information regarding these forward-looking statements and the factors that could cause actual results to differ, please refer to the Risk Factors section in Part I of this Form 10-K. Any or all of the forward-looking statements that we make in this Form 10-K or any other public statements we issue may turn out to be wrong. It is important to remember that other factors besides those listed in the Risk Factors section could also adversely affect our business, operating results or financial condition.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

ALLIANCE HOLDING

MARKET RISK, RISK MANAGEMENT AND DERIVATIVE FINANCIAL INSTRUMENTS

Alliance Holding's investment consists solely of Alliance Capital Units. Alliance Holding did not own, nor was it a party to any derivative financial instruments during the years ended December 31, 2003, 2002 and 2001.

ALLIANCE CAPITAL

MARKET RISK, RISK MANAGEMENT AND DERIVATIVE FINANCIAL INSTRUMENTS

The Operating Partnership's investments consist of investments, trading and available-for-sale, and other investments. Investments, trading and available-for-sale, include United States Treasury Bills, equity and fixed income mutual funds investments. Trading investments are purchased for short-term investments. 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.

TRADING AND 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 at all maturities from the levels prevailing at December 31, 2003 and 2002. Such a 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 Operating Partnership's 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,			
	2003	Effect of +100 Basis Point Change	2002	Effect of +100 Basis Point Change
Fixed Income Investments:				
Trading	$ 16,953	$ (810)	$ 24,060	$ (306)
Non trading	2,795	(134)	4,402	(56)

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, 2003 and 2002. 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 Operating Partnership's 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,			
	2003	Effect of -10% Equity Price Change	2002	Effect of -10% Equity Price Change
Equity Investments:				
Trading	$ 58,838	$ (5,884)	$ 15,609	$ (1,561)
Non trading	71,832	(7,183)	40,080	(4,008)

DEBT—FAIR VALUE

At year-end 2003 and 2002, the aggregate fair value of long-term debt issued by the Operating Partnership was $432.4 million and $429.3 million, respectively. The table below provides the potential fair value exposure to an immediate 100 basis point decrease in interest rates at all maturities and a ten percent decrease in exchange rates from those prevailing at year-end 2003 and 2002 (in thousands):

	At December 31,					
	2003	Effect of -100 Basis Point Change	Effect of -10% Exchange Rate Change	2002	Effect of -100 Basis Point Change	Effect of -10% Exchange Rate Change
Long-term debt—Non-trading	$ 432,358	$ 19,499	$ 768	$ 429,266	$ 29,421	$ 693

Item 8. **Financial Statements and Supplementary Data**

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.

Statements of Financial Condition
(in thousands)

	December 31,	
	2003	2002
ASSETS		
Fees receivable	$ 755	$ 1,064
Investment in Operating Partnership	1,165,342	1,236,482
Total assets	$ 1,166,097	$ 1,237,546
LIABILITIES AND PARTNERS' CAPITAL		
Liabilities:		
Payable to Operating Partnership	$ 6,705	$ 6,723
Accounts payable and accrued expenses	786	280
Total liabilities	7,491	7,003
Commitments and contingencies (See Note 7)		
Partners' capital:		
General Partner: 100,000 Alliance Holding Units issued and outstanding	1,563	1,657
Limited partners: 77,888,279 and 76,646,450 Alliance Holding Units issued and outstanding	1,157,043	1,228,886
Total partners' capital	1,158,606	1,230,543
Total liabilities and partners' capital	$ 1,166,097	$ 1,237,546

See Accompanying Notes to Financial Statements.

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.

Statements of Income
(in thousands, except per Unit amounts)

	Years Ended December 31,		
	2003	2002	2001
Equity in earnings of Operating Partnership	$ 100,424	$ 183,695	$ 182,020
Income taxes	21,819	21,653	22,729
Net income	$ 78,605	$ 162,042	$ 159,291
Net income per Alliance Holding Unit:			
Basic	$ 1.02	$ 2.14	$ 2.15
Diluted	$ 1.01	$ 2.11	$ 2.10

See Accompanying Notes to Financial Statements.

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.

Statements of Changes in Partners' Capital and Comprehensive Income
(in thousands, except per Unit amounts)

Years Ended December 31,	General Partner's Capital	Limited Partners' Capital	Total Partners' Capital
Balance at December 31, 2000	$ 1,745	$ 1,258,805	$ 1,260,550
Comprehensive Income:			
Net income	215	159,076	159,291
Comprehensive Income	215	159,076	159,291
Change in proportionate share of the Operating Partnership's partners' capital	(2)	(1,397)	(1,399)
Cash distributions to Alliance Holding Partners and Unitholders ($2.84 per Unit)	(284)	(209,775)	(210,059)
Purchase of Alliance Holding Units to fund deferred compensation plans, net	—	(10,458)	(10,458)
Proceeds from options for Alliance Holding Units exercised	—	24,112	24,112
Balance at December 31, 2001	1,674	1,220,363	1,222,037
Comprehensive Income:			
Net income	213	161,829	162,042
Comprehensive Income	213	161,829	162,042
Cash distributions to Alliance Holding Partners And Unitholders ($2.30 per Unit)	(230)	(174,452)	(174,682)
Purchase of Alliance Holding Units to fund deferred compensation plans, net	—	(911)	(911)
Proceeds from options for Alliance Holding Units exercised	—	22,057	22,057
Balance at December 31, 2002	1,657	1,228,886	1,230,543
Comprehensive Income:			
Net income	103	78,502	78,605
Comprehensive Income	103	78,502	78,605
Cash distributions to Alliance Holding Partners and Unitholders ($1.97 per Unit)	(197)	(151,297)	(151,494)
Purchase of Alliance Holding Units to fund deferred compensation plans, net	—	(20,609)	(20,609)
Proceeds from options for Alliance Holding Units exercised	—	21,561	21,561
Balance at December 31, 2003	$ 1,563	$ 1,157,043	$ 1,158,606

See Accompanying Notes to Financial Statements.

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.

Statements of Cash Flows
(in thousands)

	Years Ended December 31,		
	2003	2002	2001
Cash flows from operating activities:			
Net income	$ 78,605	$ 162,042	$ 159,291
Adjustments to reconcile net income to net cash provided from operating activities:			
Equity in earnings of Operating Partnership	(100,424)	(183,695)	(182,020)
Investment in Operating Partnership from exercises of options	(21,561)	(22,057)	(24,112)
Operating Partnership distributions received	172,516	196,862	232,359
Changes in assets and liabilities:			
Decrease in fees receivable	309	777	403
Decrease in other assets	—	—	6
Increase (decrease) in payable to Operating Partnership	(18)	(1,007)	881
Increase (decrease) in accounts payable and accrued expenses	506	(297)	(861)
Net cash provided from operating activities	129,933	152,625	185,947

Cash flows from financing activities:			
Cash distributions to Alliance Holding Partners and Unitholders	(151,494)	(174,682)	(210,059)
Proceeds from options for Alliance Holding Units exercised	21,561	22,057	24,112
Net cash (used in) financing activities	(129,933)	(152,625)	(185,947)
Net change in cash and cash equivalents	—	—	—
Cash and cash equivalents at beginning of the year	—	—	—
Cash and cash equivalents at end of the year	$ —	$ —	$ —

See Accompanying Notes to Financial Statements.

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.

Notes to 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, 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 ("NYSE") under the ticker symbol "AC". 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. On November 25, 2002, SCB Partners Inc., a wholly-owned subsidiary of SCB Inc., sold to ECMC, LLC, an indirect wholly-owned subsidiary of AXA Financial ("ECMC"), 8,160,000 Alliance Capital Units pursuant to an agreement entered into in connection with the Bernstein Acquisition. On March 5, 2004, SCB Partners Inc. sold to ECMC an additional 8,160,000 Alliance Capital Units ("Sale") under that agreement.

ACMC owns 100,000 general partnership units in Alliance Holding and a 1% general partnership interest in the Operating Partnership. As of December 31, 2003, AXA, AXA Financial, The Equitable Life Assurance Society of the United States (a wholly-owned subsidiary of AXA Financial, "ELAS") and certain subsidiaries of ELAS beneficially owned 136,859,599 Alliance Capital Units or approximately 54.4% of the issued and outstanding Alliance Capital Units and 1,444,356 Alliance Holding Units or approximately 1.9% of the issued and outstanding Alliance Holding Units which, including the general partnership interests in the Operating Partnership and Alliance Holding, represents an economic interest of approximately 55.5% in the Operating Partnership. Following the Sale, AXA Financial's economic interest in the Operating Partnership increased by approximately 3.0% to approximately 58.5%. As of December 31, 2003, Alliance Holding owned 77,988,279 Alliance Capital Units or approximately 31.0% of the issued and outstanding Alliance Capital Units. As of December 31, 2003, SCB Partners Inc. owned 32,640,000 Alliance Capital Units or approximately 13.0% of the issued and outstanding Alliance Capital Units (and, following the Sale, 24,480,000 Alliance Capital Units or approximately 9.7%, respectively).

Alliance Holding's principal source of income and cash flow is attributable to its ownership in the Operating Partnership.

The Alliance Holding financial statements and notes should be read in conjunction with the consolidated financial statements and notes of the Operating Partnership. The Operating Partnership's consolidated financial statements and notes and management's discussion and analysis of financial condition and results of operations are included in Alliance Holding's Annual Report on Form 10-K.

2. Operating Partnership 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 of affiliates such as AXA and its insurance company subsidiaries, by means of separately managed accounts, institutional sub-advisory relationships, structured products, group trusts, mutual funds, and other investment vehicles (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 separately managed accounts, hedge funds and other investment vehicles, (c) individual investors by means of retail 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 and other investment vehicles ("Alliance Mutual Funds"), and managed account products, and (d) institutional investors desiring

institutional research services by means of in-depth research, portfolio strategy, trading and brokerage-related services. The Operating Partnership and its subsidiaries provide investment management, distribution and/or shareholder and administrative services to Alliance Mutual Funds.

3. Summary of Significant Accounting Policies

Basis of Presentation

Alliance Holding's 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.

Investment in Operating Partnership

Alliance Holding records its investment in the Operating Partnership using the equity method of accounting. Alliance Holding's investment will be increased to reflect its proportionate share of income of the Operating Partnership and decreased to reflect its proportionate share of losses of the Operating Partnership or distributions made by the Operating Partnership. In addition, Alliance Holding's investment is adjusted to reflect its proportionate share of certain capital transactions of the Operating Partnership.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and highly liquid investments including money market accounts with average maturities of three months or less. Due to the short-term nature of these instruments, this recorded value approximates fair value.

Cash Distributions

Alliance Holding is required to distribute all of its Available Cash Flow, as defined in the Alliance Holding Partnership Agreement, to the General Partner and Alliance Holding Unitholders pro rata in accordance with their percentage interests in Alliance Holding. Cash distributions are recorded when declared.

Compensatory Unit Award and Option Plans

As discussed in "Note 20. Compensatory Unit Award and Option Plans" of the Operating Partnership's Consolidated Financial Statements, the Operating Partnership maintains certain option and incentive plans and uses the Black-Scholes option-pricing model to determine the fair value of option awards. Under these plans, options on Alliance Holding Units are granted to employees of the Operating Partnership and non-employee Directors of the General Partner. Upon exercise of options, Alliance Holding exchanges the proceeds from exercises for Operating Partnership Units, thus increasing Alliance Holding's investment in the Operating Partnership. At December 31, 2003, 13,788,100 options for Alliance Holding Units were outstanding of which 9,128,800 were exercisable.

The Operating Partnership adopted in 2002 the fair value method of recording compensation expense, on a prospective basis and using a straight-line amortization policy, relating to compensatory option awards of Alliance Holding Units granted after December 31, 2001 as permitted by Statement of Financial Accounting Standards No. 123 ("SFAS 123"), "*Accounting for Stock-Based Compensation*", as amended by Statement of Financial Accounting Standards ("SFAS 148"), "*Accounting for Stock-Based Compensation—Transition and Disclosure*". Under the fair value method, compensation expense is measured at the grant date based on the estimated fair value of the award and is recognized over the vesting period. Fair value is determined using the Black-Scholes option-pricing model. Compensation expense, for 2003 and 2002 unit option awards, recognized in the Operating Partnership's net income totaled approximately $2.5 million and $0.3 million for the years ended December 31, 2003 and 2002, respectively. As a result, Alliance Holding's income derived from its interest in the Operating Partnership was decreased by approximately $0.6 million and $0.1 million for the years ended December 31, 2003 and 2002, respectively.

The Operating Partnership applies Accounting Principles Board Opinion No. 25, "*Accounting for Stock Issued to Employees*", for compensatory unit option awards made prior to 2002 and, accordingly, no compensation expense has been recognized for those options because they were granted with exercise prices equal to the fair market value of the Alliance Holding Units on the date of grant. Had the Operating Partnership recorded compensation expense for all option awards based on the fair value at their grant date under SFAS 123, Alliance Holding's income derived from its interest in the Operating Partnership would have decreased and Alliance Holding's net income and net income per

Alliance Holding Unit would have been reduced to the pro forma amounts indicated below (in thousands, except per Alliance Holding Unit amounts):

	Years Ended December 31,		
	2003	2002	2001
SFAS 123 pro forma net income:			
Net income as reported	$ 78,605	$ 162,042	$ 159,291
Add: stock-based compensation included in net income, net of tax	586	71	—
Deduct: total stock-based compensation expense determined under fair value method for all awards, net of tax	(2,574)	(4,716)	(4,639)
SFAS 123 pro forma net income	$ 76,617	$ 157,397	$ 154,652

Net income per Alliance Holding Unit:			
Basic net income per Alliance Holding Unit as reported	$ 1.02	$ 2.14	$ 2.15
Basic net income per Alliance Holding Unit pro forma	$ 0.99	$ 2.07	$ 2.08
Diluted net income per Alliance Holding Unit as reported	$ 1.01	$ 2.11	$ 2.10
Diluted net income per Alliance Holding Unit pro forma	$ 0.98	$ 2.05	$ 2.04

4. Net Income Per Alliance Holding Unit

Basic net income per Alliance Holding Unit is derived by dividing net income by the basic weighted average number of Alliance Holding Units outstanding for each year. Diluted net income per Alliance Holding Unit is derived by adjusting net income for the assumed dilutive effect of compensatory options ("Net income—Diluted") and dividing Net income—Diluted by the total of the basic weighted average number of Alliance Holding Units outstanding for each year and the dilutive Alliance Holding Unit equivalents resulting from outstanding compensatory options.

	Years Ended December 31,		
	2003	2002	2001
	(in thousands, except per Alliance Holding Unit amounts)		
Net income—Basic	$ 78,605	$ 162,042	$ 159,291
Additional allocation of equity in earnings of the Operating Partnership resulting from assumed dilutive effect of compensatory options	1,830	5,582	8,658
Net income—Diluted	$ 80,435	$ 167,624	$ 167,949
Weighted average Alliance Holding Units outstanding—Basic	77,245	75,854	74,184
Dilutive effect of compensatory options	2,391	3,751	5,890
Weighted average Alliance Holding Units outstanding—Diluted	79,636	79,605	80,074
Basic net income per Alliance Holding Unit	$ 1.02	$ 2.14	$ 2.15
Diluted net income per Alliance Holding Unit	$ 1.01	$ 2.11	$ 2.10

At December 31, 2003, 2002 and 2001, options on 7,977,700, 4,856,500 and 4,531,500 Alliance Holding Units, respectively, have been excluded from the diluted net income per Unit computation due to their anti-dilutive effect.

5. Investment in Operating Partnership

Alliance Holding's investment in the Operating Partnership for the years ended December 31, 2003 and 2002 was as follows (in thousands):

	December 31,	
	2003	2002
Investment in Operating Partnership at January 1,	$ 1,236,482	$ 1,228,503
Equity in earnings of Operating Partnership	100,424	183,695
Additional investment resulting from exercises of options	21,561	22,057
Distribution received from Operating Partnership	(172,516)	(196,862)
Reduction in investment resulting from purchase of Alliance Holding Units by a subsidiary of the Operating Partnership to fund deferred compensation plans, net	(20,609)	(911)
Investment in Operating Partnership at December 31,	$ 1,165,342	$ 1,236,482

6. Income Taxes

Alliance Holding is a publicly traded partnership for federal tax purposes and, accordingly, is not subject to federal or state corporate income taxes. However, Alliance Holding is subject to the New York City unincorporated business tax ("UBT") and to a 3.5% federal tax on partnership gross income from the active conduct of a trade or business. Alliance Holding's partnership gross income is primarily derived from its interest in the Operating Partnership.

Income tax expense, all currently payable, consists of (in thousands):

	Years Ended December 31,

	2003	2002	2001
Federal tax on partnership gross business income and income tax expense	$ 21,819	$ 21,653	$ 22,729

The principal reasons for the difference between Alliance Holding's effective tax rates and the UBT statutory tax rate of 4% are as follows (in thousands):

	Years Ended December 31,					
	2003		2002		2001	
UBT statutory rate	$ 4,017	4.0%	$ 7,348	4.0%	$ 7,281	4.0%
Federal tax on partnership gross business income	21,819	21.7	21,653	11.8	22,729	12.5
Credit for UBT taxes paid by the Operating Partnership	(4,017)	(4.0)	(7,348)	(4.0)	(7,281)	(4.0)
Income tax expense and effective tax rate	$ 21,819	21.7%	$ 21,653	11.8%	$ 22,729	12.5%

7. Contingencies

Deferred Sales Commission Asset

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 ABIRM, a wholly-owned subsidiary of the Operating Partnership, at the time of sale. ABIRM in turn pays sales commissions to the financial intermediaries distributing the funds from the front-end sales charge it receives from 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 CDSC to ABIRM. While ABIRM is obligated to pay sales commissions to the financial intermediaries at the time of the purchase of Back-End Load Shares, it receives higher ongoing distribution services fees from the mutual funds. Payments of sales commissions made to financial intermediaries in connection with the sale of Back-End Load Shares under the System, net of CDSC received totaled approximately $94.9 million, $81.6 million and $163.3 million during 2003, 2002 and 2001, respectively.

The Operating Partnership's payments of sales commissions made to financial intermediaries in connection with the sale of Back-End Load Shares under the Operating Partnership's System are capitalized as deferred sales commissions and amortized over periods not exceeding five and one-half years, the periods of time during which deferred sales commissions are expected to be recovered from distribution services fees received from those funds and from CDSC received from shareholders of those funds upon redemption of their shares. CDSC cash recoveries are recorded as reductions of unamortized deferred sales commissions when received. The amount recorded by the Operating Partnership for the net deferred sales commission asset was $387.2 million and $500.9 million at December 31, 2003 and 2002, respectively.

The Operating Partnership's management tests the deferred sales commission asset for recoverability quarterly, or monthly when events or changes in circumstances occur that could significantly increase the risk of impairment of the asset. The Operating Partnership's management determines recoverability by estimating undiscounted future cash flows to be realized from this asset, as compared to its recorded amount, as well as the estimated remaining life of the deferred sales commission asset over which undiscounted future cash flows are expected to be received. Undiscounted future cash flows consist of ongoing distribution services fees and CDSC. Distribution services fees are calculated as a percentage of average assets under management related to Back-End Load Shares. CDSC is based on the lower of cost or current value, at the time of redemption, of Back-End Load Shares redeemed and the point at which redeemed during the applicable minimum holding period under the System.

Significant assumptions utilized to estimate the Operating Partnership's future average assets under management of Back-End Load Shares include expected future market levels and redemption rates. Market assumptions are selected using a long-term view of expected average market returns based on historical returns of broad market indices. At December 31, 2003, the Operating Partnership's management used average market return assumptions of 5% for fixed income and 8% for equity to estimate annual market returns. Higher actual average market returns would increase undiscounted future cash flows, while lower actual average market returns would decrease undiscounted future cash flows. Future redemption rate assumptions were determined by reference to actual redemption experience over the three-year and five-year periods ended December 31, 2003. The Operating Partnership's management used a range of expected annual redemption rates of 16% to 20% at December 31, 2003, calculated as a percentage of average assets under management of the Operating Partnership. An increase in the actual rate of redemptions would decrease undiscounted future cash flows, while a decrease in the actual rate of redemptions would increase undiscounted future cash flows. These assumptions are reviewed and updated quarterly, or monthly when events or changes in

circumstances occur that could significantly increase the risk of impairment of the asset. Estimates of undiscounted future cash flows and the remaining life of the deferred sales commission asset are made from these assumptions. The Operating Partnership's management considers the results of these analyses performed at various dates. As of December 31, 2003, the Operating Partnership's management determined that the deferred sales commission asset was not impaired. If the Operating Partnership's management determines in the future that the deferred sales commission asset is not recoverable, an impairment condition would exist and a loss would be measured as the amount by which the recorded amount of the asset exceeds its estimated fair value. Estimated fair value is determined using the Operating Partnership's management's best estimate of future cash flows discounted to a present value amount.

During 2003, equity markets increased by approximately 29% as measured by the change in the Standard & Poor's 500 Stock Index and fixed income markets increased by approximately 4% as measured by the change in the Lehman Brothers' Aggregate Bond Index. The redemption rate for domestic Back-End Load Shares was approximately 22% in 2003. Declines in financial markets or higher redemption levels, or both, as compared to the assumptions used to estimate undiscounted future cash flows, as described above, could result in the impairment of the deferred sales commission asset. Due to the volatility of the capital markets and changes in redemption rates, the Operating Partnership's management is unable to predict whether or when a future impairment of the deferred sales commission asset might occur. Should an impairment occur, any loss would reduce materially the recorded amount of the Operating Partnership's asset with a corresponding charge to the Operating Partnership's expense. Alliance Holding's proportionate share of the Operating Partnership's charge to expense would reduce materially Alliance Holding's net income.

Legal Proceedings

On April 25, 2001, an amended class action complaint entitled *Miller, et al. v. Mitchell Hutchins Asset Management, Inc., et al.* was filed in the United States District Court for the Southern District of Illinois against Alliance Capital, Alliance Fund Distributors, Inc. (now known as "AllianceBernstein Investment Research and Management, Inc. "ABIRM"), and other defendants alleging violations of the Investment Company Act and breaches of common law fiduciary duty. The principal allegations of the amended complaint were that the advisory and distribution fees for certain mutual funds managed by Alliance Capital were excessive in violation of the Investment Company Act and the common law. Plaintiffs subsequently amended their complaint to include as plaintiffs shareholders of the AllianceBernstein Premier Growth Fund ("Premier Growth Fund"), the AllianceBernstein Quasar Fund (now known as AllianceBernstein Small Cap Growth Fund), the AllianceBernstein Growth and Income Fund, the AllianceBernstein Corporate Bond Fund, the AllianceBernstein Growth Fund, the AllianceBernstein Balanced Shares Fund, and the AllianceBernstein Americas Government Income Trust. On December 19, 2003, the parties entered into a settlement agreement resolving the matter, and it has been dismissed by the Court.

On December 7, 2001, a complaint entitled *Benak v. Alliance Capital Management L.P. and Alliance Premier Growth Fund* ("Benak Complaint") was filed in the United States District Court for the District of New Jersey against Alliance Capital and Premier Growth Fund alleging that the defendants violated Section 36(b) 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 alleges were caused by the alleged breach of the duty of loyalty. Subsequently, between December 21, 2001, and July 11, 2002, five complaints making substantially the same allegations and seeking substantially the same relief as the Benak Complaint were filed against Alliance Capital and Premier Growth Fund. All of those actions were consolidated in the United States District Court for the District of New Jersey. On January 6, 2003, a consolidated amended complaint entitled *Benak v. Alliance Capital Management L.P.* ("Benak Consolidated Amended Complaint") was filed containing allegations similar to those in the individual complaints, although it does not name Premier Growth Fund as a defendant. On February 9, 2004, the court granted with prejudice Alliance Capital's motion to dismiss the Benak Consolidated Amended Complaint, holding that plaintiff's allegations failed to state a claim under Section 36(b). Plaintiffs have thirty days from the entry of the dismissal order to appeal the court's decision dismissing the action.

Alliance Capital believes that plaintiffs' allegations in the Benak Consolidated Amended Complaint were without merit and intends to vigorously defend against any appeal that may be taken from the dismissal with prejudice of the action.

On April 8, 2002, in *In re Enron Corporation Securities Litigation*, a consolidated complaint ("Enron Complaint") was filed in the United States District Court for the Southern District of Texas, Houston Division, against numerous defendants, including Alliance Capital. The principal allegations of the Enron Complaint, as they pertain to Alliance Capital, are that Alliance Capital violated Sections 11 and 15 of the Securities Act with respect to a registration statement filed by Enron and effective with the SEC on July 18, 2001, which was used to sell $1.9 billion Enron Corp. Zero Coupon Convertible Notes due 2021. Plaintiffs allege that Frank Savage, who was at that time an employee of Alliance Capital and who was and remains a director of the General Partner of Alliance Capital, signed the registration statement at issue. Plaintiffs allege that the registration statement was materially misleading. Plaintiffs further allege that Alliance Capital was a controlling person of Frank Savage. Plaintiffs therefore assert that Alliance Capital is itself liable for the allegedly misleading registration statement. Plaintiffs seek rescission or a rescissionary measure of damages. On June 3, 2002, Alliance Capital moved to dismiss the Enron Complaint as the allegations therein pertain to it. On March 12, 2003, that motion was denied. A First Amended Consolidated Complaint ("Enron Amended Consolidated Complaint"), with substantially similar allegations as to Alliance Capital, was filed on May 14, 2003. Alliance Capital filed its answer on June 13, 2003. On May 28, 2003, plaintiffs filed an Amended Motion for Class Certification. On October 23, 2003, following the completion of class discovery, Alliance Capital filed its opposition to class certification. Alliance Capital's motion is pending. The case is currently in discovery.

Alliance Capital believes that plaintiffs' allegations in the Enron Amended Consolidated Complaint as to it are without merit and intends to vigorously defend against these allegations.

On May 7, 2002, a complaint entitled *The Florida State Board of Administration v. Alliance Capital Management L.P.* ("SBA Complaint") was filed in the Circuit Court of the Second Judicial Circuit, in and for Leon County, Florida against Alliance Capital. The SBA Complaint alleges breach of contract relating to the Investment Management Agreement between The Florida State Board of Administration ("SBA") and Alliance Capital, breach of the covenant of good faith and fair dealing contained in the Investment Management Agreement, breach of fiduciary duty, negligence, gross negligence and violation of the Florida Securities and Investor Protection Act, in connection with purchases and sales of Enron common stock for the SBA investment account. The SBA seeks more than $300 million in compensatory damages and an unspecified amount of punitive damages. On June 10, 2002, Alliance Capital moved to dismiss the SBA Complaint. On September 12, 2002, the court denied Alliance Capital's motion to dismiss the SBA Complaint in its entirety. On November 13, 2003, the SBA filed

an amended complaint ("Amended SBA Complaint"). While the Amended SBA Complaint contains the Enron claims, the Amended SBA Complaint also alleges that Alliance Capital breached its contract with the SBA by investing in or continuing to hold stocks for the SBA's investment portfolio that were not "1-rated,"

the highest rating that Alliance Capital's research analysts could assign. The SBA also added claims for negligent supervision and common law fraud. On December 13, 2003, Alliance Capital moved to dismiss the fraud and breach of fiduciary duty claims in the Amended SBA Complaint. On January 27, 2004, the court denied that motion. The case is currently in discovery.

Alliance Capital believes that the SBA's allegations in the Amended SBA Complaint are without merit and intends to vigorously defend against these allegations.

On September 12, 2002, a complaint entitled *Lawrence E. Jaffe Pension Plan, Lawrence E. Jaffe Trustee U/A 1198 v. Alliance Capital Management L.P., Alfred Harrison and Alliance Premier Growth Fund, Inc.* ("Jaffe Complaint") was filed in the United States District Court for the Southern District of New York against Alliance Capital, Alfred Harrison and Premier Growth Fund alleging violation of the Investment Company Act. Plaintiff seeks damages equal to Premier Growth Fund's losses as a result of Premier Growth Fund's investment in shares of Enron and a recovery of all fees paid to Alliance Capital beginning November 1, 2000. On March 24, 2003, the court granted Alliance Capital's motion to transfer the Jaffe Complaint to the United States District Court for the District of New Jersey to be consolidated with the Benak Consolidated Amended Complaint already pending there. On December 5, 2003, plaintiff filed an amended complaint ("Amended Jaffe Complaint") in the United States District Court for the District of New Jersey. The Amended Jaffe Complaint alleges violations of Section 36(a) of the Investment Company Act, common law negligence, and negligent misrepresentation. Specifically, the Amended Jaffe Complaint alleges that: (i) the defendants breached their fiduciary duties of loyalty, care and good faith to Premier Growth Fund by causing Premier Growth Fund to invest in securities of Enron, (ii) the defendants were negligent for investing in securities of Enron, and (iii) through prospectuses and other documents defendants misrepresented material facts related to Premier Growth Fund's investment objective and policies. On January 23, 2004, defendants moved to dismiss the Amended Jaffe Complaint.

Alliance Capital and Alfred Harrison believe that plaintiff's allegations in the Amended Jaffe Complaint are without merit and intend to vigorously defend against these allegations.

On December 13, 2002, a putative class action complaint entitled *Patrick J. Goggins, et al. v. Alliance Capital Management L.P., et al*. ("Goggins Complaint") was filed in the United States District Court for the Southern District of New York against Alliance Capital, Premier Growth Fund and individual directors and certain officers of Premier Growth Fund. On August 13, 2003, the court granted Alliance Capital's motion to transfer the Goggins Complaint to the United States District Court for the District of New Jersey. On December 5, 2003, plaintiffs filed an amended complaint ("Amended Goggins Complaint") in the United States District Court for the District of New Jersey. The Amended Goggins Complaint alleges that defendants violated Sections 11, 12(a)(2) and 15 of the Securities Act because the Fund's registration statements and prospectuses contained untrue statements of material fact and omitted material facts. More specifically, the Amended Goggins Complaint alleges that the Fund's investment in Enron was inconsistent with the Fund's stated strategic objectives and investment strategies. Plaintiffs seeks rescissory relief or an unspecified amount of compensatory damages on behalf of a class of persons who purchased shares of Premier Growth Fund during the period October 31, 2000 through February 14, 2002. On January 23, 2004, Alliance Capital moved to dismiss the Amended Goggins Complaint.

Alliance Capital, Premier Growth Fund and the other defendants believe that plaintiffs' allegations in the Amended Goggins Complaint are without merit and intend to vigorously defend against these allegations.

On August 9, 2003, the Securities and Exchange Board of India ("SEBI") ordered that Samir C. Arora, a former research analyst/portfolio manager of Alliance Capital, refrain from buying, selling or dealing in Indian securities. Until August 4, 2003, when Mr. Arora announced his resignation from Alliance Capital, he served as head of Asian emerging markets equities and a fund manager of Alliance Capital Asset Management (India) Pvt. Ltd. ("ACAML"), a fund management company 75% owned by Alliance Capital. The order states that Mr. Arora relied on unpublished price sensitive information in making certain investment decisions on behalf of certain clients of ACAML and Alliance Capital, that there were failures to make required disclosures regarding the size of certain equity holdings, and that Mr. Arora tried to influence the sale of Alliance Capital's stake in ACAML. Mr. Arora contested the findings in the order by filing objections at a personal hearing held on August 28, 2003. On September 24, 2003, SEBI issued an order confirming its previous order against Mr. Arora. On October 10, 2003, Mr. Arora filed an appeal with the Securities Appellate Tribunal ("SAT") seeking certain interim reliefs. Mr. Arora's appeal was heard by the SAT on December 15, 2003. The SAT passed an order on January 12, 2004 wherein it did not grant any interim reliefs to Mr. Arora since SEBI had stated that the investigations in the matter were in progress. However, SAT has directed SEBI to complete the investigations by February 28, 2004 and to pass final orders in the matter by March 31, 2004.

Alliance Capital is reviewing this matter, and at the present time management of Alliance Capital does not believe its outcome will have a material impact on Alliance Capital's results of operations or financial condition.

On September 8, 2003, SEBI issued to Alliance Capital a show cause notice and finding of investigation (the "Notice"). The Notice requires Alliance Capital to explain its failure to make disclosure filings as to the acquisition of shares of five (5) Indian equity securities held at various times by Alliance Capital (through sub-accounts under foreign institutional investor licenses), ACAML and Alliance Capital's local Indian mutual fund as required under the SEBI (Insider Trading) Regulations, 1992 and the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 inter alia when the holdings of the said entities in the Relevant Scrips crossed 5% which could make Alliance Capital liable to pay penalties prescribed under Section 15A of the SEBI Act, 1992, which requires that disclosure be made when the holdings of an investor (or a group of investors acting in concert) in an Indian security either exceeds five percent (5%) of the outstanding shares or changes by more than two percent (2%). On October 14, 2003, and November 10, 2003, Alliance Capital filed its reply and written submissions, respectively. Alliance Capital also had a personal hearing before SEBI on October 21, 2003 and the decision of SEBI in relation to the Notice is pending.

At the present time, management of Alliance Capital does not believe the outcome of this matter will have a material impact on Alliance Capital's results of operations or financial condition.

On October 1, 2003, a class action complaint entitled *Erb, et al. v. Alliance Capital Management L.P., et al*. ("Erb Complaint") was filed in the Circuit Court of St. Clair County, Illinois, against Alliance Capital. Plaintiff, purportedly a shareholder in Premier Growth Fund, alleges that Alliance Capital breached unidentified provisions of Premier Growth Fund's prospectus and subscription and confirmation agreements that allegedly required that every security bought for Premier Growth Fund's portfolio must be a "1-rated" stock, the highest rating that Alliance Capital's analysts could assign. Plaintiff alleges that Alliance Capital impermissibly purchased shares of stocks that were not 1-rated.

Plaintiff seeks rescission of all purchases of any non-1-rated stocks Alliance Capital made for Premier Growth Fund over the past ten years, as well as an unspecified amount of damages. On November 25, 2003, Alliance Capital removed the Erb Complaint to the United States District Court for the Southern District of Illinois on the basis that plaintiffs' alleged breach of contract claims are preempted under the Securities Litigation Uniform Standards Act. On December 29, 2003, plaintiff filed a motion for remand. On February 25, 2004, the court granted that motion and remanded the action to state court.

Alliance Capital believes that plaintiff's allegations in the Erb Complaint are without merit and intends to vigorously defend against these allegations.

Mutual Fund Trading Matters

On October 2, 2003, a purported class action complaint entitled *Hindo, et al. v. AllianceBernstein Growth & Income Fund, et al*. ("Hindo Complaint") was filed against Alliance Capital, Alliance Holding, ACMC, AXA Financial, the AllianceBernstein family of mutual funds ("AllianceBernstein Funds"), the registrants and issuers of those funds, certain officers of Alliance Capital ("Alliance defendants"), and certain other defendants not affiliated with Alliance Capital, as well as unnamed Doe defendants. The Hindo Complaint was filed in the United States District Court for the Southern District of New York by alleged shareholders of two of the AllianceBernstein Funds. The Hindo Complaint alleges that certain of the Alliance defendants failed to disclose that they improperly allowed certain hedge funds and other unidentified parties to engage in "late trading" and "market timing" of AllianceBernstein Fund securities, violating Sections 11 and 15 of the Securities Act, Sections 10(b) and 20(a) of the Exchange Act, and Sections 206 and 215 of the Investment Advisers Act. Plaintiffs seek an unspecified amount of compensatory damages and rescission of their contracts with Alliance Capital, including recovery of all fees paid to Alliance Capital pursuant to such contracts.

Between October 3, 2003 and January 29, 2004, forty additional lawsuits making factual allegations generally similar to those in the Hindo Complaint were filed against Alliance Capital and certain other defendants, and others may be filed. These lawsuits are as follows:

Federal Court Class Actions

Twenty-five of the lawsuits were brought as class actions filed in federal court (twenty-one in the United States District Court for the Southern District of New York, two in the United States District Court for the District of New Jersey, one in the United States District Court for the Northern District of California, and one in the United States District Court for the District of Connecticut). Certain of these additional lawsuits allege claims under the Securities Act, the Exchange Act, the Investment Advisers Act, the Investment Company Act and common law. All of these lawsuits are brought on behalf of shareholders of AllianceBernstein Funds, except three. Of these three, one was brought on behalf of a unitholder of Alliance Holding and two were brought on behalf of participants in the Profit Sharing Plan for Employees of Alliance Capital ("Plan"). The latter two lawsuits allege claims under Sections 404, 405 and 406 of The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), on the grounds that defendants violated fiduciary obligations to the Plan by failing to disclose the alleged market timing and late trading activities in AllianceBernstein Funds, and by permitting the Plan to invest in funds subject to those activities. One of these ERISA actions has been voluntarily dismissed.

Federal Court Derivative Actions

Eight of the lawsuits were brought as derivative actions in federal court (one in the United States District Court for the Southern District of New York, five in the United States District Court for the Eastern District of New York, and two in the United States District Court for the District of New Jersey). These lawsuits allege claims under the Exchange Act, Section 36(b) of the Investment Company Act and/or common law. Six of the lawsuits were brought derivatively on behalf of certain AllianceBernstein Funds, with the broadest lawsuits being brought derivatively on behalf of all AllianceBernstein Funds, generally alleging that defendants violated fiduciary obligations to the AllianceBernstein Funds and/or fund shareholders by permitting select investors to engage in market timing activities and failing to disclose those activities. Two of the lawsuits were brought derivatively on behalf of Alliance Holding, generally alleging that defendants breached fiduciary obligations to Alliance Holding or its Unitholders by failing to prevent the alleged undisclosed market timing and late trading activities from occurring.

State Court Representative Actions

Two lawsuits were brought as class actions in the Supreme Court of the State of New York, County of New York, by alleged shareholders of an AllianceBernstein Fund on behalf of shareholders of the AllianceBernstein Funds. The lawsuits allege that defendants allowed certain parties to engage in late trading and market timing transactions in the AllianceBernstein Funds and that such arrangements breached defendants' fiduciary duty to investors, and purport to state a claim for breach of fiduciary duty. One of the complaints also purports to state claims for breach of contract and tortious interference with contract.

A lawsuit was filed in Superior Court for the State of California, County of Los Angeles, alleging that defendants violated fiduciary responsibilities and disclosure obligations by permitting certain favored customers to engage in market timing and late trading activities in the AllianceBernstein Funds, and purports to state claims of unfair business practices under Sections 17200 and 17303 of the California Business & Professional Code. Pursuant to these statutes, the action was brought on behalf of members of the general public of the state of California.

State Court Derivative Actions

Three lawsuits were brought as derivative actions in state court (one in the Supreme Court of the State of New York, County of New York, and two in the Superior Court of the State of Massachusetts, County of Suffolk). The New York action was brought derivatively on behalf of Alliance Holding and alleges that, in connection with alleged market timing and late trading transactions, defendants breached their fiduciary duties to Alliance Holding and its Unitholders by failing to maintain adequate controls and employing improper practices in managing unspecified AllianceBernstein Funds. The Massachusetts actions were brought derivatively on behalf of certain AllianceBernstein Funds and allege state common law claims for breach of fiduciary duty, abuse of control, gross mismanagement, waste and unjust enrichment.

State Court Individual Action

A lawsuit was filed in the District Court of Johnson County, Kansas, Civil Court Department, alleging that defendants were negligent and breached their fiduciary duties by knowingly entering into a number of illegal and improper arrangements with institutional investors for the purpose of engaging in late trading and market timing in AllianceBernstein Funds to the detriment of plaintiff

and failing to disclose such arrangements in the AllianceBernstein Fund prospectuses, and purports to state claims under Sections 624 and 626 of the Kansas Consumer Protection Act, and Section 1268 of the Kansas Securities Act. The lawsuit also purports to state claims of negligent misrepresentation, professional negligence and breach of fiduciary duty under common law.

All of these lawsuits seek an unspecified amount of damages.

All of the federal actions discussed above under "Mutual Fund Trading Matters" (*i.e.*, federal court class actions and federal court derivative actions) are the subject of a petition or tag-along notices filed by Alliance Capital before the Judicial Panel on Multidistrict Litigation ("MDL Panel") seeking to have all of the actions centralized in a single forum for pre-trial proceedings. On January 29, 2004, the MDL Panel held a hearing on these petitions. On February 20, 2004, the MDL Panel transferred all of the actions to the United States District Court for the District of Maryland. The MDL Panel reserved decision for a later date. Pursuant to agreements among the parties, the Alliance Capital defendants' responses to the federal actions that have been served on Alliance Capital are stayed pending a decision on consolidation by the MDL panel and the filing of an amended or operative complaint. The various plaintiffs seeking appointment to serve as lead plaintiffs have stipulated to stay the lead plaintiff decision until after the MDL Panel makes a decision on the MDL petitions pending before it. In addition, discovery has not commenced in any of these cases. In most of them, discovery is stayed under the Private Securities Litigation Reform Act of 1995 or pursuant to an agreement among the parties.

Defendants have removed each of the state court representative actions discussed above under "Mutual Fund Trading Matters" and thereafter submitted the actions to the MDL Panel in a notice of tag-along actions. Plaintiff in each of these actions has moved to remand the action back to state court or has indicated an intention to do so. Where defendants have responded to the complaints, defendants have moved to stay proceedings pending transfer by the MDL Panel.

Defendants have not yet responded to the complaints filed in the state court derivative actions.

Alliance Capital recorded charges to income totaling $330 million in 2003 in connection with establishing the $250 million restitution fund (which is discussed in detail under "Item 1, Regulation" of this Form 10-K) and certain other matters discussed above under "Legal Proceedings". Management of Alliance Capital, however, cannot determine at this time the eventual outcome, timing or impact of these matters. Accordingly, it is possible that additional charges in the future may be required.

With respect to certain other matters discussed above under "Legal Proceedings" (other than those referred to in the preceding paragraph and those related to SEBI), management of Alliance Capital and Alliance Holding are unable to estimate the impact, if any, that the outcome of these matters may have on Alliance Capital's or Alliance Holding'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.

8. Supplemental Cash Flow and Noncash Investing and Financing Activities Information

	Years Ended December 31,		
	2003	2002	2001
Cash payments for income taxes were as follows (in thousands):			
Income taxes	$ 21,190	$ 21,870	$ 23,299
Non-cash investing and financing activities were as follows (in thousands):			
Change in proportionate share of the Operating Partnership's partners' capital:			
Investment in Operating Partnership	$ —	$ —	$ (1,399)
Partners' Capital	—	—	(1,399)

9. Operating Partnership Goodwill and Intangible Assets—Adoption of SFAS 142

The following accounting pronouncement affected the Operating Partnership and therefore affected the net income of Alliance Holding. 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 changed the accounting for goodwill and certain intangible assets from an amortization method to an impairment approach. Management of the Operating Partnership adopted SFAS 142 on January 1, 2002. The adoption of SFAS 142 resulted in an increase in net income of approximately $150 million for the Operating Partnership and an increase in net income of approximately $39 million for Alliance Holding in 2003 and 2002. SFAS 142 required the Operating Partnership, which is the reporting unit for purposes of SFAS 142, to cease amortizing goodwill as of January 1, 2002 and to test the Operating Partnership's goodwill annually for impairment. The transition test was completed on June 30, 2002 and did not result in an indicated impairment. The annual tests were completed on September 30, 2003 and 2002, respectively, and also did not result in an indicated impairment. In connection with terms reached with the SEC and the NYAG, with respect to market timing investigations into certain Alliance mutual funds, the Operating Partnership also performed the impairment test as of

December 31, 2003. This additional test also did not result in an indicated impairment. Had the Operating Partnership not amortized goodwill for the year ended December 31, 2001, Alliance Holding's net income, basic net income per Unit and diluted net income

per Unit, excluding Alliance Holding's proportionate share of the Operating Partnership's amortization of goodwill, would have been as follows:

	Years Ended December 31,		
	2003	2002	2001
Reported net income	$ 78,605	$ 162,042	$ 159,291
Add back: Goodwill amortization, net of tax	—	—	39,273
Adjusted net income	$ 78,605	$ 162,042	$ 198,564
Reported basic net income per Alliance Holding Unit	$ 1.02	$ 2.14	$ 2.15
Add back: Goodwill amortization, net of tax	—	—	0.53
Adjusted basic net income per Alliance Holding Unit	$ 1.02	$ 2.14	$ 2.68
Reported diluted net income per Alliance Holding Unit	$ 1.01	$ 2.11	$ 2.10
Add back: Goodwill amortization, net of tax	—	—	0.51
Adjusted diluted net income per Alliance Holding Unit	$ 1.01	$ 2.11	$ 2. 61

10. Accounting Pronouncements

The following accounting pronouncements affected the Operating Partnership and therefore affected the net income of Alliance Holding. The Operating Partnership adopted SFAS 142 on January 1, 2002. See "Note 9. Operating Partnership Goodwill and Intangible Assets—Adoption of SFAS 142" for a discussion of the effect of this Statement on Alliance Holding's results of operations, liquidity or capital resources.

The Operating Partnership adopted in 2002 the fair value method of recording compensation expense, on a prospective basis and using a straight-line amortization policy, relating to compensatory option awards of Alliance Holding Units as permitted by SFAS 123, as amended by SFAS 148. See "Note 3. Significant Accounting Policies" for a discussion of the effect of this Statement on Alliance Holding's results of operations, liquidity and capital resources.

11. Cash Distribution

Alliance Holding is required to distribute all of its Available Cash Flow, as defined in the Alliance Holding Partnership Agreement, to its partners and Alliance Holding Unitholders. Alliance Holding's principal source of cash flow is attributable to its ownership of Alliance Capital Units. The Operating Partnership recorded a pre-tax charge to income of $190 million for the quarter ended September 30, 2003 to cover restitution, litigation and other costs associated with the market timing investigations and other litigation. The Operating Partnership recorded an additional $140 million pre-tax charge against its fourth quarter 2003 earnings in connection with these matters. As a result of these charges, the Board of Directors of the General Partner of the Operating Partnership and Alliance Holding determined not to pay a distribution to their respective Unitholders for the fourth quarter of 2003. Distributions are expected to resume for the first quarter of 2004, with payout policy returning to traditional levels in relation to cash flow for the second quarter of 2004. For more information about the effect of the charges, a related $250 million restitution fund and certain mutual fund fee reductions on the Operating Partnership's results of operations, financial condition and distributions, see "Item 1. Regulation" of Form 10-K, "Note 7. Contingencies" herein and "Note 21. Charge for Mutual Fund Matters and Legal Proceedings" of the Operating Partnership's Consolidated Financial Statements.

12. Quarterly Financial Data (Unaudited)

	Quarters Ended 2003			
	December 31	September 30	June 30	March 31
	(in thousands, except per Alliance Holding Unit data)			
Equity in Earnings of Operating Partnership	$ 16,321	$ 5,849	$ 45,108	$ 33,146
Net income	$ 10,094	$ 272	$ 39,895	$ 28,344
Basic net income per Alliance Holding Unit[1]	$ 0.13	$ —	$ 0.52	$ 0.37
Diluted net income per Alliance Holding Unit[1]	$ 0.13	$ —	$ 0.51	$ 0.37
Cash distributions per Alliance Holding Unit[2]	$ —	$ 0.57	$ 0.51	$ 0.37
Alliance Holding Unit prices[3]:				
High	$ 35.05	$ 38.85	$ 39.25	$ 34.30
Low	$ 29.50	$ 32.60	$ 28.10	$ 25.75

	Quarters Ended 2002

	December 31	September 30	June 30	March 31
	(in thousands, except per Alliance Holding Unit data)			
Equity in Earnings of Operating Partnership	$ 44,291	$ 39,583	$ 49,605	$ 50,216
Net income	$ 39,161	$ 34,339	$ 43,819	$ 44,723
Basic net income per Alliance Holding Unit[1]	$ 0.51	$ 0.45	$ 0.58	$ 0.59
Diluted net income per Alliance Holding Unit[1]	$ 0.51	$ 0.45	$ 0.57	$ 0.58
Cash distributions per Alliance Holding Unit[2]	$ 0.52	$ 0.46	$ 0.58	$ 0.59
Alliance Holding Unit prices[3]:				
High	$ 36.24	$ 34.74	$ 47.50	$ 50.81
Low	$ 23.20	$ 23.39	$ 31.00	$ 38.60

(1) Due to changes in the number of weighted average Alliance Holding Units outstanding, quarterly net income per Alliance Holding Unit may not add to the totals for the year.

(2) Declared and paid during the following quarter.

(3) High and low sales prices as reported by the NYSE.

Independent Auditors' Report

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

We have audited the accompanying statements of financial condition of Alliance Capital Management Holding L.P. ("Alliance Holding") as of December 31, 2003 and 2002, and the related statements of income, changes in partners' capital and comprehensive income and cash flows for each of the years in the three-year period ended December 31, 2003. These financial statements are the responsibility of the management of the General Partner. Our responsibility is to express an opinion on these 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 financial statements referred to above present fairly, in all material respects, the financial position of Alliance Holding as of December 31, 2003 and 2002 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG LLP

New York, New York
January 29, 2004

ALLIANCE CAPITAL MANAGEMENT L.P.
AND SUBSIDIARIES

Consolidated Statements of Financial Condition
(in thousands)

	December 31,	
	2003	2002
ASSETS		
Cash and cash equivalents	$ 502,858	$ 417,758
Cash and securities segregated, at market (cost $1,285,632 and $1,174,215)	1,285,801	1,174,323
Receivables, net:		
Brokers and dealers	1,617,882	957,318
Brokerage clients	334,482	218,783
Fees, net	337,711	274,225
Investments	121,871	54,918
Furniture, equipment and leasehold improvements, net	226,121	249,688
Goodwill, net	2,876,657	2,876,657
Intangible assets, net	346,725	367,425
Deferred sales commissions, net	387,218	500,890
Other investments	28,547	29,233
Other assets	105,796	96,752

Total assets	$ 8,171,669	$ 7,217,970

LIABILITIES AND PARTNERS' CAPITAL

Liabilities:		
Payables:		
Brokers and dealers	$ 1,127,183	$ 588,524
Brokerage clients	1,899,458	1,578,677
Alliance Mutual Funds	114,938	119,910
Accounts payable and accrued expenses	524,703	234,133
Accrued compensation and benefits	311,075	298,485
Debt	405,327	426,907
Minority interests in consolidated subsidiaries	10,516	7,883
Total liabilities	4,393,200	3,254,519
Commitments and contingencies (See Note 15)		
Partners' capital:		
General Partner	39,195	41,335
Limited partners: 251,382,122 and 250,140,293 Units issued and outstanding	3,858,538	4,082,433
	3,897,733	4,123,768
Capital contributions receivable from General Partner	(35,698)	(35,137)
Deferred compensation expense	(111,134)	(129,045)
Accumulated other comprehensive income	27,568	3,865
Total partners' capital	3,778,469	3,963,451
Total liabilities and partners' capital	$ 8,171,669	$ 7,217,970

See Accompanying Notes to Consolidated Financial Statements.

ALLIANCE CAPITAL MANAGEMENT L.P.
AND SUBSIDIARIES

Consolidated Statements of Income
(in thousands, except per Unit amounts)

	Years Ended December 31,		
	2003	2002	2001
Revenues:			
Investment advisory and services fees	$ 1,882,399	$ 1,847,876	$ 2,023,766
Distribution revenues	436,037	467,463	544,605
Institutional research services	267,868	294,910	265,815
Shareholder servicing fees	94,276	101,569	96,324
Other revenues, net	52,241	30,604	62,388
	2,732,821	2,742,422	2,992,898
Expenses:			
Employee compensation and benefits	914,529	907,075	930,672
Promotion and servicing:			
Distribution plan payments	370,575	392,780	429,056
Amortization of deferred sales commissions	208,565	228,968	230,793
Other	164,972	193,322	233,555
General and administrative	339,706	329,059	311,958
Interest	25,286	27,385	32,051
Amortization of goodwill and intangible assets	20,700	20,700	172,638
Charge for mutual fund matters and legal proceedings	330,000	—	—
	2,374,333	2,099,289	2,340,723

Income before income taxes	358,488	643,133	652,175
Income taxes	28,680	32,155	37,550
Net income	$ 329,808	$ 610,978	$ 614,625
Net income per Unit:			
Basic	$ 1.30	$ 2.42	$ 2.45
Diluted	$ 1.29	$ 2.39	$ 2.40

See Accompanying Notes to Consolidated Financial Statements.

ALLIANCE CAPITAL MANAGEMENT L.P.
AND SUBSIDIARIES

Consolidated Statements of Changes in Partners' Capital and Comprehensive Income
(in thousands, except per Unit amounts)

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, 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 General Partner and Alliance Capital Unitholders ($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 tax benefit	242	23,870	—	—	—	24,112
Balance at December 31, 2001	41,553	4,101,765	(33,927)	(116,384)	(4,847)	3,988,160
Comprehensive Income:						
Net income	6,110	604,868	—	—	—	610,978
Other comprehensive income:						
Unrealized loss on investments, net	—	—	—	—	(97)	(97)
Foreign currency translation adjustment, net	—	—	—	—	8,809	8,809
Comprehensive Income	6,110	604,868	—	—	8,712	619,690
Cash distributions to General Partner and Alliance Capital Unitholders ($2.60 per Alliance Capital Unit)	(6,572)	(647,653)	—	—	—	(654,225)
Capital contributions from General Partner	—	—	1,057	—	—	1,057
Purchase of Alliance Holding Units to fund deferred compensation plans	—	(910)	—	(72,171)	—	(73,081)
Compensatory unit options expense	—	283	—	—	—	283
Amortization of deferred compensation expense	—	—	—	59,510	—	59,510
Compensation plan accrual	23	2,244	(2,267)	—	—	—
Proceeds from options for Alliance Holding Units exercised and associated tax benefit	221	21,836	—	—	—	22,057
Balance at December 31, 2002	41,335	4,082,433	(35,137)	(129,045)	3,865	3,963,451
Comprehensive Income:						
Net income	3,298	326,510	—	—	—	329,808
Other comprehensive income:						
Unrealized gain on investments, net	—	—	—	—	2,325	2,325
Foreign currency translation adjustment, net	—	—	—	—	21,378	21,378
Comprehensive Income	3,298	326,510	—	—	23,703	353,511

Cash distributions to General Partner and Alliance Capital Unitholders ($2.24 per Alliance Capital Unit)	(5,671)	(560,927)	—	—	—	(566,598)
Capital contributions from General Partner	—	—	1,734	—	—	1,734
Purchase of Alliance Holding Units to fund deferred compensation plans	—	(15,690)	—	(51,390)	—	(67,080)
Compensatory unit options expense	—	2,589	—	—	—	2,589
Amortization of deferred compensation expense	—	—	—	69,301	—	69,301
Compensation plan accrual	23	2,272	(2,295)	—	—	—
Proceeds from options for Alliance Holding Units exercised and associated tax benefit	210	21,351	—	—	—	21,561
Balance at December 31, 2003	$ 39,195	$ 3,858,538	$ (35,698)	$ (111,134)	$ 27,568	$ 3,778,469

See Accompanying Notes to Consolidated Financial Statements.

ALLIANCE CAPITAL MANAGEMENT L.P.
AND SUBSIDIARIES

Consolidated Statements of Cash Flows
(in thousands)

	Years Ended December 31,		
	2003	**2002**	**2001**
Cash flows from operating activities:			
Net income	$ 329,808	$ 610,978	$ 614,625
Adjustments to reconcile net income to net cash provided from operating activities:			
Amortization of deferred sales commissions	208,565	228,968	230,793
Amortization of deferred compensation	116,357	99,237	50,455
Other depreciation and amortization	77,583	71,584	230,419
Other, net	(13,057)	3,825	2,447
Changes in assets and liabilities:			
(Increase) decrease in segregated cash and securities	(111,478)	240,835	(108,824)
(Increase) decrease in receivable from brokers and dealers	(658,979)	484,544	(124,903)
(Increase) decrease in receivable from brokerage clients	(114,861)	(60,544)	31,000
(Increase) decrease in fees receivable	(57,322)	83,184	44,881
(Increase) in deferred sales commissions	(94,886)	(81,597)	(163,349)
(Increase) decrease in trading and other investments	(21,864)	1,029	12,441
(Increase) decrease in other assets	(6,968)	(8,048)	7,154
(Decrease) in payable to Alliance Mutual Funds	(5,101)	(91,834)	(67,572)
Increase (decrease) in payable to brokers and dealers	537,619	(407,926)	113,244
Increase (decrease) in payable to brokerage clients	320,312	(243,988)	185,866
Increase (decrease) in accounts payable and accrued expenses	287,600	34,235	(39,134)
(Decrease) in accrued compensation and benefits	(35,372)	(61,462)	(9,184)
Net cash provided from operating activities	757,956	903,020	1,010,359
Cash flows from investing activities:			
Purchase of investments	(62,607)	(10,543)	(1,535)
Proceeds from sale of investments	36,514	5,699	2,392
Purchase of business, net	—	—	(5,422)
Additions to furniture, equipment and leasehold improvements, net	(29,154)	(53,548)	(87,000)
Net cash (used in) investing activities	(55,247)	(58,392)	(91,565)
Cash flows from financing activities:			
Proceeds from issuance of debt	1,277,923	13,527,359	18,723,030
Repayment of debt	(1,300,000)	(13,730,332)	(18,896,141)
Cash distributions to General Partner and Alliance Capital Unitholders	(566,598)	(654,225)	(785,530)
Capital contributions from General Partner	1,734	1,057	745
Proceeds from options for Alliance Holding Units exercised and associated tax benefit	21,561	22,057	24,112
Purchase of Alliance Holding Units to fund deferred compensation plans, net	(67,080)	(73,081)	(22,922)
Net cash (used in) financing activities	(632,460)	(907,165)	(956,706)
Effect of exchange rate changes on cash and cash equivalents	14,851	6,281	(75)
Net increase (decrease) in cash and cash equivalents	85,100	(56,256)	(37,987)
Cash and cash equivalents at beginning of the period	417,758	474,014	512,001

Cash and cash equivalents at end of the period	$ 502,858	$ 417,758	$ 474,014

See Accompanying Notes to Consolidated Financial Statements.

**ALLIANCE CAPITAL MANAGEMENT L.P.
AND SUBSIDIARIES**

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, 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 ("NYSE") under the ticker symbol "AC". 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. On November 25, 2002, SCB Partners Inc., a wholly-owned subsidiary of SCB Inc., sold to ECMC, LLC, an indirect wholly-owned subsidiary of AXA Financial ("ECMC"), 8,160,000 Alliance Capital Units pursuant to an agreement entered into in connection with the Bernstein Acquisition. On March 5, 2004, SCB Partners Inc. sold to ECMC an additional 8,160,000 Alliance Capital Units ("Sale") under that agreement.

ACMC owns 100,000 general partnership units in Alliance Holding and a 1% general partnership interest in the Operating Partnership. As of December 31, 2003, AXA, AXA Financial, The Equitable Life Assurance Society of the United States (a wholly-owned subsidiary of AXA Financial, "ELAS") and certain subsidiaries of ELAS beneficially owned 136,859,599 Alliance Capital Units or approximately 54.4% of the issued and outstanding Alliance Capital Units and 1,444,356 Alliance Holding Units or approximately 1.9% of the issued and outstanding Alliance Holding Units which, including the general partnership interests in the Operating Partnership and Alliance Holding, represents an economic interest of approximately 55.5% in the Operating Partnership. Following the Sale, AXA Financial's economic interest in the Operating Partnership increased by approximately 3.0% to approximately 58.5%. As of December 31, 2003, Alliance Holding owned 77,988,279 Alliance Capital Units or approximately 31.0% of the issued and outstanding Alliance Capital Units. As of December 31, 2003, SCB Partners Inc. owned 32,640,000 Alliance Capital Units or approximately 13.0% of the issued and outstanding Alliance Capital Units (and, following the Sale, 24,480,000 Alliance Capital Units or approximately 9.7%, respectively).

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 of affiliates such as AXA and its insurance company subsidiaries, by means of separately managed accounts, institutional sub-advisory relationships, structured products, group trusts, mutual funds, and other investment vehicles (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 separately managed accounts, hedge funds and other investment vehicles, (c) individual investors by means of retail 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 and other investment vehicles ("Alliance Mutual Funds"), and managed account products, and (d) institutional investors desiring institutional research services by means of in-depth research, portfolio strategy, trading and brokerage-related services. The Operating Partnership and its subsidiaries provide investment management, distribution and/or shareholder and administrative services to 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.

Principles of Consolidation

The consolidated financial statements include the Operating Partnership, its majority-owned and/or controlled subsidiaries and Alliance Mutual Funds in which the Operating Partnership's ownership interest exceeds 50%. The equity method of accounting is used for unconsolidated subsidiaries and Alliance Mutual Funds during their incubation periods 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 including money market accounts with average maturities of three months or less. Due to the short-term nature of these instruments, this recorded value approximates fair value.

Fee Receivables, net

Fee receivables, net is shown net of allowances. An allowance for doubtful accounts related to third party investment advisory and services fees is determined through an analysis of the aging of

receivables, assessments of collectibility based on historical trends and other qualitative and quantitative analyses.

Investments

Investments, principally investments in United States Treasury Bills, unconsolidated Alliance Mutual Funds and securities held by consolidated Alliance Mutual Funds, are classified as either trading or available-for-sale securities. The trading investments are stated at fair value with unrealized gains and losses reported in net income. Available-for-sale 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, Net

Furniture, equipment and leasehold improvements, net 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 and software. Leasehold improvements are amortized on a straight-line basis over the lesser of their estimated useful lives or the terms of the related leases.

Goodwill, Net

Goodwill, net represents the excess of the purchase price over the fair value of identifiable assets of acquired companies. Prior to 2002, goodwill was amortized over estimated useful lives ranging from twenty to forty years. The Operating Partnership adopted Statement of Financial Accounting Standards No. 142 ("SFAS No. 142"), *"Goodwill and Other Intangible Assets"*, on January 1, 2002. Under SFAS No. 142, goodwill is no longer amortized but is tested annually for impairment. Possible goodwill impairment is indicated if the net recorded value of the Operating Partnership's assets and liabilities exceeds estimated fair value, which would then require the measurement of the Operating Partnership's assets and liabilities as if the Operating Partnership had been acquired. This measurement may or may not result in goodwill impairment. If impaired, the recorded amount is reduced to estimated fair value with a corresponding charge to expense.

Intangible Assets, Net and Deferred Sales Commissions, Net

Intangible assets, net consist of costs assigned to investment management contracts of businesses acquired. These costs are being amortized on a straight-line basis over estimated useful lives of twenty years.

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 as deferred sales commissions and amortized over periods not exceeding five and one-half years, the periods of time during which deferred sales commissions are generally recovered from distribution services fees received from those funds and from contingent deferred sales charges ("CDSC") received from shareholders of those funds upon the redemption of their shares. CDSC cash recoveries are recorded as reductions in unamortized deferred sales commissions when received.

Management tests intangible assets and the deferred sales commission asset for impairment quarterly, or monthly when events or changes in circumstances occur that could significantly increase

the risk of impairment of these assets. Undiscounted future cash flows estimated by management to be realized from each of these assets are compared to their respective recorded amounts. Management assesses the results of these analyses, and other relevant factors, to determine if these assets are recoverable. If management determines these assets are not recoverable, an impairment condition would exist and the impairment loss would be measured as the amount by which the recorded amount of those assets exceeds their estimated fair value. Estimated fair value is determined using management's best estimate of future cash flows discounted to a present value amount.

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, generally calculated as a percentage, referred to as "basis points", of assets under management for clients, 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 each measurement period. Investment advisory and services fees include brokerage transaction charges received by 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. Institutional research services revenue consists of brokerage transaction charges received by SCB LLC and Sanford C. Bernstein Limited ("SCBL"), a wholly-owned subsidiary of the Operating Partnership, for in-depth research and other services provided to institutional investors. Brokerage transaction charges earned and related expenses are recorded on a trade date basis. Distribution revenues and shareholder servicing fees are accrued as earned.

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. Distribution plan and other promotional and servicing payments are recognized as an expense when incurred.

Collateralized 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.

SCB LLC and SCBL account for transfers of financial assets in accordance with Statement of Financial Accounting Standards No. 140, "*Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*." 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 Operating Partnership's Consolidated Statements of Financial Condition. Securities borrowed transactions require SCB LLC and SCBL to deposit cash collateral with the lender. With respect to securities loaned, SCB LLC and SCBL receive cash 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 and SCBL monitor the fair value of the securities borrowed and loaned on a daily basis and request additional collateral or return excess collateral as appropriate. Income or expense is recognized over the life of the transactions.

Compensatory Option Plans

The Operating Partnership adopted in 2002 the fair value method of recording compensation expense, on a prospective basis and using a straight-line amortization policy, relating to compensatory option awards of Alliance Holding Units as permitted by Statement of Financial Accounting Standards No. 123 ("SFAS 123"), "*Accounting for Stock-Based Compensation*", as amended by Statement of Financial Accounting Standards No. 148 ("SFAS 148"), *"Accounting for Stock-Based Compensation—Transition and Disclosure"*. Under the fair value method, compensation expense is measured at the grant date based on the estimated fair value of the award and is recognized over the vesting period. Fair value is determined using the Black-Scholes option-pricing model. See "Note 20. Compensatory Unit Award and Option Plans" for a description of the Operating Partnership's compensatory option plans and the Black-Scholes option-pricing model. Compensation expense, resulting from 2003 and 2002 unit option awards, totaled approximately $2.5 million and $0.3 million for the years ended December 31, 2003 and 2002, respectively.

For option awards prior to 2002, the Operating Partnership applied the provisions of Accounting Principles Board Opinion No. 25 ("APB 25"), "*Accounting for Stock Issued to Employees"*, under which compensation expense is recognized only if the market price of the underlying Alliance Holding Units exceeds the exercise price at the date of grant. As a result, the Operating Partnership did not record compensation expense for option awards made prior to 2002. Had the Operating Partnership recorded compensation expense for those options based on the fair value at their grant date under SFAS 123,

the Operating Partnership's net income for 2003, 2002 and 2001 would have been reduced to the pro forma amounts indicated below (in thousands):

	Years Ended December 31,		
	2003	2002	2001
SFAS 123 pro forma net income:			
Net income as reported	$ 329,808	$ 610,978	$ 614,625
Add: stock-based compensation expense included in net income, net of tax	2,460	269	—
Deduct: total stock-based compensation expense determined under fair value method for all awards, net of tax	(10,800)	(17,782)	(17,901)
SFAS 123 pro forma net income	$ 321,468	$ 593,465	$ 596,724
Net income per Unit:			
Basic Net income per unit as reported	$ 1.30	$ 2.42	$ 2.45

Basic Net income per unit pro forma	$ 1.27	$ 2.35	$ 2.38
Diluted Net income per unit as reported	$ 1.29	$ 2.39	$ 2.40
Diluted Net income per unit pro forma	$ 1.26	$ 2.32	$ 2.33

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 the Operating Partnership's Consolidated Statements of Changes in Partners' Capital and Comprehensive Income. Net realized foreign currency transaction gains and (losses) were $3.0 million, $1.3 million and $(0.3) million for 2003, 2002 and 2001, respectively.

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 Operating Partnership's 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 Operating Partnership's Consolidated Statements of Financial Condition.

Reclassifications

Certain prior period amounts have been reclassified to conform to current year presentation. These include the reclassification of certain distribution payments to financial intermediaries from distribution plan payments to other promotion and servicing expense; the reclassification of certain expenses associated with deferred compensation owed to employees from interest expense to employee compensation and benefits expense in the Consolidated Statements of Income; separate disclosure of amortization of deferred sales commissions and deferred compensation in the Consolidated Statements of Cash Flows; and the reclassification of certain money market funds with average maturities of less than three months from Investments to Cash and Cash Equivalents.

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 Bernstein 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 identifiable assets acquired resulted in the recognition of goodwill of approximately $3.0 billion. With the adoption of SFAS 142, identifiable goodwill is no longer being amortized.

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 was accounted for under the purchase method. 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 included in non-recurring items, net.

5. Cash and Securities Segregated Under Federal Regulations and Other Requirements

At December 31, 2003 and 2002, $1.3 billion and $1.2 billion, respectively, in United States Treasury Bills were segregated in special reserve bank custody accounts for the exclusive benefit of brokerage customers of SCB LLC under rule 15c3-3 of the Securities Exchange Act of 1934, as amended ("Exchange Act").

6. Net Income Per Unit

Basic net income per Unit is derived by reducing net income for the 1% general partnership interest and dividing the remaining 99% by the basic weighted average number of Units outstanding. Diluted net income per Unit is derived by reducing net income for the 1% general partnership interest

and dividing the remaining 99% by the total of the basic weighted average number of Units outstanding and the dilutive Unit equivalents resulting from outstanding compensatory options (in thousands, except per Unit amounts):

	Years Ended December 31,		
	2003	2002	2001
Net income	$ 329,808	$ 610,978	$ 614,625
Weighted average Units outstanding—Basic	250,639	249,644	247,993
Dilutive effect of compensatory options	2,391	3,751	5,890
Weighted average Units outstanding—Diluted	253,030	253,395	253,883
Basic net income per Unit	$ 1.30	$ 2.42	$ 2.45
Diluted net income per Unit	$ 1.29	$ 2.39	$ 2.40

At December 31, 2003, 2002 and 2001, options on 7,977,700, 4,856,500 and 4,531,500 Alliance Holding Units, respectively, have been excluded from the diluted net income per Unit computation due to their anti-dilutive effect.

7. Receivables, Net

Receivables consist of the following at December 31, 2003 and 2002 (in thousands):

	December 31,	
	2003	2002
Brokers and dealers:		
Deposits for securities borrowed	$ 1,523,565	$ 787,952
Other	94,317	169,366
Total brokers and dealers	1,617,882	957,318
Brokerage clients	334,482	218,783
Fees, net:		
Alliance Mutual Funds	131,314	111,949
Unaffiliated clients (net of allowance of $2,922 in 2003 and $2,137 in 2002)	201,062	158,169
Affiliated clients	5,335	4,107
Total fees receivable, net	337,711	274,225
Total receivables, net	$ 2,290,075	$ 1,450,326

8. Investments

At December 31, 2003, investments consisted of trading investments, principally United States Treasury Bills and Alliance Mutual Funds of $75.8 million and investments available for sale, principally Alliance Mutual Funds, of $46.1 million. At December 31, 2003, investments with a fair market value of $17.0 million were on deposit with various clearing organizations.

At December 31, 2002, investments consisted of trading investments, principally United States Treasury Bills and Alliance Mutual Funds of $39.7 million and investments available for sale, principally Alliance Mutual Funds, of $15.2 million. At December 31, 2002, investments with a fair market value of $24.1 million were on deposit with various clearing organizations. Certain money market investments with maturities of less than three months of $246.7 million and $11.1 million were reclassified from available-for-sale and trading, respectively, to cash and cash equivalents.

The amortized cost, gross unrealized gains and losses and fair value of investments available for sale were as follows at December 31, 2003 and 2002 (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2003	$ 43,915	$ 2,224	$ (60)	$ 46,079
December 31, 2002	15,388	326	(465)	15,249

Proceeds from sales of investments available-for-sale were approximately $36.5 million, $5.7 million and $2.4 million in 2003, 2002 and 2001, respectively. Gross gains and gross losses realized from the sales for the year ended December 31, 2003, were $1.8 million, and were not material for the years ended December 31, 2002 and 2001.

The following table summarizes the fair value and temporary unrealized losses by investment category for investments available-for-sale at December 31, 2003 (in thousands):

	Less than 12 months	
	Fair Value	Gross Unrealized Losses
Equity investments	$ 45,776	$ (59)
Fixed income investments	303	(1)
Total	$ 46,079	$ (60)

The Operating Partnership assesses valuation declines to determine the extent to which such declines are fundamental to the underlying investment or attributable to market-related factors. Based on its assessment, management of the Operating Partnership does not believe the declines are other than temporary.

9. Furniture, Equipment and Leasehold Improvements, Net

Furniture, equipment and leasehold improvements are comprised of (in thousands):

	December 31,	
	2003	2002
Furniture and equipment	$ 325,269	$ 304,563
Leasehold improvements	174,935	171,139
	500,204	475,702
Less: Accumulated depreciation and amortization	(274,083)	(226,014)
Furniture, equipment and leasehold improvements, net	$ 226,121	$ 249,688

10. Goodwill, Net and Intangible Assets, Net—Adoption of SFAS 142

Goodwill, net and amortizable intangible assets, net consist of (in thousands):

	December 31,	
	2003	2002
Goodwill, net of accumulated amortization of $214,537 in 2003 and 2002	$ 2,876,657	$ 2,876,657

SFAS 142 changed the accounting for goodwill and certain intangible assets from an amortization method to an impairment approach. Management of the Operating Partnership adopted SFAS 142 on January 1, 2002. SFAS 142 required the Operating Partnership, which is the reporting unit for purposes of SFAS 142, to cease amortizing goodwill as of January 1, 2002 and to test goodwill annually for impairment. The transition test was completed on June 30, 2002 and did not result in an indicated impairment. The annual tests were completed on September 30, 2003 and 2002, respectively, and also did not result in an indicated impairment. In connection with terms reached with the SEC and the NYAG, with respect to market timing investigations into certain Alliance mutual funds, the Operating Partnership also performed the impairment test as of December 31, 2003. This additional test also did not result in an indicated impairment. Had the Operating Partnership not amortized goodwill for the year ended December 31, 2001, net income, basic net income per Unit and diluted net income per Unit would have been as follows (in thousands, except per Unit amounts):

	Years Ended December 31,		
	2003	2002	2001
Reported net income	$ 329,808	$ 610,978	$ 614,625
Add back: Goodwill amortization, net of tax	—	—	150,020
Adjusted net income	$ 329,808	$ 610,978	$ 764,645
Reported basic net income per Unit	$ 1.30	$ 2.42	$ 2.45
Add back: Goodwill amortization, net of tax	—	—	0.60
Adjusted basic net income per Unit	$ 1.30	$ 2.42	$ 3.05

Reported diluted net income per Unit	$ 1.29	$ 2.39	$ 2.40
Add back: Goodwill amortization, net of tax	—	—	0.58
Adjusted diluted net income per Unit	$ 1.29	$ 2.39	$ 2.98

	December 31,	
	2003	2002
Costs assigned to investment contracts of businesses acquired, net of accumulated amortization	$ 346,725	$ 367,425

The gross carrying amount and accumulated amortization of intangible assets subject to amortization totaled $414.0 million and $414.0 million and $67.3 million and $46.6 million at December 31, 2003 and 2002, respectively. Amortization expense was $20.7 million for each of the years ended December 31, 2003, 2002 and 2001, and estimated amortization expense for each of the next five years is approximately $20.7 million.

11. Deferred Sales Commissions, Net

Deferred sales commissions, net consist of (in thousands):

	December 31,	
	2003	2002
Deferred sales commissions, net of accumulated amortization	$ 387,218	$ 500,890

The gross carrying amount of deferred sales commissions, accumulated amortization and cumulative CDSC received were approximately $1,283.9 million, $701.5 million and $195.2 million and $1,378.0 million, $668.7 million and $208.4 million at December 31, 2003 and 2002, respectively. Amortization expense was $208.6 million, $229.0 million and $230.8 million for the years ended December 31, 2003, 2002 and 2001 respectively. The estimated amortization expense, based on the December 31, 2003 net balance of approximately $387.2 million, for each of the next five years is approximately $172.2 million, $114.1 million, $63.1 million, $28.2 million, and $8.9 million.

12. Other Investments

Other investments, at equity or cost, are comprised of (in thousands):

	December 31,	
	2003	2002
Investments in sponsored partnerships and other investments	$ 17,911	$ 19,899
Investments in unconsolidated affiliates	10,636	9,334
Other investments	$ 28,547	$ 29,233

13. Debt

In September 2002, the Operating Partnership entered into an $800 million five-year revolving credit facility with a group of commercial banks and other lenders, which replaced three previously existing credit facilities aggregating $875 million. Of the $800 million total, $425 million is intended to provide back-up liquidity for the Operating Partnership's $425 million commercial paper program, with the balance available for general purposes of the Operating Partnership, including capital expenditures and funding the payments of sales commissions to financial intermediaries under the System. The interest rate, at the option of the Operating Partnership, 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. The credit facility also provides for a facility fee payable on the total facility. In addition, a utilization rate fee is payable in the event the average aggregate daily outstanding balance exceeds $400 million for each calendar quarter. The revolving credit facility contains 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, 2003.

Since December 1999, the Operating Partnership has maintained a $100 million 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 Operating Partnership may issue 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.

In February 2002, the Operating Partnership signed a $125 million agreement with a commercial bank, under which it guaranteed certain obligations of SCBL incurred in the ordinary course of its business in the event SCBL is unable to meet these obligations. If SCBL is unable to satisfy any guaranteed obligation in full when due, the Operating Partnership will pay such obligation within three days of being notified of SCBL's failure to pay. This agreement is continuous and remains in effect until payment in full of any such obligation has been made by SCBL. At December 31, 2003, the Operating Partnership was not required to perform under the agreement and had no liability outstanding in connection with the agreement.

The Operating Partnership's total available debt, amounts outstanding, and weighted average interest rates at December 31, 2003 and 2002 were as follows:

	December 31,					
	2003			2002		
	Total Available	Amount Outstanding	Interest Rate	Total Available	Amount Outstanding	Interest Rate
	(Dollars in millions)					
Senior Notes	$ 600.0	$ 398.8	5.6%	$ 600.0	$ 398.4	5.6%
Commercial paper	425.0	—	—	425.0	22.0	1.3
Revolving credit facility	375.0(1)	—	—	375.0(1)	—	—
Extendible Commercial Notes	100.0	—	—	100.0	—	—
Other	n/a	6.5	2.8	n/a	6.5	3.4
Total	$ 1,500.0	$ 405.3	5.6%	$ 1,500.0	$ 426.9	5.4%

(1) Excludes $425 million of this $800 million facility, which is intended to provide back-up liquidity for the commercial paper program.

14. Interest Rate Cap Agreement

Until December 2001, the Operating Partnership maintained an agreement with a major U.S. commercial bank to reduce its 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 outstanding debt. The interest rate cap was accounted for at fair value with resulting gains and losses included in interest expense.

15. 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, 2003 aggregated $1.1 billion and are payable as follows:

$77.6 million, $77.8 million, $74.1 million, $68.9 million and $65.8 million for the years 2004 through 2008, respectively, and a total of $700.4 million thereafter through 2021. The future minimum sublease rentals to be received at December 31, 2003 aggregated $37.9 million and are receivable as follows: $9.5 million, $6.2 million, $2.5 million, $2.2 million and $2.1 million for the years 2004 through 2008, respectively, and a total of $15.4 million thereafter through 2016. 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, 2003, 2002 and 2001 was $65.5 million, $76.1 million and $73.4 million, respectively.

Deferred Sales Commission Asset

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 AllianceBernstein Investment Research and Management, Inc. ("ABIRM"), a wholly-owned subsidiary of the Operating Partnership, at the time of sale. ABIRM in turn pays sales commissions to the financial intermediaries distributing the funds from the front-end sales charge it receives from 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 CDSC to ABIRM. While ABIRM is obligated to pay sales commissions to the financial intermediaries at the time of the purchase of Back-End Load Shares, it receives higher ongoing distribution services fees from the mutual funds. Payments of sales commissions made to financial intermediaries in connection with the sale of Back-End Load Shares under the System, net of CDSC received, totaled approximately $94.9 million, $81.6 million, and $163.3 million during 2003, 2002 and 2001, respectively.

Payments of sales commissions made to financial intermediaries in connection with the sale of Back-End Load Shares under the System are capitalized as deferred sales commissions and amortized over periods not exceeding five and one-half years, the periods of time during which deferred sales commissions are expected to be recovered from distribution services fees received from those funds and from CDSC received from shareholders of those funds upon redemption of their shares. CDSC cash recoveries are recorded as reductions of unamortized deferred sales commissions when received. The recorded amount of the net deferred sales commission asset was $387.2 million and $500.9 million at December 31, 2003 and 2002, respectively.

Management tests the deferred sales commission asset for recoverability quarterly, or monthly when events or changes in circumstances occur that could significantly increase the risk of impairment of the asset. Management determines recoverability by estimating undiscounted future cash flows to be realized from this asset, as compared to its recorded amount, as well as the estimated remaining life of the deferred sales commission asset over which undiscounted future cash flows are expected to be received. Undiscounted future cash flows consist of ongoing distribution services fees and CDSC. Distribution services fees are calculated as a percentage of average assets under management related to Back-End Load Shares. CDSC is based on the lower of cost or current value, at the time of redemption, of Back-End Load Shares redeemed and the point at which redeemed during the applicable minimum holding period under the System.

Significant assumptions utilized to estimate future average assets under management of Back-End Load Shares include expected future market levels and redemption rates. Market assumptions are

selected using a long-term view of expected average market returns based on historical returns of broad market indices. At December 31, 2003, management used average market return assumptions of 5% for fixed income and 8% for equity to estimate annual market returns. Higher actual average market returns would increase undiscounted future cash flows, while lower actual average market returns would decrease undiscounted future cash flows. Future redemption rate assumptions were determined by reference to actual redemption experience over the three-year and five-year periods ended December 31, 2003. Management used a range of expected average annual redemption rates of 16% to 20% at December 31, 2003, calculated as a percentage of average assets under management. An increase in the actual rate of redemptions would decrease undiscounted future cash flows, while a decrease in the actual rate of redemptions would increase undiscounted future cash flows. These assumptions are reviewed and updated quarterly, or monthly when events or changes in circumstances occur that could significantly increase the risk of impairment of the asset. Estimates of undiscounted future cash flows and the remaining life of the deferred sales commission asset are made from these assumptions. Management considers the results of these analyses performed at various dates. As of December 31, 2003, management determined that the deferred sales commission asset was not impaired. If management determines in the future that the deferred sales commission asset is not recoverable, an impairment condition would exist and a loss would be measured as the amount by which the recorded amount of the asset exceeds its estimated fair value. Estimated fair value is determined using management's best estimate of future cash flows discounted to a present value amount.

During 2003, equity markets increased by approximately 29% as measured by the change in the Standard & Poor's 500 Stock Index and fixed income markets increased by approximately 4% as measured by the change in the Lehman Brothers' Aggregate Bond Index. The redemption rate for domestic Back-End Load Shares was approximately 22% in 2003. Declines in financial markets or higher redemption levels, or both, as compared to the assumptions used to estimate undiscounted future cash flows, as described above, could result in the impairment of the deferred sales commission asset. Due to the volatility of the capital markets and changes in redemption rates, management is unable to predict whether or when a future impairment of the deferred sales commission asset might occur. Should an impairment occur, any loss would reduce materially the recorded amount of the asset with a corresponding charge to expense.

Legal Proceedings

On April 25, 2001, an amended class action complaint entitled *Miller, et al. v. Mitchell Hutchins Asset Management, Inc., et al.* was filed in the United States District Court for the Southern District of Illinois against Alliance Capital, Alliance Fund Distributors, Inc. (now known as "AllianceBernstein Investment Research and Management, Inc. "ABIRM"), and other defendants alleging violations of the Investment Company Act and breaches of common law fiduciary duty. The principal allegations of the amended complaint were that the advisory and distribution fees for certain mutual funds managed by Alliance Capital were excessive in violation of the Investment Company Act and the common law. Plaintiffs subsequently amended their complaint to include as plaintiffs shareholders of the AllianceBernstein Premier Growth Fund ("Premier Growth Fund"), the AllianceBernstein Quasar Fund (now known as AllianceBernstein Small Cap Growth Fund), the AllianceBernstein Growth and Income Fund, the AllianceBernstein Corporate Bond Fund, the AllianceBernstein Growth Fund, the AllianceBernstein Balanced Shares Fund, and the AllianceBernstein Americas Government Income Trust. On December 19, 2003, the parties entered into a settlement agreement resolving the matter, and it has been dismissed by the Court.

On December 7, 2001, a complaint entitled *Benak v. Alliance Capital Management L.P. and Alliance Premier Growth Fund* ("Benak Complaint") was filed in the United States District Court for the District of New Jersey against Alliance Capital and Premier Growth Fund alleging that the defendants violated Section 36(b) 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 alleges were caused by the alleged breach of the duty of loyalty. Subsequently, between December 21, 2001, and July 11, 2002, five complaints making substantially the same allegations and seeking substantially the same relief as the Benak Complaint were filed against Alliance Capital and Premier Growth Fund. All of those actions were consolidated in the United States District Court for the District of New Jersey. On January 6, 2003, a consolidated amended complaint entitled *Benak v. Alliance Capital Management L.P.* ("Benak Consolidated Amended Complaint") was filed containing allegations similar to those in the individual complaints, although it does not name Premier Growth Fund as a defendant. On February 9, 2004, the court granted with prejudice Alliance Capital's motion to dismiss the Benak Consolidated Amended Complaint, holding that plaintiff's allegations failed to state a claim under Section 36(b). Plaintiffs have thirty days from the entry of the dismissal order to appeal the court's decision dismissing the action.

Alliance Capital believes that plaintiffs' allegations in the Benak Consolidated Amended Complaint were without merit and intends to vigorously defend against any appeal that may be taken from the dismissal with prejudice of the action.

On April 8, 2002, in *In re Enron Corporation Securities Litigation*, a consolidated complaint ("Enron Complaint") was filed in the United States District Court for the Southern District of Texas, Houston Division, against numerous defendants, including Alliance Capital. The principal allegations of the Enron Complaint, as they pertain to Alliance Capital, are that Alliance Capital violated Sections 11 and 15 of the Securities Act with respect to a registration statement filed by Enron and effective with the SEC on July 18, 2001, which was used to sell $1.9 billion Enron Corp. Zero Coupon Convertible Notes due 2021. Plaintiffs allege that Frank Savage, who was at that time an employee of Alliance Capital and who was and remains a director of the General Partner of Alliance Capital, signed the registration statement at issue. Plaintiffs allege that the registration statement was materially misleading. Plaintiffs further allege that Alliance Capital was a controlling person of Frank Savage. Plaintiffs therefore assert that Alliance Capital is itself liable for the allegedly misleading registration statement. Plaintiffs seek rescission or a rescissionary measure of damages. On June 3, 2002, Alliance Capital moved to dismiss the Enron Complaint as the allegations therein pertain to it. On March 12, 2003, that motion was denied. A First Amended Consolidated Complaint ("Enron Amended Consolidated Complaint"), with substantially similar allegations as to Alliance Capital, was filed on May 14, 2003. Alliance Capital filed its answer on June 13, 2003. On May 28, 2003, plaintiffs filed an Amended Motion for Class Certification. On October 23, 2003, following the completion of class discovery, Alliance Capital filed its opposition to class certification. Alliance Capital's motion is pending. The case is currently in discovery.

Alliance Capital believes that plaintiffs' allegations in the Enron Amended Consolidated Complaint as to it are without merit and intends to vigorously defend against these allegations.

On May 7, 2002, a complaint entitled *The Florida State Board of Administration v. Alliance Capital Management L.P.* ("SBA Complaint") was filed in the Circuit Court of the Second Judicial Circuit, in

and for Leon County, Florida against Alliance Capital. The SBA Complaint alleges breach of contract relating to the Investment Management Agreement between The Florida State Board of Administration ("SBA") and Alliance Capital, breach of the covenant of good faith and fair dealing contained in the Investment Management Agreement, breach of fiduciary duty, negligence, gross negligence and violation of the Florida Securities and Investor Protection Act, in connection with purchases and sales of Enron common stock for the SBA investment account. The SBA seeks more than $300 million in compensatory damages and an unspecified amount of punitive damages. On June 10, 2002, Alliance Capital moved to dismiss the SBA Complaint. On September 12, 2002, the court denied Alliance Capital's motion to dismiss the SBA Complaint in its entirety. On November 13, 2003, the SBA filed an amended complaint ("Amended SBA Complaint"). While the Amended SBA Complaint contains the Enron claims, the Amended SBA Complaint also alleges that Alliance Capital breached its contract with the SBA by investing in or continuing to hold stocks for the SBA's investment portfolio that were not "1-rated," the highest rating that Alliance Capital's research analysts could assign. The SBA also added claims for negligent supervision and common law fraud. On December 13, 2003, Alliance Capital moved to dismiss the fraud and breach of fiduciary duty claims in the Amended SBA Complaint. On January 27, 2004, the court denied that motion. The case is currently in discovery.

Alliance Capital believes that the SBA's allegations in the Amended SBA Complaint are without merit and intends to vigorously defend against these allegations.

On September 12, 2002, a complaint entitled *Lawrence E. Jaffe Pension Plan, Lawrence E. Jaffe Trustee U/A 1198 v. Alliance Capital Management L.P., Alfred Harrison and Alliance Premier Growth Fund, Inc.* ("Jaffe Complaint") was filed in the United States District Court for the Southern District of New York against Alliance Capital, Alfred Harrison and Premier Growth Fund alleging violation of the Investment Company Act. Plaintiff seeks damages equal to Premier Growth Fund's losses as a result of Premier Growth Fund's investment in shares of Enron and a recovery of all fees paid to Alliance Capital beginning November 1, 2000. On March 24, 2003, the court granted Alliance Capital's motion to transfer the Jaffe Complaint to the United States District Court for the District of New Jersey to be consolidated with the Benak Consolidated Amended Complaint already pending there. On December 5, 2003, plaintiff filed an amended complaint ("Amended Jaffe Complaint") in the United States District Court for the District of New Jersey. The Amended Jaffe Complaint alleges violations of Section 36(a) of the Investment Company Act, common law negligence, and negligent misrepresentation. Specifically, the Amended Jaffe Complaint alleges that: (i) the defendants breached their fiduciary duties of loyalty, care and good faith to Premier Growth Fund by causing Premier Growth Fund to invest in securities of Enron, (ii) the defendants were negligent for investing in securities of Enron, and (iii) through prospectuses and other documents defendants misrepresented material facts related to Premier Growth Fund's investment objective and policies. On January 23, 2004, defendants moved to dismiss the Amended Jaffe Complaint.

Alliance Capital and Alfred Harrison believe that plaintiff's allegations in the Amended Jaffe Complaint are without merit and intend to vigorously defend against these allegations.

On December 13, 2002, a putative class action complaint entitled *Patrick J. Goggins, et al. v. Alliance Capital Management L.P., et al*. ("Goggins Complaint") was filed in the United States District Court for the Southern District of New York against Alliance Capital, Premier Growth Fund and individual directors and certain officers of Premier Growth Fund. On August 13, 2003, the court granted Alliance Capital's motion to transfer the Goggins Complaint to the United States District Court for the District of New Jersey. On December 5, 2003, plaintiffs filed an amended complaint ("Amended Goggins Complaint") in the United States District Court for the District of New Jersey.

The Amended Goggins Complaint alleges that defendants violated Sections 11, 12(a)(2) and 15 of the Securities Act because the Fund's registration statements and prospectuses contained untrue statements of material fact and omitted material facts. More specifically, the Amended Goggins Complaint alleges that the Fund's investment in Enron was inconsistent with the Fund's stated strategic objectives and investment strategies. Plaintiffs seeks rescissory relief or an unspecified amount of compensatory damages on behalf of a class of persons who purchased shares of Premier Growth Fund during the period October 31, 2000 through February 14, 2002. On January 23, 2004, Alliance Capital moved to dismiss the Amended Goggins Complaint.

Alliance Capital, Premier Growth Fund and the other defendants believe that plaintiffs' allegations in the Amended Goggins Complaint are without merit and intend to vigorously defend against these allegations.

On August 9, 2003, the Securities and Exchange Board of India ("SEBI") ordered that Samir C. Arora, a former research analyst/portfolio manager of Alliance Capital, refrain from buying, selling or dealing in Indian securities. Until August 4, 2003, when Mr. Arora announced his resignation from Alliance Capital, he served as head of Asian emerging markets equities and a fund manager of Alliance Capital Asset Management (India) Pvt. Ltd. ("ACAML"), a fund management company 75% owned by Alliance Capital. The order states that Mr. Arora relied on unpublished price sensitive information in making certain investment decisions on behalf of certain clients of ACAML and Alliance Capital, that there were failures to make required disclosures regarding the size of certain equity holdings, and that Mr. Arora tried to influence the sale of Alliance Capital's stake in ACAML. Mr. Arora contested the findings in the order by filing objections at a personal hearing held on August 28, 2003. On September 24, 2003, SEBI issued an order confirming its previous order against Mr. Arora. On October 10, 2003, Mr. Arora filed an appeal with the Securities Appellate Tribunal ("SAT") seeking certain interim reliefs. Mr. Arora's appeal was heard by the SAT on December 15, 2003. The SAT passed an order on January 12, 2004 wherein it did not grant any interim reliefs to Mr. Arora since SEBI had stated that the investigations in the matter were in progress. However, SAT has directed SEBI to complete the investigations by February 28, 2004 and to pass final orders in the matter by March 31, 2004.

Alliance Capital is reviewing this matter, and at the present time management of Alliance Capital does not believe its outcome will have a material impact on Alliance Capital's results of operations or financial condition.

On September 8, 2003, SEBI issued to Alliance Capital a show cause notice and finding of investigation (the "Notice"). The Notice requires Alliance Capital to explain its failure to make disclosure filings as to the acquisition of shares of five (5) Indian equity securities held at various times by Alliance Capital (through sub-accounts under foreign institutional investor licenses), ACAML and Alliance Capital's local Indian mutual fund as required under the SEBI (Insider Trading) Regulations, 1992 and the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 inter alia when the holdings of the said entities in the Relevant Scrips crossed 5% which could make Alliance Capital liable to pay penalties prescribed under Section 15A of the SEBI Act, 1992, which requires that disclosure be made when the holdings of an investor (or a group of investors acting in concert) in an Indian security either exceeds five percent (5%) of the outstanding shares or changes by more than two percent (2%). On October 14, 2003, and November 10, 2003, Alliance Capital filed its reply and written submissions, respectively. Alliance Capital also had a personal hearing before SEBI on October 21, 2003 and the decision of SEBI in relation to the Notice is pending.

At the present time, management of Alliance Capital does not believe the outcome of this matter will have a material impact on Alliance Capital's results of operations or financial condition.

On October 1, 2003, a class action complaint entitled *Erb, et al. v. Alliance Capital Management L.P., et al*. ("Erb Complaint") was filed in the Circuit Court of St. Clair County, Illinois, against Alliance Capital. Plaintiff, purportedly a shareholder in Premier Growth Fund, alleges that Alliance Capital breached unidentified provisions of Premier Growth Fund's prospectus and subscription and confirmation agreements that allegedly required that every security bought for Premier Growth Fund's portfolio must be a "1-rated" stock, the highest rating that Alliance Capital's analysts could assign. Plaintiff alleges that Alliance Capital impermissibly purchased shares of stocks that were not 1-rated. Plaintiff seeks rescission of all purchases of any non-1-rated stocks Alliance Capital made for Premier Growth Fund over the past ten years, as well as an unspecified amount of damages. On November 25, 2003, Alliance Capital removed the Erb Complaint to the United States District Court for the Southern District of Illinois on the basis that plaintiffs' alleged breach of contract claims are preempted under the Securities Litigation Uniform Standards Act. On December 29, 2003, plaintiff filed a motion for remand. On February 25, 2004, the court granted that motion and remanded the action to state court.

Alliance Capital believes that plaintiff's allegations in the Erb Complaint are without merit and intends to vigorously defend against these allegations.

Mutual Fund Trading Matters

On October 2, 2003, a purported class action complaint entitled *Hindo, et al. v. AllianceBernstein Growth & Income Fund, et al*. ("Hindo Complaint") was filed against Alliance Capital, Alliance Holding, ACMC, AXA Financial, the AllianceBernstein family of mutual funds ("AllianceBernstein Funds"), the registrants and issuers of those funds, certain officers of Alliance Capital ("Alliance defendants"), and certain other defendants not affiliated with Alliance Capital, as well as unnamed Doe defendants. The Hindo Complaint was filed in the United States District Court for the Southern District of New York by alleged shareholders of two of the AllianceBernstein Funds. The Hindo Complaint alleges that certain of the Alliance defendants failed to disclose that they improperly allowed certain hedge funds and other unidentified parties to engage in "late trading" and "market timing" of AllianceBernstein Fund securities, violating Sections 11 and 15 of the Securities Act, Sections 10(b) and 20(a) of the Exchange Act, and Sections 206 and 215 of the Investment Advisers Act. Plaintiffs seek an unspecified amount of compensatory damages and rescission of their contracts with Alliance Capital, including recovery of all fees paid to Alliance Capital pursuant to such contracts.

Between October 3, 2003 and January 29, 2004, forty additional lawsuits making factual allegations generally similar to those in the Hindo Complaint were filed against Alliance Capital and certain other defendants, and others may be filed. These lawsuits are as follows:

Federal Court Class Actions

Twenty-five of the lawsuits were brought as class actions filed in federal court (twenty-one in the United States District Court for the Southern District of New York, two in the United States District Court for the District of New Jersey, one in the United States District Court for the Northern District of California, and one in the United States District Court for the District of Connecticut). Certain of these additional lawsuits allege claims under the Securities Act, the Exchange Act, the Investment Advisers Act, the Investment Company Act and common law. All of these lawsuits are brought on behalf of shareholders of AllianceBernstein Funds, except three. Of these three, one was brought on behalf of a unitholder of Alliance Holding and two were brought

on behalf of participants in the Profit Sharing Plan for Employees of Alliance Capital ("Plan"). The latter two lawsuits allege claims under Sections 404, 405 and 406 of The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), on the grounds that defendants violated fiduciary obligations to the Plan by failing to disclose the alleged market timing and late trading activities in AllianceBernstein Funds, and by permitting the Plan to invest in funds subject to those activities. One of these ERISA actions has been voluntarily dismissed.

Federal Court Derivative Actions

Eight of the lawsuits were brought as derivative actions in federal court (one in the United States District Court for the Southern District of New York, five in the United States District Court for the Eastern District of New York, and two in the United States District Court for the District of New Jersey). These lawsuits allege claims under the Exchange Act, Section 36(b) of the Investment Company Act and/or common law. Six of the lawsuits were brought derivatively on behalf of certain AllianceBernstein Funds, with the broadest lawsuits being brought derivatively on behalf of all AllianceBernstein Funds, generally alleging that defendants violated fiduciary obligations to the AllianceBernstein Funds and/or fund shareholders by permitting select investors to engage in market timing activities and failing to disclose those activities. Two of the lawsuits were brought derivatively on behalf of Alliance Holding, generally alleging that defendants breached fiduciary obligations to Alliance Holding or its Unitholders by failing to prevent the alleged undisclosed market timing and late trading activities from occurring.

State Court Representative Actions

Two lawsuits were brought as class actions in the Supreme Court of the State of New York, County of New York, by alleged shareholders of an AllianceBernstein Fund on behalf of shareholders of the AllianceBernstein Funds. The lawsuits allege that defendants allowed certain parties to engage in late trading and market timing transactions in the AllianceBernstein Funds and that such arrangements breached defendants' fiduciary duty to investors, and purport to state a claim for breach of fiduciary duty. One of the complaints also purports to state claims for breach of contract and tortious interference with contract.

A lawsuit was filed in Superior Court for the State of California, County of Los Angeles, alleging that defendants violated fiduciary responsibilities and disclosure obligations by permitting certain favored customers to engage in market timing and late trading activities in the AllianceBernstein Funds, and purports to state claims of unfair business practices under Sections 17200 and 17303 of the California Business & Professional Code. Pursuant to these statutes, the action was brought on behalf of members of the general public of the state of California.

State Court Derivative Actions

Three lawsuits were brought as derivative actions in state court (one in the Supreme Court of the State of New York, County of New York, and two in the Superior Court of the State of Massachusetts, County of Suffolk). The New York action was brought derivatively on behalf of Alliance Holding and alleges that, in connection with alleged market timing and late trading transactions, defendants breached their fiduciary duties to Alliance Holding and its Unitholders by failing to maintain adequate controls and employing improper practices in managing unspecified AllianceBernstein Funds. The Massachusetts actions were brought derivatively on behalf of certain

AllianceBernstein Funds and allege state common law claims for breach of fiduciary duty, abuse of control, gross mismanagement, waste and unjust enrichment.

State Court Individual Action

A lawsuit was filed in the District Court of Johnson County, Kansas, Civil Court Department, alleging that defendants were negligent and breached their fiduciary duties by knowingly entering into a number of illegal and improper arrangements with institutional investors for the purpose of engaging in late trading and market timing in AllianceBernstein Funds to the detriment of plaintiff and failing to disclose such arrangements in the AllianceBernstein Fund prospectuses, and purports to state claims under Sections 624 and 626 of the Kansas Consumer Protection Act, and Section 1268 of the Kansas Securities Act. The lawsuit also purports to state claims of negligent misrepresentation, professional negligence and breach of fiduciary duty under common law.

All of these lawsuits seek an unspecified amount of damages.

All of the federal actions discussed above under "Mutual Fund Trading Matters" (*i.e.*, federal court class actions and federal court derivative actions) are the subject of a petition or tag-along notices filed by Alliance Capital before the Judicial Panel on Multidistrict Litigation ("MDL Panel") seeking to have all of the actions centralized in a single forum for pre-trial proceedings. On January 29, 2004, the MDL Panel held a hearing on these petitions. On February 20, 2004, the MDL Panel transferred all of the actions to the United States District Court for the District of Maryland. Pursuant to agreements among the parties, the Alliance Capital defendants' responses to the federal actions that have been served on Alliance Capital are stayed pending a decision on consolidation by the MDL panel and the filing of an amended or operative complaint. The various plaintiffs seeking appointment to serve as lead plaintiffs have stipulated to stay the lead plaintiff decision until after the MDL Panel makes a decision on the MDL petitions pending before it. In addition, discovery has not commenced in any of these cases. In most of them, discovery is stayed under the Private Securities Litigation Reform Act of 1995 or pursuant to an agreement among the parties.

Defendants have removed each of the state court representative actions discussed above under "Mutual Fund Trading Matters" and thereafter submitted the actions to the MDL Panel in a notice of tag-along actions. Plaintiff in each of these actions has moved to remand the action back to state court or has indicated an intention to do so. Where defendants have responded to the complaints, defendants have moved to stay proceedings pending transfer by the MDL Panel.

Defendants have not yet responded to the complaints filed in the state court derivative actions.

Alliance Capital recorded charges to income totaling $330 million in 2003 in connection with establishing the $250 million restitution fund (which is discussed in detail under "Item 1, Regulation" of this Form 10-K) and certain other matters discussed above under "Legal Proceedings". Management of Alliance Capital, however, cannot determine at this time the eventual outcome, timing or impact of these matters. Accordingly, it is possible that additional charges in the future may be required.

With respect to certain other matters discussed above under "Legal Proceedings" (other than those referred to in the preceding paragraph and those related to SEBI), management of Alliance Capital and Alliance Holding are unable to estimate the impact, if any, that the outcome of these matters may have on Alliance Capital's or Alliance Holding'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.

16. Net Capital

SCB LLC, a broker-dealer and member of the NYSE, is subject to Uniform Net Capital Rule 15c3-1 of the Exchange Act. 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 $1 million, or two percent of aggregate debit items arising from customer transactions, as defined, which amounts to $15.2 million. At December 31, 2003, SCB LLC had net capital of

$140.6 million, which was $125.4 million in excess of the minimum net capital requirement of $15.2 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, 2003, $38.0 million was not available for payment of cash dividends and advances. SCBL is a member of the London Stock Exchange. At December 31, 2003, SCBL was subject to minimum net capital requirements of $7.5 million imposed by the Financial Services Authority and had aggregate regulatory net capital of $25.7 million, an excess of $18.2 million.

ABIRM serves as distributor and/or underwriter for certain Alliance Mutual Funds. ABIRM is registered as a broker-dealer under the Exchange Act and is subject to the minimum net capital requirements imposed by the SEC. ABIRM's net capital at December 31, 2003 was $51.0 million, which was $41.8 million in excess of its required net capital of $9.2 million.

17. 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 and SCBL to off-balance sheet risk in the event the customer is unable to fulfill its contracted obligations by requiring SCB LLC and SCBL 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 the Operating Partnership 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 the Operating Partnership's discretionary authority and SCB LLC's role as custodian.

SCB LLC may enter into forward foreign 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 the Operating Partnership's discretionary authority and SCB LLC's role as custodian.

In accordance with industry practice, SCB LLC and SCBL record customer transactions on a settlement date basis, which is generally three business days after trade date. SCB LLC and SCBL are 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 and SCBL may have to purchase or sell financial instruments at prevailing market prices, which could result in realized losses. Settlement of the risks assumed by SCB LLC and SCBL in connection with these transactions is not expected to have a material effect upon SCB LLC's, SCBL's and the Operating Partnership's financial condition or results of operations.

Other Counterparties

SCB LLC and SCBL are 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 and SCBL may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is SCB LLC's and SCBL 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.

18. Employee Benefit Plans

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 ("the 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 Profit Sharing Plan is determined by a committee of the Board of Directors of the General Partner. Contributions are generally limited to the maximum amount deductible for federal income tax purposes, generally 16% of the total annual compensation of eligible participants. Aggregate contributions for 2003, 2002 and 2001 were $13.8 million, $12.6 million and $14.1 million, respectively.

The Operating Partnership maintained 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 2003, 2002 and 2001 were $4.9 million, $3.6 million and $4.2 million, respectively. Effective January 1, 2004, the plan was merged into the Profit Sharing Plan.

The Operating Partnership maintains a qualified noncontributory defined benefit retirement plan in the U.S. covering substantially all U.S. employees except former employees of Bernstein, certain foreign employees and employees hired after October 2, 2000. 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.

The retirement plan's projected benefit obligation, fair value of plan assets, funded status and amounts recognized in the Consolidated Statements of Financial Condition at December 31, 2003 and 2002 were as follows (in thousands):

	2003	2002
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	$ 60,874	$ 49,657
Service cost	4,886	4,689
Interest cost	3,814	3,413
Plan amendments	—	1,154
Actuarial losses	5,528	4,001
Benefits paid	(1,508)	(2,040)
Projected benefit obligation at end of year	73,594	60,874
Change in plan assets:		
Plan assets at fair value at beginning of year	24,169	28,695
Actual return on plan assets	4,623	(5,583)
Employer contribution	10,044	3,097
Benefits paid	(1,508)	(2,040)
Plan assets at fair value at end of year	37,328	24,169
Projected benefit obligation in excess of plan assets	(36,266)	(36,705)
Amounts not recognized:		
Unrecognized net loss from past experience different from that assumed and effects of changes and assumptions	21,072	18,929
Unrecognized prior service cost	190	131
Unrecognized net plan assets at January 1, 1987 being recognized over 26.3 years	(1,334)	(1,477)
Accrued pension expense included in accrued compensation and benefits	$ (16,338)	$ (19,122)

The accumulated benefit obligation for the plan was $51.1 million and $42.0 million at December 31, 2003 and 2002, respectively. The Operating Partnership is required to contribute additional amounts to the plan by January 15, 2005. This amount is approximately $1.4 million, based on current estimates, and the Operating Partnership expects to make this contribution to the plan during 2004. Contribution estimates, which are subject to change, are based on regulatory requirements,

future market conditions and assumptions used for actuarial computations of the plan's obligations and assets. The Operating Partnership's management, at the present time, is unable to determine the amount, if any, of additional future discretionary contributions that may be required.

Net expense under the retirement plan for the years ended December 31, 2003, 2002 and 2001 was comprised of (in thousands):

	2003	2002	2001
Service cost	$ 4,886	$ 4,689	$ 3,825
Interest cost on projected benefit obligations	3,814	3,413	2,902
Expected return on plan assets	(1,766)	(2,389)	(3,191)
Amortization of prior service (credit)	(59)	(59)	(113)
Amortization of transition (asset)	(143)	(143)	(143)
Recognized actuarial (gain) loss	527	—	(54)
Net pension charge	$ 7,259	$ 5,511	$ 3,226

Actuarial computations used to determine benefit obligations at December 31, 2003 and 2002 (measurement dates) were made utilizing the following weighted-average assumptions:

	2003	2002

Discount rate on benefit obligations	6.25%	6.75%
Annual salary increases	5.14%	5.14%

Actuarial computations used to determine net periodic costs for the years ended December 31, 2003, 2002 and 2001 were made utilizing the following weighted-average assumptions:

	2003	2002	2001
Discount rate on benefit obligations	6.75%	7.25%	7.75%
Expected long-term rate of return on plan assets	8.00%	8.75%	10.00%
Annual salary increases	5.14%	5.14%	5.66%

The plan's asset allocation percentages at December 31, 2003 and 2002 consisted of (in thousands):

	2003	2002
Equity securities	76%	66%
Debt securities	17	28
Other	7	6
	100%	100%

In developing the expected long-term rate of return on plan assets of 8.0%, management of the Operating Partnership considered the historical returns and future expectations for returns for each asset category, as well as the target asset allocation of the portfolio. The expected long-term rate of return on assets is based on weighted average expected returns for each asset class. Management of the Operating Partnership has assumed a target allocation weighting of 70% to 80% for equity securities and 20% to 30% for debt securities. The plan's equity investment strategy seeks to outperform the Russell 1000 Growth Index by approximately 200 basis points per year before fees on a consistent basis and to outperform the S&P 500 by a similar margin over full market cycles. The plan's fixed income

investment strategy is a defensive mixture invested in both U.S. Treasury Notes and corporate bonds in an effort to reduce interest rate risk.

Variances between actuarial assumptions and actual experience are amortized over the estimated average remaining service lives of employees participating in the retirement plan.

19. Deferred Compensation Plans

The Operating Partnership maintains an unfunded, non-qualified deferred compensation plan known as the Capital Accumulation Plan and also 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 owed to 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, 2003, 2002 and 2001 were $2.3 million, $2.3 million and $2.0 million, respectively.

In connection with the acquisition of Bernstein, the Operating Partnership adopted an unfunded, non-qualified deferred compensation plan, known as the SCB Deferred Compensation Award Plan ("SCB Plan"), under which the Operating Partnership agreed to invest $96 million per annum for three years to fund purchases of Alliance Holding Units or an Alliance-sponsored money market fund, to be awarded for the benefit of certain individuals who were stockholders or principals of Bernstein or who were hired to replace them. The awards vest ratably over three years and are amortized as employee compensation expense over the vesting period. Awards are payable to participants when fully vested, but participants may elect to defer receipt of vested awards to future dates. The Operating Partnership made awards aggregating $8.6 million, $97.2 million and $103.4 million in 2003, 2002 and 2001, respectively. No additional awards may be made under the SCB Plan. Aggregate amortization expense of $83.4 million, $63.7 million and $34.5 million was recorded for the years ended December 31, 2003, 2002 and 2001, respectively.

The Operating Partnership maintains an unfunded, non-qualified deferred compensation plan known as the Alliance Partners Compensation Plan (the "Plan") under which certain awards may be granted to eligible executives. The aggregate amount available annually for awards is based on a percentage of the consolidated operating earnings of the Operating Partnership and its subsidiaries. A committee comprised of certain executive officers of the General Partner administers the Plan and determines the 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, liability for the 1995 through 1998 awards increases or decreases 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 period 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. For 2001, at least 50% of a participant's award was payable in Alliance Holding Units. Beginning with 2002 awards, participants may elect to have awards payable in a combination of Alliance Holding Units and cash equal to the notional value of 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 or notional Alliance Mutual Funds awards 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 2003, 2002 and 2001 aggregating $138.0 million, $55.9 million and $62.5 million, respectively. The amounts charged to employee compensation and benefits expense for the years ended December 31, 2003, 2002 and 2001 were $41.6 million, $35.4 million and $19.7 million, respectively.

The Operating Partnership maintains an unfunded, non-qualified deferred compensation plan known as the Annual Elective Deferral Plan (the "Deferral Plan") under which participants may elect to defer a portion of their 2000 and 2001 annual bonus or commission and invest it in the Deferral Plan. No deferral elections are permitted after 2001. 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. Supplemental amounts contributed by the Operating Partnership totaled $2.1 million in 2001, vest ratably over three years and are amortized as employee compensation expense.

During 2003, the Operating Partnership established the Alliance Commission Substitution Plan ("Commission Substitution"), an unfunded, non-qualified incentive plan. A Committee of the Board of Directors of the General Partner administers the Commission Substitution Plan and determines the eligible participants. Employees whose principle duties are to sell or market the products or services of Alliance and whose compensation is entirely or mostly commission-based, are eligible for an award under this plan. Participants designate the percentage of their awards to be paid in Alliance Holding Units, or cash equal to the notional value of certain Alliance Mutual Funds as approved by the Committee of the Board of Directors. Participants are entitled to receive their awards ratable over a three-year period. The Operating Partnership made awards totaling $19.4 million at December 31, 2003.

20. Compensatory Unit Award and Option Plans

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. The Unit Option Plan has expired and accordingly there were no options available to be granted or awarded 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 and non-employee Directors of the General Partner 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. As of December 31, 2003, 5,995,600 Alliance Holding Units were subject to options granted and 331,148 Alliance Holding Units were subject to other awards made under the 1993 Plans. During 2003, 73,252 Alliance Holding Units were no longer available to be granted under the 1993 plans because these plans expired and accordingly there were no options available to be granted or awarded under the 1993 Plans.

During 1997, the 1997 Long-Term Incentive Plan (the "1997 Plan") was established by Alliance Holding. The 1997 Option Committee of the Board of Directors of the General Partner administers the 1997 Plan and determines 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 and non-employee Directors of the General Partner for terms established at the time of grant by the 1997 Option Committee. 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. As of December 31, 2003, 13,017,200 Alliance Holding Units were subject to options granted and 103,262 Alliance Holding Units were subject to other awards made under the 1997 Plan. Options for 27,879,538 Alliance Holding Units were available to be granted as of December 31, 2003.

During 2003, the Century Club Committee authorized the award of 32,400 Alliance Holding Units aggregating $1.0 million under the Century Club Plan. The award vests ratably over a three-year period and is amortized as employee compensation expense. In addition, 9,571 previously awarded Alliance Holding Units were forfeited during 2003.

During 2003, 2002 and 2001, the Committees authorized the grant of options to key employees and non-employee Directors of the General Partner of the Operating Partnership to purchase 105,000, 2,468,500 and 2,468,500 Alliance Holding Units, respectively, under the 1993 Plans and the 1997 Plan. The average per Alliance Holding Unit weighted average fair value of options granted during 2003, 2002 and 2001 was $5.96, $5.89 and $9.23, respectively, on the date of grant determined using the Black-Scholes option pricing model with the following assumptions: risk-free interest rates of 3.0%, 4.2% and 4.5% for 2003, 2002 and 2001, respectively; expected cash distribution yield of 6.1% for 2003, 5.8% for 2002 and 5.8% for 2001; and a volatility factor of the expected market price of Alliance Holding's Units of 32% for 2003, 32% for 2002 and 33% for 2001.

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 compensatory options have characteristics significantly 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 compensatory options. See "Note 3. Summary of Significant Accounting Policies—Compensatory Option Plans" for the SFAS 123 pro forma net income amounts determined using the Black-Scholes option valuation model.

The following table summarizes the activity in options under the Unit Option Plan, the 1993 Plans and the 1997 Plan:

	Alliance Holding Units	Weighted Average Exercise Price Per Alliance Holding Unit
Outstanding at December 31, 2000	15,407,380	$ 28.73
Granted	2,468,500	$ 50.34
Exercised	(1,672,560)	$ 13.45
Forfeited	(358,500)	$ 34.51
Outstanding at December 31, 2001	15,844,820	$ 33.58
Granted	2,468,500	$ 33.32
Exercised	(1,421,420)	$ 14.83
Forfeited	(450,500)	$ 42.99
Outstanding at December 31, 2002	16,441,400	$ 34.92
Granted	105,000	$ 35.01
Exercised	(1,219,000)	$ 17.26
Forfeited	(1,539,300)	$ 43.26
Outstanding at December 31, 2003	13,788,100	$ 35.55
Exercisable at December 31, 2001	7,257,520	
Exercisable at December 31, 2002	8,323,000	
Exercisable at December 31, 2003	9,128,800	

The following table summarizes information concerning currently outstanding and exercisable options:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at 12/31/03	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable at 12/31/03	Weighted Average Exercise Price
$ 8.81 - $18.47	2,611,800	2.48	$ 13.19	2,611,800	$ 13.19
24.84 - 30.25	3,152,600	5.35	27.90	2,869,100	27.69
30.94 - 48.50	4,312,000	7.76	40.63	1,797,000	44.85
50.15 - 50.56	1,996,400	7.92	50.25	811,600	50.25
51.10 - 58.50	1,715,300	6.95	53.77	1,039,300	53.76
$ 8.81 - $58.50	13,788,100	6.13	$ 35.55	9,128,800	$ 31.89

21. Charge for Mutual Fund Matters and Legal Proceedings

On December 18, 2003, the Operating Partnership reached terms with the SEC for the resolution of regulatory claims against the Operating Partnership with respect to market timing. The SEC accepted an Offer of Settlement submitted by the Operating Partnership. The Operating Partnership concurrently reached an agreement in principle with the NYAG, which is subject to final, definitive documentation.

The key provisions of the SEC settlement and agreement in principle with the NYAG are that the Operating Partnership must establish a $250 million fund to compensate fund shareholders for the adverse effect of market timing. Of the $250 million fund, $150 million is characterized as disgorgement and $100 million is characterized as a penalty. To the extent an Independent Distribution Consultant, retained by the Operating Partnership pursuant to the settlement, concludes that the harm to mutual fund shareholders caused by market timing exceeds $200 million, the Operating Partnership will be required to contribute additional monies to the restitution fund. In addition, the agreement with the NYAG requires a weighted average reduction in fees of 20%, with respect to investment advisory agreements with the Operating Partnership's sponsored U.S. long-term open-end retail funds, for a minimum of five years, which commenced January 1, 2004.

The Operating Partnership recorded a pre-tax charge to income of $190 million for the quarter ended September 30, 2003 to cover restitution, litigation and other costs associated with these investigations and other litigation. The Operating Partnership recorded an additional $140 million pre-tax charge against its fourth quarter 2003 earnings in connection with the market timing investigations and other litigation. As a result of these charges, the Board of Directors of the General Partner of the Operating Partnership and Alliance Holding determined not to pay a distribution to their respective Unitholders for the fourth quarter of 2003. Distributions are expected to resume for the first quarter of 2004, with payout policy returning to traditional levels in relation to cash flow for the second quarter of 2004. For more information about the effect of the charges, a related $250 million restitution fund and certain mutual fund fee reductions on the Operating Partnership's results of operations, financial condition and distributions, see "Item 1. Regulation" of Form 10-K and "Note 15. Commitments and Contingencies" herein.

22. 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 is 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.

Income tax expense is comprised of (in thousands):

	Years Ended December 31,		
	2003	2002	2001
Partnership unincorporated business taxes	$ 16,508	$ 16,460	$ 22,704
Corporate subsidiaries:			
Federal	7,235	8,822	8,220
State, local and foreign	9,437	7,874	4,590
Current tax expense	33,180	33,156	35,514
Deferred tax expense (benefit)—state and local	(4,500)	(1,001)	2,036
Income tax expense	$ 28,680	$ 32,155	$ 37,550

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,					
	2003		2002		2001	
UBT statutory rate	$ 14,339	4.0%	$ 25,725	4.0%	$ 26,087	4.0%
Corporate subsidiaries' federal, state, local and foreign income taxes	15,417	4.3	15,695	2.4	12,097	1.9
Non-deductible items, primarily mutual fund matters settlement penalties in 2003 and goodwill in 2001	3,272	0.9	289	0.1	3,183	0.5
Income not taxable primarily due to UBT business apportionment factors	(4,348)	(1.2)	(9,554)	(1.5)	(3,817)	(0.6)
Income tax expense and effective tax rate	$ 28,680	8.0%	$ 32,155	5.0%	$ 37,550	5.8%

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 asset are as follows (in thousands):

	December 31,	
	2003	2002
Deferred tax asset:		
Differences between book and tax basis:		
Deferred compensation plans	$ 7,766	$ 8,732
Intangible assets	837	951
Charge for mutual fund matters and legal proceedings	6,072	—

Other, primarily other accrued expenses deductible when paid	673	880
	15,348	10,563
Deferred tax liability:		
Differences between book and tax basis:		
Furniture, equipment and leasehold improvements	211	591
Investment partnerships	—	630
Intangible assets	5,910	3,651
	6,121	4,872
Net deferred tax asset	9,227	5,691
Valuation allowance	(2,713)	(3,677)
Deferred tax asset, net of valuation allowance	$ 6,514	$ 2,014

The valuation allowance primarily relates to uncertainties on the deductibility for UBT purposes of certain compensation items and the amortization expense for certain intangible assets. The net deferred tax asset is included in other assets. Management of the Operating Partnership has determined that realization of the recognized net deferred tax asset of $6.5 million is more likely than not based on anticipated future taxable income.

23. 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, 2003, 2002 and 2001 were as follows:

Services

Total revenues derived from the Operating Partnership's research and investment management services for the years ended December 31, 2003, 2002 and 2001 were (in millions):

	2003	2002	2001
Retail	$ 1,277	$ 1,364	$ 1,598
Institutional investment management	650	627	669
Private client	486	425	398
Institutional research services	268	295	266
Other	52	31	62
Total	$ 2,733	$ 2,742	$ 2,993

Geographic Information

Total revenues and assets under management related to the Operating Partnership's clients' domestic and international domiciles, and long-lived assets, related to its domestic and foreign operations, as of and for the years ended December 31, were (in millions):

	2003	2002	2001
Total revenues:			
United States	$ 2,228	$ 2,342	$ 2,638
International	505	400	355
Total	$ 2,733	$ 2,742	$ 2,993
Long-lived assets:			
United States	$ 3,815	$ 4,118	$ 4,131
International	22	24	26
Total	$ 3,837	$ 4,142	$ 4,157

Assets under management:			
United States	$ 380,582	$ 328,058	$ 367,996
International	94,217	58,521	84,160
Total	$ 474,799	$ 386,579	$ 452,156

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 ABIRM and has been responsible for 3% of open-end U.S. and offshore mutual fund sales in 2003, 2002 and 2001. Subsidiaries of Merrill Lynch & Co., Inc. ("Merrill Lynch") were responsible for approximately 7%, 12% and 13% of

open-end Alliance Mutual Fund sales in 2003, 2002 and 2001 respectively. Citigroup, Inc. and its subsidiaries ("Citigroup"), was responsible for approximately 9%, 3% and 5% of open-end Alliance Mutual Fund sales in 2003, 2002 and 2001, 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 (in the case of Merrill Lynch and Citigroup).

AXA and the general and separate accounts of ELAS (including investments by the separate accounts of ELAS in the funding vehicle EQ Advisors Trust) accounted for approximately 16%, 15% and 14% of total assets under management at December 31, 2003, 2002 and 2001, respectively, and approximately 5%, 5% and 5% of total revenues for the years ended December 31, 2003, 2002 and 2001, respectively. No single institutional client other than AXA and ELAS accounted for more than 1% of total revenues for the years ended December 31, 2003, 2002 and 2001, respectively.

24. Related Party Transactions

Investment management, distribution, and 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.

Revenues for services provided or related to the Alliance Mutual Funds are as follows (in thousands):

	Years Ended December 31,		
	2003	2002	2001
Investment advisory and services fees	$ 720,711	$ 761,230	$ 900,257
Distribution revenues	436,037	467,463	544,605
Shareholder servicing fees	94,276	101,569	96,324
Other revenues	11,359	10,153	11,032
Institutional research services	4,360	6,950	5,694

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 and the Operating Partnership received $62.1 million, $54.7 million and $56.2 million for the years ended December 31, 2003, 2002 and 2001, respectively. In addition, certain AXA Subsidiaries distribute Alliance Mutual Funds, for which they receive commissions and distribution payments which totaled $6.0 million, $6.4 million and $7.9 million for the years ended December 31, 2003, 2002 and 2001, respectively. Sales of Alliance Mutual Funds through the AXA Subsidiaries, excluding cash management products, aggregated approximately $0.5 billion, $0.5 billion and $0.7 billion for the years ended December 31, 2003, 2002 and 2001, respectively. The Operating Partnership and its employees are covered by various insurance policies maintained by AXA Subsidiaries and the Operating Partnership pays fees for other services and technology provided by AXA and the AXA Subsidiaries. The Operating Partnership paid $6.1 million, $7.4 million and $5.2 million for these services for the years ended December 31, 2003, 2002 and 2001, respectively.

During 2001, the Operating Partnership and AXA Asia Pacific Holdings Limited ("AXA Asia Pacific") established two investment management companies and the Operating Partnership included

their results in its consolidated results of operations. Affiliated assets under management totaled approximately $12.5 billion, $8.7 billion and $7.5 billion at December 31, 2003, 2002 and 2001, respectively, and approximately $18.9 million, $14.1 million and $12.1 million in management fees were recognized for the years ended December 31, 2003, 2002 and 2001, respectively.

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,		
	2003	2002	2001

Assets:			
Institutional investment management fees receivable	$ 5,335	$ 4,107	$ 3,666
Other receivables	51	90	279
Revenues:			
Investment advisory and services fees	72,389	64,496	63,324
Other revenues	3,655	4,171	3,034
Expenses:			
Distribution payments to financial intermediaries	6,011	6,404	7,873
General and administrative	6,115	7,399	5,164

25. 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,		
	2003	2002	2001
Interest	$ 43,505	$ 58,429	$ 86,624
Income taxes	29,928	30,435	34,256

26. Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board ("FASB") 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, FASB 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, FASB issued SFAS 142. SFAS 142 changed 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 resulted in an increase in net income of approximately $150 million in 2002. In addition, SFAS 142 required the Operating Partnership's goodwill to be tested annually for impairment. The transition test was completed on June 30, 2002 and did not result in an indicated impairment. The annual test was completed on September 30, 2002 and

September 30, 2003 and also did not result in an indicated impairment. An additional test was completed on December 31, 2003 and this test also did not result in an indicated impairment.

In October 2001, FASB 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.

In June 2002, FASB issued Statement of Financial Accounting Standards No. 146 ("SFAS 146"), *"Accounting for Costs Associated with Exit or Disposal Activities"*. SFAS 146 is effective for exit or disposal activities initiated after December 31, 2002. Management adopted this Statement on January 1, 2003 and the adoption of the Statement did not have a material effect on the Operating Partnership's results of operations, liquidity or capital resources.

The Operating Partnership adopted in 2002 the fair value method of recording compensation expense, on a prospective basis and using a straight-line amortization policy, relating to compensatory option awards of Alliance Holding Units as permitted by SFAS 123 and as amended by SFAS 148. See Note 3. "Summary of Significant Accounting Policies" for a discussion of the effect of this Statement on the Operating Partnership's results of operations, liquidity, and capital resources.

In December 2003, FASB issued FASB Interpretation No. 46 (revised December 2003) ("FIN 46-R"), *"Consolidation of Variable Interest Entities"*, which addresses accounting and disclosure requirements for variable interest entities ("VIEs"). FIN 46-R defines a VIE as a corporation, partnership, limited liability company, trust, or any other legal structure used for business purposes that either (a) does not have equity investors with voting or similar rights sufficient to enable such investors to make decisions about an entity's activities or (b) has equity investors that do not provide sufficient financial resources to support the entities' activities without additional financial support from other parties FIN 46-R requires a VIE to be consolidated by a company if it is subject to, among other things, a majority of the risk or residual returns of the VIE. A company that consolidates a VIE is referred to as the *primary beneficiary* under FIN 46-R. In addition, FIN 46-R requires disclosure, but not consolidation, about those entities in which the Operating Partnership is not the primary beneficiary but has a significant variable interest. The consolidation and disclosure provisions of FIN 46-R are effective as of March 15, 2004.

Management of the Operating Partnership has reviewed its investment management agreements, its investments in and other financial arrangements with certain entities that hold client assets under management of approximately $48 billion, to determine the entities that the Operating Partnership would be required to consolidate under FIN 46-R. These include certain mutual fund products domiciled in Luxembourg, India, Japan, Singapore and Australia (collectively "Offshore Funds"), hedge funds, structured products, group trusts and joint ventures.

As a result of its review, which is still ongoing, management believes it is reasonably possible that the Operating Partnership will be required to consolidate an investment in a joint venture's funds under management as of March 31, 2004. These entities have client assets under management totaling approximately $230 million. The Operating Partnership's maximum exposure to loss is limited to its investments and prospective investment management fees. Consolidation of these entities would result in increases in the Operating Partnership's assets, principally investments, and in its liabilities, principally minority interests in

consolidated entities, of approximately $230 million, or 2.8% and 5.2%, respectively, for the December 31, 2003 Condensed Consolidated Statement of Financial Condition.

The Operating Partnership derives no direct benefit from client assets under management other than investment management fees and cannot utilize those assets in its operations.

The Operating Partnership has significant variable interests in certain other VIEs with approximately $1.1 billion in client assets under management. However, these VIEs do not require consolidation because management has determined that the Operating Partnership is not the primary beneficiary. The Operating Partnership's maximum exposure to loss to these entities is limited to a nominal investment and prospective investment management fees.

FIN 46-R is highly complex and requires management of the Operating Partnership to make significant estimates and judgements as to its application. Management of the Operating Partnership intends to adopt FIN 46-R no later than March 31, 2004.

In December 2003, FASB issued Statement of Financial Accounting Standards No. 132 (revised 2003), ("SFAS 132-R"), "*Employers' Disclosures about Pensions and Other Postretirement Benefits*." SFAS 132-R requires additional disclosures about assets, obligations, cash flows, and net periodic benefit cost of defined benefit pension plans and other postretirement benefit plans. SFAS 132-R is effective for financial statements for fiscal years ending after December 15, 2003. The adoption of SFAS 132-R did not have a material effect on the Operating Partnership's results of operations, liquidity or capital resources.

27. Cash Distribution

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. The Operating Partnership recorded a pre-tax charge to income of $190 million for the quarter ended September 30, 2003 to cover restitution, litigation and other costs associated with the market timing investigations and other litigation. The Operating Partnership recorded an additional $140 million pre-tax charge against its fourth quarter 2003 earnings in connection with these matters. As a result of these charges, the Board of Directors of the General Partner of the Operating Partnership and Alliance Holding determined not to pay a distribution to their respective Unitholders for the fourth quarter of 2003. Distributions are expected to resume for the first quarter of 2004, with payout policy returning to traditional levels in relation to cash flow for the second quarter of 2004. For more information about the effect of the charges, a related $250 million restitution fund and certain mutual fund fee reductions on the Operating Partnership's results of operations, financial condition and distributions, see "Item 1, Regulation" of this Form 10-K, and "Note 15. Commitments and Contingencies" and "Note 21. Charge for Mutual Fund Matters and Legal Proceedings" of the Operating Partnership's Consolidated Financial Statements contained in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

28. Quarterly Financial Data (Unaudited)

	Quarters Ended 2003			
	December 31	September 30	June 30	March 31
	(in thousands, except per Unit data)			
Revenues	$ 769,065	$ 699,397	$ 661,745	$ 602,614
Net income	$ 53,501	$ 19,188	$ 148,058	$ 109,061
Basic net income per Unit[1]	$ 0.21	$ 0.08	$ 0.59	$ 0.43
Diluted net income per Unit[1]	$ 0.21	$ 0.07	$ 0.58	$ 0.43
Cash distributions per Unit[2]	$ —	$ 0.64	$ 0.58	$ 0.43

	Quarters Ended 2002			
	December 31	September 30	June 30	March 31
	(in thousands, except per Unit data)			
Revenues	$ 648,085	$ 649,711	$ 724,103	$ 720,523
Net income	$ 146,717	$ 131,348	$ 165,025	$ 167,888
Basic net income per Unit[1]	$ 0.58	$ 0.52	$ 0.65	$ 0.67
Diluted net income per Unit[1]	$ 0.58	$ 0.52	$ 0.64	$ 0.66
Cash distributions per Unit[2]	$ 0.59	$ 0.53	$ 0.65	$ 0.67

(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.

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, 2003 and 2002, and the related consolidated statements of income, changes in partners' capital and comprehensive income and cash flows for each of the years in the three-year period ended December 31, 2003. 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, 2003 and 2002, and their results of operations and their cash flows for each of the periods referred to above presented in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 10 to the consolidated financial statements, in 2002, Alliance Capital changed its method of accounting for goodwill and certain intangible assets.

/s/ KPMG LLP

New York, New York
January 29, 2004

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.

Item 9A. Controls and Procedures

Alliance Holding maintains a system of disclosure controls and procedures that is designed to ensure information required to be disclosed is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, in a timely manner.

As of the end of the period covered by this report, management carried out an evaluation, under the supervision and with the participation of the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the disclosure controls and procedures are effective.

In addition, management evaluated Alliance Holding's internal control over financial reporting and there have been no changes that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

Alliance Holding filed its quarterly report on Form 10-Q for the third quarter of 2003 in a timely manner, but did so in reliance on the extension granted by filing a Form 12b-25. Management's decision to take a charge against earnings in respect of the market timing investigations was based on rapidly changing facts and circumstances, and was finally reached very shortly before the filing deadline. Management does not believe that the reliance on filing Form 12b-25 indicates any ineffectiveness in disclosure controls and procedures.

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 February 1, 2004 AXA Financial, Equitable, ACMI and ECMC, each of which is an affiliate of the General Partner, held 136,859,599 Alliance Capital Units and 1,444,356 Alliance Holding Units.

The General Partner is reimbursed by Alliance Capital for all expenses it incurs 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 2003 except for directors and officers/errors and omissions 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	57	Chairman of the Board and Director
Henri de Castries	49	Director
Christopher M. Condron	56	Director
Denis Duverne	50	Director
Richard S. Dziadzio	40	Director
Alfred Harrison	66	Director and Vice Chairman of the Board
Roger Hertog	62	Director and Vice Chairman of the Board
Benjamin D. Holloway	79	Director
W. Edwin Jarmain	65	Director
Gerald M. Lieberman	57	Director, Executive Vice President and Chief Operating Officer
Peter D. Noris	48	Director
Lewis A. Sanders	57	Director, Vice Chairman of the Board and Chief Executive Officer
Frank Savage	65	Director
Lorie A. Slutsky	51	Director
Peter J. Tobin	60	Director
Stanley B. Tulin	54	Director
Dave H. Williams	71	Director and Chairman Emeritus
John L. Blundin	63	Executive Vice President
Kathleen A. Corbet	44	Executive Vice President
Sharon E. Fay	43	Executive Vice President
Marilyn G. Fedak	57	Executive Vice President

Mark R. Gordon	50	Executive Vice President
Thomas S. Hexner	47	Executive Vice President
Robert H. Joseph, Jr.	56	Senior Vice President and Chief Financial Officer
Mark R. Manley	41	Senior Vice President and Acting General Counsel
Seth J. Masters	44	Senior Vice President
Marc O. Mayer	46	Executive Vice President
James G. Reilly	43	Executive Vice President
Paul C. Rissman	47	Executive Vice President
Lisa A. Shalett	40	Executive Vice President
David A. Steyn	44	Executive Vice President
Christopher M. Toub	44	Executive Vice President

Biographies

Mr. Calvert joined Alliance in 1973 as an equity portfolio manager and was elected Chairman of the Board on May 1, 2001. He served as Chief Executive Officer from January 6, 1999 until June 30, 2003. 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. de Castries was elected a Director of Alliance in October 1993. Since May 3, 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 Equitable and a member of the Management Board of AXA. Prior to joining AXA Financial, Mr. Condron served as both President and Chief Operating Officer of Mellon Financial Corporation ("Mellon"), since 1999, and as Chairman and Chief Executive Officer of The Dreyfus Corporation, a subsidiary of Mellon, 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 and Equitable are parents of Alliance Capital and Alliance Holding. Equitable is a subsidiary of AXA Financial.

Mr. Duverne was elected a Director of Alliance in February 1996. He is Chief Financial Officer of AXA, which he previously served as Group Executive Vice President-Finance, Control and Strategy. Mr. Duverne joined AXA as Senior Vice President in 1995. Prior to that, Mr. Duverne held senior positions with various French financial institutions and with the French Ministry of Finance. He is a Director of AXA Financial, Equitable and various other subsidiaries and affiliates of the AXA Group. 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 of AXA in support of AXA Financial and the asset management activities of AXA. He joined AXA in 1994 as a member of the corporate finance department with responsibilities in the 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 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 Bernstein, which he joined as a research analyst in 1968. Mr. Hertog is the past Chairman of the Manhattan Institute and a Trustee of the American Enterprise Institute for Public Policy, the Washington Institute for Near East Policy and The New York Public Library. Mr. Hertog is a Director and the President and Chief Operating Officer of SCB Inc.

Mr. Holloway was elected a Director of Alliance in November 1987. He is a consultant to The Continental 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 the Museum of Contemporary Art in Miami. Mr. Holloway was a Director of Rockefeller Center Properties, Inc. and Time Warner 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. Lieberman became a Director and the Chief Operating Officer of Alliance in November 2003. Mr. Lieberman joined Alliance in October 2000 as a member of the senior officer team from the Bernstein Acquisition. He served as Executive Vice President, Finance and Operations from November 2000 to November 2003. Prior to the Bernstein Acquisition, Mr. Lieberman was a member of Bernstein's Board of Directors. Prior to joining Bernstein in 1998, he was Chief Financial Officer and Chief of Administration at Fidelity Investments. He is a Trustee of the University of Connecticut Foundation and a member of the Board of Directors of American Friends of Beit Issie Shapiro. Mr. Lieberman is also a Director of SCB Inc.

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 and was elected Chief Executive Officer on July 1, 2003. Prior to joining Alliance, he served as Chairman and Chief Executive Officer of Bernstein, 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 and the Chairman and 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 and Qualcomm Inc.

Ms. Slutsky was elected a Director of Alliance in July 2002. She has been President of The New York Community Trust since January 1990. She is currently a Trustee of New School University and the Center of Philanthropy at Indiana University, and she is Chairman of the Board of Boardsource. Ms. Slutsky was a Trustee and Chairman of the Budget Committee of Colgate University, and has served on a number of non-profit boards.

Mr. Tobin was elected a Director of Alliance in May 2000. He has been Special Assistant to the President of St. John's University since September 2003. Prior thereto, Mr. Tobin served as Dean of the Tobin College of Business from August 1998 to September 2003. As Dean, Mr. Tobin was 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 CPAs 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., CIT Group Inc. 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; member of the Board of Overseers at 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 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. AXA, AXA Financial and Equitable are parents of Alliance Capital and Alliance Holding. Equitable is a subsidiary of AXA Financial.

Mr. Blundin joined Alliance in 1972 and was elected Executive Vice President on February 20, 1997. He was a Senior Vice President from 1972 to 1997. Mr. Blundin is co-head of Alliance Capital's Disciplined Growth portfolio management team.

Ms. Corbet joined Alliance in 1993 and has been an Executive Vice President since February 1997. Ms. Corbet has been Chief Executive Officer of AllianceBernstein Fixed Income, a division of Alliance Capital, since 2000. She served as President and Chief Administrative Officer of AllianceBernstein Fixed Income 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.

Ms. Fay joined Alliance in October 2000. She was elected Executive Vice President in November 2003, and was appointed Chief Investment Officer-Global Value Equities, assuming oversight for all portfolio management and research activities relating to cross-border and non-U.S. value investment portfolios. In addition to this role, Ms. Fay continues to serve as Chief Investment Officer-European and U.K. Value equities, a position she assumed with Bernstein in 1999, and chairs the Global, European and U.K. Value Investment Policy Groups. Between 1997 and 1999, she was Chief Investment Officer-Canadian Value equities with Bernstein. Prior to that, she had been a senior portfolio manager of International Value equities since 1995. Ms. Fay joined Bernstein in 1990 as a research analyst in investment management, following the airlines, lodging, trucking and retail industries. Before joining Bernstein, Ms. Fay served as Director of Research at Bernard L. Madoff.

Ms. Fedak joined Alliance in October 2000, when she was named Executive Vice President and Chief Investment Officer for U.S. Value Equities. From 1993 to 2000, Ms. Fedak was Chief Investment Officer for U.S. Value Equities and Chairman of the Bernstein U.S. Equity Investment Policy Group at Bernstein, where she had previously served as a senior portfolio manager since joining the firm in 1984. Ms. Fedak is a Director of SCB Inc.

Mr. Gordon joined Alliance in October 2000 and is presently Director of Global Quantitative Research and Chief Investment Officer of the Absolute Return Strategy. He was elected an Executive Vice President of Alliance in February 2004. Mr. Gordon also serves on the U.S. Equity, International, Global Balanced, Emerging Markets, Small-Capitalization, Canadian, European and U.K. Equity Investment Policy Groups. He has previously served as Head of Risk Management, Director of Product Development and Director Quantitative Research since joining Bernstein in 1983. Before joining Bernstein, he worked at Citicorp Credit Services as Vice President for Risk Management and Policy. Mr. Gordon is a Chartered Financial Analyst.

Mr. Hexner joined Alliance in October 2000, when he was elected Executive Vice President. He is President of Bernstein Investment Research and Management, a unit of Alliance Capital, overseeing the firm's private client business. From 1996 to 2000, Mr. Hexner headed the private client business of Bernstein. From 1989 to 1996, he was Managing Director of Bernstein's West Coast investment management clients. Mr. Hexner joined Bernstein in 1986 as a financial advisor, and was appointed National Director of Investment Planning in 1988. Mr. Hexner is a Director of SCB Inc.

Mr. Joseph joined Alliance in 1984 and held various financial positions, until his election as Senior Vice President and Chief Financial Officer in 1994. Before joining Alliance, Mr. Joseph was a Senior Audit Manager with Price Waterhouse for thirteen years. He became a certified public accountant in 1975. Mr. Joseph is a member of the Financial Executives Institute and New York State Society of CPAs, and he serves on the Board of Trustees of Gettysburg College.

Mr. Manley joined Alliance in 1984 and, since July 2003, has served as Senior Vice President and Acting General Counsel. From February 1998 through June 2003, Mr. Manley was Senior Vice President, Assistant General Counsel and Chief Compliance Officer. From February 1992 through February 1998, he was Vice President, Counsel and Chief Compliance Officer. He became Chief Compliance Officer in 1988. Mr. Manley is admitted to the Bar in the State of New York.

Mr. Masters joined Alliance in October 2000 and is currently Chief Investment Officer for style blend and core equity services. Between 1994 and 2002, Mr. Masters was Chief Investment Officer for Emerging Markets Value equities. He joined Bernstein in 1991 as a research analyst covering banks, insurance companies and other financial firms. Prior to Bernstein, Mr. Masters worked as a senior associate at Booz, Allen & Hamilton from 1986 to 1990 and taught economics in China from 1983 to 1985. Mr. Masters is a member of the Board of Trustees of the Wenner Gren Foundation.

Mr. Mayer joined Alliance in October 2000 and is currently an Executive Vice President. He was elected Chairman of ABIRM in November 2003 and headed AllianceBernstein Institutional Investment Management from 2001 until that time. Prior to this, Mr. Mayer headed SCB LLC after working in Bernstein's institutional research services group since 1989 as an *Institutional Investor* ranked analyst and research director. Prior to joining Bernstein, he worked for Squibb Corporation, a pharmaceutical company. Mr. Mayer is a Director of SCB Inc.

Mr. Reilly joined Alliance in 1985 as a Vice President and research analyst. He has been Executive Vice President and Large Cap Growth Portfolio Manager since 1999. Mr. Reilly joined Alliance's large cap growth team as a portfolio manager in 1988. He served Alliance as a Senior Vice President from 1993 until 1999.

Mr. Rissman joined Alliance in 1989. He is Executive Vice President, Director of Global Growth Equity Research and Portfolio Manager. Mr. Rissman has been Global Director of Research for Growth Equities since 2000, and has led the Relative Value investment team and co-managed the AllianceBernstein

Growth & Income Fund since 1994. Prior to joining Alliance Capital, he taught at New York University and lectured at Drew University. Mr. Rissman is a Chartered Financial Analyst.

Ms. Shalett joined Alliance in October 2000. She is currently the Chief Executive Officer and Chairman of the Board of SCB LLC. Previously, Ms. Shalett served as Director of Global Research for U.S. and European companies and as senior research analyst covering capital goods and diversified industrials. In this position, Ms. Shalett was a member of the *Institutional Investor* All-America Research team for three years. Ms. Shalett joined Bernstein in 1995. Previously, she spent six years as a management consultant at the Boston Consulting Group in New York, covering consumer and technology-intensive industries.

Mr. Steyn joined Alliance in October 2000 and was elected Executive Vice President in November 2003, having served as Senior Vice President since November 2000. He is Head of AllianceBernstein Institutional Investment Management. Prior to joining Alliance, Mr. Steyn was the founding co-CEO of Bernstein's London office, having joined Bernstein in November 1999. During the previous ten years he set up and ran a quantitative equity hedge fund manager, Quaestor.

Mr. Toub joined Alliance in 1992 as a portfolio manager with the Disciplined Growth group. He is currently Executive Vice President and Head of Global Growth Equities. He served as Director of Global Equity Research from 1998 through 2000. Prior to joining Alliance, Mr. Toub worked with Marcus, Schloss & Co. ("Marcus"), a private investment partnership, as an analyst and portfolio

manager. At that time, he was also a member of the NYSE, where he was a specialist. Prior to Marcus, Mr. Toub worked at Bear Stearns in proprietary trading.

Directors; Board Committees

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. 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.

The General Partner has an Audit Committee composed of Messrs. Holloway, Jarmain and Tobin, all of whom are independent directors. 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 9 meetings in 2003.

The General Partner has a Board Compensation Committee composed of Messrs. Calvert, Condron and Holloway and Ms. Slutsky. The Board Compensation Committee is responsible for compensation and compensation related matters, including 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 and Ms. Slutsky, was responsible for granting options under Alliance Capital's 1993 Unit Option Plan. The 1997 Option Committee, consisting of Messrs. Calvert, Condron and Holloway and Ms. Slutsky, 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 and Ms. Slutsky, 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 a committee consisting of Messrs. Calvert, Sanders and Lieberman with respect to matters within their authority. The Committee under the SCB Deferred Compensation Award Plan, consisting of Messrs. Sanders and Hertog, was responsible for granting awards under the SCB Deferred Compensation Award Plan. The Century Club Plan Committee, consisting of Messrs. Lieberman and Mayer, is responsible for granting awards under Alliance Capital's Century Club Plan.

The Board of Directors of the General Partner ("Board") appointed a Special Committee, consisting of all of the independent directors of the Board, to oversee a number of matters relating to recent and ongoing regulatory investigations by the Office of the New York State Attorney General, the SEC and other regulators. In part, the Special Committee is responsible to direct and oversee Alliance Capital's internal investigation into these matters, to work with the regulators to resolve these matters, to oversee a broad review of compliance activities and to oversee the handling of related unitholder derivative suits. The members of the Special Committee do not receive any additional compensation for their service on the Special Committee, apart from the ordinary meeting fees described below.

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 2003, options were granted on May 15 to Messrs. Holloway, Jarmain and Tobin and to Ms. Slutsky. Alliance Capital reimburses Messrs. de Castries, Duverne, Dziadzio, Holloway, Jarmain and Tobin and Ms. Slutsky 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 has regular quarterly meetings and such special meetings as circumstances may require.

Audit Committee Financial Expert

The Board has determined (a) that Peter J. Tobin is an "audit committee financial expert" within the meaning of Item 401(h) of Regulation S-K, and (b) that Mr. Tobin is "independent" within the meaning of Item 401(h) of Regulation S-K.

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, 2003 all Section 16(a) filing requirements applicable to its executive officers, directors and 10% beneficial owners were complied with, except Statements of Changes in Beneficial Ownership of Securities on Form 4 were filed late on behalf of Messrs. Holloway, Jarmain and Tobin and Ms. Slutsky (each Form 4 pertained to a grant on May 15, 2003 of an option to purchase 10,000 Alliance Holding Units). To the best of Alliance Capital's knowledge, during the year ended December 31, 2003, all of its executive officers, directors and 10% beneficial owners were in compliance with all applicable Section 16(a) filing requirements.

Code of Ethics

All of Alliance Capital's officers and employees, including its Chief Executive Officer, Chief Financial Officer and Controller, are subject to Alliance Capital's Code of Ethics and Statement of Policy and Procedures Regarding Personal Securities Transactions. That code is intended to comply with Rule 17j-1 under the Investment Company Act and recommendations issued by the Investment Company Institute regarding, among other things, practices and standards with respect to securities transactions of investment professionals.

Alliance Capital has not adopted a code of ethics under Section 406 of the Sarbanes-Oxley Act of 2002 that applies specifically to its Chief Executive Officer, Chief Financial Officer and Controller ("Item 406 Code"). Alliance Capital is subject to an order of the SEC that requires certain changes to governance and compliance procedures, including the formation of a Code of Ethics Oversight Committee consisting of members of senior management. We expect this committee to review and adopt an Item 406 Code on behalf of Alliance Capital. Alliance Capital intends to satisfy the disclosure requirements under Item 10 of Form 8-K regarding certain amendments to or waivers from provisions of the Code that apply to the Chief Executive Officer, Chief Financial Officer and Controller by posting such information on the Alliance Capital website: *www.alliancecapital.com*.

Item 11. Executive Compensation

The following Summary Compensation Table sets forth all plan and non-plan compensation awarded to, earned by or paid to each Chief Executive Officer and each of the four most highly compensated executive officers of the General Partner at the end of 2003 ("Named Executive Officers"):

					Long Term Compensation			
		Annual Compensation			Awards		Payouts	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Compensation ($)[4]	Restricted Unit Award(s) ($)	Options (#Units)	LTIP Payouts ($)	All other Compensation ($)[5]
Bruce W. Calvert[1]	2003	285,579	0	2,537,135	0	0	0	(539,255)
Chairman of the Board &	2002	275,002	2,000,000	227,555	0	0	0	765,137
Chief Executive Officer	2001	275,002	6,000,000	4,565,988	0	0	0	1,244,649
Lewis A. Sanders[1][2]	2003	285,579	1,055,384	60,733	0	0	0	2,042,343
Vice Chairman &	2002	275,002	3,725,000	35,221	0	0	0	540,124
Chief Executive Officer	2001	275,002	2,225,000	0	0	0	0	0
Lisa A. Shalett	2003	207,692	1,995,555	155,599	0	0	0	1,344,628
Executive Vice President	2002	200,000	1,794,000	82,911	0	0	0	517,865
	2001	200,000	1,694,000	30,909	0	0	0	180,394
David A. Steyn[3]	2003	195,905	1,276,626	101,100	0	0	0	261,271
Executive Vice President	2002	240,796	1,157,905	53,092	0	0	0	66,424
	2001	219,131	1,287,444	33,480	0	0	0	24,652
Kathleen A. Corbet	2003	207,692	1,250,000	1,254,680	0	0	0	529,635
Executive Vice President	2002	200,000	1,800,000	1,230,852	0	20,000	0	847,928
	2001	200,000	2,585,000	321,361	0	30,000	0	643,991
Sharon E. Fay	2003	207,692	1,200,000	138,334	0	0	0	1,073,436
Executive Vice President	2002	200,000	1,266,667	115,046	0	0	0	265,477
	2001	200,000	1,200,000	92,695	0	0	0	197,305

(1) Mr. Calvert served as the Chief Executive Officer of the General Partner through June 30, 2003, and Mr. Sanders assumed that position beginning on July 1, 2003.

(2) Column (d) includes for Mr. Sanders cash payments of $755,384 for 2003, $2,000,000 for 2002 and $500,000 for 2001 in respect of the performance of the Advanced Value Fund.

(3) Mr. Steyn is compensated in pounds sterling. For purposes of calculating amounts hereunder, management used an exchange rate for U.S. dollars at December 31, 2001, 2002 and 2003.

(4) 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).

For Mr. Calvert, column (e) includes, among other perquisites and personal benefits: for 2003, $2,343,585 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, cash distributions of $130,703 in respect of unvested Alliance Holding Units awarded under the Alliance Partners Compensation Plan, $41,122 of transportation (car allowance and/or air travel) and $21,725 of club dues; for 2002, cash distributions of $185,256 in respect of unvested Alliance Holding Units awarded under the Alliance Partners Compensation Plan, $30,099 of transportation (car allowance and air travel) and $12,200 of personal tax services; and for 2001, $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, cash distributions of $223,031 in respect of unvested Alliance Holding Units awarded under the Alliance Partners Compensation Plan and $25,987 of transportation.

For Mr. Sanders, column (e) includes, among other perquisites and personal benefits: for 2003, $60,733 of transportation; and for 2002, $34,821 of transportation and $400 of club dues.

For Ms. Shalett, column (e) includes, among other perquisites and personal benefits: for 2003, cash distributions of $155,599 in respect of undistributed Alliance Holding Units awarded under the SCB Deferred Compensation Award Plan; for 2002, cash distributions of $82,911 in respect of undistributed Alliance Holding Units awarded under the SCB Deferred

Compensation award Plan; and for 2001, cash distributions of $30,909 in respect of undistributed Alliance Holding Units awarded under the SCB Deferred Compensation Award Plan.

For Mr. Steyn, column (e) includes, among other perquisites and personal benefits: for 2003, cash distributions of $99,004 in respect of undistributed Alliance Holding Units awarded under the SCB Deferred Compensation Award Plan, and $2,096 of health care benefits; for 2002, cash distributions of $50,676 in respect of undistributed Alliance Holding Units awarded under the SCB Deferred Compensation Award Plan, and $2,416 of health care benefits; and for 2001, cash distributions of $31,485 in respect of undistributed Alliance Holding Units awarded under the SCB Deferred Compensation Award Plan and $1,995 of health care benefits.

For Ms. Corbet, column (e) includes, among other perquisites and personal benefits: for 2003, $1,119,564 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, cash distributions of $109,790 in respect of unvested Alliance Holding Units awarded under the Alliance Partners Compensation Plan and $25,326 of transportation; for 2002, $1,067,360 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, cash distributions of $155,927 in respect of unvested Alliance Holding Units awarded under the Alliance Partners Compensation Plan and $7,565 of transportation.; and for 2001, cash distributions of $208,805 in respect of unvested Alliance Holding Units awarded under the Alliance Partners Compensation Plan, $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, $22,176 of transportation and $380 of personal tax services.

For Ms. Fay, column (e) includes, among other perquisites and personal benefits: for 2003, cash distributions of $82,834 in respect of undistributed Alliance Holding Units awarded under the SCB Deferred Compensation award Plan and $55,500 in living expenses; for 2002, cash distributions of $59,546 in respect of undistributed Alliance Holding Units awarded under the SCB Deferred Compensation Award Plan and $55,500 in living expenses; and for 2001, cash distributions of $37,195 in respect of undistributed Alliance Holding Units awarded under the SCB Deferred Compensation Award Plan and $55,500 in living expenses.

(5) Column (i) includes award amounts vested and earnings credited in 2001, 2002 and 2003 in respect of the Alliance Partners Compensation Plan, SCB Deferred Compensation Award Plan, the Alliance Capital Management L.P. Annual Elective Deferral Plan ("Alliance Deferral Plan") and deferred compensation in respect of association with the hedge funds. The table does not include any amounts in respect of 2003 awards under the Alliance Partners Compensation Plan or the SCB Deferred Compensation Award Plan because no 2003 awards or contributions have vested and no earnings have been credited in respect thereof. Alliance Capital adopted the SCB Deferred Compensation Award Plan in connection with the Bernstein Acquisition. Under the SCB Deferred Compensation Award 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) for Mr. Calvert reflects a diminution in the vested value of certain awards under the Alliance Partners Compensation Plan equal to $1,457,130, which award is valued based on earnings of Alliance Capital. Similarly, column (i) for Ms. Corbet reflects a diminution in the vested value of certain awards under the Alliance Partners Compensation Plan equal to $181,977.

Column (i) includes the following amounts for 2003:

	Bruce W. Calvert	Lewis A. Sanders	Lisa A. Shalett	David A. Steyn	Kathleen A. Corbet	Sharon E. Fay
Earnings Accrued on Partners Plan Balances	$ 1,314	$ 0	$ 0	$ 0	$ 0	$ 0
Vesting of Awards and Accrued Earnings Under Alliance Partners Compensation Plan, net	(567,669)	0	0	0	481,005	0
Receipt of Awards and Accrued Earnings in Respect of Association with Hedge Funds	0	2,036,354	0	0	0	53,990
Vesting of Awards and Accrued Earnings under SCB Deferred Compensation Plan	0	0	1,339,256	261,271	0	1,014,074
Vesting of Awards and Accrued Earnings Under Alliance Elective Deferral Plan	0	0	0	0	27,446	0
Profit Sharing Plan Contribution	20,000	5,185	5,185	0	20,000	5,185
Term Life Insurance Premiums	7,100	804	187	0	1,184	187
Total	$ (539,255)	$ 2,042,343	$ 1,344,628	$ 261,271	$ 529,635	$ 1,073,436

Option Grants in 2003

No grants of options were made to any of the Named Executive Officers during 2003.

Aggregated Option Exercises in 2003 and 2003 Year-End Option Values

The following table summarizes for each of the Named Executive Officers the number of options exercised during 2003, the aggregate dollar value realized upon exercise, the total number of Alliance Holding Units subject to unexercised options held at December 31, 2003, and the aggregate dollar value of in-the-money, unexercised options held at December 31, 2003. Value realized upon exercise is the difference between the fair market value of the underlying Alliance Holding Units on the date of exercise and the exercise price of the option. The value of an unexercised, in-the-money option 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, 2003, which was $33.75 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 2003 and December 31, 2003 Option Values

Name	Options Exercised (# Units)	Value Realized ($)	Number of Alliance Holding Units Underlying Unexpired Options at December 31, 2003		Value of Unexercised In-the-Money Options at December 31, 2003 ($)[1]	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Bruce W. Calvert	100,000	2,343,585	1,080,000	120,000	13,359,375	0
Lewis A. Sanders	0	N/A	0	0	N/A	0
Lisa A. Shalett	0	N/A	0	0	N/A	0

David A. Steyn	0	N/A	0	0	N/A	0
Kathleen A. Corbet	50,000	1,119,564	265,000	114,000	2,366,311	37,120
Sharon E. Fay	0	N/A	0	0	N/A	0

(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 and non-employee directors of the General Partner. 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 ACMI, ACMI entered into an employment agreement with Mr. Calvert. The agreement provides for deferred compensation payable in stated monthly amounts for ten years commencing at age 65, or earlier in a reduced amount, if Mr. Calvert so elects, or in the event of disability or death. The right to receive such deferred compensation is vested. Mr. Calvert has elected to receive payments commencing in 2005; the annual amount of deferred compensation payable for ten years is $289,042. While Alliance Capital assumed responsibility for payment of these deferred compensation obligations, ACMI and Alliance are required, subject to certain limitations, to make capital contributions to Alliance Capital in an amount equal to the payments, and ACMI is also obligated to the employees for the payments. ACMI'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.

On March 7, 2003 Mr. Calvert entered into an agreement under which he has agreed to be employed by Alliance Capital until March 31, 2009 ("Employment Term"). Mr. Calvert agreed to continue to serve as Chief Executive Officer until June 30, 2003 and to continue to serve as Chairman of the Board until December 31, 2004. From July 1, 2003 until the end of the Employment Term Mr. Calvert will serve as an executive adviser to the Chief Executive Officer. The agreement provides that Mr. Calvert will be paid a minimum base salary of $275,000 in 2003 and 2004 and $120,000 per year for the remainder of the Employment Term. Mr. Calvert is entitled to receive minimum annual bonuses of $1,000,000 and $500,000 for 2003 and 2004, respectively, and minimum contributions under the Alliance Partners Compensation Plan of $1,000,000 and $500,000 for 2003 and 2004, respectively. During the Employment Term Mr. Calvert is entitled to perquisites on the same terms as the Chief Executive Officer. Such perquisites currently include club memberships and the use of an automobile provided by Alliance Capital. Also, during the Employment Term any travel, including use of Alliance Capital's leased or owned aircraft, will be on the same basis and manner as travel by the Chief Executive Officer. While serving as Chairman Mr. Calvert is entitled to the services of a chauffeur in connection with his services to Alliance Capital. Alliance Capital has agreed to provide Mr. Calvert

with a monthly allowance to cover Mr. Calvert's costs in furnishing, equipping and operating an office at a separate location from September 30, 2003 until the end of the Employment Term.

Certain Employee Benefit Plans

Retirement Plan. Alliance Capital maintains a qualified, non-contributory, defined benefit retirement plan covering most employees of Alliance Capital who were employed by Alliance Capital prior to October 2, 2000. 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 or she 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	$ 17,987	$ 23,983	$ 29,979	35,975	$ 41,970	$ 46,970	$ 51,970
150,000	29,237	38,983	48,729	58,475	68,220	75,720	83,220
200,000	40,487	53,983	67,479	80,975	94,470	100,000	100,000
250,000	51,737	68,983	86,229	100,000	100,000	100,000	100,000
300,000	62,987	83,983	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 Mr. Calvert and Ms. Corbet would be 38 and 31 years, 5 months, 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 two individuals for 2003 is $200,000 and $200,000 respectively. The other Named Executive Officers 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 estimated annual retirement benefit payable at age 65 for Mr. Calvert, the only Named Executive Officer who participates in the Program, is $154,502, which is fully vested.

For a discussion of Alliance Capital's other employee benefit plans, as well as its deferred compensation and unit option plans, please refer to "Note 18. Employee Benefit Plans," "Note 19. Deferred Compensation Plans" and "Note 20. Compensatory Unit Award and Option Plans" of Alliance Capital's Consolidated Financial Statements in Item 8 of this Form 10-K.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Principal Security Holders

As of February 1, 2004, Alliance Capital had no information that any person beneficially owned more than 5% of the outstanding Alliance Capital Units except (i) AXA, AXA Financial, Equitable, ACMI and ECMC (Equitable, ACMI and ECMC are wholly-owned subsidiaries of AXA Financial) as reported on Schedule 13D/A dated November 27, 2002 and subsequent Forms 4 dated December 24, 2002, April 1, 2003, April 17, 2003, June 17, 2003 and June 27, 2003 filed with the SEC by AXA Financial and certain of its affiliates pursuant to the Exchange Act and (ii) SCB Inc. and SCB Partners Inc. (SCB Partners Inc. is a wholly-owned subsidiary of SCB Inc.) as reported on Schedule 13D/A dated November 25, 2002, filed with the SEC by SCB Inc. and SCB Partners Inc. pursuant to the Exchange Act. The table below and the notes following it have been prepared in reliance upon such filings for the nature of ownership and an explanation of overlapping ownership.

On March 5, 2004, SCB Partners Inc. sold to ECMC 8,160,000 Alliance Capital Units ("Sale") pursuant to an agreement entered into in connection with the Bernstein Acquisition; the beneficial ownership of Alliance Capital Units discussed in this Item 12 does not reflect the Sale.

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	136,859,599	54.2%
AXA Financial[1][2][3][4][6] 1290 Avenue of the Americas New York, NY 10019	136,859,599	54.2%
SCB Inc.[5][6] SCB Partners Inc.[5][6] 50 Main Street, Suite 1000 White Plains, NY 10606	32,640,000	12.9%

(1) Based on information provided by AXA Financial, at February 1, 2004, 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") the term of which has been extended until May 12, 2012. The trustees of the Voting Trust (the "Voting Trustees") are Claude Bébéar, Henri de Castries and Francoise Colloc'h, each of whom serves either on the Management Board or 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 February 1, 2004, approximately 16.89% of the issued ordinary shares (representing 27.55% of the voting power) of AXA were owned directly and indirectly by Finaxa, a French holding company. As of February 1, 2004, 71.11% of the shares (representing 80.36% of the voting power) of Finaxa were owned by three French mutual insurance companies (the "Mutuelles AXA") and 21.32% of the shares of Finaxa (representing 12.80% of the voting power) were owned by BNP Paribas, a French bank. On February 1, 2004, the Mutuelles AXA owned directly or indirectly through intermediate holding companies (including Finaxa) approximately 20.17% of the issued ordinary shares (representing 32.94% 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 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 BNP Paribas is 3 rue d'Antin, 75002 Paris, France.

(4) By reason of their relationships, AXA, the Voting Trustees, the Mutuelles AXA, Finaxa, AXA Financial, AXA Financial Services, LLC, Equitable, Equitable Holdings, LLC, ACMI 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 136,859,599 Alliance Capital Units.

(5) SCB Partners Inc. is a wholly-owned subsidiary of SCB Inc. Mr. Sanders is a Director, and the Chairman and 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, and the 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. Ms. Fay is the owner of less than a 1% equity interest in SCB Inc. Mr. Sanders, Mr. Hertog, Mr. Lieberman and Ms. Fay disclaim beneficial ownership of the 32,640,000 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. SCB Inc. has the right ("Put") to sell to AXA Financial or its designee up to 8,160,000 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. On November 25, 2002, a subsidiary of AXA Financial purchased 8,160,000 Alliance Capital Units from SCB Partners Inc., a wholly-owned subsidiary of SCB Inc. pursuant to an exercise of the Put rights by SCB Inc.

At February 1, 2004, Alliance Holding, 1345 Avenue of the Americas, New York, NY 10105, owned 79,002,779 or 31.4% of the outstanding Alliance Capital Units.

At February 1, 2004, Alliance Holding did not have any information that any person beneficially owned more than 5% of the outstanding Alliance Holding Units.

The following table provides information relating to securities to be issued pursuant to equity compensation plans.

Equity Compensation Plan Information[1]

Plan Category	Number of securities to be issued upon exercises of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column a) (c)
Equity compensation plans approved by security holders	13,788,100	$ 35.55	27,879,538
Equity compensation plans not approved by security holders	—	—	—
Total	13,788,100	$ 35.55	27,879,538

(1) The figures in this table do not include cash awards under certain of Alliance Capital's deferred compensation plans, pursuant to which employees (including the Named Executive Officers) may choose to invest a portion or all of such awards in notional interests in Alliance Holding Units. Alliance Holding Units may not be issued under such plans. For additional information concerning such plans, please refer to "Note 19. Deferred Compensation Plans" of Alliance Capital's Consolidated Financial Statements in Item 8 of this Form 10-K.

Management

The following table sets forth, as of February 1, 2004, 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	*
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	*
Gerald M. Lieberman[1][2]	0	*
Peter D. Noris[1]	0	*
Lewis A. Sanders[1][2]	0	*
Frank Savage[1]	10,000	*
Lorie A. Slutsky	0	*
Peter J. Tobin[1]	0	*
Stanley B. Tulin[1]	0	*
Dave H. Williams[1]	619,036	*
Kathleen A. Corbet[1]	0	*
Sharon E. Fay[1][2]	0	*
Lisa A. Shalett[1]	0	*
David A. Steyn[1]	0	*
All directors and executive officers of the General Partner as a group (32 persons)[1][2]	1,494,446	*

* 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, de Castries, Condron, Duverne, Dziadzio, Jarmain, Noris, Tobin and Tulin are directors and/or officers of AXA, AXA Financial and/or Equitable. Messrs. Calvert, Harrison, Hertog, Lieberman, Sanders, Savage, Steyn and Williams, and Mesdames Corbet, Fay and Shalett, are directors and/or officers of Alliance.

(2) Excludes 32,640,000 Alliance Capital Units beneficially owned by SCB Inc. and SCB Partners Inc., a wholly-owned subsidiary of SCB Inc. Mr. Sanders is a Director, and the Chairman and 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, and the 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. Ms. Fay is the owner of less than a 1% equity interest in SCB Inc. Mr. Sanders, Mr. Hertog, Mr. Lieberman and Ms. Fay disclaim beneficial interest in the 32,640,000 Alliance Capital Units owned by SCB Partners Inc.

The following table sets forth, as of February 1, 2004, 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]	1,638,385	2.1%
Henri de Castries[1]	2,000	*
Christopher M. Condron[1]	10,000	*
Denis Duverne[1]	2,000	*
Richard S. Dziadzio[1]	0	*
Alfred Harrison[1][3]	429,111	*
Roger Hertog[1]	0	*
Benjamin D. Holloway[4]	18,500	*
W. Edwin Jarmain[5]	8,000	*
Gerald M. Lieberman[6]	36,146	*
Peter D. Noris[1]	0	*
Lewis A. Sanders[1]	0	*
Frank Savage[1]	75,000	*
Lorie A. Slutsky	1,150	*
Peter J. Tobin[7]	6,000	*
Stanley B. Tulin[1]	4,000	*
Dave H. Williams[1]	372,517	*
Kathleen A. Corbet[1][8]	409,195	*
Sharon E. Fay[1]	0	*
Lisa A. Shalett[1]	4,174	*
David A. Steyn[1]	1,637	*
All directors and executive officers of the General Partner as a group (32 persons)[9]	4,707,868	6.0%

* 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, de Castries, Condron, Duverne, Dziadzio, Jarmain, Noris, Tobin and Tulin are directors and/or officers of AXA, AXA Financial and/or Equitable. Messrs. Calvert, Harrison, Hertog, Lieberman, Sanders, Savage, Steyn and Williams, and Mesdames Corbet, Fay and Shalett, are directors and/or officers of Alliance.

(2) Includes 1,080,000 Alliance Holding Units which may be acquired within 60 days under the 1993 Unit Option Plan and the 1997 Long Term Incentive Plan ("Alliance Capital Option Plans").

(3) Includes 180,000 Alliance Holding Units which may be acquired within 60 days under Alliance Capital Option Plans.

(4) Includes 10,000 Alliance Holding Units which may be acquired within 60 days under Alliance Capital Option Plans.

(5) Includes 6,000 Alliance Holding Units which may be acquired within 60 days under Alliance Capital Option Plans.

(6) Includes 24,000 Alliance Holding Units which may be acquired within 60 days under Alliance Capital Option Plans.

(7) Represents 6,000 Alliance Holding Units which may be acquired within 60 days under Alliance Capital Option Plans.

(8) Includes 265,000 Alliance Holding Units which may be acquired within 60 days under Alliance Capital Option Plans.

(9) Includes 2,341,500 Alliance Holding Units which may be acquired within 60 days under Alliance Capital Option Plans.

The following table sets forth, as of February 1, 2004, the beneficial ownership of the common stock of AXA 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]	20,389	*
Henri de Castries[3]	1,890,954	*
Christopher M. Condron[4]	780,633	*
Denis Duverne[5]	742,854	*
Richard S. Dziadzio[6]	21,677	*
Alfred Harrison	0	*
Roger Hertog	0	*
Benjamin D. Holloway	438	*
W. Edwin Jarmain[7]	18,887	*
Gerald M. Lieberman	0	*
Peter D. Noris[8]	432,327	*
Lewis A. Sanders	0	*
Frank Savage	590	*
Lorie A. Slutsky	0	*
Peter J. Tobin[9]	9,773	*
Stanley B. Tulin[10]	1,799,723	*
Dave H. Williams	0	*
Kathleen A. Corbet	400	*
Sharon E. Fay	0	*

Lisa A. Shalett	0	*
David A. Steyn	0	*
All directors and executive officers of the General Partner as a group (32 persons)[11]	5,718,445	*

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

(1) Holdings of AXA American Depositary Shares ("ADS") are expressed as their equivalent in AXA common stock. Each AXA ADS represents the right to receive one AXA ordinary share.

(2) Represents 20,389 shares subject to options held by Mr. Calvert, which options Mr. Calvert has the right to exercise within 60 days.

(3) Includes 1,501,658 shares subject to options and 284,796 ADSs 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.

(4) Includes 426,442 ADSs subject to options, which options Mr. Condron has the right to exercise within 60 days.

(5) Includes 559,594 shares subject to options and 158,220 ADSs subject to options, which options Mr. Duverne has the right to exercise within 60 days.

(6) Represents 21,677 shares subject to options held by Mr. Dziadzio, which options Mr. Dziadzio has the right to exercise within 60 days.

(7) Includes 11,800 ADSs owned by Jarmain Group Inc. Mr. Jarmain controls Jarmain Group Inc.

(8) Includes 71,773 shares subject to options and 340,549 ADSs subject to options held by Mr. Noris, which options Mr. Noris has the right to exercise within 60 days.

(9) Includes 3,540 ADSs Mr. Tobin owns jointly with his spouse.

(10) Includes 110,913 shares subject to options and 1,288,725 ADSs subject to options held by Mr. Tulin, which options Mr. Tulin has the right to exercise within 60 days.

(11) Includes 2,286,004 shares and 2,498,732 ADSs subject to options, which options may be exercised within 60 days.

Finaxa Common Stock

Among the directors and executive officers of the General Partner, only Mr. de Castries owns Finaxa common stock. His 147,262 shares include 85,000 shares subject to options held by Mr. de Castries, which options Mr. de Castries has the right to exercise within 60 days. These shares represent less than 1% of the outstanding Finaxa common stock.

Partnership Matters

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 in substance that, except as provided in the Delaware Act or the applicable partnership agreement, a general partner of a limited partnership has the liabilities of a general partner in a general partnership governed by the Delaware Uniform Partnership Law (as in effect on July 11, 1999) to the partnership and to the other partners. Accordingly, while under Delaware law a general partner of a limited partnership is liable as a fiduciary to the other partners, those fiduciary obligations may be altered by the terms of the applicable partnership agreement. 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") both set forth limitations on the duties and liabilities of 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 or in equity or otherwise. The partnership agreements for Alliance Capital and Alliance Holding further provide to the extent that, at law or in equity, the General Partner has duties (including fiduciary duties) and liabilities relating thereto to the partnership or any partner, the General Partner acting under the Alliance Capital Partnership Agreement or the Alliance Holding Partnership Agreement, as applicable, will not be liable to the partnership or any partner for its good faith reliance on the provisions of the partnership agreement.

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/errors and omissions 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 an 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.

Section 17-1101(c) of the Delaware Act provides that it is the policy of the Delaware Act to give maximum effect to the principle of freedom of contract and to the enforceability of partnership agreements. Further, Section 17-1101(d) of the Delaware Act provides in part that to the extent a partner has duties (including fiduciary duties) and liabilities relating thereto to a limited partnership or to another partner, those duties and liabilities may be expanded or restricted by provisions in a partnership agreement. Decisions of the Delaware courts have given recognition of the right of parties, under the above provisions of the Delaware Act, to alter by the terms of a partnership agreement otherwise applicable fiduciary duties and liability for breach of duties. However, the Delaware Courts have required that a partnership agreement make clear the intent of the parties to displace otherwise applicable fiduciary duties (the otherwise applicable fiduciary duties often being referred to as "default" fiduciary duties). Judicial inquiry into whether a partnership agreement is sufficiently clear to displace default fiduciary duties is necessarily fact driven and is made on a case by case basis. Accordingly, the effectiveness of displacing default fiduciary obligations and liabilities of general partners continues to be a developing area of the law and it is not certain to what extent the foregoing provisions of the Alliance Capital Partnership Agreement and the Alliance Holding Partnership Agreement are enforceable under Delaware 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 AXA 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.

The following table provides information concerning transactions between Alliance Capital and related parties during 2003:

Parties[1]	General Description of Relationship	Amounts Paid, Received or Accrued in 2003
Equitable (Equitable is a parent of Alliance Capital)	Alliance Capital provides investment management services and ancillary accounting, valuation, reporting, treasury and other services to the general and separate accounts of Equitable and its insurance company subsidiary	$42.8 million ($3.7 million relates to the ancillary services)
Equitable	Equitable provides certain legal and other services relating to insurance and other regulatory aspects of the general and separate accounts	$780,000
ACMI; Equitable	Equitable has issued life insurance policies to ACMI on the lives of certain employees of Alliance Capital	$5.2 million
Equitable	Alliance Capital and its employees are covered by various insurance policies maintained by Equitable	$3.3 million
AXA Asia Pacific Holdings Limited ("AXA Asia Pacific")[2]	Alliance Capital provides investment management services	$2.6 million
AXA Reinsurance Company[2]	Alliance Capital and its subsidiaries provide investment management services	$743,000

Nichidan Life Insurance Co., Ltd.[2]	Alliance Capital and its subsidiaries provide investment management services	$7.7 million
AXA Corporate Solutions Insurance Company[2]; AXA Corporate Solutions Excess & Surplus Insurance Company[2]	Alliance Capital and its subsidiaries provide investment management services	$238,000
AXA Foundation, Inc., a subsidiary of AXA Financial	Alliance Capital and its subsidiaries provide investment management services	$138,000
AXA UK Group Pension Scheme	Alliance Capital and its subsidiaries provide investment management services	$1.3 million
AXA (Canada)	Alliance Capital and its subsidiaries provide investment management services	$221,000

(1) Alliance Capital is a party to each transaction.

(2) This entity is a subsidiary of AXA. AXA is an indirect parent of Alliance Capital.

Other Transactions

On February 1, 2001 Alliance Capital and AXA Asia Pacific 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 $12.5 billion in assets, and earned $18.9 million in management fees in 2003.

AXA Advisors was Alliance Capital's second largest distributor of U.S. Funds in 2003, for which AXA Advisors received sales concessions from Alliance Capital on sales of $485 million. In 2003, AXA Advisors also distributed certain of Alliance Capital's cash management products. AXA Advisors received distribution payments totaling $5.7 million in 2003 for these services. Various subsidiaries of AXA distribute certain of Alliance Capital's Offshore Funds, for which such entities received aggregate distribution payments of approximately $352,000 in 2003.

During 2003 Alliance Capital paid for 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 of approximately $296,000 for which it has been or will be fully reimbursed by Equitable.

Equitable and its affiliates are not obligated to provide funds to Alliance Capital, except for ACMI'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 2003 Alliance Capital paid approximately $550,000 under this agreement for technology procurement services. Alliance Capital anticipates paying its share of such costs under this agreement in 2004.

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 $2.9 million in 2003.

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 compensated Mr. Williams for serving as a Director of two Alliance Mutual Funds at one-half the fee paid to a non-affiliated director of those Funds. During the Employment Period, Mr. Williams was entitled to office space, an administrative staff and certain senior executive officer perquisites including 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 returned Mr. Williams' prints hanging in the headquarters office to a location in the New York City metropolitan area at Alliance Capital's expense. Following the Employment Period, Alliance Capital has agreed to provide Mr. Williams and Mrs. Reba W. Williams (Mr. Williams' spouse and a former director of Alliance) with comparable dental and medical benefits for their respective lives.

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 that 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 one Alliance Mutual Fund and will be reimbursed for expenses incurred in attending Board meetings of that fund by Alliance Capital or that fund.

Mr. Bruce W. Calvert entered into an agreement with Alliance Capital on March 7, 2003. For information concerning this agreement, please refer to "Item 11. Executive Compensation-Compensation Agreements with Certain Executive Officers" in this Form 10-K.

ACMI 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 2003, ACMI made capital contributions to Alliance Capital in the amount of approximately $1.7 million in respect of these obligations. ACMI'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 ACMI, Alliance or EIC, will be allocated to ACMI or Alliance.

Item 14. Principal Accountant Fees and Services

The following table presents fees for professional audit services rendered by KPMG LLP for the audit of Alliance Capital's and Alliance Holding's annual financial statements for 2002 and 2003, and fees for other services rendered by KPMG LLP.

	2002			2003		
	Domestic	Int'l	Total	Domestic	Int'l	Total
Audit Fees[1]	$ 1,196,835	$ 512,946	$ 1,709,781	$ 1,996,495	$ 472,130	$ 2,468,625
Audit Related Fees[2]	609,550	134,060	743,610	1,651,248	482,503	2,133,751
Tax Fees[3]	416,616	666,648	1,083,264	512,280	785,544	1,297,824
All Other Fees[4]	493,518	58,947	552,465	61,512	—	61,512
Total	$ 2,716,519	$ 1,372,601	$ 4,089,120	$ 4,221,535	$ 1,740,177	$ 5,961,712

(1) Includes $94,000 for 2002, and $88,000 for 2003, in respect of audit services for Alliance Holding.

(2) Audit related fees consist principally of fees for audits of financial statements of certain employee benefit plans, Sarbanes-Oxley Section 404 implementation and internal control reviews.

(3) Tax fees consist of fees for tax consultation and tax compliance services.

(4) All other fees in 2002 primarily consists of staff augmentation costs and in 2003, miscellaneous non-audit services.

The Audit Committee has determined that all services to be provided by KPMG LLP must be reviewed and approved by the Audit Committee on a case-by-case basis, and therefore has not adopted policies or procedures to pre-approve engagements. The Audit Committee has delegated to its chairman the ability to approve any non-audit engagement where the fees are expected to be less than $100,000.

PART IV

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) There is no document filed as part of this Annual Report on Form 10-K.

(b) *Reports on Form 8-K.*

On October 9, 2003, Alliance Capital and Alliance Holding each filed a Current Report on Form 8-K with respect to a class action complaint entitled *Hindo, et al. v. AllianceBernstein Growth & Income Fund, et al.*

On October 9, 2003, Alliance Capital and Alliance Holding each filed a Current Report on Form 8-K with respect to their news release dated October 9, 2003.

On October 30, 2003, Alliance Capital and Alliance Holding each filed a Current Report on Form 8-K with respect to an update on Market Timing and Late Trading Matters, their news release dated October 30, 2003 and their Third Quarter 2003 Review dated October 30, 2003.

On November 6, 2003, Alliance Capital and Alliance Holding each filed a Current Report on Form 8-K with respect to their news release dated November 6, 2003.

On November 10, 2003, Alliance Capital and Alliance Holding each filed a Current Report on Form 8-K with respect to their news release dated November 10, 2003.

On November 12, 2003, Alliance Capital and Alliance Holding each filed a Current Report on Form 8-K with respect to their news release dated November 12, 2003.

On November 17, 2003, Alliance Capital and Alliance Holding each filed a Current Report on Form 8-K with respect to their news release dated November 14, 2003.

On December 10, 2003, Alliance Capital and Alliance Holding each filed a Current Report on Form 8-K with respect to their news release dated December 9, 2003.

On December 18, 2003, Alliance Capital and Alliance Holding each filed a Current Report on Form 8-K with respect to their news release dated December 18, 2003.

On January 12, 2004, Alliance Capital and Alliance Holding each filed a Current Report on Form 8-K with respect to their news release dated January 12, 2004.

On January 29, 2004, Alliance Capital and Alliance Holding each filed a Current Report on Form 8-K with respect to their news release dated January 29, 2004 and their Fourth Quarter and Full Year 2003 Review dated January 29, 2004.

On February 10, 2004, Alliance Capital and Alliance Holding each filed a Current Report on Form 8-K with respect to their news release dated February 10, 2004.

Financial Statement Schedules.

Attached to this Annual Report on Form 10-K is a schedule describing Valuation and Qualifying Account-Allowance for Doubtful Accounts for the three years ended December 31, 2003, 2002 and 2001.

(c) *Exhibits.*

The following exhibits required to be filed by Item 601 of Regulation S-K are filed herewith or incorporated by reference herein, as indicated:

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/A 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	Amended and Restated Certificate 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 3.1 to the Form 10-K for the fiscal year ended December 31, 1999 of Alliance Capital Management Holding L.P., as filed March 28, 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.).
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).
3.4	Conformed Copy of Alliance Capital Management Corporation By-Laws with amendments through September 26, 2003.
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	Form of Award Agreement dated as of December 31, 2003 under the Amended and Restated Alliance Partners Compensation Plan.
10.2	Form of Award Agreement dated as of December 31, 2003 for the Year 2003 Offering Under the SCB Deferred Compensation Award Plan.
10.3	Summary of Alliance Capital's Lease at 1345 Avenue of the Americas, New York, New York 10105.
10.4	Amendment and Complete Restatement of the Retirement Plan for Employees of Alliance Capital Management L.P. dated as of January 1, 2002.
10.5	Amendment and Complete Restatement of the Profit Sharing Plan for Employees of Alliance Capital Management L.P. dated as of January 1, 2002.
10.6	Amendment and Complete Restatement of the SCB Savings or Cash Option Plan for Employees dated as of January 1, 2002.

10.7 Amendment dated January 1, 2004 to the Profit Sharing Plan for Employees of Alliance Capital Management L.P.

10.8 Amendment dated December 31, 2003 to the SCB Savings or Cash Option Plan for Employees.

10.9 Amendment dated August 1, 2003 to the Retirement Plan for Employees of Alliance Capital Management L.P.

10.10 Amendment dated August 1, 2003 to the SCB Savings or Cash Option Plan for Employees.

10.11 Letter Agreement dated April 22, 2003 between Alfred Harrison, Alliance Capital Management Corporation and Alliance Capital Management L.P. (incorporated by reference to Exhibit 10.123 to Form 10-Q for the fiscal quarter ended March 31, 2003 of Alliance Capital Management L.P., as filed August 13, 2003).

10.12 Letter Agreement dated March 7, 2003 between Bruce W. Calvert, Alliance Capital Management Corporation and Alliance Capital Management L.P. (incorporated by reference to Exhibit 10.1 to Form 10-K for the fiscal year ended December 31, 2002 of Alliance Capital Management L.P., as filed March 27, 2003).

10.13 Alliance Capital Partners Plan of Repurchase adopted as of February 20, 2003 (incorporated by reference to Exhibit 10.2 to Form 10-K for the fiscal year ended December 31, 2002 of Alliance Capital Management L.P., as filed March 27, 2003).

10.14 Revolving Credit Agreement, dated as of September 6, 2002, by and among Alliance Capital Management L.P. and the Banks and Administration Agent named therein (incorporated by reference to Exhibit 10.102 to Form 10-Q for the quarterly period ended September 30, 2002 of Alliance Capital Management L.P., as filed November 14, 2002).

10.15 Letter Agreement dated as of July 31, 2001 between Frank Savage, Alliance Capital Management Corporation and Alliance Capital Management L.P. (incorporated by reference to Exhibit 10.16 to Form 10-K for the fiscal year ended December 31, 2001 of Alliance Capital Management L.P., as filed March 28, 2002).

10.16 Letter Agreement dated as of April 30, 2001 between Dave H. Williams, Alliance Capital Management Corporation and Alliance Capital Management L.P. (incorporated by reference to Exhibit 10.17 to Form 10-K for the fiscal year ended December 31, 2001 of Alliance Capital Management L.P., as filed March 28, 2002).

10.17 Services Agreement dated as of April 22, 2001 between Alliance Capital Management L.P. and The Equitable Life Assurance Society of the United States (incorporated by reference to Exhibit 10.19 to Form 10-K for the fiscal year ended December 31, 2001 of Alliance Capital Management L.P., as filed March 28, 2002).

10.18 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).

10.19 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).

10.20 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).

10.21 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).

10.22 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).

10.23 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).

10.24 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).

10.25 Amended and Restated Investment Advisory and Management Agreement dated January 1, 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/A for the quarterly period ended September 30, 1999 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed on September 28, 2000).

10.26 Amended and Restated Accounting, Valuation, Reporting and Treasury Services Agreement dated January 1, 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/A for the quarterly period ended September 30, 1999 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed on September 28, 2000).

10.27 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/A for the quarterly period ended September 30, 1999 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed on September 28, 2000).

10.28 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/A for the quarterly period ended September 30, 1999 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed on September 28, 2000).

10.29 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 10.108 to Form 8-K dated April 8, 1999 of Alliance Capital Management L.P. (formerly Alliance Capital Management L.P. II)).

10.30 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).

10.31 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).

10.32 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).

10.33 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).

10.34 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).

10.35 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, 2003, 2002 and 2001.

21.1 Subsidiaries of Alliance Capital.

23.1 Consent of KPMG LLP.

24.1 Power of Attorney by Henri de Castries.

24.2 Power of Attorney by Christopher M. Condron.

24.3 Power of Attorney by Denis Duverne.

24.4 Power of Attorney by Richard S. Dziadzio.

24.5 Power of Attorney by Benjamin D. Holloway.

24.6 Power of Attorney by W. Edwin Jarmain.

24.7 Power of Attorney by Peter D. Noris.

24.8 Power of Attorney by Frank Savage.

24.9 Power of Attorney by Lorie A. Slutsky.

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.

31.1 Certification of Mr. Sanders pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Mr. Joseph pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of Mr. Sanders pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Mr. Joseph pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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 HOLDING L.P.

By: By: Alliance Capital Management Corporation,
General Partner

Date: March 10, 2004 By: /s/ Lewis A. Sanders

Lewis A. Sanders
Chief Executive Officer and Vice 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 10, 2004 /s/ Gerald M. Lieberman

Gerald M. Lieberman
Executive Vice President and Chief Operating Officer

Date: March 10, 2004 /s/ Robert H. Joseph, Jr.

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

Directors

/s/ Bruce W. Calvert	/s/ Gerald M. Lieberman
Bruce W. Calvert *Chairman and Director*	Gerald M. Lieberman *Director*
*	*
Henri de Castries *Director*	Peter D. Noris *Director*
*	/s/ Lewis A. Sanders
Christopher M. Condron *Director*	Lewis A. Sanders *Director*
*	*
Denis Duverne *Director*	Frank Savage *Director*
*	*
Richard S. Dziadzio *Director*	Lorie A. Slutsky *Director*
/s/ Alfred Harrison	*
Alfred Harrison *Director*	Peter J. Tobin *Director*
/s/ Roger Hertog	*
Roger Hertog *Director*	Stanley B. Tulin *Director*

*	*
Benjamin D. Holloway *Director*	Dave H. Williams *Director*
*	*/s/ Mark R. Manley
W. Edwin Jarmain *Director*	Mark R. Manley *(Attorney-in-Fact)*

ALLIANCE CAPITAL MANAGEMENT L.P.
Valuation and Qualifying Account—Allowance for Doubtful Accounts
For the Three Years Ending December 31, 2003, 2002 and 2001

Description	Balance at Beginning of Year	Charged to Costs and Expenses	Reclassifications	Deductions Amounts Written Off	Balance at End of Period
			(in thousands)		
For the Year Ended December 31, 2001	$ 150	$ —	$ —	$ —	$ 150
For the Year Ended December 31, 2002	$ 150	$ 1,477	$ 850	$ 340	$ 2,137
For the Year Ended December 31, 2003	$ 2,137	$ 1,839	$ —	$ 1,054	$ 2,922

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Exhibit 3.2

**AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP
OF
ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.**

**AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP
OF
ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.**

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ARTICLE 18
GENERAL PROVISIONS

AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP
OF
ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.

This Amended and Restated Agreement of Limited Partnership of Alliance Capital Management Holding L.P. (this "Agreement"), a Delaware limited partnership formerly known as Alliance Capital Management L.P. (the "Partnership"), dated as of October 29, 1999, is entered into by and among Alliance Capital Management Corporation, a Delaware corporation, together with all other Partners of the Partnership as of the date hereof, and additional Persons who become Partners of the Partnership, as hereinafter provided. The parties hereto agree to continue the Partnership as a limited partnership under the Delaware Act and this Agreement.

WHEREAS, the Partnership was originally formed and established as a publicly-traded partnership governed by an Agreement of Limited Partnership dated as of November 19, 1987, as amended from time to time prior to the date hereof (the "Original Agreement of Limited Partnership");

WHEREAS, at a Special Meeting of Unitholders held on September 22, 1999, the Limited Partners and Unitholders approved the restructuring of the Partnership pursuant to which, among other things, the Partnership will (i) transfer or assign all or substantially all of its assets to Alliance Capital in exchange for 100% of the Alliance Capital LP Units and the Alliance Capital GP Interest and the assumption by Alliance Capital of all or substantially all of the liabilities of the Partnership and (ii) offer to exchange outstanding Units for an equal number of Alliance Capital LP Units held by the Partnership (the "Reorganization");

WHEREAS, in connection with the Reorganization, the parties hereto wish to amend and restate in its entirety the Original Agreement of Limited Partnership, effective as of the Effective Time; and

WHEREAS, at the Special Meeting, the Limited Partners and Unitholders approved the amendment and restatement of the Original Agreement of Limited Partnership in connection with the Reorganization substantially in the form hereof.

In consideration of the mutual covenants, conditions and agreements herein contained, the parties hereto hereby agree as follows:

ARTICLE 1
DEFINITIONS

Unless the context otherwise specifies or requires, the terms defined in this Article I shall, for the purposes of this Agreement, have the meanings herein specified.

"*ACMC*" shall mean Alliance Capital Management Corporation, a Delaware corporation.

"*Additional Limited Partner*" shall mean a Person admitted to the Partnership as a limited partner pursuant to Section 4.02 or Section 12.04(b) and who is shown as such on the books and records of the Partnership.

"*Adjusted Property*" shall mean property the Carrying Value of which has been adjusted pursuant to Section 4.10.

"*Adverse Partnership Tax Consequence*" shall mean the Partnership, Alliance Capital or both (a) being treated for federal income tax purposes as an association taxable as a corporation, (b) being subject to federal income tax as a corporation or (c) otherwise becoming subject to federal taxation on its net income generally.

"*Adverse Tax Determination*" shall mean a determination by the General Partner, on the basis of an Opinion of Outside Counsel, that an Adverse Partnership Tax Consequence has occurred. The General Partner may determine that an Adverse Tax Determination shall be deemed to have been made for purposes of any provision of this Agreement as of a date prior to the actual date of determination, but not earlier than the beginning of the first taxable period to which the Adverse Partnership Tax Consequence relates. However, no such determination shall affect the rights of any Unitholder or Partner to distributions actually received prior to the time such determination was actually made.

"*Affiliate*" shall mean any Person directly or indirectly controlling, controlled by or under common control with the Person in question; however, none of the Partnership, Alliance Capital, any Person controlled by the Partnership or Alliance Capital or any Person employed by the Partnership or Alliance Capital or such a controlled Person shall be considered an Affiliate of the General Partner. As used in this definition, the term "*control*" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"*Affiliated Holders*" has the meaning specified in Section 16.01(a).

"*Agreement*" shall mean this Amended and Restated Agreement of Limited Partnership, as it may be amended, supplemented or restated from time to time.

"*Alliance Capital*" shall mean Alliance Capital Management L.P., a Delaware limited partnership whose name was changed from Alliance Capital Management L.P. II in connection with the Reorganization.

"*Alliance Capital Contribution*" shall mean the contribution by the Partnership of all of its assets (other than the Holdback Interests) to Alliance Capital in exchange for 100% of the Alliance Capital LP Units and the Alliance Capital GP Interest and the assumption by Alliance Capital of all or substantially all of the liabilities of the Partnership, pursuant to the Reorganization Agreement.

"*Alliance Capital GP Interest*" shall mean a general partner interest in Alliance Capital representing a 1% economic interest in Alliance Capital.

"*Alliance Capital LP Unit*" shall mean a unit representing a percentage interest in the aggregate partnership interests of the limited partners of Alliance Capital equal to, at any time, one divided by the total number of units of limited partner interests in Alliance Capital outstanding at that time.

"*Alliance Capital Majority Outside Approval*" shall mean as of any Record Date, written consent or affirmative vote of limited partners (other than the general partner of Alliance Capital and its Corporate Affiliates and, if applicable, Persons holding Alliance Capital LP Units ineligible to vote pursuant to the following sentence) who are limited partners of Alliance Capital with respect to more than 50% of the issued and outstanding Alliance Capital LP Units held by such Persons (including, for purposes of determining the Alliance Capital LP Units held by such Persons, the number of Alliance Capital LP Units held by the Partnership multiplied by a fraction, the numerator of which is the number of issued and outstanding Limited Partnership Interests held by Limited Partners (other than the general partner of Alliance Capital and its Corporate Affiliates and, if applicable, Persons ineligible to vote pursuant to the following sentence) and the denominator of which is the number of issued and outstanding Partnership Interests). If Alliance Capital Majority Outside Approval is being sought in connection with a transaction described in Section 6.12 of the Alliance Capital Partnership Agreement, the Alliance Capital LP Units of any employee of Alliance Capital, the Partnership, any Persons controlled by Alliance Capital or the Partnership, or the general partner of Alliance Capital who will be employed by or have any direct or indirect equity interest in any Person acquiring assets of Alliance Capital (in connection with a transaction described in Section 6.12 of the Alliance Capital Partnership Agreement) shall be ineligible to vote with respect to such Alliance Capital Majority Outside Approval. Each Alliance Capital LP Unit shall be entitled to one vote for this purpose. Consent with respect to the Alliance Capital LP Units held by the Partnership (in its capacity as a limited partner of Alliance Capital) shall be given, and such Alliance Capital LP Units shall be voted, by the Partnership in accordance with Section 17.04(b). For purposes of this definition, an Alliance Capital LP Unit held by an employee or held for the benefit of an employee, or by or for the benefit of a member of the family of an employee, shall be treated as if owned by that employee. A determination by the general partner of Alliance Capital that Alliance Capital LP Units are held by or for the benefit of an employee or a

member of the family of an employee and that such employee is ineligible to vote with respect to a particular matter by reason of this definition shall be binding and conclusive; in making such a determination, the general partner of Alliance Capital may rely on information known to it and need not make a special investigation.

"*Alliance Capital Partnership Agreement*" shall mean the Amended and Restated Agreement of Limited Partnership of Alliance Capital, as it may be amended, supplemented or restated from time to time.

"*Appraiser*" shall mean a Person (who may not be the General Partner, a Corporate Affiliate thereof or any employee of the Partnership, the General Partner or a Corporate Affiliate thereof) having experience in the valuation of financial services businesses selected and retained by the General Partner on behalf of and for the account of the Partnership.

"*Assignee Interest*" shall mean the interest in one of the Limited Partnership Interests transferred and assigned by the Assignor Limited Partner to the Unitholders pursuant to Section 11.02. Each Assignee Interest is represented by one Unit.

"*Assignment Determination*" shall mean an Opinion of Outside Counsel to the effect that with respect to a proposed transaction, (i) advisory contracts of the Partnership and Alliance Capital which contributed more than 10% of the Partnership's and Alliance Capital's aggregate consolidated revenues derived from investment management services during the four most recently completed fiscal quarters would not be automatically terminated or breached by reason of a change of control resulting from such proposed transaction, or (ii) requisite consents to avoid such termination or breach have been obtained.

"*Assignor Limited Partner*" shall mean Alliance ALP, Inc., a Delaware corporation, the Person which is the Record Holder of all the Limited Partnership Interests outstanding on the date hereof and which has and will transfer and assign to the Unitholders Assignee Interests in such Limited Partnership Interests as set forth in Section 11.02, or any Person designated by the General Partner pursuant to Section 11.05(b) to serve as substituted Assignor Limited Partner hereunder.

"*Available Cash Flow*" shall mean for any period cash received by the Partnership, inclusive of the cash distributions paid by Alliance Capital, minus such amounts as the General Partner determines, in its sole discretion, should be retained by the Partnership for use in its business (or the businesses of Persons controlled by the Partnership) and not distributed, including, but not limited to, amounts retained by the Partnership for or in anticipation of expenses, taxes, working capital requirements or reserves. The determination of Available Cash Flow for any period by the General Partner shall, absent manifest error, be binding and conclusive. As used in this definition, "control" has the meaning given to that term in the definition of Affiliates.

"*Book-Tax Disparities*" shall mean the differences between a Person's Capital Account balance, as maintained pursuant to Article 4, and such balance had the Capital Account been maintained strictly in accordance with federal income tax accounting principles (such disparities reflecting, among other items, the differences between the Carrying Value of either Contributed Property or Adjusted Property, as adjusted from time to time, and the adjusted basis thereof for federal income tax purposes).

"*Capital Account*" shall mean a capital account established and maintained pursuant to Article 4.

"*Carrying Value*" shall mean (i) with respect to Contributed Property, the Net Value of such property reduced (but not below zero) by all amortization, depreciation and cost recovery deductions charged to the Capital Accounts pursuant to Section 4.09 with respect to such property, and (ii) with respect to any other property, the adjusted basis of such property for federal income tax purposes, as of the time of determination. The Carrying Value of any property shall be adjusted from time to time in accordance with Section 4.10, and to reflect changes, additions or other adjustments to the Carrying Value for dispositions, acquisitions or improvements of Partnership Assets, as deemed appropriate by the General Partner, using such reasonable methods as it in its sole discretion deems appropriate.

"*Certificate*" shall mean a certificate issued by the Partnership, in such form as may be deemed appropriate by the General Partner from time to time, evidencing ownership of one or more Limited Partnership Interests, and which shall initially be substantially in the form of Exhibit B to this Agreement.

"*Certificate of Limited Partnership*" shall mean the Certificate of Limited Partnership, and any and all amendments thereto and restatements thereof, filed on behalf of the Partnership as required under the Delaware Act.

"*Code*" shall mean the Internal Revenue Code of 1986, as it may be amended from time to time, and any successor to such statute.

"*Commission*" shall mean the Securities and Exchange Commission.

"*Contributed Property*" shall mean any Contribution other than cash.

"*Contribution*" shall mean any cash, cash equivalents or other property, or any other form of contribution (other than services) permitted by the Delaware Act, contributed to the Partnership pursuant to this Agreement (or deemed contributed for federal income tax purposes) by or on behalf of any Person.

"*Corporate Affiliate*" shall mean each Person, other than a natural person, that is an Affiliate of the specified Person.

"*Delaware Act*" shall mean the Delaware Revised Uniform Limited Partnership Act (6 Del. C. §§17-101, *et seq*.), as it may be amended from time to time, and any successor to such act.

"*Demand*" has the meaning specified in Section 6.11(a).

"*Departing Partner*" shall mean the Person, as of the effective date of any withdrawal or removal of the General Partner pursuant to Section 14.01, who has as of such date so withdrawn or been removed.

"*Distribution*" shall mean any cash, cash equivalents or other property distributed by the Partnership pursuant to this Agreement (or deemed distributed for federal income tax purposes) to any Person.

"*ECMC*" shall mean Equitable Capital Management Corporation, a Delaware corporation.

"*ECMC Transfer Agreement*" shall mean the Transfer Agreement dated as of February 23, 1993, among the Partnership, ECMC and Equitable Investment Corporation, as the same may be amended, supplemented or restated from time to time.

"*Effective Time*" shall mean the effective time of the Reorganization pursuant to the Reorganization Agreement.

"*ELAS*" means The Equitable Life Assurance Society of the United States.

"*Exchange*" shall mean the exchange by the Partnership of the Units held by any Unitholder upon the request of such holder for an equal number of Alliance Capital LP Units held by the Partnership, pursuant to the Reorganization Agreement.

"*General Partner*" shall mean ACMC in its capacity as general partner of the Partnership, or any successor or additional general partner of the Partnership admitted pursuant to Section 13.02.

"*General Partnership Interests*" shall mean the Partnership Interests of the General Partner in its capacity as such.

"*Guaranty Agreement*" shall mean the Guaranty Agreement dated as of April 21, 1988 among Equitable Investment Corporation, a New York corporation, ACMC and the Partnership as the same may be amended, supplemented or restated from time to time.

"*Holdback Interests*" has the meaning specified in the Reorganization Agreement.

"*Indemnification and Reimbursement Agreement*" shall mean the Indemnification and Reimbursement Agreement, dated as of April 8, 1999, among ELAS, the Partnership and Alliance Capital, as the same may be amended, supplemented or restated from time to time.

"*Indemnified Person*" has the meaning specified in Section 6.09.

"*Indemnitee*" shall mean a Person who is or was the General Partner, any Person who is or was a Departing Partner, any Person who is or was an Affiliate of the General Partner or any Departing Partner, any Person who is or was an officer, director, employee, partner, agent or trustee of the Partnership, General Partner or any Departing Partner or any such Affiliate, or any Person who is or was serving at the request of the General Partner or any Departing Partner or any such Affiliate as a director, officer, employee, partner, agent or trustee of another Person in connection with the business or affairs of the Partnership.

"*Limited Liability Determination*" shall mean an Opinion of Outside Counsel to the effect that, as a result of the proposed transaction, Limited Partners and Unitholders do not lose their limited liability pursuant to Delaware law or this Agreement.

"*Limited Partner*" shall mean the Assignor Limited Partner and any other Person who is admitted as a limited partner in accordance with this Agreement and is shown as a limited partner on the books and records of the Partnership.

"*Limited Partnership Interests*" shall mean the Partnership Interests of the Limited Partners. The provisions hereof and of the definition of *Percentage Interest* are subject to adjustment by the General Partner in connection with, or as a consequence of, the issuance of any Limited Partnership Interests, Units or other securities of the Partnership under Section 4.02 having special designations or preferences or other special rights or duties. Subject to the establishment of special classes or groups of Limited Partners or Limited Partnership Interests, Units or other securities of the Partnership pursuant to Section 4.02, all Limited Partnership Interests shall be considered to constitute a single class under the Delaware Act and all Limited Partners shall vote as a single class in accordance with the terms of this Agreement.

"*Liquidating Trustee*" shall mean either (i) the General Partner or (ii) if dissolution of the Partnership was caused by an event described in Sections 15.01(a)(i), 15.01(a)(ii) or 15.01(a)(v), the Person or committee appointed pursuant to Section 15.02.

"*Majority Approval*" shall mean, as of any Record Date, (a) the written consent of Limited Partners who are Limited Partners with respect to more than 50% of the issued and outstanding Limited Partnership Interests or (b) the affirmative vote of Limited Partners who are Limited Partners with respect to more than 50% of the Limited Partnership Interests of those Limited Partners voting with respect to the matter at a meeting at which a quorum is present. If a Majority Approval is being

sought with respect to a transaction described in Section 6.13 (other than a transaction pursuant to Section 2.05), the Limited Partnership Interests of any employee of the Partnership, Alliance Capital, any Person controlled by the Partnership or Alliance Capital, or the General Partner who will be employed by or have any direct or indirect equity interest in any Person acquiring Partnership Assets shall be ineligible to vote with respect to such Majority Approval and shall not be counted for purposes of determining the issued and outstanding Limited Partnership Interests. Each Limited Partnership Interest shall be entitled to one vote for this purpose. Consent with respect to the Limited Partnership Interests held by the Assignor Limited Partner shall be given, and such Limited Partnership Interest shall be voted, by the Assignor Limited Partner in accordance with Section 17.04. For purposes of this definition, a Limited Partnership Interest represented by a Unit held by an employee or held (or represented by a Unit held) for the benefit of an employee, or by or for the benefit of a member of the family of an employee, shall be treated as if owned by that employee. A determination by the General Partner that Limited Partnership Interests are held by or for the benefit of an employee or a member of the family of an employee and that such employee is ineligible to vote with respect to a particular matter by reason of this definition shall be binding and conclusive; in making such a determination, the General Partner may rely on information known to it and need not make a special investigation.

"*Majority Outside Approval*" shall mean as of any Record Date, written consent or affirmative vote of Limited Partners (other than the General Partner, its Corporate Affiliates and, if applicable, Persons holding Limited Partnership Interests ineligible to vote pursuant to the following sentence) who are Limited Partners with respect to more than 50% of the issued and outstanding Limited Partnership Interests held by such Persons. If Majority Outside Approval is being sought in connection with a transaction described in Section 6.13, the Limited Partnership Interests of any employee of the Partnership, Alliance Capital, any Person controlled by the Partnership or Alliance Capital, or the General Partner who will be employed by or have any direct or indirect equity interest in any Person acquiring Partnership Assets (in connection with a transaction described in Section 6.13) shall be ineligible to vote with respect to such Majority Outside Approval. Each Limited Partnership Interest shall be entitled to one vote for this purpose. Consent with respect to the Limited Partnership Interests held by the Assignor Limited Partner shall be given, and such Limited Partnership Interest shall be voted, by the Assignor Limited Partner in accordance with Section 17.04. For purposes of this definition, a Limited Partnership Interest represented by a Unit held by an employee or held (or represented by a Unit held) for the benefit of an employee, or by or for the benefit of a member of the family of an employee, shall be treated as if owned by that employee. A determination by the General Partner that Limited Partnership Interests are held by or for the benefit of an employee or a member of the family of an employee and that such employee is ineligible to vote with respect to a particular matter by reason of this definition shall be binding and conclusive; in making such a determination, the General Partner may rely on information known to it and need not make a special investigation.

"*Market Value*" on any day shall mean the average of the last reported sales price per Unit or, in the event that no such reported sale takes place on any such day, the average of the last reported bid

and ask prices per Unit, on the New York Stock Exchange (or any alternate national securities market on which Units are traded) for the five trading days immediately prior to such day.

"*NASDAQ*" shall mean the National Association of Securities Dealers Automated Quotations System.

"*National Securities Exchange*" shall mean an exchange registered with the Commission under Section 6(a) of the Securities Exchange Act including, but not limited to, the New York Stock Exchange, Inc.

"*Net Income*" and "*Net Loss*" shall mean an amount equal to the Partnership's taxable income or taxable loss as determined for federal income tax purposes for a relevant period, adjusted as provided herein. Net Income and Net Loss shall be determined in accordance with Section 703(a) of the Code (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income or loss), and adjusted as provided in Section 4.10. There shall be excluded from Net Income and Net Loss (a) any item of income, deduction, gain or loss resulting from a transaction the proceeds of which are distributed pursuant to Section 5.02 and (b) any item of income, deduction, gain or loss specially allocated pursuant to Section 5.05.

"*Net Value*" shall mean in the case of any Contribution of assets, the fair market value of such assets reduced by the amount of any indebtedness either assumed by the Partnership upon such Contribution or to which such assets are subject when contributed, in each case as such fair market value shall be determined by the General Partner using such reasonable methods of valuation as it in its sole discretion deems appropriate, unless such assets are to be contributed by either the General Partner or any of its Affiliates and are other than cash or cash equivalents, in which case the fair market value shall be determined by an Appraiser.

"*Opinion of Counsel*" shall mean a written opinion of counsel (who may be regular counsel to the Partnership, the General Partner or any Affiliate thereof) selected by the General Partner.

"*Opinion of Outside Counsel*" shall mean a written opinion of counsel (who may be regular counsel to the Partnership, the General Partner or any Affiliate thereof, but who may not be an employee of the Partnership, the General Partner or any Affiliate thereof) selected by the General Partner.

"*Original Agreement of Limited Partnership*" has the meaning specified in the Recitals.

"*Other General Partner*" has the meaning specified in Section 12.02(c).

"*Partner*" shall mean any General Partner or Limited Partner.

"*Partnership*" has the meaning specified in the Recitals.

"*Partnership's Accountants*" shall mean such nationally recognized firm of independent public accountants, as is selected, from time to time, by the General Partner.

"*Partnership Assets*" shall mean all property, whether tangible or intangible and whether real, personal or mixed, at any time owned by the Partnership.

"*Partnership Interest*" shall mean, as to any Partner, all of the interests of that Partner in the Partnership, including, but not limited to, such Partner's (i) right to a distributive share of income and losses of the Partnership, (ii) right to a distributive share of the Partnership Assets, (iii) right, if the General Partner, to participate in the management of the affairs of the Partnership, and (iv) right to vote on certain matters as set forth herein. Each Partnership Interest of the Partners in the Partnership shall be denominated as a unit, each unit representing a pro rata percentage interest in the aggregate Partnership Interests of the Partners. Each such unit shall be referred to herein as a Limited Partnership Interest or General Partnership Interest, as the case may be, and all references in this Agreement to numbers of General Partnership Interests shall be deemed to refer to the specified number of such units of the Partnership Interests of the General Partner and all references in this Agreement to numbers of Limited Partnership Interests shall be deemed to refer to the specified number of such units of the Partnership Interests of the Limited Partners.

"*Pass-through Matter*" has the meaning specified in Section 17.04(b).

"*Percentage Interest*" shall mean, subject to such adjustments as the General Partner may determine in connection with the issuance of Limited Partnership Interests pursuant to Section 4.02, as to each Unitholder and Partner (other than the Assignor Limited Partner), a fraction, expressed as a percentage, the numerator of which is equal to the number of Units and Partnership Interests held by such Unitholder or Partner (other than the Assignor Limited Partner) at any time and the denominator of which is equal to the aggregate number of Units and Partnership Interests held by all of the Unitholders and Partners (other than the Assignor Limited Partner) at such time.

"*Person*" shall mean any individual, corporation, association, partnership, joint venture, trust, estate or other entity or organization.

"*Proxy Statement*" shall mean the proxy statement of the Partnership dated August , 1999 distributed in connection with the Special Meeting of Unitholders held September 22, 1999.

"*Purchase Date*" shall mean the date determined by the General Partner as the date for purchase of all issued and outstanding Units or Limited Partnership Interests (other than Units or Limited Partnership Interests owned by the General Partner and its Corporate Affiliates) pursuant to, and as specified in, the "*Notice of Election to Purchase*" delivered pursuant to Article 16.

"*Purchase Funds*" shall mean an amount in cash equal to the aggregate Purchase Price of all Units or Limited Partnership Interests subject to purchase on the Purchase Date in accordance with Article 16.

"*Purchase Price*" shall mean, as to any class or series, an amount per Unit or Limited Partnership Interest equal to the greater of (i) the highest cash price paid by the General Partner or any of its Affiliates for any Unit or Limited Partnership Interest of such class or series purchased during the 90 days immediately prior to the date on which the notice described in Article 16 is first mailed, if any such purchase occurred during such period, or (ii) (a) if the Units or Limited Partnership Interests of such class or series are listed or admitted to trading on one or more National Securities Exchanges, the arithmetic mean of the last reported sales prices per Unit or per Limited Partnership Interest of such class or series regular way or, in case no such reported sale has taken place on any such date, the arithmetic mean of the last reported bid and asked prices per Unit or per Limited Partnership Interest of such class or series regular way for such date, in either case on the principal National Securities Exchange on which the Units or Limited Partnership Interests of such class or series are listed or admitted to trading, for the 30 trading days immediately preceding the date of the mailing of such notice; (b) if the Units or Limited Partnership Interests of such class or series are not listed or admitted to trading on a National Securities Exchange but are quoted through NASDAQ, the arithmetic mean of the last reported sales

prices per Unit or per Limited Partnership Interest of such class or series regular way or, in case no such reported sale has taken place on any such day or the last reported sales price is not then quoted, the arithmetic mean of the last reported bid and asked prices per Unit or per Limited Partnership Interest of such class or series regular way for such day quoted through NASDAQ, for the 30 trading days immediately preceding the date of the mailing of such notice; or (c) if the Units or Limited Partnership Interests of such class or series are not listed for trading on a National Securities Exchange and are not quoted through NASDAQ, an amount equal to the fair market value of a Unit or Limited Partnership Interest of such class or series, as of the date of the mailing of such notice, as determined by an Appraiser.

"*Recapture Income*" shall mean any gain recognized by the Partnership (but computed without regard to any adjustment required by Section 734 or 743 of the Code) upon the disposition of any Partnership Asset that does not constitute capital gain for federal income tax purposes because such gain represents the recapture of deductions previously taken with respect to such Partnership Asset.

"*Record Date*" shall mean the date established by the General Partner for determining (i) the identity of Limited Partners entitled to notice of or to vote at any meeting of Limited Partners or entitled to exercise rights in respect of any other lawful action of Limited Partners, (ii) the identity of the Unitholders entitled (A) to notice of any meeting of Limited Partners, or of any matter upon which the General Partner seeks the consent of the Limited Partners, (B) to give written instructions with respect to the giving of consent or the voting of the Limited Partnership Interests underlying their Units in accordance with the provisions hereof or (C) to exercise rights in respect of any other lawful action of

the Unitholders, or (iii) the identity of the Partners and Unitholders entitled to receive any report pursuant to the provisions hereof or any distribution pursuant to Article 5 or Article 15.

"*Record Holder(s)*" shall mean, as applied to the Limited Partners, the Persons shown as Limited Partners on the books and records of the Partnership or the Transfer Agent as of the close of business on a particular day; and as applied to a Unitholder, the Person shown as the owner of such Unit on the books and records of the Partnership or Transfer Agent as of the close of business on a particular day.

"*Reorganization*" has the meaning specified in the Recitals.

"*Reorganization Agreement*" shall mean the Agreement and Plan of Reorganization, dated as of August 20, 1999, among the Partnership, Alliance Capital, ACMC and ELAS, as the same may be amended, supplemented or restated from time to time.

"*Securities Act*" shall mean the Securities Act of 1933, as it may be amended from time to time, and any successor to such statute.

"*Securities Exchange Act*" shall mean the Securities Exchange Act of 1934, as it may be amended from time to time, and any successor to such statute.

"*Substituted Limited Partner*" shall mean a Person who is admitted as a Limited Partner in the Partnership pursuant to this Agreement in place of, and with all the rights of, a Limited Partner pursuant to Section 13.01, and who is shown as a limited partner on the books and records of the Partnership.

"*Tax Determination*" shall mean an Opinion of Outside Counsel (containing such conditions, limitations and qualifications as are acceptable to the General Partner in its sole discretion) to the effect that, as a result of the proposed transaction, neither the Partnership nor Alliance Capital will suffer an Adverse Partnership Tax Consequence. Notwithstanding any provision of this Agreement to the contrary, a Tax Determination shall not be required in connection with or as a condition to any action at any time after (x) the General Partner has taken any action pursuant to clause (y) of the first sentence of Section 2.05 or (y) an Adverse Tax Determination.

"*Transfer Agent*" shall mean any bank, trust company or other Person (including the General Partner or any of its Affiliates) appointed by the Partnership to act as transfer agent or registrar for the Units and, if the General Partner so determines, for the Limited Partnership Interests.

"*Transfer Agreement*" shall mean the Transfer Agreement, dated as of November 19, 1987, between the Partnership and ACMC, wherein, subject to certain conditions, ACMC will contribute to the Partnership certain of its assets and the Partnership will assume certain of its liabilities and related obligations, as the same may be amended, supplemented or restated from time to time.

"*Unit*" shall mean a unit representing an Assignee Interest in a corresponding Limited Partnership Interest held by the Assignor Limited Partner, which Assignee Interest has been assigned to a Unitholder by the Assignor Limited Partner pursuant to Section 11.02. Unless the context otherwise requires, the term "*Unit*" as used in this Agreement includes restricted Units, Units outstanding as of the date of this Agreement and Units hereafter issued in accordance with the provisions of this Agreement.

"*Unit Certificate*" shall mean a certificate issued by the Partnership evidencing ownership of one or more Units, such certificate to be in such form or forms as may be adopted by the General Partner in its sole discretion, and which shall initially be substantially in the form of Exhibit A to this Agreement.

"*Unitholder*" shall mean any Person who is the Record Holder of one or more Units.

"*Unit Price*" shall mean, as to any class or series, an amount per Unit or Limited Partnership Interest as of any date of determination, equal to (i) if the Units or Limited Partnership Interests of such class or series are listed or admitted to trading on one or more National Securities Exchanges, the arithmetic mean of the last reported sales prices per Unit or per Limited Partnership Interest of such class or series regular way or, in case no such reported sale has taken place on any such date, the arithmetic mean of the last reported bid and asked prices per Unit or per Limited Partnership Interest of such class or series regular way for such date, in either case on the principal National Securities Exchange on which the Units or Limited Partnership Interests of such class or series are listed or admitted to trading, for the 30 trading days immediately preceding such date of determination, (ii) if the Units or Limited Partnership Interests of such class or series are not listed or admitted to trading on a National Securities Exchange but are quoted through NASDAQ, the arithmetic mean of the last reported sales prices per Unit or per Limited Partnership Interest of such class or series regular way or, in case no such reported sale has taken place on any such day or the last reported sales price is not then quoted, the arithmetic mean of the last reported bid and asked prices per Unit or per Limited Partnership Interest of such class or series regular way on such day, quoted through NASDAQ, for the 30 trading days immediately preceding such date of determination or (iii) if the Units of such class or

series are not listed or admitted to trading on a National Securities Exchange and are not quoted through NASDAQ, an amount equal to the fair market value of a Unit of such class or series, as of such date of determination, as determined by an Appraiser.

"*Unrealized Gain*" shall mean, as of any date of determination, the excess, if any, of the fair market value of property (as determined under Section 4.10(c) or 4.10(d) as of such date of determination) over the Carrying Value of such property as of such date of determination (prior to any adjustment to be made pursuant to Section 4.10(c) or 4.10(d) as of such date).

"*Unrealized Loss*" shall mean, as of any date of determination, the excess, if any, of the Carrying Value of property as of such date of determination (prior to any adjustment to be made

pursuant to Section 4.10(c) or 4.10(d) as of such date) over the fair market value of such property (as determined under Section 4.10(c) or 4.10(d) as of such date of determination).

ARTICLE 2
GENERAL PROVISIONS

SECTION 2.01. *Formation; Partnership Name.* (a) The Partnership was formed as a Delaware limited partnership pursuant to the Original Agreement of Limited Partnership and the filing of the Certificate of Limited Partnership in the Office of the Secretary of State of the State of Delaware. In connection with the Reorganization, the Partnership is being continued as a Delaware limited partnership pursuant to the terms of this Agreement.

(b) "Alliance Capital Management Holding L.P." shall be the name of the Partnership. The business of the Partnership shall be conducted under such name or such other name as the General Partner may from time to time in its sole discretion determine. "*Limited Partnership*" or "*Ltd.*" or "*L.P.*" (or similar words or letters) shall be included in the Partnership's name where necessary or appropriate to maintain the limited liability of the Limited Partners and Unitholders or otherwise for the purpose of complying with the laws of any jurisdiction that so requires or as the General Partner may deem appropriate.

SECTION 2.02. *Names and Addresses of Partners.* The General Partner of the Partnership is ACMC. The business address of the General Partner is 1345 Avenue of the Americas, New York, New York 10105. The General Partner may change its address at any time and from time to time. The names and business, residence or mailing addresses of the Limited Partners and Unitholders and the date upon which each such Person became a Limited Partner or Unitholder are as set forth from time to time in the records of the Partnership.

SECTION 2.03. *Principal Office, Registered Agent and Registered Office of the Partnership.* (a) The principal office of the Partnership shall be located at 1345 Avenue of the Americas, New York, New York 10105. The General Partner in its sole discretion may, at any time, and from time to time, change the location of the Partnership's principal office within or outside the State of Delaware and may establish such additional offices of the Partnership within or outside the State of Delaware as it may from time to time determine.

(b) The name of the registered agent for service of process on the Partnership in the State of Delaware is The Corporation Trust Company. The address of the registered agent and the address of the registered office of the Partnership in the State of Delaware is c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

SECTION 2.04. *Term.* The Partnership commenced upon the filing of the Certificate of Limited Partnership in accordance with the Delaware Act and shall continue in existence until dissolved and the Certificate of Limited Partnership canceled in accordance with any provisions of this Agreement and the Delaware Act.

SECTION 2.05. *Possible Action in the Event of Adverse Tax Developments.* Notwithstanding anything to the contrary contained in this Agreement, in the event that the General Partner reasonably believes that as a result of (i) the enactment (or imminent enactment) of any legislation, (ii) the publication of any temporary, proposed or final regulation by the United States Department of the Treasury or any ruling by the Internal Revenue Service, (iii) a judicial decision or (iv) other actions or events not caused by the General Partner or its Corporate Affiliates for the purpose of invoking this Section 2.05, there is a substantial risk of an Adverse Partnership Tax Consequence occurring within one year of the actions or events described in clauses (i) - (iv), the General Partner shall have the right, in its sole discretion and without the approval of the Unitholders or any other Partners, to (x) impose such restrictions on transfer of the Units or Limited Partnership Interests as the General Partner believes may be necessary or desirable to prevent the occurrence of the Adverse Partnership Tax Consequence, including making any amendments to this Agreement as the General Partner in its sole discretion may determine to be necessary or appropriate in order to impose such restrictions or (y) modify, restructure or reorganize the Partnership (by the transfer of all or substantially all of the assets of the Partnership to a newly-formed corporation or entity or otherwise) as, or transfer all or substantially all of the assets of the Partnership to, a corporation, trust or any other type of legal entity (a "New Entity"), in the manner determined by the General Partner in its sole discretion, in a transaction in which (I) each outstanding Unit or Limited Partnership Interest of the same class or series is treated in the same manner, and (II) if the Units, Limited Partnership Interests and General Partnership Interest are converted into equity securities of the New Entity, the relative fair market values of the equity securities into which Units, Limited Partnership Interests and the General Partnership Interest are converted are in proportion to the amounts each of the Unitholders, Limited Partners and the General Partner would have been entitled to receive upon a liquidation of the Partnership pursuant to Section 15.02, and (III) if all or substantially all of the assets of the Partnership are transferred to a New Entity, the Partnership may retain all of the equity interests in the New Entity until such time, if any, as the General Partner, in its sole discretion and without the approval of the Unitholders or any other Partners, elects to dissolve the Partnership, in which case the Unitholders, Limited Partners and General Partner will receive the equity interests in the New Entity in proportion to the amounts each of the Unitholders, Limited Partners and the General Partner would have been entitled to receive upon a liquidation of the Partnership pursuant to Section 15.02, except that an action described in this clause (y) may not be taken solely on the basis of a proposed regulation described in clause (ii) unless the proposed regulation would by its terms, upon becoming final, apply to periods before the date it became final. Notwithstanding anything herein to the contrary, the General Partner may without Majority Approval effect a transaction

described in clause (y) of the preceding sentence if the New Entity is a corporation. In connection with any transaction described in clause (y) of the first sentence of this Section, the General Partner may issue to itself a sufficient number of Units, Limited

Partnership Interests or other securities or otherwise restructure or reorganize the Partnership so that the General Partner and its Corporate Affiliates will own a sufficient percentage (but no more) of the Units, Limited Partnership Interests or other securities so as to allow the Partnership or the New Entity to be included for federal tax purposes in the affiliated group of which the General Partner is a member; Units, Limited Partnership Interests or securities may be acquired by the General Partner pursuant to this sentence only for the fair market value thereof as determined by an Appraiser. In connection with any transaction described in clause (y) of the first sentence of this Section, the business of the Partnership may be continued by the New Entity or otherwise and if the Partnership has been restructured or reorganized as a New Entity and the Units, Limited Partnership Interests and General Partnership Interest are converted into equity securities of the New Entity, the Partnership Interests shall be converted into equity of the New Entity in the manner determined by the General Partner in its sole discretion and without the approval of the Unitholders or Limited Partners, subject to clause (y) above. Notwithstanding the foregoing, no such modification, restructuring or reorganization shall take place unless the Partnership shall have received an Opinion of Outside Counsel to the effect that the liability of the holders of the Units or the equity interests in the New Entity into which the Units are converted pursuant to the law of the jurisdiction of the New Entity or Entities for the debts and obligations of the New Entity or Entities shall not, unless such Unitholders or Limited Partners or holders of such equity interests take part in the control of the business of the New Entity or Entities, exceed that which otherwise had been applicable to the holders of the Units as Unitholders or to the Limited Partners of the Partnership.

SECTION 2.06. *Exchange of GP and LP Interests.* The General Partner shall have the right at any time to freely exchange any of the Units or Limited Partnership Interests held by it for an equal number of General Partnership Interests without the approval of any Unitholders or Limited Partners; *provided, however,* that no such exchange shall be permitted without Majority Outside Approval if the relative rights, powers and duties of the outstanding General Partnership Interests and Limited Partnership Interests have been altered such that the equivalence of the economic interests of the Partnership Interests has been affected. Additional issuances of Units which have the same dilutive or other economic impact on both the General Partnership Interests and the Limited Partnership Interests will not be deemed to alter the equivalence of the economic interests of the Partnership Interests.

ARTICLE 3
PURPOSE

SECTION 3.01. *Purpose.* The purpose and nature of the business to be conducted and promoted by the Partnership shall be (a) to hold Alliance Capital LP Units and (b) to engage in any other lawful activities (including any activity contemplated to be undertaken by the Partnership pursuant to the Alliance Capital Partnership Agreement) for which limited partnerships may be organized under the Delaware Act.

SECTION 3.02. *Powers.* The Partnership shall be empowered to do any and all acts and things necessary, appropriate, proper, advisable or convenient for or incidental to the furtherance and accomplishment of the purposes and businesses described herein and for the protection and benefit of the Partnership, including, but not limited to, the following:

(a) To borrow money and issue evidences of indebtedness, to refinance such indebtedness, to secure the same by mortgages, deeds of trust, security interest, pledges or other liens on all or any part of the Partnership Assets, to enter into contracts of guaranty or suretyship, and to confess and authorize confession of judgment in connection with the foregoing or otherwise;

(b) To secure, maintain and pay for insurance against liability or other loss with respect to the activities and assets of the Partnership (including, but not limited to, insurance against liabilities under Section 6.09);

(c) To employ or retain such Persons as may be necessary or appropriate for the conduct of the Partnership's business, including permanent, temporary or part-time employees and attorneys, accountants, agents, consultants and contractors, and to have employees and agents who may be designated as officers with titles including, but not limited to, "*chairman*," "*vice chairman*," "*president*," "*executive vice president*," "*senior vice president*," "*vice president*," "*assistant vice president*," "*treasurer*," "*controller*," "*secretary*," "*assistant secretary*," and "*assistant treasurer*" and who in such capacity may act for and on behalf of the Partnership, as and to the extent authorized by the General Partner, including, but not limited to, the following:

(i) represent the Partnership in its dealings with third parties, and execute any kind of document or contract on behalf of the Partnership;

(ii) approve the sale, exchange, lease, sublease, mortgage, assignment or other transfer or acquisition of, or granting or acquiring of a security interest in, any asset or assets of the Partnership; or

(iii) propose, approve or disapprove of, and take, action for and on behalf of the Partnership with respect to the operations of the Partnership;

(d) To acquire, own, hold a leasehold interest in, maintain, use, lease, sublease, manage, operate, sell, exchange, transfer or otherwise deal in assets (including the Holdback Interests) and property as may be necessary, convenient or beneficial for the Partnership;

(e) To incur expenses and to enter into, guarantee, perform and carry out contracts or commitments of any kind, to assume obligations, and to execute, deliver, acknowledge and file documents in furtherance of the purposes and business of the Partnership;

(f) To pay, collect, compromise, arbitrate, litigate or otherwise adjust, contest or settle any and all claims or demands of or against the Partnership;

(g) To invest in interest-bearing and non-interest-bearing accounts and short-term investments of any kind and nature whatsoever, including, but not limited to, obligations of federal, state and local governments and their agencies, mutual funds (including money market funds), mortgage-backed securities, commercial paper, repurchase agreements, time deposits, certificates of deposit of commercial banks, savings banks or savings and loan associations and equity or debt securities of any type;

(h) To transfer assets to joint ventures, other partnerships, corporations or other business entities in which the Partnership is or thereby becomes a participant upon such terms, and subject to such conditions consistent with applicable law, as the General Partner deems appropriate; and

(i) To engage in any kind of activity and to enter into and perform obligations of any kind with the General Partner or Affiliates of the General Partner or otherwise, necessary to or in connection with, or incidental to, the accomplishment of the purposes and business of the Partnership, so long as said activities and obligations may be lawfully engaged in or performed by a limited partnership under the Delaware Act.

ARTICLE 4
CAPITAL CONTRIBUTIONS

SECTION 4.01. *General Partner; Limited Partners; Assignor Limited Partner.* (a) The General Partner has from time to time made, and will make, the Contributions required of ACMC by Section 2.4 of the Transfer Agreement. However, the General Partner shall not be obligated to make Contributions pursuant to this Section 4.01(a) to the extent that, after giving effect to such Contributions, the investment value of the Partnership would exceed the limitation contained in Section 1705 of the New York Insurance Law (if then applicable) or the investment in the Partnership would violate any other restriction on investments of insurance companies and their subsidiaries that may be applicable at the time. In the event that any Contribution otherwise required to be made under this Section 4.01(a) is not so made in full when due by reason of the preceding sentence, any Contribution not so made shall be made as soon as such limitation and any such restriction would not be exceeded thereby, together with interest thereon from the date when such Contribution was due to the date such Contribution was made at the prime commercial rate per annum of The Chase Manhattan Bank from time to time in effect. The General Partner and its Affiliates shall have the right to conduct their respective businesses and affairs in their sole discretion without regard to the General Partner's obligations, or any limitation or restriction referred to, in this Section 4.01(a). The General Partner's obligation to make Contributions pursuant to this Section 4.01(a) is subject to termination as provided in the Transfer Agreement and in the Guaranty Agreement. The General Partner shall not be entitled to

an additional Partnership Interest or Units by reason of the Contributions called for by this Section 4.01(a).

(b) (i) Limited Partners, including the Assignor Limited Partner (for the account of Unitholders), have made Contributions to the capital of the Partnership, (ii) Limited Partners have been admitted as such and (iii) Limited Partnership Interests, Units and other securities of the Partnership have been issued, all in accordance with the terms of the Original Agreement of Limited Partnership and the supplemental terms of written agreements for additional issuances of securities (including benefit plans adopted by the Partnership), and as reflected on the records of the Partnership (including those maintained by the Transfer Agent).

(c) The General Partner will make, or cause one or more of its Corporate Affiliates to make, payments to the Partnership in an amount equal to the Reorganization Costs (as such term is defined in the Indemnification and Reimbursement Agreement), without duplication as to any amounts paid pursuant to the Alliance Capital Partnership Agreement, in accordance with the Indemnification and Reimbursement Agreement. The General Partner shall not be entitled to receive any additional Partnership Interests or Units in exchange for such payments.

SECTION 4.02. *Additional Issuances of Securities.* (a) The General Partner, in order to raise additional capital, to acquire assets, to redeem or retire Partnership debt, or for any other Partnership purpose as it may determine in good faith is in the best interests of the Partnership, is authorized to cause the Partnership to issue Limited Partnership Interests, or classes or series thereof (in addition to the Limited Partnership Interests, Units and other securities of the Partnership issued prior to the date of this Agreement as referenced in Section 4.01(b)), from time to time to Partners or to other Persons. Alternatively, the General Partner may cause Limited Partnership Interests, or classes or series thereof, to be issued to the Assignor Limited Partner and cause corresponding Units to be issued to existing or additional Unitholders. The foregoing actions may be taken, and Persons to whom Limited Partnership Interests or Units are issued may be admitted as, or become, Additional Limited Partners or Unitholders as the General Partner may determine without the necessity of obtaining approval of Partners or Unitholders. The General Partner is also authorized to cause the issuance of other types of securities of the Partnership from time to time to Partners or Unitholders or other Persons on terms and conditions established in the sole discretion of the General Partner, without the necessity of obtaining approval of Partners or Unitholders. Such securities may include, but shall not be limited to, unsecured and secured debt obligations of the Partnership, debt obligations of the Partnership convertible into any class or series of Units or Limited Partnership Interests that may be issued by the Partnership, options, rights or warrants to purchase any such class or series of Units or Limited Partnership Interests or any combination of any of the foregoing. There shall be no limit on the number of Units or Limited Partnership Interests or other securities that may be so issued, and the General Partner shall have sole discretion in determining the consideration and terms and conditions with respect to any future issuance of Units or Limited Partnership Interests or other securities. The General Partner shall do all things necessary to comply with the Delaware Act and is authorized and

directed to do all things it deems to be necessary or advisable in connection with any such future issuance, including, but not limited to, compliance with any statute, rule, regulation or guideline of any federal, state or other governmental agency or any National Securities Exchange on which the Units or other such security is listed for trading. The Partnership may assume liabilities and hypothecate its property in connection with any such issuance.

(b) Units and Limited Partnership Interests to be issued by the Partnership pursuant to Section 4.02(a) shall be issuable from time to time in one or more classes or series, at such price, and with such designations, preferences and relative participating, optional or other special rights, powers and duties, including rights, powers and duties senior to existing classes or series of Units and Limited Partnership Interests, all as shall be fixed by the General Partner in the exercise of its sole discretion, including, but not limited to: (i) the allocation, for federal income and other tax purposes, to such class or series of Units and Limited Partnership Interests of items of Partnership income, gain, loss, deduction and credit; (ii) the rights of such class or series of Units and Limited Partnership Interests to share in Partnership distributions; (iii) the rights of such class or series of Units and Limited Partnership Interests upon dissolution and liquidation of the Partnership; (iv) whether such class or series of Units and Limited Partnership Interests is redeemable by the Partnership and, if so, the price at which, and the terms and conditions on which, such class or series of Units and Limited Partnership Interests may be redeemed by the Partnership; (v) whether such class or

series of Units and Limited Partnership Interests is issued with the privilege of conversion and, if so, the rate at and the terms and conditions upon which such class or series of Units and Limited Partnership Interests may be converted into any other class or series of Units and/or Limited Partnership Interests; (vi) the terms and conditions of the issuance of such class or series of Units and Limited Partnership Interests, and all other matters relating to the assignment thereof; and (vii) the rights of such class or series of Units and Limited Partnership Interests to vote on matters relating to the Partnership and this Agreement.

(c) Notwithstanding the other provisions of this Section 4.02 or Section 4.04, except as provided in Section 2.05, the Partnership will not issue any Units or Limited Partnership Interests or classes or series thereof or any other type of security unless:

(i) the Partnership receives an Assignment Determination, Limited Liability Determination and a Tax Determination with respect to such issuance;

(ii) such issuance occurs pursuant to the employee benefit plans sponsored by the General Partner, the Partnership, Alliance Capital or any Persons controlled by the Partnership or Alliance Capital in accordance with Section 6.16 and such issuance is of Units or Limited Partnership Interests having identical rights and preferences to the Units and Limited Partnership Interests outstanding as of the date hereof and the employees, management and directors of the General Partner, Alliance Capital, the Partnership and their respective subsidiaries, as a group, will not as a result of such issuance or any transaction contemplated in connection with such issuance, hold, vote or control 25% or more of the Units and Limited Partnership Interests then outstanding; or

(iii) such issuance occurs pursuant to exchanges of Alliance Capital LP Units for Units in accordance with Section 6.17.

(d) Upon the issuance pursuant to this Section 4.02 of any class or series of Units or Limited Partnership Interests, or any other securities, the General Partner (pursuant to the General Partner's powers of attorney from the Limited Partners and Unitholders), without the approval at the time of any Partner or Unitholder (each Person accepting Units being deemed to approve of such amendment), may amend any provision of this Agreement, and execute, swear to, acknowledge, deliver, file and record, if required, an amended Certificate of Limited Partnership and whatever other documents may be required in connection therewith, as shall be necessary or desirable to reflect the authorization and issuance of such class or series of Units or Limited Partnership Interests or other securities and the relative rights and preferences of such class or series of Units or Limited Partnership Interests or other securities.

(e) The General Partner or any Affiliate of the General Partner may, but shall not be obligated to, make Contributions to the Partnership in exchange for Units or Limited Partnership Interests, provided that the number of Units or Limited Partnership Interests issued in exchange for any such Contribution shall not exceed the Net Value of the Contribution divided by the Unit Price of a Unit or Limited Partnership Interest, as the case may be, of such class and series; and *provided further, however,* that the foregoing proviso in this Section 4.02(e) shall not apply to the transactions set forth in the ECMC Transfer Agreement. The General Partner shall hold such Units as a Unitholder of the Partnership and shall hold Limited Partnership Interests as a Limited Partner of the Partnership, as the case may be.

SECTION 4.03. *Record of Contributions.* The books and records of the Partnership shall include true and full information regarding the amount of cash and cash equivalents and a designation and statement of the Net Value of any other property or other consideration contributed by each Partner or Unitholder to the Partnership.

SECTION 4.04. *Splits and Combinations.* (a) The General Partner may cause the Partnership to make a distribution in Units or Limited Partnership Interests to all Unitholders or Limited Partners of any class or series or may effect a subdivision or combination of Units or Limited Partnership Interests, but in each case only on a pro rata basis so that, after such distribution, subdivision or combination, each Unitholder or Limited Partner shall have the same proportionate economic interest in the Partnership as before such distribution, subdivision or combination, subject to Section 4.06, and *provided, however*, that no such distribution, subdivision or combination may be made unless a distribution, subdivision or combination at the same proportionate rate is simultaneously made by Alliance Capital with respect to Alliance Capital LP Units.

(b) Whenever such a distribution, subdivision or combination is declared, the General Partner shall select a Record Date (which shall not be prior to the date of the declaration) as of which

the distribution, subdivision or combination shall be effective and shall notify each Unitholder or Limited Partner of the distribution, subdivision or combination.

(c) Promptly following such distribution, subdivision or combination, the General Partner may cause the Partnership to issue to the Unitholders or Limited Partners as of such Record Date new Unit Certificates or Certificates representing the new number of Units or Limited Partnership Interests, or adopt such other procedures as it may deem appropriate to reflect such distribution, subdivision or combination; *provided, however*, that in the case of any such distribution, subdivision or combination resulting in a smaller total number of Units or Limited Partnership Interests outstanding, the General Partner may require, as a condition to the delivery of such new Unit Certificate or Certificate, the surrender of any Unit Certificate or Certificate representing the Units or Limited Partnership Interests prior to such declaration.

(d) The General Partner shall give notice to Unitholders and Partners of any distribution, subdivision or combination pursuant to this Section 4.04 at least 10 days prior to the effective date thereof.

SECTION 4.05. *No Preemptive Rights.* No Person shall be granted or have any preemptive, preferential or other similar right with respect to (i) additional Contributions, (ii) the issuance or sale of new, unissued or treasury Units or Limited Partnership Interests, (iii) the issuance or sale of any obligations, evidences of indebtedness or other securities of the Partnership, whether or not convertible into or exchangeable for, or carrying or accompanied by any rights to receive, purchase or subscribe to, any such new, unissued or treasury Units or Limited Partnership Interests, (iv) the issuance of any subscription right to or right to receive, or any warrant or option for the purchase of, any of the foregoing Units, Limited Partnership Interests or securities, or (v) the issuance or sale of any other Units, Limited Partnership Interests or securities that may be issued or sold by the Partnership.

SECTION 4.06. *No Fractional Units.* No fractional Units or Limited Partnership Interests shall be issued by the Partnership; instead, in the sole discretion of the General Partner, each fractional Unit or Limited Partnership Interest shall be rounded to the nearest whole Unit or Limited Partnership Interest (the next higher whole Unit or Limited Partnership Interest if the fraction is precisely $^1/_2$) or an amount equal to the product of the Unit Price and such fraction shall be paid in cash by the Partnership.

SECTION 4.07. *No Withdrawal.* No Person shall be entitled to withdraw any part of his Contribution or the amount of his Capital Account, or to receive any distribution from the Partnership, except as otherwise provided in this Agreement.

SECTION 4.08. *Loans from Partners; No Interest on Capital Account Balances.* If any Partner or Unitholder shall advance funds to the Partnership in excess of the amounts required hereunder to be contributed by it to the capital of the Partnership, such advance shall not be considered a Contribution and the making of such advance shall neither result in any increase in the amount of the

Capital Account of such Partner or Unitholder nor entitle such Partner or Unitholder to any increase in its Percentage Interest. The amount of any such advance shall be a debt of the Partnership to such Partner or Unitholder and shall be payable or collectible only out of the Partnership Assets in accordance with the terms and conditions upon which such advance is made. No interest shall be paid by the Partnership on Contributions or on the amount of any Capital Account.

SECTION 4.09. *Capital Accounts.* The Partnership shall maintain for each Partner (excluding the Assignor Limited Partner) and Unitholder (which terms for purposes of this Section 4.09, Section 4.10 and Article 5 shall refer to the beneficial owner of an interest held by a nominee in any case in which the nominee has furnished the identity of such owner to the Partnership pursuant to Section 6031(c) of the Code) a separate Capital Account in accordance with Section 704 of the Code. The Capital Account of each Partner and Unitholder shall, as of the effective time of the Alliance Capital Contribution, be increased or decreased, as the case may be, to reflect a revaluation of the Carrying Values of all Partnership Assets pursuant to Section 4.10(c) hereof (and in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(f)) to reflect any Unrealized Gain or Unrealized Loss attributable to each Partnership Asset as if such Unrealized Gain or Unrealized Loss had been recognized upon a sale of each such Partnership Asset at such time and had been allocated to the Partners and Unitholders pursuant to Sections 5.04 and 5.05 hereof. The Partners and the Unitholders hereby agree that following such revaluation and allocation, the Capital Account of each Partner and each Unitholder shall be equal to the product of (x) such Person's Percentage Interest and (y) the aggregate Carrying Values of all Partnership Assets. The initial Capital Account of any Person who becomes a Partner by making a Contribution to the Partnership shall be equal to the cash amount or Net Value of all Contributions made by such Person to the Partnership. Each Capital Account shall be increased by (A) the cash amount or Net Value of all Contributions made by such Person to the Partnership pursuant to this Agreement and (B) all items of Partnership income and gain computed in accordance with Section 4.10(a) and allocated to such Person pursuant to Section 5.04 and Section 5.05, and decreased by (A) the cash amount or Net Value of all Distributions made to such Person pursuant to this Agreement and (B) all items of Partnership deduction and loss computed in accordance with Section 4.10(a) and allocated to such Person pursuant to Section 5.04 and Section 5.05, and shall otherwise be maintained in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv). Provisions of this Section 4.09 shall, to the extent not inconsistent with the terms thereof, be construed in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv). Each Person who holds one or more Partnership Interests or Units shall have one Capital Account reflecting all Partnership Interests or Units owned by such Person.

SECTION 4.10. *Capital Account Calculations and Adjustments.* (a) For purposes of computing the amount of any item of income, gain, deduction or loss to be reflected in the Capital Accounts, the determination, recognition and classification of any such item shall be the same as its determination, recognition and classification for federal income tax purposes (including any method of depreciation, cost recovery or amortization used for this purpose), provided that:

(i) In accordance with the requirements of Section 704(b) and Section 704(c) of the Code and Treasury Regulation Section 1.704-1(b)(2)(iv)(d), any deductions for depreciation, cost recovery or amortization attributable to Contributed Property shall be determined as if the adjusted basis of such property on the date it was acquired or deemed to be acquired by the Partnership was equal to the Net Value of such property. Upon an adjustment pursuant to Section 4.10(c) to the Carrying Value of any Partnership Asset subject to depreciation, cost recovery or amortization, any further deductions for such depreciation, cost recovery or amortization attributable to such Partnership Asset shall be determined as if the adjusted basis of such Partnership Asset was equal to the Carrying Value of such property immediately following such adjustment.

(ii) Any income, gain or loss attributable to the taxable disposition of any property shall be determined by the Partnership as if the adjusted basis of such property as of such date of disposition was equal in amount to the Partnership's Carrying Value with respect to such property as of such date.

(iii) The amounts of any adjustments to the basis (or Carrying Values) of Partnership Assets made pursuant to Section 743 of the Code shall not be reflected in Capital Accounts, but the amounts of any adjustments to the basis (or Carrying Values) of Partnership Assets made pursuant to Section 734 of the Code as a result of the Distribution of property by the Partnership to a Partner shall (i) be reflected in the Capital Account of the Person receiving such Distribution in the case of a Distribution in liquidation of such Person's interest in the Partnership and (ii) otherwise be reflected in Capital Accounts in the manner in which the unrealized income and gain that is displaced by such adjustments would have been shared had the property been sold at its Carrying Value immediately prior to such adjustments.

(iv) The computation of all items of income, gain, loss and deduction shall be made, as to those items described in Section 705(a)(1)(B) or Section 705(a)(2)(B) of the Code, without regard to the fact that such items are not includible in gross income or are neither currently deductible nor capitalizable for federal income tax purposes. For this purpose, amounts paid or incurred to organize the Partnership or to promote the sale of interests in the Partnership that are neither deductible nor amortizable under Section 709 of the Code, and deductions for any losses incurred in connection with the sale or exchange of Partnership Assets disallowed pursuant to Section 267(a)(1) or Section 707(b) of the Code, shall be treated as expenditures described in Section 705(a)(2)(B) of the Code.

(b) In the case of the transfer of a Unit (the term Unit for purposes of this Section 4.10(b) shall include a Limited Partnership Interest received in exchange for such Unit) or the General

Partnership Interest, the transferee of such Unit or the General Partnership Interest shall succeed to a Capital Account relating to the Unit or General Partnership Interest transferred and the Capital Account of the transferor shall be adjusted to reflect the Capital Account of the transferee.

(c) To the extent that the General Partner in its sole discretion deems it appropriate (A) immediately prior to an issuance of additional Units or Limited Partnership Interests for Contributions pursuant to Section 4.02, or (B) to reflect the sale, exchange or other disposition of all or substantially all of the Partnership Assets during any fiscal year in which such a sale, exchange or other disposition occurs, the Capital Accounts of all Partners and Unitholders and the Carrying Values of all Partnership Assets may be adjusted in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(f) (consistent with the provisions hereof) upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to each Partnership Asset as if such Unrealized Gain or Unrealized Loss had been recognized upon an actual sale of each such Partnership Asset at such time and had been allocated to the Partners and Unitholders pursuant to Sections 5.04 and 5.05. Such Unrealized Gain or Unrealized Loss shall be determined by the General Partner using such reasonable methods of valuation as it in its sole discretion deems appropriate.

(d) In accordance with Treasury Regulation Section 1.704-1(b)(2)(iv) (e), immediately prior to the Distribution of any Partnership Asset in kind, the Capital Accounts of all Partners and Unitholders and the Carrying Values of all such Partnership Assets shall be adjusted (consistent with the provisions hereof) upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to each such Partnership Asset as if such Unrealized Gain or Unrealized Loss had been recognized upon an actual sale of each such Partnership Asset immediately prior to such distribution and had been allocated to the Partners and Unitholders, at such time, pursuant to Sections 5.04 and 5.05. Such Unrealized Gain or Unrealized Loss shall be determined by the General Partner in its sole discretion and such determination shall be binding and conclusive upon the Partnership, Partners and Unitholders.

ARTICLE 5
DISTRIBUTIONS AND ALLOCATIONS

SECTION 5.01. *Pass Through Cash Distributions.* The General Partner shall distribute in cash the Partnership's Available Cash Flow as promptly as practicable after receipt of any cash distributions paid by Alliance Capital. Such distributions shall be made among the Partners (other than the Assignor Limited Partner) and Unitholders who were Record Holders on such Record Date as shall be selected by the General Partner in its sole discretion, pro rata in accordance with their Percentage Interests.

SECTION 5.02. *Special Distributions.* Any Distributions (other than a Distribution made (x) from Available Cash Flow, or (y) in connection with the dissolution of the Partnership) may be made by the General Partner in such amounts and at such times as the General Partner, in its sole discretion, may

determine, among the Unitholders and Partners (other than the Assignor Limited Partner), pro rata in accordance with their Percentage Interests.

SECTION 5.03. *General Rules with Respect to Distributions.* (a) The General Partner is authorized to distribute property in kind only in connection with the dissolution of the Partnership pursuant to Article 15.

(b) The General Partner shall specify a Record Date for any Distribution, and any cash or property distributed shall be distributed to the Partners and Unitholders who were Record Holders on the books of the Partnership as of the Record Date, in accordance with this Article 5. The Record Date for any Distribution to be made pursuant to Section 5.02 shall be (i) in the case of a Distribution that is attributable to the proceeds from the sale or other disposition by the Partnership of Partnership Assets other than in the ordinary course of its business, the date of such sale or other disposition and (ii) in the case of any other Distribution, such Record Date as selected by the General Partner in its sole discretion.

(c) Any amount of taxes withheld pursuant to Section 9.05, and any amount of taxes, interest or penalties paid by the Partnership to any governmental entity, with respect to amounts allocated or distributable to a Person shall be deemed to be a Distribution or payment to such Person and shall reduce the amount otherwise distributable to such Person pursuant to this Article 5.

(d) No Distribution (other than a Distribution pursuant to Article 15) with respect to all or any portion of a calendar year shall be made to a Person (other than the General Partner) if, after giving effect to expected allocations of Net Income or Net Loss for such calendar year, the Distribution would create or increase a deficit in such Person's Capital Account in excess of such Person's share of the Partnership's "*Minimum Gain*" as defined in Treasury Regulation Section 1.704-2(b)(2).

(e) Whenever any Distribution is to be made with respect to Limited Partnership Interests held by the Assignor Limited Partner, such Distribution shall be made to the Unitholders of record on the Record Date for such Distribution and not to the Assignor Limited Partner.

(f) The requirement of the General Partner or the Partnership to make any and all Distributions provided for in this Agreement shall be subject to the limitations contained in the Delaware Act and no Distribution shall be made in violation of the provisions thereof or hereof.

SECTION 5.04. *Allocations of Net Income and Net Loss.* For Capital Account purposes, except as otherwise provided in Section 5.05, Net Income and Net Loss of the Partnership shall be determined and allocated as set forth in this Section 5.04, and allocations of Net Income and Net Loss shall be deemed to be allocations of proportionate shares of the items of income, gain, loss and deduction from which Net Income and Net Loss are computed. Net Income and Net Loss of the

Partnership with respect to a fiscal year of the Partnership shall be allocated to each month in such fiscal year on a pro rata basis.

(a) Net Income of the Partnership shall be allocated among the Unitholders and Partners (other than the Assignor Limited Partner), pro rata in accordance with their Percentage Interests.

(b) Net Loss of the Partnership shall be allocated (i) first, to the Unitholders, the General Partner and Limited Partners (other than the Assignor Limited Partner) having positive Capital Account balances so as to cause their respective Capital Account balances to be in (or, if not possible, closer to) the same proportion to each other as their respective Percentage Interests and then in accordance with their respective Percentage Interests until all such positive balances have been eliminated; and (ii) the balance, if any, to the General Partner in respect of its General Partnership Interest. Section 5.04(a) notwithstanding, to the extent subsequent Net Income of the Partnership does not exceed Net Loss allocated pursuant to this Section 5.04(b), such Net Income shall be allocated (A) first, to the General Partner in respect of its General Partnership Interest until such allocated Net Income equals Net Loss allocated to the General Partner pursuant to Section 5.04(b)(ii); and (B) the balance, if any, to the General Partner, Unitholders and Limited Partners (other than the Assignor Limited Partner) in the same proportions and amounts as Net Loss was allocated pursuant to Section 5.04(b)(i). For purposes of this Section 5.04(b), the determination of Capital Account balances shall be made after giving effect to all Distributions made with respect to calendar quarters before the month in question pursuant to Article 5.

(c) All items of income, gain, loss and deduction resulting from any transaction the proceeds of which are distributed to the Partners and Unitholders pursuant to Section 5.02 shall be allocated among the Unitholders and Partners (other than the Assignor Limited Partner), pro rata in accordance with their Percentage Interests.

SECTION 5.05. *Special Provisions Governing Capital Account Allocations.* The following special provisions shall apply whether or not inconsistent with the provisions of Section 5.04:

(a) If there is a net decrease in "partnership minimum gain" (within the meaning of Treasury Regulation Section 1.704-2(b)(2)) during a fiscal year, all Persons with a deficit balance in their Capital Accounts at the end of such year shall be allocated, before any other allocations of Partnership items for such fiscal year, items of income and gain for such year (and if necessary, subsequent years), in the amount and in the proportions necessary to eliminate such deficits as quickly as possible. This Section 5.05(a) is intended to comply with the requirements of Treasury Regulation Section 1.704-2(f), and is to be interpreted to comply with the requirements of such regulation.

(b) If any Person unexpectedly receives any adjustments, allocations or Distributions described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6), items of income and gain (consisting of a pro rata portion of each item of Partnership

income, including gross income, and gain) shall be specially allocated to such Person in an amount and manner sufficient to eliminate a deficit in its Capital Account created by such adjustments, allocations or Distributions as quickly as possible. This Section 5.05(b) is intended to constitute a "qualified income offset" within the meaning of Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(3). Any special allocations of items of income or gain pursuant to this Section 5.05(b) shall be taken into account in computing subsequent allocations of Net Income or Net Loss so that the net amounts of any items so allocated shall, to the extent possible, be equal to the net amounts that would have been allocated to each such Person if such unexpected adjustments, allocations or Distributions had not occurred.

(c) Section 5.04(a) notwithstanding, in the event of a sale or transfer of a Unit or Limited Partnership Interest by the General Partner or any of its Corporate Affiliates (other than to the General Partner or a Corporate Affiliate of the General Partner or in a transaction in which the General Partner and its Corporate Affiliates transfer their entire interest in the Partnership) the General Partner may, in its sole discretion, allocate gross income to the General Partner or such Corporate Affiliate, as the case may be, to the extent required to make the Capital Account of the General Partner or such Corporate Affiliate immediately prior to such sale or transfer equal to the product of (I) the aggregate Percentage Interest of the General Partner or such Corporate Affiliate, (II) the quotient obtained by dividing the aggregate amount of Units and Limited Partnership Interests outstanding by a fraction, the numerator of which is the aggregate Percentage Interest of all Unitholders and Limited Partners (other than the Assignor Limited Partner) and the denominator of which is 100 and (III) an amount equal to the Capital Account of a Unit.

(d) Any net gains realized by the Partnership upon the dissolution of the Partnership shall be credited to the Capital Accounts of the Partners (other than the Assignor Limited Partner) and Unitholders (after crediting or charging thereto the appropriate portion of Net Income and Net Loss and after giving effect to all amounts distributed or to be distributed to such Partners and Unitholders with respect to all calendar quarters of the Partnership prior to the quarter in which the dissolution of the Partnership occurs) in the following priority:

(i) First, to those Partners and Unitholders whose Capital Accounts have negative balances, in proportion to such negative balances, until such negative balances have been eliminated;

(ii) Next, to the Partners and Unitholders in a manner so as to cause such Partners' and Unitholders' respective Capital Account balances to be in the same proportion to each other as their respective Percentage Interests; and

(iii) The balance, if any, among the Unitholders and Partners, pro rata in accordance with their Percentage Interests.

(e) In the event any net gains realized by the Partnership upon the dissolution of the Partnership are insufficient to cause the Partners' and Unitholders' respective Capital Account balances to be in the ratios of their respective Percentage Interests, then, Section 5.04(a) notwithstanding, gross income shall be allocated to those Partners and Unitholders whose Capital Accounts have balances (after giving effect to the allocations provided in Section 5.05(d)), that are less than the amount required to make all Partners' and Unitholders' Capital Account balances be in the ratio of their respective Percentage Interests until all Partners' and Unitholders' Capital Account balances are in such ratios; *provided*, *however*, that an allocation shall not be made pursuant to this Section 5.05(e) to the extent such allocation would cause or increase a negative balance in any other Partner's or Unitholder's Capital Account.

(f) (i) If any Partner or Unitholder makes a payment to the Partnership to pay an expense or cover a loss of the Partnership, or pays an expense of the Partnership, including, without limitation, any organizational expenses incurred in connection with the Reorganization and any costs incurred under the Indemnification and Reimbursement Agreement, and the result is that the Partnership is required to recognize income or is entitled to a loss or

deduction with respect to such amount so contributed or paid, then such income, loss or deduction shall be specially allocated to such Partner or Unitholder.

(ii) Any amounts received by the Partnership either from a trust established or letter of credit furnished pursuant to Section 4 of the Guaranty Agreement shall be considered a Contribution by ACMC if it is the General Partner or a Unitholder (or, if ACMC is not the General Partner or a Unitholder, any Corporate Affiliate that is the General Partner or a Unitholder) made to pay the expense of the Partnership to which the amounts received by the Partnership relate.

(g) In the event that the Internal Revenue Service is successful in asserting an adjustment to the taxable income of a Partner or Unitholder and, as a result of any such adjustment, the Partnership is entitled to a deduction for federal income tax purposes with respect to any portion of such adjustment, such deduction shall be allocated to such Partner or Unitholder.

(h) The General Partner may, in its sole discretion and without the approval of any Unitholder or other Partner, make special allocations of Net Income or Net Loss or items thereof (including, but not limited to, gross income) to the extent necessary to make the Capital Account balances of the Partners and Unitholders be in the ratios of their Percentage Interests. In addition to the other special allocations that the General Partner may make under this Section 5.05, the General Partner may, in its sole discretion and without the approval of any Unitholder or other Partner, make special allocations of Net Income or Net Loss (or items thereof) and adopt such other methods and procedures in order to preserve or achieve uniformity of Units, but only if such allocations and methods and procedures would not have a material adverse effect on the Unitholders holding Units and if they are consistent with the principles of Section 704 of the Code.

(i) In the event that the Internal Revenue Service is successful in asserting an adjustment to the allocations of Net Income or Net Loss provided for in Sections 5.04 and 5.05 for federal income tax purposes, such adjustment shall not have any effect on Capital Accounts or on the Distributions made or to be made pursuant to the provisions of this Agreement, unless the General Partner determines that giving effect to such adjustment would make the Partners' and Unitholders' Capital Account balances be in the proportion of the Percentage Interests.

(j) For purposes of charging and crediting Capital Accounts, the holder of a restricted Unit (which for purposes of this Section 5.05(j) shall include any Limited Partnership Interest received in exchange for a restricted Unit) shall not be treated as a Unitholder or Limited Partner during the period commencing on the date such holder acquires such restricted Unit and ending on the date such restricted Unit vests, unless such holder makes a timely election under Section 83(b) of the Code with respect to the transfer of such restricted Unit to such holder. During such period, all Distributions made with respect to such restricted Unit pursuant to this Agreement shall be treated as not made in respect of a partnership interest but shall be paid by the Partnership to such holder as compensation.

SECTION 5.06. *Allocations for Tax Purposes*. (a) For federal income tax purposes, except as otherwise provided in this Section 5.06, each item of income, gain, loss and deduction of the Partnership shall be allocated, for each month, among the Partners (other than the Assignor Limited Partner) and Unitholders in the same proportions as items comprising Net Income or Net Loss, as the case may be, are allocated among the Partners (other than the Assignor Limited Partner) and Unitholders. Credits shall be allocated as provided in Treasury Regulation Section 1.704-1(b)(4)(ii).

(b) In the case of Contributed Property, items of income, gain, loss or deduction attributable to such Contributed Property shall be allocated among the Partners (other than the Assignor Limited Partner) and Unitholders in a manner that takes into account the variation between the adjusted basis to the Partnership of such Contributed Property and the Net Value of such Contributed Property at the time of contribution, as required by Section 704(c) of the Code, to the extent such allocation reduces Book-Tax Disparities. The General Partner shall have the sole discretion to make additional allocations of income, gain, loss or deduction in order to eliminate such Book-Tax Disparities as quickly as possible, provided such allocations are consistent with the principles of Section 704(c) of the Code. The General Partner shall have the sole discretion to choose any method of allocations permissible under Treasury Regulation Section 1.704-3 to reduce or eliminate Book-Tax Disparities.

(c) In the case of Adjusted Property, items of income, gain, loss or deduction attributable thereto shall (A) first, be allocated among the Partners (other than the Assignor Limited Partner) and Unitholders in a manner consistent with the principles of Section 704(c) of the Code to take into account the Unrealized Gain or Unrealized Loss attributable to such property and the allocation thereof pursuant to Section 4.10(c) to the extent such allocation reduces Book-Tax Disparities, and (B) second, in the event such property was originally Contributed Property, be allocated among the Partners (other than the Assignor Limited Partner) and Unitholders in a manner consistent with

subsection 5.06(b) above. The General Partner shall have the sole discretion to make additional allocations of income, gain, loss or deduction in order to eliminate such Book-Tax Disparities as quickly as possible, provided such allocations are consistent with the principles of Section 704(c) of the Code. The General Partner shall have the sole discretion to choose any method of allocations permissible under Treasury Regulation Section 1.704-3 to reduce or eliminate Book-Tax Disparities.

(d) To the extent of any Recapture Income resulting from the sale or other taxable disposition of a Partnership Asset, the amount of any gain from such disposition allocated to (or recognized by) a Partner (other than the Assignor Limited Partner) or Unitholder, for federal income tax purposes pursuant to the above provisions shall be deemed to be Recapture Income to the extent such Partner or Unitholder has been allocated or has claimed any deduction directly or indirectly giving rise to the treatment of such gain as Recapture Income.

(e) All items of income, gain, loss, deduction and credit recognized by the Partnership for federal income tax purposes and allocated to the Partners (other than the Assignor Limited Partner) and Unitholders in accordance with the provisions hereof shall be determined without regard to any adjustment made pursuant to Section 743 of the Code; *provided*, *however*, that such allocations, once made, shall be adjusted as necessary or appropriate to take into account those adjustments permitted by Section 743 of the Code and any adjustments made pursuant to Section 743 of the Code shall be allocated to the extent permitted under and in accordance with the rule of Treasury Regulation Section 1.704-1(b)(2)(iv)(m).

(f) The General Partner may, in its sole discretion and without the approval of any Unitholder or other Partner, make special allocations of Net Income or Net Loss or items thereof (including, but not limited to, gross income) (i) to the extent necessary to make the Capital Account balances of the Partners and

Unitholders be in the ratios of their Percentage Interests or (ii) that are consistent with the principles of Section 704 of the Code and Section 5.04 and to amend the provisions of this Agreement as appropriate to reflect the proposal or promulgation of Treasury Regulations under Subchapter K of the Code. The General Partner may adopt and employ such methods and procedures for (A) the maintenance of book and tax capital accounts, (B) the determination and allocation of adjustments under Sections 704(c), 734 and 743 of the Code, (C) the determination and allocation of Net Income, Net Loss, Depreciation, taxable income, taxable loss and items thereof under this Agreement and pursuant to the Code, (D) the determination of the identities and tax classification of Unitholders and Partners, (E) the provision of tax information and reports to Partners and Unitholders, (F) the adoption of reasonable conventions and methods for the valuation of assets and the determination of tax basis, (G) the allocation of asset values and tax basis, (H) conventions for the determination of cost recovery, depreciation and amortization deductions and the maintenance of inventories, (I) the recognition of the transfer of Units and Limited Partnership Interests, and (J) compliance with other tax-related requirements, including, but not limited to, the use of computer software and filing and reporting procedures similar to those employed by other publicly-traded partnerships, as it determines in its sole discretion are necessary and appropriate to execute the

provisions of this Agreement, comply with federal and state tax laws, and to achieve uniformity of Units and Limited Partnership Interests. The General Partner shall be indemnified and held harmless by the Partnership for any expenses, penalties or other liabilities arising as a result of decisions made in good faith on any of the matters referred to in the preceding sentence. If the General Partner determines, based upon advice of counsel, that no reasonable allowable convention or other method is available to preserve the uniformity of Units or Limited Partnership Interests or the General Partner in its discretion so elects, Units and Limited Partnership Interests may be separately identified as distinct classes to reflect differences in tax consequences.

(g) For federal income tax purposes, the holder of a restricted Unit (which, for purposes of this Section 5.06(g), shall include any Limited Partnership Interest received in exchange for a restricted Unit) shall not be treated as a Unitholder or Limited Partner during the period commencing on the date such holder acquires such restricted Unit and ending on the date such restricted Unit vests, unless such holder makes a timely election under Section 83(b) of the Code with respect to the transfer of such restricted Unit to such holder. All Distributions made with respect to such restricted Unit pursuant to this Agreement during such period shall be treated as not made in respect of a partnership interest but shall be paid by the Partnership to such holder as compensation.

SECTION 5.07. *Assignments.* (a) Each item of income, gain, loss, deduction or credit derived by the Partnership during a fiscal year shall be determined and allocated on a monthly basis in accordance with the provisions of this Article 5.

(b) Subject to applicable Treasury Regulations, the Partnership shall treat Partners or Unitholders of record at the opening of business on the first day of a calendar month as being the only Partners and Unitholders during such month. If the General Partnership Interest or any Unit or Limited Partnership Interest is transferred during any month, such items attributable, under the convention set forth in the second sentence of Section 5.04, to such Interest or Unit for such month shall be allocated to the holder of such Interest or Unit on the first day of such month, *provided*, *however*, that (i) any income, gain, loss, or deduction on a sale or other disposition of all or substantially all of the Partnership Assets shall be allocated to the Partners and Unitholders on the date of such sale or other disposition and (ii) any income, gain, loss or deduction resulting from any transaction the proceeds of which are distributed to the Partners and Unitholders pursuant to Section 5.02 shall be allocated to the Partners and Unitholders on the date of such transaction. Distributions shall be made to the Partners as of the applicable Record Date as provided in Section 5.03(b).

(c) The General Partner may revise, alter or otherwise modify such methods of allocation (i) to the extent that it in its sole discretion determines that the application of such methods would result in a substantial mismatching of the allocation of Net Income or Net Loss attributable to a period and the Distribution of cash attributable to the same period as between the transferor and transferee of the Partnership Interest and / or Unit transferred that could be minimized by the application of an alternative

tax allocation method, or (ii) to the extent necessary to conform the Partnership's tax allocations to the requirements of any Treasury Regulations or rulings of the Internal Revenue Service.

ARTICLE 6
MANAGEMENT AND OPERATION OF BUSINESS

SECTION 6.01. *Management.*

(a) Except as otherwise expressly provided in this Agreement:

All decisions respecting any matter set forth herein or otherwise affecting or arising out of the conduct of the business of the Partnership shall be made by the General Partner, and the General Partner shall have the exclusive right and full authority and responsibility to manage, conduct, control and operate the Partnership's business and effect the purposes and provisions of this Agreement. The General Partner shall have full authority to do all things on behalf of the Partnership deemed necessary or desirable by it in the conduct of the business of the Partnership, including, but not limited to, exercising all of the powers contained in Section 3.02 and to effectuate the purposes specified in Section 3.01. The power and authority of the General Partner pursuant to this Agreement shall be liberally construed to encompass the General Partner's undertaking, on behalf of the Partnership, all acts and activities in which a limited partnership may engage under the Delaware Act. The power and authority of the General Partner shall include, but shall not be limited to, the power and authority on behalf of the Partnership and at the expense of the Partnership:

(i) To cause the Partnership to execute, deliver and perform the Reorganization Agreement, the Indemnification and Reimbursement Agreement and all other agreements, documents and instruments as the General Partner may deem necessary or appropriate to consummate the transactions contemplated thereby;

(ii) To cause the Partnership to take all such actions as may be necessary or appropriate to effect the Reorganization, including, but not limited to, consummating the Alliance Capital Contribution and the Exchange and serving as a limited partner of Alliance Capital;

(iii) To make all operating decisions concerning the business of the Partnership;

(iv) To cause the Partnership to acquire, dispose of, mortgage, pledge, encumber, hypothecate, assign in trust for creditors, or exchange any or all assets or properties (including the Partnership Assets), including, but not limited to, its goodwill;

(v) To use the assets or properties of the Partnership (including, but not limited to, cash on hand) for any purpose, and on any terms, including, but not limited to, the financing of Partnership operations, the lending of funds to other Persons, the repayment of obligations of the Partnership, the conduct of additional Partnership operations and the purchase or acquisition of interests in properties or other assets, including, but not limited to, such interests in real property as may be acquired in connection with arrangements for the use of facilities in connection with the Partnership's operations or the acquisition of any other assets or interests in property;

(vi) To negotiate, execute, amend and terminate, and to cause the Partnership to perform, any contracts, conveyances or other instruments that it considers useful or necessary to the conduct of Partnership operations or the implementation of its powers under this Agreement;

(vii) To select and dismiss employees and outside attorneys, accountants, consultants and contractors and to determine compensation and other terms of employment or hiring;

(viii) To form any further limited or general partnerships, joint ventures, corporations or other entities or relationships that it deems desirable, and contribute to such partnerships, ventures, corporations or other entities any or all of the assets and properties of the Partnership, and if the General Partner is a partner or participant in any such entity or relationship to accord the General Partner a share in the income of such entity or relationship;

(ix) To issue additional securities or additional Units or Limited Partnership Interests or additional classes or series of Units or Limited Partnership Interests pursuant to the provisions of Section 4.02, and on behalf of the Partnership (but subject to the other provisions of this Agreement);

(x) To purchase, sell or otherwise acquire or dispose of Units or Limited Partnership Interests, at such times and on such terms as it deems to be in the best interests of the Partnership;

(xi) To maintain or cause to be maintained records of all rights and interests acquired or disposed of by the Partnership, all correspondence relating to the business of the Partnership and the original records (or copies on such media as the General Partner may deem appropriate) of all statements, bills and other instruments furnished the Partnership in connection with its business;

(xii) To maintain records and accounts of all operations and expenditures, make all filings and reports required under applicable rules and regulations of any governmental department, bureau, or agency, any securities exchange, any automated quotation system of a registered securities association, and any self-regulatory body, and furnish the Partners and Unitholders with all necessary United States federal, state or local income tax reporting information or such information with respect to any other jurisdiction;

(xiii) To purchase and maintain, at the expense of the Partnership, liability, indemnity, and any other insurance (including, but not limited to, errors and omissions insurance and insurance to cover the obligations of the Partnership under Section 6.09), sufficient to protect the Partnership, the General Partner, their respective officers, directors, employees, agents, partners and Affiliates, or any other Person, from those liabilities and hazards which may be insured against in the conduct of the business and in the management of the business and affairs of the Partnership;

(xiv) To make, execute, assign, acknowledge and file on behalf of the Partnership all documents or instruments of any kind which the General Partner may deem necessary or appropriate in carrying out the purposes and business of the Partnership, including but not limited to, powers of attorney, agreements of indemnification, contracts, deeds, options, loan obligations, mortgages, notes, documents, or instruments of any kind or character, and amendments thereto, any of which may contain confessions of judgment against the Partnership. No Person dealing with the General Partner shall be required to determine or inquire into the authority or power of the General Partner to bind the Partnership or to execute, acknowledge or deliver any and all documents in connection therewith;

(xv) To borrow money and to obtain credit in such amounts, on such terms and conditions, and at such rates of interest and upon such other terms and conditions as the General Partner deems appropriate, from banks, other lending institutions, or any other Person, including Alliance Capital, the Partners or Unitholders or any of their Affiliates, for any purpose of the Partnership, and to pledge, assign, or otherwise encumber or alienate all or any portion of the Partnership Assets, including any income therefrom, to secure or provide for the repayment thereof. As between any lender and the Partnership, it shall be conclusively presumed that the proceeds of such loans are to be and will be used for the purposes authorized herein and that the General Partner has the full power and authority to borrow such money and to obtain such credit;

(xvi) To assume obligations, enter into contracts, including contracts of guaranty or suretyship, incur liabilities, lend money and otherwise use the credit of the Partnership, to secure any of the obligations, contracts or liabilities of the Partnership by

mortgage, pledge or other encumbrance of all or any part of the property and income of the Partnership;

(xvii) To invest funds of the Partnership in interest-bearing and non-interest-bearing accounts and short-term investments including, but not limited to, obligations of federal, state and local governments and their agencies, money market and mutual funds (including, but not limited to, those managed by the Partnership or Alliance Capital) and any type of debt or equity securities (including repurchase agreements and without regard to restrictions on maturities);

(xviii) To make any election on behalf of the Partnership as is or may be permitted under the Code or under the taxing statutes or rules of any state, local, foreign or other jurisdiction, and to supervise the preparation and filing of all tax and information returns which the Partnership may

be required to file;

(xix) To employ and engage suitable agents, employees, advisers, consultants and counsel (including any custodian, investment adviser, accountant, attorney, corporate fiduciary, bank or other reputable financial institution, or any other agents, employees or Persons who may serve in such capacity for the General Partner or any Affiliate of the General Partner) to carry out any activities which the General Partner is authorized or required to carry out or conduct under this Agreement, including, but not limited to, a Person who may be engaged to undertake some or all of the general management, property management, financial accounting and recordkeeping or other duties of the General Partner, to indemnify such Persons on behalf of the Partnership against liabilities incurred by them in acting in such capacities and to rely on the advice given by such Persons, it being agreed and understood that the General Partner shall not be responsible for any acts or omissions of any such Persons and shall assume no obligations in connection therewith other than the obligation to use due care in the selection thereof;

(xx) To pay, extend, renew, modify, adjust, submit to arbitration, prosecute, defend, confess or compromise, upon such terms as it may determine and upon such evidence as it may deem sufficient, any obligation, suit, liability, cause of action, or claim, including taxes, either in favor of or against the Partnership;

(xxi) To register, qualify, list or report, to cause to be registered, qualified, listed or reported, or to cause to be de-registered, disqualified or delisted, the Units or Limited Partnership Interests pursuant to the Securities Act, the Securities Exchange Act, and any other securities laws of the United States, the securities laws of any state of the United States, the laws of any other jurisdiction, with any National Securities

Exchange or other securities exchange, or pursuant to an automated quotation system of a registered securities association, as the General Partner deems appropriate;

(xxii) To qualify the Partnership to do business in any state, territory, dependency or foreign country;

(xxiii) To distribute cash or Partnership Assets to Partners and Unitholders in accordance with Article 5;

(xxiv) In accordance with Section 2.05, to restrict trading in Units and Limited Partnership Interests or to reconstitute and convert the Partnership into such entity as shall be determined in accordance therewith;

(xxv) To take such other action with respect to the manner in which the Units and Limited Partnership Interests are being or may be transferred or traded as the General Partner deems necessary or appropriate;

(xxvi) To purchase, sell or otherwise acquire or dispose of Alliance Capital LP Units;

(xxvii) To cause the Partnership to take all such actions as may be necessary or appropriate to maintain or alter the one-for-one exchange ratio of Alliance Capital LP Units for Units or Limited Partnership Interests, and vice versa, in the event that any circumstance exists or is reasonably expected to exist which the General Partner determines in its sole discretion would render inappropriate the use of such exchange ratio;

(xxviii) To possess and exercise any additional rights and powers of a general partner under the partnership laws of Delaware (including, but not limited to, the Delaware Act) and any other applicable laws, to the extent not inconsistent with this Agreement; and

(xxix) In general, to exercise in full all of the powers of the Partnership as set forth in Section 3.02 and to do any and all acts and conduct all proceedings and execute all rights and privileges, contracts and agreements of any kind whatsoever, although not specifically mentioned in this Agreement, that the General Partner may deem necessary or appropriate to the conduct of the business and affairs of the Partnership or to carry out the purposes of the Partnership. The specific expression of any power of authority of the General Partner in this Agreement shall not in any way limit or exclude any other power or authority which is not specifically or expressly set forth in this Agreement.

(b) Each of the Partners and Unitholders hereby approves, ratifies and confirms the execution, delivery and performance of the Reorganization Agreement, the Indemnification and Reimbursement Agreement and each other agreement, document and instrument as the General Partner may deem necessary or appropriate to consummate the transactions contemplated thereby, and agrees that the General Partner is authorized to execute, deliver and perform the Reorganization Agreement, the Indemnification and Reimbursement Agreement and such other agreements, documents and instruments and the transactions contemplated thereby without any further act, approval or vote of Unitholders or Partners, notwithstanding any other provision of this Agreement, the Delaware Act or any other applicable law, rule or regulation.

(c) The General Partner shall use all reasonable efforts to cause to be filed any certificates or filings as may be determined in its sole discretion by the General Partner to be reasonable and necessary or appropriate for the formation and continuation and operation of a limited partnership (or a partnership in which the Limited Partners have limited liability) in the State of Delaware or any other state in which the Partnership elects to do business. To the extent that the General Partner in its sole discretion determines such action to be reasonable and necessary or appropriate, the General Partner thereafter (i) shall file any necessary amendments to the Certificate of Limited Partnership, including, but not limited to, amendments to reflect successor or additional general partners admitted pursuant to Section 13.02 and (ii) shall otherwise do all things (including the appointment of registered agents of the Partnership and management of registered offices of the Partnership) requisite to the maintenance of the Partnership as a limited partnership under the laws of the State of Delaware or any other state in which the Partnership may elect to do business. If permitted by applicable law, the General Partner may omit from the Certificate of Limited Partnership and from any other certificates or documents filed in any state in order to qualify the Partnership to do business therein, and from all amendments thereto, the names and addresses of the Partners (other than the General Partner) and Unitholders and information relating to the Contributions and shares of profits and compensation of the Partners (other than the General Partner) and Unitholders, or state such information in the aggregate rather than with respect to each individual Partner or Unitholder. Except as provided in Section 7.05(a), the General Partner shall not be required, before or after filing, to deliver or mail a copy of the Certificate of Limited Partnership or any amendment thereto to any Unitholder or Limited Partner.

SECTION 6.02. *Reliance by Third Parties.* Notwithstanding any other provisions of this Agreement to the contrary, no lender, purchaser or other Person

dealing with the Partnership shall be required to look to the application of proceeds hereunder or to verify any representation by the General Partner as to the extent of the interest in Partnership Assets that the General Partner is entitled to encumber, sell or otherwise use, and any such lender, purchaser or other Person shall be entitled to rely exclusively on the representations of the General Partner as to its authority to enter into such financing or sale arrangements and shall be entitled to deal with the General Partner, without the joinder of any other Person, as if the General Partner were the sole party in interest therein, both legally and beneficially. To the fullest extent permitted by law, each Partner (other than the General Partner) and

Unitholder hereby waives any and all defenses or other remedies that may be available against such lender, purchaser or other Person to contest, negate or disaffirm any action of the General Partner in connection with any sale or financing. In no event shall any person dealing with the General Partner or the General Partner's representative with respect to any business or property of the Partnership be obligated to ascertain that the terms of this Agreement have been complied with, or be obligated to inquire into the necessity or expedience of any act or action of the General Partner or the General Partner's representative; and every contract, agreement, deed, mortgage, security agreement, promissory note or other instrument or document executed by the General Partner or the General Partner's representative with respect to any business or property of the Partnership shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (i) at the time of the execution and delivery thereof this Agreement was in full force and effect, (ii) such instrument or document was duly executed in accordance with the terms and provisions of this Agreement and is binding upon the Partnership, and (iii) the General Partner or the General Partner's representative was duly authorized and empowered to execute and deliver any and every such instrument or document for and on behalf of the Partnership.

SECTION 6.03. *Purchase or Sale of Units or Limited Partnership Interests.* The General Partner may cause the Partnership to purchase or otherwise acquire (or may purchase or otherwise acquire on behalf of the Partnership) Units or Limited Partnership Interests. The General Partner or any of its Affiliates may also purchase or otherwise acquire Units or Limited Partnership Interests for its own account and may, subject to the provisions of Article 12, sell or otherwise dispose of such Units or Limited Partnership Interests. Any Units or Limited Partnership Interests purchased for or on behalf of or otherwise held by the Partnership shall not be deemed outstanding for any purposes under this Agreement; provided that Units or Limited Partnership Interests purchased for or on behalf of or otherwise held by a Person in the "control" of the Partnership, as that term is defined in the definition of an Affiliate in Article 1, for a business purpose approved by the General Partner shall not be considered to have been purchased for or on behalf of or otherwise held by the Partnership.

SECTION 6.04. *Compensation and Reimbursement of the General Partner.* (a) The General Partner shall be reimbursed on a monthly or such other basis as the General Partner shall determine (i) for all direct expenses it incurs or makes on behalf of the Partnership (including amounts paid to any Person to perform services for the Partnership) and (ii) for the General Partner's legal, accounting, investor communications, utilities, telephone, secretarial, travel, entertainment, bookkeeping, reporting, data processing, office rent and other office expenses, salaries and other compensation and employee benefits expenses, other administrative or overhead expenses and all other expenses necessary to or appropriate for the conduct of the Partnership's business which are incurred by the General Partner in operating the Partnership's business (including, but not limited to, expenses allocated to the General Partner by its Affiliates), and which are allocated to the Partnership in addition to any reimbursement as a result of indemnification pursuant to Section 6.09. The General Partner shall determine the fees and expenses that are allocated to the Partnership by the General Partner in good faith.

(b) The General Partner shall not receive any compensation from the Partnership for services provided to the Partnership as General Partner.

SECTION 6.05. *Outside Activities.* (a) The General Partner shall not acquire any assets or enter into or conduct any business or activity except in connection with or incidental to (i) the management or operations of the Partnership and Alliance Capital, its performance of its obligations required or authorized by this Agreement and the Alliance Capital Partnership Agreement, (ii) the acquisition, ownership or disposition of Units or Limited Partnership Interests or partnership interests in Alliance Capital, (iii) its corporate governance and existence and (iv) acquiring, investing in, holding, disposing of or otherwise dealing with the Excluded Assets (as defined in the Transfer Agreement) and other passive investments.

(b) Any Indemnitee, except the General Partner, may compete, directly or indirectly, with the Partnership and may engage in any business or other activity, whether or not for profit and whether or not competitive with or similar to any current or anticipated business activity of the Partnership, including, but not limited to, providing investment management and advisory services, and no such business or activity shall in any way be restricted by, or considered to be in conflict with, this Agreement, the partnership relationship established hereby or any principle of law or equity relating thereto. None of the Partnership, any Partner or any Unitholder shall have any rights in or with respect to any such business or activity so engaged in by an Indemnitee, and no Indemnitee shall have any obligation to offer any interest in any such business or activity, or any opportunity relating thereto or to the business of the Partnership, to the Partnership, any Partner or any other Persons who may have or acquire any interest in the Units, Limited Partnership Interests or the Partnership. No decision or action taken by any such Indemnitee (or, to the extent such decision or action was not taken with the specific intent of providing an improper benefit to an Indemnitee to the detriment of the Partnership, by the General Partner) with respect to any such business or activity or any business or activity of the Partnership shall be subject to review or challenge in any way or in any forum on the basis that it improperly benefitted any such Indemnitee to the detriment of the Partnership or otherwise involved any conflict of interest or breach of a duty of loyalty or similar fiduciary obligation. No such Indemnitee shall be subject to any liability or other obligation with respect to the matters described in this Section 6.05(b). The Partnership shall not, and each Partner and Unitholder by its acquisition of a Unit or Limited Partnership Interest hereby agrees that it will not, assert in any manner or in any forum any claim with respect to the matters described in this Section 6.05(b). The Partnership shall actively resist any effort to assert any such claim on its behalf. This Section 6.05(b) is not intended to affect any rights the Partnership may have under any contract or agreement with any of its employees.

SECTION 6.06. *Partnership Funds.* The funds of the Partnership shall be deposited in such account or accounts as are designated by the General Partner. The Partnership shall at all times maintain books of account which indicate the amount of funds of the Partnership on deposit in each such account. All withdrawals from or charges against such accounts shall be made by the General Partner by its officers or agents, or by employees or agents of the Partnership. Funds of the

Partnership may be invested as determined by the General Partner, except in connection with acts otherwise prohibited by this Agreement.

SECTION 6.07. *Loans from the General Partner and Others; Transactions and Contracts with Affiliates.* (a) The General Partner, Alliance Capital or any Affiliate of either of them may (but shall have no obligation to) lend to the Partnership funds needed by the Partnership for such periods of time as the General Partner may determine at an interest rate equal to the cost to the General Partner, Alliance Capital or such Affiliate of obtaining such funds from an unaffiliated third party.

(b) The Partnership will not lend any funds to the General Partner, Alliance Capital or any Affiliate of either of them. Except as provided by this Agreement or the Reorganization Agreement, the Partnership will not make any investments in the General Partner or any Affiliates thereof except on terms approved by the General Partner as being comparable to (or more favorable to the Partnership than) those that would prevail in a transaction with an unaffiliated party.

(c) The assumption of liabilities and/or obligations by the Partnership pursuant to the Reorganization Agreement and each other agreement, document and instrument as the General Partner may deem necessary or appropriate to consummate the transactions contemplated thereby is hereby ratified, confirmed and approved by all Partners and Unitholders.

(d) The General Partner may enter into an agreement with an Affiliate of the General Partner to render services to the Partnership on terms approved by the General Partner in good faith as being comparable to (or more favorable to the Partnership than) those that would prevail in a transaction with an unaffiliated party.

(e) Neither the General Partner nor any of its Affiliates shall sell, transfer or convey any property to, or purchase any property from, the Partnership, directly or indirectly, except on terms approved by the General Partner in good faith as being comparable to (or more favorable to the Partnership than) those that would prevail in a transaction with an unaffiliated party; *provided, however,* that the requirements of this Section 6.07(e) shall be deemed to be satisfied as to any sale, transfer or conveyance consummated by the General Partner in accordance with clause (y) of the first sentence of Section 2.05.

(f) Neither the General Partner nor any of its Affiliates shall use or lease any property (including, but not limited to, office equipment, computers, vehicles, aircraft and office space) of the Partnership except on terms approved by the General Partner in good faith as being comparable to (or more favorable to the Partnership than) those that would prevail in a transaction with an unaffiliated party.

(g) Without limitation of Sections 6.07(a) through 6.07(f) above, and notwithstanding anything to the contrary in this Agreement, any transactions or arrangements with one or more

Indemnitees described or disclosed in the Reorganization Agreement, the Indemnification and Reimbursement Agreement and the Proxy Statement are hereby ratified, confirmed and approved by all Partners and Unitholders.

(h) Whenever a particular transaction or arrangement is required under this Agreement to be "on terms approved by the General Partner as being comparable to (or more favorable to the Partnership than) those that would prevail in a transaction with an unaffiliated party", that requirement shall be conclusively presumed to be satisfied as to any transaction or arrangement that (x) is, in the reasonable and good faith judgment of the General Partner, on terms substantially comparable to (or more favorable to the Partnership than) those that would prevail in a transaction with an unaffiliated party or (y) has been approved by a majority of those directors of the General Partner who are not also directors, officers or employees of an Affiliate of the General Partner.

(i) The General Partner or any Affiliate thereof may (but shall have no obligation to) conduct, through such representatives as it may designate, audits and other investigations of the Partnership and Persons controlled by it as the General Partner may determine in its sole discretion. Except as the General Partner or such Affiliate may expressly agree in writing with the Partnership in a document that refers to this Section 6.07(i) and is approved in the manner set forth in clause (y) of Section 6.07(h), (x) such audit or investigation shall be without charge to the Partnership and Persons controlled by it, (y) such audit or investigation shall be deemed to have been undertaken solely for the benefit of the General Partner or such Affiliate and neither of them shall have any obligation to divulge the results thereof to the Partnership or any Partner or Unitholder or to take any action based thereon and (z) no Indemnitee or other Person conducting or otherwise involved in such audit or investigation shall have any obligation or liability to the Partnership, the Partners or Unitholders by reason of such audit or investigation or the manner in or care (or lack thereof) with which it is conducted.

SECTION 6.08. *Liability of the General Partner and Other Indemnities.* (a) Whenever this Agreement or any other agreement contemplated hereby provides that the General Partner or any of its Affiliates is permitted or required to make a decision (i) in its "sole discretion" or "discretion" or under a grant of similar authority or latitude, the General Partner or such Affiliate shall be entitled to consider only such interests and factors as it desires and shall have no duty or obligation to give any consideration to any interest of or other factors affecting the Partnership or any Partner or Unitholder, or (ii) in its "good faith" or under another express standard, the General Partner or such Affiliate shall act under such express standard and shall not be subject to any other or different standards imposed by this Agreement, any other agreement contemplated hereby or applicable law or in equity or otherwise.

(b) Neither the General Partner nor any other Indemnitee shall be liable for monetary damages to the Partnership, Partners or Unitholders for errors in judgment or for breach of fiduciary duty (including breach of any duty of care or any duty of loyalty) unless it is established (the Person asserting such liability having the burden of proof) that the General Partner's or such other Indemnitee's action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to

the Partnership, constituted actual fraud by the General Partner or such Indemnitee, or was undertaken with reckless disregard for the best interests of the Partnership or actual bad faith on the part of the General Partner or such Indemnitee. No Indemnitee shall have any liability to the Partnership, Partners or Unitholders for any action permitted by Section 6.05.

(c) To the extent that, at law or in equity, an Indemnified Person has duties (including fiduciary duties) and liabilities relating thereto to the Partnership or to any Partner, any such Indemnified Person, including the General Partner, acting under this Agreement shall not be liable to the Partnership or to any Partner for its good faith reliance on the provisions of this Agreement. The provisions of this Agreement shall be given effect as permitted in the Delaware Act.

SECTION 6.09. *Indemnification.* (a) To the fullest extent permitted by law, each Indemnified Person (which for the purposes of this Section 6.09 shall mean (i) the General Partner, (ii) any Departing Partner, (iii) each Affiliate of the General Partner or any Departing Partner, (iv) each director of the General Partner in his capacity as such and (v) each other Indemnitee that is designated as an Indemnified Person in an agreement or policy of the General Partner) shall be indemnified and held harmless by the Partnership from and against any and all losses, claims, damages, liabilities, whether joint or several, expenses (including reasonable legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, in which any Indemnified Person may be involved, or threatened to be involved, as a party or otherwise, by reason of (A) its present or former status as (x) the General Partner or a Departing Partner, or an Affiliate thereof, (y) an officer, director, employee, partner, agent or trustee of the Partnership, the General Partner or a Departing Partner, or an Affiliate thereof, or (z) a Person serving at the request of the Partnership in another entity in a similar capacity, or (B) any action taken or omitted in any such capacity, if with respect to the matter at issue the Indemnified Person acted in good faith and in a manner it reasonably believed to be in, or not opposed to, the best interests of the Partnership and, with respect to any criminal proceeding, had no reasonable cause to believe its conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not, of itself, create a presumption that the Indemnified Person acted in a manner contrary to that specified above. Any designation of an Indemnitee as an Indemnified Person pursuant to clause (v) of the first sentence of this Section 6.09(a) may (i) be made with respect to an individual Indemnitee or a group of Indemnitees, (ii) be revoked or modified by the General Partner in its discretion except to the extent, if any, otherwise specified in the agreement or policy effecting such designation, and (iii) be subject to such limitations and conditions as may be specified in the agreement or policy effecting such designation.

(b) To the fullest extent permitted by law, expenses (including reasonable legal fees) incurred by an Indemnified Person in defending any claim, demand, action, suit or proceeding subject to this Section 6.09 shall, from time to time, be advanced by the Partnership prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Partnership of an undertaking by or

on behalf of the Indemnified Person to repay such amount if it shall be determined that such Person is not entitled to be indemnified as authorized in Section 6.09(a).

(c) The advancement of expenses and indemnification provided by this Section 6.09 shall be in addition to any other rights to which an Indemnified Person may be entitled under any agreement, pursuant to any vote of the Unitholders or Limited Partners, as a matter of law or otherwise, as to an action in the Indemnified Person's capacity as (i) the General Partner, a Departing Partner or an Affiliate thereof, (ii) an officer, director, employee, partner, agent or trustee of the General Partner, any Departing Partner or an Affiliate thereof, or (iii) a Person serving at the request of the Partnership in another entity in a similar capacity, shall continue as to an Indemnified Person who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns, executors and administrators of such Indemnified Person.

(d) The Partnership may purchase and maintain insurance on behalf of the General Partner and such other Indemnified Persons as the General Partner shall determine against any liability that may be asserted against or expense that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

(e) For purposes of this Section 6.09, the Partnership shall be deemed to have requested an Indemnified Person to serve as fiduciary of an employee benefit plan whenever the performance by such Indemnified Person of its duties to the Partnership also imposes duties on it or otherwise involves services by it to such Plan or participants or beneficiaries of such Plan; excise taxes assessed on an Indemnified Person with respect to an employee benefit plan pursuant to applicable law shall be deemed to be "fines" within the meaning of Section 6.09(a); and action taken or omitted by an Indemnified Person with respect to an employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the interest of the participants and beneficiaries of such plan shall be deemed to be for a purpose which is in, or not opposed to, the best interests of the Partnership.

(f) Any indemnification hereunder shall be satisfied solely out of any insurance obtained pursuant to Section 6.09(d) or the assets of the Partnership. In no event may an Indemnified Person subject the Partners or Unitholders or Affiliates or any of them to personal liability by reason of indemnification hereunder.

(g) An Indemnified Person shall not be denied indemnification in whole or in part under this Section 6.09 because the Indemnified Person had an interest in the transaction with respect to which the indemnification applied if the transaction was otherwise permitted by the terms of this Agreement.

(h) The indemnification provided in this Section 6.09 is for the benefit of the Indemnified Persons and their respective heirs, successors, assigns, executors and administrators and shall not be deemed to create any right to indemnification for the benefit of any other Persons.

(i) The provisions of this Section 6.09 are not intended to be exclusive and the General Partner may cause the Partnership to enter into an indemnification agreement with any Indemnified Person, or to adopt policies covering any group of Indemnified Persons on such terms as the General Partner may determine in its sole discretion.

SECTION 6.10. *Other Matters Concerning the General Partner.* (a) The General Partner may rely upon and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The General Partner may consult with legal counsel (including, but not limited to, counsel who may be regular counsel to, or an employee of, the Partnership, the General Partner or any Affiliate thereof), accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by it and any opinion of any such Person as to matters that the General Partner reasonably believes to be within such Person's professional or expert competence shall be full and complete authorization and protection in respect to any action taken or suffered or omitted by the General Partner hereunder in good faith and in accordance with such opinion.

(c) The General Partner shall not provide any Limited Partner, in connection with such Limited Partner's Partnership Interest, or any Unitholder, in connection with such Unitholder's Units, with any mandatory or discretionary right to purchase any type of security issued by the General Partner or its Affiliates.

(d) The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers and a duly appointed attorney- or attorneys-in-fact. Each such attorney shall, to the extent provided by the General Partner in the power of attorney, have full power and authority to do and perform all and every act and duty which is permitted or required to be done by the General Partner hereunder.

SECTION 6.11. *Registration Rights of the General Partner and its Affiliates.* (a) In the event that (i) the General Partner (in its capacity as General Partner or as a Unitholder or Limited Partner or as Departing Partner) or any of its Corporate Affiliates (including for purposes of this Section 6.11 Persons that were Affiliates on November 19, 1987, notwithstanding that they may later no longer be Affiliates) holds Units, Limited Partnership Interests or other securities of the Partnership or holds Alliance Capital LP Units and (x) desires to sell a number of such Units, Limited Partnership Interests or other securities, or desires to exchange a number of Alliance Capital LP Units for Units pursuant to Section 6.17 and to sell a number of such Units, which together with any Units, Limited Partnership Interests or other securities of the Partnership it desires to sell constitute at least 5% of the aggregate number of such Units, Limited Partnership Interests or other securities outstanding or (y) desires to sell a lesser number of such Units, Limited Partnership Interests or other securities, or to

exchange a number of Alliance Capital LP Units for Units pursuant to Section 6.17 and to sell a lesser number of such Units, for an aggregate proposed offering price estimated to be at least $15,000,000, (ii) Rule 144 of the Securities Act (or any successor rule or regulation to Rule 144) is not available to enable the General Partner or such Corporate Affiliate to dispose of the number of Units, Limited Partnership Interests or other securities it desires to sell at the time it desires to do so, then upon the request (a "Demand") of the General Partner or such Corporate Affiliate, the Partnership shall file with the Commission as promptly as practicable after receiving such Demand and use its best efforts to cause to become effective and remain effective for a period of time sufficient for sale, a registration statement under the Securities Act registering the offering and sale of the number of Units, Limited Partnership Interests or other securities specified by the General Partner or such Corporate Affiliate (which, at the option of the General Partner or such Corporate Affiliate, may include Units owned by directors, officers or employees of the General Partner, the Partnership or their respective Affiliates); *provided*, *however*, that if the aggregate number of such Units, Limited Partnership Interests or other securities held by the General Partner and/or any of its Corporate Affiliates at the time of any Demand constitutes less than 20% of the aggregate number of such Units, Limited Partnership Interests or other securities outstanding, the General Partner and its Corporate Affiliates shall allow at least twelve consecutive months to expire from the date of any Demand that resulted in a registration statement that became effective (and with respect to which the Partnership satisfied its obligations under this Section 6.11) before making a subsequent request. In connection with any registration pursuant to the preceding sentence, the Partnership shall promptly prepare and file (x) such documents as may be necessary to register or qualify the securities subject to such registration under the securities laws of such states as the General Partner or such Affiliate shall reasonably request, and (y) such documents as may be necessary to apply for listing or to list the securities subject to such registration on such National Securities Exchange as the General Partner or such Affiliate shall reasonably request, and to do any and all other acts and things that may reasonably be necessary or advisable to enable the General Partner or such Affiliate to consummate a public sale of such Units, Limited Partnership Interests or other securities in such states. Except as set forth in Section 6.11(c) below, all costs and expenses of any such registration and offering shall be paid by the General Partner or such Affiliate, without reimbursement by the Partnership.

(b) If the Partnership shall at any time propose to file a registration statement under the Securities Act for an offering of securities of the Partnership for cash (other than an offering relating solely to an employee benefit plan), the Partnership shall use its best efforts to include in such registration statement such number or amount of the same class of securities held by the General Partner, any of its Corporate Affiliates and any directors, officers or employees of the General Partner, the Partnership or their respective Affiliates as the General Partner or any of such Corporate Affiliates shall request. If the proposed offering pursuant to this Section 6.11(b)) shall be an underwritten offering, then, in the event that the underwriters advise the Partnership and the General Partner or such Affiliates in writing that in its opinion the inclusion of all or some of the General Partner's, such Affiliate's or such directors', officers' or employees' securities of the same class would adversely and materially affect the success of the offering, (x) the Partnership shall include in such offering only that number or

amount, if any, of such securities held by the General Partner, such Affiliates or such directors, officers or employees which, in the opinion of the underwriters, will not so adversely affect the offering and (y) the General Partner will determine the number or amount of such securities held by each of the General Partner, such Affiliates or such officers, directors or employees which will be included in such offering. Any offering pursuant to any registration pursuant to this Section 6.11(b) shall be on terms, including, but not limited to, identity of the underwriters and price, determined by the General Partner in its sole discretion, and any Corporate Affiliate, director, officer or employee including securities pursuant to this Section 6.11(b) shall be entitled only to sell its securities on such terms or to elect not to include them in such registration. The General Partner, such Affiliate or such directors, officers or employees shall bear the expense of all underwriting discounts and commissions attributable to the securities sold for its own account and shall reimburse the Partnership for all incremental costs incurred by the Partnership in connection with such registration resulting from the inclusion of securities held by the General Partner, such Affiliate or such directors, officers or employees.

(c) If underwriters are engaged in connection with any registration referred to in this Section 6.11, the Partnership shall enter into an underwriting agreement and provide indemnification, representations, covenants, opinions, comfort letters, and other assurances to the underwriters all in form and substance reasonably satisfactory to such underwriters. Further, in addition to and not in limitation of the Partnership's obligation under Section 6.09, the Partnership shall, to the fullest extent permitted by law, indemnify and hold harmless each Person whose securities are being registered for sale pursuant to this Section 6.11 from and against any losses, claims, demands, actions, causes of action, assessments, damages, liabilities (joint or several), costs, and expenses (including, but not limited to, interest, penalties, and reasonable attorneys' fees and disbursements), imposed upon or incurred by any such indemnified Person, directly or indirectly, under the Securities Act or otherwise (hereinafter referred to in this Section 6.11(c) as a "claim" and in the plural as "claims"), based upon, arising out of, or resulting from any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which any Units, Limited Partnership Interests or other securities of the Partnership were registered under the Securities Act or any state securities or blue sky laws, in any preliminary prospectus (if used prior to the effective date of such registration statement), or in any summary or final prospectus or in any amendment or supplement thereto (if used during the period the Partnership is required to keep the registration statement current), or arising out of, based upon or resulting from the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading; *provided*, *however*, that the Partnership shall not be liable to the extent that any such claim arises out of, is based upon or results from an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, such preliminary, summary or final prospectus, or such amendment or supplement, in reliance upon and in conformity with written information with respect to the indemnified Person furnished to the Partnership by or on behalf of such indemnified Person specifically for use in the preparation thereof.

(d) The provisions of Sections 6.11(a) and 6.11(b) shall continue to be applicable with respect to any Person that ceases to be a general partner of the Partnership (and any of such Person's Corporate Affiliates), during a period of three years subsequent to the effective date of such cessation and for so long thereafter as is required for such Person (or any of such Person's Corporate Affiliates) to sell all of the Units or other securities of the Partnership with respect to which it has requested during such three-year period that a registration statement be filed. The provisions of Section 6.11(c) shall continue in effect thereafter.

(e) The rights of the General Partner and its Affiliates under this Section 6.11 may be assigned by the General Partner and any of its Affiliates to any Person acquiring Units or Limited Partnership Interests from the General Partner or any of its Affiliates (without reduction of the rights of the assignor), provided that such Person (if not admitted as a General Partner) shall be required to allow at least twelve consecutive months to expire from the date of any Demand that resulted in a registration statement that became effective before making a subsequent Demand and shall not be entitled to the rights of the General Partner pursuant to the penultimate sentence of Section 6.11(b) and clause (y) of the sentence preceding that sentence, and shall be subject to determinations made by the General Partner pursuant to those provisions.

SECTION 6.12. *Title to Partnership Assets.* All Partnership Assets shall be deemed to be owned by the Partnership as an entity, and no Partner or Unitholder, individually or collectively, shall have any ownership interest in such Partnership Assets or any portion thereof. Title to any or all of the Partnership Assets may be held in the name of the Partnership, the General Partner or one or more nominees, as the General Partner may determine. The General Partner hereby declares and warrants that any Partnership Assets for which legal title is held in the name of the General Partner shall be held in trust by the General Partner for the use and benefit of the Partnership in accordance with the terms and provisions of this Agreement, and any applicable deed or similar title document shall so indicate. All Partnership Assets shall be recorded as the property of the Partnership on its books and records, irrespective of the name in which legal title to such Partnership Assets is held.

SECTION 6.13. *Sale of the Partnership's Assets.* Notwithstanding any other provision of this Agreement, the General Partner shall not cause the Partnership to sell, transfer, pledge, assign, convey or otherwise dispose of, in a single transaction or series of related transactions, all or substantially all of the Partnership Assets (other than pursuant to Section 2.05) unless (a) (i) such sale, transfer, pledge, assignment, conveyance or other disposition has received Majority Approval (Majority Outside Approval if the General Partner or any of its Corporate Affiliates have any direct or indirect equity interest in any Person acquiring Partnership Assets in such transaction) and (ii) the Partnership shall have received a Tax Determination and Limited Liability Determination or (b) such sale, transfer, pledge, assignment, conveyance or other disposition is in connection with a liquidation of the Partnership pursuant to Article 15 or Section 6.15.

SECTION 6.14. *No New Business.* The Partnership shall not acquire all or substantially all of the outstanding capital stock or assets of, or enter into any partnership or joint venture with, any Person, other than Alliance Capital, unless (i) such acquisition, partnership or joint venture is in accordance with Sections 3.01 and 3.02 and (ii) it receives a Tax Determination with respect thereto. Neither the General Partner nor the Partnership shall become the general partner of any other partnership, other than Alliance Capital, or joint venture unless such action is permitted by Sections 6.01(a)(viii) and 6.05(a) (in the case of the General Partner) and the Partnership receives a Tax Determination with respect thereto.

SECTION 6.15. *Contribution of Assets to Alliance Capital.* Following the consummation of the Reorganization, in the event that the Partnership acquires any business, assets or property (other than cash and cash equivalents required for expenses, taxes, working capital requirements or reserves of the Partnership), the General Partner may cause the Partnership to make a Contribution to Alliance Capital consisting of such business, assets or property in exchange for the issuance by Alliance Capital of additional Alliance Capital LP Units to the Partnership; *provided* that:

(a) if the Contribution is cash equal to the net proceeds obtained from the sale or issuance of Units or Limited Partnership Interests, (x) the Partnership shall receive a number of Alliance Capital LP Units equal to the number of Units or Limited Partnership Interests so sold or issued and (y) the Partnership shall make such Contribution as soon as practicable after the receipt of such net proceeds;

(b) if the Contribution consists of assets obtained in exchange for the sale or issuance of Units or Limited Partnership Interests, (x) the Partnership shall receive a number of Alliance Capital LP Units equal to the number of Units or Limited Partnership Interests so sold or issued and (y) the Partnership shall make such Contribution as soon as practicable after the receipt of such assets; and

(c) if the Contribution is other than pursuant to clauses (a) or (b) of this proviso, or if any event occurs which the general partner of Alliance Capital in its sole discretion determines would render inappropriate the use of the one-for-one exchange ratio of Alliance Capital LP Units for Units or Limited Partnership Interests, and vice versa, the number of Alliance Capital LP Units to be received by the Partnership in exchange for such Contribution for purposes of this Section 6.15(c) shall be determined by the general partner of Alliance Capital in its sole discretion.

SECTION 6.16. *Issuances of Units Pursuant to Employee Benefit Plans.* Upon the exercise of any awards to purchase or otherwise acquire Units or other securities of the Partnership pursuant to any employee benefit plan sponsored by the General Partner, the Partnership, Alliance Capital or any Person controlled by the Partnership or Alliance Capital and/or the entitlement of any plan participant to receive Units thereunder in accordance with the terms of such plan, at the request of Alliance Capital: (i) the Partnership shall issue to the plan participant Units necessary to satisfy such award in exchange for the exercise price or other consideration (if any) to be paid by the plan participant in respect of such award; and (ii) the Partnership shall contribute any such exercise price or other consideration to

Alliance Capital in exchange for a number of Alliance Capital LP Units equal to the Units issued in satisfaction of such award. Such issuances and payments shall be deemed to occur on the date on which the award is exercised, or the date on which the plan participant is entitled to receive Units thereunder. The General Partner shall do all things it deems to be necessary or advisable in connection with the issuance of any Units pursuant to this Section 6.16, including, but not limited to, causing such Units to be registered or qualified pursuant to the Securities Act and the laws of any state of the United States as the General Partner deems appropriate. If any Units are issued by the Partnership pursuant to any such employee benefit plan and such Units are forfeited or are otherwise returned to the Partnership, then the Partnership will return to Alliance Capital the corresponding Alliance Capital LP Units and Alliance Capital will pay to the Partnership the amounts, if any, which the Partnership is required to pay to the plan participant whose Units were forfeited or returned to the Partnership.

SECTION 6.17. *Exchanges of Alliance Capital LP Units for Units.* The General Partner shall cooperate with Alliance Capital and cause the Partnership to take all actions as it may deem necessary, appropriate or advisable to effect exchanges from time to time of Alliance Capital LP Units for an equal number of Units as may be requested by Alliance Capital pursuant to the Alliance Capital Partnership Agreement; *provided, however*, that the Partnership shall not be required to undertake any such exchange if the General Partner determines, in its sole discretion, that in connection with such exchange the Partnership would be required to disclose material non-public information which it believes would be inadvisable to disclose. Such actions shall include, without limitation, causing to be registered or qualified such Units pursuant to the Securities Act and the laws of any state of the United States as the General Partner deems appropriate.

SECTION 6.18. *Repurchase of Units.* At Alliance Capital's request from time to time, the Partnership shall repurchase outstanding Units or Limited Partnership Interests using funds provided by Alliance Capital. Upon such repurchase, the aggregate number of Alliance Capital LP Units held by the Partnership shall be reduced by a number equal to the aggregate number of Units and Limited Partnership Interests so repurchased; provided that if any event occurs which the General Partner in its sole discretion determines would render inappropriate the use of the one-for-one exchange ratio of Alliance Capital LP Units for Units or Limited Partnership Interests, and vice versa, such number shall be determined by the General Partner in its sole discretion. The Partnership shall use the funds provided by Alliance Capital pursuant to this Section 6.18 solely for the repurchase of Units or Limited Partnership Interests (together with any expenses incurred in connection with such repurchases) and, to the extent that any excess funds remain following such repurchases, the Partnership shall return such funds to Alliance Capital.

ARTICLE 7
RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS AND UNITHOLDERS

SECTION 7.01. *Limitation of Liability.* The Unitholders and Limited Partners shall have no liability under this Agreement except as provided in this Agreement or by applicable law.

SECTION 7.02. *Management of Business.* No Limited Partner or Unitholder in its capacity as such shall take part in the operation, management or control of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise act on behalf of or bind the Partnership. The transaction of any such business by any such Partner or Unitholder or employee or agent of the Partnership shall not affect, impair or eliminate the limitations on the liability of any such Limited Partner or Unitholder under this Agreement.

SECTION 7.03. *Outside Activities.* The General Partner (acting through Alliance Capital), each other Partner and each Unitholder shall have the right to engage in the business of providing investment advisory and management services and to engage in and possess an interest in other business ventures of any and every type and description, independently or with others, including business interests and activities in direct competition with the Partnership. Neither the Partnership, any of the Partners or Unitholders nor any other Person shall have any rights by virtue of this Agreement, or the Partnership relationship created hereby in any such business ventures, and no Partner or Unitholder shall have any obligation as a result thereof to offer any interest in any such business ventures to the Partnership, any Partner, Unitholder or any other Person. This Section 7.03 is not intended to affect any rights the Partnership may have under any contract or agreement with any of its employees.

SECTION 7.04. *Return of Capital; Additional Capital Contributions.*

(a) No Partner or Unitholder shall be entitled to the withdrawal or return of his Contribution (if any) or any amount of his Capital Account, except to the extent, if any, that Distributions made pursuant to this Agreement or upon termination of the Partnership or purchases of Units or Limited Partnership Interests by the Partnership may be considered as such by law, and then only to the extent provided for in this Agreement.

(b) Subject to the further provisions of this Section 7.04(b), no Limited Partner or Unitholder shall have any personal liability whatsoever in his capacity as a Limited Partner or Unitholder, whether to the Partnership, to any of the Partners or Unitholders or to the creditors of the Partnership, for the debts, liabilities, contracts or other obligations of the Partnership or for any losses of the Partnership. Each Unit and each Limited Partnership Interest, upon the issuance thereof, shall be fully paid and not subject to assessment for additional Contributions. No Limited Partner or Unitholder shall be required to lend any funds to the Partnership or, after his Contribution has been paid, to make any further contribution to the capital of the Partnership. Under Sections 17-607 and 17-804 of the Delaware Act, a limited partner of a limited partnership may, under certain circumstances, be required

to return to the partnership amounts previously distributed to such limited partner (i) if, at the time of, and after giving effect to, such Distribution, the liabilities of the partnership, other than liabilities to partners on account of their partnership interests, exceeded the fair value of its assets or, (ii) in connection with a liquidating distribution after dissolution of the partnership, such limited partner receives a Distribution prior to the partnership paying, or making reasonable provision to pay, claims of creditors. It is the intention and agreement of the Partners and Unitholders that if any Unitholder or Limited Partner (other than the Assignor Limited Partner) has received a Distribution from the Partnership that is required to be returned to, or for the account of, the Partnership or Partnership creditors, such obligation shall be the obligation of the Unitholder or Limited Partner who receives such Distribution, and not the obligation of any General Partner or the Assignor Limited Partner; *provided, however*, that nothing contained in this Agreement shall be deemed to impose upon the transferee of a Unit under Section 12.04 any obligation to return to the Partnership or any Partnership creditor any Distribution made to a prior holder of such Unit.

SECTION 7.05. *Rights of Limited Partners and Unitholders Relating to the Partnership and Alliance Capital.* In addition to other rights provided by this Agreement or by applicable law, the Limited Partners and Unitholders shall have the following rights relating to the Partnership and Alliance Capital:

(a) Each Limited Partner and Unitholder, and each Limited Partner's and Unitholder's duly authorized representatives, shall have the right upon reasonable notice and at reasonable times and at such Limited Partner's or Unitholder's own expense, but only upon written request and for a purpose reasonably related to such Person's interest as a Limited Partner or Unitholder, (i) to have reasonable information regarding the status of the business and

financial condition of the Partnership, (ii) to inspect and copy the books of the Partnership and other reasonably available records and information concerning the operation of the Partnership, including the Partnership's federal, state and local income tax returns for each year, (iii) to have on demand a current list of the full name and last known business, residence or mailing address of each Limited Partner and Unitholder, (iv) to have reasonable information regarding the Net Value of any Contribution made by any Partner or Unitholder and the date on which each such Person became a Partner or Unitholder, (v) to have a copy of this Agreement and the Certificate of Limited Partnership and all amendments thereto, and (vi) to have any other information regarding the affairs of the Partnership as is just and reasonable.

(b) Anything in Section 7.05(a) to the contrary notwithstanding, the General Partner may keep confidential from the Limited Partners and Unitholders, and each Limited Partner's and Unitholder's duly authorized representatives, for such period of time as the General Partner deems reasonable, any information that the General Partner reasonably believes to be in the nature of trade secrets or other information the disclosure of which the General Partner in good faith believes is not in the best interests of the Partnership or could damage the Partnership or its business or which the Partnership is required by law or by agreements with third parties to keep confidential.

(c) In addition to the rights described in Section 7.05(a), each Limited Partner and Unitholder, and each Limited Partner's and Unitholder's duly authorized representatives, shall have the right upon reasonable notice and at reasonable times and at such Limited Partner's or Unitholder's own expense, but only upon written request and for a purpose reasonably related to such Person's interest as a Limited Partner or Unitholder, to obtain information regarding the operation and affairs of Alliance Capital in accordance with the provisions of Section 7.05 of the Alliance Capital Partnership Agreement and to have a copy of the Alliance Capital Partnership Agreement and the certificate of limited partnership of Alliance Capital and all amendments thereto.

SECTION 7.06. *Agreement to be Bound by Terms of Partnership Agreement.* By accepting a Unit Certificate or Certificate, and as a condition to entitlement to any rights in or benefits with respect to the Units or Limited Partnership Interests evidenced thereby, each Unitholder and Limited Partner will be deemed to have agreed to comply with, and be bound by, all of the terms, conditions, rights and obligations set forth in this Agreement, including, but not limited to, the grant of the power of attorney set forth in Section 10.01.

ARTICLE 8
BOOKS, RECORDS, ACCOUNTING AND REPORTS

SECTION 8.01. *Records and Accounting.* The General Partner shall keep or cause to be kept complete and accurate books and records with respect to the Partnership's business, assets, liabilities, operations and financial condition, which books and records shall at all times be kept at the principal office of the Partnership. Any records maintained by the Partnership in the regular course of its business, including the names and addresses of Partners and Unitholders, books of account and records of Partnership proceedings, may be kept on or be in the form of punch cards, magnetic tape, photographs, micrographics or any other information storage device, provided that the records so kept are convertible into clearly legible written form within a reasonable period of time. The books of the Partnership shall be maintained, for financial reporting purposes, on the accrual basis in accordance with generally accepted accounting principles.

SECTION 8.02. *Fiscal Year.* The fiscal year of the Partnership shall be the same as its taxable year for federal income tax purposes, which shall be the calendar year or such other year that is permitted under the Code as the General Partner in its sole discretion shall determine.

SECTION 8.03. *Reports.* (a) The General Partner shall use its best efforts to cause to be mailed not later than 90 days after the close of each fiscal year to each Limited Partner and Unitholder, as of the last day of that fiscal year, reports containing financial statements of each of the Partnership and Alliance Capital for the fiscal year, including a balance sheet and statements of operations, partners' equity and cash flow, all of which shall be prepared in accordance with generally accepted accounting principles and shall be audited by the Partnership's Accountants.

(b) The General Partner shall use its best efforts to cause to be mailed not later than 45 days after the close of each fiscal quarter, except the last fiscal quarter of each fiscal year, to each Limited Partner and Unitholder as of the last day of such fiscal quarter, a quarterly report for the fiscal quarter containing such financial and other information (which need not be audited) as the General Partner deems appropriate.

The General Partner's obligations set forth in this Section 8.03 may be satisfied by delivering to each Limited Partner and Unitholder a copy of the Form 10-K or 10-Q (containing separate financial statements of Alliance Capital), as the case may be, or such other periodic reports containing comparable financial information as may be filed by the Partnership pursuant to the Securities Exchange Act.

SECTION 8.04. *Other Information.* The General Partner may release such information concerning the operations of the Partnership to such sources as is customary in the industry or required by law or regulation of any regulatory body.

ARTICLE 9
TAX MATTERS

SECTION 9.01. *Preparation of Tax Returns.* The General Partner shall arrange for the preparation and timely filing of all returns relating to Partnership income, gains, losses, deductions and credits, as necessary for federal, state and local income tax purposes, and shall use its best efforts to cause to be mailed to the Limited Partners and Unitholders within 90 days after the close of the taxable year the tax information reasonably required for federal, state and local income tax reporting purposes.

SECTION 9.02. *Tax Elections.* (a) The General Partner may, in its sole discretion, make the election under Section 754 of the Code in accordance with

applicable regulations thereunder. In the event the General Partner makes such election, the General Partner reserves the right to seek to revoke such election upon its determination that such revocation is in the best interests of the Unitholders and Limited Partners. For purposes of computing the adjustments under Section 743(b) of the Code, the General Partner shall be authorized (but not required) to adopt a convention whereby the price paid by a transferee of Units will be deemed to be the lowest quoted trading price of the Units on any national securities exchange on which such Units are traded during the calendar month in which such transfer is deemed to occur pursuant to Section 5.07(b) without regard to the actual price paid by such transferee.

(b) To the extent permissible under Section 709 of the Code, the Partnership shall elect to deduct expenses incurred in the Reorganization, including the expenses arising from the Alliance Capital Contribution, ratably over a 60-month period as provided in Section 709 of the Code.

(c) Except as otherwise provided herein, the General Partner shall determine in its sole discretion whether to make any other elections available under the Code or under any state or local tax laws on behalf of the Partnership.

SECTION 9.03. *Tax Controversies.* Subject to the provisions hereof, the General Partner is designated as the Tax Matters Partner (as defined in Section 6231 of the Code) and is authorized and required to represent the Partnership (at the Partnership's expense) in connection with all examinations of the Partnership's affairs by tax authorities, including resulting administrative and judicial proceedings, and to expend Partnership funds for professional services and costs associated therewith. Each Limited Partner and Unitholder agrees to cooperate with the General Partner and to do or so refrain from doing any or all things reasonably required by the General Partner to conduct such proceedings.

SECTION 9.04. *Withholding.* Notwithstanding any other provision of this Agreement, the General Partner is authorized to take any action that it determines to be necessary or appropriate to cause the Partnership to comply with any withholding and reporting obligations imposed by law, including pursuant to Sections 1441, 1442, 1445 and 1446 of the Code.

SECTION 9.05. *Entity-level Deficiency Collections.* In the event the Partnership is required by applicable law to pay any federal, state or local income tax on behalf of any Partner or Unitholder or any former Partner or Unitholder the General Partner shall have the authority, in its sole discretion, and without the approval of any Partner or Unitholder, to amend this Agreement as the General Partner determines to be necessary or appropriate: (i) to provide for the payment of such taxes and otherwise to enable the Partnership to comply with such law; (ii) to withhold an appropriate amount from any Distributions to be made in the future to Unitholders or Partners on whose behalf such taxes were paid, and to treat such amounts as having been distributed to such Partners or Unitholders out of Available Cash Flow; (iii) to authorize the General Partner, on behalf of the Partnership to take all necessary or appropriate action to collect all or any portion of such taxes from the Partners or Unitholders (whether current or former Partners or Unitholders); (iv) to treat such taxes as an expense of the Partnership in computing Available Cash Flow to the extent appropriate to reflect any amounts which cannot be collected (or withheld pursuant to clause (ii)) from current or former Partners or Unitholders and to treat any collection thereof as an addition to Available Cash Flow; and (v) to reflect such other changes as the General Partner determines are necessary or appropriate to implement the foregoing. If the Partnership is required to pay any such taxes on behalf of the General Partner or any Corporate Affiliate, the General Partner will either pay directly to the appropriate taxing authority or make funds available to the Partnership to pay the General Partner's share of such taxes and will take all necessary or appropriate action to collect from its Corporate Affiliates, or cause such Corporate Affiliate to pay directly to the appropriate taxing authority, such Corporate Affiliate's share of such taxes.

ARTICLE 10
POWER OF ATTORNEY

SECTION 10.01. *Power of Attorney.* Each Person who accepts Units and each Limited Partner constitutes and appoints each of the General Partner and the Liquidating Trustee severally (and any successor to either thereof by merger, transfer, election or otherwise), and each of the General Partner's and the Liquidating Trustee's authorized officers and attorneys in-fact, with full power of substitution, as his true and lawful agents and attorneys-in-fact, with full power and authority in his name, place and stead to:

(a) execute, swear to, acknowledge, deliver, file and record in the appropriate public offices (i) all certificates and other instruments including, at the option of the General Partner or Liquidating Trustee, as the case may be, this Agreement and the Certificate of Limited Partnership and all amendments and restatements thereof, that the General Partner or Liquidating Trustee, as the case may be, deems appropriate or necessary to carry out the purposes of this Agreement and to form, qualify, or continue the existence or qualification of the Partnership as a limited partnership (or a partnership in which the Limited Partners have limited liability) in the State of Delaware and under the Delaware Act and in all jurisdictions in which the Partnership may or may wish to conduct business or own property; (ii) all instruments that the General Partner or Liquidating Trustee, as the case may be, deems appropriate or necessary to reflect any amendment, change or modification of this Agreement in accordance with its terms; (iii) all conveyances and other instruments or documents that the General Partner or Liquidating Trustee, as the case may be, deems appropriate or necessary to reflect the dissolution and liquidation of the Partnership pursuant to the terms of this Agreement (including a certificate of cancellation); and (iv) all instruments (including, if required by law, this Agreement and the Certificate of Limited Partnership and amendments and restatements thereof) relating to the admission, withdrawal or substitution of any Partner, the initial or increased Contribution of any Partner or the determination of the rights, preferences and privileges of any class of Limited Partnership Interests issued pursuant to Section 4.02; and

(b) sign, execute, swear to and acknowledge all ballots, consents, approvals, waivers, certificates and other instruments appropriate or necessary, in the sole discretion of the General Partner or the Liquidating Trustee, as the case may be, to make, evidence, give, confirm or ratify any vote, consent, approval, agreement or other action that is made or given by the Partners hereunder or is consistent with the terms of this Agreement or appropriate or necessary, in the sole discretion of the General Partner or the Liquidating Trustee, as the case may be, to effectuate the terms or intent of this Agreement; *provided*, *however*, that when required by any provision of this Agreement which establishes a percentage of the Limited Partners or Unitholders or Limited Partners or Unitholders of any class or series required to take any action, the General Partner or Liquidating Trustee may exercise the power of attorney made in this Section 10.01(b) only after the necessary vote, consent or approval by the Limited Partners or Unitholders or Limited Partners or Unitholders of such class or series.

Nothing herein contained shall be construed as authorizing the General Partner to amend this Agreement except in accordance with Article 17 or as may be otherwise expressly provided for in this Agreement. Nothing herein contained shall be construed as authorizing any Person acting pursuant to this Article 10 to take any action to increase in any way the legal liability of the Limited Partners and Unitholders beyond the liability expressly set forth in this Agreement.

The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, and it shall survive, and shall not be affected by, the subsequent death, incompetence, dissolution, disability, incapacity, bankruptcy or termination of any grantor and the transfer of all or any portion of his Partnership Interest or Units and shall extend to such Person's heirs, successors and assigns. Each Person who accepts Units or Limited Partnership Interests is deemed to consent to be bound by any representations made by the General Partner or the Liquidating Trustee, acting in good faith pursuant to such power of attorney. Each Person who accepts Units or Limited Partnership Interests is deemed to consent to and waive any and all defenses that may be available to contest, negate or disaffirm any action of the General Partner or the Liquidating Trustee, taken in good faith under such power of attorney. Each Limited Partner and Unitholder shall execute and deliver to the General Partner or the Liquidating Trustee, within 15 days after receipt of the General Partner's or the Liquidating Trustee's request therefor, such further designations, powers of attorney and other instruments as the General Partner or the Liquidating Trustee deems necessary to effectuate this Agreement and the purposes of the Partnership.

ARTICLE 11
ISSUANCE OF CERTIFICATES AND UNIT CERTIFICATES; ASSIGNOR LIMITED PARTNER

SECTION 11.01. *Issuance of Certificates and Unit Certificates.* Upon the issuance of Limited Partnership Interests to Limited Partners and Units to Unitholders, the General Partner shall cause the Partnership to issue one or more Certificates and Unit Certificates in the names of such Limited Partners and Unitholders, respectively. Each such Certificate or Unit Certificate shall be denominated in terms of the number and type of Limited Partnership Interests or Units evidenced by such Certificate or Unit Certificate. Upon the transfer of a Limited Partnership Interest or Unit in accordance with the terms of this Agreement, the General Partner shall cause the Partnership to issue replacement Certificates or Unit Certificates, as the case may be, in accordance with such procedures as the General Partner, in its sole discretion, may establish. The General Partner may also cause the Partnership to issue certificates evidencing General Partnership Interests, in such form as the General Partner may approve in its sole discretion.

SECTION 11.02. *Assignment of Assignor Limited Partner's Limited Partnership Interests.* (a) The Assignor Limited Partner, by the execution of this Agreement, irrevocably transfers and assigns to the Unitholders, to the maximum extent permitted by law, all of the Assignor Limited Partner's rights and interests in and to the Limited Partnership Interests issued to the Assignor Limited Partner under this Agreement. In accordance with the transfer and assignment described in this Section 11.02(a), and

subject to the provisions and procedures set forth herein, it is the intention of the parties hereto that Unitholders shall have the same rights and obligations that Limited Partners have under this Agreement and under the Delaware Act, except as provided in Section 7.04(b). The rights and interests so transferred and assigned shall include without limitation the following:

(i) All rights to receive Distributions and allocations in respect of the Limited Partnership Interests;

(ii) All rights to receive any proceeds of liquidation of the Partnership;

(iii) All rights to inspect books and records and to receive reports as provided in this Agreement;

(iv) The right to instruct the Assignor Limited Partner with respect to the giving of consent with respect to, or the voting of, the Limited Partnership Interests and the right to call meetings and propose amendments to this Agreement;

(v) The right to bring derivative actions pursuant to Sections 17-1001, *et seq*. of the Delaware Act, and all rights to maintain actions under Sections 17-205, 17-802 and 17-803 of the Delaware Act (and, in the event any such action must be brought in the name of the Assignor Limited Partner, the Assignor Limited Partner agrees to cooperate, at the expense of the concerned Unitholders, in all respects with the maintenance of such action); and

(vi) All rights attendant to the Limited Partnership Interests which Limited Partners have, or may have in the future, to the extent they may be assigned under this Agreement and under the Delaware Act.

(b) The General Partner, the Assignor Limited Partner, the Limited Partners and the Unitholders irrevocably consent to the foregoing transfer and assignment by the Assignor Limited Partner to the Unitholders of the Assignor Limited Partner's rights and interests in the Limited Partnership Interests as described above, and acknowledge that (i) each such transfer and assignment is effective and (ii) the Unitholders are intended to be and shall be treated as assignees of all rights and privileges of the Assignor Limited Partner in respect of the Limited Partnership Interests. The General Partner covenants and agrees that, in accordance with such transfer and assignment, all the Assignor Limited Partner's rights and privileges in respect of Limited Partnership Interests may be exercised by the Unitholders. The General Partner shall fulfill the same duties and obligations to Unitholders as are owed to Limited Partners under this Agreement and applicable law.

(c) The Assignor Limited Partner shall not be liable to any Unitholder for any action or failure to take action by it in reliance upon advice, written notice, request or direction from a Unitholder believed by it to be genuine and to have been signed or presented by the proper Person(s).

(d) Notwithstanding the assignment of Limited Partnership Interests referred to in this Section 11.02 but subject to the right of a Unitholder to become a Limited Partner in accordance with Section 12.04(b), the Assignor Limited Partner shall retain legal title to such assigned Limited Partnership Interests and shall be and remain a Limited Partner of the Partnership.

(e) All Distributions to be made pursuant to Article 5 and 15 with respect to Limited Partnership Interests held by the Assignor Limited Partner or with respect to Units, and all reports and communications to be distributed with respect to such Limited Partnership Interests or such Units, shall be made or distributed directly to the Unitholders of record entitled to receive such Distributions, reports and communications and not to the Assignor Limited Partner. Delivery of a Distribution, report or other communication to the Assignor Limited Partner shall not relieve the Partnership or the General Partner from responsibility and liability for delivery of such Distribution, report or other communication to the Unitholder of record entitled to receive such Distribution, report or communication.

SECTION 11.03. *Lost, Stolen, Mutilated or Destroyed Certificates or Unit Certificates.* (a) The Partnership shall issue a new Certificate or Unit Certificate in place of any Certificate or Unit Certificate previously issued if the registered owner of the Certificate or Unit Certificate:

(i) makes proof by affidavit, in form and substance satisfactory to the General Partner, that a previously issued Certificate or Unit Certificate has been lost, destroyed or stolen;

(ii) requests the issuance of a new Certificate or Unit Certificate before the Partnership has notice that the Certificate or Unit Certificate has been acquired by a purchaser for value in good faith and without notice of an adverse claim;

(iii) if requested by the General Partner, delivers to the Partnership a bond, in form and substance satisfactory to the General Partner, with such surety or sureties and with fixed or open penalty, as the General Partner may direct, to indemnify the Partnership against any claim that may be made on account of the alleged loss, destruction or theft of the Certificate or Unit Certificate; and

(iv) satisfies any other reasonable requirements imposed by the General Partner.

When a Certificate or Unit Certificate has been lost, destroyed or stolen, and the owner fails to notify the Partnership within a reasonable time after he has notice of it, and a transfer of the Units or Limited

Partnership Interests represented by the Certificate or Unit Certificate is registered before the Partnership receives such notification, the owner shall be precluded from making any claim against the Partnership or any Transfer Agent for such transfer or for a new Certificate or Unit Certificate.

(b) If any mutilated Certificate or Unit Certificate is surrendered to the Transfer Agent, the General Partner on behalf of the Partnership shall execute and deliver in exchange therefor a new Certificate or Unit Certificate evidencing the same number of Limited Partnership Interests or Units as did the Certificate or Unit Certificate so surrendered.

(c) As a condition to the issuance of any new Certificate or Unit Certificate under this Section 11.03, the General Partner may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Transfer Agent) connected therewith.

SECTION 11.04. *Record Holder.* The Partnership shall be entitled to treat each Record Holder as the Limited Partner or Unitholder in fact of any Limited Partnership Interests or Units, as the case may be, and, accordingly, shall not be required to recognize any equitable or other claim or interest in or with respect to such Limited Partnership Interests or Units on the part of any other Person, regardless of whether it shall have actual or other notice thereof, except as otherwise required by law or any applicable rule, regulation, guideline or requirement of any stock exchange on which the Limited Partnership Interests or Units are listed for trading.

SECTION 11.05. *Representations, Warranties and Covenants of the Assignor Limited Partner.* (a) The Assignor Limited Partner represents and warrants to, and covenants with and for the benefit of, each Unitholder who is at any time a Unitholder hereunder that:

(i) it is duly organized and validly existing in good standing as a corporation under the laws of the state of its incorporation with full power and authority to act as the Assignor Limited Partner and to enter into this Agreement and to perform its obligations hereunder;

(ii) this Agreement has been duly and validly authorized by it and, assuming due authorization by the other parties hereto, is a valid and binding agreement of it enforceable in accordance with its terms;

(iii) it will not at any time give any consent with respect to or vote any Limited Partnership Interests with respect to which it is the Assignor Limited Partner except in accordance with directions to it pursuant to Section 17.04 or Section 17.12. It will give any consent with respect to or vote all of those Limited Partnership Interests for which it has received a direction pursuant to Article 17 in accordance with such

direction and it will refrain from consenting with respect to or voting any such Limited Partnership Interest for which it does not hold any such direction; and

(iv) it will not at any time withdraw as Assignor Limited Partner without the consent of the General Partner which consent shall not be granted until such a time as a successor Assignor Limited Partner has been admitted in its place.

(b) Upon the occurrence of any default in any representation, warranty or covenant of the Assignor Limited Partner set forth above, the bankruptcy (as defined in Section 15.01) of the Assignor Limited Partner or the failure of the Assignor Limited Partner to perform any other obligation under this Agreement in accordance with the terms hereof, the General Partner may remove the Assignor Limited Partner and substitute in its place such other Person as it determines in its sole discretion. Thereafter the Assignor Limited Partner so removed shall have no right of any nature whatsoever in or with respect to such Limited Partnership Interests. If the Assignor Limited Partner withdraws as the Assignor Limited Partner, whether or not such withdrawal constitutes a breach of any portion of this Agreement, the General Partner shall substitute in its place as Assignor Limited Partner such Person as it determines in its sole discretion. Upon any such removal

of the Assignor Limited Partner (or the replacement of the Assignor Limited Partner pursuant to the preceding sentence) as the Assignor Limited Partner, the Person so selected by the General Partner shall succeed to the legal title to the Limited Partnership Interests previously held by the Assignor Limited Partner so removed or replaced, without any requirement for any action by or on behalf of the Assignor Limited Partner so removed or replaced, and thereafter such Person shall have all of the rights and obligations of the Assignor Limited Partner under this Agreement with respect to such Limited Partnership Interests.

ARTICLE 12
TRANSFER OF PARTNERSHIP INTERESTS AND UNITS

SECTION 12.01. *Transfer.* (a) The term "*transfer*," when used in this Article with respect to a Partnership Interest or Unit, shall be deemed to refer to a transaction by which the holder of a Unit or Partnership Interest assigns such Unit or Partnership Interest evidenced thereby to another Person, and includes a sale, assignment, gift, pledge, hypothecation, mortgage, exchange or any other disposition, whether by merger, consolidation or otherwise.

(b) Except as provided in Section 2.05, no Partnership Interest or Unit shall be transferred in whole or in part, except in accordance with the terms and conditions set forth in this Article 12. Any transfer or purported transfer of any Partnership Interest or Unit not made in accordance with this Article 12 or Section 2.05 shall be null and void.

SECTION 12.02. *Transfer of General Partnership Interests of the General Partner.* (a) The General Partner may sell or otherwise transfer its General Partnership Interest to any Person that is or in connection with the sale or transfer becomes a General Partner, without any approval of the

Unitholders or Partners and without obtaining an Assignment Determination. Any Person acquiring a General Partnership Interest as permitted by this Section 12.02 shall be entitled to be admitted as a general partner. The General Partner may effect sales or transfers as provided by this Section without regard to the consequences thereof to the Partnership, other Partners, Unitholders or any other Persons. The General Partner may not sell or otherwise transfer its General Partnership Interest except as provided in this Section 12.02.

(b) No provision of this Agreement shall be construed to prevent (and all Unitholders and Limited Partners hereby expressly consent to) any sale, transfer, exchange or other disposition of any or all of the General Partnership Interest in connection with the withdrawal of the General Partner pursuant to Article 14.

(c) The General Partner may at any time transfer (in addition to the transfers permitted by Section 12.02(a)) one-tenth of its General Partnership Interest to any Corporate Affiliate of the General Partner that (x) in connection with the transfer becomes a General Partner (the "Other General Partner") and (y) immediately after giving effect to such transfer, has assets net of liabilities (excluding its interest in the Partnership and any accounts and notes receivable from or payable by it to the Partnership) with a fair market value of not less than 10% of the aggregate amount of Contributions made to the Partnership through the date of the transfer, if the Partnership receives an Assignment Determination and a Tax Determination with respect thereto. In connection with any such transfer, (i) the Other General Partner shall be admitted as a General Partner, (ii) the transferor General Partner shall remain a General Partner and shall not be relieved of any of its obligations under this Agreement, (iii) the transferor General Partner shall be the sole managing General Partner, with the exclusive power to manage the business and affairs of the Partnership and the Other General Partner shall not participate in, and shall have no responsibility for, the management of the business and affairs of the Partnership and shall not be entitled to exercise any of the powers with respect thereto granted to the General Partner, (iv) the Other General Partner shall assume, jointly and severally with the transferor General Partner, all of the obligations of the General Partner under this Agreement (excluding the obligations in Section 4.01, but including, and not limited to, Section 12.02(a)), subject to clause (ii) of this sentence and (v) the transferor General Partner shall be entitled to make such amendments to this agreement as may be necessary to reflect or in connection with the foregoing and to provide for the allocation of a portion of the transferor General Partner's capital account to the Other General Partner.

SECTION 12.03. *Transfer of Limited Partnership Interests.* Transfers of Limited Partnership Interests shall not be permitted except upon death, by operation of law or with the written consent of the General Partner, which consent may be granted or withheld in the General Partner's sole discretion and shall be subject to the provisions of Section 13.01.

SECTION 12.04. *Transfer of Units.* (a) The Partnership shall not recognize a holder of Units or interests therein unless the transferee has become a Record Holder. A transferee of a Unit shall be deemed to have (i) agreed to comply with and be bound by this Agreement, (ii) granted the powers of

attorney provided for in this Agreement as set forth herein, and (iii) made the waivers and given the approvals contained in this Agreement.

(b) Any Unitholder may exchange any or all of his Units for corresponding Limited Partnership Interests by (i) delivering to the General Partner and the Assignor Limited Partner such documents as may be reasonably required by the General Partner and the Assignor Limited Partner and (ii) paying such reasonable fees and expenses as may be required with respect thereto by the General Partner; *provided, however*, that the holder of any such Limited Partnership Interest received in exchange for a Unit shall not be admitted to the Partnership as a Limited Partner unless and until the General Partner shall have consented to such admission, which consent may be withheld in the sole discretion of the General Partner. If the General Partner does not so consent, the Person requesting such exchange shall remain a Unitholder. If the General Partner does so consent to the admission of a Unitholder as a Limited Partner, no consent of any Limited Partner or Unitholder shall be required to effect such admission. Any holder (other than the Assignor Limited Partner) of Limited Partnership Interests may exchange any or all of such Limited Partnership Interests for corresponding Units by (A) delivering to the General Partner and the Assignor Limited Partner such documents as may be reasonably required by the General Partner and the Assignor Limited Partner and (B) paying such reasonable fees and expenses as may be required with respect thereto by the General Partner. Conversions of Units into Limited Partnership Interests, and conversions of Limited Partnership Interests into Units, if consented to by the General Partner, shall be accomplished at such times as the General Partner shall determine, but not less frequently than semi-annually.

SECTION 12.05. *Restrictions on Transfer.* Notwithstanding the other provisions of this Article 12, no transfer of any Unit or Limited Partnership Interest shall be made if such transfer (a) would violate the then applicable federal and state securities laws or rules and regulations of the Commission, any state

securities commission or any other governmental authorities with jurisdiction over such transfer; (b) would affect the Partnership's existence or qualification as a limited partnership under the Delaware Act; or (c) would violate any then applicable rules, regulations and requirements of any securities exchange or automatic quotation system on or pursuant to which Units may be traded.

ARTICLE 13
ADMISSION OF PARTNERS

SECTION 13.01. *Admission of Substituted Limited Partners.* (a) If a Limited Partner dies, his executor, administrator or trustee, or, if he is adjudicated incompetent, his committee, guardian or conservator, or, if he becomes bankrupt, the trustee or receiver of his estate, shall have all the rights of a Limited Partner for the purpose of settling or managing his estate and such power as the decedent or incompetent possessed to assign all or any part of his Limited Partnership Interests and to join with the assignee thereof in satisfying conditions precedent to such assignee becoming a Substituted Limited Partner. The withdrawal, death, dissolution, adjudication of incompetence or bankruptcy of a Limited Partner shall not dissolve the Partnership.

(b) The Partnership need not recognize for any purpose any assignment of all or any fraction of the Limited Partnership Interests of a Limited Partner unless there shall have been filed with the Partnership and recorded on the Partnership's books a duly executed and acknowledged counterpart of the instrument making such assignment, and such instrument evidences the written acceptance by the assignee of all of the terms and provisions of this Agreement, represents that such assignment was made in accordance with all applicable laws and regulations and in all other respects is satisfactory in form and substance to the General Partner.

(c) Any Limited Partner (other than the Assignor Limited Partner) who shall assign all his Limited Partnership Interests shall cease to be a Limited Partner of the Partnership.

(d) An assignee of Limited Partnership Interests (other than a Unitholder) becomes a Substituted Limited Partner only if all of the following conditions are first satisfied:

(i) the instrument of assignment sets forth the intention of the assignor that the assignee succeed to the assignor's Limited Partnership Interests as a Substituted Limited Partner in his place;

(ii) the assignee shall have fulfilled the requirements of Section 13.01(b);

(iii) the assignee shall have paid all reasonable legal fees and filing costs incurred by the Partnership in connection with his substitution as a Limited Partner; and

(iv) the General Partner consents to such substitution which consent may be granted or withheld in its sole discretion.

(e) An assignee of Limited Partnership Interests (other than a Unitholder) who does not become a Substituted Limited Partner and who desires to make a further assignment of his Limited Partnership Interests shall be subject to all the provisions hereof to the same extent and in the same manner as a Limited Partner desiring to make an assignment of Limited Partnership Interests.

SECTION 13.02. *Admission of Additional and Successor General Partner.* An additional or successor general partner approved pursuant to Section 12.02, 14.01 or 15.01(b) shall be admitted to the Partnership as a General Partner (in the place of or in addition to, as the case may be, the General Partner), effective as of the date that an amendment to the Certificate of Limited Partnership, adding its name and other required information, is filed pursuant to Section 6.01(c) (which, in the event the successor or transferee General Partner is in the place in whole of the withdrawing, removed or transferor General Partner, shall be contemporaneous with the withdrawal of such withdrawing, removed or transferor General Partner without dissolution of the Partnership), and upon receipt by the withdrawing, removed or transferor General Partner of all of the following:

(a) acceptance in form and substance satisfactory to such General Partner of all of the terms and provisions of this Agreement;

(b) written agreement of the proposed General Partner to continue the business of the Partnership; and

(c) such other documents or instruments as may be required in order to effect its admission as a General Partner under this Agreement and applicable law.

Each Limited Partner and Unitholder is deemed to approve of the admission of a successor General Partner selected pursuant to the terms of this Agreement and no further approval of Partners or Unitholders shall be required to effect such admission. Any such successor or additional General Partner shall carry on the business of the Partnership. No Person shall be admitted as a general partner of the Partnership except as contemplated by Section 12.02, 14.01 or 15.01(b) or as otherwise expressly authorized by this Agreement.

ARTICLE 14
WITHDRAWAL OR REMOVAL OF PARTNERS

SECTION 14.01. *Withdrawal or Removal of the General Partner.* (a) The General Partner covenants and agrees that except in connection with a transfer of its General Partnership Interest in accordance with Section 12.02, it will not voluntarily withdraw as the General Partner unless (i) the Partnership receives a Limited Liability Determination, a Tax Determination and an Assignment Determination; (ii) such withdrawal receives Majority Outside Approval; and (iii) the General Partner or one of its Affiliates is not the general partner of Alliance Capital or simultaneously withdraws as the general partner of Alliance Capital in accordance with the terms of the Alliance Capital Partnership Agreement. If the General Partner gives a notice of its intent to withdraw, it shall call and conduct a meeting of the Unitholders and Limited Partners to obtain the requisite Majority Outside Approval and to consider and approve a successor General Partner. If the proposed withdrawal of the General Partner will result in the dissolution of the Partnership, such meeting shall be held no sooner than 180 days after the date of

notice and any Unitholder or Limited Partner (other than the Assignor Limited Partner) may, by notice to the General Partner at least 120 days prior to the date of the meeting, propose a successor general partner. Such proposed successor general partner shall only be included on the ballot if it has complied with all legal requirements necessary for such inclusion. If the requisite Majority Outside Approval is obtained, but no successor general partner is approved on the first ballot of such meeting, a second ballot shall be held as soon as practicable thereafter in order to consider the approval of the candidate that received the most votes on the first ballot. If such candidate is not approved on the second ballot, the Partnership shall be dissolved and liquidated pursuant to Article 15 and the General Partner shall serve as Liquidating Trustee. If a successor general partner is elected, it shall be admitted immediately prior to the withdrawal of the General Partner and shall continue the business and operations of the Partnership without dissolution.

(b) Except as provided below, the General Partner may be removed upon the affirmative vote of (i) Limited Partners holding 80% or more of the issued and outstanding Limited Partnership Interests if such removal is not for cause, or (ii) Limited Partners holding 50% or more of the issued and outstanding Limited Partnership Interests if such removal is for cause. As used in this Article 14, "cause" means that a court of competent jurisdiction has entered a final, non-appealable judgment in an action in which the General Partner is a party, finding that any action or failure to act on the part of the General Partner involved an act or omission undertaken with deliberate intent to cause injury to the Partnership, constituted actual fraud or actual bad faith on the part of the General Partner or was undertaken with reckless disregard for the best interests of the Partnership. The right to remove the General Partner shall not exist or be exercised unless (i) the General Partner or one of its Affiliates is not the general partner of Alliance Capital or is simultaneously removed as the general partner of Alliance Capital in accordance with the terms of the Alliance Capital Partnership Agreement, (ii) such action for removal also provides for the election of a new general partner and (iii) the Partnership receives a Limited Liability Determination, a Tax Determination and an Assignment Determination; any Opinions of Outside Counsel delivered in connection with such determinations shall be opinions of counsel selected by the successor general partner. Such removal shall be effective immediately subsequent to the admission of the successor General Partner pursuant to Article 13.

SECTION 14.02. *Interest of Departing Partner and Successor.* (a) Upon the withdrawal or removal of the General Partner, the Departing Partner may, at its option exercisable prior to the effective date of the departure of such Departing Partner, transfer and sell to its successor as General Partner all of the General Partnership Interests held or owned by the Departing Partner, and the successor General Partner shall purchase such General Partnership Interests, for an amount in cash equal to the fair market value of such General Partnership Interest, the amount to be determined and payable as of the effective date of its departure. For purposes of this Section 14.02, the fair market value of the Departing Partner's General Partnership Interest shall be determined by agreement between the Departing Partner and its successor or, failing agreement within 30 days after the effective date of such Departing Partner's departure, by an independent investment banking firm or other independent expert selected by the Departing Partner and its successor, which, in turn, may rely on other experts and the determination of which shall be binding and conclusive as to such matter. If such parties cannot agree upon one independent investment banking firm or other independent expert within 45 days after the effective date of such departure, then each of the Departing Partner and its successor shall designate an independent investment banking firm or other independent expert and the independent investment banking firm or other independent expert selected by each of the Departing Partner and its successor shall in turn designate a single independent investment banking firm or other independent expert; each such firm or expert shall determine the fair market value of the Departing Partner's General Partnership Interest and the determination of the firm or expert that is neither the highest nor the lowest shall control. In making its determination, the independent investment banking firm or other independent expert shall consider the Unit Price, the value of the Partnership Assets, the rights and obligations of the General Partner and other factors it may deem relevant.

(b) If the Departing Partner's General Partnership Interest is not acquired pursuant to Section 14.02(a), the Departing Partner shall become a Limited Partner, and its General Partnership Interest shall be converted into Units pursuant to a valuation made by the investment banking firm or other independent expert selected pursuant to Section 14.02(a) without any reduction in such Partnership Interest (subject to proportionate dilution by reason of the admission of its successor).

This Agreement shall be amended to reflect any event described in this Article 14, and any successor General Partner covenants so to amend this Agreement and the Certificate.

(c) If the Departing Partner's General Partnership Interest is not acquired pursuant to Section 14.02(a), the successor to such Departing Partner shall at the effective date of its admission to the Partnership contribute to the capital of the Partnership cash in an amount such that its Capital Account, after giving effect to such contribution, shall be equal to the Market Value of not less than 1,000 Units. In such event, such successor shall be entitled to Partnership allocations and Distributions in accordance with its Percentage Interest.

(d) If the Partnership is indebted to the Departing Partner at the effective date of its departure for funds advanced, properties sold or services rendered to the Partnership by the Departing Partner, the Partnership shall, within 60 days after the effective date of such departure, pay to the Departing Partner the full amount of such indebtedness. The successor to the Departing Partner shall assume all obligations theretofore incurred by the Departing Partner as the General Partner of the Partnership, and the Partnership and such successor shall take all such action as shall be necessary to terminate any guarantees of the Departing Partner and any of its Affiliates of any obligations of the Partnership. If for whatever reason the creditors of the Partnership will not consent to such termination of guarantees, the successor to the Departing Partner shall be required to indemnify the Departing Partner for any liabilities and expenses incurred by the Departing Partner on account of such guarantees pursuant to an agreement reasonably satisfactory in form and substance to the Departing Partner.

SECTION 14.03. *Withdrawal of Limited Partners.* No Limited Partner shall have any right to withdraw from the Partnership; *provided, however*, that upon a transfer of a transferor Limited Partner's Limited Partnership Interests in accordance with Article 12 and the transferee's becoming a Limited Partner, the transferor Limited Partner shall cease to be a Limited Partner with respect to the Limited Partnership Interests so transferred, but until such transferee becomes a Limited Partner, the transferor shall continue to be a Limited Partner. No Limited Partner shall be entitled to any Distribution from the Partnership for any reason or upon any event except as expressly set forth in Articles 5 and 15.

ARTICLE 15
DISSOLUTION AND LIQUIDATION

SECTION 15.01. *Dissolution.* (a) The Partnership shall not be dissolved by the admission of Substituted Limited Partners or Additional Limited Partners, or by the admission of substituted or additional general partners in accordance with the terms of this Agreement. Except as provided in Section 15.01(b), the Partnership shall be dissolved and its affairs shall be wound up upon:

(i) the withdrawal or removal of the General Partner or the occurrence of any other event that results in its ceasing to be the General Partner (other than by reason of a transfer pursuant to Section 12.02 or a withdrawal or removal occurring upon or after approval by the Limited Partners of a successor pursuant to Section 14.01);

(ii) the filing of a certificate of dissolution or the revocation of the certificate of incorporation of the General Partner;

(iii) a written determination by the General Partner (which the General Partner shall have no obligation or duty to make) that projected future revenues over the next five years of the Partnership are insufficient to enable payment of the projected Partnership costs and expenses for such period;

(iv) an election to dissolve the Partnership by the General Partner which receives Majority Outside Approval;

(v) the bankruptcy of the General Partner;

(vi) upon the written election of the General Partner to dissolve the Partnership pursuant to an election of the General Partner under clause (y) of the first sentence of Section 2.05;

(vii) the sale of all or substantially all of the Partnership Assets approved in accordance with Section 6.13(a)(i); or

(viii) any other event requiring dissolution under the Delaware Act.

For purposes of this Section 15.01, bankruptcy of the General Partner shall be deemed to have occurred when (A) it commences a voluntary proceeding, or files an answer in any involuntary proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or

hereafter in effect, (B) it is adjudged a bankrupt or insolvent, or has entered against it a final and nonappealable order for relief under any bankruptcy, insolvency or similar law now or hereafter in effect, (C) it executes and delivers a general assignment for the benefit of its creditors, (D) it files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against it in any proceeding of the nature described in clause (A) above, (E) it seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator for it or for all or any substantial part of its properties, or (F) (1) any proceeding of the nature described in clause (A) above has not been dismissed 120 days after the commencement thereof, (2) the appointment without its consent or acquiescence of a trustee, receiver or liquidator appointed pursuant to clause (E) above has not been vacated or stayed within 90 days of such appointment, or (3) such appointment is not vacated within 90 days after the expiration of any such stay.

(b) Upon an event described in Section 15.01(a)(i), 15.01(a)(ii), 15.01(a)(v) or 15.01(a)(viii), the Partnership shall not be dissolved if, within 90 days after the event described in any of such Sections, all remaining Partners and Unitholders unanimously agree to continue the business of the Partnership and to the selection, effective as of the date of such event, of a successor General Partner. In such event, the Partnership shall continue until dissolved in accordance with this Article 15, and the General Partnership Interest of the former General Partner shall be subject to disposition in the manner provided in Section 14.02(a).

SECTION 15.02. *Liquidation.* Upon dissolution of the Partnership, the General Partner, or, in the event the General Partner has been dissolved or removed or has withdrawn from the Partnership, or the Partnership has been dissolved pursuant to Section 15.01(a)(i), 15.01(a)(ii) or 15.01(a)(v), a liquidator or liquidating committee approved by a Majority Approval shall be the Liquidating Trustee. The Liquidating Trustee (if other than the General Partner) shall be entitled to receive such compensation for its services as may be approved by a Majority Approval. The Liquidating Trustee shall agree not to resign at any time without 30 days' prior written notice and (if other than the General Partner) may be removed at any time, with or without cause, by notice of removal approved by a Majority Approval. Upon dissolution, removal or resignation of the Liquidating Trustee, a successor and substitute Liquidating Trustee (who shall have and succeed to all rights, powers and duties of the original Liquidating Trustee) shall within 60 days thereafter be approved by a Majority Approval. If a Liquidating Trustee is not selected and qualified within the time periods set forth in this Section 15.02, any Limited Partner or Unitholder may apply to any court of competent jurisdiction for the winding up of the Partnership and, if appropriate, the appointment of a Liquidating Trustee. The right to appoint a successor or substitute Liquidating Trustee in the manner provided herein shall be recurring and continuing for so long as the functions and services of the Liquidating Trustee are authorized to continue under the provisions thereof, and every reference herein to the Liquidating Trustee shall be deemed to refer also to any such successor or substitute liquidator appointed in the manner herein provided. Except as expressly provided in this Article 15, the Liquidating Trustee appointed in the manner provided herein shall have and may exercise, without further authorization or approval of any of the parties hereto, all of the powers conferred upon the General Partner under the terms of this Agreement (but subject to all of the applicable limitations, contractual and otherwise, upon the exercise of such powers), regardless of whether the Liquidating Trustee is the General Partner, to the extent necessary

or desirable in the good faith judgment of the Liquidating Trustee to complete the winding up and liquidation of the Partnership as provided for herein. The Liquidating Trustee shall liquidate the assets of the Partnership, and apply and distribute the proceeds of such liquidation in the following order of priority, unless otherwise required by mandatory provisions of applicable law:

(a) the payment to creditors of the Partnership, including Partners, in order of priority provided by law, and the creation of a reserve of cash or other assets of the Partnership for contingent liabilities in an amount, if any, determined by the Liquidating Trustee in its sole judgment to be appropriate for such purposes;

(b) to the Partners (other than the Assignor Limited Partner) and Unitholders with positive balances in their Capital Accounts (after crediting or charging thereto the appropriate portion of Net Income and Net Loss in accordance with Article 5 and after giving effect to all amounts distributed or to be distributed to such Partners and Unitholders with respect to all calendar quarters of the Partnership prior to the quarter in which the liquidation of the Partnership occurs) an amount equal to the sum of all such positive balances, such Distribution to be made in proportion to the positive amounts in such Capital Accounts; and

(c) to the Partners (other than the Assignor Limited Partner) and Unitholders in accordance with their Percentage Interests.

SECTION 15.03. *Distribution in Kind.* (a) Notwithstanding the provisions of Section 15.02 which require the liquidation of the Partnership Assets, but subject to the order of priorities set forth therein, if on dissolution of the Partnership the Liquidating Trustee determines that an immediate sale of part or all of the Partnership Assets would be impractical or would cause undue loss to the Partners or is otherwise undesirable, the Liquidating Trustee may, in its absolute discretion, defer for a reasonable time the liquidation of any Partnership Assets except those necessary to satisfy liabilities of the Partnership and may, in its absolute discretion, distribute to the Partners, in lieu of cash, as tenants in common, undivided interests in such Partnership Assets as the Liquidating Trustee deems not suitable for liquidation. Any distributions in kind shall be subject to such conditions relating to the disposition and management thereof as the Liquidating Trustee deems reasonable and equitable and to any agreements governing the operation of such Partnership Assets at such time. In lieu of distributing any Partnership Asset (other than cash) in kind among the Partners and Unitholders, the Liquidating Trustee, in its sole discretion, may determine to distribute Partnership Assets (other than cash) to certain Partners or Unitholders and solely cash to other Partners or Unitholders. The Liquidating Trustee shall determine the fair market value of any Partnership Assets distributed in kind using such reasonable method of valuation as it may adopt; if the General Partner is the Liquidating Trustee, such fair market value shall be determined by an Appraiser.

(b) Notwithstanding the provisions of Section 15.02 or Section 15.03(a), but subject to the order of priorities set forth in Section 15.02, if equity interests are to be distributed to Partners and

Unitholders in connection with a dissolution of the Partnership pursuant to an election of the General Partner under clause (y) of Section 2.05, then distributions in kind of the equity interests shall be made pursuant to such election and the provisions of Section 2.05 (and, without limitation, the requirements of Section 15.03(a) relating to distributions of undivided interests to Partners as tenants in common shall not be applicable to any such distributions).

SECTION 15.04. *Cancellation of Certificate of Limited Partnership.* Upon the completion of the distribution of Partnership Assets as provided in Sections 15.02 and 15.03, the Partnership shall be terminated, and the Liquidating Trustee (or the General Partner or Limited Partners) shall cause the cancellation of the Certificate of Limited Partnership and all qualifications of the Partnership as a foreign limited partnership in jurisdictions other than the State of Delaware and shall take such other actions as may be necessary to terminate the Partnership.

SECTION 15.05. *Reasonable Time for Winding Up.* A reasonable time shall be allowed for the orderly winding up of the business and affairs of the Partnership and the liquidation of its assets pursuant to Sections 15.02 and 15.03 in order to minimize any losses otherwise attendant upon such winding up.

SECTION 15.06. *Return of Contributions.* The General Partner shall not be liable for the return of any contributions of the Limited Partner, or any portion thereof, it being expressly understood that any such return shall be made solely from Partnership Assets.

SECTION 15.07. *No Obligation to Restore Deficit.* None of the Partners or Unitholders shall be obligated to contribute cash to the Partnership in order to eliminate the negative balance, if any, in its Capital Account.

SECTION 15.08. *Waiver of Partition.* Each Partner, by requesting and being granted admission to the Partnership, is deemed to waive until termination of the Partnership any and all rights that he may have to maintain an action for partition of the Partnership's Assets.

ARTICLE 16
RIGHT TO PURCHASE UNITS

SECTION 16.01. *Right to Purchase Units.* (a) Notwithstanding any other provision of this Agreement, if at any time less than 10% of the issued and outstanding Alliance Capital LP Units are held, directly or indirectly, by Persons other than the General Partner, its Affiliates and officers and employees of the General Partner, the Partnership or Alliance Capital or Persons controlled by the Partnership or Alliance Capital (hereinafter referred to as "Affiliated Holders") (including, for purposes of determining the Alliance Capital LP Units held by Persons other than

Affiliated Holders, the number of Alliance Capital LP Units held by the Partnership multiplied by a fraction, the numerator of which is the number of issued and outstanding Units and Partnership Interests held by Persons other than Affiliated Holders and the denominator of which is the number of issued and outstanding Units and Partnership Interests), the General Partner shall then have the right, which right it may assign and transfer to the Partnership, Alliance Capital or any of the General Partner's Affiliates, exercisable in its sole discretion at any time, to purchase all, but not less than all, of any such Units that remain outstanding and held by Persons other than the General Partner and its Affiliates, at a price per Unit equal to the Purchase Price. The right to purchase Units pursuant to this Section 16.01 shall not be exercisable unless the General Partner, the Partnership, Alliance Capital or any of the General Partner's Affiliates simultaneously purchases all, but not less than all, of the Alliance Capital LP Units that remain outstanding and held by Persons other than the General Partner and its Affiliates, at a price per Alliance Capital LP Unit equal to the Purchase Price. For purposes of this Section 16.01, a Unit or Alliance Capital LP Unit held for the benefit of an employee, or by or for the benefit of a member of the family of an employee, shall be treated as if owned by that employee and the term "Unit" includes Limited Partnership Interests (other than those held by the Assignor Limited Partner).

(b) In the event the General Partner, any Affiliate of the General Partner, the Partnership or Alliance Capital elects to exercise such right to purchase Units pursuant to this Article 16, the General Partner, its Affiliate, the Partnership or Alliance Capital, as the case may be, shall deliver to the Transfer Agent written notice of such election to purchase (hereinafter in this Article 16 called the "Notice of Election to Purchase") and shall cause the Transfer Agent to mail a copy of such Notice of Election to Purchase to the Unitholders holding such Units at least 10, but not more than 60, days prior to the Purchase Date. Such Notice of Election to Purchase shall also be published at least twice in at least one daily newspaper of general circulation printed in the English language and published in the Borough of Manhattan, New York. The Notice of Election to Purchase shall specify the Units to be purchased, the Purchase Date and the Purchase Price, and

state that the General Partner, its Affiliate, the Partnership or Alliance Capital, as the case may be, elects to purchase such Units, upon surrender thereof in exchange for payment, at such office or offices of the Transfer Agent as the Transfer Agent may specify, or as may be required by any National Securities Exchange on which such Units are listed or admitted to trading. Any such Notice of Election to Purchase mailed to a Unitholder of such Units at his address as reflected in the records of the Transfer Agent shall be conclusively presumed to have been given regardless of whether the owner receives such notice. On or prior to the Purchase Date, the General Partner, its Affiliate, the Partnership or Alliance Capital, as the case may be, shall deposit with the Transfer Agent cash in an amount equal to the Purchase Funds. If the Notice of Election to Purchase shall have been duly given as aforesaid at least 10 days prior to the Purchase Date, and if on or prior to the Purchase Date the Purchase Funds shall have been deposited with the Transfer Agent in trust for the benefit of the owners of Units subject to purchase as provided in this Article 16, then from and after the Purchase Date, notwithstanding that any Unit Certificates shall not have been surrendered for purchase, all rights of the owners of such Units (including, but not limited to, any rights pursuant to Articles 4, 5 and 15) shall thereupon cease, except the right to receive the Purchase Price therefor, without interest, upon surrender to the Transfer Agent of the Unit Certificates, and such Units shall thereupon be deemed to have been transferred to the General Partner, its Affiliate, the Partnership or Alliance Capital, as the case may be, on the record books of the Transfer Agent and the Partnership,

and the General Partner or any Affiliate of the General Partner, the Partnership or Alliance Capital, as the case may be, shall be deemed to be the owner of all such Units from and after the Purchase Date and shall have all rights as the owner of such Units (including, but not limited to, all rights as owner of such Units pursuant to Articles 4, 5 and 15).

(c) At any time during one year after the Purchase Date, a holder of an issued and outstanding Unit subject to purchase as provided in this Article 16 may surrender his Unit Certificate to the General Partner in exchange for payment of the Purchase Price therefor, without interest thereon. If such holder does not surrender such Unit Certificate within such one year period, the Purchase Funds deposited with the Transfer Agent in trust for such holder shall revert to, and shall be returned to, the General Partner, its Affiliate, the Partnership or Alliance Capital, as the case may be, and thereafter such holder may look only to the Person to which such funds were returned for payment.

ARTICLE 17
AMENDMENT OF PARTNERSHIP AGREEMENT; MEETINGS; RECORD DATE

SECTION 17.01. *Amendments to be Adopted Solely by the General Partner.* The General Partner (pursuant to the General Partner's power of attorney) without the approval at the time of any Partner, Unitholder or other Person (each Person who accepts Units being deemed to approve of any such amendment) may amend any provision of this Agreement or the Certificate of Limited Partnership, and execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith, to reflect:

(a) a change in the name of the Partnership or the location of the principal place of business of the Partnership;

(b) the admission, substitution or withdrawal of Partners in accordance with this Agreement;

(c) a change that the General Partner in its sole discretion determines is necessary or advisable to qualify the Partnership as a limited partnership or a partnership in which the Limited Partners and Unitholders have limited liability under the laws of any state;

(d) a change that the General Partner in its sole discretion determines (i) does not adversely affect the Unitholders in any material respect, (ii) is necessary or desirable to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or contained in any federal or state statute, (iii) is necessary or desirable to facilitate the trading of the Units or comply with any rule, regulation, guideline or requirement of any National Securities Exchange on which the Units are or will be listed for trading, compliance with any of which the General Partner deems to be in the best interests of the Partnership and the Unitholders or (iv) is

required to effect the intent of the provisions of this Agreement or otherwise contemplated by this Agreement;

(e) an amendment that the General Partner in its sole discretion determines is necessary or desirable in connection with the issuance of any class or series of Units, Partnership Interests or other securities, and the establishment of the rights and preferences of such class or series of Units, Partnership Interests or other securities, pursuant to Section 4.02, including, but not limited to, Section 4.02(e);

(f) an amendment that the General Partner in its sole discretion determines is necessary or desirable in connection with any action taken pursuant to Section 2.05;

(g) an amendment that the General Partner in its sole discretion determines is necessary or desirable to conform the provisions of this Agreement to the provisions of the Alliance Capital Partnership Agreement;

(h) an amendment that the General Partner in its sole discretion determines is necessary or desirable to cure any ambiguity in this Agreement or to correct or supplement any provision of this Agreement that may be defective or inconsistent with any other provision of this Agreement; or

(i) an amendment pursuant to Section 9.05.

SECTION 17.02. *Amendment Procedures.* No amendment may be made to this Agreement unless it has been proposed by the General Partner. Except as provided in Sections 17.01 and 17.03, all amendments to this Agreement shall be made in accordance with the following requirements:

(a) Any amendment to this Agreement may be proposed by the General Partner by submitting the text of the amendment to all Limited Partners and Unitholders in writing.

(b) If an amendment is proposed pursuant to Section 17.02(a) above, the General Partner shall call a meeting of the Unitholders to consider and vote on the proposed amendment unless, in the Opinion of Counsel, such proposed amendment would be illegal under Delaware law if approved. Subject to Section 17.03, a proposed amendment shall be effective upon approval by the General Partner and Majority Approval unless otherwise required by law. The General Partner shall notify all Unitholders upon final approval or disapproval of any proposed amendment.

SECTION 17.03. *Special Amendment Requirements.* Notwithstanding the provisions of Sections 17.01 and 17.02,

(a) If any amendment to this Agreement would by its terms adversely alter the rights and preferences of any class or series with respect to distributions or otherwise materially and adversely

alter the rights and preferences of any class or series, other than as contemplated by Section 2.05, 4.02 or 9.05, such amendment shall become effective only upon (i) Majority Outside Approval (in addition to approval of the General Partner), if such class consists of the Limited Partnership Interests and Units as constituted on the date of this Agreement (or Limited Partnership Interests or Units subsequently issued with identical rights and preferences), or (ii) in the case of any other class or series, approval of the holders of a majority of the outstanding interests of such class or series. No amendment to this Agreement with respect to which the Partnership does not receive an Assignment Determination, Liability Determination and Tax Determination shall become effective without Majority Outside Approval (in addition to approval of the General Partner), unless such amendment is pursuant to Section 17.01(f) or is in connection with the transfer of the General Partnership Interest or the admission, substitution or withdrawal of a general partner in accordance with this Agreement.

(b) No provision of this Agreement which establishes a percentage of the Partners (or a class or series thereof) required to take any action shall be amended, altered, changed, repealed or rescinded in any respect that would have the effect of changing such percentage, unless such amendment is approved by a written approval or an affirmative vote of Partners (or a class or series thereof) constituting not less than the number required by the voting requirement sought to be reduced (in addition to approval of the General Partner).

(c) No amendment of Sections 6.01(a)(ii), 6.01(a)(xviii), 8.03, 14.01, 17.04(b), 17.04(e), 17.05 or this Section 17.03(c) shall become effective without Alliance Capital Majority Outside Approval (in addition to approval of the General Partner).

SECTION 17.04. *Meetings.* (a) Meetings of the Limited Partners and Unitholders for any purpose with respect to which the Limited Partners are entitled to vote may be called by the General Partner at any time (there being no obligation to hold annual or other periodic meetings of the Limited Partners and Unitholders) and shall be called by the General Partner within ten days after receipt of a written request for such a meeting signed by Limited Partners (other than the Assignor Limited Partner) and Unitholders, considered together as a class, which hold 50% or more in interest of the issued and outstanding Limited Partnership Interests and Units. Any such request shall state the purpose of the proposed meeting and the matters to be acted upon thereat. Meetings shall be held at the principal office of the Partnership or at such other place as may be designated by the General Partner or, if the meeting is called upon the request of Limited Partners and Unitholders, as designated by such Limited Partners and Unitholders. In addition, the General Partner may, but shall not be obligated to, submit any matter upon which the Unitholders (through instructions to the Assignor Limited Partner directing the actions of the Assignor Limited Partner with respect to the Limited Partnership Interests underlying such Unitholders' Units) and Limited Partners are entitled to act to the Limited Partners and Unitholders for a vote by written consent without a meeting pursuant to Section 17.12.

(b) Meetings of the Partners and Unitholders shall also be called promptly by the General Partner to consider and vote upon any matter to be submitted to a vote of the holders of Alliance

Capital LP Units at any meeting of such holders or any matter upon which such holders propose or purport to take action by written consent without a meeting (a "Pass-through Matter"). Meetings shall be held at the principal office of the Partnership or at such other place as may be designated by the General Partner.

The Alliance Capital LP Units held by the Partnership shall be voted for or voted against the Pass-through Matter or withheld from voting or not voted by the Partnership (in its capacity as a limited partner of Alliance Capital) in the same proportions as the Partnership Interests and Units held by Partners and Unitholders are voted, not voted or withheld from voting; *provided*, *however*, that votes and abstentions of employees of the Partnership, Alliance Capital, any Person controlled by the Partnership or Alliance Capital, or the General Partner who will be employed by or have any direct or indirect equity interest in any Person acquiring assets of Alliance Capital shall not be considered if the Pass-through Matter relates to any transaction described in Section 6.12 of the Alliance Capital Partnership Agreement, in which event the number of Alliance Capital LP Units voted by the Partnership shall be reduced proportionately.

With respect to Pass-through Matters that require Alliance Capital Majority Outside Approval pursuant to the Alliance Capital Partnership Agreement, the Alliance Capital LP Units held by the Partnership shall be voted for or voted against the Pass-through Matter or withheld from voting or not voted by the Partnership (in its capacity as a limited partner of Alliance Capital) in the same proportions as the Partnership Interests and Units held by Partners and Unitholders (other than the General Partner and its Corporate Affiliates) are voted, not voted or withheld from voting; *provided, however,* that votes and abstentions of employees of the Partnership, Alliance Capital, any Person controlled by the Partnership or Alliance Capital, or the General Partner who will be employed by or have any direct or indirect equity interest in any Person acquiring assets of Alliance Capital shall not be considered if the Pass-through Matter relates to any transaction described in Section 6.12 of the Alliance Capital Partnership Agreement, in which event the number of Alliance Capital LP Units voted by the Partnership shall be reduced proportionately. For purposes of the two preceding sentences, a Limited Partnership Interest represented by a Unit held by an employee or held (or represented by a Unit held) for the benefit of an employee, or by or for the benefit of a member of the family of an employee, shall be treated as if owned by that employee. The General Partner shall have the right to vote with respect to all Pass-through Matters (other than Pass-through Matters that require Alliance Capital Majority Outside Approval) and shall be entitled to cast one vote for each General Partnership Interest which it owns.

(c) A Limited Partner shall be entitled to cast one vote for each Limited Partnership Interest which he owns: (i) at a meeting in person, by written proxy or by a signed writing directing the manner in which he desires that his vote be cast, which writing must be received by the General Partner prior to such meeting or (ii) without a meeting, by a signed writing directing the manner in which he desires that his vote be cast, which writing must be received by the General Partner prior to the date upon which the votes of Limited Partners are to be counted. Every proxy shall be revocable at the

pleasure of the Limited Partner executing it. The Assignor Limited Partner shall vote (whether by proxy, ballot, consent or otherwise) so many of the Limited Partnership Interests held by it in favor of and in opposition to any matter upon which the Limited Partners are to vote in accordance with written instructions received by it from Unitholders as of the applicable Record Date. Other than their rights as herein provided to give written instructions to the Assignor Limited Partner, the Unitholders shall have no other voting or consent rights. Notwithstanding the foregoing, Unitholders of record as of the applicable Record Date shall be entitled to all notices of, and to be present and be heard at, all meetings of Limited Partners. The laws of the State of Delaware pertaining to the validity and use of corporate proxies shall govern the validity and use of proxies given by Limited Partners and the validity and use of written instructions given to the Assignor Limited Partner by the Unitholders. Subject to the provisions of Section 4.02 and the rights of the holders of any securities issued pursuant thereto, the Limited Partners shall vote as a single class with respect to all matters voted upon by the Limited Partners.

(d) With respect to any matter upon which the Limited Partners are requested to vote or to give their consent, for which the required vote for approval is not otherwise specified in this Agreement, such matter shall be considered approved upon Majority Approval.

(e) The General Partner shall cause the Partnership (in its capacity as a limited partner of Alliance Capital) to request that Alliance Capital call a meeting of the limited partners of Alliance Capital in accordance with the provisions of the Alliance Capital Partnership Agreement in the event that the General Partner receives a written request for such a meeting signed by Limited Partners (other than the Assignor Limited Partner) and Unitholders, considered together as a class, which hold 50% or more in interest of the issued and outstanding Limited Partnership Interests and Units. Any such request shall state the purpose of the proposed meeting and the matters to be acted upon thereat. Such meeting shall be held in accordance with the provisions of the Alliance Capital Partnership Agreement.

SECTION 17.05. *Notice of Meeting.* Notice of a meeting called pursuant to Section 17.04 shall be given in writing by hand delivery, by courier service or by mail addressed to each Limited Partner and Unitholder at the address of the Limited Partner or Unitholder appearing on the books of the Partnership and Transfer Agent. In the event of a meeting called pursuant to Section 17.04(b), such notice shall describe the Pass-through Matter or Pass-through Matters and, if such matters are to be submitted to a vote of the holders of Alliance Capital LP Units at a meeting of such holders, the date, time and place of such meeting. An affidavit or certificate of delivery or of mailing of any notice or report in accordance with the provisions of this Article 17 executed by the General Partner, Transfer Agent, delivery or courier service or mailing organization shall constitute conclusive (but not exclusive) evidence of the giving of notice. If any notice addressed to a Limited Partner or Unitholder at the address of such Limited Partner or Unitholder appearing on the books of the Partnership or Transfer Agent is returned to the Partnership by the United States Postal Service marked to indicate that the United States Postal Service is unable to deliver such notice, the notice and any subsequent notices or reports shall be deemed to have been duly given without further mailing if they are available for the

Limited Partner or Unitholder at the principal office of the Partnership for a period of one year from the date of the giving of the notice to all other Limited Partners.

SECTION 17.06. *Record Date.* For purposes of determining the Limited Partners and Unitholders entitled to notice or to vote at a meeting of the Limited Partners and Unitholders or to give consents without a meeting as provided in Section 17.12 (or to give instructions with respect thereto to the Assignor Limited Partner), the General Partner or the Liquidating Trustee, if any, may set a Record Date, which Record Date shall not be less than ten (10) days nor more than 60 days prior to the date of such meeting or consent (unless such requirement conflicts with any rule, regulation, guideline or requirement of any securities exchange on which the Units are listed for trading, in which case the rule, regulation, guidelines or requirements of such securities exchange shall govern).

SECTION 17.07. *Adjournment.* When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting and a new Record Date need not be fixed if the time and place of such adjourned meeting are announced at the meeting at which such adjournment is taken, unless such adjournment shall be for more than 30 days. At the adjourned meeting, the Partnership may transact any business that would have been permitted to be transacted at the original meeting. If the adjournment is for more than 30 days, or if a new Record Date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given in accordance with this Article 17.

SECTION 17.08. *Waiver of Notice; Consent to Meeting; Approval of Minutes.* The transactions of any meeting of Limited Partners and Unitholders however called and noticed, and wherever held, are as valid as though they had been approved at a meeting duly held after regular call and notice if a quorum is present either in person or by proxy, and if, either before or after the meeting, each of the Limited Partners entitled to vote, not present in person or by proxy, signs a waiver of notice, or a consent to the holding of the meeting, or an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the Partnership records or made a part of the minutes of such meeting. Attendance of a Limited Partner or Unitholder at a meeting shall constitute a waiver of notice of the meeting; *provided, however*, that no such waiver shall occur when the Limited Partner or Unitholder objects, at the beginning of the meeting, to the transaction of any business at such meeting because the meeting is not lawfully called or convened; and provided further, that attendance at a meeting is not a waiver of any right to object to the consideration of any matters required to be included in the notice of the meeting, but not so included, if the objection is expressly made at the meeting.

SECTION 17.09. *Quorum.* Limited Partners of record who are Limited Partners with respect to more than 50% of the total number of all outstanding Limited Partnership Interests of the class or series entitled to vote with respect to the matter held by all Limited Partners of record, whether represented in person or by proxy, shall constitute a quorum at a meeting of Limited Partners. As to Limited Partnership Interests then held by the Assignor Limited Partner, only Limited Partnership Interests with respect to which the Assignor Limited Partner has received written instructions as

provided in Section 17.04(c) shall be deemed represented for purposes of determining whether a quorum is present. The Limited Partners present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment of such meeting notwithstanding the withdrawal of enough Limited Partners to leave less than a quorum, if any action taken (other than adjournment) is approved by the requisite vote of Limited Partners specified in this

Agreement. In the absence of a quorum, any meeting of Limited Partners may be adjourned from time to time by the affirmative vote of a majority of the Limited Partnership Interests represented either in person or by proxy at such meeting, but no other business may be transacted.

SECTION 17.10. *Conduct of Meeting.* The General Partner or the Liquidating Trustee, as the case may be, shall be solely responsible for convening, conducting and adjourning any meeting of Limited Partners, including without limitation the determination of Persons entitled to vote at such meeting, the existence of a quorum for such meeting, the satisfaction of the requirements of Section 17.04 with respect to such meeting, the conduct of voting at such meeting, the validity and effect of all instructions to the Assignor Limited Partner as to the voting of Limited Partnership Interests held by it, the validity and effect of all proxies represented at such meeting and the determination of any controversies, votes or challenges arising in connection with or during such meeting or voting. The General Partner or the Liquidating Trustee, as the case may be, shall designate a Person to serve as chairman of any meeting and further shall designate a Person to take the minutes of any meeting, which Person, in either case, may be, without limitation, a Partner or any officer, employee or agent of the General Partner. The General Partner or the Liquidating Trustee, as the case may be, may make all such other regulations, consistent with applicable law and this Agreement, as it may deem advisable concerning the conduct of any meeting of the Limited Partners, including regulations in regard to the appointment of proxies and other evidence of the right to vote.

SECTION 17.11. *Instructions by Nominees.* With respect to Units that are held for a Person's account by another Person (such as a broker, dealer, bank, trust company or clearing corporation, or any agent of any of the foregoing), in whose name the Unit Certificates evidencing such Units are registered, such broker, dealer or other agent shall, in exercising any right to give written instructions to the Assignor Limited Partner in respect of such Units on any matter, give such instructions at the direction of the Person on whose behalf such broker, dealer or other agent is holding such Units, and the Partnership and the Assignor Limited Partner shall be entitled to assume it is so acting without further inquiry.

SECTION 17.12. *Action Without a Meeting.* Any action that may be taken at a meeting of the Limited Partners may be taken without a meeting if the General Partner so agrees in writing, in its sole discretion, and a consent in writing setting forth the action so taken is signed by Limited Partners owning not less than the minimum number of Limited Partnership Interests that would be necessary to authorize or take such action at a meeting at which all of the Limited Partners were present and voted. The Assignor Limited Partner shall sign such consent only on behalf of Unitholders with respect to which it has received written instructions with respect thereto. Prompt notice of the taking of action

without a meeting shall be given to the Limited Partners and Unitholders who have not consented thereto in writing. Written consents to the taking of any action by the Limited Partners shall have no force and effect unless and until (i) they are deposited with the Partnership in care of the General Partner and (ii) consents sufficient to take the action proposed are dated as of a date not more than one hundred eighty (180) days prior to the date sufficient consents are deposited with the Partnership.

ARTICLE 18
GENERAL PROVISIONS

SECTION 18.01. *Addresses and Notices.* The address of each Partner and Unitholder for all purposes shall be the address set forth on the books and records of the Transfer Agent (or, if there is no Transfer Agent for a particular class or series of Units, on the books and records of the Partnership). Any notice, demand, request or report required or permitted to be given or made to a Partner (other than the General Partner and its Corporate Affiliates) under this Agreement shall be in writing and shall be deemed given or made when delivered in person or when sent to such Partner or Unitholder at such address by first class mail or by other means of written communication.

SECTION 18.02. *Consent of Limited Partners and Unitholders.* By acceptance of a Certificate or a Unit Certificate, each Limited Partner and Unitholder expressly approves and agrees that, whenever in this Agreement it is specified that an action may be taken upon the affirmative vote of less than all of the Limited Partners, such action may be so taken upon the concurrence of less than all of the Limited Partners and each present and future Limited Partner and Unitholder shall be bound by the results of such action.

SECTION 18.03. *Titles and Captions.* All article or section titles or captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof.

SECTION 18.04. *Pronouns and Plurals.* Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.

SECTION 18.05. *Further Action.* Each Partner and Unitholder shall execute and deliver all documents, provide all information and take or refrain from taking all actions as may be necessary or appropriate to achieve the purpose of this Agreement.

SECTION 18.06. *Binding Effect.* This Agreement shall be binding upon and inure to the benefit of the Partners and Unitholders and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

SECTION 18.07. *Integration.* This Agreement constitutes the entire agreement among the Partners and Unitholders pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

SECTION 18.08. *Benefits of this Agreement.* Except for the provisions of Section 6.02, none of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor of the Partnership or by any other Person not expressly granted rights herein.

SECTION 18.09. *Waiver.* No failure by any party hereto to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or any other covenant, duty, agreement or condition.

SECTION 18.10. *Counterparts.* This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all the parties hereto. Each party shall become bound by this Agreement immediately upon affixing its signature hereto, independently of the signature of any other party.

SECTION 18.11. *Applicable Law.* Notwithstanding the place where this Agreement may be executed by any of the parties hereto, the parties hereto expressly agree that all of the terms and provisions hereof shall be construed under and governed by the substantive laws of the State of Delaware, without regard to the principles of conflict of laws.

SECTION 18.12. *Invalidity of Provisions.* If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands as of the 29th day of October, 1999.

ALLIANCE CAPITAL MANAGEMENT CORPORATION,
General Partner

By: /s/ DAVID R. BREWER, JR.

Name: David R. Brewer, Jr.
Title: Senior Vice President and General Counsel

Exhibit A

CERTIFICATE
FOR
UNITS
IN
ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.

No. Units

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P. (the "Partnership"), a Delaware limited partnership, hereby certifies that is the registered owner of Units representing assignments of beneficial ownership of limited partner interests in the Partnership ("Units"). The rights, preferences, and limitations of the Units are set forth in the Amended and Restated Agreement of Limited Partnership of the Partnership, as it may be amended, supplemented or restated from time to time (the "Partnership Agreement"), copies of which are on file at the General Partner's principal office at 1345 Avenue of the Americas, New York, New York 10105. The Units represented hereby are subject to redemption under certain circumstances as provided in the Partnership Agreement.

This Certificate and the Units evidenced hereby are transferable, subject to the terms of the Partnership Agreement.

This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

WITNESS, the facsimile signatures of the duly authorized officers of Alliance Capital Management Corporation, the General Partner of the Partnership, and of Alliance ALP, Inc., the Assignor Limited Partner of the Partnership.

Dated:

ALLIANCE ALP, INC.,
Assignor Limited Partner

By

Title:

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.

By: Alliance Capital Management Corporation, General Partner

By

Title:

BY ACCEPTANCE OF THIS CERTIFICATE FOR UNITS, AND AS A CONDITION TO ENTITLEMENT TO ANY RIGHTS IN OR BENEFITS WITH RESPECT TO THE UNITS EVIDENCED HEREBY, A HOLDER HEREOF (INCLUDING ANY ASSIGNEE OR TRANSFEREE HEREOF) IS DEEMED TO HAVE AGREED TO COMPLY WITH AND BE BOUND BY ALL TERMS AND CONDITIONS OF THE PARTNERSHIP AGREEMENT.

Exhibit B

CERTIFICATE
FOR
LIMITED PARTNERSHIP INTERESTS
IN
ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.

No. Limited Partnership Interests

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P. ("the Partnership"), a Delaware limited partnership, hereby certifies that is the registered owner of limited partner interests in the Partnership ("Limited Partnership Interests"). The rights, preferences, and limitations of the Limited Partnership Interests, including the right to exchange Limited Partnership Interests for Units representing assignments of beneficial ownership of Limited Partnership Interests upon compliance with certain conditions, are set forth in the Amended and Restated Agreement of Limited Partnership of the Partnership, as it may be amended, supplemented or restated from time to time (the "Partnership Agreement"), copies of which are on file at the General Partner's principal office at 1345 Avenue of the Americas, New York, New York 10105. THIS CERTIFICATE, AND THE LIMITED PARTNERSHIP INTERESTS REPRESENTED HEREBY, ARE NOT TRANSFERABLE EXCEPT UPON DEATH, BY OPERATION OF LAW, OR WITH THE WRITTEN CONSENT OF THE GENERAL PARTNER, WHICH CONSENT MAY BE GRANTED OR WITHHELD IN THE GENERAL PARTNER'S SOLE DISCRETION. ANY TRANSFER OR PURPORTED TRANSFER OF THIS CERTIFICATE OR THE LIMITED PARTNERSHIP INTERESTS REPRESENTED HEREBY NOT MADE IN ACCORDANCE WITH THE PROVISIONS OF THE PARTNERSHIP AGREEMENT SHALL BE NULL AND VOID. THE LIMITED PARTNERSHIP INTERESTS REPRESENTED HEREBY ARE ALSO SUBJECT TO REDEMPTION UNDER CERTAIN CIRCUMSTANCES AS PROVIDED IN THE PARTNERSHIP AGREEMENT.

Dated: ,

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.

By: Alliance Capital Management Corporation, General Partner

By: _____

BY ACCEPTANCE OF THIS CERTIFICATE FOR LIMITED PARTNERSHIP INTERESTS, AND AS A CONDITION TO ENTITLEMENT TO ANY RIGHTS IN OR

BENEFITS WITH RESPECT TO THE LIMITED PARTNERSHIP INTERESTS EVIDENCED HEREBY, A HOLDER HEREOF (INCLUDING ANY ASSIGNEE OR TRANSFEREE HEREOF) IS DEEMED TO HAVE AGREED, WHETHER OR NOT SUCH HOLDER IS ADMITTED TO THE PARTNERSHIP AS A SUBSTITUTED LIMITED PARTNER WITH RESPECT TO THE LIMITED PARTNERSHIP INTERESTS EVIDENCED HEREBY, TO COMPLY WITH AND BE BOUND BY ALL TERMS AND CONDITIONS OF THE PARTNERSHIP AGREEMENT.

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DEFINITIONS

**AMENDED AND RESTATED AGREEMENT
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ALLIANCE CAPITAL MANAGEMENT L.P.**

This Amended and Restated Agreement of Limited Partnership of Alliance Capital Management L.P. (this "Agreement"), a Delaware limited partnership formerly known as Alliance Capital Management L.P. II (the "Partnership"), dated as of October 29, 1999, is entered into by and among Alliance Capital Management Corporation, a Delaware corporation, Alliance Capital Management Holding L.P., a publicly-traded Delaware limited partnership formerly known as Alliance Capital Management L.P. ("Alliance Holding"), together with all other Partners of the Partnership as of the date hereof, and additional Persons who become Partners of the Partnership, as hereinafter provided. The parties hereto agree to continue the Partnership as a limited partnership under the Delaware Act and this Agreement.

WHEREAS, the Partnership was originally formed and established as a limited partnership pursuant to a Certificate of Limited Partnership, dated as of April 6, 1999, and is governed by an Agreement of Limited Partnership, dated as of July 7, 1999 (the "Original Agreement of Limited Partnership");

WHEREAS, at a special meeting of unitholders of Alliance Holding held on September 22, 1999, such unitholders approved the reorganization of Alliance Holding, pursuant to which, among other things, Alliance Holding will (i) transfer or assign all or substantially all of its assets to the Partnership, in exchange for 100% of the Limited Partnership Interests and the General Partnership Interest and the assumption by the Partnership of all or substantially all of the liabilities of Alliance Holding and (ii) offer to exchange outstanding Alliance Holding LP Units for an equal number of Limited Partnership Interests held by Alliance Holding (the "Reorganization"); and

WHEREAS, in connection with the Reorganization, the parties hereto wish to amend and restate the Original Agreement of Limited Partnership, effective as of the Effective Time.

In consideration of the mutual covenants, conditions and agreements herein contained, the parties hereto hereby agree as follows:

ARTICLE 1

DEFINITIONS

Unless the context otherwise specifies or requires, the terms defined in this Article I shall, for the purposes of this Agreement, have the meanings herein specified.

"*ACMC*" shall mean Alliance Capital Management Corporation, a Delaware corporation.

"*Additional Limited Partner*" shall mean a Person admitted to the Partnership as a limited partner pursuant to Section 4.02 and who is shown as such on the books and records of the Partnership.

"*Adjusted Property*" shall mean property the Carrying Value of which has been adjusted pursuant to Section 4.10.

"*Adverse Partnership Tax Consequence*" shall mean the Partnership, Alliance Holding or both (a) being treated for federal income tax purposes as an association taxable as a corporation, (b) being subject to federal income tax as a corporation or (c) otherwise becoming subject to federal taxation on its net income generally.

"*Adverse Tax Determination*" shall mean a determination by the General Partner, on the basis of an Opinion of Outside Counsel, that an Adverse Partnership Tax Consequence has occurred. The General Partner may determine that an Adverse Tax Determination shall be deemed to have been made for purposes of any provision of this Agreement as of a date prior to the actual date of determination, but not earlier than the beginning of the first taxable period to which the Adverse Partnership Tax Consequence relates. However, no such determination shall affect the rights of any Partner to distributions actually received prior to the time such determination was actually made.

"*Affiliate*" shall mean any Person directly or indirectly controlling, controlled by or under common control with the Person in question; however, none of the Partnership, Alliance Holding, any Person controlled by the Partnership or Alliance Holding or any Person employed by the Partnership or Alliance Holding or such a controlled Person shall be considered an Affiliate of the General Partner. As used in this definition, the term "*control*" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"*Affiliated Holders*" has the meaning specified in Section 16.01(a).

"*Agreement*" shall mean this Amended and Restated Agreement of Limited Partnership, as it may be amended, supplemented or restated from time to time.

"*Alliance Holding*" shall mean Alliance Capital Management Holding L.P., a publicly-traded Delaware limited partnership whose name was changed from Alliance Capital Management L.P. in connection with the Reorganization.

"*Alliance Holding Contribution*" shall mean the contribution by Alliance Holding of all of its assets (other than the Holdback Interests) to the Partnership in exchange for 100% of the Limited Partnership Interests and the General Partnership Interest and the assumption by the Partnership of all or substantially all of the liabilities of Alliance Holding, pursuant to the Reorganization Agreement.

"*Alliance Holding Partnership Agreement*" shall mean the Amended and Restated Agreement of Limited Partnership of Alliance Holding, as it may be amended, supplemented or restated from time to time.

"*Alliance Holding GP Unit*" shall mean a unit representing a general partner interest in Alliance Holding.

"*Alliance Holding LP Unit*" shall mean a unit representing an assignment of a beneficial interest in a corresponding limited partner interest of Alliance Holding.

"*Appraiser*" shall mean a Person (who may not be the General Partner, a Corporate Affiliate thereof or any employee of the Partnership, the General Partner or a Corporate Affiliate thereof) having experience in the valuation of financial services businesses selected and retained by the General Partner on behalf of and for the account of the Partnership.

"*Assignment Determination*" shall mean an Opinion of Outside Counsel to the effect that with respect to a proposed transaction, (i) advisory contracts of the Partnership and Alliance Holding which contributed more than 10% of the Partnership's and Alliance Holding's aggregate consolidated revenues derived from investment management services during the four most recently completed fiscal quarters would not be automatically terminated or breached by reason of a change of control resulting from such proposed transaction, or (ii) requisite consents to avoid such termination or breach have been obtained.

"*Available Cash Flow*" shall mean for any period the excess, if any, of (x) the sum of (A) Operating Cash Flow for such period, and (B) such portion of the amounts retained in prior periods pursuant to the following clause (y) as the General Partner determines, in its sole discretion, should no longer be retained by the Partnership for the purposes described in such clause (y), over (y) such amounts as the General Partner determines, in its sole discretion, should be retained by the Partnership for use in its business (or the businesses of Persons controlled by the Partnership) and not distributed, including, but not limited to, amounts retained for or in anticipation of expenses, capital expenditures, working capital requirements or reserves. The determination of Available Cash Flow for any period by

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the General Partner shall, absent manifest error, be binding and conclusive. As used in this definition, "*control*" has the meaning given to that term in the definition of Affiliate.

"*Book-Tax Disparities*" shall mean the differences between a Person's Capital Account balance, as maintained pursuant to Article 4, and such balance had the Capital Account been maintained strictly in accordance with federal income tax accounting principles (such disparities reflecting, among other items, the differences between the Carrying Value of either Contributed Property or Adjusted Property, as adjusted from time to time, and the adjusted basis thereof for federal income tax purposes).

"*Capital Account*" shall mean a capital account established and maintained pursuant to Article 4.

"*Carrying Value*" shall mean (i) with respect to Contributed Property, the Net Value of such property reduced (but not below zero) by all amortization, depreciation and cost recovery deductions charged to the Capital Accounts pursuant to Section 4.09 with respect to such property, and (ii) with respect to any other property, the adjusted basis of such property for federal income tax purposes, as of the time of determination. The Carrying Value of any property shall be adjusted from time to time in accordance with Section 4.10, and to reflect changes, additions or other adjustments to the Carrying Value for dispositions, acquisitions or improvements of Partnership Assets, as deemed appropriate by the General Partner, using such reasonable methods as it in its sole discretion deems appropriate.

"*Certificate of Limited Partnership*" shall mean the Certificate of Limited Partnership, and any and all amendments thereto and restatements thereof, filed on behalf of the Partnership as required under the Delaware Act.

"*Code*" shall mean the Internal Revenue Code of 1986, as it may be amended from time to time, and any successor to such statute.

"*Commission*" shall mean the Securities and Exchange Commission.

"*Contributed Property*" shall mean any Contribution other than cash.

"*Contribution*" shall mean any cash, cash equivalents or other property, or any other form of contribution (other than services) permitted by the Delaware Act, contributed to the Partnership pursuant to this Agreement (or deemed contributed for federal income tax purposes) by or on behalf of any Person.

"*Corporate Affiliate*" shall mean each Person, other than a natural person, that is an Affiliate of the specified Person.

"*Delaware Act*" shall mean the Delaware Revised Uniform Limited Partnership Act (6 Del. C. §§17-101, *et seq.*), as it may be amended from time to time, and any successor to such act.

"*Departing Partner*" shall mean the Person, as of the effective date of any withdrawal or removal of the General Partner pursuant to Section 14.01, who has as of such date so withdrawn or been removed.

"*Depreciation*" shall mean all deductions attributable to the depreciation, amortization or cost recovery of the cost or basis of any Partnership Asset which has a useful life in excess of one year.

"*Distribution*" shall mean any cash, cash equivalents or other property distributed by the Partnership pursuant to this Agreement (or deemed distributed for federal income tax purposes) to any Person.

"*Effective Time*" shall mean the effective time of the Reorganization pursuant to the Reorganization Agreement.

"*ELAS*" means The Equitable Life Assurance Society of the United States.

"*Exchange*" shall mean the exchange by Alliance Holding of the Alliance Holding LP Units held by any unitholder of Alliance Holding upon the request of such holder for an equal number of Limited Partnership Interests held by Alliance Holding, pursuant to the Reorganization Agreement.

"*General Partner*" shall mean ACMC in its capacity as general partner of the Partnership, or any successor or additional general partner of the Partnership admitted pursuant to Section 13.02.

"*General Partnership Interest*" shall mean the Partnership Interest of the General Partner in its capacity as such; provided that such interest shall constitute solely a right to a 1% Percentage Interest in Partnership profits and losses and distributions of Partnership Assets until such time as the General Partnership Interest is transferred to the General Partner in exchange for its general partner interest in Alliance Holding, as referenced in Section 4.01(c).

"*Holdback Interests*" shall have the meaning set forth in the Reorganization Agreement.

"*Indemnification and Reimbursement Agreement*" shall mean the Indemnification and Reimbursement Agreement, dated as of April 8, 1999, among the Partnership, Alliance Holding and ELAS, as the same may be amended, supplemented or restated from time to time.

"*Indemnified Person*" has the meaning specified in Section 6.09.

"*Indemnitee*" shall mean a Person who is or was the General Partner, any Person who is or was a Departing Partner, any Person who is or was an Affiliate of the General Partner or any Departing Partner, any Person who is or was an officer, director, employee, partner, agent or trustee of the Partnership, General Partner or any Departing Partner or any such Affiliate, or any Person who is or was serving at the request of the General Partner or any Departing Partner or any such Affiliate as a director, officer, employee, partner, agent or trustee of another Person in connection with the business or affairs of the Partnership.

"*Limited Liability Determination*" shall mean an Opinion of Outside Counsel to the effect that, as a result of the proposed transaction, Limited Partners do not lose their limited liability pursuant to Delaware law or this Agreement.

"*Limited Partner*" shall mean Alliance Holding and any other Person who is admitted as a limited partner in accordance with this Agreement and is shown as a limited partner on the books and records of the Partnership.

"*Limited Partnership Interests*" shall mean the Partnership Interests of the Limited Partners. Each Partnership Interest of the Limited Partners in the Partnership shall be denominated as a unit, each unit representing a pro rata percentage interest in the aggregate Partnership Interests of the Limited Partners. Each such unit shall be referred to herein as a Limited Partnership Interest, and all references in this Agreement to numbers of Limited Partnership Interests shall be deemed to refer to the specified number of such units of the Partnership Interests of the Limited Partners. The provisions hereof and of the definition of *Percentage Interest* are subject to adjustment by the General Partner in connection with, or as a consequence of, the issuance of any Limited Partnership Interests or other securities of the Partnership under Section 4.02 having special designations or preferences or other special rights or duties. Subject to the establishment of special classes or groups of Limited Partners or Limited Partnership Interests or other securities of the Partnership pursuant to Section 4.02, all Limited Partnership Interests shall be considered to constitute a single class and all Limited Partners shall vote as a single class under the Delaware Act in accordance with the terms of this Agreement.

"*Liquidating Trustee*" shall mean either (i) the General Partner or (ii) if dissolution of the Partnership was caused by an event described in Sections 15.01(a)(i), 15.01(a)(ii) or 15.01(a)(v), the Person or committee appointed pursuant to Section 15.02.

"*LP Certificate*" shall mean a certificate issued by the Partnership evidencing ownership of one or more Limited Partnership Interests, such certificate to be in such form or forms as may be adopted by the General Partner in its sole discretion, and which shall initially be substantially in the form of Exhibit A to this Agreement.

"*LP Interest Price*" shall mean an amount per Limited Partnership Interest as of any date of determination equal to the average of the last reported sales price per Alliance Holding LP Unit or, in

the event that no such reported sale takes place on any such day, the average of the last reported bid and ask prices per Alliance Holding LP Unit, on the NYSE (or any alternate national securities market on which Alliance Holding LP Units are traded) for the five trading days immediately prior to such day.

"*Majority Approval*" shall mean, as of any Record Date, (a) the written consent of Limited Partners who are Limited Partners with respect to more than 50% of the issued and outstanding Limited Partnership Interests or (b) the affirmative vote of Limited Partners who are Limited Partners with respect to more than 50% of the Limited Partnership Interests of those Limited Partners voting with respect to the matter at a meeting at which a quorum is present, in each case excluding, if applicable, the number of Limited Partnership Interests held by Alliance Holding multiplied by a fraction, the numerator of which is the number of issued and outstanding Alliance Holding LP Units and Alliance Holding partnership interests held by persons ineligible to vote pursuant to the following sentence and the denominator of which is the number of issued and outstanding Alliance Holding LP Units and Alliance Holding partnership interests. If a Majority Approval is being sought with respect to a transaction described in Section 6.12 (other than a transaction pursuant to Section 2.05), the Limited Partnership Interests of any employee of the Partnership, Alliance Holding, any Person controlled by the Partnership or Alliance Holding, or the General Partner who will be employed by or have any direct or indirect equity interest in any Person acquiring Partnership Assets shall be ineligible to vote with respect to such Majority Approval and shall not be counted for purposes of determining the issued and outstanding Limited Partnership Interests. Each Limited Partnership Interest shall be entitled to one vote for this purpose. For purposes of this definition, a Limited Partnership Interest held by an employee or held for the benefit of an employee, or by or for the benefit of a member of the family of an employee, shall be treated as if owned by that employee. A determination by the General Partner that

Limited Partnership Interests are held by or for the benefit of an employee or a member of the family of an employee and that such employee is ineligible to vote with respect to a particular matter by reason of this definition shall be binding and conclusive; in making such a determination, the General Partner may rely on information known to it and need not make a special investigation.

"*Majority Outside Approval*" shall mean as of any Record Date, written consent or affirmative vote of Limited Partners (other than the General Partner, its Corporate Affiliates and, if applicable, Persons holding Limited Partnership Interests ineligible to vote pursuant to the following sentence) who are Limited Partners with respect to more than 50% of the issued and outstanding Limited Partnership Interests held by such Persons (excluding the number of Limited Partnership Interests held by Alliance Holding multiplied by a fraction, the numerator of which is the number of issued and outstanding Alliance Holding LP Units and Alliance Holding limited partnership interests held by the General Partner and its Corporate Affiliates and, if applicable, Persons ineligible to vote pursuant to the following sentence, and the denominator of which is the number of issued and outstanding Alliance Holding LP Units and Alliance Holding limited partnership interests). If Majority Outside Approval is being sought in connection with a transaction described in Section 6.12, the Limited Partnership Interests of any employee of the Partnership, Alliance Holding, any Person controlled by the Partnership or Alliance Holding, or the General Partner who will be employed by or have any direct or indirect equity interest

in any Person acquiring Partnership Assets (in connection with a transaction described in Section 6.12) shall be ineligible to vote with respect to such Majority Outside Approval. Each Limited Partnership Interest shall be entitled to one vote for this purpose. For purposes of this definition, a Limited Partnership Interest held by an employee or held for the benefit of an employee, or by or for the benefit of a member of the family of an employee, shall be treated as if owned by that employee. A determination by the General Partner that Limited Partnership Interests are held by or for the benefit of an employee or a member of the family of an employee and that such employee is ineligible to vote with respect to a particular matter by reason of this definition shall be binding and conclusive; in making such a determination, the General Partner may rely on information known to it and need not make a special investigation.

"*National Securities Exchange*" shall mean an exchange registered with the Commission under Section 6(a) of the Securities Exchange Act including, but not limited to, the New York Stock Exchange, Inc.

"*Net Income*" and "*Net Loss*" shall mean an amount equal to the Partnership's taxable income or taxable loss as determined for federal income tax purposes for a relevant period, adjusted as provided herein. Net Income and Net Loss shall be determined in accordance with Section 703(a) of the Code (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income or loss), and adjusted as provided in Section 4.10. There shall be excluded from Net Income and Net Loss (a) any Depreciation of the Partnership, (b) any item of income, deduction, gain or loss resulting from a transaction the proceeds of which are distributed pursuant to Section 5.02 and (c) any item of income, deduction, gain or loss specially allocated pursuant to Section 5.05.

"*Net Value*" shall mean in the case of any Contribution of assets, the fair market value of such assets reduced by the amount of any indebtedness either assumed by the Partnership upon such Contribution or to which such assets are subject when contributed, in each case as such fair market value shall be determined by the General Partner using such reasonable methods of valuation as it in its sole discretion deems appropriate, unless such assets are to be contributed by either the General Partner or any of its Affiliates and are other than cash or cash equivalents, in which case the fair market value shall be determined by an Appraiser.

"*New Entity*" has the meaning specified in Section 2.05.

"*Operating Cash Flow*" shall mean:

(A) For periods ending on or before December 31, 1999, the excess, if any, of

(x) the sum of

(i) the net income (or loss as a negative amount) of the Partnership and Persons controlled by it on a consolidated basis for the period before extraordinary items, as determined in accordance with generally accepted accounting principles,

(ii) depreciation or amortization of tangible and intangible assets, losses on sales and other dispositions of assets and other non-cash charges, to the extent any such item is included in determining net income (or loss) for such period, all as determined in accordance with generally accepted accounting principles,

(iii) the net increase in deferred income tax liabilities or the net decrease in deferred income tax benefits during the period as reflected on the Partnership's balance sheet (or if there is both such an increase and such a decrease during the period, the sum of the absolute amounts thereof), and

(iv) proceeds from sales or other dispositions of assets in the ordinary course of business,

over

(y) the sum of

(i) gains on sales and other dispositions of assets for such period to the extent included in determining net income (or loss) for such period,

(ii) the net decrease in deferred income tax liabilities or the net increase in deferred income tax benefits during the period as reflected on the Partnership's balance sheet (or if there is both such a decrease and such an increase during the period, the sum of the absolute amounts thereof),

(iii) payments in respect of the principal of indebtedness (interest being deducted in the determination of net income (loss)) incurred by the Partnership to fund capital expenditures to the extent no reserve was deducted for such capital expenditures pursuant to the definition of Available Cash Flow, and

(iv) amounts expended for the purchase of assets in the ordinary course of business, to the extent no amount was retained for such expenditures pursuant to clause (y) of the definition of Available Cash Flow.

In determining Operating Cash Flow for periods ending on or before December 31, 1999, there shall be excluded from net income (or loss)

(i) the net income (or loss) of any entity not controlled by the Partnership in which the Partnership or any Person controlled by it has a joint interest with another Person, except to the extent of the amount of dividends or other distributions in cash, cash equivalents or other marketable securities (at the realizable value thereof) actually paid by such entity to the Partnership or any Person controlled by it during the period,

(ii) except to the extent includible in net income pursuant to the foregoing clause (i), the income (or loss) of any acquired entity prior to the date it becomes controlled by the Partnership or is merged into or consolidated with the Partnership or any Person controlled by the Partnership or that entity's assets are acquired by the Partnership or any Person controlled by the Partnership, and

(iii) the income of any Person controlled by the Partnership to the extent that the declaration or payment of dividends or similar distributions by that Person of that income is not at the time permitted by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Person.

For purposes of this definition, "*other non-cash charges*" shall mean amounts that have been charged to income but that have either already been paid by, or will never result in a cash payment by, the Partnership or Persons controlled by it (or which will be or has been funded by a Contribution by the General Partner pursuant to Section 4.01), including, but not limited to,

(i) non-cash expenses incurred under generally accepted accounting principles in connection with sale by ACMC of Limited Partnership Interests and Alliance Holding LP Units to employees of the Partnership or Persons controlled by the Partnership or the grant of warrants or options to purchase Limited Partnership Interests and Alliance Holdings LP Units,

(ii) amortization of debt issuance costs, and

(iii) amortization of goodwill.

(B) For any period beginning after December 31, 1999, the excess, if any, of

(x) the sum of

(i) the net cash provided from (or used in (expressed as a negative amount)) operating activities of the Partnership and Persons controlled by it on a consolidated basis for such period, as reflected in the Partnership's consolidated statement of cash flows for such period, determined in accordance with generally accepted accounting principles, excluding increases or decreases in the receivables and payables related to mutual fund sales activities for such period,

(ii) proceeds received during such period from borrowings and from sales and other dispositions of assets in the ordinary course of business, and

(iii) income for such period from investments in marketable securities, liquid investments and other financial instruments that are acquired for investment purposes and that have a value that may be readily established, including any such investment that may be readily sold or otherwise liquidated in any mutual fund for which the Partnership or any Person controlled by it serves as investment manager or advisor, to the extent not otherwise included in (i) or (ii) above;

over

(y) the sum of

(i) payments during such period in respect of the principal of borrowings, and

(ii) amounts expended during such period for the purchase of assets in the ordinary course of business in excess of any amount retained in a prior period for such expenditures pursuant to clause (y) of the definition of Available Cash Flow.

In determining net cash provided from (or used in) operating activities of the Partnership and Persons controlled by it for any period beginning after December 31, 1999 there shall be excluded from net income (or loss)

(i) the net income (or loss) for such period of any entity in which the Partnership has an interest which is not a controlling interest, except to the extent of the amount of dividends or other distributions in cash, cash equivalents or other marketable securities (at the realizable value thereof) actually paid during such period by such entity to the Partnership or any Person controlled by it,

(ii) except to the extent includible in net income pursuant to the foregoing clause (i), the income (or loss) for such period of any acquired entity prior to the date it becomes controlled by the Partnership or is merged into or consolidated with the Partnership or any Person controlled by the Partnership or that entity's assets are acquired by the Partnership or any Person controlled by the Partnership, and

(iii) the income for such period of any Person controlled by the Partnership to the extent that the declaration or payment of dividends or similar distributions by that Person of that income is not at the time permitted by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Person.

(C) The determination of Operating Cash Flow for any period by the General Partner shall, absent manifest error, be binding and conclusive. As used in this definition, "*control*" has the meaning given to that term in the definition of Affiliate.

"*Opinion of Counsel*" shall mean a written opinion of counsel (who may be regular counsel to the Partnership, the General Partner or any Affiliate thereof) selected by the General Partner.

"*Opinion of Outside Counsel*" shall mean a written opinion of counsel (who may be regular counsel to the Partnership, the General Partner or any Affiliate thereof, but who may not be an employee of the Partnership, the General Partner or any Affiliate thereof) selected by the General Partner.

"*Original Agreement of Limited Partnership*" has the meaning specified in the Recitals.

"*Other General Partner*" has the meaning specified in Section 12.04(c).

"*Partner*" shall mean any General Partner or Limited Partner.

"*Partnership*" shall mean the Delaware limited partnership existing pursuant to this Agreement.

"*Partnership's Accountants*" shall mean such nationally recognized firm of independent public accountants, as is selected, from time to time, by the General Partner.

"*Partnership Assets*" shall mean all property, whether tangible or intangible and whether real, personal or mixed, at any time owned by the Partnership.

"*Partnership Interest*" shall mean, as to any Partner, all of the interests of that Partner in the Partnership, including, but not limited to, such Partner's (i) right to a distributive share of income and losses of the Partnership, (ii) right to a distributive share of the Partnership Assets, (iii) right, if the General Partner, to participate in the management of the affairs of the Partnership, and (iv) right to vote on certain matters as set forth herein.

"*Percentage Interest*" shall mean, subject to such adjustments as the General Partner may determine in connection with the issuance of Limited Partnership Interests pursuant to Section 4.02: (a) 1% as to the General Partner, and (b) as to each Limited Partner, the product of (x) 99% and (y) the quotient of (i) the number of Limited Partnership Interests held by such Limited Partner at any time and (ii) the aggregate number of Limited Partnership Interests held by all of the Limited Partners at such time.

"*Person*" shall mean any individual, corporation, association, partnership, joint venture, trust, estate or other entity or organization.

"*Purchase Date*" shall mean the date determined by the General Partner as the date for purchase of all issued and outstanding Limited Partnership Interests (other than Limited Partnership Interests owned by the General Partner and its Corporate Affiliates) pursuant to, and as specified in, the "Notice of Election to Purchase" delivered pursuant to Article 16.

"*Purchase Funds*" shall mean an amount in cash equal to the aggregate Purchase Price of all Limited Partnership Interests subject to purchase on the Purchase Date in accordance with Article 16.

"*Purchase Price*" shall mean, as to any class or series, an amount per Limited Partnership Interest equal to the greater of (i) the highest cash price paid by the General Partner or any of its Affiliates for any Alliance Holding LP Unit of such class or series purchased during the 90 days immediately prior to the date on which the notice described in Article 16 is first mailed, if any such purchase occurred during such period, or (ii) (a) if the Alliance Holding LP Units of such class or series are listed or admitted to trading on one or more National Securities Exchanges, the arithmetic mean of the last reported sales prices per Alliance Holding LP Unit of such class or series regular way or, in case no such reported sale has taken place on any such date, the arithmetic mean of the last reported bid and asked prices per Alliance Holding LP Unit of such class or series regular way for such date, in either case on the principal National Securities Exchange on which the Alliance Holding LP Units of such class or series are listed or admitted to trading, for the 30 trading days immediately preceding the date of the mailing of such notice; (b) if the Alliance Holding LP Units of such class or series are not listed or admitted to trading on a National Securities Exchange but are quoted through NASDAQ, the arithmetic mean of the last reported sales prices per Alliance Holding LP Unit of such class or series regular way or, in case no such reported sale has taken place on any such day or the last reported sales price is not then quoted, the arithmetic mean of the last reported bid and asked prices per Alliance Holding LP Unit of such class or series regular way for such day quoted through NASDAQ, for the 30 trading days immediately preceding the date of the mailing of such notice; or (c) if the Alliance Holding LP Units of such class or series are not listed for trading on a National Securities Exchange and are not quoted through NASDAQ, an amount equal to the fair market value of an Alliance Holding LP Unit of such class or series, as of the date of the mailing of such notice, as determined by an Appraiser.

"*Recapture Income*" shall mean any gain recognized by the Partnership (but computed without regard to any adjustment required by Section 734 or 743 of the Code) upon the disposition of any Partnership Asset that does not constitute capital gain for federal income tax purposes because such gain represents the recapture of deductions previously taken with respect to such Partnership Asset.

"*Record Date*" shall mean the date established by the General Partner for determining (i) the identity of Limited Partners entitled to notice of or to vote at any meeting of Limited Partners, or any matter upon which the General Partner seeks the consent of the Limited Partners, or entitled to exercise rights in respect of any other lawful action of Limited Partners, or (ii) the identity of the Partners entitled to receive any report pursuant to the provisions hereof or any distribution pursuant to Article 5 or 15.

"*Record Holder(s)*" shall mean the Persons shown as Limited Partners on the books and records of the Partnership as of the close of business on a particular day.

"*Registration Statement*" shall mean the registration statement of the Partnership, dated August 3, 1999, including the proxy statement/prospectus and the exchange offer prospectus distributed in connection with the special meeting of unitholders of Alliance Holding held September 22, 1999 and the exchange offer.

"*Reorganization*" has the meaning specified in the Recitals.

"*Reorganization Agreement*" shall mean the Agreement and Plan of Reorganization dated as of August 20, 1999 among the Partnership, Alliance Holding, ACMC and ELAS, as the same may be amended, supplemented or restated from time to time.

"*Securities Exchange Act*" shall mean the Securities Exchange Act of 1934, as it may be amended from time to time, and any successor to such statute.

"*Substituted Limited Partner*" shall mean a Person who is admitted as a Limited Partner in the Partnership pursuant to this Agreement in place of, and with all the rights of, a Limited Partner pursuant to Section 12.03, and who is shown as a limited partner on the books and records of the Partnership.

"*Tax Determination*" shall mean an Opinion of Outside Counsel (containing such conditions, limitations and qualifications as are acceptable to the General Partner in its sole discretion) to the effect that, as a result of the proposed transaction, neither the Partnership nor Alliance Holding will suffer an Adverse Partnership Tax Consequence. Notwithstanding any provision of this Agreement to the contrary, a Tax Determination shall not be required in connection with or as a condition to any action at any time after (x) the General Partner has taken any action pursuant to clause (y) of the first sentence of Section 2.05 or (y) an Adverse Tax Determination.

"*Tax Payment*" has the meaning specified in Section 6.14(b).

"*Unrealized Gain*" shall mean, as of any date of determination, the excess, if any, of the fair market value of property (as determined under Section 4.10(c) or 4.10(d) as of such date of determination) over the Carrying Value of such property as of such date of determination (prior to any adjustment to be made pursuant to Section 4.10(c) or 4.10(d) as of such date).

"*Unrealized Loss*" shall mean, as of any date of determination, the excess, if any, of the Carrying Value of property as of such date of determination (prior to any adjustment to be made pursuant to Section 4.10(c) or 4.10(d) as of such date) over the fair market value of such property (as determined under Section 4.10(c) or 4.10(d) as of such date of determination).

ARTICLE 2
GENERAL PROVISIONS

SECTION 2.01. *Formation; Partnership Name.* (a) The Partnership was formed as a Delaware limited partnership pursuant to the filing of the Certificate of Limited Partnership in the Office of the Secretary of State of the State of Delaware and was governed by the Original Agreement of Limited Partnership. In connection with the Reorganization, the Partnership is being continued as a Delaware limited partnership pursuant to the terms of this Agreement.

(b) "*Alliance Capital Management L.P.*" shall be the name of the Partnership. The business of the Partnership shall be conducted under such name or such other name as the General Partner may from time to time in its sole discretion determine. "*Limited Partnership*" or "*Ltd.*" or "*L.P.*" (or similar words or letters) shall be included in the Partnership's name where necessary or appropriate to maintain the limited liability of the Limited Partners or otherwise for the purpose of complying with the laws of any jurisdiction that so requires or as the General Partner may deem appropriate.

SECTION 2.02. *Names and Addresses of Partners.* The general partner of the Partnership is ACMC. The business address of the General Partner is 1345 Avenue of the Americas, New York, New York 10105. The General Partner may change its address at any time and from time to time. The names and business, residence or mailing addresses of the Limited Partners and the date upon which each such Person became a Limited Partner are as set forth from time to time in the records of the Partnership.

SECTION 2.03. *Principal Office, Registered Agent and Registered Office of the Partnership.* (a) The principal office of the Partnership shall be located at 1345 Avenue of the Americas, New York, New York 10105. The General Partner in its sole discretion may, at any time, and from time to time, change the location of the Partnership's principal office within or outside the State of Delaware and may establish such additional offices of the Partnership within or outside the State of Delaware as it may from time to time determine.

(b) The name of the registered agent for service of process on the Partnership in the State of Delaware is The Corporation Trust Company. The address of the registered agent and the address of the registered office of the Partnership in the State of Delaware is c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

SECTION 2.04. *Term.* The Partnership commenced upon the filing of the Certificate of Limited Partnership in accordance with the Delaware Act and shall continue in existence until dissolved, and its Certificate of Limited Partnership canceled, in accordance with any provisions of this Agreement and the Delaware Act.

SECTION 2.05. *Possible Action in the Event of Adverse Tax Developments.* Notwithstanding anything to the contrary contained in this Agreement, in the event that the General Partner reasonably believes that as a result of (i) the enactment (or imminent enactment) of any legislation, (ii) the publication of any temporary, proposed or final regulation by the United States Department of the Treasury or any ruling by the Internal Revenue Service, (iii) a judicial decision or

(iv) other actions or events not caused by the General Partner or its Corporate Affiliates for the purpose of invoking this Section 2.05, there is a substantial risk of an Adverse Partnership Tax Consequence occurring within one year of the actions or events described in clauses (i) - (iv), the General Partner shall have the right, in its sole discretion and without the approval of the Limited Partners or any other Partners, to (x) impose such restrictions on transfer of the Limited Partnership Interests as the General Partner believes may be necessary or desirable to prevent the occurrence of the Adverse Partnership Tax Consequence, including making any amendments to this Agreement as the General Partner in its sole discretion may determine to be necessary or appropriate in order to impose such restrictions or (y) modify, restructure or reorganize the Partnership (by the transfer of all or substantially all of the assets of the Partnership to a newly-formed corporation or entity or otherwise) as, or transfer all or substantially all of the assets of the Partnership to, a corporation, trust or any other type of legal entity (a "New Entity"), in the manner determined by the General Partner in its sole discretion, in a transaction in which (I) each outstanding Limited Partnership Interest of the same class or series is treated in the same manner, and (II) if the Limited Partnership Interests and General Partnership Interest are converted into equity securities of the New Entity, the relative fair market values of the equity securities into which Limited Partnership Interests and the General Partnership Interest are converted are in proportion to the amounts each of the Limited Partners and the General Partner would have been entitled to receive upon a liquidation of the Partnership pursuant to Section 15.02, and (III) if all or substantially all of the assets of the Partnership are transferred to a New Entity, the Partnership may retain all of the equity interests in the New Entity until such time, if any, as the General Partner, in its sole discretion and without the approval of any other Partners, elects to dissolve the Partnership, in which case the Limited Partners and General Partner will receive the equity interests in the New Entity in proportion to the amounts each of the Limited Partners and the General Partner would have been entitled to receive upon a liquidation of the Partnership pursuant to Section 15.02, except that an action described in this clause (y) may not be taken solely on the basis of a proposed regulation described in clause (ii) unless the proposed regulation would by its terms, upon becoming final, apply to periods before the date it became final. Notwithstanding anything herein to the contrary, the General Partner may without Majority Approval effect a transaction described in clause (y) of the preceding sentence if the New Entity is a corporation. In connection with any transaction described in clause (y) of the first sentence of this Section, the General Partner may issue to itself a sufficient number of Limited Partnership Interests or other securities or otherwise restructure or reorganize the Partnership so that the General Partner and its Corporate Affiliates will own a sufficient percentage (but no more) of the Limited Partnership Interests or other securities so as to allow the Partnership or the New Entity to be included for federal tax purposes in the affiliated group of which the General Partner is a member; Limited Partnership Interests or securities may be acquired by the General Partner pursuant to this sentence only for the fair market value thereof as determined by an Appraiser. In connection with any

transaction described in clause (y) of the first sentence of this Section, the business of the Partnership may be continued by the New Entity or otherwise and if the Partnership has been restructured or reorganized as a New Entity and the Limited Partnership Interests and General Partnership Interest are converted into equity securities of the New Entity, the Partnership Interests shall be converted into equity of the New Entity in the manner determined by the General Partner in its sole discretion and without the approval of the Limited Partners, subject to clause (y) above. Notwithstanding the foregoing, no such modification, restructuring or reorganization shall take place unless the Partnership shall have received an Opinion of Outside Counsel to the effect that the liability of the holders of the Limited Partnership Interests or the equity interests in the New Entity into which the Limited Partnership Interests are converted pursuant to the law of the jurisdiction of the New Entity or Entities for the debts and obligations of the New Entity or Entities shall not, unless such Limited Partners or holders of such equity interests take part in the control of the business of the New Entity or Entities, exceed that which otherwise had been applicable to the Limited Partners of the Partnership.

ARTICLE 3
PURPOSE

SECTION 3.01. *Purpose.* The purpose and nature of the business to be conducted and promoted by the Partnership shall be (a) to engage in the investment management and advisory business and (b) to engage in any other lawful activities for which limited partnerships may be organized under the Delaware Act.

SECTION 3.02. *Powers.* The Partnership shall be empowered to do any and all acts and things necessary, appropriate, proper, advisable or convenient for or incidental to the furtherance and accomplishment of the purposes and businesses described herein and for the protection and benefit of the Partnership, including, but not limited to, the following:

(a) To borrow money and issue evidences of indebtedness, to refinance such indebtedness, to secure the same by mortgages, deeds of trust, security interest, pledges or other liens on all or any part of the Partnership Assets, to enter into contracts of guaranty or suretyship, and to confess and authorize confession of judgment in connection with the foregoing or otherwise;

(b) To secure, maintain and pay for insurance against liability or other loss with respect to the activities and assets of the Partnership (including, but not limited to, insurance against liabilities under Section 6.09);

(c) To employ or retain such Persons as may be necessary or appropriate for the conduct of the Partnership's business, including permanent, temporary or part-time employees and attorneys, accountants, agents, consultants and contractors, and to have employees and agents who may be designated as officers with titles including, but not limited to, "chairman," "vice chairman,"

"president," "executive vice president," "senior vice president," "vice president," "assistant vice president," "treasurer," "controller," "secretary," "assistant secretary," and "assistant treasurer" and who in such capacity may act for and on behalf of the Partnership, as and to the extent authorized by the General Partner, including, but not limited to, the following:

(i) represent the Partnership in its dealings with third parties, and execute any kind of document or contract on behalf of the Partnership;

(ii) approve the sale, exchange, lease, sublease, mortgage, assignment or other transfer or acquisition of, or granting or acquiring of a security interest in, any asset or assets of the Partnership; or

(iii) propose, approve or disapprove of, and take, action for and on behalf of the Partnership with respect to the operations of the Partnership;

(d) To acquire, own, hold a leasehold interest in, maintain, use, lease, sublease, manage, operate, sell, exchange, transfer or otherwise deal in assets and property as may be necessary, convenient or beneficial for the Partnership;

(e) To incur expenses and to enter into, guarantee, perform and carry out contracts or commitments of any kind, to assume obligations, and to execute, deliver, acknowledge and file documents in furtherance of the purposes and business of the Partnership;

(f) To pay, collect, compromise, arbitrate, litigate or otherwise adjust, contest or settle any and all claims or demands of or against the Partnership;

(g) To invest in interest-bearing and non-interest-bearing accounts and short-term investments of any kind and nature whatsoever, including, but not limited to, obligations of federal, state and local governments and their agencies, mutual funds (including money market funds), mortgage-backed securities, commercial paper, repurchase agreements, time deposits, certificates of deposit of commercial banks, savings banks or savings and loan associations and equity or debt securities of any type;

(h) To transfer assets to joint ventures, other partnerships, corporations or other business entities in which the Partnership is or thereby becomes a participant upon such terms, and subject to such conditions consistent with applicable law, as the General Partner deems appropriate; and

(i) To engage in any kind of activity and to enter into and perform obligations of any kind with the General Partner or Affiliates of the General Partner or otherwise, necessary to or in connection with, or incidental to, the accomplishment of the purposes and business of the Partnership,

so long as said activities and obligations may be lawfully engaged in or performed by a limited partnership under the Delaware Act.

ARTICLE 4
CAPITAL CONTRIBUTIONS

SECTION 4.01. *General Partner, Limited Partners.* (a) In accordance with the terms of the Original Agreement of Limited Partnership, ACMC was admitted as the General Partner of the Partnership and Alliance Holding was admitted as the initial Limited Partner of the Partnership. At such time, each of ACMC and Alliance Holding made a contribution to the capital of the Partnership of $50 in exchange for an economic interest having a value equal to $50 in the Partnership.

(b) At the Effective Time, pursuant to the Reorganization Agreement and the terms hereof, (i) Alliance Holding shall contribute all of its assets (other than the Holdback Interests) to the Partnership in exchange for the issuance by the Partnership of all of the Limited Partnership Interests and the General Partnership Interest to Alliance Holding, and Alliance Holding shall be deemed admitted as a Limited Partner with respect to all Limited Partnership Interests issued to it, (ii) the Partnership shall assume all or substantially all of the liabilities of Alliance Holding and (iii) the unitholders of Alliance Holding who exchange their Alliance Holding LP Units for Limited Partnership Interests pursuant to the Exchange shall be deemed admitted as Limited Partners in respect thereof. Alliance Holding shall be deemed to have contributed to the Partnership, in exchange for the above-referenced Limited Partnership Interests and the General Partnership Interest, an amount equal to the fair market value of the assets so transferred.

(c) Immediately after the Effective Time, pursuant to the Reorganization Agreement and the terms hereof, (i) ELAS and its Affiliates who hold Alliance Holding LP Units shall exchange an aggregate of 95,069,125 Alliance Holding LP Units for an equal number of Limited Partnership Interests and shall be deemed admitted as Limited Partners in respect of such Limited Partnership Interests and (ii) ACMC shall exchange its general partner interest in Alliance Holding for the General Partnership Interest and shall be deemed to hold the General Partnership Interest in its capacity as General Partner of the Partnership.

(d) The General Partner will make, or cause one or more of its Corporate Affiliates to make, payments to the Partnership in an amount equal to the Reorganization Costs (as such term is defined in the Indemnification and Reimbursement Agreement), without duplication with respect to any amounts paid pursuant to the Alliance Holding Partnership Agreement, in accordance with the Indemnification and Reimbursement Agreement. The General Partner shall not be entitled to receive any additional Partnership Interests in exchange for such payments.

(e) Alliance Holding may, following the Effective Time, make from time to time Contributions to the Partnership consisting of any assets or property (other than cash and cash

equivalents required for working capital purposes of Alliance Holding) acquired by it in accordance with the Alliance Holding Partnership Agreement in exchange for the issuance by the Partnership of additional Limited Partnership Interests; *provided* that:

(i) if the Contribution is cash equal to the net proceeds obtained from the sale or issuance of Alliance Holding LP Units or Alliance Holding limited partnership interests, (x) Alliance Holding shall receive a number of Limited Partnership Interests equal to the number of Alliance Holding LP Units or Alliance Holding limited partnership interests so sold or issued and (y) Alliance Holding shall make such Contribution as soon as practicable after the receipt of such net proceeds;

(ii) if the Contribution consists of assets obtained in exchange for the sale or issuance of Alliance Holding LP Units or Alliance Holding limited partnership interests, (x) Alliance Holding shall receive a number of Limited Partnership Interests equal to the number of Alliance Holding LP Units or Alliance Holding limited partnership interests so sold or issued and (y) Alliance Holding shall make such Contribution as soon as practicable after the receipt of such assets; and

(iii) if the Contribution is other than pursuant to clauses (i) or (ii) of this proviso or if any event occurs which the General Partner in its sole discretion determines would render inappropriate the use of the one-for-one exchange ratio of Alliance Holding LP Units or Alliance Holding limited partnership interests for Limited Partnership Interests and vice versa, the number of Limited Partnership Interests to be received by Alliance Holding in exchange for such Contribution for purposes of this Section 4.01(e) shall be determined by the General Partner in its sole discretion.

SECTION 4.02. *Additional Issuances of Securities.* (a) The General Partner, in order to raise additional capital, to acquire assets, to redeem or retire Partnership debt, or for any other Partnership purpose as it may determine in good faith is in the best interests of the Partnership, is authorized to cause the Partnership to issue Limited Partnership Interests, or classes or series thereof (in addition to the Limited Partnership Interests issued prior to the date of this Agreement as referenced in Sections 4.01(b) and 4.01(c)), from time to time to Partners or to other Persons. The foregoing action may be taken, and Persons to whom Limited Partnership Interests are issued may be admitted as, or become, Additional Limited Partners as the General Partner may determine without the necessity of obtaining approval of Partners. The General Partner is also authorized to cause the issuance of other types of securities of the Partnership from time to time to Partners or other Persons on terms and conditions established in the sole discretion of the General Partner, without the necessity of obtaining approval of Partners. Such securities may include, but shall not be limited to, unsecured and secured debt obligations of the Partnership, debt obligations of the Partnership convertible into any class or series of Limited Partnership Interests that may be issued by the Partnership, options, rights or warrants to purchase any such class or series of Limited Partnership Interests or any combination of any of the

foregoing. There shall be no limit on the number of Limited Partnership Interests or other securities that may be so issued, and the General Partner shall have sole discretion in determining the consideration and terms and conditions with respect to any future issuance of Limited Partnership Interests or other securities. The General Partner shall do all things necessary to comply with the Delaware Act and is authorized and directed to do all things it deems to be necessary or advisable in connection with any such future issuance, including, but not limited to, compliance with any statute, rule, regulation or guideline of any federal, state or other governmental agency. The Partnership may assume liabilities and hypothecate its property in connection with any such issuance.

(b) Limited Partnership Interests to be issued by the Partnership pursuant to Section 4.02(a) shall be issuable from time to time in one or more classes or series, at such price, and with such designations, preferences and relative participating, optional or other special rights, powers and duties, including rights, powers and duties senior to existing classes or series of Limited Partnership Interests, all as shall be fixed by the General Partner in the exercise of its sole discretion, including, but not limited to: (i) the allocation, for federal income and other tax purposes, to such class or series of Limited Partnership Interests of items of Partnership income, gain, loss, deduction and credit; (ii) the rights of such class or series of Limited Partnership Interests to share in Partnership distributions; (iii) the rights of such class or series of Limited Partnership Interests upon dissolution and liquidation of the Partnership; (iv) whether such class or series of Limited Partnership Interests is redeemable by the Partnership and, if so, the price at which, and the terms and conditions on which, such class or series of Limited Partnership Interests may be redeemed by the Partnership; (v) whether such class or series of Limited Partnership Interests is issued with the privilege of conversion and, if so, the rate at and the terms and conditions upon which such class or series of Limited Partnership Interests may be converted into any other class or series of Limited Partnership Interests; (vi) the terms and conditions of the issuance of such class or series Limited Partnership Interests, and all other matters relating to the assignment thereof; and (vii) the rights of such class or series of Limited Partnership Interests to vote on matters relating to the Partnership and this Agreement.

(c) Notwithstanding the other provisions of this Section 4.02, except as provided in Section 2.05, the Partnership will not issue any Limited Partnership Interests or classes or series thereof or any other type of security unless:

(i) the Partnership receives an Assignment Determination, Limited Liability Determination and a Tax Determination with respect to such issuance; or

(ii) such issuance occurs pursuant to the employee benefit plans sponsored by the General Partner, the Partnership, Alliance Holding or any Persons controlled by the Partnership or Alliance Holding in accordance with Section 6.15 and the corresponding issuance by Alliance Holding is in accordance with Section 4.02(c)(ii) of the Alliance Holding Partnership Agreement.

(d) Upon the issuance pursuant to this Section 4.02 of any class or series of Limited Partnership Interests, or any other securities, the General Partner (pursuant to the General Partner's powers of attorney from the Limited Partners), without the approval at the time of any Partner (each Person accepting Limited Partnership Interests being deemed to approve of such amendment), may amend any provision of this Agreement, and execute, swear to, acknowledge, deliver, file and record, if required, an amended Certificate of Limited Partnership and whatever other documents may be required in connection therewith, as shall be necessary or desirable to reflect the authorization and issuance of such class or series of Limited Partnership Interests or other securities and the relative rights and preferences of such class or series of Limited Partnership Interests or other securities.

(e) The General Partner or any Affiliate of the General Partner may, but shall not be obligated to, make Contributions to the Partnership in exchange for Limited Partnership Interests, provided that the number of Limited Partnership Interests issued in exchange for any such Contribution shall not exceed the Net Value of the Contribution divided by the LP Interest Price of such class and series. The General Partner shall hold such Limited Partnership Interest in its capacity as a Limited Partner of the Partnership.

SECTION 4.03. *Record of Contributions.* The books and records of the Partnership shall include true and full information regarding the amount of cash and cash equivalents and a designation and statement of the Net Value of any other property or other consideration contributed by each Partner to the Partnership.

SECTION 4.04. *Splits and Combinations.* (a) The General Partner may cause the Partnership to make a distribution in Limited Partnership Interests to all Limited Partners of any class or series or may effect a subdivision or combination of Limited Partnership Interests, but in each case only on a pro rata basis so that, after such distribution, subdivision or combination, each Limited Partner shall have the same proportionate economic interest in the Partnership as before such distribution, subdivision or combination, subject to Section 4.06, and provided, however, that no such distribution, subdivision or combination may be made unless a distribution, subdivision or combination at the same proportionate rate is simultaneously made by Alliance Holding with respect to Alliance Holding LP Units and Alliance Holding GP Units.

(b) Whenever such a distribution, subdivision or combination is declared, the General Partner shall select a Record Date (which shall not be prior to the date of the declaration) as of which the distribution, subdivision or combination shall be effective and shall notify each Limited Partner of the distribution, subdivision or combination.

(c) Promptly following such distribution, subdivision or combination, the General Partner may cause the Partnership to issue to the Limited Partners as of such Record Date new LP Certificates representing the new number of Limited Partnership Interests, or adopt such other procedures as it may deem appropriate to reflect such distribution, subdivision or combination;

provided, however, that in the case of any such distribution, subdivision or combination resulting in a smaller total number of Limited Partnership Interests outstanding, the General Partner may require, as a condition to the delivery of such new LP Certificate, the surrender of any LP Certificate representing the Limited Partnership Interests prior to such declaration.

(d) The General Partner shall give notice to Partners of any distribution, subdivision or combination pursuant to this Section 4.04 at least 10 days prior to the effective date thereof.

SECTION 4.05. *No Preemptive Rights.* No Person shall be granted or have any preemptive, preferential or other similar right with respect to (i) additional Contributions, (ii) the issuance or sale of new, unissued or treasury Limited Partnership Interests, (iii) the issuance or sale of any obligations, evidences of indebtedness or other securities of the Partnership, whether or not convertible into or exchangeable for, or carrying or accompanied by any rights to receive, purchase or subscribe to, any such new, unissued or treasury Limited Partnership Interests, (iv) the issuance of any subscription right to or right to receive, or any warrant or option for the purchase of, any of the foregoing Limited Partnership Interests or securities, or (v) the issuance or sale of any other Limited Partnership Interests or securities that may be issued or sold by the Partnership.

SECTION 4.06. *No Fractional Interests.* No fractional Limited Partnership Interests shall be issued by the Partnership; instead, in the sole discretion of the General Partner, each fractional Limited Partnership Interest shall be rounded to the nearest whole Limited Partnership Interest (the next higher whole Limited Partnership Interest if the fraction is precisely $^{1}/_{2}$) or an amount equal to the product of the LP Interest Price and such fraction shall be paid in cash by the Partnership.

SECTION 4.07. *No Withdrawal.* No Person shall be entitled to withdraw any part of his Contribution or the amount of his Capital Account, or to receive any distribution from the Partnership, except as otherwise provided in this Agreement.

SECTION 4.08. *Loans from Partners; No Interest on Capital Account Balances.* If any Partner shall advance funds to the Partnership in excess of the amounts required hereunder to be contributed by it to the capital of the Partnership, such advance shall not be considered a Contribution and the making of such advance shall neither result in any increase in the amount of the Capital Account of such Partner nor entitle such Partner to any increase in its Percentage Interest. The amount of any such advance shall be a debt of the Partnership to such Partner and shall be payable or collectible only out of the Partnership Assets in accordance with the terms and conditions upon which such advance is made. No interest shall be paid by the Partnership on Contributions or on the amount of any Capital Account.

SECTION 4.09. *Capital Accounts.* The Partnership shall maintain for each Partner (which terms for purposes of this Section 4.09, Section 4.10 and Article 5 shall refer to the beneficial owner of an interest held by a nominee in any case in which the nominee has furnished the identity of such owner

to the Partnership pursuant to Section 6031(c) of the Code) a separate Capital Account in accordance with Section 704 of the Code. The initial Capital Account of any Person who becomes a Partner by making a Contribution to the Partnership shall be equal to the cash amount or Net Value of all Contributions made by such Person to the Partnership. Each Capital Account shall be increased by (A) the cash amount or Net Value of all Contributions made by such Person to the Partnership pursuant to this Agreement and (B) all items of Partnership income and gain computed in accordance with Section 4.10(a) and allocated to such Person pursuant to Section 5.04 and Section 5.05, and decreased by (A) the cash amount or Net Value of all Distributions made to such Person pursuant to this Agreement and (B) all items of Partnership deduction and loss computed in accordance with Section 4.10(a) and allocated to such Person pursuant to Section 5.04 and Section 5.05, and shall otherwise be maintained in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv). Provisions of this Section 4.09 shall, to the extent not inconsistent with the terms thereof, be construed in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv). Each Person who holds one or more Partnership Interests shall have one Capital Account reflecting all Partnership Interests owned by such Person.

SECTION 4.10. *Capital Account Calculations and Adjustments.* (a) For purposes of computing the amount of any item of income, gain, deduction or loss to be reflected in the Capital Accounts, the determination, recognition and classification of any such item shall be the same as its determination, recognition and classification for federal income tax purposes (including any method of depreciation, cost recovery or amortization used for this purpose), provided that:

(i) In accordance with the requirements of Section 704(b) and Section 704(c) of the Code and Treasury Regulation Section 1.704-1(b)(2)(iv)(d), any deductions for depreciation, cost recovery or amortization attributable to Contributed Property shall be determined as if the adjusted basis of such property on the date it was acquired or deemed to be acquired by the Partnership was equal to the Net Value of such property. Upon an adjustment pursuant to Section 4.10(c) to the Carrying Value of any Partnership Asset subject to depreciation, cost recovery or amortization, any further deductions for such depreciation, cost recovery or amortization attributable to such Partnership Asset shall be determined as if the adjusted basis of such Partnership Asset was equal to the Carrying Value of such property immediately following such adjustment.

(ii) Any income, gain or loss attributable to the taxable disposition of any property shall be determined by the Partnership as if the adjusted basis of such property as of such date of disposition was equal in amount to the Partnership's Carrying Value with respect to such property as of such date.

(iii) The amounts of any adjustments to the basis (or Carrying Values) of Partnership Assets made pursuant to Section 743 of the Code shall not be reflected in

Capital Accounts, but the amounts of any adjustments to the basis (or Carrying Values) of Partnership Assets made pursuant to Section 734 of the Code as a result of the Distribution of property by the Partnership to a Partner shall (i) be reflected in the Capital Account of the Person receiving such Distribution in the case of a Distribution in liquidation of such Person's interest in the Partnership and (ii) otherwise be reflected in Capital Accounts in the manner in which the unrealized income and gain that is displaced by such adjustments would have been shared had the property been sold at its Carrying Value immediately prior to such adjustments.

(iv) The computation of all items of income, gain, loss and deduction shall be made, as to those items described in Section 705(a)(1)(B) or Section 705(a)(2)(B) of the Code, without regard to the fact that such items are not includible in gross income or are neither currently deductible nor capitalizable for federal income tax purposes. For this purpose, amounts paid or incurred to organize the Partnership or to promote the sale of interests in the Partnership that are neither deductible nor amortizable under Section 709 of the Code, and deductions for any losses incurred in connection with the sale or exchange of Partnership Assets disallowed pursuant to Section 267(a)(1) or Section 707(b) of the Code, shall be treated as expenditures described in Section 705(a)(2)(B) of the Code.

(b) In the case of the transfer of a Limited Partnership Interest or the General Partnership Interest, the transferee of such Limited Partnership Interest or the General Partnership Interest shall succeed to a Capital Account relating to the Limited Partnership Interest or the General Partnership Interest transferred and the Capital Account of the transferor shall be adjusted to reflect the Capital Account of the transferee.

(c) To the extent that the General Partner in its sole discretion deems it appropriate (A) immediately prior to an issuance of additional Limited Partnership Interests for Contributions pursuant to Section 4.02, or (B) to reflect the sale, exchange or other disposition of all or substantially all of the Partnership Assets during any fiscal year in which such a sale, exchange or other disposition occurs, the Capital Accounts of all Partners and the Carrying Values of all Partnership Assets may be adjusted in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(f) (consistent with the provisions hereof) upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to each Partnership Asset as if such Unrealized Gain or Unrealized Loss had been recognized upon an actual sale of each such Partnership Asset at such time and had been allocated to the Partners pursuant to Sections 5.04 and 5.05. Such Unrealized Gain or Unrealized Loss shall be determined by the General Partner using such reasonable methods of valuation as it in its sole discretion deems appropriate.

(d) In accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(e), immediately prior to the Distribution of any Partnership Asset in kind, the Capital Accounts of all

Partners and the Carrying Values of all such Partnership Assets shall be adjusted (consistent with the provisions hereof) upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to each such Partnership Asset as if such Unrealized Gain or Unrealized Loss had been recognized upon an actual sale of each such Partnership Asset immediately prior to such distribution and had been allocated to the Partners, at such time, pursuant to Sections 5.04 and 5.05. Such Unrealized Gain or Unrealized Loss shall be determined by the General Partner in its sole discretion and such determination shall be binding and conclusive upon the Partnership and Partners.

ARTICLE 5
DISTRIBUTIONS AND ALLOCATIONS

SECTION 5.01. *Pass-Through Cash Distributions.* Within 75 days after the last day of each calendar quarter of the Partnership, the General Partner shall distribute in cash the Partnership's Available Cash Flow. Such distributions shall be made 1% to the General Partner and 99% among the Limited Partners who were Record Holders on such Record Date as shall be selected by the General Partner in its sole discretion, pro rata in accordance with their Percentage Interests.

SECTION 5.02. *Special Distributions.* Any Distributions (other than a Distribution made (x) from Available Cash Flow, or (y) in connection with the dissolution of the Partnership) may be made by the General Partner in such amounts and at such times as the General Partner, in its sole discretion, may determine, 1% to the General Partner and 99% among all Limited Partners, pro rata in accordance with their Percentage Interests.

SECTION 5.03. *General Rules with Respect to Distributions.* (a) The General Partner is authorized to distribute property in kind only in connection with the dissolution of the Partnership pursuant to Article 15.

(b) The General Partner shall specify a Record Date for any Distribution, and any cash or property distributed shall be distributed to the Partners who were Record Holders on the books of the Partnership as of the Record Date, in accordance with this Article 5. The Record Date for any Distribution to be made pursuant to Section 5.02 shall be (i) in the case of a Distribution that is attributable to the proceeds from the sale or other disposition by the Partnership of Partnership Assets other than in the ordinary course of its business, the date of such sale or other disposition and (ii) in the case of any other Distribution, such Record Date as selected by the General Partner in its sole discretion.

(c) Any amount of taxes withheld pursuant to Section 9.04, and any amount of taxes, interest or penalties paid by the Partnership to any governmental entity, with respect to amounts allocated or distributable to a Person shall be deemed to be a Distribution or payment to such Person and shall reduce the amount otherwise distributable to such Person pursuant to this Article 5.

(d) Any amount otherwise distributable to a Person that is retained by the Partnership pursuant to Section 6.14(b) shall be deemed to be distributed to such Person and to be contributed to the Partnership by such Person immediately thereafter.

(e) No Distribution (other than a Distribution pursuant to Article 15) with respect to all or any portion of a calendar year shall be made to a Person (other than the General Partner) if, after giving effect to expected allocations of Net Income, Net Loss or Depreciation for such calendar year, the Distribution would create or increase a deficit in such Person's Capital Account in excess of such Person's share of the Partnership's "*Minimum Gain*" as defined in Treasury Regulation Section 1.704-2(b)(2).

(f) The requirement of the General Partner or the Partnership to make any and all Distributions provided for in this Agreement shall be subject to the limitations contained in the Delaware Act and no Distribution shall be made in violation of the provisions thereof or hereof.

SECTION 5.04. *Allocations of Net Income, Net Loss and Depreciation.* For Capital Account purposes, except as otherwise provided in Section 5.05, Net Income, Net Loss and Depreciation of the Partnership shall be determined and allocated as set forth in this Section 5.04, and allocations of Net Income and Net Loss shall be deemed to be allocations of proportionate shares of the items of income, gain, loss and deduction from which Net Income and Net Loss are computed. Net Income, Net Loss and Depreciation of the Partnership with respect to a fiscal year of the Partnership shall be allocated to each month in such fiscal year on a pro rata basis.

(a) Net Income of the Partnership shall be allocated 1% to the General Partner and 99% among the Limited Partners, pro rata in accordance with their Percentage Interests.

(b) Depreciation of the Partnership for each month shall be allocated as follows:

(i) First, to the General Partner and any Corporate Affiliates (other than Alliance Holding) in accordance with their Percentage Interests, an amount of Depreciation with respect to the customer lists associated with the investment management agreements originally contributed by ACMC or its Affiliates to Alliance Holding and contributed by Alliance Holding to the Partnership equal to the amount of Depreciation allocated to the General Partner and such Corporate Affiliates for federal income tax purposes pursuant to Section 5.06(b) with respect to such month;

(ii) Next, Depreciation with respect to Partnership Assets for which deductions for Depreciation may be claimed for federal income tax purposes (other than the customer lists referred to in Section 5.04(b)(i)) to the General Partner and Limited Partners, pro rata in accordance with their Percentage Interests;

provided, *however*, that Depreciation shall not be allocated to a Limited Partner to the extent such allocation would create or increase a negative balance in such Limited Partner's Capital Account, and any such Depreciation not so allocated to such Limited Partner shall be allocated to the General Partner. For purposes of this Section 5.04(b), the determination of Capital Account balances shall be made (i) after giving effect to (A) all Distributions made with respect to the calendar quarters before the month in question pursuant to Article 5 and (B) the allocation of Net Income for the month in question, and (ii) before giving effect to the allocation of Net Loss for the month in question.

(c) Net Loss of the Partnership shall be allocated first, to the General Partner and Limited Partners having positive Capital Account balances so as to cause their respective Capital Account balances to be in (or, if not possible, closer to) the same proportion to each other as their respective Percentage Interests and then in accordance with their respective Percentage Interests until all such positive balances have been eliminated; and the balance, if any, to the General Partner in respect of its General Partnership Interest. Section 5.04(a) notwithstanding, to the extent subsequent Net Income of the Partnership does not exceed Net Loss allocated pursuant to this Section 5.04(c), such Net Income shall be allocated (A) first, to the General Partner in respect of its General Partnership Interest until such allocated Net Income equals Net Loss allocated to the General Partner pursuant to this Section 5.04(c); and (B) the balance, if any, to the General Partner and Limited Partners in the same proportions and amounts as Net Loss was allocated pursuant to this Section 5.04(c). For purposes of this Section 5.04(c), the determination of Capital Account balances shall be made after giving effect to all Distributions made with respect to calendar quarters before the month in question pursuant to Article 5.

(d) All items of income, gain, loss and deduction resulting from any transaction the proceeds of which are distributed to the Partners pursuant to Section 5.02 shall be allocated among the General Partner and the Limited Partners, pro rata in accordance with their Percentage Interests.

SECTION 5.05. *Special Provisions Governing Capital Account Allocations.* The following special provisions shall apply whether or not inconsistent with the provisions of Section 5.04:

(a) If there is a net decrease in "partnership minimum gain" (within the meaning of Treasury Regulation Section 1.704-2(b)(2)) during a fiscal year, all Persons with a deficit balance in their Capital Accounts at the end of such year shall be allocated, before any other allocations of Partnership items for such fiscal year, items of income and gain for such year (and if necessary, subsequent years), in the amount and in the proportions necessary to eliminate such deficits as quickly as possible. This Section 5.05(a) is intended to comply with the requirements of Treasury Regulation Section 1.704-2(f), and is to be interpreted to comply with the requirements of such regulation.

(b) If any Person unexpectedly receives any adjustments, allocations or Distributions described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6), items of income and gain (consisting of a pro rata portion of each item of

Partnership income, including gross income, and gain) shall be specially allocated to such Person in an amount and manner sufficient to eliminate a deficit in its Capital Account created by such adjustments, allocations or Distributions as quickly as possible. This Section 5.05(b) is intended to constitute a "qualified income offset" within the meaning of Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(3). Any special allocations of items of income or gain pursuant to this Section 5.05(b) shall be taken into account in computing subsequent allocations of Net Income or Net Loss so that the net amounts of any items so allocated shall, to the extent possible, be equal to the net amounts that would have been allocated to each such Person if such unexpected adjustments, allocations or Distributions had not occurred.

(c) Section 5.04(a) notwithstanding, in the event of a sale or transfer of a Limited Partnership Interest by the General Partner or any of its Corporate Affiliates (other than to the General Partner or a Corporate Affiliate of the General Partner or in a transaction in which the General Partner and its Corporate Affiliates transfer their entire interest in the Partnership) the General Partner may, in its sole discretion, allocate gross income to the General Partner or such Corporate Affiliate, as the case may be, to the extent required to make the Capital Account of the General Partner or such Corporate Affiliate immediately prior to such sale or transfer equal to the product of (I) the aggregate Percentage Interest of the General Partner or such Corporate Affiliate, (II) the quotient obtained by dividing the aggregate amount of Limited Partnership Interests outstanding by 0.99 and (III) an amount equal to the Capital Account of a Limited Partnership Interest.

(d) Any net gains realized by the Partnership upon the dissolution of the Partnership shall be credited to the Capital Accounts of the Partners (after crediting or charging thereto the appropriate portion of Net Income, Net Loss and Depreciation and after giving effect to all amounts distributed or to be distributed to such Partners with respect to all calendar quarters of the Partnership prior to the quarter in which the dissolution of the Partnership occurs) in the following priority:

(i) First, to those Partners whose Capital Accounts have negative balances, in proportion to such negative balances, until such negative balances have been eliminated;

(ii) Next, to the Partners in a manner so as to cause such Partners' respective Capital Account balances to be in the same proportion to each other as their respective Percentage Interests; and

(iii) The balance, if any, 1% to the General Partner and 99% among the Limited Partners, pro rata in accordance with their Percentage Interests.

(e) In the event any net gains realized by the Partnership upon the dissolution of the Partnership are insufficient to cause the Partners' respective Capital Account balances to be in the ratios of their respective Percentage Interests, then, Section 5.04(a) notwithstanding, gross income shall

be allocated to those Partners whose Capital Accounts have balances (after giving effect to the allocations provided in Section 5.05(d)), that are less than the amount required to make all Partners' Capital Account balances be in the ratio of their respective Percentage Interests until all Partners' Capital Account balances are in such ratios; *provided*, *however*, that an allocation shall not be made pursuant to this Section 5.05(e) to the extent such allocation would cause or increase a negative balance in any other Partner's Capital Account.

(f) If any Partner makes a payment to the Partnership to pay an expense or cover a loss of the Partnership, or pays an expense of the Partnership, including, without limitation, any organizational expenses incurred in connection with the Reorganization and any costs incurred under the Indemnification and Reimbursement Agreement, and the result is that the Partnership is required to recognize income or is entitled to a loss or deduction with respect to such amount so contributed or paid, then such income, loss or deduction shall be specially allocated to such Partner.

(g) In the event that the Internal Revenue Service is successful in asserting an adjustment to the taxable income of a Partner and, as a result of any such adjustment, the Partnership is entitled to a deduction for federal income tax purposes with respect to any portion of such adjustment, such deduction shall be allocated to such Partner.

(h) The General Partner may, in its sole discretion and without the approval of any other Partner, make special allocations of Net Income, Net Loss or Depreciation or items thereof (including, but not limited to, gross income) to the extent necessary to make the Capital Account balances of the Partners be in the ratios of their Percentage Interests. In addition to the other special allocations that the General Partner may make under this Section 5.05(h), the General Partner may, in its sole discretion and without the approval of any other Partner, make special allocations of Net Income, Net Loss or Depreciation (or items thereof) and adopt such other methods and procedures in order to preserve or achieve uniformity of the Partnership Interests, but only if such allocations and methods and procedures would not have a material adverse effect on the Partners holding the Partnership Interests and if they are consistent with the principles of Section 704 of the Code.

(i) In the event that the Internal Revenue Service is successful in asserting an adjustment to the allocations of Net Income, Net Loss or Depreciation provided for in Sections 5.04 and 5.05 for federal income tax purposes, such adjustment shall not have any effect on Capital Accounts or on the Distributions made or to be made pursuant to the provisions of this Agreement, unless the General Partner determines that giving effect to such adjustment would make the Partners' Capital Account balances be in the proportion of the Percentage Interests.

SECTION 5.06. *Allocations for Tax Purposes*. (a) For federal income tax purposes, except as otherwise provided in this Section 5.06, each item of income, gain, loss and deduction of the Partnership shall be allocated, for each month, among the Partners in the same proportions as items

comprising Net Income, Net Loss or Depreciation, as the case may be, are allocated among the Partners. Credits shall be allocated as provided in Treasury Regulation Section 1.704-1(b)(4)(ii).

(b) Depreciation of the Partnership for federal income tax purposes for each month, with respect to the customer lists associated with the investment management agreements contributed by ACMC or its Affiliates to Alliance Holding and by Alliance Holding to the Partnership (but not including any Depreciation attributable to an adjustment on the books of the Partnership pursuant to Section 734(b) of the Code), shall be allocated to the General Partner and any of its Corporate Affiliates which hold Limited Partnership Interests, pro rata in accordance with their respective Percentage Interests.

(c) In the case of Contributed Property, items of income, gain, loss or deduction attributable to such Contributed Property shall be allocated among the Partners in a manner that takes into account the variation between the adjusted basis to the Partnership of such Contributed Property and the Net Value of such Contributed Property at the time of contribution, as required by Section 704(c) of the Code, to the extent such allocation reduces Book-Tax Disparities. The General Partner shall have the sole discretion to make additional allocations of income, gain, loss or deduction in order to eliminate such Book-Tax Disparities as quickly as possible, provided such allocations are consistent with the principles of Section 704(c) of the Code. The General Partner shall have the sole discretion to choose any method of allocations permissible under Treasury Regulation Section 1.704-3 to reduce or eliminate Book-Tax Disparities.

(d) In the case of Adjusted Property, items of income, gain, loss or deduction attributable thereto shall (A) first, be allocated among the Partners in a manner consistent with the principles of Section 704(c) of the Code to take into account the Unrealized Gain or Unrealized Loss attributable to such property and the allocation thereof pursuant to Section 4.10(c) to the extent such allocation reduces Book-Tax Disparities, and (B) second, in the event such property was originally Contributed Property, be allocated among the Partners in a manner consistent with Section 5.06(b) above. The General Partner shall have the sole discretion to make additional allocations of income, gain, loss or deduction in order to eliminate such Book-Tax Disparities as quickly as possible, provided such allocations are consistent with the principles of Section 704(c) of the Code. The General Partner shall have the sole discretion to choose any method of allocations permissible under Treasury Regulation Section 1.704-3 to reduce or eliminate Book-Tax Disparities.

(e) To the extent of any Recapture Income resulting from the sale or other taxable disposition of a Partnership Asset, the amount of any gain from such disposition allocated to (or recognized by) a Partner for federal income tax purposes pursuant to the above provisions shall be deemed to be Recapture Income to the extent such Partner has been allocated or has claimed any deduction directly or indirectly giving rise to the treatment of such gain as Recapture Income.

(f) All items of income, gain, loss, deduction and credit recognized by the Partnership for federal income tax purposes and allocated to the Partners in accordance with the provisions hereof shall be determined without regard to any adjustment made pursuant to Section 743 of the Code; *provided*, *however*, that such allocations, once made, shall be adjusted as necessary or appropriate to take into account those adjustments permitted by Section 743 of the Code and any adjustments made pursuant to Section 743 of the Code shall be allocated to the extent permitted under and in accordance with the rule of Treasury Regulation Section 1.704-1(b)(2)(iv)(m).

(g) The General Partner may, in its sole discretion and without the approval of any other Partner, make special allocations of Net Income, Net Loss or Depreciation or items thereof (including, but not limited to, gross income) (i) to the extent necessary to make the Capital Account balances of the Partners be in the ratios of their Percentage Interests or (ii) that are consistent with the principles of Section 704 of the Code and Section 5.04 and to amend the provisions of this Agreement as appropriate to reflect the proposal or promulgation of Treasury Regulations under Subchapter K of the Code. The General Partner may adopt and employ such methods and procedures for (A) the maintenance of book and tax capital accounts, (B) the determination and allocation of adjustments under Sections 704(c), 734 and 743 of the Code, (C) the determination and allocation of Net Income, Net Loss, Depreciation, taxable income, taxable loss and items thereof under this Agreement and pursuant to the Code, (D) the determination of the identities and tax classification of Partners, (E) the provision of tax information and reports to Partners, (F) the adoption of reasonable conventions and methods for the valuation of assets and the determination of tax basis, (G) the allocation of asset values and tax basis, (H) conventions for the determination of cost recovery, depreciation and amortization deductions and the maintenance of inventories, (I) the recognition of the transfer of Limited Partnership Interests, and (J) compliance with other tax-related requirements, including, but not limited to, the use of computer software and filing and reporting procedures similar to those employed by other publicly-traded partnerships, as it determines in its sole discretion are necessary and appropriate to execute the provisions of this Agreement, comply with federal and state tax laws, and to achieve uniformity of Limited Partnership Interests. The General Partner shall be indemnified and held harmless by the Partnership for any expenses, penalties or other liabilities arising as a result of decisions made in good faith on any of the matters referred to in the preceding sentence. If the General Partner determines, based upon advice of counsel, that no reasonable allowable convention or other method is available to preserve the uniformity of Limited Partnership Interests or the General Partner in its discretion so elects, Limited Partnership Interests may be separately identified as distinct classes to reflect differences in tax consequences.

SECTION 5.07. *Assignments.* (a) Each item of income, gain, loss, deduction or credit derived by the Partnership during a fiscal year shall be determined and allocated on a monthly basis in accordance with the provisions of this Article 5.

(b) Subject to applicable Treasury Regulations, the Partnership shall treat Partners of record at the opening of business on the first day of a calendar month as being the only Partners

during such month. If the General Partnership Interest or any Limited Partnership Interest is transferred during any month, such items attributable, under the convention set forth in the second sentence of Section 5.04, to such Partnership Interest for such month shall be allocated to the holder of such Partnership Interest on the first day of such month, *provided*, *however*, that (i) any income, gain, loss, or deduction on a sale or other disposition of all or substantially all of the Partnership Assets shall be allocated to the Partners on the date of such sale or other disposition and (ii) any income, gain, loss or deduction resulting from any transaction the proceeds of which are distributed to the Partners pursuant to Section 5.02 shall be allocated to the Partners on the date of such transaction. Distributions shall be made to the Partners as of the applicable Record Date as provided in Section 5.03(b).

(c) The General Partner may revise, alter or otherwise modify such methods of allocation (i) to the extent that it in its sole discretion determines that the application of such methods would result in a substantial mismatching of the allocation of Net Income, Net Loss or Depreciation attributable to a period and the distribution of cash attributable to the same period as between the transferor and transferee of the Partnership Interest transferred that could be minimized by the application of an alternative tax allocation method, or (ii) to the extent necessary to conform the Partnership's tax allocations to the requirements of any Treasury Regulations or rulings of the Internal Revenue Service.

ARTICLE 6
MANAGEMENT AND OPERATION OF BUSINESS

SECTION 6.01. *Management.* (a) Except as otherwise expressly provided in this Agreement, all decisions respecting any matter set forth herein or otherwise affecting or arising out of the conduct of the business of the Partnership shall be made by the General Partner, and the General Partner shall have the exclusive right and full authority and responsibility to manage, conduct, control and operate the Partnership's business and effect the purposes and provisions of this Agreement. The General Partner shall have full authority to do all things on behalf of the Partnership deemed necessary or desirable by it in the conduct of the business of the Partnership, including, but not limited to, exercising all of the powers contained in Section 3.02 and to effectuate the purposes specified in Section 3.01. The power and authority of the General Partner pursuant to this Agreement shall be liberally construed to encompass the General Partner's undertaking, on behalf of the Partnership, all acts and activities in which a limited partnership may engage under the Delaware Act. The power and authority of the General Partner shall include, but shall not be limited to, the power and authority on behalf of the Partnership and at the expense of the Partnership:

(i) To cause the Partnership to execute, deliver and perform the Reorganization Agreement, the Indemnification and Reimbursement Agreement and all other agreements, documents and instruments as the General Partner may deem necessary or appropriate to consummate the transactions contemplated thereby;

(ii) To cause the Partnership to take all such actions as may be necessary or appropriate to effect the Reorganization, including the Alliance Holding Contribution;

(iii) To make all operating decisions concerning the business of the Partnership;

(iv) To cause the Partnership to acquire, dispose of, mortgage, pledge, encumber, hypothecate, assign in trust for creditors, or exchange any or all assets or properties (including the Partnership Assets), including, but not limited to, its goodwill;

(v) To use the assets or properties of the Partnership (including, but not limited to, cash on hand) for any purpose, and on any terms, including, but not limited to, the financing of Partnership operations, the lending of funds to other Persons, including Alliance Holding, the repayment of obligations of the Partnership, the conduct of additional Partnership operations and the purchase or acquisition of interests in properties or other assets, including, but not limited to, such interests in real property as may be acquired in connection with arrangements for the use of facilities in connection with the Partnership's operations or the acquisition of any other assets or interests in property;

(vi) To negotiate, execute, amend and terminate, and to cause the Partnership to perform, any contracts, conveyances or other instruments that it considers useful or necessary to the conduct of Partnership operations or the implementation of its powers under this Agreement;

(vii) To select and dismiss employees and outside attorneys, accountants, consultants and contractors and to determine compensation and other terms of employment or hiring;

(viii) To form any further limited or general partnerships, joint ventures, corporations or other entities or relationships that it deems desirable, and contribute to such partnerships, ventures, corporations or other entities any or all of the assets and properties of the Partnership, and if the General Partner is a partner or participant in any such entity or relationship to accord the General Partner a share in the income of such entity or relationship;

(ix) To issue additional securities or additional Limited Partnership Interests or additional classes or series of Limited Partnership Interests pursuant to the provisions of Section 4.02, and on behalf of the Partnership (but subject to the other provisions of this Agreement);

(x) To purchase, sell or otherwise acquire or dispose of Limited Partnership Interests, at such times and on such terms as it deems to be in the best interests of the Partnership;

(xi) To maintain or cause to be maintained records of all rights and interests acquired or disposed of by the Partnership, all correspondence relating to the business of the Partnership and the original records (or copies on such media as the General Partner may deem appropriate) of all statements, bills and other instruments furnished the Partnership in connection with its business;

(xii) To maintain records and accounts of all operations and expenditures, make all filings and reports required under applicable rules and regulations of any governmental department, bureau, or agency, any securities exchange, any automated quotation system of a registered securities association, and any self-regulatory body, and furnish the Partners with all necessary United States federal, state or local income tax reporting information or such information with respect to any other jurisdiction;

(xiii) To purchase and maintain, at the expense of the Partnership, liability, indemnity, and any other insurance (including, but not limited to, errors and omissions insurance and insurance to cover the obligations of the Partnership under Section 6.09), sufficient to protect the Partnership, the General Partner, their respective officers, directors, employees, agents, partners and Affiliates, or any other Person, from those liabilities and hazards which may be insured against in the conduct of the business and in the management of the business and affairs of the Partnership;

(xiv) To make, execute, assign, acknowledge and file on behalf of the Partnership all documents or instruments of any kind which the General Partner may deem necessary or appropriate in carrying out the purposes and business of the Partnership, including but not limited to, powers of attorney, agreements of indemnification, contracts, deeds, options, loan obligations, mortgages, notes, documents, or instruments of any kind or character, and amendments thereto, any of which may contain confessions of judgment against the Partnership. No Person dealing with the General Partner shall be required to determine or inquire into the authority or power of the General Partner to bind the Partnership or to execute, acknowledge or deliver any and all documents in connection therewith;

(xv) To borrow money and to obtain credit in such amounts, on such terms and conditions, and at such rates of interest and upon such other terms and conditions as the General Partner deems appropriate, from banks, other lending institutions, or any other Person, the Partners or any of their Affiliates, for any purpose of the Partnership, and to pledge, assign, or otherwise encumber or alienate all or any portion of the

Partnership Assets, including any income therefrom, to secure or provide for the repayment thereof. As between any lender and the Partnership, it shall be conclusively presumed that the proceeds of such loans are to be and will be used for the purposes authorized herein and that the General Partner has the full power and authority to borrow such money and to obtain such credit;

(xvi) To assume obligations, enter into contracts, including contracts of guaranty or suretyship, incur liabilities, lend money and otherwise use the credit of the Partnership, to secure any of the obligations, contracts or liabilities of the Partnership by mortgage, pledge or other encumbrance of all or any part of the property and income of the Partnership;

(xvii) To invest funds of the Partnership in interest-bearing and non-interest-bearing accounts and short-term investments including, but not limited to, obligations of federal, state and local governments and their agencies, money market and mutual funds (including, but not limited to, those managed by the Partnership) and any type of debt or equity securities (including repurchase agreements and without regard to restrictions on maturities);

(xviii) To make any election on behalf of the Partnership as is or may be permitted under the Code or under the taxing statutes or rules of any state, local, foreign or other jurisdiction, and to supervise the preparation and filing of all tax and information returns which the Partnership may be required to file;

(xix) To employ and engage suitable agents, employees, advisers, consultants and counsel (including any custodian, investment adviser, accountant, attorney, corporate fiduciary, bank or other reputable financial institution, or any other agents, employees or Persons who may serve in such capacity for

the General Partner or any Affiliate of the General Partner) to carry out any activities which the General Partner is authorized or required to carry out or conduct under this Agreement, including, but not limited to, a Person who may be engaged to undertake some or all of the general management, property management, financial accounting and recordkeeping or other duties of the General Partner, to indemnify such Persons on behalf of the Partnership against liabilities incurred by them in acting in such capacities and to rely on the advice given by such Persons, it being agreed and understood that the General Partner shall not be responsible for any acts or omissions of any such Persons and shall assume no obligations in connection therewith other than the obligation to use due care in the selection thereof;

(xx) To pay, extend, renew, modify, adjust, submit to arbitration, prosecute, defend, confess or compromise, upon such terms as it may determine and upon such

evidence as it may deem sufficient, any obligation, suit, liability, cause of action, or claim, including taxes, either in favor of or against the Partnership;

(xxi) To qualify the Partnership to do business in any state, territory, dependency or foreign country;

(xxii) To distribute cash or Partnership Assets to Partners in accordance with Article 5;

(xxiii) In accordance with Section 2.05, to restrict trading in Limited Partnership Interests or to reconstitute and convert the Partnership into such entity as shall be determined in accordance therewith;

(xxiv) To take such other action with respect to the manner in which the Limited Partnership Interests are being or may be transferred or traded as the General Partner deems necessary or appropriate;

(xxv) To take all such actions as may be necessary or appropriate to maintain or alter the one-for-one exchange ratio of Limited Partnership Interests for Alliance Holding LP Units or Alliance Holding limited partnership interests, and vice versa, in the event that any circumstance exists or is reasonably expected to exist which the General Partner determines in its sole discretion would render inappropriate the use of such exchange ratio;

(xxvi) To possess and exercise any additional rights and powers of a general partner under the partnership laws of Delaware (including, but not limited to, the Delaware Act) and any other applicable laws, to the extent not inconsistent with this Agreement; and

(xxvii) In general, to exercise in full all of the powers of the Partnership as set forth in Section 3.02 and to do any and all acts and conduct all proceedings and execute all rights and privileges, contracts and agreements of any kind whatsoever, although not specifically mentioned in this Agreement, that the General Partner may deem necessary or appropriate to the conduct of the business and affairs of the Partnership or to carry out the purposes of the Partnership. The specific expression of any power of authority of the General Partner in this Agreement shall not in any way limit or exclude any other power or authority which is not specifically or expressly set forth in this Agreement.

(b) Each of the Partners hereby approves, ratifies and confirms the execution, delivery and performance of the Reorganization Agreement, the Indemnification and Reimbursement

Agreement and each other agreement, document and instrument as the General Partner may deem necessary or appropriate to consummate the transactions contemplated thereby, and agrees that the General Partner is authorized to execute, deliver and perform the Reorganization Agreement, the Indemnification and Reimbursement Agreement and such other agreements, documents and instruments and the transactions contemplated thereby without any further act, approval or vote of Partners, notwithstanding any other provision of this Agreement, the Delaware Act or any other applicable law, rule or regulation.

(c) The General Partner shall use all reasonable efforts to cause to be filed any certificates or filings as may be determined in its sole discretion by the General Partner to be reasonable and necessary or appropriate for the formation and continuation and operation of a limited partnership (or a partnership in which the Limited Partners have limited liability) in the State of Delaware or any other state in which the Partnership elects to do business. To the extent that the General Partner in its sole discretion determines such action to be reasonable and necessary or appropriate, the General Partner thereafter (i) shall file any necessary amendments to the Certificate of Limited Partnership, including, but not limited to, amendments to reflect successor or additional general partners admitted pursuant to Section 13.02 and (ii) shall otherwise do all things (including the appointment of registered agents of the Partnership and management of registered offices of the Partnership) requisite to the maintenance of the Partnership as a limited partnership under the laws of the State of Delaware or any other state in which the Partnership may elect to do business. If permitted by applicable law, the General Partner may omit from the Certificate of Limited Partnership and from any other certificates or documents filed in any state in order to qualify the Partnership to do business therein, and from all amendments thereto, the names and addresses of the Partners (other than the General Partner) and information relating to the Contributions and shares of profits and compensation of the Partners (other than the General Partner) or state such information in the aggregate rather than with respect to each individual Partner. Except as provided in Section 7.05(a), the General Partner shall not be required, before or after filing, to deliver or mail a copy of the Certificate of Limited Partnership or any amendment thereto to any Limited Partner.

SECTION 6.02. *Reliance by Third Parties.* Notwithstanding any other provisions of this Agreement to the contrary, no lender, purchaser or other Person dealing with the Partnership shall be required to look to the application of proceeds hereunder or to verify any representation by the General Partner as to the extent of the interest in Partnership Assets that the General Partner is entitled to encumber, sell or otherwise use, and any such lender, purchaser or other Person shall be entitled to rely exclusively on the representations of the General Partner as to its authority to enter into such financing or sale arrangements and shall be entitled to deal with the General Partner, without the joinder of any other Person, as if the General Partner were the sole party in interest therein, both legally and beneficially. To the fullest extent permitted by law, each Partner (other than the General Partner) hereby waives any and all defenses or other remedies that may be available against such lender, purchaser or other Person to contest, negate or disaffirm any action of the General Partner in connection with any sale or financing. In no event shall any person dealing with the General Partner or

the General Partner's representative with respect to any business or property of the Partnership be obligated to ascertain that the terms of this Agreement have been complied with, or be obligated to inquire into the necessity or expedience of any act or action of the General Partner or the General Partner's representative; and every contract, agreement, deed, mortgage, security agreement, promissory note or other instrument or document executed by the General Partner or the General Partner's representative with respect to any business or property of the Partnership shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (i) at the time of the execution and delivery thereof this Agreement was in full force and effect, (ii) such instrument or document was duly executed in accordance with the terms and provisions of this Agreement and is binding upon the Partnership, and (iii) the General Partner or the General Partner's representative was duly authorized and empowered to execute and deliver any and every such instrument or document for and on behalf of the Partnership.

SECTION 6.03. *Purchase or Sale of Limited Partnership Interests.* The General Partner may cause the Partnership to purchase or otherwise acquire (or may purchase or otherwise acquire on behalf of the Partnership) Limited Partnership Interests. The General Partner or any of its Affiliates may also purchase or otherwise acquire Limited Partnership Interests for its own account and may, subject to the provisions of Article 12, sell or otherwise dispose of such Limited Partnership Interests. Any Limited Partnership Interests purchased for or on behalf of or otherwise held by the Partnership shall not be deemed outstanding for any purposes under this Agreement; provided that Limited Partnership Interests purchased for or on behalf of or otherwise held by a Person in the "control" of the Partnership, as that term is defined in the definition of an Affiliate in Article 1, for a business purpose approved by the General Partner shall not be considered to have been purchased for or on behalf of or otherwise held by the Partnership.

SECTION 6.04. *Compensation and Reimbursement of the General Partner.* (a) The General Partner shall be reimbursed on a monthly or such other basis as the General Partner shall determine (i) for all direct expenses it incurs or makes on behalf of the Partnership (including amounts paid to any Person to perform services for the Partnership) and (ii) for the General Partner's legal, accounting, investor communications, utilities, telephone, secretarial, travel, entertainment, bookkeeping, reporting, data processing, office rent and other office expenses, salaries and other compensation and employee benefits expenses, other administrative or overhead expenses and all other expenses necessary to or appropriate for the conduct of the Partnership's business which are incurred by the General Partner in operating the Partnership's business (including, but not limited to, expenses allocated to the General Partner by its Affiliates), and which are allocated to the Partnership in addition to any reimbursement as a result of indemnification pursuant to Section 6.09. The General Partner shall determine the fees and expenses that are allocated to the Partnership by the General Partner in good faith.

(b) The General Partner shall not receive any compensation from the Partnership for services provided to the Partnership as General Partner.

SECTION 6.05. *Outside Activities.* (a) The General Partner shall not acquire any assets or enter into or conduct any business or activity except in connection with or incidental to (i) the management or operations of the Partnership and Alliance Holding, (ii) the performance of its obligations required or authorized by this Agreement and the Alliance Holding Partnership Agreement, (iii) the acquisition, ownership or disposition of Limited Partnership Interests, Alliance Holding GP Units, Alliance Holding LP Units or Alliance Holding limited partnership interests, (iv) its corporate governance and existence and (v) acquiring, investing in, holding, disposing of or otherwise dealing with passive investments.

(b) Any Indemnitee, except the General Partner, may compete, directly or indirectly, with the Partnership and may engage in any business or other activity, whether or not for profit and whether or not competitive with or similar to any current or anticipated business activity of the Partnership, including, but not limited to, providing investment management and advisory services, and no such business or activity shall in any way be restricted by, or considered to be in conflict with, this Agreement, the partnership relationship established hereby or any principle of law or equity relating thereto. None of the Partnership or any Partner shall have any rights in or with respect to any such business or activity so engaged in by an Indemnitee, and no Indemnitee shall have any obligation to offer any interest in any such business or activity, or any opportunity relating thereto or to the business of the Partnership, to the Partnership, any Partner or any other Persons who may have or acquire any interest in the Limited Partnership Interests or the Partnership. No decision or action taken by any such Indemnitee (or, to the extent such decision or action was not taken with the specific intent of providing an improper benefit to an Indemnitee to the detriment of the Partnership, by the General Partner) with respect to any such business or activity or any business or activity of the Partnership shall be subject to review or challenge in any way or in any forum on the basis that it improperly benefitted any such Indemnitee to the detriment of the Partnership or otherwise involved any conflict of interest or breach of a duty of loyalty or similar fiduciary obligation. No such Indemnitee shall be subject to any liability or other obligation with respect to the matters described in this Section 6.05(b). The Partnership shall not, and each Partner by its acquisition of a Limited Partnership Interest hereby agrees that it will not, assert in any manner or in any forum any claim with respect to the matters described in this Section 6.05(b). The Partnership shall actively resist any effort to assert any such claim on its behalf. This Section 6.05(b) is not intended to affect any rights the Partnership may have under any contract or agreement with any of its employees.

SECTION 6.06. *Partnership Funds.* The funds of the Partnership shall be deposited in such account or accounts as are designated by the General Partner. The Partnership shall at all times maintain books of account which indicate the amount of funds of the Partnership on deposit in each such account. All withdrawals from or charges against such accounts shall be made by the General Partner by its officers or agents, or by employees or agents of the Partnership. Funds of the Partnership may be invested as determined by the General Partner, except in connection with acts otherwise prohibited by this Agreement.

SECTION 6.07. *Loans by the Partnership; Transactions and Contracts with Affiliates.* (a) The Partnership may (but shall have no obligation to) lend Alliance Holding funds needed by Alliance Holding for working capital purposes for such periods of time as the General Partner may determine at an interest rate equal to the cost to the Partnership of obtaining such funds from an unaffiliated third party.

(b) The Partnership will not lend any funds to the General Partner or any of its Affiliates. Except as provided by this Agreement and the Reorganization Agreement, the Partnership will not make any investments in the General Partner or any Affiliates thereof except on terms approved by the General Partner as being comparable to (or more favorable to the Partnership than) those that would prevail in a transaction with an unaffiliated party.

(c) The assumption of liabilities and related obligations by the Partnership pursuant to the Reorganization Agreement and each other agreement, document and instrument as the General Partner may deem necessary or appropriate to consummate the transactions contemplated thereby is hereby ratified, confirmed and

approved by all Partners.

(d) The General Partner may enter into an agreement with an Affiliate of the General Partner to render services to the Partnership on terms approved by the General Partner in good faith as being comparable to (or more favorable to the Partnership than) those that would prevail in a transaction with an unaffiliated party.

(e) Neither the General Partner nor any of its Affiliates shall sell, transfer or convey any property to, or purchase any property from, the Partnership, directly or indirectly, except on terms approved by the General Partner in good faith as being comparable to (or more favorable to the Partnership than) those that would prevail in a transaction with an unaffiliated party; *provided, however*, that the requirements of this Section 6.07(e) shall be deemed to be satisfied as to any sale, transfer or conveyance consummated by the General Partner in accordance with clause (y) of the first sentence of Section 2.05.

(f) Neither the General Partner nor any of its Affiliates shall use or lease any property (including, but not limited to, office equipment, computers, vehicles, aircraft and office space) of the Partnership except on terms approved by the General Partner in good faith as being comparable to (or more favorable to the Partnership than) those that would prevail in a transaction with an unaffiliated party.

(g) Without limitation of Sections 6.07(a) through 6.07(f) above, and notwithstanding anything to the contrary in this Agreement, any transactions or arrangements with one or more Indemnitees described or disclosed in the Reorganization Agreement and the Registration Statement are hereby ratified, confirmed and approved by all Partners.

(h) Whenever a particular transaction or arrangement is required under this Agreement to be "on terms approved by the General Partner as being comparable to (or more favorable to the Partnership than) those that would prevail in a transaction with an unaffiliated party", that requirement shall be conclusively presumed to be satisfied as to any transaction or arrangement that (x) is, in the reasonable and good faith judgment of the General Partner, on terms substantially comparable to (or more favorable to the Partnership than) those that would prevail in a transaction with an unaffiliated party or (y) has been approved by a majority of those directors of the General Partner who are not also directors, officers or employees of an Affiliate of the General Partner.

(i) The General Partner or any Affiliate thereof may (but shall have no obligation to) conduct, through such representatives as it may designate, audits and other investigations of the Partnership and Persons controlled by it as the General Partner may determine in its sole discretion. Except as the General Partner or such Affiliate may expressly agree in writing with the Partnership in a document that refers to this Section 6.07(i) and is approved in the manner set forth in clause (y) of Section 6.07(h), (x) such audit or investigation shall be without charge to the Partnership and Persons controlled by it, (y) such audit or investigation shall be deemed to have been undertaken solely for the benefit of the General Partner or such Affiliate and neither of them shall have any obligation to divulge the results thereof to the Partnership or any Partner or to take any action based thereon and (z) no Indemnitee or other Person conducting or otherwise involved in such audit or investigation shall have any obligation or liability to the Partnership or the Partners by reason of such audit or investigation or the manner in or care (or lack thereof) with which it is conducted.

SECTION 6.08. *Liability of the General Partner and Other Indemnities.* (a) Whenever this Agreement or any other agreement contemplated hereby provides that the General Partner or any of its Affiliates is permitted or required to make a decision (i) in its "sole discretion" or "discretion" or under a grant of similar authority or latitude, the General Partner or such Affiliate shall be entitled to consider only such interests and factors as it desires and shall have no duty or obligation to give any consideration to any interest of or other factors affecting the Partnership or any Partner, or (ii) in its "good faith" or under another express standard, the General Partner or such Affiliate shall act under such express standard and shall not be subject to any other or different standards imposed by this Agreement, any other agreement contemplated hereby or applicable law or in equity or otherwise.

(b) Neither the General Partner nor any other Indemnitee shall be liable for monetary damages to the Partnership or Partners for errors in judgment or for breach of fiduciary duty (including breach of any duty of care or any duty of loyalty) unless it is established (the Person asserting such liability having the burden of proof) that the General Partner's or such other Indemnitee's action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Partnership, constituted actual fraud by the General Partner or such Indemnitee, or was undertaken with reckless disregard for the best interests of the Partnership or actual bad faith on the part of the General Partner or such Indemnitee. No Indemnitee shall have any liability to the Partnership or Partners for any action permitted by Section 6.05.

(c) To the extent that, at law or in equity, an Indemnified Person has duties (including fiduciary duties) and liabilities relating thereto to the Partnership or to any Partner, any such Indemnified Person, including the General Partner, acting under this Agreement shall not be liable to the Partnership or to any Partner for its good faith reliance on the provisions of this Agreement. The provisions of this Agreement shall be given effect as permitted in the Delaware Act.

SECTION 6.09. *Indemnification.* (a) To the fullest extent permitted by law but without duplication as to losses, claims, damages, liabilities and expenses covered by the Indemnification and Reimbursement Agreement, with respect to which the Partnership shall not be responsible pursuant to this Section 6.09, each Indemnified Person (which for the purposes of this Section 6.09 shall mean (i) the General Partner, (ii) any Departing Partner, (iii) each Affiliate of the General Partner or any Departing Partner, (iv) each director of the General Partner in his capacity as such, (v) Alliance Holding, (vi) each Affiliate of Alliance Holding and (vii) each other Indemnitee that is designated as an Indemnified Person in an agreement or policy of the General Partner) shall be indemnified and held harmless by the Partnership from and against any and all losses, claims, damages, liabilities, whether joint or several, expenses (including reasonable legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, in which any Indemnified Person may be involved, or threatened to be involved, as a party or otherwise, by reason of (A) its present or former status as (x) the General Partner or a Departing Partner, or an Affiliate thereof, (y) an officer, director, employee, partner, agent or trustee of the Partnership, the General Partner or a Departing Partner, or an Affiliate thereof, or (z) a Person serving at the request of the Partnership in another entity in a similar capacity, or (B) any action taken or omitted in any such capacity, if with respect to the matter at issue the Indemnified Person acted in good faith and in a manner it reasonably believed to be in, or not opposed to, the best interests of the Partnership and, with respect to any criminal proceeding, had no reasonable cause to believe its conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not, of itself, create a presumption that the Indemnified Person acted in a manner contrary to that specified above. Any designation of an Indemnitee as an Indemnified Person pursuant to clause (v) of the first sentence of this Section 6.09(a) may (i) be made with respect to an individual Indemnitee or a group of Indemnitees, (ii) be revoked or modified by the General Partner in its discretion except to the extent, if any, otherwise

specified in the agreement or policy effecting such designation, and (iii) be subject to such limitations and conditions as may be specified in the agreement or policy effecting such designation.

(b) To the fullest extent permitted by law, expenses (including reasonable legal fees) incurred by an Indemnified Person in defending any claim, demand, action, suit or proceeding subject to this Section 6.09 shall, from time to time, be advanced by the Partnership prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Partnership of an undertaking by or on behalf of the Indemnified Person to repay such amount if it shall be determined that such Person is not entitled to be indemnified as authorized in Section 6.09(a).

(c) The advancement of expenses and indemnification provided by this Section 6.09 shall be in addition to any other rights to which an Indemnified Person may be entitled under any agreement, pursuant to any vote of the Limited Partners, as a matter of law or otherwise, as to an action in the Indemnified Person's capacity as (i) the General Partner, a Departing Partner or an Affiliate thereof, (ii) an officer, director, employee, partner, agent or trustee of the General Partner, any Departing Partner or an Affiliate thereof, or (iii) a Person serving at the request of the Partnership in another entity in a similar capacity, shall continue as to an Indemnified Person who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns, executors and administrators of such Indemnified Person.

(d) The Partnership may purchase and maintain insurance on behalf of the General Partner and such other Indemnified Persons as the General Partner shall determine against any liability that may be asserted against or expense that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

(e) For purposes of this Section 6.09, the Partnership shall be deemed to have requested an Indemnified Person to serve as fiduciary of an employee benefit plan whenever the performance by such Indemnified Person of its duties to the Partnership also imposes duties on it or otherwise involves services by it to such Plan or participants or beneficiaries of such Plan; excise taxes assessed on an Indemnified Person with respect to an employee benefit plan pursuant to applicable law shall be deemed to be "fines" within the meaning of Section 6.09(a); and action taken or omitted by an Indemnified Person with respect to an employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the interest of the participants and beneficiaries of such plan shall be deemed to be for a purpose which is in, or not opposed to, the best interests of the Partnership.

(f) Any indemnification hereunder shall be satisfied solely out of any insurance obtained pursuant to Section 6.09(d) or the assets of the Partnership. In no event may an Indemnified Person subject the Partners or Affiliates or any of them to personal liability by reason of indemnification hereunder.

(g) An Indemnified Person shall not be denied indemnification in whole or in part under this Section 6.09 because the Indemnified Person had an interest in the transaction with respect to which the indemnification applied if the transaction was otherwise permitted by the terms of this Agreement.

(h) The indemnification provided in this Section 6.09 is for the benefit of the Indemnified Persons and their respective heirs, successors, assigns, executors and administrators and shall not be deemed to create any right to indemnification for the benefit of any other Persons.

(i) The provisions of this Section 6.09 are not intended to be exclusive and the General Partner may cause the Partnership to enter into an indemnification agreement with any Indemnified Person, or to adopt policies covering any group of Indemnified Persons on such terms as the General Partner may determine in its sole discretion.

SECTION 6.10. *Other Matters Concerning the General Partner.* (a) The General Partner may rely upon and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The General Partner may consult with legal counsel (including, but not limited to, counsel who may be regular counsel to, or an employee of, the Partnership, the General Partner or any Affiliate thereof), accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by it and any opinion of any such Person as to matters that the General Partner reasonably believes to be within such Person's professional or expert competence shall be full and complete authorization and protection in respect to any action taken or suffered or omitted by the General Partner hereunder in good faith and in accordance with such opinion.

(c) The General Partner shall not provide any Limited Partner, in connection with such Limited Partner's Limited Partnership Interest, with any mandatory or discretionary right to purchase any type of security issued by the General Partner or its Affiliates.

(d) The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers and a duly appointed attorney- or attorneys-in-fact. Each such attorney shall, to the extent provided by the General Partner in the power of attorney, have full power and authority to do and perform all and every act and duty which is permitted or required to be done by the General Partner hereunder.

SECTION 6.11. *Title to Partnership Assets.* All Partnership Assets shall be deemed to be owned by the Partnership as an entity, and no Partner, individually or collectively, shall have any ownership interest in such Partnership Assets or any portion thereof. Title to any or all of the Partnership Assets may be held in the name of the Partnership, the General Partner or one or more nominees, as the General Partner may determine. The General Partner hereby declares and warrants that any Partnership Assets for which legal title is held in the name of the General Partner shall be held in trust by the General Partner for the use and benefit of the Partnership in accordance with the terms and provisions of this Agreement, and any applicable deed or similar title document shall so indicate. All Partnership Assets shall be recorded as the property of the Partnership on its books and records, irrespective of the name in which legal title to such Partnership Assets is held.

SECTION 6.12. *Sale of the Partnership's Assets.* Notwithstanding any other provision of this Agreement, the General Partner shall not cause the Partnership to sell, transfer, pledge assign, convey or otherwise dispose of, in a single transaction or series of related transactions, all or substantially all of the Partnership Assets (other than pursuant to Section 2.05) unless (a) (i) such sale, transfer, pledge, assignment, conveyance or other disposition has received Majority Approval (Majority Outside Approval if the General Partner or any of its Corporate Affiliates have any direct or indirect equity interest in any Person acquiring Partnership Assets in such transaction) and (ii) the Partnership shall have received a Tax Determination and Limited Liability Determination or (b) such sale, transfer, pledge, assignment, conveyance or other disposition is in connection with a liquidation of the Partnership pursuant to Article 15.

SECTION 6.13. *No New Business.* The Partnership shall not acquire all or substantially all of the outstanding capital stock or assets of, or enter into any partnership or joint venture with, any Person, other than Alliance Holding, unless (i) such acquisition, partnership or joint venture is in accordance with Sections 3.01 and 3.02 and (ii) it receives a Tax Determination with respect thereto. Neither the General Partner nor the Partnership shall become the general partner of any other partnership, other than Alliance Holding, or joint venture unless such action is permitted by Sections 6.01(a)(viii) and 6.05(a) (in the case of the General Partner) and the Partnership receives a Tax Determination with respect thereto.

SECTION 6.14. *Reimbursement of Expenses of Alliance Holding.* (a) The Partnership will pay on behalf of Alliance Holding, or reimburse Alliance Holding as promptly as practicable for, all costs and expenses of any kind whatsoever incurred by Alliance Holding, including, without limitation, all costs and expenses associated with maintaining Alliance Holding as a public partnership, all costs and expenses of any financial, legal, accounting or other advisors, and all costs and expenses of any litigation or other proceeding involving Alliance Holding (in each case, without duplication for any such costs and expenses in connection with the Holdback Interests paid or reimbursed pursuant to arrangements referred to in Section 2.01 (d) of the Reorganization Agreement); *provided that* (i) the Partnership shall not pay or reimburse (A) any tax imposed on Alliance Holding's share of the Partnership's income, (B) any tax for which ELAS is required to indemnify Alliance Holding pursuant to Section 3(a)(ii)(B) of the Indemnification and Reimbursement Agreement, (C) any tax (other than an income tax) payable by Alliance Holding to the extent that such tax is attributable to Alliance Holding's partnership interest in the Partnership, (D) any interest, penalties or additions to tax, and any liabilities, costs, expenses (including, without limitation, reasonable expenses of investigation and attorneys' fees and expenses), losses, damages, assessments, settlements or judgments, arising out of or incident to the imposition, assessment or assertion of any tax described in (A), (B) or (C), or (E) any Reorganization Costs or any Losses incurred in connection with a Specified Proceeding (each capitalized term in this clause (E) having the meaning set forth in the Indemnification and Reimbursement Agreement); (ii) the Partnership shall not pay or reimburse costs and expenses of Alliance Holding to the extent incurred in connection with business activities other than the holding of its partnership interest in the Partnership and activities related thereto (it being understood that making passive investments of funds relating to the

holding of its partnership interest in the Partnership constitute such related activities; *provided that* the Partnership shall not pay or reimburse any tax attributable to such passive investments of funds, or any interest, penalties or additions to tax, or any liabilities, costs, expenses (including, without limitation, reasonable expenses of investigation and attorneys' fees and expenses), losses, damages, assessments, settlements or judgments arising out of or incident to the imposition, assessment or assertion of any such tax); and (iii) the Partnership shall not pay or reimburse costs and expenses of Alliance Holding incurred in connection with the Holdback Interests to the extent Alliance Holding realizes an economic benefit from the Holdback Interests.

(b) If ELAS or any of its Corporate Affiliates has made a payment to, or indemnified, Alliance Holding pursuant to the Indemnification and Reimbursement Agreement in respect of any tax for which Alliance Holding would otherwise be entitled to reimbursement or payment under Section 6.14(a), then the amount the Partnership is obligated to pay on behalf of, or reimburse to, Alliance Holding on account of such tax shall be reduced by the amount paid or indemnified by ELAS and its Corporate Affiliates.

(c) In the event that the Partnership is required to make a payment on behalf of Alliance Holding, or to reimburse Alliance Holding, pursuant to Section 6.14(a), for (i) any taxes and (ii) any interest, penalties or additions to tax, and any liabilities, costs, expenses (including, without limitation, reasonable expenses of investigation and attorneys' fees and expenses), losses, damages, assessments, settlements or judgments, arising out of or incident to the imposition, assessment or assertion of any taxes (the sum of (i) and (ii) being referred to herein as a "Tax Payment"), then the Partnership shall withhold from Distributions to be made to Partners (other than Alliance Holding), in proportion to their respective Percentage Interests, such amounts as may be required to enable the Partnership to make such payment on behalf of, or reimbursement to, Alliance Holding. If the Partnership is unable to withhold sufficient funds to make any such payment or reimbursement, then the Partners (other than Alliance Holding) shall make payments to the Partnership, in proportion to their respective Percentage Interests, of an aggregate amount equal to such shortfall. The Partnership shall not issue any Partnership Interests in respect of payments made pursuant to this Section 6.14(b). Notwithstanding any other provision of this Agreement, to the extent that a Partner has failed to make a payment required by this Section 6.14(b), the Partnership is authorized to retain amounts that would otherwise be distributed to such Person pursuant to Article 5.

To the extent that the amount of any Tax Payment that the Partnership would otherwise have been required to make is reduced pursuant to Section 6.14(b), there shall be a reduction of (x) the amount that the Partnership may withhold pursuant to this Section 6.14(c) from Distributions to be made to ELAS and (y) the payment that ELAS is required to make to the Partnership pursuant to this Section 6.14(c). Notwithstanding anything herein to the contrary, no Partner shall be liable (through withholding from Distributions, payments or otherwise) to make payments or reimbursements on account of any tax for which the Partnership is required to make a payment pursuant to Section 6.14(a) for an aggregate amount which exceeds such Partner's Percentage Interest of the aggregate obligation

of the Partnership under Section 6.14(a). For these purposes, payments or reimbursements by a Partner shall include all amounts withheld from Distributions to such Partner and all amounts paid to the Partnership or to Alliance Holding by such Partner, whether under the terms of this Agreement, the Indemnification and Reimbursement Agreement or otherwise. Income, deductions or losses with respect to Tax Payments shall be specially allocated to Partners other than Alliance Holding pursuant to Section 5.05(f). Tax Payments shall have no effect upon Alliance Holding's Capital Account or the amount distributable to Alliance Holding pursuant to Article 5.

SECTION 6.15. *Issuances of Alliance Holding LP Units Pursuant to Employee Benefit Plans.* Upon the exercise of any awards to purchase or otherwise acquire Alliance Holding LP Units or other securities of Alliance Holding pursuant to any employee benefit plan sponsored by the General Partner, the Partnership, Alliance Holding or any Person controlled by the Partnership or Alliance Holding and/or the entitlement of any plan participant to receive Alliance Holding LP Units thereunder in accordance with the terms of such plan, at the request of the Partnership: (i) Alliance Holding shall issue to the plan participant

Alliance Holding LP Units necessary to satisfy such award in exchange for the exercise price or other consideration (if any) to be paid by the plan participant in respect of such award; and (ii) Alliance Holding shall contribute any such exercise price or other consideration to the Partnership in exchange for a number of Limited Partnership Interests equal to the number of Alliance Holding LP Units issued in satisfaction of such award. Such issuances and payments shall be deemed to occur on the date on which the plan participant is entitled to receive Alliance Holding LP Units thereunder without further payment. If any Alliance Holding LP Units are issued by Alliance Holding pursuant to any such employee benefit plan and such Alliance Holding LP Units are forfeited or are otherwise returned to Alliance Holding, then Alliance Holding will return to the Partnership the corresponding Limited Partnership Interests and the Partnership will pay to Alliance Holding the amounts, if any, which Alliance Holding may be required to pay to the plan participant whose Alliance Holding LP Units are forfeited or returned to Alliance Holding.

SECTION 6.16. *Repurchase of Alliance Holding LP Units.* Subject to Section 17-607 of the Delaware Act, the Partnership may from time to time make a cash distribution to Alliance Holding for the purpose of repurchasing outstanding Alliance Holding LP Units or Alliance Holding limited partnership interests; *provided that* in no event shall the aggregate number of Alliance Holding LP Units and Alliance Holding limited partnership interests so repurchased be greater than the number of Limited Partnership Interests then held by Alliance Holding. Upon such repurchase, the aggregate number of Limited Partnership Interests held by Alliance Holding shall be reduced by a number equal to the aggregate number of Alliance Holding LP Units and Alliance Holding limited partnership interests so repurchased. The funds provided by the Partnership pursuant to this Section 6.16 shall be used by Alliance Holding solely for the repurchase of Alliance Holding LP Units or Alliance Holding limited partnership interests (together with any expenses incurred in connection with such repurchases) and, to the extent that any excess funds remain following such repurchases, such funds shall be returned to the Partnership.

ARTICLE 7
RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS

SECTION 7.01. *Limitation of Liability.* The Limited Partners shall have no liability under this Agreement except as provided in this Agreement or by applicable law.

SECTION 7.02. *Management of Business.* No Limited Partner in its capacity as such shall take part in the operation, management or control of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise act on behalf of or bind the Partnership. The transaction of any such business by any such Partner or employee or agent of the Partnership shall not affect, impair or eliminate the limitations on the liability of any such Limited Partner under this Agreement.

SECTION 7.03. *Outside Activities.* Each Partner (other than the General Partner) shall have the right to engage in the business of providing investment advisory and management services and to engage in and possess an interest in other business ventures of any and every type and description, independently or with others, including business interests and activities in direct competition with the Partnership. Neither the Partnership, any of the Partners nor any other Person shall have any rights by virtue of this Agreement, or the Partnership relationship created hereby in any such business ventures, and no Partner shall have any obligation as a result thereof to offer any interest in any such business ventures to the Partnership, any Partner, or any other Person. This Section 7.03 is not intended to affect any rights the Partnership may have under any contract or agreement with any of its employees.

SECTION 7.04. *Return of Capital; Additional Capital.* (a) No Partner shall be entitled to the withdrawal or return of his Contribution (if any) or any amount of his Capital Account, except to the extent, if any, that Distributions made pursuant to this Agreement or upon termination of the Partnership or purchases of Limited Partnership Interests by the Partnership may be considered as such by law, and then only to the extent provided for in this Agreement.

(b) Subject to the further provisions of this Section 7.04(b), no Limited Partner shall have any personal liability whatsoever in his capacity as a Limited Partner, whether to the Partnership, to any of the Partners or to the creditors of the Partnership, for the debts, liabilities, contracts or other obligations of the Partnership or for any losses of the Partnership. Each Limited Partnership Interest, upon the issuance thereof, shall be fully paid and not subject to assessment for additional Contributions. No Limited Partner shall be required to lend any funds to the Partnership or, after his Contribution has been paid, to make any further contribution to the capital of the Partnership. Under Sections 17-607 and 17-804 of the Delaware Act, a limited partner of a limited partnership may, under certain circumstances, be required to return to the partnership, amounts previously distributed to such limited partner (i) if, at the time of, and after giving effect to, such Distribution, the liabilities of the partnership, other than liabilities to partners on account of their partnership interests,

exceeded the fair value of its assets or, (ii) in connection with a liquidating distribution after dissolution of the partnership, such limited partner receives a Distribution prior to the partnership paying, or making reasonable provision to pay, claims of creditors. It is the intention and agreement of the Partners that if any Limited Partner has received a Distribution from the Partnership that is required to be returned to, or for the account of, the Partnership or Partnership creditors, such obligation shall be the obligation of the Limited Partner who receives such Distribution, and not the obligation of any General Partner; *provided, however*, that nothing contained in this Agreement shall be deemed to impose upon the transferee of a Limited Partnership Interest under Section 12.06 any obligation to return to the Partnership or any Partnership creditor any Distribution made to a prior holder of such Limited Partnership Interest.

SECTION 7.05. *Rights of Limited Partners and Alliance Holding Unitholders and Limited Partners Relating to the Partnership.* In addition to other rights provided by this Agreement or by applicable law, the Limited Partners and the holders of Alliance Holding LP Units and limited partnership interests shall have the following rights relating to the Partnership:

(a) Each Limited Partner and each holder of Alliance Holding LP Units and limited partnership interests, and each of their duly authorized representatives, shall have the right upon reasonable notice and at reasonable times and at such Person's own expense, but only upon written request and for a purpose reasonably related to such Person's interest as a Limited Partner or holder of Alliance Holding LP Units or limited partnership interests, as the case may be, (i) to have reasonable information regarding the status of the business and financial condition of the Partnership, (ii) to inspect and copy the books of the Partnership and other reasonably available records and information concerning the operation of the Partnership, including the

Partnership's federal, state and local income tax returns for each year, (iii) to have on demand a current list of the full name and last known business, residence or mailing address of each Limited Partner, (iv) to have reasonable information regarding the Net Value of any Contribution made by any Partner and the date on which each such Person became a Partner, (v) to have a copy of this Agreement and the Certificate of Limited Partnership and all amendments thereto, and (vi) to have any other information regarding the affairs of the Partnership as is just and reasonable.

(b) Anything in Section 7.05(a) to the contrary notwithstanding, the General Partner may keep confidential from the Limited Partners and the holders of Alliance Holding LP Units and limited partnership interests, and each of their duly authorized representatives, for such period of time as the General Partner deems reasonable, any information that the General Partner reasonably believes to be in the nature of trade secrets or other information the disclosure of which the General Partner in good faith believes is not in the best interests of the Partnership or could damage the Partnership or its business or which the Partnership is required by law or by agreements with third parties to keep confidential.

SECTION 7.06. *Agreement to be Bound by Terms of Partnership Agreement.* By accepting an LP Certificate, and as a condition to entitlement to any rights in or benefits with respect to the Limited Partnership Interests evidenced thereby, each Limited Partner will be deemed to have agreed to comply with, and be bound by, all of the terms, conditions, rights and obligations set forth in this Agreement, including, but not limited to, the grant of the power of attorney set forth in Section 10.01.

ARTICLE 8
BOOKS, RECORDS, ACCOUNTING AND REPORTS

SECTION 8.01. *Records and Accounting.* The General Partner shall keep or cause to be kept complete and accurate books and records with respect to the Partnership's business, assets, liabilities, operations and financial condition, which books and records shall at all times be kept at the principal office of the Partnership. Any records maintained by the Partnership in the regular course of its business, including the names and addresses of Partners, books of account and records of Partnership proceedings, may be kept on or be in the form of punch cards, magnetic tape, photographs, micrographics or any other information storage device, provided that the records so kept are convertible into clearly legible written form within a reasonable period of time. The books of the Partnership shall be maintained, for financial reporting purposes, on the accrual basis in accordance with generally accepted accounting principles.

SECTION 8.02. *Fiscal Year.* The fiscal year of the Partnership shall be the same as its taxable year for federal income tax purposes, which shall be the calendar year or such other year that is permitted under the Code as the General Partner in its sole discretion shall determine.

SECTION 8.03. *Reports.* (a) The General Partner shall use its best efforts to cause to be mailed not later than 90 days after the close of each fiscal year to each Limited Partner, as of the last day of that fiscal year, reports containing financial statements of the Partnership for the fiscal year, including a balance sheet and statements of operations, partners' equity and cash flow, all of which shall be prepared in accordance with generally accepted accounting principles and shall be audited by the Partnership's Accountants.

(b) The General Partner shall use its best efforts to cause to be mailed not later than 45 days after the close of each fiscal quarter, except the last fiscal quarter of each fiscal year, to each Limited Partner as of the last day of such fiscal quarter, a quarterly report for the fiscal quarter containing such financial and other information (which need not be audited) as the General Partner deems appropriate.

The General Partner's obligations set forth in this Section 8.03 may be satisfied by delivering to each Limited Partner a copy of the Form 10-K or 10-Q, as the case may be, or such other periodic reports containing comparable financial information as may be filed by the Partnership

pursuant to the Securities Exchange Act or, if the Partnership is no longer subject to on-going reporting requirements under the Securities Exchange Act, a copy of the Form 10-K or 10-Q (containing separate financial statements of the Partnership), as the case may be, or such other periodic reports containing comparable financial information as may be filed by Alliance Holding pursuant to the Securities Exchange Act.

SECTION 8.04. *Other Information.* The General Partner may release such information concerning the operations of the Partnership to such sources as is customary in the industry or required by law or regulation of any regulatory body. In addition, the Partnership shall promptly provide to Alliance Holding such financial and other information regarding the Partnership and any Affiliates which it controls as may be reasonably requested by Alliance Holding in connection with the preparation and filing of any reports required to be filed by Alliance Holding under the Securities Exchange Act, the NYSE or any comparable national securities market on which the Alliance Holding LP Units are listed or quoted, or otherwise.

ARTICLE 9
TAX MATTERS

Section 9.01. *Preparation of Tax Returns.* The General Partner shall arrange for the preparation and timely filing of all returns relating to Partnership income, gains, losses, deductions and credits, as necessary for federal, state and local income tax purposes, and shall use its best efforts to cause to be mailed to the Limited Partners within 90 days after the close of the taxable year the tax information reasonably required for federal, state and local income tax reporting purposes.

SECTION 9.02. *Tax Elections.* (a) The General Partner may, in its sole discretion, make the election under Section 754 of the Code in accordance with applicable regulations thereunder. In the event the General Partner makes such election, the General Partner reserves the right to seek to revoke such election upon its determination that such revocation is in the best interests of the Limited Partners.

(b) To the extent permissible under Section 709 of the Code, the Partnership shall elect to deduct expenses incurred in the Reorganization ratably over a 60-month period as provided in Section 709 of the Code.

(c) Except as otherwise provided herein, the General Partner shall determine in its sole discretion whether to make any other elections available under the Code or under any state or local tax laws on behalf of the Partnership.

SECTION 9.03. *Tax Controversies.* Subject to the provisions hereof, the General Partner is designated as the Tax Matters Partner (as defined in Section 6231 of the Code) and is authorized and required to represent the Partnership (at the Partnership's expense) in connection with all examinations

of the Partnership's affairs by tax authorities, including resulting administrative and judicial proceedings, and to expend Partnership funds for professional services and costs associated therewith. Each Limited Partner agrees to cooperate with the General Partner and to do or so refrain from doing any or all things reasonably required by the General Partner to conduct such proceedings.

SECTION 9.04. *Withholding.* Notwithstanding any other provision of this Agreement, the General Partner is authorized to take any action that it determines to be necessary or appropriate to cause the Partnership to comply with any withholding and reporting obligations imposed by law, including pursuant to Sections 1441, 1442, 1445 and 1446 of the Code.

SECTION 9.05. *Entity-level Deficiency Collections.* In the event the Partnership is required by applicable law to pay any federal, state or local income tax on behalf of any Partner or any former Partner, the General Partner shall have the authority, in its sole discretion, and without the approval of any Partner, to amend this Agreement as the General Partner determines to be necessary or appropriate: (i) to provide for the payment of such taxes and otherwise to enable the Partnership to comply with such law; (ii) to withhold an appropriate amount from any Distributions to be made in the future to Partners on whose behalf such taxes were paid, and to treat such amounts as having been distributed to such Partners out of Available Cash Flow; (iii) to authorize the General Partner, on behalf of the Partnership to take all necessary or appropriate action to collect all or any portion of such taxes from the Partners (whether current or former Partners); (iv) to treat such taxes as an expense of the Partnership in computing Available Cash Flow to the extent appropriate to reflect any amounts which cannot be collected (or withheld pursuant to clause (ii)) from current or former Partners and to treat any collection thereof as an addition to Available Cash Flow; and (v) to reflect such other changes as the General Partner determines are necessary or appropriate to implement the foregoing. If the Partnership is required to pay any such taxes on behalf of the General Partner or any Corporate Affiliate, the General Partner will either pay directly to the appropriate taxing authority or make funds available to the Partnership to pay the General Partner's share of such taxes and will take all necessary or appropriate action to collect from its Corporate Affiliates, or cause such Corporate Affiliate to pay directly to the appropriate taxing authority, such Corporate Affiliate's share of such taxes.

ARTICLE 10
POWER OF ATTORNEY

SECTION 10.01. *Power of Attorney.* Each Limited Partner constitutes and appoints each of the General Partner and the Liquidating Trustee severally (and any successor to either thereof by merger, transfer, election or otherwise), and each of the General Partner's and the Liquidating Trustee's authorized officers and attorneys-in-fact, with full power of substitution, as his true and lawful agents and attorneys-in-fact, with full power and authority in his name, place and stead to:

(a) execute, swear to, acknowledge, deliver, file and record in the appropriate public offices (i) all certificates and other instruments including, at the option of the General Partner or Liquidating Trustee, as the case may be, this Agreement and the Certificate of Limited Partnership and all amendments and restatements thereof, that the General Partner or Liquidating Trustee, as the case may be, deems appropriate or necessary to carry out the purposes of this Agreement and to form, qualify, or continue the existence or qualification of the Partnership as a limited partnership (or a partnership in which the Limited Partners have limited liability) in the State of Delaware and under the Delaware Act and in all jurisdictions in which the Partnership may or may wish to conduct business or own property; (ii) all instruments that the General Partner or Liquidating Trustee, as the case may be, deems appropriate or necessary to reflect any amendment, change or modification of this Agreement in accordance with its terms; (iii) all conveyances and other instruments or documents that the General Partner or Liquidating Trustee, as the case may be, deems appropriate or necessary to reflect the dissolution and liquidation of the Partnership pursuant to the terms of this Agreement (including a certificate of cancellation); and (iv) all instruments (including, if required by law, this Agreement and the Certificate of Limited Partnership and amendments and restatements thereof) relating to the admission, withdrawal or substitution of any Partner, the initial or increased Contribution of any Partner or the determination of the rights, preferences and privileges of any class of Limited Partnership Interests issued pursuant to Section 4.02; and

(b) sign, execute, swear to and acknowledge all ballots, consents, approvals, waivers, certificates and other instruments appropriate or necessary, in the sole discretion of the General Partner or the Liquidating Trustee, as the case may be, to make, evidence, give, confirm or ratify any vote, consent, approval, agreement or other action that is made or given by the Partners hereunder or is consistent with the terms of this Agreement or appropriate or necessary, in the sole discretion of the General Partner or the Liquidating Trustee, as the case may be, to effectuate the terms or intent of this Agreement; *provided, however*, that when required by any provision of this Agreement which establishes a percentage of the Limited Partners or Limited Partners of any class or series required to take any action, the General Partner or Liquidating Trustee may exercise the power of attorney made in this Section 10.01(b) only after the necessary vote, consent or approval by the Limited Partners or Limited Partners of such class or series.

Nothing herein contained shall be construed as authorizing the General Partner to amend this Agreement except in accordance with Article 17 or as may be otherwise expressly provided for in this Agreement. Nothing herein contained shall be construed as authorizing any Person acting pursuant to this Article 10 to take any action to increase in any way the legal liability of the Limited Partners beyond the liability expressly set forth in this Agreement.

The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, and it shall survive, and shall not be affected by, the subsequent death, incompetence, dissolution, disability, incapacity, bankruptcy or termination of any grantor and the transfer of all or any portion of his Partnership Interest and shall extend to such Person's heirs, successors and assigns.

Each Person who accepts Limited Partnership Interests is deemed to consent to be bound by any representations made by the General Partner or the Liquidating Trustee, acting in good faith pursuant to such power of attorney. Each Person who accepts Limited Partnership Interests is deemed to consent to and waive any and all defenses that may be available to contest, negate or disaffirm any action of the General Partner or the Liquidating Trustee, taken in good faith under such power of attorney. Each Limited Partner shall execute and deliver to the General Partner or the Liquidating Trustee, within 15 days after receipt of the General Partner's or the Liquidating Trustee's request therefor, such further designations, powers of attorney and other instruments as the General Partner or the Liquidating Trustee deems necessary to effectuate this Agreement and the purposes of the Partnership.

ARTICLE 11
ISSUANCE OF CERTIFICATES

SECTION 11.01. *Issuance of Certificates.* Upon the issuance of Limited Partnership Interests to Limited Partners, the General Partner shall cause the Partnership to issue one or more LP Certificates in the names of such Limited Partners. Each such LP Certificate shall be denominated in terms of the number and type of Limited Partnership Interests evidenced by such LP Certificate. Upon the transfer of a Limited Partnership Interest in accordance with the terms of this Agreement, the General Partner shall cause the Partnership to issue replacement LP Certificates in accordance with such procedures as the General Partner, in its sole discretion, may establish. The General Partner may also cause the Partnership to issue certificates evidencing the General Partnership Interest, in such form as the General Partner may approve in its sole discretion.

SECTION 11.02. *Lost, Stolen, Mutilated or Destroyed Certificates.* (a) The Partnership shall issue a new LP Certificate in place of any LP Certificate previously issued if the registered owner of the LP Certificate:

(i) makes proof by affidavit, in form and substance satisfactory to the General Partner, that a previously issued LP Certificate has been lost, destroyed or stolen;

(ii) requests the issuance of a new LP Certificate before the Partnership has notice that the LP Certificate has been acquired by a purchaser for value in good faith and without notice of an adverse claim;

(iii) if requested by the General Partner, delivers to the Partnership a bond, in form and substance satisfactory to the General Partner, with such surety or sureties and with fixed or open penalty, as the General Partner may direct, to indemnify the Partnership against any claim that may be made on account of the alleged loss, destruction or theft of the LP Certificate; and

(iv) satisfies any other reasonable requirements imposed by the General Partner.

When an LP Certificate has been lost, destroyed or stolen, and the owner fails to notify the Partnership within a reasonable time after he has notice of it, and a transfer of the Limited Partnership Interests represented by the LP Certificate is registered before the Partnership receives such notification, the owner shall be precluded from making any claim against the Partnership for such transfer or for a new LP Certificate.

(b) If any mutilated LP Certificate is surrendered to the General Partner, the General Partner on behalf of the Partnership shall execute and deliver in exchange therefor a new LP Certificate evidencing the same number of Limited Partnership Interests as did the LP Certificate so surrendered.

(c) As a condition to the issuance of any new LP Certificate under this Section 11.02, the General Partner may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith.

SECTION 11.03. *Record Holder.* The Partnership shall be entitled to treat each Record Holder as the Limited Partner in fact of any Limited Partnership Interests and, accordingly, shall not be required to recognize any equitable or other claim or interest in or with respect to such Limited Partnership Interests on the part of any other Person, regardless of whether it shall have actual or other notice thereof, except as otherwise required by law.

ARTICLE 12
TRANSFER OF PARTNERSHIP INTERESTS

SECTION 12.01. *Transfer.* (a) The term "*transfer*," when used in this Article with respect to a Partnership Interest, shall be deemed to refer to a transaction by which the holder of a Partnership Interest assigns such Partnership Interest evidenced thereby to another Person, and includes a sale, assignment, gift, pledge, hypothecation, mortgage, exchange or any other disposition, whether by merger, consolidation or otherwise.

(b) Except as provided in Section 2.05, no Partnership Interest shall be transferred in whole or in part, except in accordance with the terms and conditions set forth in this Article 12. Any transfer or purported transfer of any Partnership Interest not made in accordance with this Article 12 or Section 2.05 shall not be recognized by the General Partner, which may refuse to recognize the transferee as a Partner and may refuse to recognize any rights of such transferee.

SECTION 12.02. *Avoidance of Publicly Traded Partnership Status.* It is the intent of the Partners that the Partnership not be classified as a publicly traded partnership under Section 7704 of the Code and not be required to register any class of its securities with the Commission under the

Securities Exchange Act. The General Partner shall take such steps as it believes, in its sole discretion, are necessary or desirable to prevent a risk of such classification or registration requirement, including refusing to consent to any transfer in its discretion. In particular, the General Partner shall not permit transfers

of Limited Partnership Interests that, in the opinion of the General Partner, do not comply with the regulatory safe harbors described in Treasury Regulations Section 1.7704-1, or any successor provision thereof, or would obligate the Partnership to register any class of its securities under the Securities Exchange Act. In addition, the General Partner may in its sole discretion adopt such conventions or policies or amend this Article 12 as it deems appropriate or necessary to comply with Code Section 7704 and the regulations promulgated thereunder.

SECTION 12.03. *Permitted Transfers of Limited Partnership Interests.* (a) No transfer of any Limited Partnership Interests may be made without the prior written consent of the General Partner, which may be withheld in the sole discretion of the General Partner. The General Partner shall not consent to any transfer of a Limited Partnership Interest unless the Limited Partner requesting the transfer certifies in writing to the General Partner that such Limited Partner received his entire Limited Partnership Interest either in the Exchange or in a transfer that was approved by the General Partner pursuant to this Section 12.03. The Partnership shall not recognize for any purpose any purported transfer of any Limited Partnership Interest, and no transferee shall become a Substitute Limited Partner, unless:

(i) the provisions of this Article 12 relating to the transfer of Limited Partnership Interests have been complied with;

(ii) there shall have been filed with the Partnership and recorded on the Partnership's books a duly executed and acknowledged counterpart of the instrument making such transfer, and such instrument sets forth the intention of the transferor that the transferee succeed to all or a portion of the transferor's Limited Partnership Interest as a Substituted Limited Partner in its place, evidences the written acceptance by the transferee of all the terms and provisions of this Agreement, including the grant of the powers of attorney provided for in this Agreement as set forth herein, represents that such transfer was made in accordance with all applicable laws and regulations and in all other respects is satisfactory in form and substance to the General Partner;

(iii) the transferee shall have paid all reasonable legal fees and filing costs incurred by the Partnership in connection with the transfer; and

(iv) the books and records of the Partnership shall have been changed to reflect the admission of the transferee Limited Partner.

(b) Any Limited Partner who shall transfer all his Limited Partnership Interests shall cease to be a Limited Partner of the Partnership.

(c) Notwithstanding anything in this Agreement to the contrary, for purposes of this Article 12, no transfer will be considered approved by the General Partner or recognized by the Partnership unless such transfer is also approved by ELAS, which approval may be withheld in the sole discretion of ELAS. Subject to the approval of ELAS as provided in the preceding sentence, the General Partner shall consent to and permit transfers by Limited Partners which are corporations or other business entities which are private transfers pursuant to Treasury Regulation Section 1.7704-1(e)(vi) (relating to block transfers), or pursuant to comparable provisions of any amendment to such regulation, provided that the Partnership receives an Opinion of Outside Counsel that the Partnership will not be classified as a publicly traded partnership under Section 7704 of the Code as a result of such transfers.

SECTION 12.04. *Transfer of General Partnership Interests of the General Partner.* (a) Subject to the provisions of Section 12.02, the General Partner may sell or otherwise transfer its General Partnership Interest to any Person that is or in connection with the sale or transfer becomes a General Partner, without any approval of the Partners and without obtaining an Assignment Determination. Any Person acquiring a General Partnership Interest as permitted by this Section 12.04 shall be entitled to be admitted as a general partner. Subject to the provisions of Section 12.02, the General Partner may effect sales or transfers as provided by this Section without regard to the consequences thereof to the Partnership, other Partners or any other Persons. The General Partner may not sell or otherwise transfer its General Partnership Interest except as provided in this Section 12.04.

(b) No provision of this Agreement shall be construed to prevent (and all Limited Partners hereby expressly consent to) any sale, transfer, exchange or other disposition of any or all of the General Partnership Interest in connection with the withdrawal of the General Partner pursuant to Article 14.

(c) Subject to the provisions of Section 12.02, the General Partner may at any time transfer (in addition to the transfers permitted by Section 12.04(a)) one-tenth of its General Partnership Interest to any Corporate Affiliate of the General Partner that in connection with the transfer becomes a General Partner (the "Other General Partner"), if the Partnership receives an Assignment Determination and a with respect thereto. In connection with any such transfer, (i) the Other General Partner shall be admitted as a General Partner, (ii) the transferor General Partner shall remain a General Partner and shall not be relieved of any of its obligations under this Agreement, (iii) the transferor General Partner shall be the sole managing General Partner, with the exclusive power to manage the business and affairs of the Partnership and the Other General Partner shall not participate in, and shall have no responsibility for, the management of the business and affairs of the Partnership and shall not be entitled to exercise any of the powers with respect thereto granted to the General Partner, (iv) the Other General Partner shall assume, jointly and severally with the transferor General Partner, all of the obligations of the General Partner under this Agreement (including, but not limited to, Section 12.04(a)), subject to clause

(ii) of this sentence and (v) the transferor General Partner shall be entitled to make such amendments to this agreement as may be necessary to reflect or in connection with the foregoing and to provide for the allocation of a portion of the transferor General Partner's capital account to the Other General Partner.

SECTION 12.05. *Restrictions on Transfer.* Subject to Section 12.03, no transfer of any Limited Partnership Interest shall be made if such transfer (a) would jeopardize the status of the Partnership as a partnership for United States federal income tax purposes; (b) would violate the then applicable federal and state securities laws or rules and regulations of the Commission, any state securities commission or any other governmental authorities with jurisdiction over such transfer; (c) would affect the Partnership's existence or qualification as a limited partnership under the Delaware Act; or (d) would violate any then applicable administrative procedures and requirements as the General Partner may adopt.

SECTION 12.06. *Withdrawal of a Limited Partner.* A Limited Partner may not withdraw from the Partnership prior to its dissolution unless it sells or otherwise transfers its Limited Partnership Interests to any Person that is, or in connection with the sale or transfer becomes, a Limited Partner in accordance with the provisions of Article 12. If an individual Limited Partner dies, his executor, administrator or trustee, or, if he is adjudicated incompetent, his committee,

guardian or conservator, or, if he becomes bankrupt, his trustee or the receiver of his estate, shall have all the rights of a Limited Partner for purposes of settling or managing his estate and such power as the decedent, incompetent or bankrupt possessed to assign all or any part of his Limited Partnership Interests and to join with the assignee thereof in satisfying the conditions precedent to such assignee's becoming a Substituted Limited Partner. The withdrawal, death, dissolution, adjudication of incompetence or bankruptcy of a Limited Partner shall not dissolve the Partnership.

ARTICLE 13
ADMISSION OF GENERAL PARTNERS

SECTION 13.01. *Admission of Additional and Successor General Partner.* An additional or successor general partner approved pursuant to Section 12.04, 14.01 or 15.01(b) shall be admitted to the Partnership as a General Partner (in the place of or in addition to, as the case may be, the General Partner), effective as of the date that an amendment to the Certificate of Limited Partnership, adding its name and other required information, is filed pursuant to Section 6.01(c) (which, in the event the successor or transferee General Partner is in the place in whole of the withdrawing, removed or transferor General Partner, shall be contemporaneous with the withdrawal of such withdrawing, removed or transferor General Partner without dissolution of the Partnership), and upon receipt by the withdrawing, removed or transferor General Partner of all of the following:

(a) acceptance in form and substance satisfactory to such General Partner of all of the terms and provisions of this Agreement;

(b) written agreement of the proposed General Partner to continue the business of the Partnership; and

(c) such other documents or instruments as may be required in order to effect its admission as a General Partner under this Agreement and applicable law. Each Limited Partner is deemed to approve of the admission of a successor General Partner selected pursuant to the terms of this Agreement and no further approval of Partners shall be required to effect such admission. Any such successor or additional General Partner shall carry on the business of the Partnership. No Person shall be admitted as a general partner of the Partnership except as contemplated by Section 12.04, 14.01 or 15.01(b) or as otherwise expressly authorized by this Agreement.

ARTICLE 14
WITHDRAWAL OR REMOVAL OF PARTNERS

SECTION 14.01. *Withdrawal or Removal of the General Partner.* (a) The General Partner covenants and agrees that except in connection with a transfer of its General Partnership Interest in accordance with Section 12.04, it will not voluntarily withdraw as the General Partner unless (i) the Partnership receives a Limited Liability Determination, a Tax Determination and an Assignment Determination; (ii) such withdrawal receives Majority Outside Approval; and (iii) the General Partner or one of its Affiliates is not the general partner of Alliance Holding or simultaneously withdraws as the general partner of Alliance Holding in accordance with the terms of the Alliance Holding Partnership Agreement. If the General Partner gives a notice of its intent to withdraw, it shall call and conduct a meeting of the Limited Partners to obtain the requisite Majority Outside Approval and to consider and approve a successor General Partner. If the proposed withdrawal of the General Partner will result in the dissolution of the Partnership, such meeting shall be held no sooner than 180 days after the date of notice and any Limited Partner may, by notice to the General Partner at least 120 days prior to the date of the meeting, propose a successor general partner. Such proposed successor general partner shall only be included on the ballot if it has complied with all legal requirements necessary for such inclusion. If the requisite Majority Outside Approval is obtained, but no successor general partner is approved on the first ballot of such meeting, a second ballot shall be held as soon as practicable thereafter in order to consider the approval of the candidate that received the most votes on the first ballot. If such candidate is not approved on the second ballot, the Partnership shall be dissolved and liquidated pursuant to Article 15 and the General Partner shall serve as Liquidating Trustee. If a successor general partner is elected, it shall be admitted immediately prior to the withdrawal of the General Partner and shall continue the business and operations of the Partnership without dissolution.

(b) Except as provided below, the General Partner may be removed upon the affirmative vote of (i) Limited Partners holding 80% or more of the issued and outstanding Limited Partnership Interests if such removal is not for cause, or (ii) Limited Partners holding 50% or more of the issued and outstanding Limited Partnership Interests if such removal is for cause. The limited partners and

unitholders of Alliance Holding shall be entitled to vote upon such removal (through instructions to Alliance Holding, in its capacity as a Limited Partner of the Partnership, directing the actions of Alliance Holding with respect to voting the Limited Partnership Interest held by Alliance Holding) in accordance with Section 17.04(b) of the Alliance Holding Partnership Agreement. As used in this Article 14, "cause" means that a court of competent jurisdiction has entered a final, non-appealable judgment in an action in which the General Partner is a party, finding that any action or failure to act on the part of the General Partner involved an act or omission undertaken with deliberate intent to cause injury to the Partnership, constituted actual fraud or actual bad faith on the part of the General Partner or was undertaken with reckless disregard for the best interests of the Partnership. The right to remove the General Partner shall not exist or be exercised unless (i) the General Partner or one of its Affiliates is not the general partner of Alliance Holding or is simultaneously removed as the general partner of Alliance Holding in accordance with the terms of the Alliance Holding Partnership Agreement; (ii) such action for removal also provides for the election of a new general partner and (iii) the Partnership receives a Limited Liability Determination, a Tax Determination and an Assignment Determination; any Opinions of Outside Counsel delivered in connection with such determinations shall be opinions of counsel selected by the successor general partner. Such removal shall be effective immediately subsequent to the admission of the successor General Partner pursuant to Article 13.

SECTION 14.02. *Interest of Departing Partner and Successor.* (a) Upon the withdrawal or removal of the General Partner, the Departing Partner may, at its option exercisable prior to the effective date of the departure of such Departing Partner, transfer and sell to its successor as General Partner all of the General Partnership Interest held or owned by the Departing Partner, and the successor General Partner shall purchase such General Partnership Interest for an amount in cash equal to the fair market value of such General Partnership Interest, the amount to be determined and payable as of the effective date of its departure. For purposes of this Section 14.02, the fair market value of the Departing Partner's General Partnership Interest shall be determined by agreement between the Departing Partner and its successor or, failing agreement within 30 days after the effective date of such Departing Partner's departure, by an independent investment banking firm or other independent expert selected by the Departing Partner and its successor, which, in turn, may rely on other experts and the determination of which shall be binding and conclusive as to such matter. If such parties cannot agree upon one independent investment banking firm or other

independent expert within 45 days after the effective date of such departure, then each of the Departing Partner and its successor shall designate an independent investment banking firm or other independent expert and the independent investment banking firm or other independent expert selected by each of the Departing Partner and its successor shall in turn designate a single independent investment banking firm or other independent expert; each such firm or expert shall determine the fair market value of the Departing Partner's General Partnership Interest and the determination of the firm or expert that is neither the highest nor the lowest shall control. In making its determination, the independent investment banking firm or other independent expert shall consider the LP Interest Price, the value of the Partnership Assets, the rights and obligations of the General Partner and other factors it may deem relevant.

(b) If the Departing Partner's General Partnership Interest is not acquired pursuant to Section 14.02(a), the Departing Partner shall become a Limited Partner, and its General Partnership Interest shall be converted into Limited Partnership Interests pursuant to a valuation made by the investment banking firm or other independent expert selected pursuant to Section 14.02(a) without any reduction in such Partnership Interest (subject to proportionate dilution by reason of the admission of its successor).

This Agreement shall be amended to reflect any event described in this Article 14, and any successor General Partner covenants so to amend this Agreement and the Certificate.

(c) If the Departing Partner's General Partnership Interest is not acquired pursuant to Section 14.02(a), the successor to such Departing Partner shall at the effective date of its admission to the Partnership contribute to the capital of the Partnership cash in an amount such that its Capital Account, after giving effect to such contribution, shall be equal to that percentage of the Capital Accounts of all Partners that is equal to its Percentage Interest as a General Partner, which shall be 1%. In such event such successor shall be entitled to such Percentage Interest, as the case may be, of all Partnership allocations and Distributions.

(d) If the Partnership is indebted to the Departing Partner at the effective date of its departure for funds advanced, properties sold or services rendered to the Partnership by the Departing Partner, the Partnership shall, within 60 days after the effective date of such departure, pay to the Departing Partner the full amount of such indebtedness. The successor to the Departing Partner shall assume all obligations theretofore incurred by the Departing Partner as the General Partner of the Partnership, and the Partnership and such successor shall take all such action as shall be necessary to terminate any guarantees of the Departing Partner and any of its Affiliates of any obligations of the Partnership. If for whatever reason the creditors of the Partnership will not consent to such termination of guarantees, the successor to the Departing Partner shall be required to indemnify the Departing Partner for any liabilities and expenses incurred by the Departing Partner on account of such guarantees pursuant to an agreement reasonably satisfactory in form and substance to the Departing Partner.

SECTION 14.03. *Withdrawal of Limited Partners.* No Limited Partner shall have any right to withdraw from the Partnership; *provided, however*, that upon a transfer of a transferor Limited Partner's Limited Partnership Interests in accordance with Article 12 and the transferee's becoming a Limited Partner, the transferor Limited Partner shall cease to be a Limited Partner with respect to the Limited Partnership Interests so transferred, but until such transferee becomes a Limited Partner, the transferor shall continue to be a Limited Partner. No Limited Partner shall be entitled to any Distribution from the Partnership for any reason or upon any event except as expressly set forth in Articles 5 and 15.

ARTICLE 15
DISSOLUTION AND LIQUIDATION

SECTION 15.01. *Dissolution.* (a) The Partnership shall not be dissolved by the admission of Substituted Limited Partners or Additional Limited Partners, or by the admission of substituted or additional general partners in accordance with the terms of this Agreement. Except as provided in Section 15.01(b), the Partnership shall be dissolved and its affairs shall be wound up upon:

(i) the withdrawal or removal of the General Partner or the occurrence of any other event that results in its ceasing to be the General Partner (other than by reason of a transfer pursuant to Section 12.04 or a withdrawal or removal occurring upon or after approval by the Limited Partners of a successor pursuant to Section 14.01);

(ii) the filing of a certificate of dissolution or the revocation of the certificate of incorporation of the General Partner;

(iii) a written determination by the General Partner (which the General Partner shall have no obligation or duty to make) that projected future revenues over the next five years of the Partnership are insufficient to enable payment of the projected Partnership costs and expenses for such period;

(iv) an election to dissolve the Partnership by the General Partner which receives Majority Outside Approval;

(v) the bankruptcy of the General Partner;

(vi) upon the written election of the General Partner to dissolve the Partnership pursuant to an election of the General Partner under clause (y) of the first sentence of Section 2.05;

(vii) the sale of all or substantially all of the Partnership Assets approved in accordance with Section 6.12(a)(i); or

(viii) any other event requiring dissolution under the Delaware Act.

For purposes of this Section 15.01, bankruptcy of the General Partner shall be deemed to have occurred when (A) it commences a voluntary proceeding, or files an answer in any involuntary proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or hereafter in effect, (B) it is adjudged a bankrupt or insolvent, or has entered against it a final and nonappealable order for relief under any bankruptcy, insolvency or similar law now or hereafter in effect, (C) it executes and delivers a general assignment for the benefit of its creditors, (D) it

files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against it in any proceeding of the nature described in clause (A) above, (E) it seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator for it or for all or any substantial part of its properties, or (F) (1) any proceeding of the nature described in clause (A) above has not been dismissed 120 days after the commencement thereof, (2) the appointment without its consent or acquiescence of a trustee, receiver or liquidator appointed pursuant to clause (E) above has not been vacated or stayed within 90 days of such appointment, or (3) such appointment is not vacated within 90 days after the expiration of any such stay.

(b) Upon an event described in Section 15.01(a)(i), 15.01(a)(ii), or 15.01(a)(v), the Partnership shall not be dissolved if, within 90 days after the event described in any of such Sections, a majority in interest of the remaining Partners agree to continue the business of the Partnership and to the selection, effective as of the date of such event, of a successor General Partner. In such event, the Partnership shall continue until dissolved in accordance with this Article 15, and the General Partnership Interest of the former General Partner shall be subject to disposition in the manner provided in Section 14.02(a).

SECTION 15.02. *Liquidation.* Upon dissolution of the Partnership, the General Partner, or, in the event the General Partner has been dissolved or removed or has withdrawn from the Partnership, or the Partnership has been dissolved pursuant to Section 15.01(a)(i), 15.01(a)(ii) or 15.01(a)(v), a liquidator or liquidating committee approved by a Majority Approval shall be the Liquidating Trustee. The Liquidating Trustee (if other than the General Partner) shall be entitled to receive such compensation for its services as may be approved by a Majority Approval. The Liquidating Trustee shall agree not to resign at any time without 30 days' prior written notice and (if other than the General Partner) may be removed at any time, with or without cause, by notice of removal approved by a Majority Approval. Upon dissolution, removal or resignation of the Liquidating Trustee, a successor and substitute Liquidating Trustee (who shall have and succeed to all rights, powers and duties of the original Liquidating Trustee) shall within 60 days thereafter be approved by a Majority Approval. If a Liquidating Trustee is not selected and qualified within the time periods set forth in this Section 15.02, any Limited Partner may apply to any court of competent jurisdiction for the winding up of the Partnership and, if appropriate, the appointment of a Liquidating Trustee. The right to appoint a successor or substitute Liquidating Trustee in the manner provided herein shall be recurring and continuing for so long as the functions and services of the Liquidating Trustee are authorized to continue under the provisions thereof, and every reference herein to the Liquidating Trustee shall be deemed to refer also to any such successor or substitute liquidator appointed in the manner herein provided. Except as expressly provided in this Article 15, the Liquidating Trustee appointed in the manner provided herein shall have and may exercise, without further authorization or approval of any of the parties hereto, all of the powers conferred upon the General Partner under the terms of this Agreement (but subject to all of the applicable limitations, contractual and otherwise, upon the exercise of such powers), regardless of whether the Liquidating Trustee is the General Partner, to the extent necessary or desirable in the good faith judgment of the Liquidating Trustee to complete the winding up and

liquidation of the Partnership as provided for herein. The Liquidating Trustee shall liquidate the assets of the Partnership, and apply and distribute the proceeds of such liquidation in the following order of priority, unless otherwise required by mandatory provisions of applicable law:

(a) the payment to creditors of the Partnership, including Partners, in order of priority provided by law, and the creation of a reserve of cash or other assets of the Partnership for contingent liabilities in an amount, if any, determined by the Liquidating Trustee in its sole judgment to be appropriate for such purposes;

(b) to the Partners with positive balances in their Capital Accounts (after crediting or charging thereto the appropriate portion of Net Income, Net Loss and Depreciation in accordance with Article 5 and after giving effect to all amounts distributed or to be distributed to such Partners with respect to all calendar quarters of the Partnership prior to the quarter in which the liquidation of the Partnership occurs) an amount equal to the sum of all such positive balances, such Distribution to be made in proportion to the positive amounts in such Capital Accounts; and

(c) to the Partners in accordance with their Percentage Interests.

SECTION 15.03. *Distribution in Kind.* (a) Notwithstanding the provisions of Section 15.02 which require the liquidation of the Partnership Assets, but subject to the order of priorities set forth therein, if on dissolution of the Partnership the Liquidating Trustee determines that an immediate sale of part or all of the Partnership Assets would be impractical or would cause undue loss to the Partners or is otherwise undesirable, the Liquidating Trustee may, in its absolute discretion, defer for a reasonable time the liquidation of any Partnership Assets except those necessary to satisfy liabilities of the Partnership and may, in its absolute discretion, distribute to the Partners, in lieu of cash, as tenants in common, undivided interests in such Partnership Assets as the Liquidating Trustee deems not suitable for liquidation. Any distributions in kind shall be subject to such conditions relating to the disposition and management thereof as the Liquidating Trustee deems reasonable and equitable and to any agreements governing the operation of such Partnership Assets at such time. In lieu of distributing any Partnership Asset (other than cash) in kind among the Partners the Liquidating Trustee, in its sole discretion, may determine to distribute Partnership Assets (other than cash) to certain Partners and solely cash to other Partners. The Liquidating Trustee shall determine the fair market value of any Partnership Assets distributed in kind using such reasonable method of valuation as it may adopt; if the General Partner is the Liquidating Trustee, such fair market value shall be determined by an Appraiser.

(b) Notwithstanding the provisions of Section 15.02 or Section 15.03(a), but subject to the order of priorities set forth in Section 15.02, if equity interests are to be distributed to Partners in connection with a dissolution of the Partnership pursuant to an election of the General Partner under clause (y) of Section 2.05, then distributions in kind of the equity interests shall be made pursuant to such election and the provisions of Section 2.05 (and, without limitation, the requirements of

Section 15.03(a) relating to distributions of undivided interests to Partners as tenants in common shall not be applicable to any such distributions).

SECTION 15.04. *Cancellation of Certificate of Limited Partnership.* Upon the completion of the distribution of Partnership Assets as provided in Sections 15.02 and 15.03, the Partnership shall be terminated, and the Liquidating Trustee (or the General Partner or Limited Partners) shall cause the cancellation of the Certificate of Limited Partnership and all qualifications of the Partnership as a foreign limited partnership in jurisdictions other than the State of Delaware and shall take such other actions as may be necessary to terminate the Partnership.

SECTION 15.05. *Reasonable Time for Winding Up.* A reasonable time shall be allowed for the orderly winding up of the business and affairs of the Partnership and the liquidation of its assets pursuant to Sections 15.02 and 15.03 in order to minimize any losses otherwise attendant upon such winding up.

SECTION 15.06. *Return of Contributions.* The General Partner shall not be liable for the return of any Contributions of the Limited Partners, or any portion thereof, it being expressly understood that any such return shall be made solely from Partnership Assets.

SECTION 15.07. *No Obligation to Restore Deficit.* None of the Partners shall be obligated to contribute cash to the Partnership in order to eliminate the negative balance, if any, in its Capital Account.

SECTION 15.08. *Waiver of Partition.* Each Partner, by requesting and being granted admission to the Partnership, is deemed to waive until termination of the Partnership any and all rights that he may have to maintain an action for partition of the Partnership's Assets.

ARTICLE 16
RIGHT TO PURCHASE LIMITED PARTNERSHIP INTERESTS

SECTION 16.01. *Right to Purchase Limited Partnership Interests.* (a) Notwithstanding any other provision of this Agreement, if at any time less than 10% of the issued and outstanding Limited Partnership Interests are held, directly or indirectly, by Persons other than the General Partner, its Affiliates and officers and employees of the General Partner, the Partnership or Alliance Holding or Persons controlled by the Partnership or Alliance Holding (hereinafter referred to as "Affiliated Holders") (including, for purposes of determining the Limited Partnership Interests held by Persons other than Affiliated Holders, the number of Limited Partnership Interests held by Alliance Holding multiplied by a fraction, the numerator of which is the number of issued and outstanding Alliance Holding LP Units held by Persons other than Affiliated Holders and the denominator of which is the number of issued and outstanding Alliance Holding LP Units), the General Partner shall then have the

right, which right it may assign and transfer to the Partnership, Alliance Holding or any of the General Partner's Affiliates, exercisable in its sole discretion at any time, to purchase all, but not less than all, of any such Limited Partnership Interests that remain outstanding and held by Persons other than the General Partner and its Affiliates, at a price per Limited Partnership Interest equal to the Purchase Price. The right to purchase Limited Partnership Interests pursuant to this Section 16.01 shall not be exercisable unless the General Partner, the Partnership, Alliance Holding or any of the General Partner's Affiliates simultaneously purchases all, but not less than all, of the Alliance Holding LP Units that remain outstanding and held by Persons other than the General Partner and its Affiliates, at a price per Alliance Holding LP Unit equal to the Purchase Price. For purposes of this Section 16.01, a Limited Partnership Interest held for the benefit of an employee, or by or for the benefit of a member of the family of an employee, shall be treated as if owned by that employee.

(b) In the event the General Partner, any Affiliate of the General Partner, the Partnership or Alliance Holding elects to exercise such right to purchase Limited Partnership Interests pursuant to this Article 16, the General Partner, its Affiliate, the Partnership or Alliance Holding, as the case may be, shall deliver to the General Partner written notice of such election to purchase (hereinafter in this Article 16 called the "Notice of Election to Purchase") and shall mail a copy of such Notice of Election to Purchase to the Limited Partners holding such Limited Partnership Interests at least 10, but not more than 60, days prior to the Purchase Date. Such Notice of Election to Purchase shall also be published at least twice in at least one daily newspaper of general circulation printed in the English language and published in the Borough of Manhattan, New York. The Notice of Election to Purchase shall specify the Limited Partnership Interests to be purchased, the Purchase Date and the Purchase Price, and state that the General Partner, its Affiliate, the Partnership or Alliance Holding, as the case may be, elects to purchase such Limited Partnership Interests, upon surrender thereof in exchange for payment, at such office or offices of the General Partner as the General Partner may specify. Any such Notice of Election to Purchase mailed to a Limited Partner of such Limited Partnership Interests at his address as reflected in the records of the Partnership shall be conclusively presumed to have been given regardless of whether the owner receives such notice. On or prior to the Purchase Date, the General Partner, its Affiliate, the Partnership or Alliance Holding, as the case may be, shall deposit with the Partnership cash in an amount equal to the Purchase Funds. If the Notice of Election to Purchase shall have been duly given as aforesaid at least 10 days prior to the Purchase Date, and if on or prior to the Purchase Date the Purchase Funds shall have been deposited with the Partnership in trust for the benefit of the owners of Limited Partnership Interests subject to purchase as provided in this Article 16, then from and after the Purchase Date, notwithstanding that any LP Certificates shall not have been surrendered for purchase, all rights of the owners of such Limited Partnership Interests (including, but not limited to, any rights pursuant to Articles 4, 5 and 15) shall thereupon cease, except the right to receive the Purchase Price therefor, without interest, upon surrender to the General Partner of the LP Certificates, and such Limited Partnership Interests shall thereupon be deemed to have been transferred to the General Partner, its Affiliate, the Partnership or Alliance Holding, as the case may be, on the record books of the Partnership, and the General Partner or any Affiliate of the General Partner, the Partnership or Alliance Holding, as the case may be, shall be deemed to be the owner of all such

Limited Partnership Interests from and after the Purchase Date and shall have all rights as the owner of such Limited Partnership Interests (including, but not limited to, all rights as owner of such Limited Partnership Interests pursuant to Articles 4, 5 and 15).

(c) At any time during one year after the Purchase Date, a holder of an issued and outstanding Limited Partnership Interests subject to purchase as provided in this Article 16 may surrender his LP Certificate to the General Partner in exchange for payment of the Purchase Price therefor, without interest thereon. If such holder does not surrender such LP Certificate within such one year period, the Purchase Funds deposited with the Partnership in trust for such holder shall revert to, and shall be returned to, the General Partner, its Affiliate, the Partnership or Alliance Holding, as the case may be, and thereafter such holder may look only to the Person to which such funds were returned for payment.

ARTICLE 17
AMENDMENT OF PARTNERSHIP AGREEMENT; MEETINGS; RECORD DATE

SECTION 17.01. *Amendments to be Adopted Solely by the General Partner.* The General Partner (pursuant to the General Partner's power of attorney) without the approval at the time of any Partner or other Person (each Person who accepts Limited Partnership Interests being deemed to approve of any such amendment) may amend any provision of this Agreement or the Certificate of Limited Partnership, and execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith, to reflect:

(a) a change in the name of the Partnership or the location of the principal place of business of the Partnership;

(b) the admission, substitution or withdrawal of Partners in accordance with this Agreement;

(c) a change that the General Partner in its sole discretion determines is necessary or advisable to qualify the Partnership as a limited partnership or a partnership in which the Limited Partners have limited liability under the laws of any state;

(d) a change that the General Partner in its sole discretion determines (i) does not adversely affect the Limited Partners in any material respect, (ii) is necessary or desirable to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or contained in any federal or state statute or (iii) is required to effect the intent of the provisions of this Agreement or otherwise contemplated by this Agreement;

(e) an amendment that the General Partner in its sole discretion determines is necessary or desirable in connection with the issuance of any class or series of Partnership Interests or other securities, and the establishment of the rights and preferences of such class or series of Partnership Interests or other securities, pursuant to Section 4.02, including, but not limited to, Section 4.02(e);

(f) an amendment that the General Partner in its sole discretion determines is necessary or desirable in connection with any action taken pursuant to Section 2.05;

(g) an amendment that the General Partner in its sole discretion determines is necessary or desirable to conform the provisions of this Agreement to the provisions of the Alliance Holding Partnership Agreement;

(h) an amendment that the General Partner in its sole discretion determines is necessary or desirable to cure any ambiguity in this Agreement or to correct or supplement any provision of this Agreement that may be defective or inconsistent with any other provision of this Agreement;

(i) an amendment pursuant to Section 9.05.

SECTION 17.02. *Amendment Procedures.* No amendment may be made to this Agreement unless it has been proposed by the General Partner. Except as provided in Sections 17.01 and 17.03, all amendments to this Agreement shall be made in accordance with the following requirements:

(a) Any amendment to this Agreement may be proposed by the General Partner by submitting the text of the amendment to all Limited Partners in writing.

(b) If an amendment is proposed pursuant to subsection 17.02(a) above, the General Partner shall call a meeting of the Limited Partners to consider and vote on the proposed amendment unless, in the Opinion of Counsel, such proposed amendment would be illegal under Delaware law if approved. Subject to Section 17.03, a proposed amendment shall be effective upon approval by the General Partner and Majority Approval unless otherwise required by law. The General Partner shall notify all Limited Partners upon final approval or disapproval of any proposed amendment.

SECTION 17.03. *Special Amendment Requirements.* Notwithstanding the provisions of Sections 17.01 and 17.02,

(a) If any amendment to this Agreement would by its terms adversely alter the rights and preferences of any class or series with respect to distributions or otherwise materially and adversely alter the rights and preferences of any class or series, other than as contemplated by Section 2.05, 4.02 or 9.05, such amendment shall become effective only upon (i) Majority Outside Approval (in addition to approval of the General Partner), if such class consists of the Limited Partnership Interests as constituted on the date of this Agreement (or Limited Partnership Interests subsequently issued with

identical rights and preferences), or (ii) in the case of any other class or series, approval of the holders of a majority of the outstanding interests of such class or series. No amendment to this Agreement with respect to which the Partnership does not receive an Assignment Determination, Liability Determination and Tax Determination shall become effective without Majority Outside Approval (in addition to approval of the General Partner), unless such amendment is pursuant to Section 17.01(f) or is in connection with the transfer of the General Partnership Interest or the admission, substitution or withdrawal of a general partner in accordance with this Agreement.

(b) No provision of this Agreement which establishes a percentage of the Partners (or a class or series thereof) required to take any action shall be amended, altered, changed, repealed or rescinded in any respect that would have the effect of changing such percentage, unless such amendment is approved by a written approval or an affirmative vote of Partners (or a class or series thereof) constituting not less than the number required by the voting requirement sought to be reduced (in addition to approval of the General Partner).

(c) No amendment of Sections 6.14, 14.01 or 17.04 or this Section 17.03(c) shall become effective without Majority Outside Approval (in addition to approval of the General Partner).

SECTION 17.04. *Meetings.* (a) Meetings of the Limited Partners for any purpose with respect to which the Limited Partners are entitled to vote may be called by the General Partner at any time (there being no obligation to hold annual or other periodic meetings of the Limited Partners) and shall be called by the General Partner within ten days after receipt of a written request for such a meeting signed by Limited Partners which hold 25% or more in interest of the Limited

Partnership Interests or a written request submitted by Alliance Holding in accordance with Section 17.04(e) of the Alliance Holding Partnership Agreement. Any such request shall state the purpose of the proposed meeting and the matters to be acted upon thereat. Meetings shall be held at the principal office of the Partnership or at such other place as may be designated by the General Partner or, if the meeting is called upon the request of Limited Partners, as designated by such Limited Partners. In addition, the General Partner may, but shall not be obligated to, submit any matter upon which the Limited Partners are entitled to act to the Limited Partners for a vote by written consent without a meeting pursuant to Section 17.12. Holders of Alliance Holding LP Units and Alliance Holding limited partnership interests shall be entitled to attend all meetings of the Limited Partners.

(b) A Limited Partner shall be entitled to cast one vote for each Limited Partnership Interest which he owns: (i) at a meeting in person, by written proxy or by a signed writing directing the manner in which he desires that his vote be cast, which writing must be received by the General Partner prior to such meeting or (ii) without a meeting, by a signed writing directing the manner in which he desires that his vote be cast, which writing must be received by the General Partner prior to the date upon which the votes of Limited Partners are to be counted. Every proxy shall be revocable at the pleasure of the Limited Partner executing it. Alliance Holding (in its capacity as a Limited Partner of the Partnership) shall vote (whether by proxy, ballot, consent or otherwise) so many of the Limited

Partnership Interests held by it in favor of, in opposition to, or shall abstain with respect to any matter upon which the Limited Partners are to vote in accordance with the written instructions or proxies received by it from the partners and unitholders of Alliance Holding as provided in Section 17.04(b) of the Alliance Holding Partnership Agreement as of the applicable record date. Other than their rights as herein provided to give written instructions to Alliance Holding, the Alliance Holding unitholders and partners shall have no other voting or consent rights with respect to the Partnership. The laws of the State of Delaware pertaining to the validity and use of corporate proxies shall govern the validity and use of proxies given by Limited Partners. Subject to the provisions of Section 4.02 and the rights of the holders of any securities issued pursuant thereto, the Limited Partners shall vote as a single class with respect to all matters voted upon by the Limited Partners.

(c) With respect to any matter upon which the Limited Partners are requested to vote or to give their consent, for which the required vote for approval is not otherwise specified in this Agreement, such matter shall be considered approved upon Majority Approval.

SECTION 17.05. *Notice of Meeting.* Notice of a meeting called pursuant to Section 17.04 shall be given in writing by hand delivery, by courier service or by mail addressed to each Limited Partner at the address of the Limited Partner appearing on the books of the Partnership. An affidavit or certificate of delivery or of mailing of any notice or report in accordance with the provisions of this Article 17 executed by the General Partner, delivery or courier service or mailing organization shall constitute conclusive (but not exclusive) evidence of the giving of notice. If any notice addressed to a Limited Partner at the address of such Limited Partner appearing on the books of the Partnership is returned to the Partnership by the United States Postal Service marked to indicate that the United States Postal Service is unable to deliver such notice, the notice and any subsequent notices or reports shall be deemed to have been duly given without further mailing if they are available for the Limited Partner at the principal office of the Partnership for a period of one year from the date of the giving of the notice to all other Limited Partners.

SECTION 17.06. *Record Date.* For purposes of determining the Limited Partners entitled to notice or to vote at a meeting of the Limited Partners or to give consents without a meeting as provided in Section 17.12, the General Partner or the Liquidating Trustee, if any, may set a Record Date, which Record Date shall not be less than ten (10) days nor more than 60 days prior to the date of such meeting or consent.

SECTION 17.07. *Adjournment.* When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting and a new Record Date need not be fixed if the time and place of such adjourned meeting are announced at the meeting at which such adjournment is taken, unless such adjournment shall be for more than 30 days. At the adjourned meeting, the Partnership may transact any business that would have been permitted to be transacted at the original meeting. If the adjournment is for more than 30 days, or if a new Record Date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given in accordance with this Article 17.

SECTION 17.08. *Waiver of Notice; Consent to Meeting; Approval of Minutes.* The transactions of any meeting of Limited Partners however called and noticed, and wherever held, are as valid as though they had been approved at a meeting duly held after regular call and notice if a quorum is present either in person or by proxy, and if, either before or after the meeting, each of the Limited Partners entitled to vote, not present in person or by proxy, signs a waiver of notice, or a consent to the holding of the meeting, or an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the Partnership records or made a part of the minutes of such meeting. Attendance of a Limited Partner at a meeting shall constitute a waiver of notice of the meeting; *provided*, *however*, that no such waiver shall occur when the Limited Partner objects, at the beginning of the meeting, to the transaction of any business at such meeting because the meeting is not lawfully called or convened; and provided further, that attendance at a meeting is not a waiver of any right to object to the consideration of any matters required to be included in the notice of the meeting, but not so included, if the objection is expressly made at the meeting.

SECTION 17.09. *Quorum.* Limited Partners of record who are Limited Partners with respect to more than 50% of the total number of all outstanding Limited Partnership Interests of the class or series entitled to vote with respect to the matter held by all Limited Partners of record, whether represented in person or by proxy, shall constitute a quorum at a meeting of Limited Partners. As to the Limited Partnership Interests then held by Alliance Holding (in its capacity as a Limited Partner of the Partnership), only Limited Partnership Interests with respect to which Alliance Holding has received written instructions or proxies as provided in Section 17.04(b) of the Alliance Holding Partnership Agreement shall be deemed represented for purposes of determining whether a quorum is present. The Limited Partners present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment of such meeting notwithstanding the withdrawal of enough Limited Partners to leave less than a quorum, if any action taken (other than adjournment) is approved by the requisite vote of Limited Partners specified in this Agreement. In the absence of a quorum, any meeting of Limited Partners may be adjourned from time to time by the affirmative vote of a majority of the Limited Partnership Interests represented either in person or by proxy at such meeting, but no other business may be transacted.

SECTION 17.10. *Conduct of Meeting.* The General Partner or the Liquidating Trustee, as the case may be, shall be solely responsible for convening,

conducting and adjourning any meeting of Limited Partners, including without limitation the determination of Persons entitled to vote at such meeting, the existence of a quorum for such meeting, the satisfaction of the requirements of Section 17.04 with respect to such meeting, the conduct of voting at such meeting, the validity and effect of all instructions or proxies to Alliance Holding, in its capacity as a Limited Partner of the Partnership, as to the voting of Limited Partnership Interests held by it, the validity and effect of all proxies represented at such meeting and the determination of any controversies, votes or challenges arising in connection with or during such meeting or voting. The General Partner or the Liquidating Trustee, as the case may be, shall designate a Person to serve as chairman of any meeting and further shall designate a Person to take the minutes of any meeting, which Person, in either case, may be, without limitation, a Partner or

any officer, employee or agent of the General Partner. The General Partner or the Liquidating Trustee, as the case may be, may make all such other regulations, consistent with applicable law and this Agreement, as it may deem advisable concerning the conduct of any meeting of the Limited Partners, including regulations in regard to the appointment of proxies and other evidence of the right to vote.

SECTION 17.11. *Instructions by Nominees.* With respect to Limited Partnership Interests that are held for a Person's account by another Person (such as a broker, dealer, bank, trust company or clearing corporation, or any agent of any of the foregoing), in whose name the LP Certificates evidencing such Limited Partnership Interests are registered, such broker, dealer or other agent shall vote such Limited Partnership Interests at the direction of the Person on whose behalf such broker, dealer or other agent is holding such Limited Partnership Interests, and the Partnership shall be entitled to assume it is so acting without further inquiry. With respect to Alliance Holding LP Units that are held for a Person's account by another Person (such as a broker, dealer, bank, trust company or clearing corporation, or any agent of any of the foregoing), in whose name the certificates evidencing such Alliance Holding LP Units are registered, such broker, dealer or other agent shall, in exercising any right to give written instructions or proxies to Alliance Holding (in its capacity as a Limited Partner of the Partnership) as provided in Section 17.04(b) of the Alliance Holding Partnership Agreement, give such instructions or proxies at the direction of the Person on whose behalf such broker, dealer or other agent is holding such Alliance Holding LP Units, and the Partnership and Alliance Holding shall be entitled to assume it is so acting without further inquiry.

SECTION 17.12. *Action Without a Meeting.* Any action that may be taken at a meeting of the Limited Partners may be taken without a meeting if the General Partner so agrees in writing, in its sole discretion, and a consent in writing setting forth the action so taken is signed by Limited Partners owning not less than the minimum number of Limited Partnership Interests that would be necessary to authorize or take such action at a meeting at which all of the Limited Partners were present and voted. Alliance Holding (in its capacity as a Limited Partner of the Partnership) shall sign such consent only on behalf of those unitholders of Alliance Holding with respect to whom it has received written instructions or proxies with respect thereto as provided in Section 17.04(b) of the Alliance Holding Partnership Agreement. Prompt notice of the taking of action without a meeting shall be given to the Limited Partners who have not consented thereto in writing. Written consents to the taking of any action by the Limited Partners shall have no force and effect unless and until (i) they are deposited with the Partnership in care of the General Partner and (ii) consents sufficient to take the action proposed are dated as of a date not more than one hundred eighty (180) days prior to the date sufficient consents are deposited with the Partnership.

ARTICLE 18
GENERAL PROVISIONS

SECTION 18.01. *Addresses and Notices.* The address of each Partner for all purposes shall be the address set forth on the books and records of the Partnership. Any notice, demand, request or report required or permitted to be given or made to a Partner (other than the General Partner and its Corporate Affiliates) under this Agreement shall be in writing and shall be deemed given or made when delivered in person or when sent to such Partner at such address by first class mail or by other means of written communication.

SECTION 18.02. *Consent of Limited Partners.* By acceptance of a LP Certificate, each Limited Partner expressly approves and agrees that, whenever in this Agreement it is specified that an action may be taken upon the affirmative vote of less than all of the Limited Partners, such action may be so taken upon the concurrence of less than all of the Limited Partners and each present and future Limited Partner shall be bound by the results of such action.

SECTION 18.03. *Titles and Captions.* All article or section titles or captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof.

SECTION 18.04. *Pronouns and Plurals.* Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.

SECTION 18.05. *Further Action.* Each Partner shall execute and deliver all documents, provide all information and take or refrain from taking all actions as may be necessary or appropriate to achieve the purpose of this Agreement.

SECTION 18.06. *Binding Effect.* This Agreement shall be binding upon and inure to the benefit of the Partners and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

SECTION 18.07. *Integration.* This Agreement constitutes the entire agreement among the Partners pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

SECTION 18.08. *Benefits of this Agreement.* Except for the provisions of Section 6.02, none of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor of the Partnership or by any other Person not expressly granted rights herein.

SECTION 18.09. *Waiver.* No failure by any party hereto to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or any other covenant, duty, agreement or condition.

SECTION 18.10. *Counterparts.* This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all the parties hereto. Each party shall become bound by this Agreement immediately upon affixing its signature hereto, independently of the signature of any other party.

SECTION 18.11. *Applicable Law.* Notwithstanding the place where this Agreement may be executed by any of the parties hereto, the parties hereto expressly agree that all of the terms and provisions hereof shall be construed under and governed by the substantive laws of the State of Delaware, without regard to the principles of conflict of laws.

SECTION 18.12. *Invalidity of Provisions.* If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands as of the 29th day of October, 1999.

ALLIANCE CAPITAL MANAGEMENT CORPORATION,
General Partner

By: /s/ DAVID R. BREWER, JR.

Name: David R. Brewer, Jr.
Title: Senior Vice President and General Counsel

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.

By: Alliance Capital Management Corporation,
General Partner

By: /s/ DAVID R. BREWER, JR.

Name: David R. Brewer, Jr.
Title: Senior Vice President and General Counsel

Exhibit A

CERTIFICATE
FOR
LIMITED PARTNERSHIP INTERESTS
IN
ALLIANCE CAPITAL MANAGEMENT L.P.

No. Limited Partnership Interests

ALLIANCE CAPITAL MANAGEMENT L.P. (the "Partnership"), a Delaware limited partnership, hereby certifies that is the registered owner of units of limited partner interest in the Partnership ("Limited Partnership Interests"). The rights, preferences, and limitations of the Limited Partnership Interests are set forth in the Amended and Restated Agreement of Limited Partnership of the Partnership, as it may be amended, supplemented or restated from time to time (the "Partnership Agreement"), copies of which are on file at the General Partner's principal office at 1345 Avenue of the Americas, New York, New York 10105.

THIS CERTIFICATE, AND THE LIMITED PARTNERSHIP INTERESTS REPRESENTED HEREBY, ARE NOT TRANSFERABLE EXCEPT UPON DEATH, BY OPERATION OF LAW, OR WITH THE WRITTEN CONSENT OF THE GENERAL PARTNER, WHICH CONSENT MAY BE GRANTED OR WITHHELD IN THE GENERAL PARTNER'S SOLE DISCRETION. ANY TRANSFER OR PURPORTED TRANSFER OF THIS CERTIFICATE OR THE LIMITED PARTNERSHIP INTERESTS REPRESENTED HEREBY NOT MADE IN ACCORDANCE WITH THE PROVISIONS OF THE PARTNERSHIP AGREEMENT SHALL BE NULL AND VOID. THE LIMITED PARTNERSHIP INTERESTS REPRESENTED HEREBY ARE ALSO SUBJECT TO REDEMPTION UNDER CERTAIN CIRCUMSTANCES AS PROVIDED IN THE PARTNERSHIP AGREEMENT.

WITNESS, the facsimile signature of the duly authorized officer of Alliance Capital Management Corporation, the General Partner of the Partnership.

Dated:

ALLIANCE CAPITAL MANAGEMENT L.P.

By: Alliance Capital Management Corporation, General Partner

By

Title:

BY ACCEPTANCE OF THIS CERTIFICATE FOR LIMITED PARTNERSHIP INTERESTS, AND AS A CONDITION TO ENTITLEMENT TO ANY RIGHTS IN OR BENEFITS WITH RESPECT TO THE LIMITED PARTNERSHIP INTERESTS EVIDENCED HEREBY, A HOLDER HEREOF (INCLUDING ANY ASSIGNEE OR TRANSFEREE HEREOF) IS DEEMED TO HAVE AGREED TO COMPLY WITH AND BE BOUND BY ALL TERMS AND CONDITIONS OF THE PARTNERSHIP AGREEMENT.

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Exhibit 3.4

ALLIANCE CAPITAL MANAGEMENT CORPORATION

BY-LAWS(1)

ARTICLE I

OFFICES

Section 1. The registered office in the State of Delaware shall be in the City of Wilmington, County of New Castle.

Section 2. The corporation may also have offices at such other places both within and without the State of Delaware as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. All meetings of the stockholders for the election of directors or for any other purpose may be held at such time and place, within or without the-State of Delaware, and shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual meetings of stockholders shall be held within 120 days after the close of each fiscal year at which they shall elect by a plurality vote a board of directors, and transact such other business before the meeting.

Section 3. Written notice of the annual meeting shall be given to each stockholder entitled to vote thereat at least ten days before the date of the meeting.

Section 4. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten days before every election of directors a complete list of the stockholders entitled to vote at said election, arranged in alphabetical order with the residence of and the number of voting shares held by each. Such list shall be open at the place where said election is to be held for ten days, to the examination of any stockholder, and shall be produced and kept at the time and place of election during the whole time thereof, and subject to the inspection of any stockholder who may be present.

Section 5. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the certificate of incorporation, may be called by the chairman of the board or the president and shall be called by the president or secretary at the request in writing of a majority of the total number of directors that the corporation would have at such time if there were no vacancies on the board (the "Entire Board"), or at the request in writing of stockholders owning a majority in amount of the entire capital stock of the corporation issued and outstanding and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

Section 6. Written notice of a special meeting of stockholders, stating the time, place and object thereof, shall be given to each stockholder entitled to vote thereat, at least ten days before the date fixed for the meeting.

Section 7. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 8. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, all have power to adjourn the meeting from time to time, without notice other than announcement at the

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(1) conformed copy with amendments through September 26, 2003.

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meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 9. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statute or of the certificate of incorporation, a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 10. Each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period, and, except where the transfer books of the corporation have been closed or a date has been fixed as a record date for the determination of its stockholders entitled to vote, no share of stock shall be voted on at any election for directors which has been transferred on the books of the corporation within twenty days next preceding such election of directors.

ARTICLE III

DIRECTORS

Section 1. Until changed by the stockholders, the number of directors shall be seven. The directors shall be elected at the annual meeting of stockholders, except as provided in Section 2 of this Article, and each director elected shall hold office until his successor is elected and qualified. Directors need not be stockholders.

Section 2. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by the stockholders, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced.

Section 3. The business of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these by-laws directed or required to be exercised or done by the stockholders.

MEETINGS OF THE BOARD OF DIRECTORS

Section 4. The board of directors of the corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 5. The first meeting of each newly elected board of directors shall be held at the same place as and immediately after the annual meeting of stockholders and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event such meeting is not held at such time and place, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the board of directors, or as shall be specified in a written waiver signed by all of the directors.

Section 6. Regular meetings of the board of directors may be held without notice at such time and at such place as shall from time to time be determined by the board.

Section 7. Special meetings of the board of directors may be called by the chairman of the board, the president or by the secretary on the written request of two directors. Written notice of special meetings of the board of directors shall be given to each director at least three days before the date of

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the meeting. Attendance at a meeting by a director shall be a conclusive waiver of any objections made by any person with respect to the notice given to such director.

Section 8. At all meetings of the board a majority of the Entire Board shall constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

COMMITTEES OF DIRECTORS

Section 9. The board of directors may, by resolution passed by a majority of the Entire Board, designate one or more committees, each committee to consist of two or more of the directors of the corporation, which, to the extent provided in the resolution, shall have and may exercise the powers of the board of directors in the management of the business and affairs of the corporation and may authorize the seal of the corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors.

Section 10. The committees shall keep regular minutes of their proceedings and report the same to the board of directors when required.

COMPENSATION OF DIRECTORS

Section 11. The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the board of directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Similarly, members of special or standing committees may be allowed compensation for attending committee meetings.

TELEPHONIC PARTICIPATION IN MEETINGS

Section 12. Members of the board of directors or any committee designated by the board of directors, may participate in a meeting of such board or committee through conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting will constitute presence in person at such meeting.

ARTICLE IV

NOTICES

Section 1. Notices to directors and stockholders shall be in writing and delivered personally or mailed to the directors or stockholders at their addresses appearing on the books of the corporation. Notice by mail shall be deemed to be given at the time when the same shall be mailed. Notice to directors may also be given by telegram or telephone.

Section 2. Whenever any notice is required to be given under the provisions of the statutes or of the certificate of incorporation or of these by-laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE V

OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and may include a chairman of the board, one or more vice chairmen of the board, a chief executive officer, a

president, one or more vice presidents, a secretary and a treasurer. The board of directors may also choose one or more assistant secretaries and assistant treasurers. Two or more offices may be held by the same person, except that where the offices of chairman of the board and president or president and secretary are held by the same person, such person shall not hold any other office.

Section 2. The board of directors at its first meeting after each annual meeting of stockholders shall choose a president, one or more vice presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the Entire Board. Any vacancy occurring in any office of the corporation by death, resignation, removal or otherwise shall be filled by the board of directors.

CHAIRMAN OF THE BOARD

Section 6. The chairman of the board shall preside at all meetings of the stockholders and the board of directors. He shall perform such other duties and have such other powers as the board of directors may from time to time prescribe. In the absence or disability of the chief executive officer, the chairman of the board shall exercise all of the powers and discharge all of the duties of the chief executive officer.

VICE CHAIRMEN OF THE BOARD

Section 7. The vice chairmen in order of their seniority, unless otherwise determined by the board of directors, shall, in the absence or disability of the chairman of the board, perform the duties and exercise the powers of the chairman of the board. They shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE CHIEF EXECUTIVE OFFICER

Section 8. The chief executive officer shall perform all of the duties and have all of the powers that are commonly incident to the office of chief executive. In the absence or disability of the chairman of the board and all vice chairmen, the chief executive officer (i) shall preside at all meetings of the stockholders, and (ii) if a member of the board of directors, shall preside at all meetings of the board of directors and shall otherwise exercise all of the powers and discharge all of the duties of the chairman of the board. The chief executive officer shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE PRESIDENT

Section 9. The president shall be ex officio a member of all standing committees, shall have general and active management of the business of the corporation. In the absence of the chairman of the board, all vice chairmen of the board and the chief executive officer, he (i) shall preside at all meetings of the stockholders, and (ii) if a member of the board of directors, shall preside at all meetings of the board of directors and shall otherwise exercise all of the powers and discharge all of the duties of the chairman of the board and of the chief executive officer. The president shall perform such other duties and have such other powers as the chief executive officer board of directors may from time to time prescribe.

THE EXECUTIVE VICE PRESIDENTS, SENIOR VICE PRESIDENTS, VICE PRESIDENTS AND ASSISTANT VICE PRESIDENTS

Section 10. The executive vice presidents, senior vice presidents, the vice presidents in order of their seniority, and then following, the assistant vice presidents in the order of their seniority, unless otherwise determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president. They shall perform such duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 11. The secretary shall attend all meetings of the board of directors and all meetings of the stockholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall keep in safe custody the seal of the corporation and, when authorized by the board of directors, affix the same to any instrument requiring it and, when so affixed, it shall be attested by his signature or by the signature of the treasurer or an assistant secretary.

Section 12. The assistant secretaries in the order of their seniority, unless otherwise determined by the board of directors shall in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary. They shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 13. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 14. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 15. If required by the board of directors, he shall give the corporation a bond (which shall be renewed every six years) in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 16. The assistant treasurers in the order of their seniority, unless otherwise determined by the board of directors, shall in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer. They shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE VI

CERTIFICATES OF STOCK

Section 1. Every holder of stock in the corporation shall be entitled to have a certificate, signed by, or in the name of the corporation by, the chairman of the board or the president or any vice president and the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the

corporation, certifying the number of shares owned by him in the corporation. If the corporation shall be authorized to issue more than one class of stock, the designations, preferences and relative, participating, optional or other special rights of each class and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such class of stock.

Section 2. Where a certificate is signed (1) by a transfer agent or an assistant transfer agent or (2) by a transfer clerk acting on behalf of the corporation and a registrar, the signature of any such chairman of the board, president, vice president, treasurer, assistant treasurer, secretary or assistant secretary may be facsimile. In case any officer or officers who have signed, or whose facsimile signature or signatures have been used on, any such certificate or certificates shall cease to be such officer or officers of the corporation, whether because of death, resignation or otherwise, before such certificate or certificates have been delivered by the corporation, such certificate or certificates may nevertheless be adopted by the corporation and be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures have been used thereon had not ceased to be such officer or officers of the corporation.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or his legal representative, to give the corporation such indemnity as it may direct against any claim that may be made against the corporation with respect to the certificate alleged to have been lost or destroyed.

TRANSFERS OF STOCK

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

CLOSING OF TRANSFER BOOKS

Section 5. The board of directors may close the stock transfer books of the corporation for a period not exceeding fifty days preceding the date of any meeting of stockholders or the date for payment of any dividend or the date for the allotment of rights or the date when any change or conversion or exchange of capital stock shall go into effect or for a period of not exceeding fifty days in connection with obtaining the consent of stockholders for any purpose. In lieu of closing the stock transfer books as aforesaid, the board of directors may fix in advance a date, not exceeding fifty days preceding the date of any meeting of stockholders, or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining such consent, as a record date for the determination of the stockholders entitled to notice of, and to vote at, any such meeting and any adjournment thereof, or entitled to receive payment of any such dividend, or to receive any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of capital stock, or to give such consent, and in such case such stockholders and only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting and any adjournment thereof, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, or to give such consent, as the case may be,

notwithstanding any transfer of any stock on the books of the corporation after any such record date fixed as aforesaid.

REGISTERED STOCKHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall to be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VII

INDEMNIFICATION

Section 1. Every person who was or is a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or a person of whom he is the legal representative is or was a director or officer of the corporation or is or was serving at the request of the corporation or for its benefit as a director or officer of another corporation, or as its representative in a partnership, joint venture, trust or other enterprise, shall be indemnified and held harmless to the fullest extent legally permissible under and pursuant to any procedure specified in the General Corporation Law of the State of Delaware, as amended from time to time, against all expenses, liabilities and losses (including attorneys' fees, judgments, fines and amounts paid or to be paid in settlement) reasonably incurred or suffered by him in connection therewith. Such right of indemnification shall be a contract right which may be enforced in any manner desired by such person. Such right of indemnification shall not be exclusive of any other right which such directors, officers or representatives may have or hereafter acquire and, without limiting the generality of such statement, they shall be entitled to their respective rights of indemnification under any by-law, agreement, vote of stockholders, provision of law or otherwise, as well as their rights under this Article.

Section 2. The board of directors may cause the corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, or as its representative in a partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred in any such capacity or arising out of such status, whether or not the corporation would have the power to indemnify such person.

Section 3. The board of directors may from time to time adopt further by-laws with respect to indemnification and may amend these and such by-laws to provide at all times the fullest indemnification permitted by the General Corporation Law of the State of Delaware, as amended from time to time.

ARTICLE VIII

GENERAL PROVISIONS

DIVIDENDS

Section 1. Dividends upon the capital stock of the corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE IX

AMENDMENTS

Section 1. These by-laws may be-altered or repealed at any regular meeting of the stockholders or of the board of directors or at any special meeting of the stockholders or of the board of directors if notice of such alteration or repeal be contained in the notice of such special meeting. No change of the time or place of the meeting for the election of directors shall be made within sixty days next before the day on which such meeting is to be held, and in case of any change of such time or place, notice thereof shall be given to each stockholder in person or by letter mailed to his last known post-office address at least twenty days before the meeting is held.

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Exhibit 10.1

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:	Name of Employee
Amount of Award:	Dollars Awarded
Date of Grant:	December 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 12/31/03.

ALLIANCE CAPITAL MANAGEMENT L.P.

By: Alliance Capital Management Corporation, General Partner

Signature

Participant

Signature

Name of Employee

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Exibit 10.2

AWARD AGREEMENT

FOR THE YEAR 2003 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 2003 offering under the Plan, as specified below:

Participant ("you"):	Name of Employee
Amount of Award:	Dollars Awarded
Date of Grant:	December 31, 2003

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, Mutual Fund Shares or a combination thereof. You may elect the percentage of your Award to be denominated in Holding Units and Mutual Fund Shares by timely completing and submitting a year 2003 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 Alliance Holding Units, 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 Mutual Fund 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 Mutual Fund Shares comprising the unvested portion of your Award shall be forfeited.

4. Distribution of Award. The Holding Units and Mutual Fund Shares under your Award will be distributed to you in accordance with your year 2003 offering Distribution Election Form. If you fail to submit a properly completed year 2003 offering Distribution Election Form on a timely basis, the Holding Units and Mutual Fund 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

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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 Mutual Fund Shares under the Award and the distribution of such Holding Units or Mutual Fund 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 Mutual Fund 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 .

ALLIANCE CAPITAL MANAGEMENT L.P.

By: Alliance Capital Management Corporation, General Partner

Participant

Name of Employee

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Exhibit 10.3

SUMMARY OF ALLIANCE CAPITAL MANAGEMENT L.P.'S LEASE AT 1345 AVENUE OF THE AMERICAS, NEW YORK, NEW YORK

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PARTIES

Landlord:	1345 Leasehold LLC, a Delaware limited liability company ("Landlord")
Tenant:	Alliance Capital Management L.P., a Delaware limited partnership ("Alliance")

DOCUMENTS

Agreement of Lease dated July 3, 1985 among The Fisher-Sixth Avenue Company and Hawaiian Sixth Avenue Corp. as landlord, and Alliance Capital Management Corporation, as tenant ("orig.")

Supplemental Agreement dated September 30, 1985 among The Fisher-Sixth Avenue Company and Hawaiian Sixth Avenue Corp. as landlord, and Alliance Capital Management Corporation, as tenant ("Sup1")

Second Supplemental Agreement dated December 31, 1985 among The Fisher-Sixth Avenue Company and Hawaiian Sixth Avenue Corp. as landlord, and Alliance Capital Management Corporation, as tenant

Third Supplemental Agreement dated July 29, 1987 among The Fisher-Sixth Avenue Company and Hawaiian Sixth Ave. Corp. as landlord, and Alliance Capital Management Corporation, as tenant

Fourth Supplemental Agreement dated February, 1989 among The Fisher-Sixth Avenue Company and Hawaiian Sixth Ave. Corp. as landlord, and Alliance, as tenant ("Sup4")

Fifth Supplemental Agreement dated October 9, 1989 among The Fisher-Sixth Avenue Company and Hawaiian Sixth Ave. Corp. as landlord, and Alliance, as tenant ("Sup5")

Sixth Supplemental Agreement dated December 13, 1991 among The Fisher-Sixth Avenue Company and Hawaiian Sixth Ave. Corp. as landlord, and Alliance, as tenant ("Sup6")

Seventh Supplemental Agreement dated May 27, 1993 among The Fisher-Sixth Avenue Company and Hawaiian Sixth Ave. Corp. as landlord, and Alliance, as tenant ("Sup7")

Eighth Supplemental Agreement dated June 1, 1994 among The Fisher-Sixth Avenue Company and Hawaiian Sixth Ave. Corp. as landlord, and Alliance, as tenant ("Sup8")

Ninth Supplemental Agreement dated August 16, 1994 among The Fisher-Sixth Avenue Company and Hawaiian Sixth Ave. Corp. as landlord, and Alliance, as tenant ("Sup9")

Tenth Supplemental Agreement dated December 31, 1994 among The Fisher-Sixth Avenue Company and Hawaiian Sixth Ave. Corp. as landlord, and Alliance, as tenant ("Sup10")

Eleventh Supplemental Agreement dated April 30, 1995 among The Fisher-Sixth Avenue Company and Hawaiian Sixth Ave. Corp. as landlord, and Alliance, as tenant ("Sup11")

Letter Agreement dated December 21, 1995 among The Fisher-Sixth Avenue Company and Hawaiian Sixth Ave. Corp., Carter-Wallace, Inc., Arnhold and S. Bleichroeder, Inc. and Alliance ("LTR1")

Letter Agreement dated December 21, 1995 among The Fisher-Sixth Avenue Company, Hawaiian Sixth Ave. Corp. and Alliance

Twelfth Supplemental Agreement dated September 9, 1998 between 1345 Leasehold Limited Partnership and Alliance ("Sup12")

Letter Agreement dated October 7, 1998 between 1345 Leasehold Limited Partnership and Alliance

Thirteenth Supplemental Agreement dated March 15, 1999 between 1345 Leasehold Limited Partnership and Alliance ("Sup13")

Fourteenth Supplemental Agreement dated February 8, 2000 between 1345 Leasehold Limited Partnership and Alliance ("Sup14")

Fifteenth Supplemental Agreement dated August 3, 2000 between 1345 Leasehold Limited Partnership and Alliance ("Sup15")

Letter dated September 7, 2000 from Alliance to Landlord ("LTR2")

Sixteenth Supplemental Agreement dated August 31, 2001 between 1345 Leasehold Limited Partnership and Alliance ("Sup16")

Seventeenth Supplemental Agreement dated October 31, 2001 between 1345 Leasehold Limited Partnership and Alliance ("Sup17")

Eighteenth Supplemental Agreement dated February 15, 2002 between 1345 Leasehold Limited Partnership and Alliance ("Sup18")

Nineteenth Supplemental Agreement dated December 4, 2002 between 1345 Leasehold Limited Partnership and Alliance ("Sup19")

Twentieth Supplemental Agreement dated December 4, 2002 between 1345 Leasehold Limited Partnership and Alliance ("Sup20")

Letter Agreement dated December 4, 2002 between Alliance and Hearst Communications, Inc. ("LTR3")

Twenty-first Supplemental Agreement dated December 22, 2003 between Landlord and Alliance ("Sup21")

Cleaning Agreements

Cleaning Agreement ("CAO") dated August 16, 1994 between 1345 Cleaning Service Co. ("Cleaning Contractor") and Alliance regarding the office space

First Amendment to Cleaning Agreement ("CAO-1") dated December 31, 1994 between Cleaning Contractor and Alliance

Second Amendment to Cleaning Agreement ("CAO-2") dated April 30, 1995 between Cleaning Contractor and Alliance

Third Amendment to Cleaning Agreement ("CAO-3") dated September 9, 1998 between Cleaning Contractor and Alliance

Fourth Amendment to Cleaning Agreement ("CAO-4") dated February 8, 2000 between Cleaning Contractor and Alliance

Fifth Amendment to Cleaning Agreement ("CAO-5") dated August 3, 2000 between Cleaning Contractor and Alliance

Sixth Amendment to Cleaning Agreement ("CAO-6") dated August 31, 2001 between Cleaning Contractor and Alliance

Seventh Amendment to Cleaning Agreement ("CAO-7") dated October 31, 2001 between Cleaning Contractor and Alliance

Eighth Amendment to Cleaning Agreement ("CAO-8") dated February 15, 2002 between Cleaning Contractor and Alliance

Cleaning Agreement ("CAG") dated as of March 15, 1999 between Cleaning Contractor and Alliance regarding the ground floor space

SNDAs

Subordination, Non-Disturbance and Attornment Agreement (Ground Lease) dated August 3, 2000 between 1345 Fee Limited Partnership, as owner, and Alliance, as tenant ("SNDA-G")

Subordination, Non-Disturbance and Attornment Agreement dated August 23, 2000 by Secore Financial Corporation, as mortgagee, and Alliance, as tenant ("SNDA-M")

First Amendment to Subordination, Non-Disturbance and Attornment Agreement dated April 24, 2002 between The Chase Manhattan Bank, as trustee ("Trustee") and Alliance

Second Amendment to Subordination, Non-Disturbance and Attornment Agreement dated December 10, 2002 between the Trustee and Alliance

Third Amendment to Subordination, Non-Disturbance and Attornment Agreement dated December 22, 2003 between the Trustee and Alliance

DEMISED PREMISES

Floor (entire floor unless otherwise noted)	Delivery Date
Concourse (part) (Sup15 §23(a), Sup17 §13)	Approximately 3,000 rsf has been delivered. The balance, approximately 2,000 rsf, will be delivered on or before the date Landlord delivers floors 2 and 8 through 14*.
Ground Floor (part)**	The Ground Floor (part) formerly leased to Alliance has been surrendered and deleted from the demised premises. Landlord has leased the Ground Floor (part) to Wachovia Bank, National Association ("Wachovia") pursuant to the Agreement of Lease dated December 22, 2003 (the "Wachovia Lease"), for a term coterminous with Alliance's lease which Wachovia may extend pursuant to its three 5-year extension options. If the term of the Wachovia Lease expires or terminates prior to the expiration or termination of Alliance's lease, then, on the day after said termination, the Ground Floor (part) will be added back to the demised premises on substantially the same terms (including the rent terms) as were in effect prior to its surrender and deletion from the demised premises (Sup21 §3). For more information regarding the terms of the surrender of Ground Floor part, see below.
2, 8, 9, 11 through 14 (Sup15 §2(a); Ltr2; Sup16 §11)	Upon substantial completion of landlord's work, which is anticipated to be May 1, 2004 except that for Floors 8 and 9, the delivery date is anticipated to be November 1, 2004.
10 (Sup19 §3(a))***	The day after the termination or expiration of the term of the lease of Floor 10 (the "Hearst Lease") to Hearst Communications, Inc. ("Hearst") but in no event earlier than May 1, 2004 (Sup19 §3(a)). The Hearst Lease initial term expires on June 30, 2006, which Hearst may extend pursuant to two 6-month extension options (Arts. 45 and 46 of the lease attached as Exhibit B to LTR3).
15 (Sup12 §2(a))	Delivered.
16 (Sup12 §2(b))	Delivered.
17 (part) (Sup16 §2(b); Sup17 §2(b); Sup18 §2(b))	Delivered.
31 (part) (Sup7 §2(c))	Delivered.
32 (Sup6 §2)	Delivered.
33 (Sup7 §2(a))	Delivered.
34 (NW Cor. 94) (Sup8 §2(a))	Delivered.
34 (NW Cor. 95) (Sup8 §1(c))	Delivered.
34 (balance) (Sup7 §2(b))	Delivered.

35 (Sup14 §2(a))	Delivered.
36 (Sup14 §2(b))	Delivered.
37 (NE Cor.) (orig. intro.)	Delivered.
37 (NW Cor.) (orig. §46.01)	Delivered.
37 (SE Cor.) (Sup1 §2)	Delivered.
37 (SW Cor.) (Sup5 §2)	Delivered.
38 (orig. intro.)	Delivered.
39 (Sup4 §2)	Delivered.
40, 41 and 45 (Sup9 §3(a); LTR1 par 2)	Delivered.

*

Concourse Space: The concourse space, consisting of approximately 5,000 rsf, may be delivered in portions and is not required to be contiguous, although Landlord will use commercially reasonable efforts to deliver contiguous space that is below Alliance's ground floor space. Until the deadline for the delivery of the concourse space, Alliance has a right of first offer for concourse space, provided that if Alliance does not accept any such offer, the amount of concourse space Landlord is obligated to deliver to Alliance is reduced by the square footage of space covered in such offer (Sup15 §23(b)).

** Ground Floor (part):

For a summary of the payments Alliance makes in lieu of rent and the credits Alliance receives in respect of the Ground Floor (part), see Monthly Fixed Rent, Tax Escalation and Expense Escalation. Other terms of the surrender and deletion of Ground Floor (part) from the demised premises are summarized below.

- Enforcement: Landlord will make reasonable efforts to enforce the Wachovia Lease (including the rent obligations). If Wachovia defaults under the Wachovia Lease, then Alliance may, at its option, participate in any action Landlord takes in respect of said default. If Landlord does not take any action, then Alliance may, at its option, (1) cause the Landlord to assign its right to proceed against Wachovia, in which case Alliance may then proceed directly against Wachovia provided that Alliance indemnifies Landlord from any loss arising from such action, or (2) require the Landlord to proceed against Wachovia in which case Alliance will reimburse Landlord within 30 days after demand for any reasonable out-of-pocket expenses incurred by Landlord in respect of enforcing the Wachovia Lease (Sup21 §4(f)).

- Amendments, Terminations, Extensions and Consents: Landlord is prohibited from amending the Wachovia Lease or waiving any provision thereof without first obtaining Alliance's consent. Alliance must be reasonable in respect of consenting to any amendment that would not have an economic or adverse impact on Alliance and Alliance's failure to respond to a request for such a consent within 5 business days of receipt is deemed consent. Landlord is prohibited from terminating the term of the Wachovia Lease except in the event of a default thereunder or extending the term of the Wachovia Lease except pursuant to the express provisions thereof without first obtaining Alliance's consent (Sup21 §5(a)). Landlord is prohibited from granting its consent to any matter contemplated by the Wachovia Lease (e.g., subleases and alterations) without first obtaining Alliance's consent. Alliance's rights in respect of Wachovia signage is summarized in more detail below. Alliance is

required to be reasonable in granting its consent to any such matter if Landlord is obligated to be reasonable under the Wachovia Lease. Alliance is required to respond in the same time period as Landlord is obligated to respond to any request for consent and Alliance will be deemed to have given its consent if it fails to respond (Sup21 §5(c); LTR3 §3).

- Signage: Wachovia is prohibited from displaying signage on the window, doors or the exterior of the perimeter walls of its demised premises unless Wachovia obtains the prior written reasonable consent of the Landlord and said signage is in conformity with the building standard sign program (Wachovia Lease §46.2(e)). However, Wachovia has the right to install signage on the interior and exterior of the demised premises that conforms with Wachovia's standard national or NYC signage program provided that said signage pertains primarily to general retail banking, safe deposits or electronic banking and not to certain permitted ancillary uses (e.g. brokerage, insurance, investment services). Nevertheless, Wachovia has the right to display temporary signage which describes said ancillary uses in certain designated areas provided that Wachovia is obligated to remove said signage if either Landlord or Alliance reasonably believes that said temporary signage is not in keeping with the quality or character of the building. The size and location of signage on or visible from the exterior of the Ground Floor (part) is subject to the reasonable approval and Landlord and Alliance. Wachovia also has the right to display promotional banners provided the size, color and location of said banners is subject to the reasonable approval of Landlord and Alliance. Landlord's (and, therefore, Alliance's) failure to respond within 15 business days to any request for consent regarding signage is deemed consent (Wachovia Lease §46.3(a)).

- Assignment/Subletting Profits: Landlord and Alliance will share equally any sublease or assignment of lease profits payable to Landlord under the Wachovia Lease (Sup21 §6(a)).

- Hold Over by Wachovia: If Wachovia holds over following the termination of the Wachovia Lease term, then Landlord will promptly commence summary dispossess proceedings and will use commercially reasonable efforts to evict Wachovia. Landlord will pay to Alliance any amounts recovered from Wachovia arising from said proceedings after first deducting Landlord's actual out-of-pocket expenses, provided that if the amounts paid over by Landlord exceed the sums paid by Alliance in respect of the Ground Floor (part) for the corresponding period, then Landlord will be permitted to retain 50% of said excess (Sup21 §8).

- Reimbursement of Landlord on Account of Payments to Cushman & Wakefield, Inc.: Alliance will reimburse Landlord up to $601,854.52 in respect of any amounts paid by Landlord to Cushman & Wakefield, Inc. arising from Sup21 (Sup21 §10).

*** Floor 10:

For a summary of the payments in lieu of rent and the credits Alliance receives in respect of Floor 10, see Monthly Fixed Rent, Tax Escalation and Expense Escalation. Other terms in respect of the delayed delivery of Floor 10 are summarized below.

- Enforcement: Landlord will make reasonable efforts to enforce the Hearst Lease (including the payment obligations). If Hearst defaults beyond any grace period, then Alliance may, at its option, participate in any action Landlord takes in respect of said default. If Landlord does not take any action, then Alliance may, at its option, (1) cause the Landlord to assign its right to proceed against Hearst, in which case Alliance may then proceed directly against Hearst provided that Alliance indemnifies Landlord from any loss arising from such action, or (2) require the Landlord to proceed against Hearst in which case Alliance will reimburse Landlord within 30 days after demand for any reasonable out-of-pocket expenses incurred by Landlord in respect of said proceeding. Alliance is also obligated to reimburse Landlord for any reasonable out-of-pocket expenses incurred in respect of enforcing the Hearst Lease after May 1, 2004 (Sup19 §4(c)).

- Amendments, Terminations, Extensions and Consents: Landlord is prohibited from amending the Hearst Lease or waiving any provision thereof without first obtaining Alliance's consent. Alliance must be reasonable in respect of consenting to any amendment request that would not have an economic or adverse impact on Alliance and Alliance's failure to respond to such a request within 5 business days of receipt is deemed consent. Landlord is prohibited from terminating the term of the Hearst Lease except in the event of a default thereunder or extending the term of the Hearst Lease except pursuant to the express provisions thereof (Sup19 §5(a)). Landlord is prohibited from granting its consent to any matter contemplated by the Hearst Lease (e.g., subleases and alterations) without first obtaining Alliance's consent. Alliance is required to be reasonable in granting its consent to any such matter if Landlord is obligated to be reasonable under the Hearst Lease. Alliance is required to respond in the same time period as Landlord is obligated to respond to any request for consent and will be deemed to have given its consent if it fails to respond within said time period (Sup.19 §5(c); LTR3 §3).

- Assignment/Subletting Profits: Landlord and Alliance will share equally any sublease or assignment of lease profits payable to Landlord under the Hearst Lease (Sup19 §6(a)).

- Hold Over by Hearst: If Hearst holds over following the termination of the Hearst Lease term, then Landlord will promptly commence summary dispossess proceedings and will use commercially reasonable efforts to evict Hearst. Alliance will reimburse Landlord within 30 days after demand for any reasonable out-of-pocket expenses incurred by Landlord in connection with such action and Alliance will be entitled to any hold-over rent actually collected (Sup19 §8).

MONTHLY FIXED RENT

Concourse (part):

Approximately 3,000 rsf:

12/01/01 through 11/30/06:	$7,000 (Sup17 §13(b)(i))
12/01/06 through 11/30/11:	$8,250 (Sup17 §13(b)(ii))
12/01/11 through 12/31/19:	$9,500 (Sup17 §13(b)(iii))

Balance of Any Concourse Space:

Date the concourse space (or portion thereof) is included in the demised premises through the day before the 5th anniversary of such inclusion date: $28 per rsf (Sup15 §23(d)).

5th anniversary of such inclusion date through the day before the 10th anniversary of such inclusion date: $33 per rsf (Sup15 §23(d)).

10th anniversary of such inclusion date through 12/31/19: $38 per rsf (Sup15 §23(d)).

Ground Floor (part)—Payments in Lieu of Rent and Credits:

Notwithstanding that the Ground Floor (part) has been deleted from the demised premises, Alliance is obligated to pay monthly installments equal to the fixed rent and the tax and operating expense escalation payments Alliance would have been obligated to pay had the Ground Floor (part) not been deleted from the demised premises. The rate for the payment in lieu of the fixed rent payment is described below and the payments in lieu of the tax and operating expense escalations are described in the applicable portions of this summary.

Payment in Lieu of Fixed Rent

01/16/00 through 01/15/05: $54,166.67 (Sup13 §3(a)(1))

01/16/05 through 01/15/10: $58,333.33 (Sup13 §3(a)(2))

01/16/10 through 12/31/19: $62,500.00 (Sup13 §3(a)(3); Sup20 §3(b))

Wachovia Credit

Wachovia pays monthly installments of fixed rent as follows (assuming that the lease commencement date was January 1, 2004):

06/01/04 through 05/31/07:	$97,875.00
06/01/07 through 05/31/10:	$107,662.50
06/01/10 through 05/31/13:	$118,428.75
06/01/13 through 05/31/16:	$130,271.58
06/01/16 through 12/30/19:	$143,298.79

Wachovia also pays a tax escalation based on a 0.483% share of the excess over a 2003/04 base year.

Each month, Landlord and Alliance apportion the fixed rent and tax escalation payments (if any) made by Wachovia that month and the portion to which Alliance is entitled is a credit against rent next payable. The apportionment is done as follows:

First, to Alliance up to the sum of the fixed rent and tax and operating expense escalation payments Alliance made for such month in respect of the Ground Floor (part);

Second, to Alliance up to $10,408.26 a month provided that the aggregate of such installments cannot exceed $1,935,9410.10);

Third, to Landlord up to $2,889.79 a month provided that the aggregate of such installments cannot exceed $537,500; and

Finally, any remainder is shared equally between Landlord and Tenant (Sup21 §4).

2nd, 8th, 9th, 11th through 14th Floors:

09/01/04 through 08/31/09: $1,419,941.25 (Sup15 §3(a); Sup19 §26))

09/01/09 through 08/31/14: $1,532,635.00 (Sup15 §3(a); Sup19 §26)

09/01/14 through 12/31/19: $1,645,328.75 (Sup15 §3(a); Sup19 §26))

This schedule assumes that all of this space will be delivered simultaneously on May 1, 2004. It is anticipated, however, that floors 8 and 9 will be delivered six months after Floors 2, 11-14 are delivered (Sup16 §11). If that occurs, the commencement and subsequent increases in fixed rent for Floors 8 and 9 will occur six months after the commencement of and subsequent increases in fixed rent for Floors 2, 11-14.

10th Floor:

For So Long as the Term of the Hearst Lease Has Not Expired or Terminated:

Through April 30, 2004: Alliance will receive every month a credit against rent equal to the difference between the fixed rent actually paid by Hearst for the prior month in excess of $86,261.50 (Sup19 §4(a)). Monthly installments of fixed rent under the Hearst Lease equal $157,593.12 (Hearst Lease attached to LTR3). Assuming Hearst pays its fixed rent in accordance with the Hearst Lease, the credit will be $71,331.62 per month.

Beginning May 1, 2004: Alliance will make monthly payments equal to the fixed rent ($203,589.75 per month) and tax and operating expense escalation payments that would be payable if Floor 10 were added to the demised premises as of May 1, 2004 (taking into account the 4 month rent abatement that would have commenced as of such date (Sup19 §3(g)), notwithstanding that Floor 10 has not been added to the demised premises (Sup19 §4(b)(i)). Alliance will also receive every month a credit against rent equal to the actual amounts paid by Hearst during the prior month on account of the fixed rent and tax and operating expense escalations payable under the Hearst Lease (Sup19 §4(b)(ii)). Monthly installments of fixed rent under the Hearst Lease equal $157,593.12 (Hearst Lease attached to LTR3).

Following the Expiration or Termination of the Hearst Lease:

From the termination or expiration of the Hearst Lease through 04/30/09: $203,589.75 (Sup19 §3(b)(1))

05/01/09 through 04/30/14: $219,747.67 (Sup19 §3(b)(2))

05/01/14 through 12/31/19: $235,905.58 (Sup19 §3(b)(3))

15th Floor:

12/01/99 through 11/30/04: $156,389.79 (Sup12 §3(a)(1))

12/01/04 through 11/30/10: $172,851.87 (Sup12 §3(a)(1))

12/01/09 through 12/31/16: $189,313.95 (Sup12 §3(a)(1))

01/01/17 through 12/31/19: Rent for the 15th, 16th, 31st (part), 32nd-41st and 45th floors will be the product of the average of fixed annual rent per square foot as of 12/30/16 of all space leased to Alliance other than concourse/subconcourse space, multiplied by the square footage of such space (Sup15 §12(b)); Sup20 §3(a)).

16th Floor:

05/01/00 through 04/30/05: $156,389.79 (Sup12 §3(b)(1))

05/01/05 through 04/30/09: $172,851.87 (Sup12 §3(b)(1))

05/01/10 through 12/31/16: $189,313.95 (Sup12 §3(b)(1))

01/01/17 through 12/31/19: Rent for the Ground (part), 15th, 16th, 31st (part), 32nd-41st and 45th floors will be the product of the average of fixed annual rent per square foot as of 12/30/16 of all space leased to Alliance other than concourse/subconcourse space, multiplied by the square footage of such space (Sup15 §12(b); Sup20 §3(a)).

17th Floor (part):

Through 01/31/07:
$84,304.50 (Sup16 §3(a)) + $32,476.50 (Sup17 §3(a)) + $13,067.25 (Sup18 §3(a)) = $129,848.25

02/01/07 through 01/31/12:
$90,995.33 (Sup16 §3(a)) + $35,054.00 (Sup17 §3(a)) + $14,104.33 (Sup18 §3(a)) = $140,153.66

02/01/12 through 12/31/19:
$97,686.17 (Sup16 §3(a)) + $37,631.50 (Sup17 §3(a)) + $15,141.42 (Sup18 §3(a)) = $150,459.09

31st Floor (part):

7/1/94 through 10/31/09: $45,180.84 (Sup7 §3(c))

11/1/09 through 12/31/16: For the aggregate of Floors 31 (part)-34 and 37-39, $1,031,773.10 (Sup9 §4(b)). Note that by 11/1/09, Floors 31 (part)-34 and 37-39 are scheduled to have check meters and, therefore, Alliance will be charged separately for electricity for such floors instead of paying electricity charges as a "rent inclusion factor" included in fixed rent for such floors.

01/01/17 through 12/31/19: Rent for the 15th, 16th, 31st (part), 32nd-41st and 45th floors will be the product of the average of fixed annual rent per square foot as of 12/30/16 of all space leased to Alliance other than concourse/subconcourse space, multiplied by the square footage of such space (Sup15 §12(b); Sup20 §3(a)).

32nd Floor:

05/01/94 through 10/31/09: $120,936.94 (Sup6 §3(a) and §7(b); Sup7 §7))

11/1/09 through 12/31/16: For the aggregate of Floors 31 (part)-34 and 37-39, $1,031,773.10 (Sup9 §4(b)). Note that by 11/1/09, Floors 31 (part)-34 and 37-39 are scheduled to have check meters and, therefore,

Alliance will be charged separately for electricity for such floors instead of paying electricity charges as a "rent inclusion factor" included in fixed rent for such floors.

01/01/17 through 12/31/19: Rent for the Ground (part), 15th, 16th, 31st (part), 32nd-41st and 45th floors will be the product of the average of fixed annual rent per square foot as of 12/30/16 of all space leased to Alliance other than concourse/subconcourse space, multiplied by the square footage of such space (Sup15 §12(b); Sup20 §3(a)).

33rd Floor:

1/1/94 through 10/31/09: $105,185.28 (Sup7 §3(a)(i) and §7)

(Note: Calendar 1994's rent is deferred and will be paid in monthly installments of $11,007.76 beginning July 1, 1995 through December 1, 2004 with $7,339.00 due on January 1, 2005 (Sup7 §3(a)(ii)). (Rent for the first half of calendar 1995 is deferred and will be paid in monthly installments of $3,668.76 due on January 1, 2005 and $11,007.76 per month beginning February 1, 2005 through October 1, 2009 (Sup7 §3(a)(iii)).

11/01/09 through 12/31/16: For the aggregate of Floors 31 (part)-34 and 37-39, $1,031,773.10 (Sup9 §4(b)). Note that by 11/1/09, Floors 31 (part)-34 and 37-39 are scheduled to have check meters and, therefore, Alliance will be charged separately for electricity for such floors instead of paying electricity charges as a "rent inclusion factor" included in fixed rent for such floors.

01/01/17 through 12/31/19: Rent for the 15th, 16th, 31st (part), 32nd-41st and 45th floors will be the product of the average of fixed annual rent per square foot as of 12/30/16 of all space leased to Alliance other than concourse/subconcourse space, multiplied by the square footage of such space (Sup15 §12(b); Sup20 §3(a)).

34th Floor:

05/01/99 through 10/31/09: $114,614.66 (Sup7 §3(b) and §7)

11/01/09 through 12/31/16: For the aggregate of Floors 31 (part)-34 and 37-39, $1,031,773.10 (Sup9 §4(b)). Note that by 11/1/09, Floors 31 (part)-34 and 37-39 are scheduled to have check meters and, therefore, Alliance will be charged separately for electricity for such floors instead of paying electricity charges as a "rent inclusion factor" included in fixed rent for such floors.

01/01/17 through 12/31/19: Rent for the 15th, 16th, 31st (part), 32nd-41st and 45th floors will be the product of the average of fixed annual rent per square foot as of 12/30/16 of all space leased to Alliance other than concourse/subconcourse space, multiplied by the square footage of such space (Sup15 §12(b); Sup20 §3(a)).

35th Floor:

08/01/00 through 07/31/05: $198,968.25 (Sup14, §3(a)(1))

08/01/05 through 07/31/10: $215,974.08 (Sup14 §3(a)(1))

08/01/10 through 12/31/16: $232,979.92 (Sup14 §3(a)(1))

01/01/17 through 12/31/19: Rent for the 15th, 16th, 31st (part), 32nd-41st and 45th floors will be the product of the average of fixed annual rent per square foot as of 12/30/16 of all space leased to Alliance other than concourse/subconcourse space, multiplied by the square footage of such space (Sup15 §12(b); Sup20 §3(a)).

36th Floor (assuming that the space is delivered on 07/01/01, as anticipated):

11/01/00 through 07/31/05: $199,177.88 (Sup14 §3(b)(1))

08/01/05 through 07/31/10: $216,201.63 (Sup14 §3(b)(1))

08/01/10 through 12/31/16: $233,225.38 (Sup14 §3(b)(1))

01/01/17 through 12/31/19: Rent for the 15th, 16th, 31st (part), 32nd-41st and 45th floors will be the product of the average of fixed annual rent per square foot as of 12/30/16 of all space leased to Alliance other than concourse/subconcourse space, multiplied by the square footage of such space (Sup15 §12(b); Sup20 §3(a)).

37th, 38th and 39th Floors:

11/01/95 through 01/31/01: $409,591.20 (Sup6 §7(b))

02/01/01 through 10/31/06: $485,235.36 (Sup6 §7(b))

11/01/06 through 10/31/09: $437,872.58 (Sup7 §7)

11/01/09 through 12/31/16: For the aggregate of Floors 31 (part)-34 and 37-39, $1,031,773.10 (Sup9 §4(b)). Note that by 11/1/09, Floors 31 (part)-34 and 37-39 are scheduled to have check meters and, therefore, Alliance will be charged separately for electricity for such floors instead of paying electricity charges as a "rent inclusion factor" included in fixed rent for such floors.

01/01/17 through 12/31/19: Rent for the Ground (part), 15th, 16th, 31st (part), 32nd-41st and 45th floors will be the product of the average of fixed annual rent per square foot as of 12/30/16 of all space leased to Alliance other than concourse/subconcourse space, multiplied by the square footage of such space (Sup15 §12(b)).

40th, 41st and 45th Floors:

Through 11/30/16: $422,395.67 (Sup11 §2(c)(i); LTR1)

01/01/17 through 12/31/19: Rent for the 15th, 16th, 31st (part), 32nd-41st and 45th floors will be the product of the average of fixed annual rent per square foot as of 12/30/16 of all space leased to Alliance other than concourse/subconcourse space, multiplied by the square footage of such space (Sup15 §12(b); Sup20 §3(a)).

ELECTRICITY

Check Meters:	All floors have check meters except for Floors 31 (part), 32-34, and 37-39, which will have check meters on or before November 1, 2009 (Sup9 §5) and Floor 17 (part) (Sup18 §4). The check meters measure electricity demand and consumption for each floor during a calendar month. Alliance pays Landlord, within 30 days after receipt of a bill, Landlord's cost of the electricity consumed based on the applicable rate charged to the Landlord by the supplying utility, plus a 2% administrative fee (Sup9 §5(b) and (c); Sup12 §4(b) and (c); Sup14 §4(b) and (c); and Sup15 §4(b) and (c)). Landlord will provide check meters for any portion of the Concourse (part) space measuring at least 3,000 contiguous rsf (Sup15 §23(f)(i)). If the check meters for Floors 31 (part), 32-34, and 37-39 are not installed by November 1, 2009, then Alliance will pay Landlord what Landlord's electrical consultant determines to be Landlord's cost for such electricity, provided that Alliance may dispute such determination in accordance with a specified procedure.
Dispute:	Each bill is binding on Alliance unless Alliance disputes such bill within 90 days of receipt. In case of a dispute, Alliance's electrical consultant will submit its determination within such 90 day period and Landlord and Alliance will seek a resolution. Upon Alliance's request, Landlord will make available its utility bills for the building for at least the last 3 years. If Landlord and Alliance cannot agree, they will choose a third electrical consultant to perform a limited review (Sup12, §5(c)(ii); Sup12 §4(c)(ii); Sup14 §4(c)(ii); and Sup15 §4(c)(ii)).
Wattage:	6 watts per usable square foot excluding building HVAC systems and other base building systems (Sup9 §5(e); Sup12 §4(e); Sup14 §4(e); Sup15 §4(e) (Sup18 §4(a)).
Additional Capacity:	Upon notice from Alliance, Landlord will provide Alliance with (1) an additional 400 amperes in the aggregate for the 15th and 16th floors (Sup12 §4(e)), and (2) up to another 1,800 amperes for the entire demised premises (Sup14 §4(f)). Such notice will be given by Alliance on or before, with regard to the 15th and 16th floors, the date Alliance delivers to Landlord its plans for its initial fit-out of the 15th floor (but in no event later than June 30, 2001), and, with regard to the rest of the demised premises, by December 31, 2001 (Sup12 §4(e) and Sup14 §4(e)). Alliance is responsible for any construction costs it would incur in connection with alterations relating to such additional electricity supply, as well as a pro-rata share of Landlord's construction costs (Sup12 §4(e); Sup14 §4(e); and Sup15 §4(f)).
Discontinuance of Service:	Landlord may discontinue furnishing electricity to Alliance only if Landlord simultaneously discontinues service to 80% of the other building tenants (Sup15 §4(d)), upon 60 days' written notice, provided such

period is extended as reasonably necessary to permit Alliance to obtain electricity from the utility company servicing the Building. In such case, Alliance may use the existing wiring. The cost of installation of any additional wiring will be borne, if such discontinuance is voluntary, by Landlord, and if such discontinuance is involuntary, by Landlord and Alliance with Alliance's share equal to the total cost of such additional wiring multiplied by a fraction, the numerator of which is remaining months of the Lease term and the denominator of which is as follows:

Floor(s)	Denominator
2, 8-14	188 (Sup15 §4(d))

15, 16	248 (Sup12 §4(d) and (h); Sup15 §4(d))
17	214 for the space demised of Floor 17 by Sup18 and 219 for all other space on Floor 17 (Sup18 §4(g)).
31 (part), 32-34, 37-41, 45	294 (Sup9 §15(d); Sup15 §4(d))
35 and 36	237 (Sup14 §4(d); Sup15 §4(d))

Electricity Rent Inclusion Factor:

Until November 1, 2009, the charge for electricity for Floors 31 (part), 32-34, and 37-39 (the "ERIF") is included in fixed annual rent (orig. §7.02(a)). Such charge, however, is separately quantified (as listed below) and is subject to increase or decrease (but in no event below $2.75 per s.f. per annum) in proportion to increases or decreases in Landlord's electricity costs for the building (orig. §7.02(a)).

Floor (entire floor unless otherwise noted)	Original ERIF
31(part), 33, 34	$249,902.46 (Sup7 §3(g))
32	$104,337.75 (Sup6 §3(c))
37 (NE Cor.), 38	$127,187.50 (orig, §7.02(a))
37 (NW Cor.)	$27,500.00 (orig. §46.02(d))
37 (SE Cor.)	$13,750.00 (Sup1 §3(e)
37 (SW Cor.)	$27,912.50 (Sup5 §3(c))
39	$96,937.50 (Sup4 §3(c))

A determination by Landlord of a change in the ERIF as a result of a survey of electrical consumption in the Demised Premises will be binding on Alliance unless Alliance disputes such determination within 15 days of receipt of such determination. If Alliance disputes such determination, it will have its own electrical consultant at its own cost, attempt to resolve the dispute in consultation with Landlord's electrical consultant. If they cannot agree on a resolution, they will choose a third electrical consultant who's decision will control (orig. §7.03(b)).

17th Floor (part): For so long as Alliance leases less than all of Floor 17, Alliance will pay Landlord every month contemporaneously with its payment of fixed rent an amount which represents payment for the electricity supplied to such space. Such amount is based on applying the estimated connected electrical load and usage in such space (as determined by survey) to the applicable utility rate (Sup18 §4(c)(ii)). Said amount is subject to adjustment based on changes in the method the utility calculates its charges (Sup18 §4(c)(iii)) and changes in Alliance's consumption (Sup18 §4(c)(ii)). If Alliance leases all of Floor 17, then Alliance will pay for electricity consumed therein based on a check meter (Sup18 §4(e)).

Supplies:

At Landlord's option, Alliance is required to purchase (for a reasonable charge) from Landlord all lighting tubes, lamps, bulbs and ballasts used in the demised premises (orig. §7.05(b)).

Concourse Space:

For any portion of the demised premises located on the concourse consisting of less than 3,000 contiguous rsf, Alliance will pay an ERIF of $0.75/rsf, subject to increase if Alliance uses the space for anything other than storage (Sup15 §23(f)(ii)).

TAX ESCALATION

FLOOR	BASE YEAR	PERCENTAGE
Ground Floor (part)	1999/2000 (Sup13§3(c)(1)).	0.483% (Sup13 §3(c)(2))
2, 8, 9, 11-14	Average of 2000/01 and 2001/02 (Sup15 §3(d)(i)).	14.72% (Sup15 §3(d)(ii); Sup19 §2(d))
10	Average of 2000/01 and 2001/02 (Sup15 §3(d)(i)).	2.11% (Sup19 §3(d))
15	1999/2000 (Sup12 §3(a)(4)(a)).	2.150% (Sup12 §3 (a)(4)(b))
16	1999/2000 (Sup12 §3(b)(4)(a)).	2.150% (Sup12 §3(b)(4)(b))
17 (part)	Average of 2000/01 and 2001/02 (Sup16 §3(d)(i); Sup17 §3(d)(i)).	1.344% (Sup16 §3(d)(ii); Sup17 §3(d)(ii); and Sup18 §3(d)(ii))
31 (part), 33, 34	Average of 1994/95 and 1995/96 (Sup7 §(3)(f)(i)). Beginning on 11/01/09,	5.130% (Sup7 §3(f)(ii))

	changed to 1995/96 (Sup9 §4(e)).	
32	1993/94 (Sup6 §3(b)(i)). Beginning on 11/01/09, changed to 1995/96 (Sup9 §4(e)).	2.150% (Sup6 §3(b)(ii))
35	2000/01 (Sup14 §3(a)(4)(a)).	2.150% (Sup14 §3(a)(4)(b))
36	2000/01 (Sup14 §3(b)(4)(a)).	2.150% (Sup14 §3(b)(4)(b))
37 (NE Cor.), 38	1985/86 (orig. §4.01(a)(i)). Beginning on 11/01/09, changed to 1995/96 (Sup9 §4(e)).	2.820% (orig. §4.01(a)(ii)
37 (NW Cor.)	1985/86 (orig. §4.01(a)(i)). Beginning on 11/01/09, changed to 1995/96 (Sup9 §4(e)).	0.610% (orig. §46.02(b))
37 (SE Cor.)	1985/86 (Sup1 §3(a)). Beginning on 11/01/09, changed to 1995/96 (Sup9 §4(e)).	0.300% (Sup1 §3(b))
37 (SW Cor.)	1988/89 (Sup5, §3(b)(i)). Beginning on 11/01/09, changed to 1995/96 (Sup9 §4(e)).	0.618% (Sup5 §3(b)(ii)
39	1988/89 (Sup4 §3(b)(i)). Beginning on 11/01/09, changed to 1995/96 (Sup9 §4(e)).	2.150% (Sup4 §3(b)(ii))
40, 41, 45	1995/96 (Sup9 §4(d)(i)).	6.446% (Sup10 §2(a))

Due Date: 6/1 and 12/1 of each comparative year, subject to rescheduling based on the date tax payments are due from Landlord (orig §4.01(b)(1)).

Audit/Dispute: Landlord's real estate tax statements given to Alliance are binding unless Alliance challenges such statement in writing within 90 days (Sup7 §6(d)) of receipt. Alliance must make payments in accordance with the statement pending dispute resolution (orig §4.01(b)(4)).

Tax Increase upon Disposition: Under certain circumstances, if, as a result of the sale of an interest in the property or entity owning the property, the real estate taxes increase, Alliance will receive an abatement of the resulting escalation, and thereafter this Lease provision is deleted. Under certain circumstances, if, after Fisher-Sixth Avenue Company's or a Fisher family affiliate's purchase of Hawaiian Sixth Avenue Corp.'s or its successor's interest in the property or the entity owning the property, as a result of a sale of a less than majority interest in the property or the entity owning the property or the admission into the entity owning the property of an entity owning less than a majority interest in such entity, the real estate taxes increase, Landlord will pay Alliance $1,500,000.00 (Sup9 §15; Sup12 §17).

Building Square Footage: Total rentable area of the office and store space in the building is 1,641,000 sf for tax escalation purposes (orig §4.01(a)(ii)).

Concourse Space: Alliance will pay a tax escalation for its concourse space only if the previous tenant of such space was subject to a tax escalation. The base year for any such escalation will be the average of 2000/01 and 2001/02 (Sup15, §23(g)).

EXPENSE ESCALATION

FLOOR	BASE	PERCENTAGE
Ground (part)	Expenses for 1999 calendar year (Sup13 §3(c)(3)).	0.483% (Sup13 §3(c)(4))
2, 8, 9, 11-14	Expenses for 2001 calendar year (Sup15 §3(d)(ii)).	15.67% (Sup15 §3(d)(iv); Sup19 §2(c))
15	Expenses for 1999 calendar year (Sup12 §3(a)(4)(c)).	2.290% (Sup12 §3(c)(4)(d))
16	Expenses for 1999 calendar year (Sup12 §3(b)(4)(c)).	2.290% (Sup12 §3(b)(4))
17 (part)	Expenses for 2001 calendar year (Sup16 §3(d)(iii); Sup17 §3(d)(iii); Sup18 §3(d)(iii).	1.432% (Sup16 §3(d)(iv); Sup17 §3(d)9iv) and Sup18 §3(d)(iv))
31 (part), 33, 34	Expenses for 1995 calendar year (Sup7 §3(f)(iii); Sup9 §4(e)).	5.450% (Sup7 §3(f)(iv))
32	Expenses for 1993 calendar year (Sup6 §3(b)(iii)). As of 11/01/09, changed to expenses for calendar year 1995 (Sup9 §4(e)).	2.290% (Sup6 §3(b)(iv))
35	Expenses for 2000 calendar year (Sup14 §3(a)(4)(c)).	2.290% (Sup14 §3(a)(4)(d))
36	Expenses for 2000 calendar year (Sup14 §3(b)(4)(c)).	2.290% (Sup14 §3(b)(4)(d))
37 (NE Cor.) and 38	$6,509,748 (orig §5.01(a)(i)). As of 11/01/09, changed to expenses for 1995 calendar year (Sup9 §4(e)).	3.000% (orig §5.01(a)(iv))
37 (NW Cor.)	$6,509,748 (orig. §5.01(a)(i)). As of 11/01/09, changed to expenses for 1995 calendar year (Sup9 §4(e)).	0.650% (orig, §46.01(b))
37 (SE Cor.)	$6,509,748 (Sup1 §5.01(a)(i)). As of 11/01/09, changed to expenses for calendar year 1995 (Sup9 §4(e)).	0.330% (Sup1 §3(c))
37 (SW Cor.)	Expenses for calendar year 1989 (Sup5 §3(b)(iii)). As of 11/01/09, changed to expenses for calendar year 1995 (Sup9 §4(e)).	0.659% (Sup5 §3(b)(iv)
39	Expenses for calendar year 1989 (Sup4 §3(b)(iii)). As of 11/01/09, changed to expenses for calendar year 1995 (Sup9 §4(e)).	2.290% (Sup4 §3(b)(iv))
40, 41, 45	Expenses for calendar year 1995 (Sup9 §4(d)9iii)).	6.865% (Sup11 §2(c))

Management Fee: The management fee included in building expenses is an amount equal to the greater of (a) $152,250, and (b) the product of $152,250 multiplied by a fraction the numerator of which is building expenses (exclusive of management fees for such year) and the denominator of which is $6,357,498 (orig §5.01(a)(v)).

Payment Frequency: Monthly, equal to $^{1}/_{12}{}^{th}$ of Alliance's share of previous comparative year's annual escalation over the base year, subject to adjustment for reasonably anticipated increases (orig §5.01(b)(1)).

Audit/Dispute: Landlord's expense statements given to Alliance are final and determinative unless Alliance challenges such statement in writing (which will also set forth the basis of such challenge with particularity) within 90 days (Sup7 §6(d)) of receipt. Alliance must make payments in accordance with the statement pending dispute resolution. So long as Alliance has continued to pay the expense escalation pursuant to Landlord's statements, Alliance has the right to examine Landlord's books and records provided such examination is commenced within 60 days and concluded within 90 days (Sup7 §6(d)) following the rendition of the expense statement in dispute. Landlord and Alliance will resolve the dispute by arbitration with 3 arbitrators, each of whom will have at least 10 years experience in the operation and management of major Manhattan office buildings (orig. §5.01(b)(2)).

Concourse Space: Alliance will pay an expense escalation for its concourse space only if the previous tenant of such space was subject to an expense escalation. The base year for any such escalation will be calendar year 2001 (Sup15, §23(g)).

Building Square Footage: Total rentable area of the building is 1,540,000 sf for expense escalation purposes (orig. §5.01 (a)(iv)).

CLEANING

Cleaning services are provided by the Cleaning Contractor pursuant to two separate agreements, one covering the office space and the other covering the ground floor space. The following summary is applicable to both such agreements. Unless otherwise noted, the section references are also applicable to both agreements.

Services: The Cleaning Contractor provides certain cleaning services for the office areas and lavatories of the demised premises (§1(a)). The cleaning services provided do not include the cleaning of below-grade space, kitchen, pantry or dining space, storage, shipping, computer or word-processing space, or private or executive lavatories (§1(b)). The Cleaning Contractor is not responsible for removing debris and rubbish from areas under construction in the demised premises (§2). The quality of the cleaning services will be comparable to that provided in first class buildings in midtown Manhattan (§1(a)).

Access: The Cleaning Contractor has access to the demised premises from 6 p.m. to 2 a.m. on business days. The Cleaning Contractor has the right to use Alliance's light, power and water, as reasonably required (§1(a)).

Term: The cleaning agreements are co-terminous with the Lease (§2).

Fee: Alliance pays the Cleaning Contractor a fixed fee of $180,045.95 plus an amount equal to the fee for Floor 36 multiplied by the percentage increase in the labor rate in 2000 over 1999 (CAO-4 §3) and a month for the office space (CAO §3; CAO-2 §3; CAO-3 §3; CAO-4 §3; CAO-6 §3; CAO-7 §3; CAO-8 §3) and $2,833.33 a month for the ground floor space (CAG §3). The fixed monthly fee for cleaning the office space will increase by $92,734.33 plus an adjustment based on the increase in the labor rate in 2001 over 2000 with the addition of Floors 2, 8, 9, 11-14 to demised premises and will increase by $13,296.17 plus an adjustment based on the increase in the labor rate in 2001 over 2000 with the addition of Floor 10 to demised premises (CAO-5 §3). The fixed monthly fee is inclusive of sales tax and is payable in advance on the first of each month (§3). Payment for any additional cleaning services will be made by Alliance within 20 days of demand. The cost of such additional services must be comparable to services provided in comparable buildings (§1(a)). In addition to the fixed fee, Alliance pays the Cleaning Contractor a percentage of annual increases in cleaning costs (which annual increases are equal to the annual percentage increase in porters' wages over a porter's wage base year) over an amount representing base year cleaning costs. The percentage for the office space is 32.6906% (CAO §3 and §4; CAO-2 §3; CAO-3 §3; CAO-4 §3; CAO-6 §3; CAO-7 §3; CAO-8 §3)) and 0.483% for the ground floor space (CAG §4). The percentage for the office space will increase by 17.92% (CAO-5 §3) to 43.5716% with the addition of Floors 2 and 8-14. The other variables in such calculation are as follows:

Floor	Base Year for Porter's Wages	Base for Cleaning Costs
Ground (part)	1999 (CAG §4)	$6,286,271.55 (CAG §4)
2, 8-14	2001 (CAO-5, §4)	$6,444,056.97 (CAO-5, §4)

15 and 16	1999 (CAO-3 §4)	$6,247,986 (CAO-3, §4)
17 (part)	2001 (CAO-6 §4; CAO-7 §4; CAO-8 §4)	$6,629,645.81
31 (part), 32-34, 37-41 and 45	1995 (CAO §4(a)(i))	$5,827,772 (CAO §4(a)(iii))
35 and 36	2000 (CAO-4 §4)	$6,381,693 (CAO-4 §4)

Dispute with Cleaning Contractor: If Alliance believes that the Cleaning Contractor is not adequately performing under a cleaning agreement, and the Cleaning Contractor has not corrected such inadequate performance within 10 days after notice, Alliance may arbitrate whether the Cleaning Contractor is adequately performing. If a majority of the required arbitrators find that the Cleaning Contractor is not adequately performing, then the Cleaning Contractor will correct such inadequate performance within 10 days of such finding. If Contractor fails to do so, Alliance may terminate the cleaning agreement upon 10 days notice. (§5).

Default by Alliance: If Alliance fails to make a payment due under a cleaning agreement within 15 days of notice of such failure, the Cleaning Contractor may, upon 10 days notice terminate the cleaning agreement if Alliance also fails to make such payment within such 10 day period. In case of such termination, Alliance may only use the approved cleaning contractor for the building (§6). If a payment is not made within 3 days of notice of such failure, such payment accrues interest from the due date at prime rate, provided that Cleaning Contractor is not obligated to give such notice more than twice a year (§12).

Rent Credit:	Alliance is entitled to a credit against the monthly installment of fixed rent in the amount of $163,468.10 per month (Sup9 §4(c); Sup10 §2(c); Sup11 §2(c); LTR1; Sup12 §3(a)(3) and §3(b)(3); Sup14 §3(a)(3) and §3(b)(3); Sup15 §3(c)) plus an amount equal to the credit for Floor 36 multiplied by the percentage increase in the labor rate in 2000 over 1999 (Sup14 §3(b)(3)). The monthly credit will increase by $92,734.38 plus an adjustment based on the increase in the labor rate in 2001 over 2000 with the addition of Floors 2, 8, 9, 11-14 to the demised premises (Sup15 §3(c); Sup19 §2(c)) and will increase by $13,296.17 plus an adjustment based on the increase in the labor rate in 2001 over 2000 with the addition of Floor 10 to the demised premises (Sup19 §3(c)).
Termination of Cleaning Agreement:	In the event the cleaning agreement for the office space is terminated, Landlord will provide cleaning services and Alliance will pay Landlord on a monthly basis for the office space (assuming that all of the office space demised under the lease is delivered to Alliance at that time) 48.6116% (Sup18 §7(a)) of annual increases in cleaning costs (which annual increases are equal to annual percentage increases in porter's wages) over Landlord's cleaning costs for the entire building during the first full calendar year after the Cleaning Agreement's termination (orig. §6.04, as modified by Sup9 §8(a)). Landlord's cleaning cost escalation statements are final and determinative unless Alliance challenges such statement in writing within 90 days (Sup7 §6(d)) of receipt. Alliance must make payment in accordance with such statement pending dispute resolution. Landlord and Alliance will resolve any dispute by arbitration with 3 arbitrators, each of whom will have at least 10 years' experience in the operation and

management of major Manhattan office buildings (orig. §6.01(d)).

Total rentable area of the building is 1,515,000 sf for cleaning cost escalation purposes.

MAINTENANCE & REPAIRS

Alliance's Responsibility	Alliance will make repairs to the demised premises necessitated by its acts, omissions, occupancy or negligence (except for fire or other casualty caused by Alliance's negligence if Landlord's insurance is not invalidated thereby) (orig. §9.01).
Landlord's Responsibility	Landlord will maintain the building and its common areas in a manner appropriate to a first class office building. The building exterior, the window sills outside the window and the windows are not part of the demised premises (orig. §9.01).

ALTERATIONS

Approval:	All alterations require Landlord's prior written approval, which will not be unreasonably withheld or delayed, provided that it does not (1) affect the structural integrity of the building, (2) affect the exterior of the building, or (3) adversely affect the building's systems without, in Landlord's opinion, adequate mitigation (orig. §8.01).
Landlord's Reimbursement:	Alliance will reimburse Landlord's out-of-pocket costs incurred in reviewing alterations (orig. §8.01).
Contractors:	Landlord's affiliate will act as general contractor for any alteration work performed anywhere in the demised premises for one year after the delivery of the 2nd and 8th-14th floors, for a fee not to exceed 6% of the aggregate cost of such work. In acting as general contractor, Landlord's affiliate will obtain competitive bids from at least 3 subcontractors approved by Landlord for each category of work, except that there is only one approved subcontractor for air conditioning balancing work (although Alliance may have another subcontractor verify the work) and there are only 2 unaffiliated subcontractors for the base building work (Sup15 §6(a)). Alliance and Plaza Construction Corp., Landlord's affiliate, have subsequently entered into that certain Master Agreement dated January 27, 2004 pursuant to which Plaza Construction Corp. will provide construction management services to Alliance in respect of construction projects at the building. Landlord must have given its approval of any contractors performing alterations. Alliance will inform the Landlord of the name of any contractors or subcontractors Alliance proposes to do any alterations at least 10 days prior to work commencement (orig. §8.01 2(a)).
Insurance Certificates:	Prior to commencing any alterations, Alliance will deliver to Landlord an insurance certificate evidencing the existence of workmen's compensation insurance covering all persons involved in such alterations and reasonable comprehensive general liability and property damage insurance with coverage of at least $1 million single limit (orig. §8.01(7)).

Records: Alliance will keep records of alterations exceeding $25,000 in cost and provide copies of such records to Landlord within 45 days of demand (orig. §8.07).

38th/39thFloor Staircase: Alliance has the right to install a staircase between the 38th and 39th floors provided that Landlord approves the plans therefor and the staircase is installed in compliance with Articles 8 and 45 of the lease (Sup4 §14).

Expiration of Term: All improvements installed by Landlord are the property of the Landlord (orig. §8.03) and all permanent improvements (including, therefore, any kitchen, pantry or dining room) will remain at the expiration of the term without Alliance being obligated to remove such permanent improvements. (orig. §8.04) All fixtures (other than trade fixtures) installed by Landlord become the property of the Landlord, and will remain as part of the demised premises, upon expiration of the lease. All furnishings and trade fixtures supplied by Alliance at its expense are Alliance's property and, with regard to Alliance's furniture and movable office equipment only (Sup7 §6(e)), will be removed upon the expiration of the lease term following the lease expiration unless Landlord notifies Alliance (within 30 days after Alliance's notice, which notice will be given at least 3 months prior to expiration of the lease term) that such property may remain in the demised premise following the lease term expiration (orig. §8.05). Alliance has no obligation to remove any staircases in the demised premises (Sup9 §21).

MISCELLANEOUS MATTERS RELATING TO IMPROVEMENTS

Emergency Generator: At Alliance's expense, Alliance has the right to place a generator in a location outside of the demised premises next to the Landlord's generator and otherwise in a location reasonably acceptable to the Landlord and tap into Landlord's fuel tank (at Alliance's expense for "tap" charges and fuel consumed) or to tap into the base building generator to utilize reasonable KVA capacity with appropriate reasonable sharing of costs (Sup9 §19; Sup15 §20).

Communications Antenna or Dish: Alliance has the right, subject to the other alteration provisions of the Lease and to all applicable legal requirements, to install a communications antenna or dish on the roof in a location reasonably determined by Landlord. Landlord may require Alliance to relocate the antenna, at Landlord's expense, to mitigate interference with other uses, so long as the antenna is able to function in its relocated position, provided that if such relocation does mitigate the interference, Landlord may require Alliance to remove the antenna so long as no other antennas are allowed to be installed on the roof and Landlord bears the cost of such removal and the unamortized value of the antenna. If deemed reasonably advisable by Landlord's engineer, Landlord will, at Alliance's expense, reinforce the area under the antenna and, upon lease expiration, Alliance will remove the antenna and restore any damage caused thereby. Alliance will pay Landlord one-half of fair market rent for the roof space used by the antenna. Alliance, under Landlord's supervision (the cost of which Alliance is obligated to reimburse, has access to the roof and other areas of the building as reasonably necessary to maintain and repair the antenna (Sup9 §20).

Communications Wiring: Landlord will provide Alliance a reasonable area in a common vertical riser shaft in the building for the installation of data, communications and security system cabling.

Initial Fit-Out of Floors 2 and 8-14: Alliance, at its expense, will prepare a complete set of plans for the work, which is subject to the reasonable approval of Landlord (orig, §45.01). Although Alliance is permitted to use its own engineer, such plans ultimately are subject to the reasonable approval of Landlord's designated engineer. There is no deadline for the delivery to Landlord of the plans for Alliance's initial fit-out. Landlord's affiliate will act as general contractor for Alliance's initial fit-out of the 2nd and 8th-14th floors and any other alteration work performed anywhere in the demised premises for one year after delivery of 2nd and 8th-14th floors, for a fee not to exceed 6% of the aggregate cost of such work. In acting as general contractor, Landlord's affiliate will obtain competitive bids from at least 3 subcontractors approved by Landlord for each category of work, except that there is one approved subcontractor for air conditioning balancing work (although Alliance may have another subcontractor verify the work) and there are 2 unaffiliated subcontractors for the base building work (Sup15 §6(a)). Alliance and Plaza Construction Corp., Landlord's affiliate, have subsequently entered into that certain Master Agreement dated January 27, 2004 pursuant to which Plaza Construction Corp. will provide construction management services to Alliance in respect of construction projects at the building.

SNDA & ESTOPPEL

Subordination, Non-Disturbance and Attornment: The Lease is subordinate to all present and future mortgages and ground leases only to the extent Alliance receives a subordination, non-disturbance and attornment agreement from the holder thereof (orig. §11.01; Sup15 §8). Alliance will not exercise any right to terminate the lease due to an act or omission of Landlord without first giving notice of such act or omission to any mortgagee or ground lessor of which Alliance has been notified and giving such mortgagee or ground lessor an opportunity to cure such act or omission within a reasonable period of time after such notice provided that such mortgagee or ground lessor notifies Alliance that it will commence and continue to remedy such act or omission (orig. §11.02). Alliance and the property's mortgagee are parties to a subordination, non-disturbance and attornment agreement (SNDA-M). Alliance and the property's ground lessor are parties to a subordination, non-disturbance and attornment agreement (SNDA-G).

Estoppel: Alliance will provide an estoppel certificate within 10 days after Landlord's request. The estoppel certificate will certify:

(a) that the Lease is unmodified and in full force and effect or, if there has been any modification that the same is in full force and effect as modified and state any such modification;

(b) whether the term of the Lease has commenced and rent become payable thereunder; and whether Alliance has

accepted possession of the demised premises;

(c) whether or not there are then existing any defenses or offsets which are not claims under paragraph (e) below against the enforcement of any of the agreements, terms, covenants, or conditions of the Lease any modification thereof upon the part of Alliance to be performed or complied with, and, if so, specifying the same;

(d) the dates to which the fixed annual rent, and additional rent, and other charges hereunder, have been paid; and

(e) whether or not Alliance has made any claim against Landlord under the Lease and if so the nature thereof and the dollar amount, if any, of such claim (orig. §36).

INSURANCE AND LIABILITY

Insurance:	Alliance will reimburse Landlord for any increases in Landlord's fire insurance caused by Alliance (orig. §10.03).
Landlord	Landlord is not liable for damage or injury to property or persons unless caused by or due to the negligence of Landlord or its agents, servants or employees (orig. §12.01). Alliance will look solely to Landlord's estate in the Building for the satisfaction of any judgment (orig. §12.05).
Alliance:	Alliance will reimburse Landlord for all costs incurred by Landlord that Landlord does not recover from insurance resulting from Alliance's breach under the lease, by reason of damage or injury caused by Alliance in connection with the moving of Alliance's property except as provided in the lease, and by reason of the negligence of Alliance or its agents, servants or employees in the use or occupancy of the demised premises (orig. §12.03). Alliance will indemnify, defend and save Landlord harmless from any liability arising from Alliance's use of the demised premises, breach of the lease, or holding over, except for any liability arising from Landlord's negligence (orig, 35.01).
Waiver of Subrogation	Both parties are required to obtain waivers of their insurer's rights of subrogation provided that such waiver does not result in an additional expense to the party waiving the right of subrogation, unless the other party agrees to be responsible for such additional expense (orig. §12.06(a) and (b)).

USE

General:	The demised premises are permitted to be used for executive and general offices (orig. §2). Landlord represents that such use does not violate the certificate of occupancy for the demised premises (orig. §17). The demised premises may not be used for a banking office open to street traffic or certain other undesirable businesses (orig. §42.01).
Dwyer Unit:	Alliance may, subject to Landlord's consent which may not be unreasonably withheld, install in the demised premises a Dwyer Unit at its sole cost expense provided that: (a) it is used for Alliance's employees and guests; (b) no installation of ventilation equipment is required and no odors emanate from the demised premises from the use thereof; (c) no additional air conditioning service is required thereby; (d) use of the unit is expressly subject to the extra cleaning and water consumption provisions of the lease; and (e) Alliance will engage an extermination service (orig. §49.01; Sup7 §18).
Dining:	Alliance may, subject to Landlord's consent which may not unreasonably be withheld, install a dining room with kitchen for use by Alliance's employees and guests in the demised premises (Sup7 §18), provided that such facilities (a) comply with all applicable laws, (b) are properly ventilated and (c) all wet garbage is bagged and stored so that no odor emanates therefrom (orig. §49.06). If Alliance installs such facilities, then (a) Alliance will pay landlord the cost of an extermination service and (b) will have a refrigerated garbage storage room or other means of disposing of garbage therefrom reasonably satisfactory to Landlord (orig. 32.08 (as modified by Sup9 §6(b)); orig. §49.02), but such refrigerated room will only be required if such wet garbage creates an odor or pest problem (orig. §49.02). Alliance may install additional dining facilities on any floor of the demised premises comparable to the dining facility located on the 39th floor (as it existed as of 8/16/94). (Sup9 §25)
Corporate Training Facility:	Subject to the other terms of the lease and all applicable laws, Alliance may use a portion of the demised premises for a corporate training facility (Sup5 §11(c)).
Concourse:	The portion of demised premises located on the concourse may be used for storage, mailroom, computer printing room, incidental office, dining room or cafeteria purposes and any other legal purpose (Sup15 §23(e)).

TERM

Expiration Date:	December 31, 2019 (Sup15 §12(a)).

Early Termination (45th Floor):

Provided Alliance never occupies the 45th floor, Alliance may upon written notice to Landlord given on or before 1/1/15, terminate the Lease with respect to the 45th floor effective 12/31/16 without penalty (Sup15, §21).

Landlord's 5 Year Extension Option:

- Landlord may upon written notice to Alliance given on or before 11/30/16, extend the term from 12/31/19 to 12/31/24 (Sup15 §13(a)(i)).
- Fixed annual rent during such extension period would be at the rate of the average fixed annual rent per s.f. being paid by Alliance on 12/30/19 for all of its space in building (other than ground floor, concourse or subconcourse space). The method of calculating escalations would remain unchanged for such period (Sup15 §13(a)(ii) and (iii); Sup21 §9(a)).

Alliance's 5 Year Extension Option:

- If Landlord extends the term to 12/31/24 as provided above, then on or before 12/31/16, Alliance may extend the term to 12/31/29 (Sup15 §13(b)).
- Fixed annual rent during such extension period would be at the rate of the average fixed annual rent per s.f. being paid by Alliance on 12/30/19 for all of its space in the building (other than concourse or subconcourse space). The method of calculating escalations would remain unchanged for such period (Sup15 §13(b)).
- Upon exercise of this 5 year extension option, Alliance loses its right to exercise its 10 year extension option described below.

Alliance's 10 Year Extension Option:

- Alliance has the option to extend the term for 10 years (Sup9 §12(a)) to expire on 12/31/29 if Landlord does not exercise its 5 year extension option, or 12/31/34 if Landlord does exercise its 5 year extension option and Alliance does not exercise its 5 year extension option.
- If Landlord does not exercise its 5 year extension option, the exercise deadline for Alliance's 10 year extension option is no later than 1/31/17, but no earlier than 12/1/16 (Sup15 §13(c)). If Landlord does exercise its 5 year extension option and Alliance does not exercise its 5 year extension option, then the exercise deadline for Alliance's 10 year extension option is 12/31/21 (Sup9 §12(a)(i)).
- As conditions to the exercise of Alliance's 10 year extension option, as of the date of exercise and as of the first day of the extension period (i) Alliance can not be in default of beyond applicable notice and grace periods of its obligation to pay fixed annual rent, tax escalations and expense escalations, and (ii) Alliance and its affiliates must occupy at least 200,000 rsf (Sup9 §12(a)(ii) and (iii)).
- The fixed annual rent for Alliance's 10 year extension period is 95% of fair market rent determined as of 36 months before what would have been the expiration of the term if the term had not been extended by Alliance's ten year extension option, as determined by Landlord and notified to Alliance in writing within 30 days thereafter, plus an increase in proportion to the increase over such 36 month period of the average of the CPI for Urban Consumers and CPI for Urban Wage Earners (both New York, NY-Northeast NJ, base year 1982-84 =100, "All Items") (Sup9 §12(b)). If Alliance disputes Landlord's determination of the rent, then Landlord and Alliance

will resolve the dispute according to a specified arbitration process (Sup9 §12(b) and §16).

- For purposes of calculating real estate tax escalations, the base year during such extension period is 2019/20 if Landlord does not exercise its 5 year extension option, or 2024/25 if Landlord does exercise its 5 year extension option (Sup9 §12(c)(i); Sup15 §13(b) and (c)). For purposes of calculating expense escalations, the base year for building expenses during such extension period is calendar year 2019 if Landlord does not exercise its 5 year extension option, or calendar year 2024 if Landlord does exercise its 5 year extension option. (Sup9 §12(c)(ii) and (iii); Sup15 §13(b) and (c)).

SERVICES

Electricity:

See page 14.

Elevator:

Passenger: Service will be provided as necessary on business days between 8 am and 6 pm and sufficient service at all other times (orig. §32.01). In case of special events at the demised premises, upon 24 hours notice from Alliance, Landlord will provide 2 dedicated elevators staffed by Landlord personnel, the labor cost of which will be reimbursable by Alliance within 30 days of demand (Sup9 §24(a)). Landlord is required to have, in 1996, reconfigured the elevators so that the 32nd floor and the 37th, 38th and 39th floors are served by the same elevators (Sup6, §4(c)).

Freight: Landlord will provide reasonable freight elevator service on business days from 8 am to 6 pm and after-hours service at landlord's established rates (orig. §32.01). During tenant's initial fit-out of the 36th and 8th -14th floors, Alliance has priority but not exclusive use of one freight elevator and non-priority use of a second freight elevator at no charge (Sup14 §13(a); Sup15 §16(a)). Subject to the terms of the alterations provisions and so long as Alliance is leasing floors 31 (part) through 41, Alliance has the right, at its expense, to make alterations so that any elevator servicing Floors 31 (part) through 41 can stop on any other floor leased by Alliance (Sup15 §24).

HVAC:

Regular Service: During regular hours of operation on business days as from time to time determined by Landlord, but always at least from 8 am to 6 pm, but excluding 9pm to 8 am (orig. §32.02(a)).

After-Hours Service: Available upon reasonable notice at Landlord's established rates, payable upon presentation of bill, provided that:

- if any other tenants in the same air conditioning zone obtain after-hours service, the charge therefore will be equitably pro-rated (orig. §32.02(d)), and
- Landlord will provide HVAC to Alliance free of charge on any non-business day that the New York Stock Exchange is open (Sup9 §24(b)).

Supplemental AC: Subject to the lease provisions (including the alterations section) and all applicable laws, Alliance may at its expense install self-contained package air-conditioning units in the demised premises. Alliance is responsible for the maintenance and repair of such units. Alliance may connect such units to any existing supplementary air-conditioning systems located in the demised premises as of the date the lease commenced with respect to the 37th and 38th floors (orig. §32.10). Alliance has the right to install at its own expense additional supplemental air conditioning in the demised premises subject to service being available from Landlord at Landlord's established per ton per annum connected load and line charge (Sup5 §11(d)). Alliance has the right to install a supplemental air conditioning system on the 31 (part)-34th, and 37th-39th floors and Landlord will provide condenser water therefor at a connected load and line charge fee of $500 per ton per annum increased after 1991 in proportion to the lease's expense escalations (Sup6 §17; Sup7 §19).

Condenser Water:

- Floors 2, 8-14: Alliance has reserved 190 tons of condenser water for use on the 2nd and 8th-14th floors, with an option to reserve up to an additional 80 tons upon written notice to Landlord on or before 8/30/04. Landlord's charge for such

condenser water is $568.35 plus annual increases based on the percentage increases in building and parking expenses. Alliance begins paying for such condenser water upon use (but no later after 1 year after delivery of the 2nd and 8th through 14th floors). If Alliance requires more than 270 tons of condenser water for such space, then Landlord will use best efforts to obtain additional condenser from the building's existing supply and, if unsuccessful, will enter into good faith discussions regarding the installation of an additional cooling tower and allocation of costs relating thereto (Sup15 §16(b)).

- Floors 15-16: The 15th floor has an existing supply of 12 tons of condenser water and the 16th floor has an existing supply of 11 tons of condenser water. Alliance has the right to install at its own expense, pursuant to the alterations provisions of the Lease, a supplemental air-conditioning system on the 15th and 16th floors. Alliance was to have reserved its requirements of condenser water for such supplemental system from the existing supply on or before May 1, 1999 and of additional condenser water (up to 100 tons) by June 30, 2001 (Sup14 §13(b)(ii)). We have been advised by Judd S. Meltzer Co. Inc., however,

that Landlord has agreed to reduce such available tonnage to 60 tons in exchange for increasing the available tonnage to 100 tons with respect to Floors 35-36. Landlord's charge for such condenser water is $552/ton per annum plus annual increases over a 1997 base year (Sup12 §14).

- Floors 2, 8-14, 17 (part): Alliance was required to notify the Landlord of the amount of additional condenser water required by Alliance for its premises on Floors 2, 8-14 and 17 (part), which amount cannot exceed 20 tons, by August 31, 2002. Alliance begins paying for such condenser water upon use at a rate equal to $594.90 per ton per annum increased annually from 2001 at the same percentage rate that building operating expenses increase (Sup16 §10(b)).

- Floors 31 (part)—34, 40, 41, 45: We have been advised by Judd S. Meltzer Co. Inc. that Alliance has exercised its right to have Landlord supply Alliance with 250 tons condenser water for use in supplemental air conditioning units on Floors 31 (part)-34 or 40, 41 and 45 at a cost $250/ton/yr for the first 250 tons/yr and $500/ton/yr (plus annual increases over the 1994 expenses base year). Any condenser water already being provided for Floors 31(part)-34 and 40, 41 and 45 are included in determining such rates. Alliance pays for the condenser water that Landlord has agreed to commit to Alliance, regardless of whether Alliance actually uses it (Sup9 §24(f)).

- Floors 35-36: Alliance may purchase up to 60 tons (in the aggregate) of condenser water for use in connection with its supplemental air-conditioning on the 35th and 36th floors. We have been advised, however, by Judd S. Meltzer Co. Inc. that Landlord has agreed to increase such available tonnage to 100 tons in exchange for reducing the available tonnage of additional condenser water to 60 tons with respect to Floors 15-16. Alliance must reserve the condenser water it wishes to purchase by February 8, 2001 (in respect of the 35th floor) and December 31, 2001 (in respect of the 36th floor) Landlord's charge for such condenser water is $568.35/ton per annum plus annual increases over a 1999 base year (Sup14 §13(b)).

Standards:

- indoor conditions to be 75° 50% RH when outdoor conditions are 92° DB and

74° WB; indoor conditions to be 70° when outdoor conditions are 11°

- outdoor air at a minimum of 20 cfm per person

assumes occupancy of 1 person per 100 usf, electric demand load of 5 watts per usf, and appropriate use of blinds (Sup9 §24(c)(ii)).

Water: Landlord is required to supply an adequate quantity for ordinary lavatory, drinking, cleaning and pantry purposes. Water consumed for any additional purposes is subject to charge therefor and, separate metering. Alliance is subject to charge and separate metering for water used for any additional purposes.

Housekeeping Supplies: Landlord must approve, in its reasonable discretion, suppliers of laundry, linen, towels, drinking water, ice and similar supplies to be consumed in the demised premises. Landlord may designate exclusive suppliers of any such supply provided that such suppliers' rates and quality are comparable to other suppliers (orig. §32.05).

Food & Beverages: Landlord must approve, in its reasonable discretion any vendor of food or beverages to be consumed in the demised premises (orig. §32.06).

Cleaning: See page 21.

Building Directory and Concierge: Alliance is provided with its proportionate share (based upon the same percentage used in calculating Alliance's share of operating expense escalations) of listings for itself, and any other person or entity in occupancy of the demised premises and their employees. Landlord may reduce the number of such listings provided that Alliance always has its share in proportion to the space it occupies in the building (Sup6 §23).

So long as Alliance and its affiliates are in occupancy of at least 200,000 rsf, Alliance, at no additional cost, is permitted to station 1 or, if practicable, 2 of its employees at the lobby's concierge desk with a telephone, an employee telephone directory, guest passes and an identifying sign (Sup9 §10(f)).

Signage and Flag: So long as Alliance and its affiliates are in occupancy of at least 200,000 rsf, Alliance has exclusive right to name the building after itself or, subject to Landlord's consent, any of its affiliates, and Alliance has the right to install signage with its name and logo:

- above the lobby entrance (which may be illuminated subject to Landlord's reasonable approval, but not neon, and provided that any other exterior signage is subject to Alliance's approval),

- on the building plaza kiosks (with signage for the building's retail tenants on such kiosks subject to Alliance's reasonable approval and any other kiosk signage or retail signage subject to Alliance's approval),

- behind the lobby concierge desk (which may be illuminated subject to Landlord's reasonable approval, but not neon, and which will be the only sign behind the lobby concierge desk, although Landlord may install less prominent signage for other tenants elsewhere in the lobby subject to Alliance's reasonable approval), and

- place "tombstone" signs on the building plaza

If occupancy decreases to less than 200,000, Landlord may remove Alliance's signage (Sup9 §10(a)). Landlord has reasonable approval rights as to the design and location

of Alliance's signage. All installation, maintenance and removal work relating to Alliance's signage will be performed by Landlord at Alliance's reasonable expense (Sup9 §10(b)).

So long as Alliance and its affiliates are in occupancy of at least 200,000 rsf, Alliance may fly a flag bearing its name and logo, the design of which is subject to landlord's reasonable approval, from a flagpole on the building plaza. No other flagpole may be installed on the building plaza without Alliance's approval (Sup9 §10(d)).

Landlord is prohibited from installing any signage in the area of the lobby's upper elevator bank for an Alliance competitor occupying Floors 46-50, or a majority thereof (Sup13 §19(d)).

General Contractor: Landlord's affiliate will act as general contractor for any alteration work performed anywhere in the demised premises for one year after Landlord delivers the 2nd and 8th-14th floors to Alliance following substantial completion of Landlord's work thereon, for a fee not to exceed 6% of the aggregate cost of such work (Sup15 §6(a)). Alliance and Plaza Construction Corp., Landlord's affiliate, have subsequently entered into that certain Master Agreement dated January 27, 2004 pursuant to which Plaza Construction Corp. will provide construction management services to Alliance in respect of construction projects at the building.

Emergency Generator: Landlord is obligated to provide an emergency power system to accommodate all life safety equipment, including fire pumps and elevators (one at a time) (Sup9 §19).

Parking: 37 spaces in the building garage at the garage's standard rates and terms, but the first 25 are at a 10% discount if Alliance reserved such spaces before the Sup9 Adjustment Date (Sup9 §18; Sup12 §12). Landlord's parking obligations continue so long as Landlord is the garage operator or so long as the garage is generally available to building tenants (Sup15 §22).

Landlord Work to be completed:

- Demolition (including removal of cables, panels and equipment from core telephone closets which can be removed at no cost to Landlord and cleaning of perimeter induction units) and asbestos removal, Americans with Disabilities Act, staircase removal and sprinkler work on floors 2 and 8, 9, 11-14. Alliance has the right, by notice to Landlord, to defer the demolition and asbestos removal work for all or a portion of the subject space for up to one year after the delivery of the 2nd and 8th, 9th, 11th -14th floors and receive a fixed rent abatement for the area covered by such work while such work is being done. Alliance may also defer any of such landlord's work, provided that Alliance is required to pay the incremental increase in Landlord's cost to perform such work beyond the first anniversary of delivery of the 2nd and 8th, 9th, 11th -14th floors (Sup15 §5; Sup19 §9).

- Concourse space will be delivered free of asbestos containing materials (Sup15 §23(e)).

Unexpended Allowances and Credits: 10th Floor: $130,000 credit against fixed annual rent due from and after Floor 10 is included in the demised premises (Sup19 §9).

15th Floor: $987,725 for tenant's initial fit-out and professional fees relating thereto. Any portion not used for such purposes is credited against fixed annual rent

(Sup12 §6(b)).

16th Floor: $987,725 for cost of initial fit out and professional fees relating thereto.

Any portion not used for such purposes is credited against fixed annual rent (Sup12 §6(c)).

CASUALTY/CONDEMNATION

Casualty:

In case of casualty, Landlord is required to restore the building and/or the demised premises (other than property installed by or on behalf of Alliance). Fixed annual rent and additional rent is abated to the extent that the demised premises or a portion thereof are unrentable and are not occupied by Alliance for the conduct of its business. In case of substantial casualty affecting the demised premises, Alliance may terminate the lease if Landlord's restoration is not completed within 1 year, subject to extension of up to an additional 6 months for circumstances beyond Landlord's reasonable control. (orig. §13.01). In case the building or the demised premises are substantially damaged in the last 2 years of the term, either Landlord or Alliance may cancel the lease upon notice given within 60 days of such casualty (orig. §13.02). Landlord may terminate the lease upon 30 days' notice given within 120 days of a casualty that so damages the building that Landlord decides to demolish it or not rebuild it (orig. §13.03).

Condemnation:

In case of a total condemnation of the demised premises, the lease terminates (orig. §14.01). In case of a condemnation other than a total condemnation of the demised premises, the lease will continue, but fixed annual rent and additional rent, will be abated proportionately, provided that if more than 25% of the demised premises is condemned, Alliance may terminate the lease upon 30 days notice given within 30 days after such condemnation (orig. §14.02). Landlord is required to repair any damage caused by such condemnation (orig. §14.02). In case of a condemnation of more than 25% of the demised premises, Landlord will, to the extent of the condemnation award, repair damage caused by such condemnation within 6 months of the condemnation, as such period may be extended due to force majeure. If Landlord fails to complete repairs within 6 months, as extended due to force majeure, Alliance may terminate upon 30 days' notice (orig. §14.04). In case of any partial condemnation within the last 2 years of the term, either party may terminate the lease within 32 days of the condemnation upon 30 days notice (orig. §14.04). In case of a temporary taking of all or part of the of the demised premises, there will be no abatement of rent, but Alliance is entitled to any condemnation award and if such temporary taking occurs in the last 3 years of the terms, Alliance may terminate the lease upon 30 days' notice given within the 30 days of title vesting in such condemnation (orig. §14.05).

ASSIGNMENT/SUBLETTING

Subletting the demised premises, assigning the Lease, allowing others to use the demised premises, and advertising for a subtenant or assignee are not permitted without the consent of Landlord (§15.01), which consent will not unreasonably be withheld (§15.05) except with regard to the ground floor portion of the demised premises. Landlord has no recapture rights. Alliance may, without Landlord's consent, assign or sublet to a corporation into or with which Alliance is merged, with an entity to which substantially all of Alliance's assets are transferred, or to an entity which controls or is controlled by Alliance or is under common control with Alliance, subject to a net worth test (§15.02). Also, Alliance may, without Landlord's consent, permit an affiliate (defined as "an entity which controls or is controlled by Alliance or is under common control with Alliance") to occupy all or a portion of the premises (orig. §15.08). Any permitted assignment or sublease will not be effective until Alliance delivers to Landlord a recordable sublease or assignment agreement reasonably satisfactory to Landlord pursuant to which the subtenant or assignee assumes all of Alliance's obligations under the Lease. Alliance will remain fully liable under the lease for the payment of rent and the performance of all of Alliance's other obligations under the Lease notwithstanding any such assignment or sublease (orig. §15.03).

Landlord's Consent to assignment or sub-subletting by an assignee or subtenant:

Landlord's consent will not be unreasonably withheld or delayed, provided that such further assignment or sub-sublease is subject to all of the other terms and conditions of the Lease regarding assignment and subletting (Sup7 §12(b)).

Profits:

If Alliance assigns the lease or sublets any portion of the demised premises other than to a corporation into which Alliance is merged or consolidated, or to which Alliance's assets are transferred or to any entity which controls or is controlled by Alliance or is under common control with Alliance, then Alliance will pay Landlord 50% of any profits after first deducting reasonable expenses incurred in connection with such assignment/sublease amortized on a straight line basis over the balance of the lease term (in case of an assignment) or over the term of the sublease (in case of a sublease) (orig. §15.07). For the first 50% of rsf of demised premises other than ground floor space (including Floors 2 and 8-14 after such floors are delivered to Alliance (Sup15 §19(a)) assigned or sublet by Alliance, Alliance will have the right to deduct as such a reasonable expense a "Tenant Improvement Deduction", determined as of the commencement date of such sublease or assignment, and calculated as follows:

((A/2 - B) ÷ C) × D, where

A = amortized value of Alliance leasehold improvements (regardless of whether paid for with tenant allowance) based upon the average value of Alliance's unamortized leasehold improvements on a per rentable square foot basis for all of the demised premises other than any concourse space (Sup15 §19(b) or ground floor space (Sup20 §2(a)), amortized on a straight line basis from completion date until 10/31/09 (if located on Floors 37-39 and completed prior to 8/16/94 and such calculation is being made prior to the delivery of Floors 2 and 8-14 (Sup15 §19(a))) or the lease expiration date (in all other cases)

B = total landlord cash contribution or allowance to Alliance for leasehold improvements under the lease,

C = total rsf of the demised premises, and

D = rsf of the space being sublet or assigned. (Sup9 §13(d))

In determining profits, Alliance is permitted to take into account its electricity expenses under the lease and cleaning expenses (whether under separate agreement with Landlord's contractor or pursuant to the lease) (Sup9 §13(d)), and its rental cost for the space being sublet or assigned will be determined using an average, on a rentable square foot basis, of its rental cost for the entire demised premises other than any concourse space or ground floor space (Sup20 §2(b)) except with respect to any sublease or assignment of the 2nd, 8th-14th or 17th (part) floors made before Alliance ever occupies such space (which is the case for Floor 10 (Sup19 §6(b)) in which case Alliance's rental cost will be based on its actual rental without including any deduction for unamortized tenant improvements (Sup15 §19(d); Sup16 §12, Sup17 §11; Sup18 §11). If Alliance subleases any part of Floors 2 and 8-14 or assigns the Lease with respect thereto after first occupying such space, then Alliance will have the right to take a "Tenant Improvement Deduction" as provided above.

RIGHTS TO ADDITIONAL SPACE

Except as noted below, all of the following rights are subject to the condition that Alliance and its affiliates are occupying at least 200,000 rsf of the building and to the condition that Alliance is not in default beyond the expiration of applicable notice and cure periods under any of the terms, provisions and conditions of the Lease.

Ground Floor: Alliance has the right of first offer to lease all or a portion of the space occupied by European American Bank as of August 16, 1994, upon such space (or portion thereof) becoming available, at 95% of fair market rent (as determined by Landlord but subject to a specified arbitration process if Landlord and Alliance cannot agree within 60 days of Alliance's acceptance of the offer) (Sup9 §14(a)). So long as Alliance and its affiliates occupy at least 200,000 rsf of the building, Landlord is restricted from leasing such space to a competitor of Alliance (Sup9 §14(a)(ii)). This right of first offer is not subject to the condition that Alliance not be in default beyond the expiration of applicable notice and cure periods under any of the terms, provisions and conditions of the Lease.

18th Floor: Subject to the superior rights (as of September 9, 1998) of any then-existing tenant or occupant and the superior rights of any tenant which after September 9, 1998 leases at least three floors of the 2nd through 14th floors of the Building, Alliance has the right of first offer to lease all or any portion of the 18th floor upon availability at fair market rent (as determined by Landlord but subject to a specified arbitration process if Landlord and Alliance cannot agree within 60 days of Alliance's acceptance of the offer) (Sup12 §9(a)(ii)). We have been advised by Judd S. Meltzer Co. Inc. that this space is presently leased to Arthur Andersen pursuant to a lease which expires on April 30, 2004 and that Linklaters has superior rights to this right of first offer. Alliance may not accept any such offer of space after 12/31/13 unless Alliance has exercised its ten-year extension option by 12/31/13. This restriction is now nonsensical in light of the extension of term and additional extension rights of Landlord and Alliance under the Fifteenth Supplemental Agreement. We understand that Alliance has had discussions with the Landlord regarding leasing space on the seventeenth floor. We have talked to the Landlord about the foregoing restriction, and the Landlord has agreed to changing these provisions in a supplement to the Lease adding the seventeenth floor space or, if no such transaction is consummated, then pursuant to a separate supplement. In addition, Alliance may not accept any such offer of space if it has exercised all of its extension options and there are less than 5 years remaining to the Lease term (Sup12 §9(a)(iii)(7)).

24th and 25th Floors: [Note: The 24th and the 25th floors are currently used for the building's mechanical equipment and are not leased to tenants.]

26th, 27th and 28th Floors: Subject to the superior rights (as of 8/16/94) of any then-existing tenant or occupant of the building and the superior rights of any tenant that leases floors 26 through 28, Alliance has the right of first offer to lease, at fair market rent (as determined by Landlord but subject to a specified arbitration process if Landlord and Alliance cannot agree within 60 days of Alliance's acceptance of the offer), the 26th, 27th and 28th floors (or a portion of any such floor, if offered to Alliance as a partial floor), upon availability (Sup9 §14(c)). We have been advised by Judd S. Meltzer Co. Inc. that this space is presently leased to Avon pursuant to a lease which expires on October 31, 2016 and that Avon has three 5-year extension options which are superior to Alliance's right of first offer.

29th Floor: Subject to the superior rights (as of 8/16/94) of any then-existing tenant or occupant of the building and the superior rights of any tenant that leases floors 26 through 28, Alliance has the right of first offer to lease, at fair market rent (as determined by Landlord but subject to a specified arbitration process if Landlord and Alliance cannot agree within

60 days of Alliance's acceptance of the offer), the 29th floor (or a portion thereof, if offered to Alliance as a partial floor), upon availability (Sup9 §14(c)). We have been advised by Judd S. Meltzer Co. Inc. that this space is presently leased to Dean Witter pursuant to a lease which expires on February 28, 2005 and that Avon has superior rights to this right of first offer.

30th Floor: Subject to the superior rights (as of 8/16/94) of any then-existing tenant or occupant of the building and the superior rights of any tenant that leases floors 26 through 28, Alliance has the right of first offer to lease, at fair market rent (as determined by Landlord but subject to a specified arbitration process if Landlord and Alliance cannot agree within 60 days of Alliance's acceptance of the offer), the 30th floor (or a portion of any such floor, if offered to Alliance as a partial floor), upon availability (Sup9 §14(c)). We have been advised by Judd S. Meltzer Co. Inc. that this space is presently leased to Rubenstein pursuant to a lease which expires on December 31, 2009 and that Rubenstein has one 5-year extension option which may be preempted by Alliance.

Balance of 31st Floor: Alliance has the right of first offer to lease all or a portion of the 31st floor not already leased to Alliance upon availability (subject to the superior right of Robinson Brog), at 95% of fair market rent (as determined by Landlord but subject to a specified arbitration process if Landlord and Alliance cannot agree within 60 days of Alliance's acceptance of the offer) (Sup9 §14(d)(iv)). We have been advised by Judd S. Meltzer Co. Inc. that this space is presently leased to Robinson, Brog pursuant to a lease which expires on December 31, 2005, which Robinson, Brog may extend for an additional five years. This right of first offer is not subject to the condition that Alliance and its affiliates are in occupancy of at least 200,000 rsf.

42nd, 43rd and 44th Floors: Alliance has the right of first offer to lease the 42nd, 43rd and 44th floors or any combination of full-floors thereof so long as any such space taken by Alliance is contiguous to the demised premises, at 95% of fair market rent (as determined by Landlord but subject to a specified arbitration process if Landlord and Alliance cannot agree within 60 days of Alliance's acceptance of the offer). We have been advised by Judd S. Meltzer Co. Inc. that this space is presently leased to Carter-Wallace, Inc. pursuant to a lease which expires on April 30, 2011, which Carter-Wallace, Inc. may extend for an additional ten years provided that it is in occupancy of at least 50% of its demised premises. We have also been advised by Judd S. Meltzer Co. Inc. that Carter-Wallace, Inc. has subleased the 43rd and 44th floors to Arnhold and S. Bleichroeder, Inc. Carter-Wallace, Inc.'s lease has an expiration date of 5/31/11 with two 10-year extensions (Sup9 §14(b)).

46th through 50th Floors: Subject to the superior rights (as of 8/16/94) of any then-existing tenant or occupant of the building and the superior rights of any tenant that leases floors 26 through 28, Alliance has the right of first offer to lease, at fair market rent (as determined by Landlord but subject to a specified arbitration process if Landlord and Alliance cannot agree within 60 days of Alliance's acceptance of the offer), the 49th and 50th floors (or a portion of any such floor, if offered to Alliance as a partial floor), upon availability (Sup9 §14(c)). This right of first offer also applies to the 46th through 48th floors (Sup10 §4(b); Sup14 §16). We have been advised by Judd S. Meltzer Co. Inc. that this space is presently leased to Pimco pursuant to a lease which expires on December 31, 2016 and that there are no superior rights to this right of first offer.

All other space: We have been advised by Judd S. Meltzer Co. Inc. that the companies listed below have leased the floors under leases expiring as follows:

Tenant	Floor(s)	Lease Expiration
Arthur Andersen	3 through 7	04/30/04
Linklaters	19	11/30/13
Stern Stewart	20	04/30/08
Smith Barney	21 and 22	04/30/05
Nichimen	23	04/30/12

Alliance has the right of first offer to lease all other space in the building it does not already lease or that is not subject to another of Alliance's rights of first offer, upon availability, at fair market rent (as determined by landlord but subject to a specified arbitration process if Landlord and Alliance cannot agree within 60 days of Alliance's acceptance of the offer) (Sup15 §9(a)(1); Sup16 §14). This right of first offer is subject to the conditions that Alliance and its affiliates are in occupancy of at least 400,000 rsf and is subject to any rights of first offer or refusal held by any other building occupant or tenant existing as of August 3, 2000 (Sup15 §9(a)(i) and (ii)). (Note: We have been advised by Judd S. Meltzer Co. Inc. that the following superior rights exist: Linklaters has two 5-year extension options with respect to the 19th floor, Smith Barney has one 5-year extension option with respect to the 21st and 22nd floors; Nichimen has one 5-year extension option with respect to the 23rd floor and Avon has rights to the 23rd floor.) Alliance may not exercise such right of first offer during the last 10 years of the term unless (i) Alliance simultaneously extends the lease term pursuant to the Lease, or (ii) such offer is made during the period beginning 10 years before the expiration date and ending 5 years before the expiration date and is for 2 or fewer floors (provided that if it is for more than 2 floors and Alliance wishes to accept the offer, Alliance must accept Landlord's terms (including, perhaps, a non-coterminous expiration date) for those excess floors) (15 Sup, §9(a)(iii)(7)).

DEFAULT AND LANDLORD REMEDIES

Events of Default: Landlord may terminate the lease upon 10 days' notice if:

(i) Alliance fails to pay fixed annual rent or any other lease payment within 10 days after notice from Landlord of

such failure;

(ii) Alliance fails to cure its default under any of its other obligations under the lease, or fails to re-occupy the demised premises after abandoning the demised premises, within 30 days after notice from Landlord (reduced to 5 days in case of default under Alliance's obligation to use the demised premises in conformance with the certificate of occupancy or Alliance's failure to provide an estoppel), but if such default cannot be cured within such period, such period is extended as necessary to permit Alliance with diligence and good faith, to cure such default; or

(iii) an execution or attachment against Alliance or its property results in a party other than Alliance continuing to occupy the demised premises after 30 days' notice from Landlord (orig. §19.01).

Upon termination, Landlord may re-enter the demised premises and dispossess Alliance (orig. §19.02).

Alliance's obligation to pay fixed annual rent and additional rent survives any termination of the lease due to Alliance's default (orig, §19.03). Upon such termination, Alliance will pay landlord re-letting expenses and at Landlord's option, either a lump sum representing the present value of the excess of Alliance's combined fixed annual rent and additional rent over the rental value for the terminated portion of the term, or on a monthly basis the excess of Alliance's combined fixed annual rent and additional rent over the rent received from any re-letting of the demised premises for the period representing the terminated lease term (orig, §20.01).

Landlord's Right to Cure: If Alliance fails to cure a default within any applicable grace period after notice of such default (provided that no notice is required in case of emergency), then Landlord may cure such default and bill Alliance for the cost of such cure, which bill will be due upon receipt (orig. §21.01).

Right to Contest: Alliance may contest any law that Alliance is obligated to comply with under the lease and compliance thereunder, provided that:

(a) such non-compliance will not subject Landlord to criminal prosecution or subject the building to lien or sale;

(b) such non-compliance does not violate any fee mortgage, ground lease or leasehold mortgage thereon;

(c) Alliance will deliver a bond or other security to Landlord; and

(d) Alliance will diligently prosecute such contest.

Arbitration: Where arbitration is required by the lease, unless otherwise expressly provided, the arbitration will be in New York City in accordance with the Commercial Arbitration Rules of the American Arbitration Association and the lease, and judgment may be

entered in any court having jurisdiction (orig, §33.01).

Limits on Alliance's Remedies: Alliance cannot, in response to Landlord's act or omission, terminate the lease or set-off rent before giving any ground lessor or mortgagee of the fee or ground leasehold estate for which Alliance has been given an address notice of such act or omission and a reasonable period of time to cure. Such ground lessor or mortgagee, however, has no obligation to cure such act or omission.

ACCESS

Landlord: Landlord may enter the demised premises to perform alteration work, to inspect the demised premises or to exhibit the demised premises to prospective purchasers, mortgagees or lessors of the building and (during the last 6 months of the term) to prospective lessees of the demised premises, provided that Landlord provides Alliance advance notice (which may be oral) of such entry (orig. §16.01). Landlord will exercise reasonable diligence so as to minimize the disturbance (orig. §16.01).

Carter-Wallace, Inc. Carter-Wallace, Inc. is allowed, once a month upon reasonable notice during business hours, access in the vicinity of column 63 on the northeast side of the 41st floor to service a humidifier, provided that Carter-Wallace, Inc. will move such portion of humidifier off the 41st floor if Alliance reasonably requires Carter-Wallace, Inc. to do so as part of Alliance's alteration work on the 41st floor (LTR1, par 2).

NOTICES

All notices required to be given by the lease or by law are required to be in writing. Notices, which are required to be sent by

certified or registered mail, are deemed sent by the sender and received by the recipient when deposited in the exclusive care and custody of the U.S. mail. Notices to Landlord are to be addressed as follows:

1345 Leasehold Limited Partnership
c/o Fisher Brothers
299 Park Avenue
New York, New York

with a copy to:

Fisher Brothers
299 Park Avenue
New York, New York
Attn: General Counsel

(orig. §31.01)

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Exhibit 10.4

AMENDMENT AND COMPLETE RESTATEMENT
OF THE
RETIREMENT PLAN FOR EMPLOYEES
OF
ALLIANCE CAPITAL MANAGEMENT L. P.

(As Amended through January 1, 2002)

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RETIREMENT PLAN FOR EMPLOYEES

OF

ALLIANCE CAPITAL MANAGEMENT L.P.

WHEREAS, effective as of January 1, 1980, the predecessor of Alliance Capital Management L.P. ("Alliance") established a retirement plan covering its employees; and

WHEREAS, that plan as subsequently amended and completely restated was adopted and continued by Alliance in connection with the transfer on April 21, 1988 of the predecessor's business and substantially all of its operating assets and liabilities to Alliance and prior to that transfer and in connection therewith again amended and renamed the Retirement Plan for Employees of Alliance Capital Management L.P. (the "Plan"); and

WHEREAS, the Plan was amended and restated effective January 1, 1989 to comply with certain amendments to applicable law and to make certain other changes and was subsequently further amended; and

WHEREAS, on October 22, 1993, by resolution of the Board of Directors (the "Board") of Alliance Capital Management Corporation (the "Corporation"), Alliance's general partner, adopted, effective as of January 1, 1993, amendments to the Plan and restated the Plan as so amended, all subject to such changes as may be necessary for the Plan to continue to satisfy the requirements for qualification under Section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code"), for the trust under the Plan to be exempt from tax under Section 501(a) of the Code, and for the Plan to satisfy any other applicable requirements of the Employee Retirement Income Security Act of 1974, as amended; and

WHEREAS, on October 22, 1993, the Board also authorized the Management Compensation Committee to make such technical and conforming changes to the Plan as it considers necessary or appropriate and authorized the officers of the Corporation to execute such documents with respect to the above-described resolutions as the officer so acting deemed appropriate; and

WHEREAS, the Internal Revenue Service issued a favorable determination letter dated March 31, 1995 with respect to the qualification of the Plan under Section 401(a) of the Code, subject to the adoption of amendments to the Plan (the "Amendments");

WHEREAS, the Plan was amended to reflect each of the Amendments effective with respect to each Amendment either as of January 1, 1993 or as of such other date as required with respect to the Amendment for the Plan to satisfy any applicable requirement for qualification under Section 401(a) of the Code.

WHEREAS, on February 20, 2002, the Board of the Corporation adopted, effective as of the dates set forth herein, amendments to the Plan and restated the Plan as so amended, all subject to the changes as may be necessary for the Plan to continue to satisfy the requirements for qualification under Section 401(a) of the code;

NOW, THEREFORE, this document sets forth the Plan as embodying such further amendments which are effective either as of January 1, 2002, except as otherwise provided, or as of such other date with respect to a particular amendment as required for the Plan to satisfy any applicable requirement for qualification under Section 401(a) of the Code.

ARTICLE I

DEFINITIONS

The following words and phrases as used herein shall, when initially capitalized, have the following meanings unless a different meaning is required by the context:

1.01 "ACCRUED BENEFIT" as of any specified date, means the Retirement Pension, commencing on his Normal Retirement Date, earned by a Participant as of such date, which shall be equal to the Retirement Pension, computed in accordance with Section 3.02, to which he would have been entitled had he continued as an Employee until his Normal Retirement Date, had been credited with one (1) Year of Service in each year of employment during such period and had the same Average Final Compensation, Final Average Compensation and Past Final Average Compensation, as applicable, at his date of Retirement as that which he would have had if his Average Final Compensation, Final Average Compensation and Past Final Average Compensation, as applicable, had been computed as of the date of computation of his Accrued Benefit, such amounts to be multiplied by a fraction, the numerator of which is his number of years of Credited Service as of the specified date, and the denominator of which is the number of such years which he would have completed as of his Normal Retirement Date.

1.02 "ACTUARIAL EQUIVALENT" means, except as provided below, a benefit of equivalent value that is actuarially calculated based on an annual investment rate of 6% compounded annually and mortality determined in accordance with the UP-1984 mortality table with ages set back one year.

Notwithstanding the foregoing, for purposes of determining with respect to any distribution under the Plan after December 31, 1995:

(a) whether the consent of the Participant (and if applicable, the Participant's Spouse) is necessary prior to distribution of the Participant's benefit;

(b) the single sum value of the Participant's benefit; and

(c) the value of a benefit under Option 4 or Option 5 provided for in Section 6.01;

a benefit of equivalent value shall be the greater of that determined in accordance with the assumptions set forth above, and that determined by applying the Applicable Interest Rate for the month of September of the Plan Year immediately

preceding the Plan Year with respect to which the benefit is being determined and the Applicable Mortality Table; provided, however, in no event shall the single sum value of the Participant's benefit distributed during the 1996 calendar year be less than would result by applying the Applicable Interest Rate for January 1996 and the Applicable Mortality Table.

1.03 "ADMINISTRATIVE COMMITTEE" or "COMMITTEE" means the administrative committee appointed by the Board pursuant to Section 15.02.

1.04 "AFFILIATE" means any corporation or unincorporated business (i) controlled by, or under common control with, the Company within the meaning of Sections 414(b) and (c) of the Code; provided, however, that for all purposes of the Plan, "Affiliate" status shall be determined by application of Section 415(h) of the Code, or (ii) which is a member of an "affiliated service group", as defined in Section 414(m)(2) of the Code, of which the Company is a member.

1.05 "ANNUITY PURCHASE RATE" means, effective as of July 1, 1994, (a) the interest rate which would be used by the Pension Benefit Guaranty Corporation as of the first day of the Plan Year of the date of the distribution involved for the purpose of determining the present value of a single sum distribution in connection with the termination of the Plan if the present value of the applicable vested Accrued Benefit (using such rate) does not exceed $25,000, or (b) one hundred twenty percent of the rate used by the Pension Benefit Guaranty Corporation for that purpose if the present value of the vested Accrued Benefit, as determined in accordance with clause (a) exceeds $25,000, provided that in no event shall the present value of a Participant's vested Accrued Benefit determined by application of this clause (b) be less than $25,000; provided that the Annuity Purchase Rate with respect to the Accrued Benefit as of such first day of the Plan Year shall not be larger than the Annuity Purchase Rate which would have been computed under the definition of Annuity Purchase Rate in effect immediately prior to July 1, 1994.

1.06 "APPLICABLE INTEREST RATE" means an annual investment rate equal to the annual interest rate on 30-year Treasury securities as specified by the Commissioner of Internal Revenue.

1.07 "APPLICABLE MORTALITY TABLE" means the mortality table based on the then prevailing standard table (described in Section 807(d)(5)(A) of the Code) used to determine reserves for group annuity contracts issued as of the date as of which the value of the benefit involved is determined (without regard to any other subparagraph of Section 807(d)(5) of the Code) that is prescribed by the Commissioner of Internal Revenue for purposes of determining the value of benefits.

1.08 (a) "AVERAGE FINAL COMPENSATION" means an amount obtained by totaling the Compensation of a Participant for the five (5) consecutive full calendar years preceding the date of his Retirement or other Termination of Employment, whichever is applicable, in which he received his highest aggregate Compensation (or his Compensation for his consecutive full calendar Years of Service, if less than five (5)), and dividing the sum thus obtained by five (5) (or the number of his full calendar Years of Service if less than five (5)). Notwithstanding the foregoing, partial calendar Years of Service, other than the year of termination of employment, shall be taken into account in determining Average Final Compensation, if the Participant completed at least 750 Hours of Service in each of such partial years. If any partial Year of Service is to be taken into account under the preceding sentence, the Compensation for such year shall be included in the calculation of Average Final Compensation as follows: The Compensation for any such partial Year of Service shall be added to the Compensation for the full calendar years included in calculating Average Final Compensation, and the total of such Compensation shall be divided by the sum of (i) the number of full calendar years included in calculating Average Final Compensation and (ii) the fraction whose numerator is the number of days worked during the partial Year of Service (including any weekends, holiday or vacation that occur during a continuous period of employment) and whose denominator is 365.

(b) If, during any of the calendar years taken into account in determining a Participant's Average Final Compensation, there was a period during which such Participant was an Inactive Participant, or was on unpaid Leave of Absence, or was compensated for fewer hours than are customary for his job category by reason of disability, the Compensation paid in such period shall be included in his Compensation for such calendar year (solely for the purpose of determining Average Final Compensation) at the rate of Compensation he was receiving immediately preceding such period.

1.09 "BENEFICIARY" means such person or persons as may be designated by a Participant or Retired Participant or as may otherwise be entitled, upon his death, to receive any benefits or payments under the terms of this Plan.

1.10 "BOARD OF DIRECTORS" or "BOARD" means the Board of Directors of the general partner of the Company responsible for the management of the Company's business or a committee thereof designated by such Board.

1.11 "BREAK IN SERVICE" with respect to any Employee, means any calendar year in which he completes fewer than five hundred and one (501) Hours of Service with Employers or Affiliates; provided that in the case of an absence of an Employee pursuant to the Family and Medical Leave Act of 1993 (the

"FMLA"), the period beginning on the first date of such absence and ending 12 months thereafter shall not constitute a "Break in Service."

1.12 "CODE" means the Internal Revenue Code of 1986, as amended from time to time.

1.13 "COMPANY" means (a) Alliance Capital Management Corporation for the period prior to April 21, 1988, and (b) for subsequent periods, Alliance Capital Management L.P. and any successor thereto.

1.14 (a) "COMPENSATION" means, for any calendar year, an amount equal to a Participant's base salary.

(b) There shall be excluded from Compensation overtime pay, bonuses, severance pay, distributions on Units representing assignments of beneficial ownership of limited partnership interests in the Company, and any amounts paid or payable to or for a Participant or Retired Participant pursuant to any welfare plan or any pension plan, profit sharing plan or other plan of deferred compensation, or any other extraordinary item of compensation or income; provided that in the case of a Participant whose Compensation from an Employer includes commissions, commissions shall be included only up to the annual amount of the Participant's draw against actual commissions in effect at the beginning of the Plan Year involved.

(c) For Plan Years beginning on or after January 1, 1994, Compensation of a Participant in excess of $150,000 (or such other amount prescribed under Section 401(a)(17) of the Code, including any cost-of-living adjustments) shall not be taken into account under the Plan for the purpose of determining benefits. For Plan Years beginning on or after January 1, 1989 and before January 1 1994, $200,000 shall be substituted for $150,000 in the preceding sentence. For the avoidance of doubt, the increase to the limit provided under Section 401(a)(17) of the Code under the Economic Growth and Tax Relief Reconciliation Act of 2001 shall only be applied with respect to Participants who accrue a benefit under the Plan on or after January 1, 2002.

(d) For any year for which Compensation is relevant under the Plan, in connection with any Employee who is paid based on an annual rate of salary that applies for only a portion of the year, the Compensation attributable to that portion of the year for such Employee shall be equal to the product of (i) such annual rate of salary, multiplied by (ii) a fraction, the numerator of which is the number of pay periods during such year during which such Employee was paid at that annual rate of salary, and the denominator of which is 26.

The determination of eligible Compensation shall be in accordance with records maintained by the Employer and shall be conclusive.

1.15 (a) "CREDITED SERVICE" means, unless excluded by Subsection (b), an Employee's Years of Service;

(b) Credited Service shall not include:

(1) With respect to all Employees, Years of Service ending on or before December 31, 1969; or

(2) Any Year of Service during any part of which an Employee is an Excluded Employee; provided that if the Employee is employed by an Employer after employment with an Affiliate who during a period of employment with the Affiliate maintained a "defined benefit plan" within the meaning of Section 414(j) of the Code, the service with the Affiliate while an Affiliate upon which the Employees accrued benefits under the Affiliate's plan is based shall be considered Credited Service hereunder, but in no event shall any period be counted

more than once in computing a Participant's Credited Service and any retirement pension related to such service shall be taken into account as set forth in Section 3.02(b) of the Plan.

1.16 "DEFERRED RETIREMENT" means an Employee's continued employment after his sixty-fifth (65th) birthday.

1.17 "DEFERRED RETIREMENT DATE" means the first day of the calendar month coincident with or next following the date of an Employee's Retirement provided such Retirement occurs after his Normal Retirement Date.

1.18 "DISABILITY" means the mental or physical incapacity of an Employee which, in the opinion of a physician approved by the Administrative Committee, renders him totally and permanently incapable of performing his assigned duties with an Employer or an Affiliate.

1.19 "EARLY RETIREMENT" means Retirement on or after a Participant's Early Retirement Date and prior to his Normal Retirement Date.

1.20 "EARLY RETIREMENT DATE" means the first day of the month coincident with or next following the date upon which the Participant shall have attained the age of fifty-five (55) and the sum of the Participant's age and Years of Service equals eighty (80).

1.21 "ELIGIBLE EMPLOYEE" means all Employees of an Employer other than:

(a) any Employee included in a unit of Employees covered by a collective bargaining agreement between an Employer and Employee representatives in the negotiation of which retirement benefits were the subject of good faith bargaining, unless: (i) such bargaining agreement provides for participation in the Plan, (ii) the Employee representatives represented an organization more than half of whose members are owners, officers or executives of such Employer, or (iii) 2% or more of the Employees who are covered pursuant to that agreement are professionals as defined in Treasury Regulation Section 1.410(b)—6(d);

(b) Employees whose principal place of Employment is outside the United States, U.S. Virgin Islands, Guam and Puerto Rico;

(c) an individual classified by the Employer at the time services are provided as either an independent contractor, or an individual who is not classified as an Employee due to an Employer's treatment of any services provided by him as being provided by another entity which is providing such individual's services to the Employer, even if such individual is later retroactively reclassified as an Employee during all or part of such period during which services were provided pursuant to applicable law or otherwise.

(d) any individual listed in Section 2.09 of this Plan.

1.22 "EFFECTIVE DATE" means January 1, 1980.

1.23 "EMPLOYEE" means an individual described in Sections 3121(d) (1) or (2) of the Code who is employed by an Employer or an Affiliate.

1.24 "EMPLOYER" means the Company and any Affiliate which, with the consent of the Board of Directors, has adopted the Plan as a participant herein and any successor to any such Employer.

1.25 "EMPLOYMENT COMMENCEMENT DATE" means:

(a) the first day in respect of which an Employee receives Compensation from an Employer or an Affiliate for the performance of services; or

(b) in the case of a former Employee who returns to the employ of an Employer or Affiliate after a Break in Service, the first day in respect

of which, after such Break in Service, he receives Compensation from an Employer or Affiliate for the performance of services.

1.26 "ENTRY DATE" means the first day of each Plan Year.

1.27 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

1.28 (a) "EXCLUDED EMPLOYEE" means an individual in the employ of an Employer or an Affiliate who:

(1) is employed by an Affiliate that is not an Employer; or

(2) is included in a unit of employees covered by a collective bargaining agreement between employee representatives and one or more Employers or Affiliates, if retirement benefits were the subject of good faith bargaining between such employee representatives and such Employer; or

(3) is not an Excluded Employee under Paragraph (4) of this subsection (a) and is neither a resident nor a citizen of the United States of America, nor receives "earned income", within the meaning of Section 911(b) of the Code, from an Employer or Affiliate that constitutes income from sources within the United States, within the meaning of Section 861(a)(3) of the Code, unless the individual became a Participant prior to becoming a non-resident alien and the Company stipulates that he shall not be an Excluded Employee; or

(4) is not a citizen of the United States, unless the individual (A) was initially engaged as an Employee by an Employer or an Affiliate to render services entirely or primarily in the United States or (B) is an Employee of an Employer which is a United States entity, and unless, in the case of an individual referred to in either Subparagraph (A) or (B) of this Paragraph 4, the Company stipulates that he shall not be an Excluded Employee; or

(5) is accruing benefits and/or receiving contributions under a retirement plan of an Affiliate which operates entirely or primarily outside the United States other than this Plan or the Profit Sharing Plan for Employees of Alliance Capital Management L.P. unless, in either case, the Company stipulates that he shall not be an Excluded Employee; or

(6) is compensated on a commission arrangement which does not provide for payment of periodic draws against actual commissions earned; or

(7) is a "leased employee". For purposes of this Plan, a "leased employee" means any person (other than an Employee of the recipient) who pursuant to an agreement between the recipient and any other person ("leasing organization") has performed services for the recipient (or for the recipient and related persons determined in accordance with Section 414(n)(6) of the Code on a substantially full time basis for a period of at least one year), and such services are performed under primary direction or control by the recipient employer.

(b) An Excluded Employee shall be deemed an Employee for all purposes under this Plan except that:

(1) an Excluded Employee may not become a Participant while he remains an Excluded Employee; and

(2) a Participant shall not receive any Credited Service for any Year of Service during any part of which he remains an Excluded Employee unless the Company specifies otherwise.

1.29 "FINAL AVERAGE COMPENSATION" means an amount obtained by totaling the Compensation of a Participant for the three (3) consecutive full calendar Years of Service (which for any such year cannot exceed the taxable wage base in effect for that year) ending on or on the last day of the calendar year immediately preceding the date of his Retirement or other Termination of Employment, whichever is applicable, (or his Compensation for the number of his full calendar years and fractions thereof then ending if less than three (3)), and dividing the sum thus obtained by three (3) (or such number of full calendar years and fractions thereof if less than three (3)), but limited to Covered Compensation. Notwithstanding the foregoing, partial calendar Years of Service, other than the year of termination of employment, shall be taken into account in determining Final Average Compensation, if the Participant completed at least 750 Hours of Service in each of such partial years. If any partial Year of Service is to be taken into account under the preceding sentence, the Compensation for such year shall be included in the calculation of Final Average Compensation as follows: The Compensation for any such partial Year of Service shall be added to the Compensation for the full calendar years included in calculating Final Average Compensation, and the total of such Compensation shall be divided by the sum of (i) the number of full calendar years included in calculating Final Average Compensation and (ii) the fraction whose numerator is the number of days worked during the partial Year of Service (including any weekends, holiday or vacation

that occur during a continuous period of employment) and whose denominator is 365. "Covered Compensation" for this Section 1.29 means the average of the taxable wage bases for the thirty-five (35) calendar years ending with the year an individual attains social security retirement age.

1.30 "HIGHLY COMPENSATED EMPLOYEE" means an Employee who, with respect to the "determination year":

(a) owned (or is considered as owning within the meaning of Section 318 of the Code) at any time during the "determination year" or "look-back year" more than five percent of the outstanding stock of the Employer or stock possessing more than five percent of the total combined voting power of all stock of the Employer (the attribution of ownership interest to Family Members shall be used pursuant to Section 318 of the Code); or

(b) who received "415 Compensation" during the "look-back year" from the Employer in excess of $80,000 and was in the Top Paid Group of Employees for the "look-back year".

The "determination year" shall be the Plan Year for which testing is being performed. The "look-back year" shall be the Plan Year immediately preceding the "determination year."

For purposes of this Section, the determination of "415 Compensation" for Plan Years beginning before January 1, 1998 shall be made by including amounts that would otherwise be excluded from an Employee's gross income by reason of the application of Sections 125, 402(e)(3), 402(h)(1)(B) of the Code and, in the case of Employer contributions made pursuant to a salary reduction agreement, by including amounts that would otherwise be excluded from an Employee's gross income by reason of the application of Section 403(b) of the Code. For Plan Years beginning after December 31, 1997, the term "415 Compensation" shall include: (i) any elective deferral (as defined in Section 402(g)(3) of the Code) and (ii) any amount which is contributed or deferred by the Employer at the election of the Employee and which is not includible in the gross income of the Employee by reason of Sections 125, 132(f)(4), 401(k) or 457 of the Code.

The dollar threshold amount specified in (b) above shall be adjusted at such time and in such manner as is provided in Regulations. In the case of such an adjustment, the dollar limits which shall be applied are those for the calendar year in which the "determination year" or "look-back year" begins.

In determining who is a Highly Compensated Employee, Employees who are nonresident aliens and who received no earned income (within the meaning of

Section 911(d)(2) of the Code) from the Employer constituting United States source income within the meaning of Section 861(a)(3) of the Code shall not be treated as Employees.

Additionally, all Affiliated Employers shall be taken into account as a single employer and Leased Employees within the meaning of Sections 414(n)(2) and 414(o)(2) of the Code shall be considered Employees unless such Leased Employees are covered by a plan described in Section 414(n)(5) of the

Code and are not covered in any qualified plan maintained by the Employer. The exclusion of Leased Employees for this purpose shall be applied on a uniform and consistent basis for all of the Employer's retirement plans. Highly Compensated Former Employees shall be treated as Highly Compensated Employees without regard to whether they performed services during the "determination year".

1.31 "HIGHLY COMPENSATED FORMER EMPLOYEE" means a former Employee who had a separation year prior to the "determination year" and was a Highly Compensated Employee in the year of separation from service or in any "determination year" after attaining age 55. Notwithstanding the foregoing, an Employee who separated from service prior to 1987 will be treated as a Highly Compensated Former Employee only if during the separation year (or year preceding the separation year) or any year after the Employee attains age 55 (or the last year ending before the Employee's 55th birthday), the Employee either received "415 Compensation" in excess of $50,000 or was a "five percent owner". For purposes of this Section, "determination year", "415 Compensation" and "five percent owner" shall be determined in accordance with Section 1.30. Highly Compensated Former Employees shall be treated as Highly Compensated Employees. The method set forth in this Section for determining who is a "Highly Compensated Former Employee" shall be applied on a uniform and consistent basis for all purposes for which the Section 414(q) of the Code definition is applicable.

1.32 (a) "HOUR OF SERVICE" means each hour:

(1) for which an Employee is paid, or entitled to payment, by an Employer or Affiliate for the performance of duties for an Employer or Affiliate, credited for the Plan Year in which such duties were performed; or

(2) for which an Employee is directly or indirectly paid, or entitled to payment, by an Employer or Affiliate on account of a period of Leave of Absence, credited for the Plan Year in which such Leave of Absence occurs; or

(3) for which an Employee has been awarded, or is otherwise entitled to, back pay from an Employer or Affiliate, irrespective of mitigation of damages, if he is not entitled to credit for such hour under any other Paragraph of this Subsection (a); or

(4) during which an Employee is on an unpaid Leave of Absence described in Section 1.34(a) or (b), credited at the rate of which he would have accrued Hours of Service if he had performed his normal duties during such Leave of Absence.

(5) (A) solely for purposes of Section 1.11, each hour of an Employee's absence which commences on or after January, 1985 by reason of a leave pursuant to the FMLA, the pregnancy of such Employee, the birth of a child of such Employee, the placement of a child in connection with the adoption of such child by the Employee or the caring for such child for a period beginning immediately following such birth or placement.

(B) under this Paragraph (5) an Employee shall be credited with the number of hours which would normally have been credited to him but for such absence, or in any case in which such number cannot be determined, a total of eight (8) Hours of Service for each day of such absence, except that no more than 501 Hours of Service shall be credited to an Employee for any such period of absence and such Hours of Service shall be credited to an Employee only in the Plan Year in which such period of absence began if such Employee would be prevented from incurring a Break in Service in such Plan Year solely because of the crediting of such Hours of Service, or in any other case, in the next succeeding Plan Year.

(C) Notwithstanding the foregoing, an Employee shall not be credited with Hours of Service pursuant to this Paragraph (5) unless such Employee shall furnish to the Committee on a timely basis such information as the Committee shall reasonably require to establish

(i) that the absence from work is for reasons described in Subparagraph (A) hereof; and

(ii) the number of days which such absence continued.

(b) Except as provided in Paragraph (a) (5), the number of a Participant's Hours of Service and the Plan Year or other compensation period to which they are to be credited shall be determined in accordance with Section 2530.200b-2 of the Rules and Regulations for Minimum

Standards for Employee Pension Benefit Plans, which section is hereby incorporated by reference into this Plan.

(c) If the Participant's compensation while an Employee was not determined on the basis of certain amounts for each hour worked, his Hours of Service need not be determined from employment records, and he may, in accordance with uniform and nondiscriminatory rules adopted by the Committee, be credited with forty-five (45) Hours of Service for each week in which he would be credited with any Hours of Service under the provisions of Subsection (a) or (b).

1.33 "INACTIVE PARTICIPANT" means:

(a) an Employee who was a Participant during the preceding Plan Year but who, during the current Plan Year, neither completed a Year of Service nor incurred a Break in Service; and

(b) an Excluded Employee who was a Participant or an Inactive Participant during the preceding Plan Year but who, during the current Plan Year, did not incur a Break in Service.

An Inactive Participant shall be deemed a Participant for all purposes under this Plan, except that he shall not accrue any benefit hereunder for any Plan Year during which he is an Inactive Participant.

1.34 "LEAVE OF ABSENCE" means:

(a) absence on leave approved by an Employee's Employer, if the period of such leave does not exceed two (2) years and the Employee returns to the employ of an Employer or an Affiliate upon its termination; or

(b) absence due to service in the Armed Forces of the United States, if such absence is caused by war or other national emergency or an Employee is required to serve under the laws of conscription in time of peace, and if the Employee returns to the employ of an Employer or an Affiliate within the period provided by law; or

(c) absence for a period not in excess of thirteen (13) consecutive weeks due to leave granted by an Employer, military service, vacation, holiday, illness, incapacity, layoff, or jury duty, if the Employee does not return to the employ of an Employee or Affiliate at the end of such period.

In granting or withholding Leaves of Absence, each Employer or Affiliate shall apply uniform and non-discriminatory rules to all Employees in similar circumstances.

1.35 "NORMAL RETIREMENT DATE" means the first day of the month coincident with or next following the sixty fifth (65th) birthday of the Participant or Retired Participant.

1.36 "OPTION" means any of the optional methods of payment of a Retirement Pension which a Participant or Retired Participant may elect in accordance with Article VI.

1.37 "PARTICIPANT" means any individual who has become a Participant in the Plan in accordance with Sections 2.01, 2.02 or 2.06 and whose participation has not terminated pursuant to Section 2.05.

1.38 "PAST FINAL AVERAGE COMPENSATION" means the amount which would have been obtained by totaling the Compensation of a Participant for the five (5) consecutive full calendar Years of Service during the last ten (10) calendar year period ending on December 31, 1988 for which the Participant received his highest aggregate Compensation (or his Compensation for the number of his consecutive full calendar Years of Service ending December 31, 1988 if less than five (5)), except that for purposes of Section 3.02(a)(3), the calculation period shall end on December 31, 1989 rather than December 31, 1988; and dividing said aggregate Compensation by five (5) (or such number of consecutive full calendar Years of Service if less than five (5)).

1.39 "PLAN YEAR" means the twelve (12) consecutive month period beginning on January 1 and ending on December 31 in any year commencing on or after January 1, 1980.

1.40 "PRIMARY SOCIAL SECURITY BENEFIT"

(a) means the estimated old age retirement benefit payable to a Participant under the Federal Old-Age and Survivors Insurance System upon his Retirement on his Normal Retirement Date or Deferred Retirement Date whichever is applicable; provided, however, that (i) in the event that either his Termination of Employment or December 31, 1989 occurs before his Normal Retirement Date, his Primary Social Security Benefit shall be estimated by computing such benefit, determined without regard to any Social Security benefit increases that become effective after his Termination of Employment or December 31, 1988, whichever is later, as if in each calendar year beginning in the calendar year in which occurred the earlier of his Termination of Employment or 1989, he

continued to receive the same Compensation (defined as, Compensation in the calendar year preceding the earlier of his Termination of Employment or 1989, but including overtime, bonuses and commissions otherwise excluded under Section 1.12 (b)), as he received in the Plan Year last preceding the earlier of his Termination of Employment or 1989; and (ii) the Participant's calendar year earnings in the year of his Employment Commencement Date and for the prior calendar years shall be estimated by applying a salary scale, projected backwards, to the Participant's Compensation for the calendar year immediately following the calendar year of the Participant's Employment Commencement Date, such salary scale being the actual change in the average wages from year to year as determined by the Social Security Administration.

(b) (1) Notwithstanding the provisions of Subsection (a), each Participant may have his Primary Social Security Benefit determined on the basis on his actual salary history for the period ending on the earlier of his Termination of Employment or the December 31 applicable to the Participant for purposes of Subsection (a) within ninety (90) days after the later of (A) his Termination of Employment or (B) the date on which he is notified of the benefit to which he is entitled.

(2) As soon as practicable after a Participant's Termination of employment, the Committee shall mail or personally deliver to the Participant a notice informing him (A) of his right to supply the actual salary history described in Paragraph (b) (1), (B) of the financial consequences of failing to supply such history and (C) that he can obtain such actual salary history from the Social Security Administration.

1.41 "QUALIFIED JOINT AND SURVIVOR ANNUITY" means an annuity for the life of a Participant, with, if the Participant is married to a Spouse on his Retirement Pension Starting Date, a survivor annuity for the life of such Spouse which is one-half ($^1/_2$) of the amount of the annuity payable during the joint lives of the Participant and such Spouse. Any benefit payable in the form of a Qualified Joint and Survivor Annuity shall be the Actuarial Equivalent of the Participant's Retirement Pension.

1.42 "QUALIFIED PRERETIREMENT SURVIVOR ANNUITY" means:

(a) in the case of a Participant who dies after his Early Retirement Date, a monthly life annuity for a Participant's Spouse equal to fifty percent (50%) of the benefit such Participant would have received had he retired on the day before his death and commenced receiving his Retirement Pension on such date, reduced in accordance with Section

5.01, except that no reduction shall be made for the joint and survivor factor; and

(b) in the case of a Participant who dies on or prior to his Early Retirement Date, a monthly life annuity for a Participant's Spouse equal to fifty percent (50%) of the benefit such Participant would have received if the Participant's Termination of Employment had occurred on the date of his death, and such Participant had survived to his Early Retirement Date, had retired immediately upon attainment of his Early Retirement Date and immediately commenced receiving his Retirement Pension, reduced as provided in Section 5.01, except that a reduction shall be made for the joint and survivor factor. The annuity described in this Subsection (b) shall commence to be payable, at the election of such Spouse, as of the first day of any month coincident with or next following the date on which the Participant would have attained his Early Retirement Date.

(c) in the case of any vested Participant referred to in Section 4.04(a) of this Plan (a "Vested Terminated Participant") who dies on or prior to his Early Retirement or Normal Retirement, a monthly life annuity for the Vested Terminated Participant's Spouse equal to fifty percent (50%) of the benefit such Vested Terminated Participant would have received if the Vested Terminated Participant's Termination of Employment had occurred on the date of his death, and such Vested Terminated Participant had survived to his Early Retirement Date, had retired immediately upon attainment of his Early Retirement Date and immediately commenced receiving his Retirement Pension, reduced as provided in Section 5.01, except that a reduction shall be made for the joint and survivor factor. The annuity described in this Subsection (c) shall commence to be payable, at the election of such Spouse, as of the first day of any month coincident with or next following the date on which the Vested Terminated Participant would have attained his Early Retirement Date.

1.43 "REQUIRED BEGINNING DATE"

(a) for a Participant who is not a 5-percent owner (as defined in Section 416 of the Code) in the Plan Year in which he attains age $70^1/2$ and who attains age $70^1/2$ after December 31, 1998, April 1 of the calendar year following the calendar year in which occurs the later of the Participant's (i) attainment of age $70^1/2$ or (ii) Retirement.

(b) for a Participant who (i) is a 5-percent owner (as defined in Section 416 of the Code) in the Plan Year in which he attains age $70^1/2$, or

(ii) attains age $70^1/2$ before January 1, 1999, April 1 of the calendar year following the calendar year in which the Participant attains age $70^1/2$.

1.44 "RETIRED PARTICIPANT" means any Participant or former Participant who is entitled to benefits pursuant to Article III, IV or V.

1.45 "RETIREMENT" means any Termination of Employment, other than by reason of death, on or after an Employee's Early or Normal Retirement Date.

1.46 "RETIREMENT PENSION" (a) means the annual pension to which a Participant shall become entitled pursuant to Article III, IV or V. Except as otherwise provided in this Plan, such Retirement Pension shall be a non-assignable annuity payable in monthly installments, each of which shall be equal to one-twelfth (1/12th) of the Retirement Pension determined pursuant to Article III, IV or V, whichever is applicable. The first payment of such Retirement Pension shall be made in accordance with the appropriate provisions of Article III, IV or V, and, except as otherwise provided in this Plan, the last such payment shall be made on the first day of the month within which the Retired Participant's death occurs.

(b) Nothing herein shall affect or lessen the rights of any Participant or Beneficiary or the right of any Participant to receive a Qualified Joint and Survivor Annuity under the provisions of Section 3.03 or to elect any optional form of payment under the provisions of Article VI.

1.47 "RETIREMENT PENSION STARTING DATE" means the date as of which a Retired Participant's Retirement Pension commences to be payable under the terms of this Plan. A Participant's Retirement Pension Starting Date shall in no event be later than the sixtieth (60th) day after the last day of the plan year in which occurs the later of the date on which he attains the age of sixty-five (65) years or the date of his Termination of Employment, but in no event later than the Participant's Required Beginning Date.

1.48 "SPOUSE" means:

(a) in the case of a Participant who dies before his Retirement Pension Starting Date, his lawfully married spouse on the date of his death if such spouse was married to such Participant during the entire one (1) year period ending on the Participant's date of death;

(b) in the case of a Participant who dies on or after his Retirement Pension Starting Date, his lawfully married spouse on his Retirement Pension Starting Date; and

(c) a former spouse of the Participant to the extent provided in a qualified domestic relations order as described in Section 414(p) of the Code.

1.49 "SPOUSAL CONSENT" means with respect to the election by a married Participant not to receive a Qualified Joint and Survivor Annuity pursuant to Section 3.03 as a Qualified Preretirement Survivor Annuity pursuant to Section 7.02(a) or to the consent of a Participant's Spouse to the commencement of a Participant's Retirement Pension pursuant to Section 4.04 or 5.01, that

(a) the Participant's Spouse consents in writing to such election or Retirement Pension commencement, and the Spouse's consent acknowledges the effect of such election and is witnessed by a member of the Committee or by a notary public; or

(b) it is established to the Committee's satisfaction that the consent required under Subsection (a) hereof is unobtainable because the Participant is unmarried, because the Participant's Spouse cannot be located, or because of such other circumstances as the Secretary of the Treasury may by regulation prescribe.

Any such consent and any such determination as to the impossibility of obtaining such consent shall be effective only with respect to the individual who signs such consent or with respect to whom such determination is made and not with respect to any individual who may subsequently become the Spouse of such Participant.

1.50 "TERMINATION OF EMPLOYMENT" means the date on which an Employee ceases to be employed by an Employer or Affiliate for any reason; provided, however, that no Termination of Employment shall be deemed to occur upon an Employee's transfer from the employ of one employer or Affiliate to the employ of another Employer or Affiliate.

1.51 "TOP PAID GROUP" means the top 20 percent of Employees who performed services for the Employer during the applicable year, ranked according to the amount of "415 Compensation" (determined for this purpose in accordance with Section 1.30) received from the Employer during such year. All Affiliated Employers shall be taken into account as a single employer, and Leased Employees within the meaning of Sections 414(n)(2) and 414(o)(2) of the Code shall be considered Employees unless such Leased Employees are covered by a plan described in Section 414(n)(5) of the Code and are not covered in any qualified plan maintained by the Employer. Employees who are non-resident aliens and who received no earned income (within the meaning of Section 911(d)(2) of the Code from the Employer constituting United States source

income within the meaning of Section 861(a)(3) of the Code shall not be treated as Employees. Additionally, for the purpose of determining the number of active Employees in any year, the following additional Employees shall also be excluded; however, such Employees shall still be considered for the purpose of identifying the particular Employees in the Top Paid Group:

(a) Employees with less than six (6) months of service;

(b) Employees who normally work less than $17^1/_2$ hours per week;

(c) Employees who normally work less than six (6) months during a year; and

(d) Employees who have not yet attained age 21.

In addition, if 90 percent or more of the Employees of the Employer are covered under agreements the Secretary of Labor finds to be collective bargaining agreements between Employee representatives and the Employer, and the Plan covers only Employees who are not covered under such agreements, then Employees covered by such agreements shall be excluded from both the total number of active Employees as well as from the identification of particular Employees in the Top Paid Group.

1.52 "TREASURY REGULATIONS" means the regulations promulgated by the Internal Revenue Service and the Secretary of the Treasury under the Code.

1.53 "TRUST" means the trust forming part of this Plan.

1.54 "TRUST FUND" means all the assets of the Plan which are held by the Trustee.

1.55 "TRUSTEE" means the persons or entity acting, at any time, as trustee of the Trust Fund.

1.56 "YEARS OF SERVICE" means the following:

(a) all Plan Years during each of which an Employee completes at least one thousand (1,000) Hours of Service;

(b) for an Employee employed by the Company as of December 31, 1979, "Years of Service" shall include any calendar year during which he was employed on a full-time basis for the entire year prior to the Effective Date by either the Company, or Donaldson, Lufkin & Jenrette

Inc. ("DLJ"), or an affiliated company of DLJ, or Wood, Struthers & Winthrop, Inc. or Pershing Co., Inc.;

(c) in the case of any Plan Year consisting of fewer than twelve (12) months, the number of Hours of Service required to complete a Year of Service shall be determined by multiplying the number of months in such short Plan Year by eighty-three and one-third ($83^1/_3$);

(d) for the purpose of applying the rules in Section 4.03 to the eligibility provisions in Article II, pursuant to Section 2.06(c), Years of Service shall include the twelve (12) month period, beginning on an Employee's Employment Commencement Date, during which he has completed one thousand (1000) Hours of Service; and

(e) solely for the purposes of the eligibility provisions of Article II and the vesting provisions of Article IV and not for purposes of determining Credited Service under Section 1.15, in the case of an Employee who was an employee of Eberstadt Asset Management, Inc. ("Eberstadt") on November 20, 1984, service with Eberstadt on or prior to such date shall be considered as service with an Employer or an Affiliate;

(f) any other provision of the Plan notwithstanding, including but not limited to Section 3.02(b) and the proviso contained in Section 1.13(b)(2) solely for the purposes of the eligibility provisions of Article II and the vesting provisions of Article IV and not for purposes of determining Credited Service under Section 1.15, in the case of an Employee who was an employee of Equitable Capital Management Corporation ("ECMC") on July 22, 1993, service with ECMC on or prior to such date shall be considered as service with an Employer or an Affiliate;

(g) for purposes of determining an Employee's Early Retirement Date under the Plan, in the case of any individual who became an Employee on March 3, 1970, such an Employee (whether or not employed on January 1, 1993) shall be credited with a full Year of Service with respect to calendar year 1970, regardless of whether a Year of Service would otherwise have been credited under the Plan.

(h) solely for the purposes of the eligibility provisions of Article II and the vesting provisions of Article IV and not for purposes of determining Credited Service under Section 1.15, in the case of an Employee who was an employee of either Shields Asset Management, Incorporated ("Shields") or Regent Investor Services Incorporated ("Regent") on March 4, 1994 and on that date became an Employee of an

Employer or an Affiliate, the Employee's service with Shields or Regent on or prior to such date shall be considered as service with an Employer or an Affiliate.

(i) solely for the purposes of the eligibility provisions of Article II and the vesting provisions of Article IV and not for purposes of determining Credited Service under Section 1.15, in the case of an Employee who was an employee of Cursitor Holdings, L.P. or Cursitor Holdings Limited (individually and collectively, "Cursitor") on February 29, 1996, and on that date either was employed by or continued in the employment of Cursitor Alliance LLC, Cursitor Holdings Limited, Draycott Partners, Ltd. or Cursitor-Eaton Asset Management Company, the Employee's service with Cursitor on or prior to that date shall be considered as service with an Employer or an Affiliate.

ARTICLE II

ELIGIBILITY FOR PARTICIPATION

2.01 Each Employee who was a Participant on the Restatement Effective Date shall remain a Participant hereunder.

2.02 An Employee who does not become a Participant pursuant to Section 2.01 and who has attained age twenty-one (21) shall become a Participant as follows:

(a) if he shall have completed one thousand (1,000) Hours of Service during the twelve (12) month period beginning on his Employment Commencement Date, he shall become a Participant as of the Entry Date of the Plan Year in which occurs the end of such twelve (12) month period;

(b) if he has not satisfied the service requirements of Subsection (a), he shall become a Participant as of the Entry Date of the Plan Year immediately following the first Plan Year in which he completes one thousand (1,000) Hours of Service.

2.03 If an Employee has not attained age twenty-one (21) on the date on which he satisfies the service requirement of Section 2.02, he shall become a Participant on the Entry Date of the Plan Year in which he attains his twenty-first (21st) birthday.

2.04 If the Administrative Committee so requests, an Employee who has qualified for participation in the Plan shall file with the Administrative Committee a statement in such form as the Committee may prescribe, setting forth his age and giving such proof thereof as the Administrative Committee may require.

2.05 A Participant shall cease to be a Participant as of either:

(a) the date of his Termination of Employment if he incurs a Break in Service during the Plan Year of such Termination of Employment or in the next succeeding Plan Year; or

(b) the first day of the first Plan Year in which he incurs a Break in Service, if he incurs a Break in Service without incurring a Termination of Employment.

2.06 (a) A former Participant who has incurred a Break in Service following a Termination of Employment and who is re-employed by an Employer or Affiliate shall again become a Participant on the earlier of:

(1) his most recent Employment Commencement Date, if he completes one thousand (1,000) Hours of Service during the twelve (12) month period beginning on such date; or

(2) the first day of the first Plan Year following his most recent Employment Commencement Date during which he completes one thousand (1,000) Hours of Service.

(b) A former Participant who has incurred a Break in Service without a Termination of Employment shall again become a Participant as of the first day of the subsequent Plan Year during which he completes one thousand (1,000) Hours of Service.

(c) If the provisions of Section 4.03 are applicable to a former Participant, then Section 2.06(a) or (b) shall be inapplicable, and such former Participant shall again become a Participant when he satisfies the provisions of Section 2.02.

2.07 An Employee who is an Excluded Employee on the date on which he would otherwise become a Participant pursuant to Sections 2.01, 2.02, 2.03, or 2.06, shall become a Participant on the date, if any, on which he ceases to be an Excluded Employee, if he is then an Employee.

2.08 Notwithstanding any provision of this Plan to the contrary, effective as of December 12, 1994, contributions, benefits and service credit with respect to qualified military service shall be provided in accordance with Section 414(u) of the Code.

2.09 Notwithstanding any other provision of the Plan, the following individuals shall not be eligible to participate or be a Participant in this Plan: (i) any person who becomes an Employee on or after October 2, 2000 and (ii) employees of Sanford C. Bernstein, Inc., Sanford C. Bernstein & Co., Inc. and Bernstein Technologies Inc. and their subsidiaries who became Employees upon or after the consummation of the transactions described in that certain Acquisition Agreement dated as of June 20, 2000, as 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.

ARTICLE III

RETIREMENT ON OR AFTER NORMAL RETIREMENT DATE

3.01 Each Participant shall be retired no later than on his seventieth (70th) birthday if permitted under the provisions of the Age Discrimination in Employment Act, unless both he and his Employer agree that he shall be continued as an Employee beyond that date. Payments from the Plan shall begin in any event on the Participant's Required Beginning Date in accordance with Section 3.03(a), applied as if the Participant's Retirement occurred on the last day of the calendar month immediately preceding his Required Beginning Date. If a Participant continues as an Employee following his Required Beginning Date, the amount of the Participant's Retirement Pension payable upon his actual Retirement shall be actuarially reduced, using an investment rate of 6% and the UP-1984 mortality table with ages set back one year, to reflect any payments the Participant received prior to such Retirement following the Required Beginning Date; provided, however that the preceding reduction shall not apply to any Participant who attained his Required Beginning Date before January 1, 1996. Notwithstanding any provision of this Plan to the contrary, the provisions of this Section 3.01 shall be construed in a manner that complies with Section 401(a)(9) of the Code and, with respect to distributions made on or after January 1, 2001, the Plan will apply the minimum distribution requirements of Section 401(a)(9) of the Code in accordance with the Treasury Regulations thereunder that were proposed in January 2001, the provisions of which are hereby incorporated by reference. This preceding sentence shall continue in effect until the end of the last calendar year beginning before the effective date of the final regulations under Section 401(a)(9) of the Code or such other date as may be specified in guidance published by the Internal Revenue Service.

3.02 (a) A Participant shall be fully (100%) vested in his Accrued Benefit on his sixty-fifth (65th) birthday. Upon his Retirement on or after his Normal Retirement Date, a Participant shall be entitled to receive a Retirement Pension, commencing on such date, equal to:

(1) (A) one and one-half percent ($1^1/_2$%) of his Average Final Compensation multiplied by the number, not exceeding thirty-five (35), of his years of Credited Service completed prior to his Retirement, reduced by

(B) sixty-five one hundredths of one percent (.65%) of his Final Average Compensation multiplied by the number, not exceeding thirty five (35), of his years of Credited Service completed prior to his Retirement, plus

(C) one percent (1%) of his Average Final Compensation multiplied by the number, if any, of his years of Credited Service exceeding thirty-five (35) completed prior to his Retirement, or

(2) (A) one and one-half percent ($1^1/_2$%) of his Past Final Average Compensation multiplied by the number of his years of Credited Service completed as of December 31, 1988, reduced by

(B) one and two-thirds percent ($1^2/_3$%) of his Primary Social Security Benefit multiplied by the number of his years of Credited Service completed as of December 31, 1988, but in no event by more than eighty-three and a third percent ($83^1/_3$%) of his Primary Social Security Benefit, plus

(C) one and one-half percent ($1^1/_2$%) of his Average Final Compensation multiplied by the number, not exceeding thirty-five (35) (less the number of years of Credited Service referred to in Paragraph (2) (A) hereof, but not reduced below zero), of his years of Credited Service completed after 1988 and prior to January 1, 1991, reduced by

(D) sixty-five one hundredths of one percent (.65%) of his Final Average Compensation multiplied by the number, not exceeding thirty-five (35) (less the number of years of Credited Service referred to in Paragraph (2) (A) hereof, but not reduced below zero), of his years of Credited Service completed after 1988 and prior to January 1, 1991, plus

(E) one percent (1%) of his Average Final Compensation multiplied by the number, if any, of his years of Credited Service exceeding thirty-five (35) completed after 1988 and prior to January 1, 1991.

(3) Notwithstanding Paragraphs (1) and (2) above, in the case of a Participant who is not a Highly Compensated Employee described in Section 414(q)(1)(A) or (B) of the Code, the Retirement Pension shall not be less than:

(A) one and one-half percent ($1^1/_2$%) of his Past Final Average Compensation multiplied by the number of his years of Credited Service completed prior to 1990, reduced by

(B) one and two-thirds percent ($1^2/_3$%) of his Primary Social Security Benefit, multiplied by the number of his years of Credited Service completed prior to 1990, but in no event by more

than eighty-three and one third percent ($83^{1}/_{3}\%$) of his Primary Social Security Benefit.

(b) Notwithstanding Subsection (a), the Retirement Pension of a Participant who is referred to in the proviso of Section 1.15(b)(2) shall be reduced, but not below the amount computed under Subsection (a) without regard to the Participant's Credited Service referred to in that proviso, by the retirement pension based on the Credited Service referred to in the proviso which the Participant is entitled to receive upon his Retirement on or after his Normal Retirement Date pursuant to the "defined benefit plan" of any Affiliate referred to in the proviso or any successor or transferor plan or that he would have been entitled to receive but for the prior payment of all or a portion of his benefits under any such plan.

(c) Notwithstanding the foregoing, the retirement pension to which a participant is entitled upon his actual date of Retirement shall in no case be less than the Retirement Pension to which he would have been entitled if he had retired on any earlier date on or after his Early Retirement Date.

(d) Notwithstanding any other provision of this Plan, the Retirement Pension of a Participant, calculated on a life annuity basis, may not exceed $100,000 per year.

(e) Notwithstanding the foregoing, the Retirement Pension of a Participant described in this subsection (e) shall be equal to the greater of:

(1) the Participant's Retirement Pension determined under Section 3.02(a)-(d) as applied to the Participant's total years of Credited Service under the Plan; or

(2) the sum of: (A) the Participant's Retirement Pension as of December 31, 1993, frozen in accordance with Treasury Regulation Section 1.401(a)(4)-13, and (B) the Participant's Retirement Pension determined under 3.02(a)-(d), as applied to the Participant's years of Credited Service accrued after December 31, 1993.

The previous sentence shall apply only to a Participant whose Retirement Pension determined on or after January 1, 1994 is based, at least in part, on Compensation for a Plan Year beginning prior to January 1, 1994 that exceeded $150,000.

(f) If a Participant (other than a 5% owner as described in Section 414(q) of the Code) continues as an Employee after the April 1 of the calendar year following the calendar year in which such Participant attains age $70^{1}/_{2}$ (the "April 1 Date"), the provisions of this Section 3.02(f) shall apply in place of the provisions of Section 3.04(a) for periods of employment after the April 1 Date. The Participant's Accrued Benefit, determined as of any date after the April 1 Date, shall equal the greater of:

(1) the Actuarial Equivalent, as of the date of such determination, of the Participant's Accrued Benefit determined as of the April 1 Date (if the determination is made in the Plan Year in which the April 1 Date occurs), or determined as of the last day of the prior Plan Year (if the determination is made in any later year), or

(2) the Participant's Accrued Benefit determined as of the last day of the prior Plan Year, increased by any additional accrual due to Credited Service earned in the current Plan Year.

3.03 (a) (1) Notwithstanding any other provision of the Plan and except as provided in Paragraph (2) hereof and in Subsection (b), the Retirement Pension of a married Participant or former married Participant shall be paid in the form of a Qualified Joint and Survivor Annuity, and if the Participant is not married, in the form of a Single Life Annuity.

(2) Distribution to a Participant in a single sum payment of the entire Actuarial Equivalent of the Accrued Benefit to which he has become entitled shall be made:

(A) if such distribution is made prior to the date on which payment of the Qualified Joint and Survivor Annuity commences and the amount of such distribution is $5,000 (for Participants whose Termination of Employment occurs before January 1, 1998, $3,500) or less; or

(B) in any case not described in subparagraph (A), with the written consent of the Participant and his Spouse (or, if the Participant has died, of his surviving Spouse).

For purposes of this Subsection, if the Actuarial Equivalent of the Retirement Pension to which a Participant has become entitled is zero, the

Participant shall be deemed to have fully received a distribution of such zero Retirement Pension in a single sum.

(b) A Participant or former Participant shall have the right to elect, during the ninety (90) day period terminating on his Retirement Pension Starting Date and subject to Spousal Consent, not to receive his Retirement Pension in the form of a Qualified Joint and Survivor Annuity. Any election made under this Subsection (b) may be revoked at any time and, once revoked, may be made again.

(c) The Committee shall provide to each Participant, within a reasonable time prior to his Retirement Pension Starting Date (and consistent with such regulations as the Secretary of the Treasury may prescribe), a written explanation of:

(1) the terms and conditions of the Qualified Joint and Survivor Annuity;

(2) the Participant's right to make, and the effect of, an election under Subsection (b) to waiver the Qualified Joint and Survivor Annuity; and

(3) the rights of the Participant's Spouse with respect to such election; and

(4) the right to make, and the effect of, a revocation of any such election.

(d) The written notification described in Subsection (c) shall be furnished by the Committee by mail or personal delivery to the Participant or, to the extent permitted by regulations, by posting such notification, in accordance with Treasury Regulation Section 1.7476-2(c) (1), at all locations normally used by the Employer for the posting of employee matters.

(e) If a Participant so requests on or before the sixtieth (60th) day after the information described in Subsection (c) is furnished to him (or by such later date as the Committee shall prescribe), within thirty (30) days after its receipt of such request, personally deliver or mail to him a written explanation of the terms and conditions of the Qualified Joint and Survivor Annuity and of the financial effect on the Participant's Retirement Pension (in terms of dollars per Retirement Pension payment), of electing and of not electing to receive benefits in such form.

(f) If a Participant has not elected to decline the Qualified Joint and Survivor Annuity by the thirtieth (30th) day before his Retirement Pension

Starting Date, his benefits shall initially be paid in the form of a Qualified Joint and Survivor Annuity, even if his election period has not yet ended. If such Participant subsequently makes a valid election to have benefits paid in some form other than a Qualified Joint an Survivor Annuity, such election shall be deemed to have been made as of his Retirement Pension Starting Date and his later Retirement Pension payments shall be appropriately adjusted.

(g) A Participant who elects not to receive his Retirement Pension in the form of a Qualified Joint and Survivor Annuity or whose Spouse does not meet the requirements of Section 1.46 shall receive his Retirement Pension in the form specified by the Option which he has elected pursuant to Article VII or, if no such Option has been elected, in the form of an annuity for his own life.

3.04 Notwithstanding anything to the contrary contained in this Plan (except to the extent otherwise provided in Section 3.02(f)),

(a) If a Participant continues as an Employee after his Normal Retirement Date, the Participant's Accrued Benefit shall be actuarially increased to take into account the period after his Normal Retirement Date during which the Participant was not receiving any benefits under the Plan. The Participant's Accrued Benefit, determined as of any date after his Normal Retirement Date, shall equal the greater of:

(1) the Actuarial Equivalent, as of the date of such determination, of the Participant's Accrued Benefit determined as of his Normal Retirement Date (if the determination is made in the Plan Year in which he reaches his Normal Retirement Date), or determined as of the last day of the prior Plan Year (if the determination is made in any later year), or

(2) the Participant's Accrued Benefit determined as of the last day of the prior Plan Year, increased by any additional accrual due to Credited Service earned in the current Plan Year.

(b) If a Participant, after his Normal Retirement Date, again becomes an Employee, his Retirement Pension shall be suspended during the period of his reemployment. The amount of such reemployed Participant's Retirement Pension payable upon his subsequent retirement shall be determined in accordance with Section 3.04(a), except that (1) the Participant's date of reemployment shall be substituted for the Participant's Normal Retirement Date and (2) such Retirement Pension shall be reduced by the Actuarial Equivalent of the retirement benefits previously received.

ARTICLE IV

VESTING

4.01 (a) A Participant whose Termination of Employment occurs, other than by reason of his death or Disability, prior to his Early Retirement Date, shall have a vested interest in his Accrued Benefit determined in accordance with the following schedule:

Years of Service	Percentage Vested
Fewer than Five	0%
Five or more	100%

provided that the applicable percentage for a Participant who had four (4) but fewer than five (5) Years of Service prior to October 25, 1989 shall in no event be less than forty percent (40%).

(b) Notwithstanding the foregoing, a Participant shall be fully (100%) vested upon his death, upon his Termination of Employment due to Disability, or upon attaining his Early Retirement Date.

4.02 If a former Employee again becomes an Employee after having incurred a Break in Service, the Years of Service which he had completed prior to such Break in Service shall be disregarded for all purposes under this Plan until he shall have completed one (1) Year of Service after such Break in Service.

4.03 If a former Employee:

(a) has incurred a number of consecutive Breaks in Service which equals or exceeds the greater of (i) five (5) or (ii) the number of his Years of Service before such Breaks in Service;

(b) had no vested interest in his Accrued Benefit at the time of such Break in Service; and

(c) again becomes an Employee, his Years of Service prior to such Breaks in Service shall be disregarded for all purposes under this plan.

4.04 (a) A vested Participant whose Termination of Employment occurs, other than by reason of his death or Disability, prior to his Early Retirement Date shall be entitled to a Retirement Pension:

(1) commencing on his Early Retirement Date; or

(2) at his written election, commencing on the first day of any month after his Early Retirement Date but not later than his Normal Retirement Date;

and which is the Actuarial Equivalent, as of his Retirement Pension Starting Date, of his Accrued Benefit; provided, that without the written consent of the Participant, and if the Participant is married, Spousal Consent, such Retirement Pension shall not commence prior to his Normal Retirement Date if the Actuarial Equivalent of such Retirement Pension is greater than $5,000 (for Participants whose Termination of Employment occurs before January 1, 1998, $3,500).

(b) Notwithstanding any other provision of this Plan, if a Participant is entitled to a Retirement Pension pursuant to the provisions of this Article IV, such Retirement Pension shall be paid in accordance with the provisions of Section 3.04.

4.05 In the case of a former Participant who is reemployed by any Employer or an Affiliate before such Participant's Normal Retirement Date:

(a) if he is receiving a Retirement Pension at the time of his reemployment, such Retirement Pension shall be suspended during the period of his reemployment, and any years of Credited Service with respect to which he has received any benefits under this Plan shall be taken into account for purposes of determining his benefit under benefit accrual provisions of Section 3.02 or Subsection 11.04(a)(2), but the amount of his Retirement Pension, when payable, shall be reduced by the Actuarial Equivalent of such benefits previously received;

(b) if he had received a single sum distribution (or been deemed to have received such a distribution under Subsection 3.03(a)(2) hereof) or any optional payment under the terms of the Plan, his Years of Credited Service with respect to which he had received any benefits under this Plan shall be taken into account for purposes of determining his benefit under the benefit accrual provisions of Section 3.01 or Subsection 11.04(a)(2), but the amount of his Retirement Pension, when payable, shall be reduced by the Actuarial Equivalent of the benefits previously received. In the case of an Employee whose period of reemployment extends beyond his Normal Retirement Date, the provisions of Section 3.04(a) shall apply in addition to the provisions of this Section 4.05.

ARTICLE V

EARLY RETIREMENT AND DISABILITY BENEFIT

5.01 Upon Retirement on or after his Early Retirement Date but before his Normal Retirement Date, a Participant shall be entitled to elect to receive, with his written consent, a Retirement Pension commencing on:

(a) the first day of the month coincident with or next following the date of his Retirement; or

(b) the first day of any month which precedes his Normal Retirement Date;

which is the Actuarial Equivalent as of his Normal Retirement Date of his Accrued Benefit.

Notwithstanding the foregoing, however, in no event shall the Participant's Retirement Pension payable pursuant to this Section 5.01 be less than the Participant's Retirement Pension determined under this Section as of December 31, 1995 based on the Annuity Purchase Rate and mortality determined by application of the UP-1984 mortality table set back one year.

5.02 Upon a Participant's Termination of Employment due to Disability, he shall be fully (100%) vested in his Accrued Benefit and shall be entitled to receive a Retirement Pension commencing on his Normal Retirement which is equal to his Accrued Benefit as of the date of his Termination of Employment.

5.03 Notwithstanding any other provision of this Plan, if a Participant is entitled to a Retirement Pension pursuant to the provisions of this Article V, such Retirement Pension shall be paid in accordance with the provisions of Section 3.04.

ARTICLE VI

OPTIONAL METHODS OF PAYMENT

6.01 The optional methods of payment set forth in this Section 6.01 shall be available under the Plan and shall be elected in the manner provided herein.

(a) *Election Procedure.*

A Participant or Retired Participant may elect any of the Options provided herein, which Option shall be the Actuarial Equivalent (determined as of his Retirement Pension Starting Date) of the Retirement Pension otherwise payable to him in accordance with Article III, IV or V, whichever is

applicable; provided, however, that no Option may be elected which would permit his Beneficiary (other than his Spouse) to receive a benefit which is fifty percent (50%) or more of the Actuarial Equivalent (determined as of the Participant's projected Retirement Pension Starting Date) of the combined benefits payable to such Beneficiary and such Participant or Retired Participant. Such election shall be made in accordance with Section 3.03(b). Except as otherwise provided in this Article VI, an Option shall become effective on the later of (1) the date a Participant elects an Option, or (2) his Retirement Pension Starting Date. If a Participant or Retired Participant dies before the date on which an Option becomes effective, any election of such Option shall be null and void. A married Participant may elect an Option only if he elects, in accordance with Section 3.03, not to receive benefits in the form of a Qualified Joint and Survivor Annuity.

(b) *The following Options may be elected by a Participant:*

Option 1

Life Annuity: A Participant or Retired Participant may elect to receive his Retirement Pension in the form of an annuity for his own life only.

Option 2

Joint and Survivor Annuity: (1) A Participant or Retired Participant may elect to receive an actuarially adjusted Retirement Pension payable to himself in equal monthly installments for his lifetime and thereafter payable to his Beneficiary, if such Beneficiary survives him, in equal monthly installments at a rate of fifty percent (50%), seventy-five percent (75%) or one hundred percent (100%), as the Participant or Retired Participant may designate, of the Retirement Pension payable during their joint lifetimes. Election of this Option is conditioned upon the statement of the name and gender of the Beneficiary in such election,

and in addition, the delivery to the Administrative Committee within ninety (90) days after filing such election of proof, satisfactory to the Administrative Committee, of the age of the Beneficiary.

(2) If his Beneficiary dies before the Retirement Pension Starting Date of the Participant or Retired Participant, any election of this Option 2 shall be null and void.

(3) If his Beneficiary dies after the Retired Participant's Retirement Pension Starting Date, the election of this Option 2 shall be effective, and the Participant or Retired Participant shall receive or continue to receive the same actuarially adjusted Retirement Pension as if his Beneficiary had not predeceased him.

Option 3

Life Annuity — Period Certain: A Participant or Retired Participant may elect to receive an actuarially adjusted Retirement Pension payable in equal monthly installments for his lifetime or over a period certain not longer than the greater of the Participant's life expectancy on his Retirement Pension Starting Date, or the joint life and last survivor expectancy of the Participant or Retired Participant and his Beneficiary on his Retirement Pension Starting Date, determined under the Treasury Regulations under Section 72 of the Code. If the Participant or Retired Participant dies prior to the end of the period certain, the remaining installments shall be paid to his Beneficiary.

Option 4

Single Sum Distribution: A Participant or Retired Participant may elect to receive the Actuarial Equivalent of his Accrued Benefit, computed as of his Retirement date, in the form of a single sum distribution. Such amount shall be paid to him, or, if he dies between the date on which the distribution first becomes payable and the date of actual distribution, to his Beneficiary, within sixty days after the date which would otherwise have been his Retirement Pension Starting Date; provided, however, that the entire amount shall be distributed within a single taxable year of the recipient. In no event shall a Participant's benefit payable under this Option 4 be less than would have been payable under the terms of the Plan in effect on December 31, 1995 based on the Participant's Accrued Benefit as of that date.

Option 5

Payment in Installments: A Participant or Retired Participant may elect to have the Actuarial Equivalent of his Accrued Benefit, computed as of his

Retirement date, paid to him in approximately equal installments, payable no less often than annually, over a period certain not longer than the greater of the Participant's life expectancy on his Retirement Pension Starting Date, or the joint life and last survivor expectancy of the Participant or Retired Participant and his Beneficiary on his Retirement Pension Starting Date, determined under the Treasury Regulations under Section 72 of the Code. If the Participant or Retired Participant dies prior to the end of the period certain, the remaining installments shall be paid to his Beneficiary. In no event shall a Participant's benefit payable under this Option 5 be less than would have been payable under the terms of the Plan in effect on December 31, 1995 based on the Participant's Accrued Benefit as of that date.

(c) *Change of Option:*

A Participant or Retired Participant may elect to change the Option then in effect at any time during the period provided in Subsection (a) within which an Option may be elected; provided, however, that a Participant or Retired Participant may not elect to change the Option then in effect more frequently than once during any consecutive twelve (12) month period.

(d) *Designation of Beneficiary:*

(1) Upon receipt of notification from the Administrative Committee that he has qualified for participation in the Plan, a Participant may designate a Beneficiary or Beneficiaries and a successor Beneficiary or Beneficiaries. A Participant or Retired Participant may change such

designation from time to time by filing a new designation with the Administrative Committee. No change of Beneficiary shall require the consent of any previously designated Beneficiary, and no Beneficiary shall have any rights under this Plan except as specifically provided by its terms.

(2) If a Retired Participant (other than one who has elected Option 1 or 2) has failed to designate a Beneficiary, or if his Beneficiary has predeceased him, or if he has instructed the Administrative Committee in writing to designate a Beneficiary, the Administrative Committee shall designate a Beneficiary or Beneficiaries on his behalf, but only from among his Spouse, descendants (including adoptive descendants), parents, brothers and sisters, or nephews and nieces; provided, however, that if the Retired Participant had instructed the Administrative Committee in writing to designate in a specified order or from a specified group, the Administrative Committee shall act only in accordance with

such written instructions. If a Retired Participant has no validly designated Beneficiary, the Actuarial Equivalent of any amounts which would otherwise have been payable to a Beneficiary shall be paid to the Retired Participant's estate.

(3) If the Beneficiary of a Participant or Retired Participant predeceases him the rights of such Beneficiary shall thereupon terminate.

(4) If a Retired Participant dies after any installment of his Retirement Pension has become due but has not yet been paid to him, the balance of such installment shall be paid to his Beneficiary.

6.02 The Administrative Committee is authorized and empowered from time to time to adopt and fairly to administer regulations relating to the exercise or operation of an Option; provided, however, that no such regulation shall be inconsistent with the provisions of Section 6.01. Without limiting the generality of the foregoing such regulations may prescribe:

(a) such terms and conditions as the Administrative Committee shall deem appropriate in respect of the exercise of any Option;

(b) the form of application;

(c) any information or proof thereof to be furnished by a Participant, a Retired Participant or a Beneficiary in connection with any Option; and

(d) any other requirement or condition relating to any Option.

6.03 The Administrative Committee may, in its sole discretion, at any time or from time to time, provide the benefits to which any Retired Participant or his Beneficiary is entitled under this Plan by purchase of any form of nonassignable annuity contract. Upon the purchase of any such contract, the rights of the Retired Participant and his Beneficiary to receive any payments pursuant to this Plan shall be exclusively limited to such rights as may accrue under such contract, and neither such Retired Participant nor his Beneficiary shall have any further claim against his Employer, the Administrative Committee, the Trustee or any other person.

6.04 If, at any time, any Retired Participant or his Beneficiary is, in the judgment of the Administrative Committee, legally, physically or mentally incapable of personally receiving and receipting for any payment due hereunder,

payment may, in the discretion of the Administrative Committee, be made to the guardian or legal representative of such Retired Participant or Beneficiary or, if none exists, to any other person or institution which, in the judgment of the Administrative Committee, is then maintaining, or then has custody of, such Retired Participant or Beneficiary.

6.05 Notwithstanding anything to the contrary contained in this Plan:

(a) The entire interest of each Participant must be distributed or begin to be distributed no later than the Participant's Required Beginning Date.

(b) Distributions, if not made in a single sum, may only be made over one of the following periods (or a combination thereof):

(1) the life of the Participant,

(2) the life of the Participant and Designated Beneficiary,

(3) a period certain not extending beyond the life expectancy of the Participant, or

(4) a period certain not extending beyond the joint and last survivor expectancy of the Participant and his Designated Beneficiary.

(c) If the Participant dies after distribution of his or her interest has begun, the remaining portion of such interest will continue to be distributed at least as rapidly as under the method of distribution being used prior to the Participant's death.

(d) If the Participant dies before distribution of his or her interest begins, distribution of the Participant's entire interest shall be completed by December 31 of the calendar year containing the fifth (5th) anniversary of the Participant's death except to the extent that an election is made to receive distributions in accordance with (1) or (2) below:

(1) If any portion of the Participant's interest is payable to a Beneficiary, distributions may be made over the life or over a period certain not greater than the life expectancy of the Designated Beneficiary commencing on or before December 31 of the calendar year immediately following the calendar year in which the Participant died;

(2) If the Beneficiary is the Participant's surviving Spouse, the date distributions are required to begin in accordance with (a) above shall not be earlier than December 31 of the calendar year in which the Participant would have attained age $70^{1}/_{2}$;

(3) If the surviving Spouse dies before the distributions to such spouse begin, the provisions of this Section 6.05(d), shall be applied as if the surviving spouse were the Participant.

(e) Any amount paid to a child of the Participant will be treated as if it has been paid to the surviving Spouse if the amount becomes payable to the surviving spouse when the child reaches the age of majority.

(f) The life expectancy of a Participant and his Spouse may be recalculated annually. The life expectancy of a non-Spouse beneficiary may not be recalculated.

(g) Notwithstanding any provision of this Plan to the contrary, the provisions of this Section 6.05 shall be construed in a manner that complies with Section 401(a)(9) of the Code and, with respect to distributions made on or after January 1, 2001, the Plan will apply the minimum distribution requirements of Section 401(a)(9) of the Code in accordance with the Treasury Regulations thereunder that were proposed in January 2001, the provisions of which are hereby incorporated by reference. This subsection (g) shall continue in effect until the end of the last calendar year beginning before the effective date of the final regulations under Section 401(a)(9) of the Code or such other date as may be specified in guidance published by the Internal Revenue Service.

6.06 Notwithstanding anything contained herein to the contrary, unless the Participant elects otherwise, distributions to the Participant will commence no later than the 60th day after the close of the Plan Year in which occurs the latest of:

(1) the Participant's attainment of age 65;

(2) the 10th anniversary of the year in which the Participant commenced participation in the Plan; or

(3) the Participant's termination of service with the Employer.

Notwithstanding the foregoing, the failure of a Participant and his Spouse to consent to a distribution at any time that any portion of the Accrued Benefit could

be distributed to the Participant or his surviving Spouse prior to the time the Participant attains (or would have attained if not deceased) age 65, shall be deemed to be an election to defer payment of any benefit sufficient to satisfy this Section 6.06.

ARTICLE VII

DEATH BENEFIT

7.01 No benefits under this Plan shall be payable on account of the death of a Participant or Retired Participant other than a death benefit pursuant to Section 3.03, an Option validly elected under Article VI, or this Article VII.

7.02 (a) Except as provided in Subsection (b), if a married Participant who is vested in any portion of his Accrued Benefit should die prior to his Retirement Pension Starting Date, his Spouse shall be entitled to receive a Qualified Preretirement Survivor Annuity.

(b) Notwithstanding any other provision of this Article VII, distributions of the Actuarial Equivalent of the Qualified Preretirement Survivor Annuity to which a surviving Spouse has become entitled shall immediately be made or commence to be made to the surviving Spouse in a form other than the Qualified Preretirement Survivor Annuity:

(1) if such distribution is made prior to the date on which payments of the Qualified Preretirement Survivor Annuity commence and the amount of such distribution is $5,000 (for Participants whose Termination of Employment occurs before January 1, 1998, $3,500) or less; or

(2) in any case not described in Paragraph (1), with the written consent of such surviving Spouse.

7.03 (a) The Committee shall provide each Participant within the "applicable period" for such Participant a written explanation of the Qualified Preretirement Survivor Annuity comparable to the explanation required in Section 3.03(c).

(b) The applicable period is whichever of the following periods ends last:

(1) the period beginning with the first day of the Plan Year in which the Participant attains age 32 and ending with the close of the Plan Year preceding the Plan Year in which the Participant attains age 35;

(2) "a reasonable period" ending after the individual becomes a Participant; and

(3) "a reasonable period" ending after this Section 7.03 first applies to the Participant.

For purposes of this Section 7.03, "a reasonable period" is the end of the two year period beginning one year prior to the date the applicable event occurs, and ending one year after that date.

(c) Notwithstanding the foregoing in the case of a Participant who separates from service before the Plan Year in which age 35 is attained, notice shall be provided within the two year period beginning one year prior to separation and ending one year after separation. If the Participant thereafter returns to employment with the Employer, the "applicable period" for such participant shall be redetermined.

ARTICLE VIII

DIRECT ROLLOVER DISTRIBUTIONS

8.01 Upon receiving directions from a Member who is eligible to receive a distribution from the Plan which constitutes an eligible rollover distribution, as defined in Section 402(c)(4)of the Code, to transfer all or any part of such distribution to an eligible retirement plan, as defined in Section 402(c)(8)(B), the Administrative Committee shall cause the portion of the distribution which the Participant has elected to so transfer to be transferred directly to such eligible retirement plan; provided, however, that the Participant shall be required to notify the Administrative Committee of the identity of the eligible retirement plan at the time and in the manner that the Administrative Committee shall prescribe and the Administrative Committee may require the Participant or the eligible retirement plan to provide a statement that the eligible retirement plan is intended to be qualified under Section 401(a) of the Code (if the plan is intended to be so qualified) or otherwise meets the requirements necessary to be an eligible retirement plan.

8.02 Upon receiving instructions from a Beneficiary who is the Participant's Spouse who is eligible to receive a distribution pursuant to the Plan that constitutes an eligible rollover distribution as defined in Section 402(c)(4) of the Code, to transfer all or any part of such distribution to a plan that constitutes an eligible retirement plan under Section 402(c)(8)(B) of the Code with respect to that distribution, the Administrative Committee shall cause the portion of the distribution which such Spouse has elected to so transfer to the eligible retirement plan so designated; provided, however, that the Spouse shall be required to notify the Administrative Committee of the identity of the eligible retirement plan at the time and in the manner that the Committee shall prescribe.

8.03 The Administrative Committee may accomplish the direct transfer described in Section 8.01 or Section 8.02, as applicable, by delivering a check to the Participant or Spouse (in each case, a "Distributee") which is payable to the trustee, custodian or other appropriate fiduciary of the eligible retirement plan, or by such other means as the Administrative Committee may in its discretion determine. The Administrative Committee may establish such rules and procedures regarding minimum amounts which may be the subject of direct transfers and other matters pertaining to direct transfers as it deems necessary from time to time.

ARTICLE IX

EMPLOYER CONTRIBUTION AND FUNDING POLICY

9.01 This Plan contemplates that each Employer shall, from time to time, contribute such amounts as may, in accordance with Section 412 of the Code and sound actuarial principles (as recommended by an actuary enrolled pursuant to Section 3042 of ERISA), be deemed necessary by such Employer to provide the benefits contemplated hereunder.

9.02 All contributions made by any Employer shall be paid directly to the Trustee for deposit in the Trust Fund.

9.03 Any forfeiture arising under the provisions of this Plan shall be applied to reduce contributions which would otherwise be required to be made by the Employers pursuant to Section 9.01.

9.04 The Company shall establish a funding policy and method consistent with the objectives of the Plan and the requirements of Title I of ERISA. In establishing and reviewing such funding policy and method, the Company shall endeavor to determine the Plan's short-term and long-term financial needs, taking into account the need for liquidity to pay benefits and the need for investment growth.

ARTICLE X

LIMITATIONS ON BENEFITS

10.01 The limitations of Section 415 of the Code applicable to "defined benefit plans" as defined in Section 414(j) of the Code are hereby incorporated by reference in this Plan; provided, however, that where the Code so provides, benefit limitations in effect under prior law shall be applicable to benefits accrued as of the last effective day of such prior law. In the case of a Participant who is, or has ever been, a participant in one or more "defined contribution plans" as defined in Section 414(i) of the Code maintained by Employer or any predecessor of the Employer, if benefits or contributions need to be reduced due to the application of Section 415(e) of the Code, then benefits under this Plan shall be reduced with respect to the affected Participant before any contributions credited to the Participant under any defined contribution plan maintained by the Employer shall be reduced. Notwithstanding the foregoing, the limitations of Section 415(e) of the Code shall cease to apply as of the first day of the first Plan Year beginning on or after January 1, 2000.

ARTICLE XI

TOP-HEAVY PLAN YEARS

11.01 For purposes of this Article XI, the following definitions shall apply:

(a) "Determination Date" means for any Plan Year subsequent to the first Plan Year, the last day of the preceding Plan Year, for the first Plan Year, the last day of that Plan Year.

(b) "Employee" means any employee of an Employer and any beneficiary of such an employee.

(c) "Employer" means the Employer and any Affiliate.

(d) "Key Employee" means, for Plan Years beginning after December 31, 2000, any Employee or former Employee (including any deceased Employee) who at any time during the Plan Year that includes the determination date was an officer of the Employer having annual compensation greater than $130,000 (as adjusted under Section 416(i)(1) of the Code for Plan Years beginning after December 31, 2002), a 5-percent owner of the employer, or a 1-percent owner of the employer having annual compensation of more than $150,000. For this purpose, annual compensation means compensation within the meaning of Section 415(c)(3) of the Code. The determination of who is a Key Employee will be made in accordance with Section 416(i)(1) of the Code and the applicable regulations and other guidance of general applicability issued thereunder.

(e) "Permissive Aggregation Group" means the Required Aggregation Group of plans plus any other plan or plans of the Employer which, when considered as a group with the Required Aggregation Group, would continue to satisfy the requirements of Sections 401(a)(4) and 410 of the Code.

(f) "Required Aggregation Group" means (1) each qualified plan of the Employer in which at least one Key Employee participates, and (2) any other qualified plan of the Employer which enables a plan described in (1) to meet the requirements of Sections 401(a)(4) or 410 of the Code.

(g) "Top-Heavy Compensation" means the first $200,000 (or such higher amount as may be prescribed pursuant to Treasury

Regulations) of W-2 earnings actually paid in the Plan Year by an Employer or an Affiliate for services as an Employee.

(h) "Top-Heavy Ratio":

(1) If in addition to this Plan the Employer maintains one or more other defined benefit plans (including any simplified employee pension plan) and the Employer has not maintained any defined contribution plan which during the 1-year period ending on the Determination Date has or has had account balances, the top-heavy ratio for this Plan alone or for the Required or Permissive Aggregation Group, as appropriate, is a fraction, the numerator of which is the sum of the present value of accrued benefits of all Key Employees as of the Determination Date (including any part of any accrued benefit distributed in the 1-year period ending on the Determination Date), and the denominator of which is the sum of the present value of all accrued benefits (including any part of any accrued benefit distributed in the 1-year period ending on the Determination Date), both computed in accordance with Section 416 of the Code and the regulations thereunder.

(2) If in addition to this Plan the Employer maintains one or more defined benefit plans (including any simplified employee pension plan) and the Employer maintains or has maintained one or more defined contribution plans which during the 1-year period ending on the Determination Date has or has had any account balances, the Top-Heavy Ratio for any Required or Permissive Aggregation Group, as appropriate, is a fraction, the numerator of which is the sum of the present value of accrued benefits under the aggregated defined benefit plan or plans for all Key Employees, determined in accordance with (1) above, and the sum of the account balances under the aggregated defined contribution plan or plans for all Key Employees as of the Determination Date, and the denominator of which is the sum of the present value of accrued benefits under the aggregated defined benefit plan or plans for all participants, determined in accordance with (1) above, and the sum of the account balances under the aggregated defined contribution plan or plans for all participants as of the Determination Date, all determined in accordance with Section 416 of the Code and the regulations thereunder. The account balances accrued benefits under a defined contribution plan in both the numerator and denominator of the Top-Heavy Ratio are increased for any

distribution of an account balance made in the 1-year period ending on the Determination Date.

(3) For purposes of (1) and (2) above, the value of account balances and the present value of accrued benefits will be determined as of the most recent Valuation Date that falls within or ends with the 12-month period ending on the Determination Date, except as provided in Section 416 of the Code and the regulations thereunder for the first and the second plan years of a defined benefit plan. The account balances and accrued benefits of a participant (x) who is not a Key Employee but who was a Key Employee in a prior year, or (y) who has not received any Top-Heavy Compensation from any Employer maintaining the Plan at any time during the 5-year period ending on the Determination Date will be disregarded. Notwithstanding the above, for Plan Years beginning after December 31, 2001, the accrued benefits and accounts of any Participant who has not performed services for the Employer during the 1-year period ending on the Determination Date will be disregarded. The calculation of the Top-Heavy Ratio, and the extent to which distributions, rollovers, and transfers are taken into account will be made in accordance with Section 416 of the Code and the regulations thereunder. Deductible Employee contributions will not be taken into account for purposes of computing the Top-Heavy Ratio. When aggregating plans the value of account balances and accrued benefits will be calculated with reference to the Determination Dates that fall within the same calendar year.

The accrued benefit of a Participant other than a Key Employee shall be determined under (x) the method, if any, that uniformly applies for accrual purposes under all defined benefit plans maintained by the Employer, or (y) if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional rule of Section 411(b)(1)(C) of the Code.

(4) For purposes of (1) and (2) above, in the case of a distribution from the Plan made for a reason other than separation from service, death or Disability, "5-year period" shall be substituted for "1-year period" wherever such term is found.

(i) "Valuation Date" means the last day of a Plan Year.

11.02 If the Plan is or becomes top-heavy in any Plan Year, the provisions of Sections 11.04 through 11.05 will automatically supersede any conflicting provision of the Plan.

11.03 The Plan shall be considered top-heavy for any Plan Year if any of the following conditions exists:

(a) If the Top-Heavy Ratio for the Plan exceeds 60 percent and the Plan is not part of any Required Aggregation Group or Permissive Aggregation Group of plans.

(b) If the Plan is part of a Required Aggregation Group of plans but not part of a Permissive Aggregation Group and the Top-Heavy Ratio for the group of plans exceeds 60 percent.

(c) If the Plan is part of a Required Aggregation Group of plans and part of a Permissive Aggregation Group and the Top-Heavy Ratio for the Permissive Aggregation Group exceeds 60 percent.

11.04 (a) The Retirement Pension, commencing on or after the Normal Retirement Date of each individual, other than a Key Employee, who was a Participant during any Top-Heavy Plan year shall be the greater of:

(1) such Participant's Retirement Pension determined under Section 3.02; or

(2) an amount equal to two percent (2%) of such Participant's Highest Average Compensation for each of the first ten (10) years of his Top-Heavy Service; provided, however, that in the case of a Participant whose Retirement Pension Starting Date is later than his Normal Retirement Date, the amount determined under this Paragraph (2) commencing on such Retirement Pension Starting Date shall not be less than the Actuarial Equivalent of the Retirement Pension that would have been payable pursuant to this Paragraph (2) on the Participant's Normal Retirement Date

(b) For purposes of this Section 11.04:

(1) "Highest Average Compensation" means a Participant's average Top-Heavy Compensation for the five (5) consecutive years during which his aggregate Top-Heavy Compensation was highest, excluding compensation earned by such Participant:

(A) after the close of the last Top-Heavy Plan Year; or

(B) prior to January 1, 1984, except to the extent that compensation prior to January 1, 1984 is required to be taken into account so that such average is based on a five (5) year period.

(2) "Top-Heavy Service" means each Year of Service:

(A) in which ended a Plan Year which was not a Top-Heavy Plan Year; or

(B) completed in a Plan Year beginning prior to January 1, 1984.

For Plan Years beginning after December 31, 2001, for purpose of satisfying the minimum benefit requirements of Section 416(c)(1) of the Code and this Plan, in determining Years of Service, any service with Employer shall be disregarded to the extent that such service occurs during a Plan Year when the Plan benefits (within the meaning of Section 410(b) of the Code) no Key Employee or former Key Employee.

(c) In the case of a Participant who is also a Participant in a defined contribution plan maintained by an Employer or an Affiliate, the amount described in Paragraph (a) (2) shall be reduced by the actuarial equivalent, determined as of the date of the Participant's Retirement Pension Starting Date, of the Participant's account balance under such defined contribution plan derived from employer contributions (which account balance shall be deemed to include prior withdrawals made by the Participant accumulated at interest to the Participant's Retirement Pension Starting Date). For purposes of this Subsection (c), actuarial equivalence and the interest rate referred to in the preceding sentence shall be determined using the actuarial assumptions described in Section 1.02.

11.05 (a) For any Top-Heavy Plan Year, each Participant shall be vested in his Accrued Benefit in accordance with the following schedule:

Years of Service	Nonforfeitable Percentage
Fewer than Two Years	0%
Two Years but less than Three Years	20%
Three Years but less than Four Years	40%
Four Years but less than Five Years	60%
Five Years but less than Six Years	80%
Six or more Years	100%

(b) Any portion of a Participant's Accrued Benefit which has become vested pursuant to Subsection (1) shall remain vested after the Plan has ceased to be a Top-Heavy Plan.

(c) Any Participant who has completed at least five (5) Years of Service prior to the beginning of the Plan Year in which the Plan ceased to be a Top-Heavy Plan shall continue to vest in his Accrued Benefit according to the schedule set forth in Subsection (a) after the Plan has ceased to be a Top-Heavy

Plan.

ARTICLE XII

NON-ALIENABILITY

12.01 Except in the case of a qualified domestic relations order described in Section 414(p) of the Code, no benefit under this Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, charge, encumbrance, garnishment, levy or attachment; and any attempt to so anticipate, alienate, sell, transfer, assign, pledge, charge, encumber, garnish, levy upon or attach the same shall be void; nor shall any such benefit be in any manner liable for or subject to the debts, contracts, liabilities, engagements or torts of the person entitled thereto.

12.02 If any Participant or Beneficiary under this Plan becomes bankrupt or attempts to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge any benefit under this Plan, the Administrative Committee may (but shall not be required to) terminate the payment of such benefit to such Participant or Beneficiary. If payment is thus terminated, the Administrative Committee shall direct the Trustee to hold or apply future payments for the benefit of such Participant, his Beneficiary, his spouse or children or other dependents, or any of them, in such manner and in such proportion as the Administrative Committee may deem proper.

12.03 Notwithstanding anything herein to the contrary, effective August 5, 1997, the provisions of this Article XII shall not apply to any offset of a Participant's benefits provided under the Plan against an amount that the Participant is ordered or required to pay to the Plan under any of the circumstances set forth in Section 401(a)(13)(C) of the Code and Sections 206(d)(4) and 206(d)(5) of ERISA.

ARTICLE XIII

AMENDMENT OF THE PLAN

13.01 The Company shall have the right by action of the Board, at any time and from time to time, to amend in whole or in part any of the provisions of this Plan, and any such amendment shall be binding upon the Participants and their Beneficiaries, the Trustee, the Administrative Committee, any Employer, and all parties in interest; provided, however, that no such amendment shall authorize or permit any of the assets of the Trust Fund to be used for or directed to purposes other than the exclusive benefit of the Participants or their Beneficiaries. Any such amendment shall become effective as of the date specified therein.

13.02 No amendment to the Plan including a change in the actuarial basis for determining optional or early retirement benefits shall be effective to the extent that it has the effect of decreasing a Participant's Accrued Benefit. Notwithstanding the preceding sentence, a Participant's Accrued Benefit may be reduced to the extent permitted under Section 412(c)(8) of the Code. For purposes of this paragraph, a Plan amendment which has the effect of (1) eliminating or reducing an early retirement benefit or a retirement-type subsidy, or (2) eliminating an optional form of benefit, with respect to benefits attributable to service before the amendment shall be treated as reducing accrued benefits. In the case of a retirement-type subsidy, the preceding sentence shall apply only with respect to a participant who satisfies either before or after the amendment the preamendment conditions for the subsidy. In general, a retirement-type subsidy is a subsidy that continues after retirement, but does not include a qualified disability benefit, a medical benefit, a social security supplement, a death benefit (including life insurance). Furthermore, no amendment to the Plan shall have the effect of decreasing a Participant's vested interest determined without regard to such amendment as of the later of the date such amendment is adopted, or becomes effective.

13.03 If at any time the vesting schedule set forth in Section 4.01 is amended, or the Plan is amended in any way that directly or indirectly affects the computation of the Participant's nonforfeitable percentage or if the Plan is deemed amended by an automatic change to or from a top-heavy vesting schedule, each Participant with at least three Years of Service may elect, within a reasonable period after the adoption of the amendment or change, to have the nonforfeitable percentage computed under the Plan without regard to such amendment or change. For Participants who dc not have at least one Hour of Service in any Plan Year beginning after December 31, 1988, the preceding sentence shall be applied by substituting "five Years of Service" for "three Years of Service" where such language appears. The period during which the election may be made shall

commence with the date the amendment is adopted or deemed to be made and shall end on the latest of:

(i) 60 days after the amendment is adopted;

(ii) 60 days after the amendment becomes effective; or

(iii) 60 days after the Participant is issued written notice of the amendment by the Employer or the Plan Administrator.

ARTICLE XIV

TERMINATION OF THE PLAN

14.01 The Company may, by action of the Board and by appropriate notice to the Trustee, determine that it shall terminate the Plan in its entirety or withdraw from the Plan and terminate the same with respect to itself. The Company may by action of the Board at any time determine that any other Employer

shall withdraw from the Plan, and any other Employer by action of its Board of Directors may determine that it shall so withdraw, and upon any such determination, the Plan, in respect of such Employer, shall be terminated.

14.02 Any termination or partial termination shall be effective as of the date specified in the resolution providing therefor, if any, and shall be binding upon the Employer, the Trustee, all Participants and Beneficiaries and all parties in interest.

14.03 Upon termination of the Plan in its entirety, each Participant shall be fully (100%) vested in his Accrued Benefit, determined as of the date of such termination. A Participant's Accrued Benefit shall be payable only from the Trust Fund, except to the extent otherwise provided in Title IV of ERISA.

14.04 In the event of a partial termination of the Plan, within the meaning of Section 411(d)(3)(A) of the Code, each affected Participant shall, insofar as required by applicable law, be fully (100%) vested in his Accrued Benefit, determined as of the date of such partial termination.

14.05 Upon termination of the Plan in its entirety or upon a partial termination of the Plan, the assets comprising the Trust Fund shall be allocated in accordance with the statutory priorities set forth in Section 4044(d)(2) of ERISA and regulations promulgated thereunder. Subject to the limitations imposed by Section 4044(d)(2) of ERISA and Section 14.06, any funds remaining after satisfaction of all liabilities to Plan Participants shall be returned to the Employer.

14.06 (a) As used in this Section 14.06:

(1) "Applicable Early Termination Date" means the tenth (10th) anniversary of the effective date of any increase in benefits under this Plan.

(2) "Predecessor Plan" means any retirement plan which (A) was maintained by a corporation or unincorporated business before it became an Employer and (B) has merged into the Plan.

(3) "Twenty-five Highest Paid Employees" means the twenty-five (25) highest paid Employees on the tenth (10th) anniversary preceding the Applicable Early Termination Date (including any such Employees) who were not then, or were not eligible to become, Participants in the Plan), excluding any Participant whose Retirement Pension will not exceed $1,500.

(4) "Unrestricted Benefits" means benefits in the form provided under this Plan equal to the amount provided by the greatest of:

(A) employer contributions (or funds attributable thereto) under the Plan or a Predecessor Plan which would have been applied to provide the Participant's Accrued Benefit if the Plan or such Predecessor Plan, as in effect on the tenth (10th) anniversary preceding the Applicable Early Termination Date, had continued without change;

(B) $20,000; or

(C) an amount equal to the sum of (A) employer contributions (or funds attributable thereto) which would have been applied to provide the Participant's Accrued Benefit under the Plan or any Predecessor Plan if the Plan or such Predecessor Plan had terminated on the tenth (10th) anniversary preceding the Applicable Early Termination Date and (B) twenty percent (20%) of the first $50,000 of the Participant's average Compensation during the preceding five (5) years, multiplied by the number of years in respect of which the full current costs of the Plan have been met since the tenth (10th) anniversary preceding the Applicable Early Termination Date;

(D) (1) for a Participant who is not a "substantial owner" as defined in Section 4022(b)(5) of ERISA, an amount which equals the present value of the maximum benefit of such Participant described in Section 4022(b)(3)(B) of ERISA, determined on the date the Plan terminates or the Participant's Retirement Pension Starting Date, whichever is earlier and determined in accordance with regulations of the Pension Benefit Guaranty Corporation ("PBGC"), without regard to any other limitations in Section 4022 of ERISA; or

(2) for a Participant who is a "substantial owner," as defined in Section 4022(b)(5) of ERISA, the greatest of the amounts in (A), (B), (C) or an amount which equals the present

value of the benefit guaranteed upon termination of the Plan for such Participant under Section 4022 of ERISA, or if the Plan has not terminated, the present value of the benefit that would be guaranteed if the Plan terminated on such Participant's Retirement Pension Starting Date, determined in accordance with regulations of the PBGC.

(b) Subject to the provisions of Section 4044 of ERISA, in the event that:

(1) the Plan is terminated in respect of an Employer at any time prior to the Applicable Early Termination Date; or

(2) the benefits of any Participant became payable (A) at any time prior to the Applicable Early Termination Date or (B) subsequent to the Applicable Early Termination Date but before the full current costs of the Plan for the period prior to the Applicable Early Termination Date have been funded,

the benefits (as defined in Treasury Regulation 1.401-4(c)(2)(vi)(a)) which any of the Twenty-Five Highest Paid Employees may receive (including any Unrestricted Benefits) shall not exceed his Unrestricted Benefits at any time.

In the case of a Participant described in Subparagraph (2) (B), if on the Applicable Early Termination Date the full current costs are not met, the restrictions contained in this Section 14.06 shall continue in force until the full current costs are funded for the first time.

(c) The provisions of this Section 14.06 shall not restrict the current payment of full retirement benefits called for by this Plan to any Retired Participant or his Beneficiary while the Plan is in full effect and its full current costs have been met.

(d) If any funds are released by operation of the provisions of this Section 14.06, they shall be applied solely for the benefit of Participants and Beneficiaries other than the Twenty-five Highest Paid Employees or, if not required for the funding of benefits for such Participants and Beneficiaries, shall revert to the appropriate Employer.

(e) The restrictions contained in Subsection (b) may be exceeded for the purpose of making current Retirement Pension payments to a Retired Participant who would otherwise be subject to such restrictions if:

(1) such Retirement Pension is in the form described in Section 1.41 or 3.02, whichever is applicable, or under an Option which does not provide level pension benefits greater than those provided by the form described in Section 1.41;

(2) the Retirement Pension thus provided is supplemented, to the extent necessary to provide the full Retirement Pension in the form provided in Section 1.41 or 3.02, by current payments to such Retired Participant as installments of such Retirement Pension come due; and

(3) such supplemental payments are made at any time only if (A) the full current costs of the Plan have then been funded or (B) the aggregate of such supplemental payments for all such Retired Participants for the current year does not exceed the aggregate of the Employer contributions already made in respect of such year.

(f) If there shall be more than one Employer, the provisions of this Section 14.06 shall be applied separately in respect of each such Employer.

(g) A Participant who is one of the Twenty-five Highest Paid Employees may elect to receive his benefits under this Plan in the form of a lump sum distribution only if he agrees to deposit with an acceptable depository property having a market value equal to one hundred twenty-five percent (125%) of the difference between the amount of such distribution and the Actuarial Equivalent of his Unrestricted Benefits as security for his repayment of any benefits paid to him in excess of the maximum permitted by this Section 14.06. Additional deposits of security, in the amount necessary to increase the fair market value of such security to one hundred twenty-five percent (125%) of the difference between the amount of the distribution and the actuarial Equivalent of his Unrestricted Benefits shall be made whenever the fair market value of such security is less than one hundred ten percent (110%) of such difference.

14.07 If the Plan shall merge or consolidate with, or transfer its assets or liabilities to, any other "pension plan", as defined in Section 3(2) of ERISA, each Participant shall be entitled to receive a benefit immediately after such merger, consolidation or transfer (assuming that the Plan had then terminated) which is equal to or greater than the benefit which he would have been entitled to receive immediately before such merger, consolidation or transfer (assuming that the Plan had then terminated).

ARTICLE XV

TRUST AND ADMINISTRATION

15.01 The assets of the Trust Fund shall be held by the Trustees, who shall consist of not fewer than two (2) individuals, or a bank or trust company appointed by the Board. The Trustees shall hold office until their or its successors have been duly appointed or until death, resignation or removal.

15.02 The Plan shall be administered by an Administrative Committee, provided, however, that the Committee shall have no authority with respect to the investment of the assets of the Plan. The Committee shall consist of three (3) or more persons appointed by the Board. The Board may remove any member of the Committee at any time, with or without cause. The Board shall appoint a new member of the Committee as soon as is reasonably possible after the removal. Until a new appointment is made, the remaining members of the Administrative Committee shall have full authority to act. Each member of the Committee, upon becoming a member of the Committee shall file an acceptance in writing with the Board. Any member of the Committee may resign by delivering his written resignation to the Board. Any such resignation shall become effective upon its receipt by the Board or on such other date as is agreed to by the Board and such member of the Committee.

15.03 The investment of the assets of the Plan shall be managed, except to the extent that such responsibility has been allocated or delegated, by the Trustee.

15.04 The Trustees shall act unanimously; provided, however, that if at any time there are more than two (2) Trustees acting hereunder, they shall act by majority vote and may act either by vote at a meeting or in writing without a meeting. Notwithstanding the foregoing:

(a) checks and other instruments for the payment of money and instruments relating to the purchase, sale or other disposition of securities or other property held in the Trust and checks and other instruments in payment of distributions to Members and Beneficiaries or in payment of proper expenses under the Plan may be signed by any one Trustee or by any person or persons authorized by unanimous action of all the Trustees then acting hereunder with the same force and effect as if signed by all Trustees; and

(b) the Trustees may, by written authorization, empower one of them individually to execute any other document or documents on behalf

of the Trustees, such authorization to remain in effect until revoked by any Trustee.

15.05 The Trustees and the Administrative Committee may appoint such independent accountants, enrolled actuaries, legal counsel, investment advisors and other agents or specialists as they deem necessary or desirable in connection with the performance of their duties hereunder. The Trustees shall be entitled to

rely conclusively upon, and shall be fully protected in any action taken by them in good faith in relying upon, any opinions or reports which are furnished to them by any such independent accountant, enrolled actuary, legal counsel, investment advisor or other specialist.

15.06 The Administrative Committee and the Trustees shall serve without compensation for services as such. All expenses of the Trust shall be paid by the Trust unless paid by Employers. Such expenses shall include any expenses incidental to the operation of the Trust, including, but not limited to, fees of independent accountants, enrolled actuaries, legal counsel, investment advisors and other agents or specialists and similar costs.

15.07 The Administrative Committee and the Trustees shall discharge their duties with respect to the Plan solely in the interests of the Participants and their Beneficiaries; and

(a) for the exclusive purpose of providing benefits to Participants and the Beneficiaries and defraying reasonable expenses of administering the Plan;

(b) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man, acting in like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims;

(c) by diversifying the investments of the Trust Fund so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

(d) in accordance with the documents and instruments governing the Plan, insofar as such documents and instruments are consistent with the provisions of ERISA.

15.08 (a) The Administrative Committee is hereby designated as the "administrator" of the plan within the meaning of Section 3(16)(A) of ERISA. The Administrative Committee is hereby designated as a "named fiduciary" of the Plan within the meaning of Section 402(a)(2) of ERISA, and shall, unless

otherwise provided pursuant to subsection (b) jointly administer the Plan as agent of the Company in accordance with its terms and shall have all powers necessary to carry out the provisions of the Plan. In carrying out its duties with respect to the general administration of the Plan, the Administrative Committee shall have in addition to any other lawful powers and not by way of limitation, the following powers:

(1) to determine all questions relating to eligibility to participate in the Plan;

(2) to compute the amount and kind of benefits payable to the Participants and their Beneficiaries;

(3) to make disbursements from the Trust in accordance with the provisions of the Plan;

(4) to maintain all records necessary for the administration of the Plan;

(5) to interpret the provisions of the Plan and to make and publish such rules and regulations as are not inconsistent with the terms hereof;

(b) The Trustees are hereby designated as "named fiduciaries" within the meaning of Section 402(a) of ERISA, with respect to the investment of the assets of the Plan and shall, except to the extent provided in Subsections (c) and (d), direct the investment of such assets and possess all powers which may be necessary to carry out such duty.

(c) The Trustee may appoint an investment manager, as defined in Section 3(38) of ERISA, in which case no Trustee shall be liable for the acts or omissions of such investment manager or be under any obligation to invest or otherwise manage any asset of the Trust Fund which is subject to the management of such manager.

(d) (1) The Administrative Committee and the Trustees may establish procedures for (A) the allocation of fiduciary responsibilities (other than "trustee responsibilities" as defined in Section 405(c)(3) of ERISA under the Plan among themselves, and (B) the designation of persons other than names fiduciaries to carry out fiduciary responsibilities (other than trustee responsibilities) under the Plan.

(2) If any fiduciary responsibility is allocated or if any person is designated to carry out any responsibility pursuant to Paragraph (1), no named

fiduciary shall be liable for any act or omission of such person in carrying out such responsibility, except as provided in Section 405(c)(2) of ERISA.

15.09 The Trustees shall receive any contributions paid to them in cash and shall establish the Trust Fund hereunder. The Trust Fund shall be held, managed and administered in accordance with the terms of this Plan.

15.10 The Trustees shall invest and reinvest the Trust Fund and keep the Trust Fund invested, without distinction between principal and income, in such securities or other property, real or personal, foreign or domestic, wherever situated, as the Trustees shall deem advisable, including, but not limited to, the general account or a separate account of an insurance company licensed to do business in the State of New York, shares in a regulated investment company or plans for the accumulation of such shares, common or preferred stocks, bonds and mortgages, and other evidences of ownership or indebtedness. In making such investments, the Trustee shall not be restricted to securities or other property of the character authorized or required by applicable law for trust investments.

15.11 The Trustees shall have the following powers and authority in the investment of the assets of the Trust Fund:

(a) to purchase, or subscribe for, any securities (including shares in a regulated investment company or plans for the accumulation of such shares) or other property and to retain the same in trust, the Trustees being specifically authorized to limit investment, in their own discretion, to shares of regulated

investment companies or to plans for the accumulation of such shares;

(b) to sell, exchange, convey, transfer or otherwise dispose of, by private contract or at public auction, any securities or other property held by them; and no person dealing with the Trustees shall be bound to see to the application of the purchase money or to inquire into the validity, expediency or propriety of any such sale or other disposition;

(c) to vote any stocks, bonds or other securities; to give general or special proxies or powers of attorney with or without power of substitution; to exercise any conversion privileges, subscription rights or other options and to make any payments incidental thereto; to oppose, consent to, or otherwise participate in, corporate reorganizations or other changes affecting corporation securities; to pay any assessments or charges in connection with any security; to delegate any discretionary powers; and generally to exercise any of the powers of an owner with respect to stocks, bonds, securities or other property held as part of the Trust Fund;

(d) to cause any securities or other property held as part of the Trust Fund to be registered in their own names or in the name of one or more nominees, and to hold any investments in bearer form, but the books and records of the Trustees shall at all times show that all such investments are part of the Trust Fund;

(e) to borrow or raise money for the purposes of the Plan in such amount and upon such terms and conditions as the Trustee shall deem advisable; and for any sum so borrowed, to issue their promissory note as Trustees and to secure the repayment thereof by pledging all, or any part, of the Trust Fund; and no person lending money to the Trustees shall be bound to see to the application of the money lent or to inquire into the validity, expediency or propriety of any such borrowing;

(f) to keep such portion of the Trust Fund in cash or cash balances as the Trustee may, from time to time, deem to be in the best interests of the Plan, without liability for interest thereon;

(g) to accept and retain for such time as may seem advisable any securities or other property received or acquired by them as Trustees hereunder, whether or not such securities or other property would normally be purchased as investments hereunder;

(h) to sell call options on any national securities exchange with respect to securities held in the Trust Fund, and to purchase call options for the purpose of closing out previous sales of call option;

(i) to appoint a bank or trust company as corporate Trustee, and to enter into and execute an agreement with any such corporate Trustee to provide for the investment and reinvestment of assets of the Trust Fund.

15.12 The Trustees, at the direction of the Administrative Committee, shall from time to time make payments out of the Trust Fund in accordance with the provisions of the Plan in such manner, in such amounts and for such purposes as they may determine, and when any such payment has been made, the amount thereof shall no longer constitute a part of the Trust Fund.

15.13 (a) The Trustees shall keep accurate and detailed accounts of all investments, receipts, disbursements and other transactions hereunder.

(b) Within two hundred ten (210) days following the close of each Plan Year, the Trustees shall file with the Company a written account setting forth all investments, receipts, disbursements and other transactions effected by them during such Plan Year. Except as provided to the contrary by Section 413(a) of

ERISA, upon the expiration of ninety (90) days from the date of filing of such account, the Trustees shall be forever released and discharged from all liability and accountability to anyone with respect to the propriety of their acts and transactions shown in such account, except with respect to any such acts or transactions as to which the Company shall file with the Trustees written objections within such ninety (90) day period.

(c) The filing by the Trustees with the Company of an annual report in accordance with Section 103 of ERISA shall constitute the filing of an account within the meaning of this Section 15.13.

15.14 Any Trustee may be removed by the Company at any time. A Trustee may resign at any time upon thirty (30) days' notice in writing to the Company, which notice may be waived by the Company. Upon such removal or resignation of a Trustee, or upon the death or disability of a Trustee, the Company may, or in the event there is no then acting Trustee, shall appoint a successor Trustee, who shall have the same powers and duties as those conferred upon the Trustees hereunder. The Company may at any time appoint one or more additional Trustees, who shall have the same powers and duties as those conferred upon the Trustees hereunder.

15.15 In any case in which any person is required or permitted to make an election under this Plan, such election shall be made in writing and filed with the Administrative Committee on the form provided by them or made in such other manner as the Administrative Committee may direct.

ARTICLE XVI

CLAIMS PROCEDURES

16.01 (a) In the event of a dispute between the Administrative Committee and a Participant, former Participant, or Beneficiary over the amount of benefits payable under the Plan, the Participant, former Participant, or Beneficiary may file a claim for benefits by notifying the Administrative Committee in writing of such claim. Such notification may be in any form adequate to give reasonable notice to the Administrative Committee, and shall set forth the basis of

such claim. The Administrative Committee is authorized to conduct such examinations as may be necessary to determine the validity of the claim and to take such steps as may be necessary to facilitate the payment of any benefits to which the claimant may be entitled under the Plan.

(b) The Administrative Committee shall decide whether to grant a claim within ninety (90) days of the date on which the claim is filed, unless special circumstances require an extension of time for processing the claim and the claimant is notified in writing within such ninety (90) day period of the reasons for an extension of time; provided, however, that no extensions shall be permitted beyond ninety (90) days after the date on which the claimant received notice of the extension of time from the Administrative Committee. If the Administrative Committee fails to notify the claimant of its decision to grant or deny such claim within the time specified by this Subsection (b), such claim shall be deemed to have been denied by the Administrative Committee and the review procedure described in Subsection (c) shall become available to the claimant.

(c) (1) Whenever a claim for benefits is denied, written notice, prepared in a manner calculated to be understood by the claimant, shall be provided to him, setting forth the specific reasons for the denial and making reference to pertinent Plan provisions on which the denial is based, and explaining the procedure for review of the decision made by the Administrative Committee. If the denial is based upon the Administrative Committee's lack of sufficient information to support a decision, the Administrative Committee shall specify the information which is necessary to perfect the claim and its reasons for requiring such additional information.

(2) Any claimant whose claim is denied may, within sixty (60) days after his receipt of written notice of such denial, request in writing a review by a senior executive officer of the general partners referred to in Section 1.10 who is not then a member of the Administrative Committee or the claimant himself (the "Officer"), who shall be a "named fiduciary," within the meaning of Section 402(a) of ERISA, for the purpose of adjudicating such appeals. Such claimant or his representative may examine any Plan documents relevant to this claim and

may submit issues and comments in writing. The Officer shall adjudicate the claimant's appeal within sixty (60) days after its receipt of his written request for review, unless special circumstances require an extension of time for processing the request for review and the claimant is notified in writing of the reasons for an extension of time within such sixty (60) day period; provided, however, that such adjudication shall be made no later than one hundred twenty (120) days after the Officer's receipt of the claimant's written request for review.

(3) If the Officer fails to notify the claimant of his decision with respect to the claimant's request for review within the time specified by this Subsection (c), such claim shall be deemed to have been denied on review.

(d) If the claim is denied by the Officer such decision shall be in writing, shall state specifically the reasons for the decisions, shall be written in a manner calculated to be understood by the claimant and shall make specific reference to the pertinent Plan provisions upon which it is based.

(e) The procedure set forth in this Section 16.01 shall be interpreted in accordance with regulations promulgated by the United States Department of Labor or any successor authority regulating claim procedures for employee benefit plans.

ARTICLE XVII

MISCELLANEOUS

17.01 If any provision of this Plan shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of this Plan, but such illegal or invalid provision shall be deemed modified to the extent necessary to conform to applicable law and carry out the purposes of this Plan, or, if such modification is impossible, the Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

17.02 This Plan shall be governed, construed, administered and regulated in all respects under the laws of the State of New York, except insofar as they have been superseded by the provisions of ERISA.

17.03 Wherever any words are used herein in the masculine gender, they shall be construed as though they were also used in the feminine gender in all cases where they would so apply, and *vice versa*, and wherever any words are used herein in the singular form, they shall be construed as through they were also used in the plural form in all cases where they would so apply, and *vice versa*.

17.04 The adoption and maintenance of this Plan shall not be deemed to constitute a contract between any Employer and any person or to be a consideration for the employment of any person. Nothing contained herein shall be deemed to give any person the right to be retained in the employ of any Employer or to derogate from the right of any Employer or discharge any person at any time without regard to the effect of such discharge upon the rights of such person as a Participant in this Plan.

17.05 Except as otherwise provided by ERISA, no liability shall attach to any Employer for payment of any benefits or claims hereunder, and all participants and Beneficiaries, and all persons claiming under or through them, shall have recourse only to the Trust Fund for payment of any benefit hereunder.

17.06 Nothing in this Plan, express or implied, is intended, or shall be construed, to confer upon or give to any person, firm, association or corporation, other than the parties hereto and their successors in interest, any right, remedy or claim under or by reason of this Plan or any covenants, condition or stipulation hereof, and all covenants, conditions and stipulations in this plan, by or on behalf of any party, shall be for the sole and exclusive benefit of the parties hereto.

(a) Any contribution to the Plan made by an Employer by a mistake in fact may be returned to such Employer at the direction of the

Trustee within one (1) year after the date of the payment of such contribution.

(b) Each contribution made to this Plan by an Employer is conditioned upon its deductibility under Section 404 of the Code. If the deduction is disallowed, such contribution shall, to the extent disallowed as a deduction, be returned to such Employer within one (1) year following the date of disallowance.

(c) This Plan is established for the exclusive benefit of the Participants herein and their Beneficiaries. Except as provided in Section 14.05 and this Section 17.06, it shall be impossible for any assets of the Trust to revert to any Employer prior to the satisfaction of all liabilities hereunder with respect to all Participants and their Beneficiaries.

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Exhibit 10.5

AMENDMENT AND COMPLETE RESTATEMENT
OF THE
PROFIT SHARING PLAN FOR EMPLOYEES
OF
ALLIANCE CAPITAL MANAGEMENT L.P.

(As amended through 1/1/02)

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PROFIT SHARING PLAN FOR EMPLOYEES
OF
ALLIANCE CAPITAL MANAGEMENT L. P.

WHEREAS, effective as of January 1, 1972, the predecessor of Alliance Capital Management L.P. ("Alliance") established a profit sharing plan covering its employees; and

WHEREAS, that plan as subsequently amended and completely restated was adopted and continued by Alliance in connection with the transfer on April 21, 1988 of the predecessor's business and substantially all of its operating assets and liabilities to Alliance and prior to that transfer and in connection therewith again amended and renamed the plan as the Profit Sharing Plan for Employees of Alliance Capital Management L.P. (the "Plan"); and

WHEREAS, the Plan was amended and restated effective January 1, 1989 to comply with amendments to applicable law and to make certain other changes and was subsequently further amended; and

WHEREAS, the Plan was again amended and restated effective January 1, 1993 to permit the investment of plan assets in Units of Alliance, to comply with amendments to applicable law and to make certain other changes, subject to such changes as necessary for the Plan to satisfy the requirements for qualification under Section 401(a) of the Internal Revenue Code of 1986, as amended, for the trust under the Plan to be exempt from tax under Code Section 501(a), and for the Plan to satisfy any other applicable requirements of the Employee Retirement Income Security Act of 1974, as amended; and

WHEREAS, the Plan was amended effective January 1, 1995 to reflect the merger of the Alliance Capital Management L.P. Profit Sharing Plan for Former Employees of Equitable Capital Management Corporation with and into this Plan; and

WHEREAS, further amendments to the Plan were necessary to satisfy requirements of Code Section 401(a) as a condition to a favorable determination letter dated March 31, 1995 with respect to the qualification, of the Plan under that Section;

WHEREAS, the Plan was amended and restated effective either as of January 1, 1993, or as of such other date with respect to a particular amendment as

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required for the Plan to satisfy any applicable requirement for qualification under Code Section 401(a);

WHEREAS, further amendments to the Plan were necessary to satisfy requirements of Code Section 401(a) with respect to the qualification of the Plan under that Section;

NOW, THEREFORE, this document sets forth the Plan as embodying such further amendments which are effective either as of January 1, 2002, except as otherwise provided, or as of such other date with respect to a particular amendment as required for the Plan to satisfy any applicable requirement for qualification

under Code Section 401(a).

ARTICLE I

DEFINITIONS.

For the purposes of this Plan, except as otherwise herein expressly provided or unless the context otherwise requires, when capitalized:

Section 1.01. "*Account*" means any one or more of the following accounts maintained by the Committee for a Member:

(a) his Company Contributions Account;

(b) his Member Contributions Account;

(c) his Member Salary Deferral Account; and

(d) his Rollover Account.

Section 1.02. "*Act*" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

Section 1.03. "*Accounting Date*" means the last business day of each Plan Year and any other date which may be determined by the Committee under uniform and non-discriminatory procedures established by the Committee.

Section 1.04. "*Anniversary Year*" means each twelve (12) month period beginning on an Employee's Employment Commencement Date or any annual anniversary thereof.

Section 1.05. "*Affiliate*" means any corporation or unincorporated business (a) controlled by, or under common control with, the Company within the meaning of Code Sections 414(b) and (c), or (b) which is a member of an "affiliated service group", as defined in Code Section 414(m), of which the Company is a member.

Section 1.06. "*Assignor Limited Partner*" shall mean Alliance ALP, Inc., a Delaware corporation, or any individual, corporation, association, partnership, joint venture, entity, estate or other entity or organization designated by the general partner of the Company to serve as a substitute therefore.

Section 1.07. "*Beneficiary*" means the person (including a trust or estate of a Member) designated by a Member, or who may otherwise be entitled under

the terms of the Plan to receive the balance, if any, of the Member's Accounts upon the Member's death.

Section 1.08. "*Board*" means the Board of Directors of the general partner of the Company responsible for the management of the Company's business, or a committee thereof designated by such Board.

Section 1.09. "*Break in Service*" means, with respect to any Employee, any Anniversary Year ending on or after the date of his Separation from Service and before his date of re-employment, if any, in which he does not complete more than five hundred (500) Hours of Service with Employees or Affiliates; provided that in the case of the absence of an Employee pursuant to the Family and Medical Leave Act of 1993 (the "FMLA"), the period beginning on the first date of such absence and ending 12 months thereafter shall not constitute a "Break in Service".

Section 1.10. "*Code*" means the Internal Revenue Code of 1986, as amended from time to time.

Section 1.11. "*Committee*" means the administrative committee appointed to administer the Plan, the members of which shall be the person or persons appointed pursuant to Section 11.01.

Section 1.12. "*Company*" means (a) Alliance Capital Management Corporation for the period prior to April 21, 1988 and (b) for subsequent periods, Alliance Capital Management L.P. and any successor thereto.

Section 1.13. "*Company Contribution*" means a contribution for a Plan Year made by an Employer to the Trust pursuant to Section 4.01 or Section 4.02, but not Section 5.01, including any amount to be applied from the Unallocated Forfeitures Account in reduction of the contribution which would otherwise be made for the Plan Year involved.

Section 1.14. "*Company Contributions Account*" means the Account consisting of the balance attributable to Company Contributions.

Section 1.15. "*Compensation*" means a Member's base salary (or Draw, if no base salary) received for services rendered to an Employer, which term shall include the amount of a Member's Salary Deferral, but shall not include, by way of example rather than by way of limitation, overtime pay, bonuses, severance pay, distributions on Units, reimbursement for moving expenses, reimbursement for educational expenses, reimbursement for any other expenses, contributions or benefits paid under this Plan or any other plan of deferred compensation, or any other extraordinary item of compensation or income; provided that in the case of a

Member whose compensation from an Employer includes commissions, commissions shall be included only to the extent that the Member's aggregate compensation taken into account does not exceed $100,000 and provided further that such amount shall be prorated for those Members (based on amount of service as a Member (as defined pursuant to Article IV)) for purposes of Company Profit Sharing Contributions and Company Matching Contributions. In addition, Compensation shall not include amounts paid to non-resident aliens which do not constitute income from United States sources (within the meaning of Code Section 862) except in the case of a non-resident alien who is a Member and for whom the Company so specifies. For Plan Years beginning on or after January 1, 1994, Compensation of a Member in excess of $150,000 (or such other amount prescribed under Code Section 401(a)(17), including any cost-of-living adjustments) shall not be taken into account under the Plan for the purpose of determining benefits. For Plan Years beginning on or after January 1, 1989 and before January 2, 1994, $200,000 shall be substituted for $150,000 in the preceding sentence.

Section 1.16. "*Draw*" means compensation received on a regular basis at a consistent rate which may be offset against commissions earned but which is considered "base compensation" for purposes of the Plan.

Section 1.17. "*ECMC Plan*" means the Alliance Capital Management L.P. Profit Sharing Plan for Former Employees of Equitable Capital Management Corporation as in effect immediately prior to January 1, 1995.

Section 1.18. (a) "*Employee*" means, except as provided in Subsection (c), any person employed by an Employer or an Affiliate.

(b) An Excluded Employee (as defined in Subsection (c)) shall be considered an Employee for all purposes under the Plan except that:

(1) an Excluded Employee may not become a Member while he remains an Excluded Employee; and

(2) a Member who becomes an Excluded Employee shall be an Inactive Member while he remains an Excluded Employee.

(c) An Excluded Employee shall mean an individual in the employ of an Employer or an Affiliate who:

(1) is employed by an Affiliate that is not an Employer; or

(2) included in a unit of employees covered by a collective bargaining agreement between employee representatives and one or more Employers or Affiliates, if retirement benefits were the subject of good faith bargaining between such employee representatives and any such Employer or Affiliate; or

(3) is not an Excluded Employee under Paragraph (4) of this Subsection (c) and is neither a resident nor a citizen of the United States, nor receives "earned income", within the meaning of Code Section 911(b), from an Employer or Affiliate that constitutes income from sources within the United States, within the meaning of Code Section 861(a)(3), unless the individual became a Participant prior to becoming a non- resident alien and the Company stipulates that he shall not be an Excluded Employee; or

(4) is not a citizen of the United States, unless the individual (A) was initially engaged as an Employee by an Employer or an Affiliate to render services entirely or primarily in the United States; or (B) is an Employee of an Employer which is a United States entity, and unless, in the case of an individual referred to in either Subparagraph (A) or (B) of this Paragraph 4, the Company stipulates that he shall not be an Excluded Employee; or

(5) is accruing benefits and/or receiving contributions under a retirement plan of an Affiliate which operates entirely or primarily outside the United States other than this Plan or the Retirement Plan for Employees of Alliance Capital Management L.P. unless, in either case, the Company stipulates that he shall not be an Excluded Employee; or

(6) is compensated on a commission arrangement which does not provide for payment of periodic draws against actual commissions earned; or

(7) is a "leased employee." For purposes of this Plan, "leased employee" means, any person (other than an Employee of the recipient) who pursuant to an agreement between the recipient and any other person ("leasing organization") has performed services for the recipient (or for the recipient and related persons determined in accordance with Code Section 414(n)(6) on a substantially full time basis for a period of at least one year, and

such services are performed under primary direction or control by the recipient employer; or

(8) is classified by the Employer at the time services are provided as either an independent contractor, or an individual who is not classified as an Employee due to an Employer's treatment of any services provided by him as being provided by another entity which is providing such individual's services to the Employer, even if such individual is later retroactively reclassified as an Employee during all or part of such period during which services were provided pursuant to applicable law or otherwise; or

(9) is employed by Sanford C. Bernstein & Co., Inc. or Bernstein Technologies Inc. or their subsidiaries on September 29, 2000.

Section 1.19. "*Employer*" means the Company and any Affiliate which, with the consent of the Board, has adopted the Plan as a participant herein, and any successor to any such Employer.

Section 1.20. "*Employment Commencement Date*" means:

(a) the date on which an Employee first performs an Hour of Service; or

(b) in the case of a former Employee who has incurred a Break in Service, the date on which he first completes an Hour of Service following his Separation from Service.

Section 1.21. "*Entry Date*" means:

January 1 and July 1 of each Plan Year after 1988. Notwithstanding the foregoing, as provided in Section 2.01(b), for purposes of a Member's eligibility to make Member Salary Deferrals to a Member Salary Deferral Account established in accordance with the provisions of Article V, "Entry Date" shall mean the first day of the calendar month occurring after the completion of the Member's first regular payroll period.

Section 1.22. "*Highly Compensated Employee*" means an Employee who, with respect to the "determination year":

(a) owned (or is considered as owning within the meaning of Code Section 318) at any time during the "determination year" or "look-back year" more than five percent of the outstanding stock of the Employer or stock

possessing more than five percent of the total combined voting power of all stock of the Employer (the attribution of ownership interest to "Family Members" shall be used pursuant to Code Section 318); or

(b) who received "415 Compensation" during the "look-back year" from the Employer in excess of $80,000 and was in the Top Paid Group of Employees for the "look-back year".

The "determination year" shall be the Plan Year for which testing is being performed. The "look-back year" shall be the Plan Year immediately preceding the "determination year."

For purposes of this Section, the determination of "415 Compensation" for Plan Years beginning before January 1, 1998 shall be made by including amounts that would otherwise be excluded from an Employee's gross income by reason of the application of Code Sections 125, 402(e)(3), 402(h)(1)(B) and, in the case of Employer contributions made pursuant to a salary reduction agreement, by including amounts that would otherwise be excluded from an Employee's gross income by reason of the application of Code Section 403(b). For Plan Years beginning after December 31, 1997, the term "415 Compensation" shall include: (i) any elective deferral (as defined in Code Section 402(g)(3)) and (ii) any amount which is contributed or deferred by the Employer at the election of the Employee and which is not includible in the gross income of the Employee by reason of Code Sections 125, 132(f)(4), 401(k) or 457.

The dollar threshold amount specified in (b) above shall be adjusted at such time and in such manner as is provided in Regulations. In the case of such an adjustment, the dollar limits which shall be applied are those for the calendar year in which the "determination year" or "look-back year" begins.

In determining who is a Highly Compensated Employee, Employees who are nonresident aliens and who received no earned income (within the meaning of Code Section 911(d)(2)) from the Employer constituting United States source income within the meaning of Code Section 861(a)(3) shall not be treated as Employees.

Additionally, all Affiliated Employers shall be taken into account as a single employer and Leased Employees within the meaning of Code Sections 414(n)(2) and 414(o)(2) shall be considered Employees unless such Leased Employees are covered by a plan described in Code Section 414(n)(5) and are not covered in any qualified plan maintained by the Employer. The exclusion of Leased Employees for this purpose shall be applied on a uniform and consistent basis for all of the Employer's retirement plans. Highly Compensated Former

Employees shall be treated as Highly Compensated Employees without regard to whether they performed services during the "determination year".

Section 1.23. "*Highly Compensated Former Employee*" means a former Employee who had a separation year prior to the "determination year" and was a Highly Compensated Employee in the year of separation from service or in any "determination year" after attaining age 55. Notwithstanding the foregoing, an Employee who separated from service prior to 1987 will be treated as a Highly Compensated Former Employee only if during the separation year (or year preceding the separation year) or any year after the Employee attains age 55 (or the last year ending before the Employee's 55th birthday), the Employee either received "415 Compensation" in excess of $50,000 or was a "five percent owner". For purposes of this Section, "determination year", "415 Compensation" and "five percent owner" shall be determined in accordance with Section 1.22. Highly Compensated Former Employees shall be treated as Highly Compensated Employees. The method set forth in this Section for determining who is a "Highly Compensated Former Employee" shall be applied on a uniform and consistent basis for all purposes for which the Code Section 414(q) definition is applicable.

Section 1.24. (a) "*Hour of Service*" means:

(1) each hour for which an Employee is paid, or entitled to payment, by an Employer or Affiliate for the performance of duties for such Employer or Affiliate, credited for the Plan Year or other computation period in which such duties were performed; or

(2) each hour of a period during which no duties are performed due to vacation, holiday, illness, incapacity, layoff, jury duty, military duty or leave of absence, determined in accordance with the following rules:

(A) if the Employee is directly or indirectly paid, or entitled to payment, by an Employer or Affiliate on account of such period of absence:

(i) he shall be credited with Hours of Service during the entire period of absence in accordance with Subsections (b) and (c), if he returns to the employ of an Employer or Affiliate at the conclusion of such period; and

(ii) he shall be credited with Hours of Service in accordance with Subsections (b) and (c) up to a maximum of five hundred (500) Hours of Service in each such period

of absence, if he does not return to the employ of an Employer or Affiliate at the conclusion of such period;

(B) if the Employee is not paid, or entitled to payment, by an Employer or Affiliate on account of such period of absence:

(i) he shall be credited with forty (40) Hours of Service for each week, or eight (8) Hours of Service for each weekday, of the period of absence, if he returns to the employ of an Employer or Affiliate at the conclusion of such period; and

(ii) he shall be credited with no Hours of Service in respect of such period of absence, if he does not return to the employ of an Employer or Affiliate at the conclusion of such period;

(3) each hour during the Employee's period of service in the Armed Forces of the United States, credited on the basis of forty (40) Hours of Service for each week, or eight (8) Hours of Service for each weekday, of such service, if the Employee retains re-employment rights under the Military Selective Service Act and is re-employed by an Employer or Affiliate within the period provided by such Act; and

(4) each hour for which an Employee has been awarded, or is otherwise entitled from an Employer or Affiliate, irrespective of mitigation of damages, if he is not entitled to credit for such hour under any other Paragraph in this Subsection (a).

(5) (A) solely for purposes of Section 1.09, each hour of an Employee's absence commencing on or after January 1, 1985:

(i) by reason of leave pursuant to the FMLA;

(ii) by reason of the pregnancy of such Employee;

(iii) by reason of the birth of a child of such Employee;

(iv) by reason of the placement of a child in connection with the adoption of such child by the Employee; or

(v) for purposes of caring for such child for a period beginning immediately following such birth or placement, determined in accordance with Subparagraphs (B), (C) and (D).

(B) The number of hours credited to an Employee pursuant to Subparagraph (A) shall be:

(i) the number of hours which otherwise would normally have been credited to such Employee but for such absence; or

(ii) in any case in which the Plan cannot determine the number of hours which would normally be credited to such individual, a total of eight (8) Hours of Service for each day of such absence,

except that the total number of Hours of Service credited to an Employee under this Paragraph (5) shall not exceed 501 Hours of Service for any such period of absence.

(C) The Hours of Service credited to an Employee pursuant to this Paragraph (5) shall be credited:

(i) only in the Anniversary Year in which such period of absence began, if such Employee would be prevented from incurring a Break in Service in such Anniversary Year solely because of the crediting of Hours of Service during such period of absence pursuant to this Paragraph (5); or

(ii) in any other case, in the Anniversary Year next succeeding the commencement of such period of absence.

(D) Notwithstanding the foregoing, an Employee shall not be credited with Hours of Service pursuant to this Paragraph (5) unless such Employee shall furnish to the Committee, on a timely basis, such information as the Committee shall reasonably require to establish:

(i) that the absence from work is for a reason described in Subparagraph (A) hereof; and

(ii) the number of days during which such absence continued.

(b) The number of Member's Hours of Service and the Plan Year or other computation period to which they are to be credited shall be determined in accordance with Section 2530.200b-2 of the Rules and Regulations for minimum Standards for Employee Pension Benefit Plans, which Section is hereby incorporated by reference into this Plan.

(c) In the case of an Employee whose Compensation is not determined on the basis of certain amounts for each hour worked, such Employee's Hours of Service need not be determined from employment records, and such Employee may, in accordance with uniform and non-discriminatory rules adopted by the Committee, be credited with forty-five (45) Hours of Service for each week in which he would be credited with any Hours of Service under the provisions of Subsection (a) or (b).

Section 1.25. "*Inactive Member*" means a Member described in Section 2.02(b). An Inactive Member shall be treated as a Member for purposes of Article VII and Section 11.03, but shall not otherwise be deemed a Member of the Plan.

Section 1.26. "*Independent Fiduciary*" means a person or entity who is not an employee or officer of the Company or its Affiliates who is appointed by the Company pursuant to Section 7.10 to perform the functions described therein.

Section 1.27. "*Investment Fund*" means those investment funds which may, from time to time, be made available for investment pursuant to Article VII.

Section 1.28. "*Leave of Absence*" means:

(a) absence on leave approved by an Employee's employer, if the period of such leave does not exceed two (2) years and the Employee returns to the employ of an Employer or an Affiliate upon its termination; or

(b) absence due to service in the Armed Forces of the United States, if such absence is caused by war or other national emergency or an Employee is required to serve under the laws of conscription in time of peace, and if the Employee returns to the employ of an Employer or an Affiliate within the period provided by law; or

(c) absence for a period not in excess of thirteen (13) consecutive weeks due to leave granted by an Employee's employer, military service, vacation, holiday, illness, incapacity, layoff, or jury duty, if the Employee does not return to the employ of an Employer or Affiliate at the end of such period. In granting or withholding Leaves of Absence, each Employer or Affiliate shall apply uniform and non-discriminatory rules to all Employees in similar circumstances.

Section 1.29. "*Loan Account*" means the account maintained by the Committee for a "Borrower" as defined in Section 7.07 in which a loan by the Borrower made pursuant to that Section is held.

Section 1.30. "*Member*" means any person who has been admitted to membership in this plan pursuant to Section 2.01 or 2.03 and whose membership has not terminated pursuant to Section 2.02. In addition, for purposes of Article VII and Section 11.03, the term "Member" includes a former Member or Beneficiary for whom an Account is maintained under the Plan.

Section 1.31. "*Member Contributions Account*" means the Account maintained for a Member in which are held voluntary contributions made under the Plan by the Member prior to 1989, if any, or (b) "member contributions" (as defined in the ECMC Plan) made under the ECMC Plan prior to January 1, 1995, if any.

Section 1.32. "*Member Salary Deferral*" means an elective salary deferral made by a Member in accordance with Section 5.01.

Section 1.33. "*Member Salary Deferral Account*" means the Account of a Member established pursuant to Section 7.02 consisting of the balance attributable to his Member Salary Deferrals.

Section 1.34. "*Normal Retirement Data*" means the first day of the calendar month coincident with or next following a Member's sixty-fifth (65th) birthday.

Section 1.35. "*Permanent Disability*" means a physical or mental disability which a licensed physician acceptable to the Company has certified as permanent or likely to be permanent and as rendering the Member unable to perform his customary duties. In the determination of Permanent Disability, the Company shall act in a uniform and non-discriminatory manner with respect to all Employees similarly situated.

Section 1.36. "*Plan*" means this Profit Sharing Plan, as herein set forth, and as hereafter amended from time to time.

Section 1.37. "*Plan Year*" means the calendar year.

Section 1.38. "*Required Beginning Data*" means

(a) for a Member who is not a 5-percent owner (as defined in Code Section 416) in the Plan Year in which he attains age 70 /2 and who attains age $70^1/_2$ after December 31, 1998, April 1 of the calendar year following the calendar year in which occurs the later of the Member's (i) attainment of age $70^1/_2$ or (ii) Retirement.

(b) for a Member who (i) is a 5-percent owner (as defined in Code Section 416) in the Plan Year in which he attains age $70^1/_2$, or (ii) attains age $70^1/_2$ before January 1, 1999, April 1 of the calendar year following the calendar year in which the Member attains age $70^1/_2$.

Section 1.39. "*Retirement*" means a Separation from Service (a) on or after a Member's Normal Retirement Date; or (b) on account of his Permanent Disability.

Section 1.40. "*Rollover Account*" means the Account attributable to contributions and transfers referred to in Section 5.03.

Section 1.41. "*Rollover Contribution*" means an amount contributed or transferred to the Trust in accordance with Section 5.03.

Section 1.42. "*Separation from Service*" means termination of employment with an Employer or Affiliate for any reason; provided, however, that no Separation from Service shall be deemed to occur upon an Employee's transfer from the employ of one Employer or Affiliate to another Employer or Affiliate.

Section 1.43. "*Testing Compensation*" means "compensation" within the meaning of Treasury Regulation § 1.415-2(d) (11) (ii), as modified in accordance with Treasury Regulation § 1.414(s)-1(d)(4), for services rendered to an Employer.

Section 1.44. "Top Paid Group" means the top 20 percent of Employees who performed services for the Employer during the applicable year, ranked according to the amount of "415 Compensation" (determined for this purpose in accordance with Section 1.22) received from the Employer during such year. All Affiliated Employers shall be taken into account as a single employer, and Leased Employees within the meaning of Code Sections 414(n)(2) and 414(o)(2) shall be considered Employees unless such Leased Employees are covered by a plan described in Code Section 414(n)(5) and are not covered in any qualified plan

maintained by the Employer. Employees who are non-resident aliens and who received no earned income (within the meaning of Code Section 911(d)(2) from the Employer constituting United States source income within the meaning of Code Section 861(a)(3) shall not be treated as Employees. Additionally, for the purpose of determining the number of active Employees in any year, the following additional Employees shall also be excluded; however, such Employees shall still be considered for the purpose of identifying the particular Employees in the Top Paid Group:

(a) Employees with less than six (6) months of service;

(b) Employees who normally work less than 17/2 hours per week;

(c) Employees who normally work less than six (6) months during a year; and

(d) Employees who have not yet attained age 21.

In addition, if 90 percent or more of the Employees of the Employer are covered under agreements the Secretary of Labor finds to be collective bargaining agreements between Employee representatives and the Employer, and the Plan covers only Employees who are not covered under such agreements, then Employees covered by such agreements shall be excluded from both the total number of active Employees as well as from the identification of particular Employees in the Top Paid Group.

Section 1.45. "*Trust*" means the trust established pursuant to the Trust Agreement to hold the assets of the Plan.

Section 1.46. "*Trust Agreement*" means the trust agreement providing for the Trust Fund.

Section 1.47. "*Trust Fund*" means all the assets of the Plan which are held by the Trustee under the Trust Agreement.

Section 1.48. "*Trustee*" means the trustee or trustees from time to time in office under the Trust Agreement.

Section 1.49. "*Unallocated Forfeitures Account*" means the Account to be maintained by the Committee pursuant to Section 9.06(b).

Section 1.50. "*Unit*" means a unit representing the assignment of beneficial ownership of limited partnership interests in the Company.

Section 1.51. "*Years of Service*" means the aggregate period of service with which an Employee is credited under the provisions of Article III.

ARTICLE II

MEMBERSHIP

Section 2.01. Admission to the Plan.

(a) Each individual who was a Member of the Plan on December 31, 1988 and who did not cease to be a Member on that date shall continue to be a Member on January 1, 1989. Each Employee whose Employment Commencement Date was before January 1, 1989 and who prior to January 1, 1989 completed at least one (1) Year of Service shall become a Member on January 1, 1989, or on the first Entry Date subsequent to the date on which he attains his twenty-first (21st) birthday, whichever is later, provided he is an Employee on such January 1, 1989 or other Entry Date, as applicable. Each Employee who would have been eligible to participate in the ECMC Plan as of January 1, 1995, if the ECMC Plan had not been merged with and into this Plan effective that date, shall become a Member of this Plan on January 1, 1995.

(b) (i) Except as otherwise provided in Section 2.01(a) and 2.03, an Employee of an Employer shall become a Member of the Plan solely for purposes of eligibility to make Member Salary Deferrals to a Member Salary Deferral Account established in accordance with the provisions of Article V, on the later of:

(A) the first Entry Date subsequent to the date on which he attains his twenty-first (21st) birthday, or

(B) the first Entry Date subsequent to the Employee's Employment Commencement Date.

(ii) Except as otherwise provided in Section 2.01(a) and 2.03, an Employee of an Employer shall become a Member of the Plan, solely for purposes of eligibility to receive Company Contributions under Articles IV and VI, on the later of:

(A) the first Entry Date subsequent to the date on which he attains his twenty-first (21st) birthday, or

(B) the first Entry Date subsequent to the first Anniversary Year in which he completes one (1) Year of Service.

(c) Each Employee who is employed by an Affiliate that is not an Employer and who subsequently becomes an Employee of an Employer shall become a Member of the Plan:

(1) immediately upon becoming an Employee of such Employer, if he previously satisfied the age and service requirements of Subsection (b); or

(2) in accordance with Subsection (b), if he does not become a Member pursuant to Paragraph (1).

Section 2.02. Termination of Membership and Inactive Membership.

(a) A Member shall cease to be a Member as of the date of his Separation from Service, if he incurs a Break in Service in the Anniversary Year of such Separation from Service or in the following Anniversary Year.

(b) A Member shall become an Inactive Member as of the last day of his first Anniversary Year in which he completes five hundred (500) or fewer Hours of Service without having incurred a Separation from Service. An Inactive Member shall continue to be such until either (1) the date on which he ceases to be a Member pursuant to Subsection (a) or (2) the date on which he again becomes a Member pursuant to Section 2.03.

Section 2.03. Readmission to the Plan.

A former Member shall again become a Member coincident with or immediately after the date he becomes an employee, provided he is an Employee of an Employer on such rehire date. An Inactive Member shall become a Member coincident with or immediately after the date he returns to active employment.

Section 2.04. Designation of Beneficiary.

(a) Each Member may designate in writing on a form prescribed by and filed with the Committee, a Beneficiary to receive the aggregate balance of his Accounts and his Loan Account, if any, in the event that his death should occur before the entire amount of such balance has been paid to him, except that if the Member has an Eligible Spouse, such designation shall not be effective unless the Eligible Spouse has consented in writing to the designation of a Beneficiary other than such Eligible Spouse and such consent is witnessed by a member of the Committee or a Notary Public. In addition, such designation may include the

designation of a secondary Beneficiary to receive such death benefit if the primary Beneficiary does not qualify or survive.

(b) If no Beneficiary has been designated, or if, for any reason no person qualifies as a Beneficiary at the time of the Member's death, or if no designated Beneficiary survives the Member, the interest of the deceased Member shall be paid to the Eligible Spouse. If the Member has no Eligible Spouse, the Committee may, but shall not be required to, designate a Beneficiary, but only from among the Member's spouse, descendants (including adoptive descendants), parents, brothers and sisters or nephews and nieces and may consider requests from any Beneficiary which it designates as to the manner of payment of the benefit. If the Committee declines to make such designation, the benefit payable hereunder upon the Member's death shall be paid in a lump sum to his estate.

(c) For purposes of this Section 2.04, Section 9.03 and Section 10.05, "Eligible Spouse" means, except to the extent as may otherwise be provided in any "qualified domestic relations order" within the meaning of Code Section 414(p):

(1) in the case of a Member who dies before the commencement of any installment payments pursuant to Section 10.01(b), his lawfully married spouse on the date of his death if such spouse was married to the Member during the entire one (1) year period ending on the Member's date of death;

(2) in the case of a Member who dies after the commencement of any installment payments pursuant to Section 10.01(b), his lawfully married spouse on the date such payments commenced if (A) such spouse was married to the Member during the entire one (1) year period ending on the date such installment payments commenced; or (B) such spouse married the Member within one (1) year before such installment payments commenced and the Member and such spouse have been lawfully married during the entire one (1) year period ending on the Member's date of death.

Section 2.05. Qualified Military Service Provisions.

Notwithstanding any provision of this Plan to the contrary, effective as of December 12, 1994, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Code Section 414(u).

ARTICLE III

CREDITING OF SERVICE

Section 3.01. Year of Service.

Each Employee shall be credited with one Year of Service for each Anniversary Year ending after December 31, 1975 during which he completes more than five hundred (500) Hours of Service; provided, however, that:

(a) if an individual becomes a Member of the Plan after December 31, 1975, he shall not receive credit for a Year of Service for any Anniversary Year before the Anniversary Year in which he first completes one thousand (1,000) Hours of Service; and

(b) an Employee shall be credited with a Year of Service for the last Anniversary Year during which he is an Employee only if he completes at least one thousand (1,000) Hours of Service in such Anniversary Year.

Section 3.02. Number of Years of Service.

An Employee's aggregate number of Years of Service shall be computed by adding (a) his number of Years of Service completed since his last Break in Service, if any, and (b) the number of Years of Service restored pursuant to Section 3.03.

Section 3.03. Restoration of Service.

(a) If a former Member again becomes a Member after having incurred a Break in Service, the Years of Service which he had completed prior to such Break in Service shall be disregarded for all purposes under this Plan until he shall have completed one (1) Year of Service after such Break in Service.

(b) If a former Member:

(1) has incurred a number of consecutive Breaks in Service which equals or exceeds the greater of (A) five (5) or (B) the number of his Years of Service before such Breaks in Service;

(2) had no vested interest in his Company Contributions Account at the time of such Break in Service; and

(3) again becomes a Member,

his Years of Service prior to such Breaks in Service shall be disregarded for all purposes under this Plan.

Section 3.04. Service with Non-employer Affiliates.

Any Years of Service completed by an Employee while in the employ of an Affiliate that is not an Employer shall be credited under this Article III on the same basis as service with an Employer.

Section 3.05. Service with Equitable Capital Management Corporation.

For purposes of determining an Employee's eligibility to participate in the Plan under Article II and vesting under Section 9.04, the Employee shall be credited under the Plan with the number of "hours of service" and "years of service", as such terms are defined in the ECMC Plan, credited to that Employee for the corresponding purpose under the ECMC Plan immediately prior to January 1, 1995, including service credited under the Equitable Investment Plan for Employees, Managers and Agents maintained by The Equitable Life Assurance Society of the United States, but disregarding in determining such Employee's eligibility to participate and vesting under this Plan any periods of service which were disregarded under the ECMC Plan, such as service disregarded due to "breaks in service", as defined in the ECMC Plan. Notwithstanding anything to the contrary in this Section 3.05 or elsewhere in the Plan, no period shall be taken into account more than once in determining the Hours of Service and Years of Service of any Employee by reason of this Section 3.05.

Section 3.06. Service with Shields and Regent.

For purposes of determining an Employee's eligibility to participate in the Plan under Article II and vesting under Section 9.04, in the case of an Employee who was an employee of either Shields Asset Management, Incorporated ("Shields") or Regent Investor Services Incorporated ("Regent") on March 4, 1994 and on that date became an Employee of an Employer or an Affiliate, the Employee's service with Shields or Regent on or prior to such date shall be considered as service with an Employer or an Affiliate.

Section 3.07. Cursitor Service.

For purposes of determining an Employee's eligibility to participate in the Plan under Article II and vesting under Section 9.04, in the case of an Employee

who was an employee of Cursitor Holdings, L.P. or Cursitor Holdings Limited (individually and collectively, "Cursitor") on February 29, 1996, and on that date either was employed by or continued in the employment of Cursitor Alliance LLC, Cursitor Holdings Limited, Draycott Partners, Ltd. or Cursitor-Eaton Asset Management Company, the Employee's service with Cursitor on or prior to that date shall be considered as service with an Employer or an Affiliate.

ARTICLE IV

COMPANY CONTRIBUTIONS

Section 4.01. Company Profit Sharing Contributions.

The Board shall determine the Company Contribution, if any, which shall be contributed to the Trust Fund out of the Company's current and accumulated earnings and allocated to the Members' Company Contributions Accounts pursuant to Article VI in respect of each Plan Year. No Company Contribution under this Section 4.01 or Section 4.02 may be made which cannot be allocated under the provisions of Article XVI. For purposes of this Section 4.01 and Section 4.02, "current and accumulated earnings" means current and accumulated net income for book purposes. Notwithstanding anything herein to the contrary, a Member for purposes of Article IV means only those Employees who have satisfied the applicable age and service requirements of Sections 2.01(a), (b)(ii) or (c).

Section 4.02. Company Matching Contributions.

Effective for Plan Years beginning after December 31, 1989, the Company shall contribute to the Trust Fund out of the Company's current and accumulated earnings an amount equivalent to that percentage, not to exceed 100% of each Member's Member Salary Deferral elected for the Plan Year involved, such

percentage to be fixed by the Board; provided that the Company may establish a limit on the amount of Member Salary Deferrals that are so matched specified either as a dollar amount or as a percentage of Compensation and provided further that any such limit may be established based on the period in which any individual is a Member of the Plan. The contribution determined under this Section 4.02 for a particular Member shall be allocated to the Member's Company Contributions Account on the basis of that Member's Member Salary Deferrals for that Plan Year, subject to any Company- established limits on Member Salary Deferrals to be matched for that Plan Year.

Section 4.03. Time of Contributions.

Contributions may be made in one or more installments at such time or times during the Plan Year, or during any additional period provided by law for the making of contributions in respect of such Plan Year, as the Company shall determine. Except as otherwise provided in the Plan, for purposes of valuing the Trust Fund and making allocations to Accounts, all contributions in respect of any

Plan Year shall be deemed to have been made on the last Accounting Date of the Plan Year, regardless of the actual date of contribution.

Section 4.04. Irrevocability of Contributions.

(a) Except as provided in Subsection (b), any and all contributions made by the Company shall be irrevocable and shall be transferred to the Trustee to be used in accordance with the provisions of this Plan for providing the benefits and paying the expenses thereof. Neither such contributions nor any income therefrom shall be used for, or diverted to, purposes other than for the exclusive benefit of Members or their Beneficiaries and payment of expenses of this Plan and the Trust.

(b) (1) If any contribution is made to this Plan by a mistake of fact, such contribution shall be returned to the Company within one (1) year following the date that such contribution is made.

(2) Each Company Contribution made to this Plan is conditioned upon its deductibility under Code Section 404. Each contribution, to the extent disallowed as a deduction, may be returned to the Company within one (1) year following the date of disallowance.

ARTICLE V
MEMBER SALARY DEFERRAL ELECTIONS, SALARY DEFERRAL CONTRIBUTIONS AND ROLLOVER CONTRIBUTIONS

Section 5.01. Member Salary Deferral Elections.

For each Plan Year beginning after December 31, 1989, any Member may elect to defer the receipt of up to five percent (5%) (or such other amount as the Committee may direct) of his Compensation while a Member for the Plan Year, in such increments that the Committee may decide, and direct the Employer to contribute the amount so deferred into the Trust to be invested in the Investment Fund or Funds designated by the Member. A Member's election shall be made in writing on a form prescribed by the Committee filed with the Member's Employer, prior to the date that the Compensation would, but for the election, be made available to the Member, and the election shall remain in effect until it is modified or terminated, all in accordance with rules established by the Committee. In no event may a Member's salary deferral exceed the $7,000 dollar limitation (or any higher amount that may be allowed by Treasury Regulations), as provided in Code Section 402(g). Any Member's salary deferral for any pay period may be further adjusted, at the Committee's direction and discretion, to comply with the discrimination standards applicable to Code Section 401(k) arrangements in particular, to all plans qualified under Code Section 401(a) in general, and/or with the limitations contained in Article XVI.

Section 5.02. Allocation of Member Salary Deferral Elections.

A Salary Deferral Election made in accordance with Section 5.01 shall be allocated among the Investment Funds in accordance with the provisions of Section 7.03.

Section 5.03. Rollover Contributions.

(a) An Employee may, with the consent of the Committee, contribute to the Plan, or authorize the plan sponsor, administrator or trustee of a qualified employee benefit plan in which he previously participated to transfer to the Trust, any distribution or other payment or amount which is permitted to be contributed or transferred to the Trust in accordance with Code Section 402, 403(a) or 408(d)(3)(A)(ii) or any other applicable provision of the Code or the regulations or rulings thereunder permitting the contribution or transfer. Any such Rollover Contribution shall be received by the Trustee subject to the condition precedent that its transfer complies in all respects with the requirements of the applicable

Code provisions, regulations or rules pertaining thereto and, upon any discovery that any such contribution or transfer does not so comply, the amount of the Rollover Contribution, together with all changes in the value of the Trust Fund allocated thereto, shall revert to the individual by or on whose behalf it was made as of the next following Accounting Date. The decision of the Committee for the Trust to accept a Rollover Contribution shall not give rise to any liability by the Committee, the Company, the Plan or the Trustee to the Employee or any other party on account of a subsequent determination that such Rollover Contribution does not qualify to be held in the Trust. A Rollover Contribution may, subject to the consent of the Committee, be made at any time during the Plan Year, shall not be subject to the limitations of Article XVI, and shall as of the Accounting Date next following receipt of the Rollover Contribution by the Trustee be allocated in full to the Member's Rollover Account except as regards the amount thereof equal to the Member's voluntary contributions, if any, to a qualified plan, which amount shall be allocated to the Member's Member Contributions Account. Until so allocated the amount of a Rollover Contribution shall be held unallocated in the Trust Fund.

(b) Each Employee or former Employee who becomes a participant in a pension, profit sharing or stock bonus plan described in Code Section 401(a) (a "transferee plan") may, not later than thirty (30) days (or such lesser period as is acceptable to the Committee) prior to any Accounting Date, request the Committee to direct the Trustees to, and upon such request, the Committee in its sole discretion may direct the Trustees to, transfer in cash the nonforfeitable balance in such Employee's Accounts to an account maintained by any such transferee plan on the Employee's behalf, as of such Accounting Date; provided, however, that such transferee plan permits such transfer.

(c) Any Employee who makes or causes to be made a contribution or transfer pursuant to Subsection (a) and who has not become a Member pursuant to the provisions of Article II shall, except for purposes of Sections 4.01, 5.01 and 6.01, be considered a Member of this Plan.

Section 5.04. Return of Excess Member Salary Deferral Elections.

(a) Notwithstanding any other provisions of the Plan, a Member may request the Committee in writing by no later than the March 1 following the end of the preceding calendar year, to have distributed to the Member from the Trust the amount of the Member's Member Salary Deferrals which are in excess of the amount permitted under Code Section 402(g) for such calender year ("Excess Deferrals").

(b) Excess Deferrals claimed under subsection (a) and any income allocable to such amount shall be distributed from the Plan no later than April 15 of the calendar year in which the request was made. This Section 5.04 shall also apply to amounts deferred under the terms of Section 6.02(c) for Plan Years beginning after December 31, 1986.

Section 5.05. Actual Deferral Percentage Test.

(a) As used in this Section 5.05, each of the following terms shall have the meaning for that term set forth in this Section 5.05:

(i) *Actual Deferral Percentage* means the ratio (expressed as a percentage) of Member Salary Deferrals (other than Excess Deferrals of non-Highly Compensated Employees made under plans maintained by the Company or an Affiliate) on behalf of the Member for the Plan Year to the Member's Testing Compensation for the Plan Year.

(ii) *Average Actual Deferral Percentage* means the average (expressed as a percentage) of the Actual Deferral Percentages of the Members in a group, including those Members whose Actual Deferral Percentage is zero.

(b) For each Plan Year, the amount of Member Deferrals shall be subject to the following:

(i) For Plan Years beginning on or after January 1, 2001, the Average Actual Deferral Percentage for Members who are Highly Compensated Employees for the Plan Year must satisfy one of the following tests:

(A) The Average Actual Deferral Percentage for Members who are Highly Compensated Employees for the Plan Year shall not exceed the Average Actual Deferral Percentage for Members who are non-Highly Compensated Employees for the Plan Year multiplied by 1.25; or

(B) The Average Actual Deferral Percentage for Members who are Highly Compensated Employees for the Plan Year shall not exceed the Average Actual Deferral Percentage for Members who are non-Highly Compensated Employees for the Plan Year multiplied by 2.0, provided that the Average Actual Deferral Percentage for Members

who are Highly Compensated Employees does not exceed the Average Actual Deferral Percentage for Members who are non-Highly Compensated Employees by more than two (2) percentage points.

(ii) For Plan Years prior to 1997, the Excess Contributions (as defined in Section 5.06) under the Plan shall be eliminated by reducing the Member Salary Deferral of each Highly Compensated Employee in order of Actual Deferral Percentage beginning with the highest percentage. For Plan Years after 1996, the Excess Contributions (as defined in Section 5.06) under the Plan shall be eliminated by reducing the Member Salary Deferral of each Highly Compensated Employee in order of the dollar amount of Member Salary Deferrals on behalf of such Highly Compensated Employee, beginning with the highest dollar amount.

(c) For purposes of determining the Actual Deferral Percentage of a Member for a Plan Year, a Member Salary Deferral shall be taken into account only if such Member Salary Deferral: (i) is attributed to the Member's Account as of a date within the Plan Year; (ii) is not contingent upon any subsequent event (except as may be necessary to comply with the Code); (iii) is actually paid to the Trust within one year of the end of the Plan Year; and (iv) relates to Compensation which would have been received by the Member in the Plan Year but for the Member's election to defer. Any Member Salary Deferral that fails to satisfy the foregoing requirements shall be treated as a contribution by the Employer which is not subject to Code Section 401(k) or 401(m).

(d) (i) For purposes of this Section 5.05, the Actual Deferral Percentage for any Member who is a Highly Compensated Employee for the Plan Year and who is eligible to have elective deferrals allocated to his or her account under two or more plans or arrangements described in Code Section 401(k) that are maintained by the Company or an Affiliate shall be determined as if all such elective deferrals were made under a single arrangement.

(ii) If two or more plans are aggregated for purposes of Code Section 410(b) or 401(a)(4), such plans shall be aggregated for purposes of the Average Actual Deferral Percentage test.

Section 5.06. Return of Excess Contributions.

(a) Notwithstanding any other provision of the Plan, any amount determined by the Committee to be an "Excess Contribution" as determined under Section 5.05(b)(ii), shall be distributed to Members who are Highly Compensated

Employees by no later than the last day of the Plan Year following the Plan Year in which the Excess Contribution occurred.

(b) "Excess Contribution" for purposes of this Section 5.06 means a Member Salary Deferral attributable to a Highly Compensated Employee which exceeds the maximum amount of such deferral permitted under Code Section 401(k)(3)(A)(ii), and which is described in Code Section 401(k)(8)(B), plus the income allocable to such amount. The allocable income shall be calculated by multiplying the total income earned on all of the Member's Member Salary Deferrals for the Plan Year in which the Excess Contribution is being returned by a fraction, the numerator being the Member Salary Deferral in excess of the permitted amount and the denominator being the Member's account balance in his Member Salary Deferral Account on the Accounting Date of the prior Plan Year. The Excess Contribution otherwise distributable under this Section 5.06 shall be adjusted for investment losses and for prior distributions to the Members affected, as permitted by Treasury Regulations. The Excess Contributions attributable to all Highly Compensated Employees, in the aggregate, shall be determined as the sum of the Excess Contributions (if any) determined for each Highly Compensated Employee, as follows: The amount (if any) by which the Member Salary Deferral of each Highly Compensated Employee must be reduced for the Member's Actual Deferral Percentage to equal the highest permitted Actual Deferral Percentage under the Plan shall be determined. To calculate the highest permitted Actual Deferral Percentage under the Plan, the Actual Deferral Percentage of the Highly Compensated Employee with the highest Actual Deferral Percentage is reduced by the amount required to cause the Employee's Actual Deferral Percentage to equal the Actual Deferral Percentage of the Highly Compensated Employee with the next highest Actual Deferral Percentage. If a lesser reduction would enable the Plan to satisfy the Actual Deferral Percentage test, only this lesser reduction may be made. This process must be repeated until the Plan would satisfy the Actual Deferral Percentage test. The sum of the foregoing reductions determined for each Highly Compensated Employee shall equal the dollar amount of the Excess Contributions attributable to all Highly Compensated Employees, in the aggregate.

ARTICLE VI

ALLOCATIONS OF COMPANY CONTRIBUTIONS AND FORFEITURES

Section 6.01. Contributions.

(a) *Members Eligible to Share in Company Contributions.*

The Company Contribution for each Plan Year shall be allocated and credited to the Members' Company Contributions Account in accordance with this Article as of the last Accounting Date of the Plan Year (immediately following the allocation of income and appreciation in accordance with Section 8.01) among those Members who are Employees of an Employer or an Affiliate on the Accounting Date. Notwithstanding anything herein to the contrary, a Member for purposes of Article VI means only those Employees who have satisfied the applicable age and service requirements of Sections 2.01(a), (b)(ii) or (c).

(b) *Allocation of Company Contribution.*

The Company Contribution under Section 4.01 for each Plan Year, determined without regard to Section 6.02(c), shall be allocated among the Members eligible for allocation in the proportion which each such Member's Compensation for such Plan Year while a Member bears to the total Compensation for all Members eligible to share in allocations pursuant to Subsection (a). The Company Contribution under Section 4.02 shall be allocated on the same basis upon which it was determined.

Section 6.02. Allocation to Company Contributions Accounts.

(a) The amount of the Company Contributions in respect of Plan Years ending after 1980 which are allocable to each Member shall be allocated to the Member's Company Contributions Account as of the last Accounting Date of the Plan Year for which it is made, as provided in this Section 6.02.

(b) With respect to Plan Years beginning before January 1, 1990, eighty percent (80%) of the Company Contribution which is allocated to a Member in respect of any Plan Year after 1980 shall be placed in his Company Contributions Account.

(c) With respect to Plan Years beginning before January 1, 1990, on a date to be specified by the Committee, which shall be no later than thirty (30) days after the date the annual Company Contribution is declared but at least ten (10) days prior to the time the annual Company Contribution is made, each Member may elect to defer any portion of the remaining Company Contribution allocated to such Member for any Plan Year after 1980 in accordance with Section 6.01 which was not placed in his Company Contributions Account pursuant to Subsection (b). The amount that any Member so elects to defer shall be credited to such Member's Company Contributions Account. The remainder of such amount shall be paid to him in cash as soon after the date of such election as is practicable. If any eligible Member fails to make such election, the entire amount allocated to such Member for such Plan Year shall be credited to his Company Contributions Account.

(d) Effective for Plan Years beginning after December 31, 1989, the entire amount allocated under Section 6.01(b) to a Member for a Plan Year shall be credited to his Company Contributions Account.

Section 6.03. Actual Contribution Percentage Test.

(a) As used in this Section 6.03, each of the following terms shall have the meaning for that term set forth below:

(i) *Average Contribution Percentage* means the average (expressed as a percentage) of the Contribution Percentages of the Members in a group, including those Members whose Contribution Percentage is zero.

(ii) *Company Matching Contribution* means the Company Contribution described in Section 4.02 of the Plan.

(iii) *Contribution Percentage* means the ratio (expressed as a percentage) of a Member's Company Matching Contributions (excluding Company Matching Contributions forfeited hereunder to correct Excess Aggregate Contributions or because the contributions to which they relate are Excess Deferrals, Excess Contributions or Excess Aggregate Contributions) to the Member's Testing Compensation for the Plan Year.

(b) Company Matching Contributions for each Plan Year must satisfy one of the following tests:

(i) For Plan Years beginning on or after January 1, 2001, the Average Contribution Percentage for Members who are Highly Compensated Employees for the Plan Year shall not exceed the Average Contribution Percentage for Members who are non-Highly Compensated Employees for the Plan Year multiplied by 1.25; or

(ii) For Plan Years beginning on or after January 1, 2001, the Average Contribution Percentage for Members who are Highly Compensated Employees for the Plan Year shall not exceed the Average Contribution Percentage for Members who are non-Highly Compensated Employees for the Plan Year multiplied by 2.0, provided that the Average Contribution Percentage for Members who are Highly Compensated Employees does not exceed the Average Contribution Percentage for Members who are non-Highly Compensated Employees by more than 2 percentage points.

(c) For purposes of determining the Contribution Percentage of a Member for a Plan Year, the Member's Company Matching Contributions shall be taken into account only if such Company Matching Contributions (i) are based on the Member's Member Salary Deferrals for such Plan Year; (ii) are attributed to the Member's Account as of a date within such Plan Year; and (iii) are paid to the Trust by the end of the twelfth month following the close of such Plan Year. Any Company Matching Contribution that fails to satisfy the foregoing requirements shall be treated as a contribution which is not subject to Code Section 401(m).

(d) (i) For purposes of this Section 6.03, the Contribution Percentage for any Member who is a Highly Compensated Employee for the Plan Year and who is eligible to receive Company Matching Contributions or to make Employee after-tax contributions under one or more other plans described in Code Section 401(a) that are maintained by the Company or an Affiliate shall be determined as if all such contributions were made under a single plan.

(ii) If two or more plans are aggregated for purposes of Code Section 410(b) or 401(a)(4), such plans shall be aggregated for purposes of the Average Contribution Percentage test.

Section 6.04. Return of Excess Aggregate Contributions.

(a) Notwithstanding any other provision of the Plan, any amount determined by the Committee to be an "Excess Aggregate Contribution" as defined in Subsection (b), shall be distributed to Members who are Highly Compensated Employees by no later than the last day of the Plan Year following the Plan Year in which the Excess Aggregate Contribution occurred. For Plan Years prior to 1997, the Excess Aggregate Contributions (as defined in Section 6.04(b)) under the Plan shall be eliminated by reducing the Company Matching Contributions of each Highly Compensated Employee in order of Contribution Percentage beginning with the highest percentage. For Plan Years after 1996, the Excess Aggregate Contributions (as defined in Section 6.04(b)) under the Plan shall be eliminated by reducing the Company Matching Contributions of each Highly Compensated Employee in order of the dollar amount of Company Matching Contributions on behalf of such Highly Compensated Employee, beginning with the highest dollar amount.

(b) "Excess Aggregate Contribution" for purposes of this Section 6.04 means a Company Matching Contribution attributable to a Highly Compensated Employee which exceeds the maximum amount of such Company Matching Contributions permitted under Code Section 401(m)(3), and which is described in Code Section 401(m)(6)(B), plus the income allocable to such amount. The allocable income shall be calculated by multiplying the total income earned on all of the Member's Company Matching Contributions for the Plan Year in which the Excess Aggregate Contribution is being returned by a fraction, the numerator being the Member Company Matching Contributions in excess of the permitted amount and the denominator being the Member's account balance in his Company Contribution Account attributable to Company Matching Contributions on the Accounting Date of the prior Plan Year. The Excess Contribution otherwise distributable under this Section 6.04 shall be adjusted for investment losses and for prior distributions to the Members affected, as permitted by Treasury Regulations. The Excess Aggregate Contributions attributable to all Highly Compensated Employees, in the aggregate, shall be determined as the sum of the Excess Aggregate Contributions (if any) determined for each Highly Compensated Employee, as follows: The amount (if any) by which the Company Matching Contribution of each Highly Compensated Employee must be reduced for the Member's Contribution Percentage to equal the highest permitted Contribution Percentage under the Plan shall be determined. To calculate the highest permitted Contribution Percentage under the Plan, the Contribution Percentage of the Highly Compensated Employee with the highest Contribution Percentage is reduced by the amount required to cause the Employee's Contribution Percentage to equal the Contribution Percentage of the Highly Compensated Employee with the next

highest Contribution Percentage. If a lesser reduction would enable the Plan to satisfy the Actual Contribution Percentage Test, only this lesser reduction may be made. This process must be repeated until the Plan would satisfy the Actual Contribution Percentage Test. The sum of the foregoing reductions determined for each Highly Compensated Employee shall equal the dollar amount of the Excess Aggregate Contributions attributable to all Highly Compensated Employees, in the aggregate.

Section 6.05. Multiple Use of Alternative Limitation.

For purposes of this Section 6.05, terms not otherwise defined in Section 6.03 or Article I shall have the meaning set forth in Section 5.05.

(a) For Plan Years beginning on or after January 1, 2001, if both: (i) the Average Actual Deferral Percentage of the Highly Compensated Employees exceeds 125% of the Average Actual Deferral Percentage for the Plan Year for Members who were non-Highly Compensated Employees for the Plan Year, and (ii) the Average Contribution Percentage of the Highly Compensated Employees exceeds 125% of the Average Contribution Percentage for the Plan Year for Members who were non-Highly Compensated Employees for the Plan Year, then the sum of the Average Actual Deferral Percentage of the Highly Compensated Employees plus the Average Contribution Percentage of the Highly Compensated Employees shall not exceed the aggregate limit determined as the greater of:

(A) the sum of: (1) 125% of the greater of the Average Actual Deferral Percentage for the Plan Year for Members who were non-Highly Compensated Employees for the Plan Year or the Average Contribution Percentage for the Plan Year for Members who were non-Highly Compensated Employees for the Plan Year; plus (2) the lesser of 200% of, or 2 percentage points plus, the lesser of the Average Actual Deferral Percentage for the Plan Year for Members who were non-Highly Compensated Employees for the Plan Year or the Average Contribution Percentage for the Plan Year for Members who were non-Highly Compensated Employees for the Plan Year; or

(B) the sum of: (1) 125% of the lesser of the Average Actual Deferral Percentage for the Plan Year for Members who were non-Highly Compensated Employees for the Plan Year or the Average Contribution Percentage for the Plan Year for Members who were non-Highly Compensated Employees for the Plan Year; plus (2) the lesser of 200% of, or 2 percentage points plus, the

greater of the Average Actual Deferral Percentage for the Plan Year for Members who were non-Highly Compensated Employees for the Plan Year or the Average Contribution Percentage for the Plan Year for Members who were non-Highly Compensated Employees for the Plan Year.

If the aggregate limit described in the preceding sentence is exceeded, then either the Average Actual Deferral Percentage or the Average Contribution Percentage of the Highly Compensated Employees shall be reduced, and shall result in Excess Contributions or Excess Aggregate Contributions, respectively, in the manner provided in Section 5.06 or 6.04 respectively, until the aggregate limit is no longer exceeded. For purposes of this Section 6.05, the Average Actual Deferral Percentage and the Average Contribution Percentage of the Highly Compensated Employees shall be determined after any corrections required to satisfy the Average Actual Deferral Percentage and Average Contribution Percentage tests.

(b) In the event an amount is returned to a Participant as Excess Deferrals or Excess Contributions, any Company Matching Contributions plus any earnings or minus any losses attributable to the Company Matching Contributions made with respect to such returned amount shall be forfeited.

(c) The multiple use test described in Treasury Regulation 1.401(m)-2 and described above shall not apply for Plan Years beginning after December 31, 2001.

ARTICLE VII

ACCOUNTS, ALLOCATIONS AND LOANS

Section 7.01. Investment Funds

Subject to the provisions of any applicable state and Federal securities laws and to the regulations and rulings of any regulatory agencies administering such laws, the Trustee shall, at the direction of the Committee, establish separate Investment Funds within and as a part of the Trust Fund for the purpose of investing the balances held in the Accounts and in the Unallocated Forfeitures Account. The Committee is specifically authorized to direct the Trustee to establish an Investment Fund entitled the Alliance Limited Partnership Unit Fund in which Members may invest their Company Contributions Account and, if the Committee so provides (after considering the requirements of applicable securities laws), Member Salary Deferral Accounts and Member Contributions Accounts. The Alliance Limited Partnership Unit Fund shall be invested primarily in Units.

Section 7.02. Separate Accounts.

The Committee shall maintain a separate Company Contributions Account, Member Contributions Account, Member Salary Deferral Account, Rollover Account and Loan Account for each Member as relevant. Any amount transferred from a Member's "Company Matching Contribution Account" under the ECMC Plan (as defined thereunder) shall be held in the Member's Rollover Account. The Committee shall maintain records of each Member's balance in each such Account and each Investment Fund in which the Account is invested in order to provide an accurate and current statement to the Member pursuant to Section 8.07. Effective January 1, 1995, each account of a participant or beneficiary under the ECMC Plan shall automatically be deemed an Account of the corresponding type under the Plan for the Member or Beneficiary for whom such account was maintained under the ECMC Plan.

Section 7.03. Investing of the Company Contributions.

All contributions allocated to a Member's Account as well as the portion of a Rollover Contribution allocated to a Member's Member Contribution Account shall be allocated among the Investment Funds in accordance with the then current investment election. If no proper election is on file governing the contributions involved, such contributions shall be invested in the Investment Fund specified for the purpose by the Committee.

Section 7.04. Elections.

(a) The Committee shall prescribe such rules as it deems appropriate regarding the form, filing frequency and timeliness of elections under Section 7.03 as well as concerning the percentage or amounts of a contribution which may be invested in an Investment Fund. In these rules, the Committee may specify that each Account of a Member be invested in the Investment Funds selected by the Member in the same proportion. An election properly on file shall remain in force until changed.

Section 7.05. Inter-Account Transfers.

(a) A Member may elect, on a form provided by and timely filed with the Committee, to transfer all or a portion of the balance of any Account which is invested in an Investment Fund to one or mare other Investment Funds. The Committee shall prescribe such rules as it deems appropriate regarding the frequency and timeliness of elections and the percentage of or amount from an Account which may be so transferred.

(b) A transfer made pursuant to an election pursuant to Subsection (a) shall be subject to the following limitations:

(1) Each Member's transfer will be effected as of the Accounting Date immediate1y following timely receipt by the Committee of the election.

(2) If there is insufficient cash available as of an Accounting Date to effectuate fully all Members' elections to transfer, such elections shall be proportionately reduced and effectuated accordingly.

Section 7.06. Unallocated Forfeiture Account.

The amount held from time to time in the Unallocated Forfeiture Account shall be allocated among the Investment Funds as specified by the Committee.

Section 7.07. Loans.

Notwithstanding anything in this Plan to the contrary, with the consent of the Committee and subject to the following terms and conditions and such other terms and conditions as the Committee may establish, any "party in interest" with respect to the Plan within the meaning of Section 3(14) of the Act who is a

Member or Beneficiary (a "Borrower") may borrow from the Trust Fund to satisfy "an immediate and heavy financial need", as defined below, of the Borrower:

(a) Loans shall be made available to all Borrowers on a reasonably equivalent basis in accordance with applicable regulations and shall not be made available to highly compensated employees, officers or limited partners in an amount greater than the amount made available to other Borrowers.

(b) Each loan shall be evidenced by a negotiable promissory note in a form satisfactory to the Committee.

(c) The aggregate amount of a loan to a Borrower shall not exceed the lesser of (1) $50,000; and (2) 50% of the Borrower's vested interest in his Account(s) on the Accounting Date immediately preceding the date the loan is made. The minimum initial principal amount of each loan, however, shall be not less than $1,000 or such greater amount as the Committee may specify from time to time for loans made thereafter.

(d) Each loan shall bear a reasonable rate of interest as determined by the Committee in its discretion in accordance with applicable regulations.

(e) Each loan shall provide for substantially level amortization over a period not to exceed five years (with payments of principal and interest to be made not less frequently than quarterly), provided that if the proceeds of the loan are used to acquire any dwelling unit which within a reasonable time is to be used (determined at the time the loan is made) as the principal residence of the Borrower, the repayment term may be such longer period as the Committee shall determine. No loan shall be made to any Borrower who is a Member, however, that provides for a repayment period extending beyond the Borrower's Normal Retirement Date. The Committee may require that payments of principal and interest be made through payroll deductions.

(f) Each loan shall be made from the Loan Account of the Borrower making the loan and interest paid thereon shall be credited to that Loan Account. In his application for a loan, the Borrower shall specify the Account from which monies are to be transferred to his Loan Account in the amount of the loan, which Account must be fully vested. Effective January 1, 1995, a "loan account" (as defined in the ECMC Plan) of a participant under the ECMC Plan shall automatically be deemed a Loan Account of the Member for whom such account was maintained under the ECMC Plan. Principal and interest paid by a Member on a loan shall be held in the Member's Loan Account uninvested and allocated to the Member's Company Contributions Account as of the Accounting Date coincident with or next following receipt of the principal and interest; provided

that to the extent the principal repaid derived from some other Account of the Member the principal repaid shall be allocated to that Account.

(g) A loan to a Borrower shall be secured by the Borrower's vested Account(s) and/or such other property as the Committee may deem acceptable and adequate security for the loan.

(h) A loan shall be made from the Trust Fund only as of an Accounting Date after all valuations and allocations as of that date have been completed. The Committee may provide that loans can be made only as of the Accounting Date it specifies.

(i) A Borrower may not have more than one loan outstanding at any time and the outstanding principal amount of a loan may not be increased unless the Committee otherwise permits.

(j) A loan shall be non-renewable and a Borrower may not borrow any amount for a period of at least one year from the date of full repayment of a prior loan to the Borrower.

(k) For purposes of this Section, other than the references to a Borrower's Account(s), all plans described in Code Section 401(a) maintained by the Company and any Affiliate and the trust funds thereunder shall be treated as part of the Plan and Trust Fund, respectively.

(l) For purposes of this Section, "an immediate and heavy financial need" of a Borrower exists when the proceeds of the loan will be used to pay for any of the following:

(1) Medical expenses of the Borrower, the Borrower's spouse, or any child or dependent of the Borrower which are deductible by the Borrower for United States federal income tax purposes or which would be deductible without regard to the amount of the Borrower's adjusted

gross income;

(2) The payment (excluding mortgage payments) of all or part of the purchase price of the principal residence of the Borrower and related closing and other acquisition expenses;

(3) Tuition for post-secondary education for the Borrower, the Borrower's spouse, or any child or dependent of the Borrower;

(4) To prevent eviction of the Borrower from, or a foreclosure of a mortgage on, the Borrower's principal residence; or

(5) Rent or mortgage obligations which cannot be met, or the cost of replacement of personal necessities lost or destroyed as the result of circumstances or events beyond the control of the Borrower.

A loan by a Borrower shall be treated as necessary to satisfy "an immediate and heavy financial need" of the Borrower if the Borrower represents in writing to the Committee, in form satisfactory to it, that the amount of the loan will not exceed the amount required to meet that need and that the need to that extent cannot be relieved:

(A) through reimbursement or compensation by insurance or otherwise;

(B) by application, or liquidation on a reasonable basis, of the Borrower's assets to the extent such application or liquidation would not itself cause "an immediate and heavy financial need";

(C) by cessation of voluntary contributions by or at the election of the Borrower under any retirement plan; or

(D) by withdrawal of Borrower contributions from any retirement plan.

(m) The Committee shall on a timely basis before loans are made available under this Section, prepare a written document setting forth the following information and such other information as the Committee deems relevant regarding loans from the Plan:

(1) The identity of the person or positions authorized to administer the loan program;

(2) A procedure for applying for loans;

(3) The basis on which loans will be approved or denied;

(4) The procedure for determining a reasonable rate of interest;

(5) The types of collateral which may secure a loan; and

(6) The events constituting default and the steps that will be taken to preserve Plan assets in the event of such default.

The provisions of that document are incorporated herein by this reference; provided, however, that if any provision of that document conflicts with any other provision of the Plan, the Plan provision shall control.

Section 7.08. Voting Rights.

If the Committee directs the Trustee to establish an Investment Fund in which Members may invest in Units in accordance with Section 7.01, each Member (or, in the event of his death, his Beneficiary) shall have the right to direct the Trustee to instruct the Assignor Limited Partner as to the manner in which the limited partnership interests underlying the Units allocated to his Accounts are to be voted on each matter brought before a special meeting of limited partners and unitholders of the Company. In the exercise of this authority and discretion, each such Member (or Beneficiary) shall be a "named fiduciary" within the meaning of Section 403(a)(1) of the Act. Before each such meeting of limited partners and unitholders, the Committee shall cause to be furnished to each Member (or Beneficiary) a copy of the proxy solicitation material, together with a form requesting confidential directions on how the Assignor Limited Partner shall be directed to vote the limited partnership interests underlying the Units. Upon timely receipt of such directions, the Trustee shall on each such matter direct the Assignor Limited Partner to vote the limited partnership interests underlying the Units allocated to such Member's Accounts, and the Trustee shall have no discretion in such matter. The instructions received by the Trustee from Members shall be held by the Trustee in confidence and shall not be divulged or released to any person, including officers or employees of the general partner of the Company or any Affiliate. The Trustee shall direct the Assignor Limited Partner as to voting the limited partnership interests underlying the Units for which it has not received direction in the same proportion as those for which it has received direction, and the Trustee shall have no discretion in such matter.

Section 7.09. Rights on Tender or Exchange Offer.

If the Committee directs the Trustee to establish an Investment Fund in which Members may invest in Units in accordance with Section 7.01, each Member (or, in the event of his death, his Beneficiary) shall have the right, to the extent of the number of Units allocated to his Accounts, to direct the Trustee in writing as to the manner in which to respond to a tender or exchange offer with respect to Units. In the exercise of this authority and discretion, each such

Participant shall be a "named fiduciary" within the meaning of Section 403(a) (1) of the Act. The Committee shall use its best efforts to timely distribute or cause to be distributed to each Member (or Beneficiary) such information as is distributed to unitholders of the Company in connection with any such tender or exchange offer. Upon timely receipt of such instructions, the Trustee shall respond as instructed with respect to Units. The instructions received by the Trustee from Members shall be held by the Trustee in confidence and shall not be divulged or released to any person, including officers or employees of the general partner of the Company or any Affiliate. If the Trustee does not receive timely instructions from a Member (or Beneficiary) as to the manner in which to respond to such a tender or exchange offer, the Committee shall direct the Trustee not to tender or exchange any Units with respect to which such Member (or Beneficiary) has the right of direction, and the Trustee shall have no discretion in such matter.

Section 7.10. Confidentiality; Appointment of Independent Fiduciary.

The Committee shall ensure that information relating to Members' and Beneficiaries' purchase, holding and sale of Units and the exercise of voting and tender rights with respect to Units is maintained under procedures which are designed to safeguard the confidentiality of such information, except to the extent necessary to comply with applicable laws. Notwithstanding anything contained in Section 7.08 or 7.09 to the contrary, if any situation arises which the Committee determines involves a potential for undue influence by an Employer upon Members and Beneficiaries in the exercise of voting and tender rights, the Company shall appoint an Independent Fiduciary who shall perform all of the functions of the Trustee described in, and who shall be subject to all of the requirements and procedures set forth in, Sections 7.08 and 7.09. The instructions received by the Independent Fiduciary shall be held in confidence and shall not be divulged or released to the Trustee or to any other person, including officers or employees of the general partner of the Company, the Company or any Affiliate.

ARTICLE VIII

VALUATION

Section 8.01. Valuation of Trust Fund.

All changes in the value of each Investment Fund as determined by the Trustee in accordance with the Trust Agreement (including income and expenses and realized and unrealized appreciation and depreciation of assets of the Investment Fund, determined in the case of mutual funds by reference to the net asset value of such mutual funds on the Accounting Date, but excluding Company Contributions, Member Salary Deferrals and contributions or transfers pursuant to Section 5.03 made or allocated subsequent to the last preceding Accounting Date), shall be allocated by the Committee among the Company Contributions Accounts, Member Contributions Accounts, Member Salary Deferral Accounts and Rollover Accounts, portions of which are held in the Investment Fund as of each Accounting Date pro rata to the value of all such Accounts, respectively, at the last preceding Accounting Date, but first reducing the balance of each such Account as of the last preceding Accounting Date by any distributions from the Account since that Accounting Date.

Section 8.02. Valuation of Company Contributions Accounts.

The value of a Member's Company Contributions Account as of any Accounting Date shall be the aggregate of the portions of such Account invested in each Investment Fund as of that date. The value of that portion of such Account invested in an Investment Fund shall be the sum of:

(a) the value of such portion as of the last preceding Accounting Date, plus or minus

(b) all changes in the value of the Investment Fund since the last preceding Accounting Date allocable thereto pursuant to Section 8.01, plus

(c) the amount of transfer, if any, into such portion and the amount of the Company Contribution, if any, allocable thereto since the last preceding Accounting Date pursuant to Article VI, minus

(d) any distributions from, and transfers out of, such portion since the last preceding Accounting Date.

Section 8.03. Valuation of Member Contributions Account.

The value of a Member's Member Contributions Account as of any Accounting Date shall be the aggregate of the portions of such Account invested in each Investment Fund as of that date. The value of that portion of such Account invested in an Investment Fund shall be the sum of:

(a) the value of such portion as of the last preceding Accounting Date, plus or minus

(b) all changes in the value of the Investment Fund since the last preceding Accounting Date allocable thereto pursuant to Section 8.01, plus

(c) the amount, if any, transferred into such portion pursuant to Section 5.04 in an amount equal to voluntary contributions by the Member to the transferor qualified plan or pursuant to Section 7.05, minus

(d) any distributions from, and transfers out of, such portion since the last preceding Accounting Date.

Section 8.04. Valuation of Member Salary Deferral Accounts.

The value of a Member's Member Salary Deferral Account as of any Accounting Date shall be the aggregate of the portions of such Account invested in each Investment Fund as of that date. The value of that portion of such Account invested in an Investment Fund shall be the sum of:

(a) the value of such portion as of the last preceding Accounting Date, plus or minus

(b) all changes in the value of the Investment Fund since the last preceding Accounting Date allocable thereto pursuant to Section 8.01, plus

(c) the amount, if any, transferred into such portion pursuant to Section 7.05 and the amount of Member Salary Deferrals, if any, allocable thereto since the last preceding Accounting Date, minus

(d) any distributions from, and transfers out of, such portion since the last preceding Accounting Date.

Section 8.05. Valuation of Rollover Accounts.

The value of a Member's Rollover Account as of any Accounting Date shall be the aggregate of the portions of such Account invested in each Investment Fund as of that date. The value of that portion of such Account invested in an Investment Fund shall be the sum of:

(a) the value of such portion as of the last preceding Accounting Date, plus or minus

(b) all changes in the value of the Investment Fund since the last preceding Accounting Date allocable thereto pursuant to Section 8.01, plus

(c) the amount of transfer, if any, into such portion since the last preceding Accounting Date pursuant to Section 5.03, minus

(d) any distributions from, and transfers out of, such portion since the preceding Accounting Date.

Section 8.06. Valuation of Loan Accounts.

The value of a Member's Loan Account as of any Accounting Date shall be the amount of the outstanding principal and accrued interest on the loan held therein plus the amount of any cash held therein as of an Accounting Date.

Section 8.07. Statement to Members.

Within two hundred ten (210) days after the last Accounting Date of each Plan Year, the Committee shall mail or deliver to each Member a statement of the value of his Accounts and his Loan Account, if any, as of such Accounting Date.

Section 8.08. Unallocated Forfeitures Account

The value of the Unallocated Forfeitures Account shall be determined as provided in Section 8.02 applied as if the addition to the Unallocated Forfeitures Account was a Company Contributions Account.

ARTICLE IX

DETERMINATION OF BENEFITS

Section 9.01. Retirement.

Upon a Member's Retirement on or after his Normal Retirement Date, he shall become entitled, at the time specified in Article X, to a distribution of his Accounts and his Loan Account, if any, valued as of the Accounting Date specified in Section 10.01.

Section 9.02. Disability.

Upon a Member's Retirement on account of his Permanent Disability, the Member shall become entitled, at the time specified in Article X, to a distribution of his Accounts and his Loan Account, if any, valued as of the Accounting Date applicable under Section 10.02.

Section 9.03. Death.

Upon a Member's death, his Eligible Spouse or, if there is no Eligible Spouse or the Eligible Spouse consents in the manner required under Section 2.04(a) to the designation of a Beneficiary, that Beneficiary shall become entitled, at the time specified in Article X, to a distribution of the then balance of such Member's Accounts and his Loan Account, if any, valued as of the Accounting Date applicable under Section 10.03; provided, however, that if a valuation date was already fixed for payment pursuant to Article X due to the Member's Retirement or Permanent Disability, that date shall be used.

Section 9.04. Vesting.

Any Member who has Company Contributions credited to his Account as of December 31, 1988 shall at all times be fully (100%) vested in the balance in his Accounts. Effective for Plan Years beginning after December 31, 1988, any individual who becomes a Member after that date shall not be vested to any extent in any balance in his Company Contributions Account except the amount thereof, until his completion of three (3) Years of Service which shall be calculated from the Member's Employment Commencement Date. After completion of three (3) Years of Service as so calculated, each such Member shall be fully (100%) vested

at all times in the balance in his Company Contributions Account. However, a Member who is not otherwise vested shall, upon reaching his Normal Retirement Date, become and thereafter at all times be fully (100%) vested in the balance in his Company Contributions Account. A Member shall be at all times fully

(100%) vested in the balance in his Member Contributions Account, if any, his Member Salary Deferral Account, if any, his Rollover Account, if any, and his Loan Account, if any.

Section 9.05. Other Separation From Service.

In the event of a Member's Separation from Service other than by reason of death, Retirement or Permanent Disability, he shall be entitled to a distribution of the entire balance in his Member Contributions Account, if any, his Member Salary Deferral Account, if any, his Loan Account, if any, his Rollover Account, if any, and the vested balance in his Company Contributions Account, if any, determined as of the Accounting Date applicable under Section 10.04. Such distributions shall be made in the manner and at the time provided in Article X. The unvested portion of the Member's Company Contributions Account shall be forfeited on the last Accounting Date of the Plan Year in which the earlier of the following occurs: (i) a lump sum distribution is made to him; (ii) installment payments to him commence; or (iii) the date of the Member's termination of employment.

Section 9.06. Forfeitures.

(a) A Member who separates from service prior to full vesting of his entire Company Contributions Account, shall forfeit the unvested balance in that Account upon the Accounting Date coincident with or immediately following the occurrence of a Break in Service with respect to the Member, and that balance shall be allocated as of that Accounting Date to the Unallocated Forfeiture Account. If the Member subsequently recommences employment prior to incurring five (5) consecutive Breaks in Service, he shall be recredited with the forfeited amounts upon recommencement of employment.

(b) Any Company Contributions Account balance forfeited by a Member shall be held in an Unallocated Forfeiture Account until applied to reduce the Company Contribution next to be made to the Trust as of or following the date the forfeiture occurs.

(c) Effective January 1, 1995, amounts credited to the "unallocated forfeitures account" (as defined under the ECMC Plan) under the ECMC Plan shall be transferred to the Unallocated Forfeitures Account.

ARTICLE X

TIME AND MANNER OF PAYMENT OF BENEFITS

Section 10.01. Retirement Benefits.

Retirement benefits, determined pursuant to Section 9.01, shall be paid or commence to be paid (subject to Sections 10.06, 10.07, 10.08 and 10.09) as soon as reasonably practicable after the Accounting Date coincident with or next following a Member's Retirement on or after his Normal Retirement Date, in the manner selected by the Member, in either of the following modes or any combination thereof:

(a) in a single cash sum, valued as of the Accounting Date immediately preceding the payment, provided, however, that the Member may elect to receive the portion, if any, of his Accounts invested in the Alliance Limited Partnership Unit Fund in Units; or

(b) in regular annual installments of approximately equal value in cash (or, at the Member's election, solely with respect to the portion of his Accounts invested in the Alliance Limited Partnership Unit Fund, in Units), provided that the present value of the payments expected to be distributed to the Member must exceed one-half ($^1/_2$) the amount accumulated in the Member's Accounts determined as of the Accounting Date coincident with or next following the Accounting Date immediately preceding the date installments are to commence. An Account being distributed in installments shall be appropriately adjusted in accordance within Section 8.01 until fully distributed.

Section 10.02. Disability Benefits.

Disability benefits, determined pursuant to Section 9.02 shall be paid or commence to be paid at the time and in the manner provided in Section 10.01 (substituting Permanent Disability for Retirement).

Section 10.03. Death Benefits.

Death benefits, determined pursuant to Section 9.03, shall be paid to the Member's Beneficiary at the time and in the manner provided in Section 10.01(a) (substituting death for Retirement and substituting Beneficiary for Member where applicable).

Section 10.04. Termination Benefits.

The benefits payable to a Member upon his Separation from Service, determined pursuant to Section 9.05, shall, subject to Section 10.09, be paid or commence to be paid at the time and in the manner provided in Section 10.01 (substituting Separation from Service for Retirement).

Section 10.05. Direct Rollover Distributions.

(a) Upon receiving directions from a Member who is eligible to receive a distribution from the Plan pursuant to the provisions of this Article X which constitutes an "eligible rollover distribution," as defined in Code Section 402(c)(4), to transfer all or any part of such distribution to an "eligible retirement plan," as defined in Code Section 402(c)(8)(B), the Committee shall cause the portion of the distribution which the Member has elected to so transfer to be transferred directly to such "eligible retirement plan"; provided, however, that the Member shall be required to notify the Committee of the identity of the eligible retirement plan at the time and in the manner that the Committee shall prescribe and the Committee may require the Member or the eligible retirement plan to provide a statement that the eligible retirement plan is intended to be qualified under Code Section 401(a) (if the plan is intended to be so qualified) or otherwise meets the requirements necessary to be an "eligible retirement plan."

(b) Upon receiving instructions from a Beneficiary who is the Member's Eligible Spouse or an alternate payee under a "qualified domestic relations order" as defined in Code Section 414(p), in either case who is eligible to receive a distribution pursuant to the provisions of Article VII that constitutes an "eligible rollover distribution" as defined in Code Section 402(c)(4), to transfer all or any part of such distribution to a plan that constitutes an "eligible retirement plan" under Code Section 402(a)(5) with respect to that distribution, the Committee shall cause the portion of the distribution which such Eligible Spouse or alternate payee has elected to so transfer to the eligible retirement plan so designated.

(c) The Committee may accomplish the direct transfer described in subsection (a) or (b), as applicable, by delivering a check to the Member, Eligible Spouse or alternate payee (in each case, a "Distributee") which is payable to the trustee, custodian or other appropriate fiduciary of the "eligible retirement plan," or by such other means as the Committee may in its discretion determine. The Committee may establish such rules and procedures regarding minimum amounts which may be the subject of direct transfers and other matters pertaining to direct transfers as it deems necessary from time to time.

Section 10.06. Latest Commencement of Benefits.

In no event, unless the Member elects otherwise, shall payment of benefits to him commence later than the sixtieth (60th) day after the close of the later of:

(a) the Plan Year during which the Member reaches his Normal Retirement Date; or

(b) the Plan Year during which the Member's Separation from Service occurs.

If a Member elects otherwise, then such election must be made by submitting to the Committee a written statement signed by the Member which describes the benefit and the date on which the payment of such benefit shall commence.

Section 10.07. Indirect Payment of Benefits.

If any Member or Beneficiary is, in the judgment of the Committee, legally, physically or mentally incapable of personally receiving and receipting for any payment due hereunder, payment may be made to the guardian or other legal representative of such Member or Beneficiary or, if none, to any other person or institution, which, in the opinion of the Committee, is then maintaining or has custody of such Member or Beneficiary. Such payment shall constitute a full discharge with respect to the obligations hereunder.

Section 10.08. Limitations on Distributions.

Notwithstanding anything to the contrary contained in this Plan:

(a) The entire interest of each Member must either:

(1) be paid to him not later than the Required Beginning Date; or

(2) commence to be paid to him by not later than the Required Beginning Date and paid, in accordance with regulations prescribed by the Secretary of the Treasury, over a period not extending beyond the life expectancy of the Member or the joint and last survivor life expectancy of the Member and his Designated Beneficiary; provided, however, that if the distribution of a Member's Account balances has commenced in accordance with this Paragraph (2), any portion remaining to be distributed at the Member's death shall continue to be distributed at least as rapidly

as under the method of distribution in effect as of such Member's death.

(b) If a Member dies prior to the commencement of distributions to him in accordance with Paragraph (a)(2), the entire interest of the Member shall be distributed:

(1) not later than December 31 of the calendar year which contains the fifth anniversary of the Member's death; or

(2) where distribution is to be made to the Member's Designated Beneficiary, commencing

(A) on or before December 31 of the calendar year immediately following the calendar year in which the Member died; or

(B) if the Designated Beneficiary is the Member's surviving Spouse, no later than the later of the date described in Paragraph (A), above or December 31 of the calendar year in which such Member would have attained age seventy and one-half ($70^1/2$), and payable, in

accordance with regulations prescribed by the Secretary of the Treasury, over a period not extending beyond the life expectancy of such Designated Beneficiary.

(c) For purposes of Paragraphs (a)(2) and (b)(2), prior to the Required Beginning Date, the Member (or his spouse, if the spouse is the Member's Beneficiary) may make an irrevocable election to have the Member's (and/or his spouse's) life expectancy recalculated not more frequently than annually. If no such election is made prior to the Member's Required Beginning Date, the Member's (and/or his spouse's) life expectancy shall automatically be recalculated annually.

(d) Under regulations prescribed by the Secretary of the Treasury, any amount paid to a Member's child shall be treated as if it had been paid to such Member's surviving spouse if such amount will become payable to such spouse upon the child reaching maturity or such other designated event which may be permitted under such regulations.

(e) For purposes of this Section 10.08, the term "Designated Beneficiary" shall mean a Member's surviving spouse or an individual designated by the Member pursuant to Section 2.04.

(f) Notwithstanding any provision of this Plan to the contrary, the provisions of this Section 10.08 shall be construed in a manner that complies with Code Section 401(a)(9) and, with respect to distributions made on or after January 1, 2001, the Plan will apply the minimum distribution requirements of Code Section 401(a)(9) in accordance with the Treasury Regulations thereunder that were proposed in January 2001, the provisions of which are hereby incorporated by reference. This Subsection (f) shall continue in effect until the end of the last calendar year beginning before the effective date of the final regulations under Code Section 401(a)(9) or such other date as may be specified in guidance published by the Internal Revenue Service.

Section 10.09. Consent to Distributions.

No amount shall be distributed to a Member pursuant to Section 10.02 or 10.04 prior to his Normal Retirement Date without his written consent, unless the amount to be distributed to the Member is not in excess of $5,000 (in the case of a Member whose Separation from Service occurred before January 1, 1998, $3,500). In the event a Member's consent to a distribution is required pursuant to this Section 10.09, such distribution shall be made or commence to be made as soon as reasonably practicable after the Accounting Date coincident with or next following the earlier of (i) the date on which such consent is received by the Committee; or (ii) the Member's Normal Retirement Date.

ARTICLE XI

ADMINISTRATION OF THE PLAN

Section 11.01. Committee.

(a) The Plan shall be administered by a Committee consisting of at least one person appointed from time to time by the Board and serving without compensation at its pleasure. The Committee may employ such agents, investment consultants, legal counsel and clerical, medical, accounting and actuarial services as it may deem advisable to assist in the administration of the Plan. The Committee may designate persons, including persons other than "named fiduciaries" (as defined in Section 402(a)(2) of the Act), to carry out the specified responsibilities of the Committee and shall not be liable for any act or omissions of a person so designated. The Committee shall have the general responsibility for administering the Plan and shall have all powers necessary for that purpose, including, but not limited to, the power to interpret and construe the Plan, to determine the eligibility, status and rights of all Employees in connection with the Plan, to decide disputes arising under or with respect to the Plan, to keep records of Member Accounts and all other books and records of the Plan and to establish rules for such administration.

(b) The Committee shall also have the general power to administer the assets of the Plan, including, but not limited to, the power to direct the Trustee in the receipt, disbursement and investment of Plan assets and to designate mutual funds or other investment alternatives which will serve as investment vehicles for Plan assets and any other powers conferred upon the Committee by the Trust Agreement. The Committee may appoint one or more investment managers and one or more named fiduciaries to which it may delegate such powers over the investment of assets of the Plan as the Committee deems appropriate.

(c) The Committee shall act by a majority of its membership and the action of such majority, expressed by a vote at a meeting or in writing without a meeting, shall constitute the action of the Committee; provided, however, that no Committee member shall be qualified to act in regard to a matter solely concerning himself as a Member of the Plan (as distinguished from matters affecting Members generally).

(d) Except as otherwise provided in Section 11.03, the decision or action of the Committee in respect of any matter within the scope of its authority shall be conclusive and binding on all persons.

(e) Except as otherwise required by law, no member of the Committee shall have any liability to any person for any act or omission except for wilful misconduct.

(f) The Committee and any of its individual members may also act as Trustee or Trustees of the Trust Fund. The Committee shall be the "administrator" of the Plan, within the meaning of Section (3)(16)(A) of the Act, and shall comply with all of the requirements of the Act which are applicable to a Plan administrator. The Committee is hereby designated as a "named fiduciary" of the Plan, within the meaning of Section 402(a)(2) of the Act and is authorized to establish procedures for the allocation and delegation of fiduciary responsibilities, except insofar as such responsibilities are specifically assigned by the provisions of Sections 11.02 and 11.03. The Committee shall be the agent for the service of legal process on the Plan and the Trust.

(g) The Committee may make such rules and regulations as it determines necessary to regulate the Plan, provided that such rules and regulations conform to the Plan and the Trust Agreement.

Section 11.02. Allocation of Responsibility Among Fiduciaries.

The Company, the Committee and the Trustee shall have only such powers, duties, responsibilities and obligations as are specifically granted to them under this Plan or the Trust Agreement. The Company shall have the sole authority to appoint and remove the members of the Committee and the Trustee and to amend or terminate, in whole or in Part, this Plan or the Trust. The Committee shall have the sole responsibility for the administration of the Plan and shall have such responsibilities with regard to the Trust as are specifically set forth in the Trust Agreement. The Trustee shall have such responsibilities as are specifically set forth in the Trust Agreement. Except as otherwise provided by law, it is intended that each of the foregoing fiduciaries shall be responsible for the proper exercise of its own powers, duties, responsibilities and obligations under this Plan and the Trust Agreement and shall not be responsible for any act or failure to act or error in judgment in connection with carrying out the provisions of this Plan or the Trust Agreement, except for its own wilful and intentional malfeasance or misfeasance. Except as otherwise provided by law, no fiduciary shall be responsible for any act or failure to act of another fiduciary. No fiduciary guarantees the Trust Fund in any manner against investment loss or depreciation in asset value.

Section 11.03. Claim and Appeal Procedure.

(a) *Benefit Claim Procedure.*

The Committee shall direct the Trustee to pay benefits to a Member when due hereunder. Any Member or Beneficiary claiming a benefit under the Plan in addition to that directed by the Committee must complete an application on a form prescribed by and filed with the Committee. The Committee shall make forms available for this purpose. Within sixty (60) days after its receipt of an application, the Committee shall give written notice to the claimant of its decision on the application.

(b) *Denial of Claim.*

If the Committee denies the claim, in whole or in Part, a written notice of that decision shall:

(1) explain why the claim was denied;

(2) cite the provisions of the Plan on which the decision was based; and

(3) explain the Plan's review procedure set forth in Subsection (c).

If the Committee does not deny the claim on its merits but rejects the application for failure to furnish certain necessary material or information, the written notice to the claimant shall explain what additional material is needed and why and shall advise the claimant that he may refile a proper application under the claim procedure set forth in Subsection (a).

(c) *Review Procedure.*

If a claim has been denied, the claimant may appeal the denial within sixty (60) days after his receipt of written notice thereof by submitting the items listed below in writing to a senior executive officer of the general partner referred to in Section 1.08 who is not then a member of the Committee or the claimant himself with a copy to the committee:

(1) a request for review of the denial of claim;

(2) a statement containing the basis of the claimant's disagreement with the disposition of the matter and such other material as the claimant deems relevant; and

(3) a request, if appropriate, to review the Plan, the Trust Agreement and any other pertinent documents (which shall be made available to him at a convenient location during regular business hours within thirty (30) days after the Committee's receipt of a copy of the request).

The officer designated to review the Committee's decision shall render a written decision and deliver such to the claimant and to the Committee within sixty (60) days after his receipt of the appeal; provided, however, that if special circumstances, such as the need to hold a hearing, require an extension of time, the reviewer shall state in writing to the claimant and the Committee the reasons for such extension, but in no case shall the extension extend beyond one hundred twenty (120) days after his receipt of the appeal. The decision on the appeal shall contain specific reasons for the decision, shall be written in a manner capable of being understood by the claimant and shall include a statement of the pertinent provisions of the Plan on which the decision is based. Such decision shall, subject to such judicial review as may be provided by law, be final and binding on all persons concerned.

Section 11.04. Elections by Former Employees of Equitable Capital Management Corporation

Any designation or election by a Member or the beneficiary of a Member who had an account balance under the ECMC Plan on December 31, 1994, including, without limitation, a designation of one or more beneficiaries, investment elections or an election to receive a distribution that was in effect under the ECMC Plan as of that date for the corresponding purpose under this Plan shall continue to be effective under this Plan, as if made in respect of this Plan, until otherwise changed in accordance with the terms of this Plan or any rules or procedures established by the Committee.

ARTICLE XII

THE TRUST FUND

Section 12.01. The Trust Agreement.

The Company shall enter into a Trust Agreement for the establishment of the Trust with one or more individuals or with a bank or trust company organized and doing business under the laws of the United States or of any state and authorized under the laws of its jurisdiction of incorporation to exercise corporate trust powers. The Trust Agreement shall be deemed to form a part of the Plan, and all rights which may accrue to any Person under the Plan shall be subject to the terms of the Trust Agreement.

Section 12.02. Trustee's Power and Duties.

The Trustee shall manage and control the Trust Fund in accordance with the terms of the Trust Agreement. Following the execution of the Trust Agreement, the Trustee shall, at a meeting duly called for such purpose, establish a funding policy and method. Thereafter, the Trustee shall review such funding policy and method at least annually and shall communicate all of its actions taken with respect thereto to the Company. The general objective of the funding policy and method shall be at all times to maintain a balance between safety in capital investment and investment return.

Section 12.03. Use of Trust Fund.

The Trust Fund shall be used to provide the benefits and pay the expenses of this Plan and of the Trustee, and no part of the corpus or income shall be used for or diverted to purposes other than for the exclusive benefit of Members and their Beneficiaries under this Plan and the payment of expenses of the Plan and Trust.

Section 12.04. Payment of Expenses.

All administrative and other expenses of the Plan and Trust shall be paid out of the Trust Fund unless paid by the Company. Taxes related to the unrelated business taxable income of the Trust that are paid out of the Trust Fund, shall be paid from and charged solely to the Account or Accounts involved, either on a specific or proportionate basis, as determined by the Committee.

ARTICLE XIII

CERTAIN RIGHTS AND OBLIGATIONS OF THE COMPANY

Section 13.01. Disclaimer of Liability.

(a) Although it is the intention of the Company to continue this Plan and to make substantial and regular contributions each year, nothing contained in this Plan or the Trust Agreement shall be deemed to require the Company to make any contributions whatsoever under this Plan or to continue the Plan.

(b) Nothing in this Plan shall be construed as the assumption by the Company of the obligation for any payment of any benefits or claims hereunder, and Members and their Beneficiaries, and all persons claiming under or through them, shall have recourse only to the Trust Fund for payment of any benefit hereunder.

(c) The rights of the Members, their Beneficiaries and all other persons are hereby expressly limited to those stated in, and shall be construed only in accordance with, the Provisions of the Plan.

Section 13.02. Termination.

The Company reserves the right in its sole discretion to terminate this Plan at any time. A "termination" shall be deemed to take place if the Company terminates the Plan, partially terminates it (within the meaning of Code Section 411(d)(3)(A)) or completely discontinues contributions under this Plan. (For this purpose a suspension of contributions which is merely temporary shall not be deemed a complete discontinuance.) In the event of a termination, the Company may direct the Trustee to continue to maintain the Trust, and the assets thereof shall be applied at the continued direction of the Committee in accordance with this Plan. Upon termination of the Trust, distribution to each Member shall be made as soon as practicable thereafter in one of the manners described in Section 10.01. Until fully distributed, Members' accounts shall be revalued from time to time in accordance with Section 8.01. Upon termination or partial termination of the Plan, the rights of all affected Members to the amounts credited to their Accounts to the date of such termination shall become non-forfeitable.

Section 13.03. Employer-Employee Relationship.

The adoption of this Plan shall in no way be construed as conferring any legal or other rights upon any Employee or any Person with respect to continuation of employment, nor shall it in any way interfere with the right of an

Employer to discharge any Employee or otherwise act with respect to him. Any Employer may take any action (including discharge) with respect to any Employee or other Person without regard to the effect which such action might have upon his rights as a Member of this Plan.

Section 13.04. Merger, Etc.

(a) The merger or consolidation of an Employer with or into another company or the acquisition of its assets by any other Person shall not of itself cause the termination of this Plan or be deemed a termination of employment as to any Employee, nor shall anything in this Plan prevent the consolidation or merger of any Employer with or into any corporation or prevent the sale by any Employer of any of its assets. The merger of this Plan with another retirement plan shall not of itself cause the termination of this Plan.

(b) In the event of the dissolution, merger, consolidation or reorganization of the Company, provision may be made by which the Plan and Trust will be continued by the successor; and in such event such successor shall be substituted for the Company under the Plan. The substitution of the successor shall constitute an assumption of Plan liabilities by the successor, and the successor shall have all of the powers, duties and responsibilities of the Company under the Plan.

(c) In the event of any merger or consolidation of the Plan with, or transfer in whole or in part of the assets and liabilities of the Trust Fund to, another trust fund held under any other plan of deferred compensation maintained or to be established for the benefit of all or some of the Members of this Plan, the assets of the Trust Fund applicable to such members shall be transferred to such other trust fund only if:

(1) the values of the Accounts and the vested percentage of the Company Contributions Account of each Member, immediately after the merger, consolidation or transfer, shall be equal to or greater than such values and percentage immediately before the merger, consolidation or transfer;

(2) resolutions of the general partner referred to in Section 1.08 and of the governing body any new or successor employer of the affected Members shall authorize such transfer of assets; and, in the case of the new or successor employer of the affected Members, its resolutions shall include an assumption of liabilities with respect to such Members' inclusion in the new employer's plan; and

(3) such other plan and trust are qualified under Code Sections 401(a) and 501(a).

Section 13.05. Determination Final.

Any determinations made hereunder shall be made in a manner consistent with the Company's accounting practices and shall be final and conclusive for all purposes, notwithstanding any late adjustments in the tax returns of the Company.

ARTICLE XIV

NON-ALIENATION OF BENEFITS

Section 14.01. Provisions with Respect to Assignment and Levy.

Except as may be required under the terms of a "qualified domestic relations order" as defined in Code Section 414(p), no benefit under this Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, garnishment, attachment, levy or charge and any attempt to so anticipate, alienate, sell, transfer, assign, pledge, encumber, garnish, attach, levy upon or charge the same shall be void; nor shall any benefit be in any manner liable for or subject to the debts or other liabilities of the Person entitled thereto.

Section 14.02. Alternate Application.

If any Member or Beneficiary under this Plan becomes bankrupt or attempts to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge any benefit under this Plan, except as specifically provided herein, or if any benefit shall be garnished, attached or levied upon other than pursuant to a qualified domestic relations order as defined in Code Section 414(p), then such benefits shall, in the discretion of the Committee, cease, and the Committee may hold or apply the same or any part thereof to or for the benefit of such Member or Beneficiary, his spouse, children or other dependents or any of them in such manner and in such proportion as the Committee may deem proper.

Section 14.03. Exceptions.

Notwithstanding anything herein to the contrary, effective August 5, 1997, the provisions of this Article XIV shall not apply to any offset of a Member's benefits provided under the Plan against an amount that the Member is ordered or required to pay to the Plan under any of the circumstances set forth in Code Section 401(a)(13)(C) and Sections 206(d)(4) and 206(d)(5) of the Act.

ARTICLE XV

AMENDMENTS

Section 15.01. Company's Rights.

(a) The Company reserves the right, at any time and from time to time, by action of the Board, to modify or amend in whole or in part any or all of the provisions of this Plan; provided, however, that no such modification or amendment may (i) result in a retroactive reduction in the then value of any

Member's Account or Loan Account; or (ii) except to the extent as may be provided in regulations promulgated by the Secretary of the Treasury, have the effect of eliminating an optional form of benefit. Notwithstanding anything in this Plan to the contrary, the Board, in its sole discretion, may make any modifications, amendments, additions or deletions in this Plan, as to benefits or otherwise and retroactively or prospectively and regardless of the effect on the rights of any particular Members, which it deems appropriate in order to bring this Plan into conformity with or to satisfy any conditions of the Act and in order to continue or maintain the qualification of the Plan and Trust under Code Section 401(a) and to have the Trust declared exempt and maintained exempt from taxation under Code Section 501(a).

(b) No amendment may change the vesting schedule under Section 9.04, either directly or indirectly, unless each Member having not less than three Years of Service is permitted to elect, within a reasonable period specified by the Committee after the adoption of such amendment, to have his or her vested percentage computed without regard to such amendment. The period during which the election may be made shall commence with the date the amendment is adopted and shall end as of the later of:

(i) sixty days after the amendment is adopted;

(ii) sixty days after the amendment becomes effective; or

(iii) sixty days after the Member is issued written notice by the Committee.

Section 15.02. Provision Against Diversion.

No part of the assets of the Trust Fund shall, by reason of any modification or amendment or otherwise, be used for, or diverted to, purposes other than for the exclusive benefit of Members or their Beneficiaries under this Plan and the payment of the administrative expenses of this Plan.

ARTICLE XVI

LIMITATIONS ON BENEFITS AND CONTRIBUTIONS

Section 16.01. The limitations of Code Section 415 applicable to "defined contribution plans" as defined in Code Section 414(i) are hereby incorporated by reference in this Plan; provided, however, that where the Code so provides, contribution limitations in effect under prior law shall be applicable to account balances accrued as of the last effective day of such prior law.

Section 16.02.

(a) Other than as provided in Subsection (b), if, with respect to any Plan Year before 1992, contributions to a Member's Account must be reduced to conform to the limitations on "annual additions" as explained and defined in Code Sections 415(c)(1) and 415(c)(2), Members' Salary Deferrals made pursuant to Section 5.01, and any allocable earnings thereon, shall be distributed to the Member on a timely basis; next, Company Contributions for the Plan Year made pursuant to Section 4.02 shall be reduced until the limitations are met or this category of contributions is exhausted, whichever first occurs; next, if such contributions were made for the Plan Year, Company Contributions made pursuant to Section 4.01 shall likewise be reduced; and last, Member Salary Deferrals made pursuant to Section 6.02(c), and allocable earnings thereon, shall be distributed to the affected Member on a timely basis.

(b) If, with respect to 1990 and any Plan Year after 1991, contributions to a Member's Account must be reduced to conform to the limitations referred to in Subsection (a), the reduction shall be achieved first by the distribution to the affected Member on a timely basis of Member Salary Deferrals made pursuant to Section 5.01, together with allocable earnings thereon, until the limitations are met or this category of contributions is exhausted, whichever first occurs. Concurrent with the return of such Member Salary Deferrals, Company Contributions made pursuant to Section 4.02 attributable to such returned Member Salary Deferrals shall be reduced. Finally, if necessary, Company Contributions for the Plan Year made pursuant to Section 4.01 shall be reduced.

Section 16.03. In the case of a Member who is, or has ever been, a participant in one or more "defined benefit plans" as defined in Code Section 414(j), maintained by an Employer or any predecessor of the Employer, if Contributions or benefits need to be reduced due to the application of Code Section 415(e), then benefits under the defined benefit plans shall be reduced with respect to that Member before any contributions credited to the Member under this Plan, or any other defined contribution plan maintained by the Employer,

shall be reduced. Notwithstanding the foregoing, the limitations of Code Section 415(e) shall cease to apply as of the first day of the first Plan Year beginning on or after January 1, 2000.

ARTICLE XVII

TOP-HEAVY PLAN YEARS

Section 17.01. For purposes of this Article XVII, the following definitions shall apply:

(a) "Determination Data" means, for any Plan Year subsequent to the first Plan Year, the last day of the preceding Plan Year. For the first Plan Year of a plan, the last day of that year.

(b) "Employee" means any employee of an Employer and any beneficiary of such an employee.

(c) "Employer" means the Employer and any Affiliate.

(d) "Key Employee" means an Employee as defined in Section 416(i)(1) and the Regulations thereunder. For Plan Years beginning after December 31, 2001, "Key Employee" means any Employee or former Employee (including any deceased Employee) who at any time during the Plan Year that includes the "Determination Data" was an officer of the Employer having annual compensation greater than $130,000 (as adjusted under Code Section 416(i)(1) for Plan Years beginning after December 31, 2002), a 5-percent owner of the Employer or a 1-percent owner of the Employer having annual compensation of more than $150,000. As used in this definition, "annual compensation" means compensation within the meaning of Code Section 415(c)(3). For Plan Years beginning before December 31, 2001, "Key Employee" means any Employee or former Employee (and the Beneficiaries of such Employee) who, at any time during the determination period, was an officer of the Employer if such individual's Top-Heavy Compensation exceeds 50% of the dollar limitation under Code Section 415(b)(1)(A), an owner (or considered an owner under Code Section 318) of one of the ten largest interests in the Employer if such individual's Top-Heavy Compensation exceeds 100% of such dollar limitation, a 5 percent owner of the Employer, or a 1 percent owner of the Employer who has annual Top-Heavy Compensation of more than $150,000. The determination period is the Plan Year containing the Determination Date and the 4 preceding Plan Years.

(e) "Permissive Aggregation Group" means the Required Aggregation Group of plans plus any other plan or plans of the Employer which, when considered as a group with the Required Aggregation Group, would continue to satisfy the requirements of Code Sections 401(a)(4) and 410.

(f) "Required Aggregation Group" means (1) each qualified plan of the Employer in which at least one Key Employee participates; and (2) any other qualified plan of the Employer which enables a plan described in (1) to meet the requirements of Code Sections 401(a)(4) or 410.

(g) "Top-Heavy Compensation" means the Employee's compensation as defined in Code Section 414(q)(7).

(h) "Top-Heavy Ratio" means:

(1) If, in addition to this Plan, the Employer maintains one or more other defined contribution plans (including any simplified employee pension plan) and the Employer has not maintained any defined benefit plan which, during the 1-year period ending on the Determination Date, has or has had accrued benefits, the top-heavy ratio for this Plan alone or for the Required or Permissive Aggregation Group, as appropriate, is a fraction, the numerator of which is the sum of the account balances of all Key Employees as of the Determination Date (including any part of any account balance distributed in the 1-year period ending on the Determination Date), and the denominator of which is the sum of all account balances (including any part of any account balance distributed in the 1-year period ending on the Determination Date), both computed in accordance with Code Section 416 and the regulations thereunder. Both the numerator and denominator of the Top-Heavy Ratio are adjusted to reflect any contribution not actually made as of the Determination Date, but which is required to be taken into account on that date under Code Section 416 and the regulations thereunder.

(2) If, in addition to this Plan, the Employer maintains one or more defined contribution plans (including any simplified employee pension plan), and the Employer maintains or has maintained one or more defined benefit plans which, during the 5-year period ending on the Determination Date, has or has had any accrued benefits, the Top-Heavy Ratio for any Required or Permissive Aggregation Group, as appropriate, is a fraction, the numerator of which is the sum of account balances under the aggregated defined contribution plan or plans for all Key Employees, determined in accordance with (1) above, and the present value of accrued benefits under the aggregated defined benefit plan or plans for all Key Employees as of the Determination Date, and the denominator of which is the sum of

the account balances under the aggregated defined contribution plan or plans for all participants, determined in accordance with (1) above, and the present value of accrued benefits under the defined benefit plan or plans for all participants as of the Determination Date, all determined in accordance with Code Section 416 and the regulations thereunder. The accrued benefits under a defined benefit plan in both the numerator and denominator of the Top-Heavy Ratio are adjusted for any distribution of an accrued benefit made in the 1-year period ending on the Determination Date.

(3) For purposes of (1) and (2) above, the value of account balances and the present value of accrued benefits will be determined as of the most recent Valuation Date that falls within or ends with the 12-month period ending on the Determination Date, except as provided in Code Section 416 and the regulations thereunder for the first and the second plan years of a defined benefit plan. The account balances and accrued benefits of a participant (x) who is not a Key Employee but who was a Key Employee in a prior year; or (y) who has not received any Top-Heavy Compensation from any Employer maintaining the Plan at any time during the 5-year period ending on the Determination Date, will be disregarded. Notwithstanding the above, for Plan Years beginning after December 31, 2001, the accrued benefits and accounts of any participant who has not performed services for the Employer during the 1-year period ending on the Determination Date will be disregarded. The calculation of the Top-Heavy Ratio, and the extent to which distributions, rollovers, and transfers are taken into account will be made in accordance with Code Section 416 and the regulations thereunder. Deductible Employee contributions will not be taken into account for purposes of computing the Top-Heavy Ratio. When aggregating plans the value of account balances and accrued benefits will be calculated with reference to the Determination Dates that fall within the same calendar year.

(4) For purposes of (1) and (2) above, in the case of a distribution from the Plan made for any reason other than separation from service, death or disability, "5-year period" shall be substituted for "1-year period" wherever such term is found.

(e) "Valuation Data" means the last day of the Plan Year.

Section 17.02 If the Plan is or becomes top-heavy in any Plan Year, the provisions of Section 17.04 will automatically supersede any conflicting provision of the Plan.

Section 17.03 The Plan shall be considered top-heavy for any Plan Year if any of the following conditions exists:

(a) If the Top-Heavy Ratio for this Plan exceeds 60 percent and this Plan is not part of any Required Aggregation Group or Permissive Aggregation Group of plans.

(b) If this Plan is part of a Required Aggregation Group of plans but not part of a Permissive Aggregation Group and the Top-Heavy Ratio for the group of plans exceeds 60 percent.

(c) If this Plan is part of a Required Aggregation Group of plans and part of a Permissive Aggregation Group and the Top-Heavy Ratio for the Permissive Aggregation Group exceeds 60 percent.

Section 17.04

(a) Except as provided in subsection (b), the amount of the Company contribution made on behalf of each Member who is not a Key Employee for any Plan Year for which the Plan is a Top-Heavy Plan shall be at least equal to the lesser of:

(1) three percent (3%) of such Member's Top-Heavy Compensation less any amount contributed on behalf of the Member under any other defined contribution plan maintained by an Employer or an Affiliate; or

(2) the percentage of Top-Heavy Compensation represented by the Company Contributions and Member Salary Deferrals made on behalf of the Key Employee for whom such percentage is the highest for such Plan Year, determined by dividing the sum of the Company Contribution and Member Salary Deferrals made on behalf of each such Key Employee by so much of his Top-Heavy Compensation as does not exceed $200,000.

(b) Where the inclusion of this Plan in a Permissive Aggregation Group or Required Aggregation Group pursuant to Section 17.01(e) or 17.01(f) enables a defined benefit plan described in Section 17.01(f) to meet the requirements of

Code Sections 401(a)(4) or Section 410, the minimum contribution required under this Section 17.04 shall be the amount specified in Section 17.04(a)(1).

ARTICLE XVIII

MISCELLANEOUS

Section 18.01 Binding on Heirs, Etc.

This Plan shall extend to and be binding upon the heirs, executors, administrators, successors and assigns of the Members and their Beneficiaries and all successors to the Company by way of merger, consolidation, acquisition of assets or otherwise.

Section 18.02 Governing Law.

All questions pertaining to the validity, construction and administration of the Plan shall be determined in accordance with the laws of the State of New York, except to the extent that such laws have been superseded by the Act.

Section 18.03 Separability.

If any provision of this Plan shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of this Plan, and the Plan shall be construed and enforced as if such illegal and invalid provisions had never been inserted herein.

Section 18.04 Captions and Gender.

The captions herein are for convenience of reference only and are not to be construed as part of the Plan. As used herein, the masculine shall include the feminine and the neuter and vice versa, as the context requires.

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Exhibit 10.6

AMENDMENT AND COMPLETE RESTATEMENT
OF THE
SCB SAVINGS OR CASH OPTION PLAN FOR EMPLOYEES

(As Amended through January 1, 2002)

SCB SAVINGS OR CASH OPTION PLAN FOR EMPLOYEES

WHEREAS, Sanford C. Bernstein & Co., Inc. the predecessor of Alliance Capital Management L.P. ("Alliance"), established a Profit Sharing Plan and Trust effective February 1, 1969, (hereinafter called the "Effective Date") known as SCB Savings or Cash Option Plan For Employees (herein referred to as the "Plan") in recognition of the contribution made to its successful operation by its employees and for the exclusive benefit of its eligible employees; and

WHEREAS, under the terms of the Plan, the Employer (as defined herein) has the ability to amend the Plan, provided the Trustees (as defined herein) join in such amendment if the provisions of the Plan affecting the Trustees are amended; and

WHEREAS, effective January 1, 1997, except as otherwise provided, the Plan was amended and restated in its entirety; and

WHEREAS, effective December 29, 1999, except as otherwise provided, the Plan was further amended; and

WHEREAS, in connection with the acquisition of the assets of Sanford C. Bernstein & Co., Inc. and Bernstein Technologies Inc. by Alliance, Alliance shall be deemed the Employer and Plan sponsor as of October 2, 2000; and

WHEREAS, further amendments to the Plan are necessary to satisfy requirements of Section 401(a)of the Internal Revenue Code with respect to the qualification of the Plan under that Section;

NOW, THEREFORE, this document sets forth the Plan as embodying such further amendments which are effective either as of January 1, 2002, except as otherwise provided, or as of such other date with respect to a particular amendment as required for the Plan to satisfy any applicable requirement for qualification under Section 401(a) of the Internal Revenue Code.

ARTICLE I
DEFINITIONS

1.1 "Act" means the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.

1.2 "Administrator" means the person designated by the Employer pursuant to Section 2.4 to administer the Plan on behalf of the Employer.

1.3 "Affiliated Employer" means the Employer and any corporation which is a member of a controlled group of corporations (as defined in Code Section 414(b) which includes the Employer; any trade or business (whether or not incorporated) which is under common

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control (as defined in Code Section 414(c)) with the Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code Section 414(m) which includes the Employer; and any other entity required to be aggregated with the Employer pursuant to Regulations under Code Section 414(o).

1.4 "Aggregate Account" means, with respect to each Participant, the value of all accounts maintained on behalf of a Participant, whether attributable to Employer or Employee contributions, subject to the provisions of Section 2.2.

1.5 "Anniversary Date" means December 31st.

1.6 "Beneficiary" means the person to whom the share of a deceased Participant's total account is payable, subject to the restrictions of Sections 6.2 and 6.6.

1.7 "Board of Directors" means the Board of Directors of the general partner of Alliance responsible for the management of Alliance's business or a committee thereof designated by such Board.

1.8 "Code" means the Internal Revenue Code of 1986, as amended or replaced from time to time.

1.9 "Compensation" with respect to any Participant means his cash "415 Compensation" for a Plan Year, excluding any expatriate tax equalization or similar payments. Compensation for any Plan Year shall not exceed the Section 401(a)(17) Limitation.

For a Participant's initial year of participation, Compensation shall be recognized for the entire Plan Year.

1.10 "Contract" means a contract issued by an insurer.

1.11 "Deferred Compensation" with respect to any Participant means that portion of the Participant's total Compensation which has been contributed to the Plan in accordance with the Participant's deferral election pursuant to Section 4.2.

1.12 "Early Retirement Date". This Plan does not provide for a retirement date prior to Normal Retirement Date.

1.13 "Elective Contribution" means the Employer's contributions to the Plan that are made pursuant to the Participant's deferral election provided in Section 4.2. In addition, the Employer's matching contribution made pursuant to Section 4.1(b), any Employer NHCE Contribution made pursuant to Section 4.1(d), and any Employer Qualified Non-Elective Contribution made pursuant to Section 4.6 shall be considered an Elective Contribution for purposes of the Plan. Any such contributions deemed to be Elective Contributions shall be

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subject to the requirements of Sections 4.2(b) and 4.2(c) and shall further be required to satisfy the discrimination requirements of Regulation 1.401(k)-1(b)(3), the provisions of which are specifically incorporated herein by reference.

1.14 "Eligible Employee" means any Employee, except as provided below.

Employees whose employment is governed by the terms of a collective bargaining agreement between Employee representatives (within the meaning of Code Section 7701(a)(46)) and the Employer under which retirement benefits were the subject of good faith bargaining between the parties, unless such agreement expressly provides for such coverage in this Plan, will not be eligible to participate in this Plan.

Employees of Affiliated Employers shall not be eligible to participate in this Plan unless such Affiliated Employers have specifically adopted this Plan in writing. Employees who are non-resident aliens and who received no earned income (within the meaning of Code Section 911(d)(2)) from the Employer constituting United States source income within the meaning of Code Section 861(a)(3), with the exception of Employees who are classified as Expatriates, will not be eligible to participate in this Plan. Employees who are Leased Employees will not be eligible to participate in this Plan.

An individual classified by the Employer at the time services are provided as either an independent contractor, or an individual who is not classified as an Employee due to an Employer's treatment of any services provided by him as being provided by another entity (which is not an Affiliated Employer) which is providing such individual's services to the Employer, shall not be eligible to participate in this Plan during the period the individual is so initially classified, even if such individual is later retroactively reclassified as an Employee during all or any part of such period pursuant to applicable law or otherwise.

Employees accruing benefits and/or receiving contributions under a retirement plan of an Affiliated Employer which operates entirely or primarily outside the United States, other than this Plan, will not be eligible to participate in this Plan.

Any Eligible Employee classified as an Expatriate, regardless of whether the Employee is paid through a U.S. or Foreign Payroll, shall be eligible to participate in this Plan.

Notwithstanding the foregoing, any Employee not classified as an Expatriate, and who is paid through a Foreign Payroll, shall not be eligible to participate in this Plan.

For the purposes of the foregoing, "Expatriate" means any Employee employed by the Employer who was initially engaged to render services entirely or primarily in the United States and who is subsequently assigned by the Employer to work outside of the United States on a temporary basis with the intention that such Employee will return to work for the Employer in the United States.

For the purposes of the foregoing, "Foreign Payroll" means any payroll that is not based in the United States.

Notwithstanding anything contained herein to the contrary, any Employee who was not employed by Sanford C. Bernstein & Co., Inc. or Bernstein Technologies Inc. on September 29, 2000 shall not be eligible to participate in this Plan. An Employee who was employed by either Sanford C. Bernstein & Co., Inc. or Bernstein Technologies Inc. on September 29, 2000 who is not yet a Plan Participant shall be eligible to participate in this Plan in accordance with the provisions of Article III hereof.

1.15 "Employee" means any person who is employed by the Employer or Affiliated Employer, but excluding any person who is an independent contractor. Employee shall include any Leased Employee.

1.16 "Employer" means Alliance Capital Management L.P. and any successor by merger, consolidation, purchase or otherwise. Prior to October 2, 2000, Sanford C. Bernstein & Co., Inc. and Bernstein Technologies Inc. were the Employers hereunder.

1.17 "Excess Aggregate Contributions" means, with respect to any Plan Year, the excess of the aggregate amount of the voluntary Employee contributions made pursuant to Section 4.13, Excess Contributions recharacterized as voluntary Employee contributions pursuant to Section 4.6(a) and any qualified non-elective contributions or elective deferrals taken into account pursuant to Section 4.7(c) on behalf of Highly Compensated Participants for such Plan Year, over the maximum amount of such contributions permitted under the limitations of Sections 4.7(a).

1.18 "Excess Compensation" with respect to any Participant means the Participant's Compensation which is in excess of the Taxable Wage Base.

1.19 "Excess Contributions" means, with respect to a Plan Year, the excess of Elective Contributions made on behalf of Highly Compensated Participants for the Plan Year over the maximum amount of such contributions permitted under Section 4.5(a). Excess Contributions, including amounts recharacterized pursuant to Section 4.6(a)(2), shall be treated as an "annual addition" pursuant to Section 4.10(b).

1.20 "Excess Deferred Compensation" means, with respect to any taxable year of a Participant, the excess of the aggregate amount of such Participant's Deferred Compensation and the elective deferrals pursuant to Section 4.2(f) actually made on behalf of such Participant for such taxable year, over the dollar limitation provided for in Code Section 402(g), which is incorporated herein by reference. Excess Deferred Compensation shall be treated as an "annual addition" pursuant to Section 4.10(b).

1.21 "Family Member" generally means, with respect to an affected Participant, such Participant's spouse, child, parent or grandparent as described in Code Section 318(a)(1).

1.22 "Fiduciary" means any person who (a) exercises any discretionary authority or discretionary control respecting management of the Plan or exercises any authority or control respecting management or disposition of its assets, (b) renders investment advice for a fee or other compensation, direct or indirect, with respect to any monies or other property of the Plan or has any authority or responsibility to do so, or (c) has any discretionary authority or discretionary responsibility in the administration of the Plan, including, but not limited to, the Trustees, the Employer and its representative body, and the Administrator.

1.23 "Fiscal Year" means the Employer's accounting year of 12 months commencing on January 1st of each year and ending the following December 31st.

1.24 "Forfeiture" Under this Plan, Participant accounts are 100% Vested at all times. Any amounts that may otherwise be forfeited under the Plan pursuant to Section 3.7 or 6.9 shall be used to reduce the contribution of the Employer.

1.25 "Former Participant" means a person who has been a Participant, but who has ceased to be a Participant for any reason.

1.26 "415 Compensation" means compensation as defined in Section 4.10(d).

1.27 "414(s) Compensation" with respect to any Employee means his Elective Contributions attributable to Deferred Compensation recharacterized as voluntary Employee contributions pursuant to Section 4.6(a) plus "415 Compensation" paid during a Plan Year.

For purposes of this Section, the determination of "414(s) Compensation" for Plan Years beginning before January 1, 1998 shall be made by including salary reduction contributions made by the Employer on behalf of an Employee that are not includible in such Employee's gross income under Code Sections 125, 401(k), 402(e)(3), 402(h), or 403(b).

414(s) Compensation shall be subject to the limits of Section 1.66.

1.28 "Highly Compensated Employee" means an Employee who, with respect to the "determination year":

(a) owned (or is considered as owning within the meaning of Code Section 318) at any time during the "determination year" or "look-back year" more than five percent of the outstanding stock of the Employer or stock possessing more than five percent of the total combined voting power of all stock of the Employer (the attribution of ownership interest to "Family Members" shall be used pursuant to Code Section 318); or

(b) who received "415 Compensation" during the "look-back year" from the Employer in excess of $80,000 and was in the Top Paid Group of Employees for the "look-back year".

The "determination year" shall be the Plan Year for which testing is being performed. The "look-back year" shall be the Plan Year immediately preceding the "determination year."

For purposes of this Section, the determination of "415 Compensation" for Plan Years beginning before January 1, 1998 shall be made by including amounts that would otherwise be excluded from a Participant's gross income by reason of the application of Code Sections 125, 402(e)(3), 402(h)(1)(B) and, in the case of Employer contributions made pursuant to a salary reduction agreement, by including amounts that would otherwise be excluded from a Participant's gross income by reason of the application of Code Section 403(b).

The dollar threshold amounts specified in (b) above shall be adjusted at such time and in such manner as is provided in Regulations. In the case of such an adjustment, the dollar limits which shall be applied are those for the calendar year in which the "determination year" or "look-back year" begins.

In determining who is a Highly Compensated Employee, Employees who are nonresident aliens and who received no earned income (within the meaning of Code Section 911(d)(2)) from the Employer constituting United States source income within the meaning of Code Section 861(a)(3) shall not be treated as Employees.

Additionally, all Affiliated Employers shall be taken into account as a single employer and Leased Employees within the meaning of Code Sections 414(n)(2) and 414(o)(2) shall be considered Employees unless such Leased Employees are covered by a plan described in Code Section 414(n)(5) and are not covered in any qualified plan maintained by the Employer. The exclusion of Leased Employees for this purpose shall be applied on a uniform and consistent basis for all of the Employer's retirement plans. Highly Compensated Former Employees shall be treated as Highly Compensated Employees without regard to whether they performed services during the "determination year".

Effective for Plan Years beginning on January 1, 1997, the "Family Member" rules of prior Code Section 414(q)(6) shall not be applicable for purposes of this Plan.

1.29 "Highly Compensated Former Employee" means a former Employee who had a separation year prior to the "determination year" and was a Highly Compensated Employee in the year of separation from service or in any "determination year" after attaining age 55. Notwithstanding the foregoing, an Employee who separated from service prior to 1987 will be treated as a Highly Compensated Former Employee only if during the separation year (or year preceding the separation year) or any year after the Employee attains age 55 (or the last year ending before the Employee's 55th birthday), the Employee either received "415 Compensation"

in excess of $50,000 or was a "five percent owner". For purposes of this Section, "determination year", "415 Compensation" and "five percent owner" shall be determined in accordance with Section 1.28. Highly Compensated Former Employees shall be treated as Highly Compensated Employees. The method set forth in this Section for determining who is a "Highly Compensated Former Employee" shall be applied on a uniform and consistent basis for all purposes for which the Code Section 414(q) definition is applicable.

Effective for Plan Years beginning on January 1, 1997, the "Family Member" rules of prior Code Section 414(q)(6) shall not be applicable for purposes of this Plan.

1.30 "Highly Compensated Participant" means any Highly Compensated Employee who is eligible to participate in the Plan.

1.31 "Hour of Service" means (1) each hour for which an Employee is directly or indirectly compensated or entitled to compensation by the Employer for the performance of duties during the applicable computation period; (2) each hour for which an Employee is directly or indirectly compensated or entitled to compensation by the Employer (irrespective of whether the employment relationship has terminated) for reasons other than performance of duties (such as vacation, holidays, sickness, jury duty, disability, lay-off, military duty or leave of absence) during the applicable computation period; (3) each hour for which back pay is awarded or agreed to by the Employer without regard to mitigation of damages. These hours will be credited to the Employee for the computation period or periods to which the award or agreement pertains rather than the computation period in which the award, agreement or payment is made. The same Hours of Service shall not be credited both under (1) or (2), as the case may be, and under (3).

Notwithstanding the above, (i) no more than 501 Hours of Service are required to be credited to an Employee on account of any single continuous period during which the Employee performs no duties (whether or not such period occurs in a single computation period); (ii) an hour for which an Employee is directly or indirectly paid, or entitled to payment, on account of a period during which no duties are performed is not required to be credited to the Employee if such payment is made or due under a plan maintained solely for the purpose of complying with applicable worker's compensation, or unemployment compensation or

disability insurance laws; and (iii) Hours of Service are not required to be credited for a payment which solely reimburses an Employee for medical or medically related expenses incurred by the Employee.

For purposes of this Section, a payment shall be deemed to be made by or due from the Employer regardless of whether such payment is made by or due from the Employer directly, or indirectly through, among others, a trust fund or insurer, to which the Employer contributes or pays premiums and regardless of whether contributions made or due to the trust fund, insurer, or other entity are for the benefit of particular Employees or are on behalf of a group of Employees in the aggregate.

To the extent applicable, an Hour of Service must be counted for the purpose of determining a Year of Service, a year of participation for purposes of accrued benefits, a 1-Year Break in Service, and employment commencement date (or reemployment commencement date). In addition, Hours of Service will be credited for employment with other Affiliated Employers. With regard to any Employee for whom hours worked are not required to be kept by any applicable law, such Employee shall be credited with 45 Hours of Service for any week in which he is credited with at least one Hour of Service. The provisions of Department of Labor regulations 2530.200b-2(b) and (c) are incorporated herein by reference. Effective January 1, 1999, for purposes of this Section and Section 4.4(a)(3), Salaried Employees shall be credited with 45 Hours of Service for any week in which they are credited with at least one Hour of Service and Hourly Employees shall be credited with actual hours worked.

1.32 "Hourly Employee" means any Employee who is classified by the Employer as an Hourly Employee in accordance with its normal payroll practices and who is paid based on a multiple of the number of hours worked.

1.33 "Income" means the income allocable to "excess amounts" which shall equal the sum of the allocable gain or loss for the "applicable computation period" and the allocable gain or loss for the period between the end of the "applicable computation period" and the date of distribution ("gap period"). The income allocable to "excess amounts" for the "applicable computation period" and the "gap period" is calculated separately and is determined by multiplying the income for the "applicable computation period" or the "gap period" by a fraction. The numerator of the fraction is the "excess amount" for the "applicable computation period". The denominator of the fraction is the total "account balance" attributable to "Employer contributions" as of the end of the "applicable computation period" or the "gap period", reduced by the gain allocable to such total amount for the "applicable computation period" or the "gap period" and increased by the loss allocable to such total amount for the "applicable computation period" or the "gap period". The provisions of this Section shall be applied:

(a) For purposes of Section 4.2(f), by substituting:

(1) "Excess Deferred Compensation" for "excess amounts";

(2) "Taxable year of the Participant" for "applicable computation period";

(3) "Deferred Compensation" for "Employer contributions"; and

(4) "Participant's Elective Account" for "account balance".

(b) For purposes of Section 4.6(a), by substituting:

(1) "Excess Contributions" for "excess amount";

(2) "Plan Year" for "applicable computation period";

(3) "Elective Contributions" for "Employer contributions"; and

(4) "Participant's Elective Account" for "account balance".

(c) For purposes of Section 4.9(a), by substituting:

(1) "Excess Aggregate Contributions" for "excess amounts";

(2) "Plan Year" for "applicable computation period";

(3) "voluntary Employee contributions made pursuant to Section 4.13 and any qualified non-elective contributions or elective deferrals taken into account pursuant to Section 4.7(c)" for "Employer contributions"; and

(4) "that portion of the Participant's account balance attributable to voluntary Employee contributions made pursuant to Section 4.13, and any qualified non-elective contributions or elective deferrals taken into account pursuant to Section 4.7(c)" for "account balance."

In lieu of the "fractional method" described above, a "safe harbor method" may be used to calculate the allocable Income for the "gap period". Under such "safe harbor method", allocable Income for the "gap period" shall be deemed to equal ten percent (10%) of the Income allocable to "excess amounts" for the "applicable computation period" multiplied by the number of calendar months in the "gap period". For purposes of determining the number of calendar months in the "gap period", a distribution occurring on or before the fifteenth day of the month shall be treated as having been made on the last day of the preceding month and a distribution occurring after such fifteenth day shall be treated as having been made on the first day of the next subsequent month.

Income allocable to any distribution of Excess Deferred Compensation on or before the last day of the taxable year of the Participant shall be calculated from the first day of the taxable year of the Participant to the date on which the distribution is made pursuant to either the "fractional method" or the "safe harbor method."

The Income allocable to Excess Aggregate Contributions resulting from the recharacterization of Elective contributions shall be determined and distributed as if such recharacterized Elective Contributions had been distributed as Excess Contributions.

Notwithstanding the above, for "applicable computation periods" which began in 1987, Income during the "gap period" shall not be taken into account.

1.34 "Investment Manager" means an entity that (a) has the power to manage, acquire, or dispose of Plan assets and (b) acknowledges fiduciary responsibility to the Plan in writing. Such entity must be a person, firm, or corporation registered as an investment adviser under the Investment Advisers Act of 1940, a bank, or an insurance company.

1.35 "Key Employee" means an Employee as defined in Code Section 416(i)(1) and the Regulations thereunder. For Plan Years beginning after December 31, 2001, "Key Employee" means any Employee or former Employee (including any deceased Employee) who at any time during the Plan Year that includes the "Determination Date" was an officer of the Employer having annual compensation greater than $130,000 (as adjusted under Code Section 416(i)(1) for Plan Years beginning after December 31, 2002), a 5-percent owner of the Employer or a 1-percent owner of the Employer having annual compensation of more than $150,000. As used in this definition, "annual compensation" means compensation within the meaning of Code Section 415(c)(3). For Plan Years beginning prior to December 31, 2001, "Key Employee" generally means any Employee or former Employee (as well as each of his Beneficiaries) is considered a Key Employee if he, at any time during the Plan Year that contains the "Determination Date" or any of the preceding four (4) Plan Years, has been included in one of the following categories:

(a) an officer of the Employer (as that term is defined within the meaning of the Regulations under Code Section 416) having annual "415 Compensation" greater than 50 percent of the amount in effect under Code Section 415(b)(1)(A) for any such Plan Year.

(b) one of the ten employees having annual "415 Compensation" from the Employer for a Plan Year greater that the dollar limitation in effect under Code Section 415(c)(1)(A) for the calendar year in which such Plan Year ends and owning (or considered as owning within the meaning of Code Section 318) both more than one-half percent interest and the largest interests in the Employer.

(c) a "five percent owner" of the Employer. "Five percent owner" means any person who owns (or is considered as owning within the meaning of Code Section 318) more than five percent (5%) of the outstanding stock of the Employer or stock possessing more than five percent (5%) of the total combined voting power of all stock of the Employer or, in the case of an unincorporated business, any person who owns more than five percent (5%) of the capital or profits interest in the Employer. In determining percentage ownership hereunder, employers that would otherwise be aggregated under Code Sections 414(b), (c), (m) and (o) shall be treated as separate employers.

(d) a "one percent owner" of the Employer having an annual "415 Compensation" from the Employer of more than $150,000. "One percent owner" means any person who owns (or is considered as owning within the meaning of Code Section 318) more than one percent (1%) of the outstanding stock of the Employer or stock possessing more than one percent (1%) of the total combined voting power of all stock of the Employer or, in the case of an unincorporated business, any person who owns more than one percent (1%) of the capital

or profits interest in the Employer. In determining percentage ownership hereunder, employers that would otherwise be aggregated under Code Sections 414(b), (c), (m) and (o) shall be treated as separate employers. However, in determining whether an individual has "415 Compensation" of more than $150,000, "415 Compensation" from each employer required to be aggregated under Code Sections 414(b), (c), (m) and (o) shall be taken into account.

For purposes of this Section, the determination of "415 Compensation" for Plan Years beginning before January 1, 1998 shall be made by including amounts that would otherwise be excluded from a Participant's gross income by reason of the application of Code Sections 125, 402(e)(3), 402(h)(1)(B) and, in the case of Employer contributions made pursuant to a salary reduction agreement, by including amounts that would otherwise be excluded from a Participant's gross income by reason of the application of Code Section 403(b).

1.36 "Late Retirement Date" means the first day of the month coinciding with or next following a Participant's actual Retirement Date after having reached his Normal Retirement Date.

1.37 "Leased Employee" means any person (other than an Employee of the recipient) who pursuant to an agreement between the recipient and any other person ("leasing organization") has performed services for the recipient (or for the recipient and related persons determined in accordance with Code Section 414(n)(6) on a substantially full time basis for a period of at least one year, and such services are performed under primary direction or control by the recipient employer.

1.38 "Non-Elective Contribution" means the Employer's contributions to the Plan excluding, however, contributions made pursuant to the Participant's deferral election provided for in Section 4.2, matching contributions made pursuant to Section 4.1(b), Employer NHCE Contributions made pursuant to Section 4.1(d), and any Qualified Non-Elective Contribution. Any such contributions deemed to be Employer Non-Elective Contributions shall be subject to the requirements of Sections 4.2(b) and 4.2(c), substituting "Participant's Account" for "Participant's Elective Account" wherever it appears.

1.39 "Non-Highly Compensated Participant" means any Participant who is neither a Highly Compensated Employee nor a Family Member.

1.40 "Non-Key Employee" means any Employee or former Employee (and his Beneficiaries) who is not a Key Employee.

1.41 "Normal Retirement Date" means the first day of the month coinciding with or next following the Participant's Normal Retirement Age (65th birthday). A Participant shall be fully Vested in his Participant's Combined Account at all times.

1.42 "1-Year Break in Service" means the applicable computation period during which an Employee classified by the Employer as an Hourly Employee in accordance with the Employer's normal payroll practices has not completed more than 500 Hours of Service with the Employer. Further, solely for the purpose of determining whether a Participant has incurred a 1-Year Break in Service, Hours of Service shall be recognized for "authorized leaves of absence" and "maternity and paternity leaves of absence." Years of Service and 1-Year Breaks in Service shall be measured on the same computation period.

"Authorized leave of absence" means an unpaid, temporary cessation from active employment with the Employer pursuant to an established nondiscriminatory policy, whether occasioned by illness, military service, or any other reason.

A "maternity or paternity leave of absence" means, for Plan Years beginning after December 31, 1984, an absence from work for any period by reason of the Employee's pregnancy, birth of the Employee's child, placement of a child with the Employee in connection with the adoption of such child, or any absence for the purpose of caring for such child for a period immediately following such birth or placement and, for Plan Years beginning after December 31, 1993, it shall also mean an absence from work pursuant to the Family and Medical Leave Act of 1993. For this purpose, Hours of Service shall be credited for the computation period in which the absence from work begins, only if credit therefore is necessary to prevent the Employee from incurring a 1-Year Break in Service, or, in any other case, in the immediately following computation period. The Hours of Service credited for a "maternity or paternity leave of absence" shall be those which would normally have been credited but for such absence, or, in any case in which the Administrator is unable to determine such hours normally credited, eight (8) Hours of Service per day. The Total Hours of Service required to be credited for a "maternity or paternity leave of absence" shall not exceed 501.

For purposes of determining the service credited to an Employee classified by the Employer as a Salaried Employee in accordance with its normal payroll practices, the term "1-Year Break in Service" means a period of 365 or more consecutive days beginning on an Employee's separation from service date and ending on the date the Employee is again credited with an Hour of Service. For purposes of this paragraph, "separation from service" means the earlier of the date on which the Employee quits, retires, is discharged or dies, or the first anniversary of the first date of absence for any other reason. The separation from service date of an Employee who is absent from service beyond the first anniversary of the first day of absence by reason of a maternity or paternity leave of absence is the second anniversary of the first day of such absence. The period between the first and second anniversaries of the first day of absence is neither a period of service nor a 1-Year Break in Service.

1.43 "Participant" means any Eligible Employee who participates in the Plan as provided in Sections 3.2 and 3.3, and has not for any reason become ineligible to participate further in the Plan.

1.44 "Participant's Account" means the account established and maintained by the Administrator for each Participant with respect to his total interest in the Plan and Trust resulting from the Employer's Non-Elective Contributions.

1.45 "Participant's Combined Account" means the total aggregate amount of each Participant's Elective Account and Participant's Account.

1.46 "Participant's Elective Account" means the account established and maintained by the Administrator for each Participant with respect to his total interest in the Plan and Trust resulting from the Employer's Elective Contributions. A separate accounting shall be maintained with respect to that portion of the Participant's Elective Account attributable to Elective Contributions pursuant to Section 4.2, Employer matching contributions pursuant to Section 4.1(b), Employer NHCE Contributions pursuant to Section 4.1(d), and any Employer Qualified Non-Elective Contributions.

1.47 "Plan" means this instrument, including all amendments thereto.

1.48 "Plan Year" means the Plan's accounting year of twelve months commencing on January 1st of each year and ending the following December 31st.

1.49 "Qualified Non-Elective Contribution" means the Employer's contributions to the Plan that are made pursuant to Section 4.6. Such contributions shall be considered an Elective Contribution for the purposes of the Plan and used to satisfy the "Actual Deferral Percentage" tests.

In addition, the Employer's contributions to the Plan that are made pursuant to Section 4.9(f) which are used to satisfy the "Actual Contribution Percentage" tests shall be considered Qualified Non-Elective Contributions and be subject to the provisions of Sections 4.2(b) and 4.2(c).

1.50 "Regulation" means the Income Tax Regulations as promulgated by the Secretary of the Treasury or his delegate, and as amended from time to time.

1.51 "Retired Participant" means a person who has been a Participant, but who has become entitled to retirement benefits under the Plan.

1.52 "Retirement Date" means the date as of which a Participant retires whether such retirement occurs on a Participant's Normal Retirement Date or Late Retirement Date (see Section 6.1).

1.53 "Salaried Employee" means any Employee who is classified by the Employer as a Salaried Employee in accordance with its normal payroll practices and who is paid on a periodic

basis rather than as a multiple of the number of hours worked, except that the number of hours worked may be used to calculate overtime payments for non-exempt Salaried Employees.

1.54 "Shareholder-Employee" means a Participant who owns more than five percent (5%) of the Employer's outstanding capital stock during any year in which the Employer elected to be taxed as a Small Business Corporation under the applicable Code Section.

1.55 "Super Top Heavy Plan" means a plan described in Section 2.2(b).

1.56 "Taxable Wage Base" means, with respect to any Plan Year, the maximum amount of earnings at the beginning of such year which may be considered wages for such year under Code Section 3121(a)(1).

1.57 "Terminated Participant" means a person who has been a Participant, but whose employment has been terminated other than by death or retirement.

1.58 "Top Heavy Plan" means a plan described in Section 2.2(a).

1.59 "Top Heavy Plan Year" means a Plan Year commencing after December 31, 1983 during which the Plan is a Top Heavy Plan.

1.60 "Top Paid Group" means the top 20 percent of Employees who performed services for the Employer during the applicable year, ranked according to the amount of "415 Compensation" (determined for this purpose in accordance with Section 1.28) received from the Employer during such year. All Affiliated Employers shall be taken into account as a single employer, and Leased Employees within the meaning of Code Sections 414(n)(2) and 414(o)(2) shall be considered Employees unless such Leased Employees are covered by a plan described in Code Section 414(n)(5) and are not covered in any qualified plan maintained by the Employer. Employees who are non-resident aliens and who received no earned income (within the meaning of Code Section 911(d)(2) from the Employer constituting United States source income within the meaning of Code Section 861(a)(3) shall not be treated as Employees. Additionally, for the purpose of determining the number of active Employees in any year, the following additional Employees shall also be excluded; however, such Employees shall still be considered for the purpose of identifying the particular Employees in the Top Paid Group:

(a) Employees with less than six (6) months of Service;

(b) Employees who normally work less than $17^1/_2$ hours per week;

(c) Employees who normally work less than six (6) months during a year; and

(d) Employees who have not yet attained age 21.

In addition, if 90 percent or more of the Employees of the Employer are covered under agreements the Secretary of Labor finds to be collective bargaining agreements between Employee representatives and the Employer, and the Plan covers only Employees who are not covered under such agreements, then Employees covered by such agreements shall be excluded from both the total number of active Employees as well as from the identification of particular Employees in the Top Paid Group.

The foregoing exclusions set forth in this Section shall be applied on a uniform and consistent basis for all purposes for which the Code Section 414(q) definition is applicable.

1.61 "Trustee" means each person or entity named as trustee herein or in any separate trust forming a part of this Plan, and any successors.

1.62 "Trust Fund" means the assets of the Plan and Trust as the same shall exist from time to time. "Trust" means the Plan and Trust established pursuant to this instrument, including all amendments thereto.

1.63 "Vested" means the nonforfeitable portion of any account maintained on behalf of a Participant.

1.64 "Voluntary Contribution Account" means the account established and maintained by the Administrator for each Participant with respect to his total interest in the Plan resulting from the Participant's nondeductible voluntary contributions made pursuant to Section 4.12.

Amounts recharacterized as voluntary Employee contributions pursuant to Section 4.6(a) shall remain subject to the limitations of Sections 4.2(b) and 4.2(c). Therefore, a separate accounting shall be maintained with respect to that portion of the Voluntary Contribution Account attributable to voluntary Employee contributions made pursuant to Section 4.13.

1.65 "Year of Service" means the computation period of twelve (12) consecutive months, herein set forth, during which an Employee has at least 1000 Hours of Service. The computation period shall be the Plan Year.

Years of Service with any Affiliated Employer shall be recognized only for the period that such entity is an Affiliated Employer and Year of Service for any period prior to such time shall not be recognized unless otherwise specifically provided herein.

Prior to January 1, 1999, for purposes of eligibility for participation, the initial computation period shall begin with the date on which the Employee first performs an Hour of Service. The participation computation periods subsequent to the initial computation period shall be the Plan Years beginning with the first Plan Year which includes the anniversary of the date on which the Employee first performed an Hour of Service. The participation computation period beginning after 5 consecutive 1-Year Breaks in Service shall be measured from the date on which

an Employee again performs an Hour of Service. For all other purposes, the computation period shall be the Plan Year.

1.66 "Section 401(a)(17) Limitation": In addition to other applicable limitations set forth in the Plan, and notwithstanding any other provision of the Plan to the contrary, for Plan Years beginning on or after January 1, 1994, the annual compensation of each employee taken into account under the Plan shall not exceed the OBRA'93 annual compensation limit. The OBRA'93 annual compensation limit is $150,000 (or such other amount prescribed under Code Section 401(a)(17)), as adjusted by the Commissioner for increases in the cost of living in accordance with Code Section 401(a)(17)(B). The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which compensation is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than 12 months, the OBRA'93 annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

If compensation for any prior determination period is taken into account in determining an employee's benefits accruing in the current Plan Year, the compensation for that prior determination period is subject to the OBRA'93 annual compensation limit in effect for that prior determination period. For this purpose, for determination periods beginning before the first day of the first Plan Year beginning on or after January 1, 1994, the OBRA'93 annual compensation limit is $150,000.

ARTICLE II
TOP HEAVY AND ADMINISTRATION

2.1 TOP HEAVY PLAN REQUIREMENTS

For any Top Heavy Plan Year, the Plan shall provide the special vesting requirements of Code Section 416(b) pursuant to Section 6.4 of the Plan and the special minimum allocation requirements of Code Section 416(c) pursuant to Section 4.4 of the Plan.

2.2 DETERMINATION OF TOP HEAVY STATUS

(a) This Plan shall be a Top Heavy Plan for any Plan Year commencing after December 31, 1983 in which, as of the Determination Date, (1) the Present Value of Accrued Benefits of Key Employees and (2) the sum of the Aggregate Accounts of Key Employees under this Plan and all plans of an Aggregation Group, exceeds sixty percent (60%) of the Present Value of Accrued Benefits and the Aggregate Accounts of all Key and Non-Key Employees under this Plan and all plans of an Aggregation Group.

If any Participant is a Non-Key Employee for any Plan Year, but such Participant was a Key Employee for any prior Plan Year, such Participant's Present Value of Accrued Benefit and/or Aggregate Account balance shall not be taken into account for purposes of determining whether this Plan is a Top Heavy or Super Top Heavy Plan (or whether any Aggregation Group which includes this Plan is a Top Heavy Group). In addition, for Plan Years beginning after December 31, 1984, if a Participant or Former Participant has not performed any services for any Employer maintaining the Plan at any time during the five year period ending on the Determination Date, any accrued benefit for such Participant or Former Participant shall not be taken into account for the purposes of determining whether this Plan is a Top Heavy or Super Top Heavy Plan. For Plan Years beginning after December 31, 2000, the accrued benefits and accounts for any Participant or former Participant who has not performed any services for any Employer maintaining the Plan during the one year period ending on the Determination Date shall not be taken into account for the purpose of determining whether this Plan is a Top Heavy or Super Top Heavy Plan.

(b) This Plan Shall be a Super Top Heavy Plan for any Plan Year commencing after December 31, 1983 in which, as of the Determination Date, (1) the Present Value of Accrued Benefits of Key Employees and (2) the sum of the Aggregate Accounts of Key Employees under this Plan and all plans of an Aggregation Group, exceeds ninety percent (90%) of Present Value of Accrued Benefits and the Aggregate Accounts of all Key and Non-Key Employees under this Plan and all plans of an Aggregation Group.

(c) Aggregate Account: As used in this Section 2.2, a Participant's Aggregate Account as of the Determination Date is the sum of:

(1) his Participant's Combined Account balance as of the most recent valuation occurring within a twelve (12) month period ending on the Determination Date;

(2) an adjustment for any contributions due as of the Determination Date. Such adjustment shall be the amount of any contributions actually made after the valuation date but due on or before the Determination Date, except for the first Plan Year when such adjustment shall also reflect the amount of any contributions made after the Determination Date that are allocated as of a date in that first Plan Year;

(3) any Plan distributions made within the one-year period ending on the Determination Date; provided that in the case of a distribution from the Plan made for a reason other than separation from service, death or disability, this provision shall be applied by substituting "five-year period" for "one-year period". However, in the case of distributions made after the valuation date and prior to

the Determination Date, such distributions are not included as distributions for top heavy purposes to the extent that such distributions are already included in the Participant's Aggregate Account balance as of the valuation date. Further, distributions from the Plan (including the cash value of life insurance policies) of a Participant's account balance because of death shall be treated as a distribution for the purposes of this paragraph.

(4) any Employee contributions, whether voluntary or mandatory. However, amounts attributable to tax deductible qualified voluntary employee contributions shall not be considered to be a part of the Participant's Aggregate Account balance.

(5) with respect to unrelated rollovers and plan-to-plan transfers (ones which are both initiated by the Employee and made from a plan maintained by one employer to plan maintained by another employer), if this Plan provides the rollovers or plan-to-plan transfers, it shall always consider such rollovers or plan-to-plan transfers as a distribution for the purposes of this Section. If this Plan is the plan accepting such rollovers or plan-to-plan transfers, it shall not consider such rollovers or plan-to-plan transfers accepted after December 31, 1983 as part of the Participant's Aggregate Account balance. However, rollovers or plan-to-plan transfers accepted prior to January 1, 1984 shall be considered as part of the Participant's Aggregate Account balance.

(6) with respect to related rollovers and plan-to-plan transfers (ones either not initiated by the Employee or made to a plan maintained by the same employer), if this Plan provides the rollover or plan-to-plan transfer, it shall not be counted as a distribution for purposes of this Section. If this Plan is the plan accepting such rollover or plan-to-plan transfer, it shall consider such rollover or plan-to-plan transfer as part of the Participant's Aggregate Account balance, irrespective of the date on which such rollover or plan-to-plan transfer is accepted.

(7) For the purposes of determining whether two employers are to be treated as the same employer in (5) and (6) above, all employers aggregated under Code Section 414(b), (c) (m) and (o) are treated as the same employer.

(d) "Aggregation Group" means either a Required Aggregation Group or a Permissive Aggregation Group as hereinafter determined.

(1) Required Aggregation Group: In determining a Required Aggregation Group hereunder, each plan of the Employer in which a Key Employee is a participant in the Plan Year containing the Determination Date or any of the four preceding Plan Years, and each other plan of the Employer which enables any plan in which a Key Employee participates to meet the requirements of Code Sections 401(a)(4) or 410, will be required to be aggregated. Such group shall be known as a Required Aggregation Group.

In the case of a Required Aggregation Group, each plan in the group will be considered a Top Heavy Plan if the Required Aggregation Group is a Top Heavy Group. No plan in the Required Aggregation Group will be considered a Top Heavy Plan if the Required Aggregation Group is not a Top Heavy Group.

(2) Permissive Aggregation Group: The Employer may also include any other plan not required to be included in the Required Aggregation Group, provided the resulting group, taken as a whole, would continue to satisfy the provisions of Code Sections 401(a)(4) and 410. Such group shall be known as a Permissive Aggregation Group.

In the case of a Permissive Aggregation Group, only a plan that is part of the Required Aggregation Group will be considered a Top Heavy Plan if the Permissive Aggregation Group is a Top Heavy Group. No plan in the Permissive Aggregation Group will be considered a Top Heavy Plan if the Permissive Aggregation Group is not a Top Heavy Group.

(3) Only those plans of the Employer in which the Determination Dates fall within the same calendar year shall be aggregated in order to determine whether such plans are Top Heavy Plans.

(4) An Aggregation Group shall include any terminated plan of the Employer if it was maintained within the last five (5) years ending on the Determination Date.

(e) "Determination Date" means (a) the last day of the preceding Plan Year, or (b) in the case of the first Plan Year, the last day of such Plan Year.

(f) Present Value of Accrued Benefit: In the case of a defined benefit plan, the Present Value of Accrued Benefit for a Participant other than a Key Employee, shall be

as determined using the single accrual method used for all plans of the Employer and Affiliated Employers, or if no such single method exists, using a method which results in benefits accruing not more rapidly than the slowest accrual rate permitted under Code Section 411(b)(1)(C). The determination of the Present Value of Accrued Benefit shall be determined as of the most recent valuation date that falls within or ends with the 12-month period ending on the Determination Date except as provided in Code Section 416 and the Regulations thereunder for the first and second plan years of a defined benefit plan.

(g) "Top Heavy Group" means an Aggregation Group in which, as of the Determination Date, the sum of:

(1) the Present Value of Accrued Benefits of Key Employees under all defined benefit plans included in the group, and

(2) the Aggregate Accounts of Key Employees under all defined contribution plans included in the group, exceeds sixty percent (60%) of a similar sum determined for all Participants.

2.3 POWERS AND RESPONSIBILITIES OF THE EMPLOYER

(a) The Employer shall be empowered to appoint and remove the Trustees and the Administrator from time to time as it deems necessary for the proper administration of the Plan to assure that the Plan is being operated for the exclusive benefit of the Participants and their Beneficiaries in accordance with the terms of the Plan, the Code, and the Act.

(b) The Employer shall establish a "funding policy and method"; i.e, it shall determine whether the Plan has a short run need for liquidity (e.g., to pay benefits) or whether liquidity is a long run goal and investment growth (and stability of same) is a more current need, or shall appoint a qualified person to do so. The Employer or its delegate shall communicate such needs and goals to the Trustees, who shall coordinate such Plan needs with its investment policy. The communication of such a "funding policy and method" shall not, however, constitute a directive to the Trustees as to investment of the Trust Funds. Such "funding policy and method" shall be consistent with the objectives of this Plan and with the requirements of Title I of the Act.

(c) The Employer shall periodically review the performance of any Fiduciary or other person to whom duties have been delegated or allocated by it under the provisions of this Plan or pursuant to procedures established hereunder. This requirement may be satisfied by formal periodic review by the Employer or by a qualified person specifically designated by the Employer, through day-to-day conduct and evaluation, or through other appropriate ways.

2.4 DESIGNATION OF ADMINISTRATIVE AUTHORITY

The Employer shall appoint one or more Administrators. Any person, including, but not limited to, the Employees of the Employer, shall be eligible to serve as an Administrator. Any person so appointed shall signify his acceptance by filing written acceptance with the Employer. An administrator may resign by delivering his written resignation to the Employer or be removed by the Employer by delivery of written notice of removal, to take effect at a date specified therein, or upon delivery to the Administrator if no date is specified.

The Employer, upon the resignation or removal of an Administrator, shall promptly designate in writing a successor to this position. If the Employer does not appoint an Administrator, the Employer will function as the Administrator.

2.5 ALLOCATION AND DELEGATION OF RESPONSIBILITIES

If more than one person is appointed as Administrator, the responsibilities of each Administrator may be specified by the Employer and accepted in writing by each Administrator. In the event that no such delegation is made by the Employer, the Administrators may allocate the responsibilities among themselves, in which event the Administrators shall notify the Employer and the Trustees in writing of such action and specify the responsibilities of each Administrator. The Trustees thereafter shall accept and rely upon any documents executed by the appropriate Administrator until such time as the Employer or the Administrators file with the Trustees a written revocation of such designation.

2.6 POWERS AND DUTIES OF THE ADMINISTRATOR

The primary responsibility of the Administrator is to administer the Plan for the exclusive benefit of the Participants and their Beneficiaries, subject to the specific terms of the Plan. The Administrator shall administer the Plan in accordance with its terms and shall have the power and discretion to construe the terms of the Plan and to determine all questions arising in connection with the administration, interpretation, and application of the Plan. Any such determination by the Administrator shall be conclusive and binding upon all persons. The Administrator may establish procedures, correct any defect, supply any information, or reconcile any inconsistency in such manner and to such extent as shall be deemed necessary or advisable to carry out the purpose of the Plan; provided, however, that any procedure, discretionary act, interpretation or construction shall be done in a nondiscriminatory manner based upon uniform principles consistently applied and shall be consistent with the intent that the Plan shall continue to be deemed a qualified plan under the terms of Code Section 401(a), and shall comply with the terms of the Act and all regulations issued pursuant thereto. The Administrator shall have all powers necessary or appropriate to accomplish his duties under this Plan.

The Administrator shall be charged with the duties of the general administration of the Plan, including, but not limited to, the following:

(a) the discretion to determine all questions relating to the eligibility of Employees to participate or remain a Participant hereunder and to receive benefits under the Plan;

(b) to compute, certify, and direct the Trustees with respect to the amount and the kind of benefits to which any Participant shall be entitled hereunder;

(c) to authorize and direct the Trustees with respect to all nondiscretionary or otherwise directed disbursements from the Trust;

(d) to maintain all necessary records for the administration of the Plan;

(e) to interpret the provisions of the Plan and to make and publish such rules for regulation of the Plan as are consistent with the terms hereof, subject to the final determination of the Trustees;

(f) to determine the size and type of any Contract to be purchased from any insurer, and to designate the insurer from which such Contract shall be purchased;

(g) to compute and certify to the Employer and to the Trustees from time to time the sums of money necessary or desirable to be contributed to the Plan;

(h) to consult with the Employer and the Trustees regarding the short and long-term liquidity needs of the Plan in order that the Trustees can exercise any investment discretion in a manner designed to accomplish specific objectives;

(i) to prepare and implement a procedure to notify Eligible Employees that they may elect to have a portion of their Compensation deferred or paid to them in cash;

(j) to assist any Participant regarding his rights, benefits, or elections available under the Plan.

2.7 RECORDS AND REPORTS

The Administrator shall keep a record of all actions taken and shall keep all other books of account, records, and other data that may be necessary for proper administration of the Plan and shall be responsible for supplying all information and reports to the Internal Revenue Service, Department of Labor, Participants, Beneficiaries and others as required by law.

2.8 APPOINTMENT OF ADVISERS

The Administrator, or the Trustees with the consent of the Administrator, may appoint counsel, specialists, advisers, actuaries, and other persons as the Administrator or the Trustees deems necessary or desirable in connection with the administration of this Plan.

2.9 INFORMATION FROM EMPLOYER

To enable the Administrator to perform his functions, the Employer shall supply full and timely information to the Administrator on all matters relating to the Compensation of all Participants, their Hours of Service, their Years of Service, their retirement, death, disability, or termination of employment, and such other pertinent facts as the Administrator may require; and the Administrator shall advise the Trustees of such of the foregoing facts as may be pertinent to the Trustees' duties under the Plan. The Administrator may rely upon such information as is supplied by the Employer and shall have no duty or responsibility to verify such information.

2.10 PAYMENT OF EXPENSES

All expenses of administration may be paid out of the Trust Fund unless paid by the Employer. Such expenses shall include any expenses incident to the functioning of the Administrator, including, but not limited to, fees of accountants, counsel, and other specialists and their agents, and other costs of administering the Plan. Until paid, the expenses shall constitute a liability of the Trust Fund. However, the Employer may reimburse the Trust Fund for any administration expense incurred. Any administration expense paid to the Trust Fund as a reimbursement shall not be considered an Employer contribution.

2.11 MAJORITY ACTIONS

Except where there has been an allocation and delegation of administrative authority pursuant to Section 2.5, if there shall be more than one Administrator, they shall act by a majority of their number, but may authorize one or more of them to sign all papers on their behalf.

2.12 CLAIMS PROCEDURE

Claims for benefits under the Plan may be filed with the Administrator on forms supplied by the Employer. Written notice of the disposition of a claim shall be furnished to the claimant within 90 days after the application is filed. In the event the claim is denied, the reasons for the denial shall be specifically set forth in the notice in language calculated to be understood by the claimant, pertinent provisions of the Plan shall be cited, and, where appropriate, an explanation as to how the claimant can perfect the claim will be provided. In addition, the claimant shall be furnished with an explanation of the Plan's claims review procedure. There may be times when this 90-day period may be extended due to special circumstances, provided the delay and the special circumstances occasioning it are communicated to the claimant in writing within the 90-day period.

2.13 CLAIMS REVIEW PROCEDURE

Any Employee, former Employee, or Beneficiary of either, who has been denied a benefit by a decision of the Administrator pursuant to Section 2.12 shall be entitled to request the Administrator to give further consideration to his claim by filing with the Administrator (on a form which may be obtained from the Administrator) a request for a hearing. Such request, together with a written statement of the reasons why the claimant believes his claim should be allowed, shall be filed with the Administrator no later than 60 days after receipt of the written notification provided for in Section 2.12. The Administrator shall then conduct a hearing within the next 60 days, at which the claimant may be represented by an attorney or any other representative of his choosing and at which the claimant shall have an opportunity to submit written and oral evidence and arguments in support of his claim. At the hearing (or prior thereto upon 5 business days written notice to the Administrator) the claimant or his representative shall have an opportunity to review all documents in the possession of the Administrator which are pertinent to the claim at issue and its disallowance. Either the claimant or the Administrator may cause a court reporter to attend the hearing and record the proceedings. In such event, a complete written transcript of the proceedings shall be furnished to both parties by the court reporter. The full expense of any such court reporter and such transcripts shall be borne by the party causing the court reporter to attend the hearing. A final decision as to the allowance of the claim shall be made by the Administrator within 60 days of receipt of the appeal (unless there has been an extension of 60 days due to special circumstances, provided the delay and the special circumstances occasioning it are communicated to the claimant within the 60-day period). Such communication shall be written in a manner calculated to be understood by the claimant and shall include specific reasons for the decision and specific references to the pertinent Plan provisions on which the decision is based. The decision of the Administrator shall be made in its sole discretion based on the Plan documents and is final and binding.

ARTICLE III
ELIGIBILITY

3.1 CONDITIONS OF ELIGIBILITY

(a) Effective January 1, 1999, any Eligible Employee who is employed on or prior to the last day of the previous Plan Year (including December 31, 1998) shall be eligible to participate hereunder as of the first day of the Plan Year (or, if the Eligible Employee is not employed on the first day of the Plan Year, as of the date of rehire). Notwithstanding the foregoing, any Eligible Employee who was a Participant in the Plan immediately prior to the effective date of this amendment and restatement shall continue to participate in the Plan on the effective date. Notwithstanding the foregoing, any Eligible Employee who was a Participant in the Plan on September 29, 2000, shall continue to participate in the Plan as long as he or she remains an Eligible Employee.

(b) Prior to January 1, 1999, the following provisions were effective: Any Eligible Employee classified by the Employer as a Salaried Employee in accordance with its normal payroll practices and who has completed six (6) Months of Service as described below and any Eligible Employee classified by the Employer as an Hourly Employee in accordance with its normal payroll practices and who has completed one (1) Year of Service shall be eligible to participate hereunder as of the date he has satisfied such requirements. Notwithstanding the foregoing, any Eligible Employee who was a Participant in the Plan immediately prior to the effective date of this amendment and restatement shall continue to participate in the Plan on the effective date.

For purposes of this Section 3.1, an Eligible Employee classified by the Employer as a Salaried Employee in accordance with its normal payroll practices will be deemed to have completed six (6) Months of Service if he is in the employ of the Employer at any time six (6) months after his employment commencement date. Employment commencement date shall be the first day that he is entitled to be credited with an Hour of Service for the performance of duty.

In the case of the reclassification of a Participant from an Hourly Employee to a Salaried Employee or a Salaried Employee to an Hourly Employee, such Participant shall continue to be a Participant under the Plan.

In the case of the reclassification of an Eligible Employee who is not yet a Participant, the following rules shall apply:

(i) An Hourly Employee who is reclassified as a Salaried Employee shall receive credit for purposes of eligibility hereunder consisting of:

(A) the number of years equal to his Years of Service prior to the "computation period" in which such reclassification occurs and

(B) the greater of (1) the period of service for which he would have been credited had he been a Salaried Employee for the entire "computation period" in which his reclassification occurs or (2) the service taken into account as an Hourly Employee as of the date of reclassification.

(ii) A Salaried Employee who is reclassified as an Hourly Employee shall receive credit for purposes of eligibility hereunder consisting of:

(A) the number of Years of Service equal to the number of one year periods of service credited to the Eligible Employee as of the date of reclassification; and

(B) credit, in the "computation period" which includes the date of reclassification, for the number of Hours of Service defined under Section

1.30 for which he would have been credited had he been an Hourly Employee during such "computation period".

For purposes of this Section 3.1, the "computation period" shall be the participation computation period described in Section 1.65.

3.2 APPLICATION FOR PARTICIPATION

In order to become a Participant hereunder, each Eligible Employee shall make application to the Employer for participation in the Plan and agree to the terms hereof. Upon the acceptance of any benefits under this Plan, such Employee shall automatically be deemed to have made application and shall be bound by the terms and conditions of the Plan and all amendments hereto.

3.3 EFFECTIVE DATE OF PARTICIPATION

(a) Effective January 1, 1999, an Eligible Employee shall become a Participant effective as of the first day of the Plan Year immediately following the date on which such Employee meets the eligibility requirements of Section 3.1, provided said Employee is still employed as of such date.

(b) An Eligible Employee who, at any time, has been eligible to be a Participant and who terminates employment or ceases to be an Eligible Employee and is later reemployed by the Employer on or after January 1, 1999, or again becomes an Eligible Employee on or after January 1, 1999, as the case may be, shall immediately become a Participant effective upon reemployment or reclassification.

(c) An ineligible Employee who would otherwise be an Eligible Employee except for his classification and who becomes classified as an Eligible Employee on or after January 1, 1999 shall immediately become a Participant effective upon such reclassification.

(d) Prior to January 1, 1999, the following provisions were effective:

(i) An Eligible Employee classified by the Employer as a Salaried Employee in accordance with its normal payroll practices shall become a Participant effective as of the first day of the Plan Year immediately following the date on which such Employee meets the eligibility requirements of Section 3.1, provided said Employee is still employed as of such date. Any Eligible Employee who is classified by the Employer as an Hourly Employee in accordance with its normal payroll practices shall become a Participant effective as of the earlier of the first day of the Plan Year or the first day of the seventh month of such Plan Year coincident with or immediately following the date on which such Employee meets the eligibility requirements of Section 3.1, provided said Employee is still employed as of such date.

(ii) An Eligible Employee who, at any time, has been eligible to be a Participant and who terminates employment or ceases to be an Eligible Employee and is later reemployed by the Employer or again becomes an Eligible Employee, as the case may be, shall immediately be eligible to become a Participant upon reemployment or reclassification, unless the number of consecutive 1-Year Breaks in Service the Eligible Employee incurs exceeds the greater of (i) five or (ii) the aggregate number of periods of service or Years of Service, as applicable, credited to such Eligible Employee prior to such break in service. If an Eligible Employee incurs the number of consecutive 1-Year Breaks in Service described in the previous sentence, such Eligible Employee must again satisfy the requirements of Section 3.1 to become a Participant.

(iii) If an Eligible Employee classified as a Salaried Employee in accordance with the Employer's normal payroll practices who, at any time, has not been eligible to be a Participant, incurs a 1-Year Break in Service but does not incur five consecutive 1-Year Breaks in Service, any periods of service credited to the Eligible Employee shall be aggregated for purposes of satisfying the eligibility requirements of Section 3.1.

(iv) The participation computation period for Eligible Employees classified as Hourly Employees in accordance with the Employer's normal payroll practices shall be measured in accordance with Section 1.65 hereof.

3.4 DETERMINATION OF ELIGIBILITY

The Administrator shall determine the eligibility of each Employee for participation in the Plan based upon information furnished by the Employer. Such determination shall be conclusive and binding upon all persons, as long as the same is made pursuant to the Plan and the Act. Such determination shall be subject to review per Section 2.13.

3.5 TERMINATION OF ELIGIBILITY

(a) In the event a Participant shall go from a classification of an Eligible Employee to an ineligible Employee, his interest in the Plan shall continue to share in the earnings of the Trust Fund, until such time as his Aggregate Account shall be distributed pursuant to the terms of the Plan.

(b) In the event a Participant is no longer a member of an eligible class of Employees and becomes ineligible to participate, such Employee will participate immediately upon returning to an eligible class of Employees.

(i) Prior to January 1, 1999, the following was effective: In the event a Participant is no longer a member of an eligible class of Employees and becomes ineligible to participate but has not incurred a 1-Year Break in Service, such Employee will participate

immediately upon returning to an eligible class of Employees. If such Participant incurs a 1-Year Break in Service, eligibility will be determined under the break in service rules of the Plan.

(c) In the event an Employee who is not a member of an eligible class of Employees becomes a member of an eligible class, such Employee will participate immediately if such Employee has satisfied the minimum age and service requirements and would have otherwise previously become a Participant.

3.6 OMISSION OF ELIGIBLE EMPLOYEE

If, in any Plan Year, any Employee who should be included as a Participant in the Plan is erroneously omitted and discovery of such omission is not made until after a contribution by his Employer for the year has been made, the Employer shall make a subsequent contribution with respect to the omitted Employee in the amount which the said Employer would have contributed with respect to him had he not been omitted. Such contribution shall be made regardless of whether or not it is deductible in whole or in part in any taxable year under applicable provisions of the Code.

3.7 INCLUSION OF INELIGIBLE EMPLOYEE

If, in any Plan Year, any person who should not have been included as a Participant in the Plan is erroneously included and discovery of such incorrect inclusion is not made until after a contribution for the year has been made, the Employer shall not be entitled to recover the contribution made with respect to the ineligible person regardless of whether or not a deduction is allowable with respect to such contribution.

In such event, the amount contributed with respect to the ineligible person shall constitute a Forfeiture (except for Deferred Compensation which shall be distributed to the ineligible person) for the Plan Year in which the discovery is made.

3.8 QUALIFIED MILITARY SERVICE PROVISIONS

Notwithstanding any provision of this Plan to the contrary, effective as of December 12, 1994, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Code Section 414(u).

ARTICLE IV
CONTRIBUTION AND ALLOCATION

4.1 FORMULA FOR DETERMINING EMPLOYER'S CONTRIBUTION

For each Plan Year, the Employer shall contribute to the Plan:

(a) The amount of the total salary reduction elections of all Participants made pursuant to Section 4.2(a), which amount shall be deemed an Employer's Elective Contribution.

(b) On behalf of each Participant who is eligible to share in matching contributions for the Plan Year, as set forth in Section 4.4, a discretionary matching contribution equal to a percentage of each such Participant's Deferred Compensation, the exact percentage to be determined each year by the Employer, which amount shall be deemed an Employer's Elective Contribution. Except, however, in applying the matching percentage specified above, only salary reductions up to $500 shall be considered.

Notwithstanding anything contained herein to the contrary, for each Plan Year beginning after December 31, 1997, the Employer's discretionary matching contribution for each eligible Participant shall be limited to the lesser of: (1) $500 or (2) a maximum percentage of such Participant's Compensation for such Plan Year, to be determined prior to the commencement of each Plan Year by the Employer in its sole discretion.

(c) A discretionary amount, which amount shall be deemed an Employer's Non-Elective Contribution for allocation as a "Base Contribution" or an "Excess Contribution".

(d) For Plan Years beginning on or after January 1, 1994, on behalf of each Non-Highly Compensated Participant who is eligible to share in the Employer's NHCE Contribution for the Plan Year pursuant to Section 4.4(b)(4), a discretionary amount which amount shall be referred to as an "Employer's NHCE Contribution" and which shall be deemed an Employer's Elective Contribution.

(e) Notwithstanding the foregoing, however, the Employer's contributions for any Plan Year shall not exceed the maximum amount allowable as a deduction to the Employer under the provisions of Code Section 404. All contributions by the Employer shall be made in cash.

(f) Except, however, to the extent necessary to provide the top heavy minimum allocations, the Employer shall make a contribution even if it exceeds the amount which is deductible under Code Section 404.

4.2 PARTICIPANT'S SALARY REDUCTION ELECTION

(a) Each Participant may elect to defer a portion of his Compensation which would have been received in the Plan Year (except for the deferral election) by up to the maximum amount which will not cause the Plan to violate the provisions of Sections 4.5(a) and 4.9, or cause the Plan to exceed the maximum amount allowable as a deduction to the Employer under Code Section 404. A deferral election (or modification of an earlier election) may not be

made with respect to Compensation which is currently available on or before the date the Participant executed such election.

The amount by which Compensation is reduced shall be that Participant's Deferred Compensation and be treated as an Employer Elective Contribution and allocated to that Participant's Elective Account.

Notwithstanding the foregoing, if a Participant terminates employment during a pay period, no salary deferrals will be allocated to the Participant's Elective Account with respect to "Compensation" paid during such final pay period.

(b) The balance in each Participant's Elective Account shall be fully Vested at all times and shall not be subject to Forfeiture for any reason.

(c) Amounts held in the Participant's Elective Account may not be distributable earlier than:

(1) a Participant's termination of employment or death;

(2) a Participant's attainment of age $59^{1}/_{2}$;

(3) the termination of the Plan without the existence at the time of Plan termination of another defined contribution plan (other than an employee stock ownership plan as defined in Code Section 4975(e)(7)) or the establishment of a successor defined contribution plan (other than an employee stock ownership plan as defined in Code Section 4975(e)(7)) by the Employer or an Affiliated Employer within the period ending twelve months after distribution of all assets from the Plan maintained by the Employer;

(4) the date of disposition by the Employer to an entity that is not an Affiliated Employer of substantially all of the assets (within the meaning of Code Section 409(d)(2) used in a trade or business of such corporation if such corporation continues to maintain this Plan after the disposition with respect to a Participant who continues employment with the corporation acquiring such assets; or

(5) the date of disposition by the Employer or an Affiliated Employer who maintains the Plan of its interest in a subsidiary (within the meaning of Code Section 409(d)(3)) to an entity which

is not an Affiliated Employer but only with respect to a Participant who continues employment with such subsidiary.

(d) In any Plan Year a Participant's Deferred Compensation made under this Plan and all other plans, contracts or arrangements of the Employer maintaining this Plan shall not exceed, during any taxable year, the limitation imposed by Code Section 402(g), as in effect at the beginning of such taxable year. This dollar limitation shall be adjusted annually pursuant to the method provided in Code Section 415(d) in accordance with Regulations.

(e) In the event a Participant has received a hardship distribution pursuant to Regulation 1.401(k)-1(d)(2)(iii)(B) from any other plan maintained by the Employer, then such Participant shall not be permitted to elect to have Deferred Compensation contributed to the Plan on his behalf for a period of twelve (12) months following the receipt of the distribution. Furthermore, the dollar limitation under Code Section 402(g) shall be reduced, with respect to the Participant's taxable year following the taxable year in which the hardship distribution was made, by the amount of such Participant's Deferred Compensation, if any, pursuant to this Plan (and any other plan maintained by the Employer) for the taxable year of the hardship distribution.

(f) If a Participant's Deferred Compensation under this Plan together with any elective deferrals (as defined in Regulation 1.402(g)-1(b)) under another qualified cash or deferred arrangement (as defined in Code Section 401(k)), a simplified employee pension (as defined in Code Section 408(k)), a salary reduction arrangement (within the meaning of Code Section 3121(a)(5)(D)), a deferred compensation plan under Code Section 457, or a trust described in Code Section 501(c)(18) cumulatively exceed the limitation imposed by Code Section 402(g) (as adjusted annually in accordance with the method provided in Code Section 415(d) pursuant to Regulations) for such Participant's taxable year, the Participant may, not later than March 1 following the close of his taxable year, notify the Administrator in writing of such excess and request that his Deferred Compensation under this Plan be reduced by an amount specified by the Participant. In such event, the Administrator may direct the Trustees to distribute such excess amount (and any Income allocable to such excess amount) to the Participant not later than the first April 15th following the close of the Participant's taxable year. If a Participant's Deferred Compensation made under this Plan for such Participant's taxable year exceeds the limitations imposed by Code Section 402(g), then such excess will automatically be distributed to the Participant not later than the first April 15th following the close of the Participant's taxable year. Any distribution of less than the entire amount of Excess Deferred Compensation and Income shall be treated as a pro rata distribution of Excess Deferred Compensation and Income. The amount distributed shall not exceed the Participant's Deferred Compensation under the Plan for the taxable year. Any distribution on or before the last day of the Participant's taxable year must satisfy each of the following conditions:

(1) the Participant shall designate the distribution as Excess Deferred Compensation;

(2) the distribution must be made after the date on which the Plan received the Excess Deferred Compensation; and

(3) the Plan must designate the distribution as a distribution of Excess Deferred Compensation.

(g) Notwithstanding Section 4.2(f) above, a Participant's Excess Deferred Compensation shall be reduced, but not below zero, by any distribution and/or recharacterization of Excess Contributions pursuant to Section 4.6(a) for the Plan Year beginning with or within the taxable year of the Participant.

(h) At Normal Retirement Date, or such other date when the Participant shall be entitled to receive benefits, the fair market value of the Participant's Elective Account shall be used to provide additional benefits to the Participant or his Beneficiary.

(i) All amounts allocated to a Participant's Elective Account shall be treated as a Directed Investment Account pursuant to Section 4.14.

(j) Employer Elective Contributions made pursuant to this Section may be segregated into a separate account for each Participant in a federally insured savings account, certificate of deposit in a bank or savings and loan association, money market certificate, or other short-term debt security acceptable to the Trustees until such time as the allocations pursuant to Section 4.4 have been made.

(k) The Employer and the Administrator shall implement the salary reduction elections provided for herein in accordance with the following:

(1) A Participant may commence making elective deferrals to the Plan only after first satisfying the eligibility and participation requirements specified in Article III. However, the Participant must make his initial salary deferral election within a reasonable time, not to exceed thirty (30) days, after entering the Plan pursuant to Section 3.3. If the Participant fails to make an initial salary deferral election within such time, then such Participant may thereafter make an election in accordance with the rules governing modifications. The Participant shall make such an election by entering into a written salary reduction agreement with the Employer and filing such agreement with the Administrator. Such election shall initially be effective beginning with the pay period following the acceptance of the salary reduction agreement by the Administrator, shall not have retroactive effect and shall remain in force until revoked.

(2) A Participant may modify a prior election during the Plan Year and concurrently make a new election by filing a written notice with the Administrator within a reasonable time before the pay period for which such modification is to be effective. However, modification to a salary deferral election shall only be permitted six (6) times in any Plan Year, or at such other times as the Plan Administrator may prescribe in its sole discretion. Any modification shall not have retroactive effect and shall remain in force until revoked.

(3) A Participant may elect to prospectively revoke his salary reduction agreement in its entirety at any time during the Plan Year by providing the Administrator with thirty (30) days written notice of such revocation (or upon such shorter notice period as may be acceptable to the Administrator). Such revocation shall become effective as of the beginning of the first pay period coincident with or next following the expiration of the notice period. Furthermore, the termination of the Participant's employment, or the cessation of participation for any reason, shall be deemed to revoke any salary reduction agreement then in effect, effective immediately. If such termination is effective during a Participant's pay period, no salary deferrals will be allocated to the Participant's Elective Account with respect to "Compensation" paid during such pay period. Notwithstanding the foregoing, if a Participant becomes an Employee of Alliance Capital Management L.P. in connection with the acquisition of the assets of Sanford C. Bernstein & Co., Inc. and Bernstein Technologies Inc. by Alliance Capital Management L.P., such Employee's salary reduction agreement shall continue in full force and effect unless such Employee elects to change his salary reduction agreement.

4.3 TIME OF PAYMENT OF EMPLOYER'S CONTRIBUTION

The Employer shall generally pay to the Trustees its contribution to the Plan for each Plan Year within the time prescribed by law, including extensions of time, for the filing of the Employer's federal income tax return for the Fiscal Year.

However, Employer Elective Contributions accumulated through payroll deductions shall be paid to the Trustees as of the earliest date on which such contributions can reasonably be segregated from the Employer's general assets, but in any event within the time period specified by law: generally, no later than the 15th business day of the month following the month in which such amounts would otherwise have been payable to the Participant in cash. The provisions of Department of Labor regulations 2510.3-102 are incorporated herein by reference. Furthermore, any additional Employer contributions which are allocable to the Participant's

Elective Account for a Plan Year shall be paid to the Plan no later than the twelve-month period immediately following the close of such Plan Year.

4.4 ALLOCATION OF CONTRIBUTION AND EARNINGS

(a) The Administrator shall establish and maintain an account in the name of each Participant to which the Administrator shall credit as of each Anniversary Date all amounts allocated to each such Participant as set forth herein.

(b) The Employer shall provide the Administrator with all information required by the Administrator to make a proper allocation of the Employer's contributions for each Plan Year. Within a reasonable period of time after the date of receipt by the Administrator of such information, the Administrator shall allocate such contribution as follows:

(1) With respect to the Employer's Elective Contribution made pursuant to Section 4.1(a), to each Participant's Elective Account in an amount equal to each such Participant's Deferred Compensation for the year.

(2) With respect to the Employer's Elective Contribution made pursuant to Section 4.1(b), to each Participant who is not paid commissions and whose annualized rate of compensation, excluding overtime, bonuses and commissions, as of the first day of the Plan Year (or if not employed by the Employer on the first day of the Plan Year, as of the Participant's earliest date of rehire during the Plan Year) is less than $50,000, and effective for Plan Years beginning on or after January 1, 1999, who is employed by an Employer on the last day of the Plan Year, an allocation to the Participant's Elective Account in accordance with Section 4.1(b).

(3) With respect to the Employer's Non-Elective Contribution made pursuant to Section 4.1(c), in the following manner:

(i) For each Plan Year, 5.7% of the sum of each eligible Participant's total Compensation plus Excess Compensation shall be allocated to each eligible Participant's Account. If the Employer does not contribute such amount for all eligible Participants, each eligible Participant will be allocated a share of the contribution in the same proportion that his total Compensation plus his total Excess Compensation for the Plan Year bears to the total Compensation plus the total Excess Compensation of all eligible Participants for that Plan Year.

(ii) The balance of the Employer's Non-Elective Contribution over the amount allocated in 4.4(b)(3)(i) above, if any, shall be allocated to each eligible Participant's Account in the same proportion that his total Compensation for the Plan Year bears to the total Compensation of all eligible Participants for such year.

The allocation of the Employer's Non-Elective Contribution to any Participant Account shall be limited to $6,000 in each Plan Year. For each Plan Year, only Participants who are actively employed by an Employer on the last day of the Plan Year and who have completed a Year of Service during the Plan Year shall be eligible to share in the Employer's Non-Elective Contribution. For each Plan Year, Participants who are Highly Compensated Employees and who are also shareholders of Sanford C. Bernstein Inc. shall not be eligible to share in the Employer's Non-Elective Contribution. Effective January 1, 1999, any Eligible Employee described in Section 3.3(b) and (c) shall have all Hours of Service, that are credited within the Plan Year for which the Employer's Non-Elective Contribution will be made, aggregated to determine a Year of Service.

(4) With respect to the Employer's Elective Contribution made pursuant to Section 4.1(d), to each Participant who for the Plan Year: (i) is a Non-Highly Compensated Employee whose Compensation is less than $100,000, (ii) has attained age fifty (50) as of the end of the Plan Year, (iii) for Plan Years beginning on or after January 1, 1997, has completed at least ten (10) "years of employment" as of the end of the Plan Year (where a Participant shall be credited with a "year of employment" for each calendar year in which such Participant completes an Hour of Service with the Employer), and (iv) is employed with the Employer as an Eligible Employee as of the end of the Plan Year, an allocation to the Participant's Elective Account as follows:

Such contribution shall be allocated as an equal dollar amount to each Participant who satisfies all of the eligibility requirements in Section 4.4(b)(4) above, except that the allocation to any Participant shall not exceed the difference between: (1) the sum of all Employer and Employee Contributions made on behalf of such Participant other than the Employer NHCE Contribution; and (2) the maximum allowable Contribution under Code Section 415.

For Plan Years beginning prior to January 1, 1997, Section 4.4(b)(4)(iii) above shall read: "has completed at least 120 'months of employment' as of the end of the Plan Year (where a Participant shall be credited with a 'month of employment' for each month in which such Participant completes an Hour of Service with the Employer), and"

(c) For any Top Heavy Plan Year, Non-Key Employees not otherwise eligible to share in the allocation of contributions as provided above, shall receive the minimum allocation provided for in Section 4.4(f), if eligible, pursuant to the provisions of Section 4.4(h).

(d) Participants who are not actively employed on the last day of the Plan Year, who have not completed a Year of Service during the Plan Year or who are shareholders of Sanford C. Bernstein Inc. shall share in the allocation of contributions for that Plan Year only if otherwise eligible in accordance with this Section.

(e) All amounts allocated to the Participant's Account shall be treated as a Directed Investment Account pursuant to Section 4.14. As of each Anniversary Date or other valuation date, before allocation of contributions, any earnings or losses (net appreciation or net depreciation) shall be allocated in accordance with Section 4.14.

Participants' transfers from other qualified plans and voluntary contributions deposited in the general Trust Fund after a valuation date shall not share in any earnings and losses (net appreciation or net depreciation) of the Trust Fund for such period.

Each segregated account maintained on behalf of a Participant shall be credited or charged with its separate earnings and losses.

(f) Minimum Allocations Required for Top Heavy Plan Year: Notwithstanding the foregoing, for any Top Heavy Plan Year, the sum of the Employer's contributions allocated to the Participant's Combined Account of each Non-Key Employee shall be equal to at least three percent (3%) of such Non-Key Employee's "415 Compensation" (reduced by contributions and forfeitures, if any, allocated to each Non-Key Employee in any defined contribution plan included with this Plan in a Required Aggregation Group). However, if (i) the sum of the Employer's contributions allocated to the Participant's Combined Account of each Key Employee for such Top Heavy Plan Year is less than three percent (3%) of each Key Employee's "415 Compensation" and (ii) this Plan is not required to be included in an Aggregation Group to enable a defined benefit plan to meet the requirements of Code Section 401(a)(4) or 410, the sum of the Employer's contributions allocated to the Participant's Combined Account of each Non-Key Employee shall be equal to the largest percentage allocated to the Participant's Combined Account of any Key Employee. However, in determining whether a Non-Key Employee has received the required minimum allocation, such Non-Key Employee's Deferred Compensation and matching contributions needed to satisfy the "Actual Deferral Percentage" tests pursuant to Section 4.5(a) or the "Actual Contribution Percentage" test of

Section 4.7(a) shall not be taken into account. For Plan Years beginning after December 31, 2001, however, matching contributions shall be taken into account for purposes of satisfying the requirements of code section 416(c)(2). Matching contributions used to satisfy these requirements shall be treated as matching contributions for the purposes of the "Actual Contribution Percentage" of Section 4.7(a).

However, no such minimum allocation shall be required in this Plan for any Non-Key Employee who participates in another defined contribution plan subject to Code Section 412 providing such benefits are included with this Plan in a Required Aggregation Group.

(g) For purposes of the minimum allocations set forth above, the percentage allocated to the Participant's Combined Account of any Key Employee shall be equal to the ratio of the sum of the Employer's contributions allocated on behalf of such Key Employee divided by the "415 Compensation" for such Key

Employee.

(h) For any Top Heavy Plan Year, the minimum allocations set forth above shall be allocated to the Participant's Combined Account of all Non-Key Employees who are Participants and who are employed by the Employer on the last day of the Plan Year, including Non-Key Employees who have (1) failed to complete a Year of Service; and (2) declined to make mandatory contributions (if required) or, in the case of a cash or deferred arrangement, elective contributions to the Plan.

(i) For the purposes of this Section, "415 Compensation" shall be limited to the amount as set forth in Section 1.66.

(j) Notwithstanding anything herein to the contrary, Participants who terminated employment for any reason during the Plan Year shall share in the salary reduction contributions made by the Employer for the year of termination without regard to the Hours of Service credited.

(k) Notwithstanding anything to the contrary, if this is a Plan that would otherwise fail to meet the requirements of Code Sections 401(a)(26), 410(b)(1) or 410(b)(2)(A)(i) and the Regulations thereunder because Employer contributions have not been allocated to a sufficient number or percentage of Participants for a Plan Year, then the following rules shall apply:

(1) The group of Participants eligible to share in the Employer's contribution for the Plan Year shall be expanded to include the minimum number of Non-Highly Compensated Participants who would not otherwise be eligible, as are necessary to satisfy the applicable test specified above. The specific Non-Highly Compensated Participants who shall become eligible under the terms of this paragraph shall be those who are actively

employed on the last day of the Plan Year and who, when compared to similarly situated Non-Highly Compensated Participants, have earned the lowest non-zero Compensation during the Plan Year.

(2) If, after application of paragraph (1) above, the applicable test is still not satisfied, then the group of Participants eligible to share in the Employer's contribution for the Plan Year shall be further expanded to include the minimum number of Non-Highly Compensated Participants who are not actively employed on the last day of the Plan Year as are necessary to satisfy the applicable test. The specific Non-Highly Compensated Participants who shall become eligible under the terms of this paragraph shall be those Non-Highly Compensated Participants who, when compared to similarly situated Non-Highly Compensated Participants, have earned the lowest non-zero Compensation during the Plan Year.

(3) If, after application of paragraphs (1) and (2) above, the applicable test is still not satisfied, then the group of Participants eligible to share in the Employer's contribution for the Plan Year shall be further expanded to include the minimum number of Highly Compensated Participants who would not otherwise be eligible, as are necessary to satisfy the applicable test specified above. The specific Highly Compensated Participants who shall become eligible under the terms of this paragraph shall be those who are actively employed on the last day of the Plan Year and who, when compared to similarly situated Highly Compensated Participants, have earned the lowest non-zero Compensation during the Plan Year.

(4) If, after application of paragraphs (1), (2) and (3) above, the applicable test is still not satisfied, then the group of Participants eligible to share in the Employer's contribution for the Plan Year shall be further expanded to include the minimum number of Highly Compensated Participants who are not actively employed on the last day of the Plan Year as are necessary to satisfy the applicable test. The specific Highly Compensated Participants who shall become eligible to share shall be those Highly Compensated Participants who, when compared to similarly situated Highly Compensated Participants, have earned the lowest non-zero Compensation during the Plan Year.

(5) Nothing in this Section shall permit the reduction of a Participant's accrued benefit. Therefore, any amounts that have

previously been allocated to Participants may not be reallocated to satisfy these requirements. In such event, the Employer shall make an additional contribution equal to the amount such affected Participants would have received had they been included in the allocations, even if it exceeds the amount which would be deductible under Code Section 404. Any adjustment to the allocations pursuant to this paragraph shall be considered a retroactive amendment adopted by the last day of the Plan Year.

4.5 ACTUAL DEFERRAL PERCENTAGE TESTS

(a) Maximum Annual Allocation: For each Plan Year beginning after December 31, 1986, the annual allocation derived from Employer Elective Contributions to a Participant's Elective Account shall satisfy one of the following tests:

(1) The "Actual Deferral Percentage" for the Highly Compensated Participant group shall not be more than the "Actual Deferral Percentage" of the Non-Highly Compensated Participant group multiplied by 1.25, or

(2) The excess of the "Actual Deferral Percentage" for the Highly Compensated Participant group over the "Actual Deferral Percentage" for the Non-Highly Compensated Participant group shall not be more than two percentage points. Additionally, the "Actual Deferral Percentage" for the Highly Compensated Participant group shall not exceed the "Actual Deferral Percentage" for the Non-Highly Compensated Participant group multiplied by 2. The provisions of Code Section 401(k)(3) and Regulation 1.401(k)-1(b) are incorporated herein by reference.

However, for Plan Years beginning after December 31, 1988, in order to prevent the multiple use of the alternative method described in (2) above and in Code Section 401(m)(9)(A), any Highly Compensated Participant eligible to make elective deferrals pursuant to Section 4.2 and to make Employee contributions or to receive matching contributions under this Plan or under any other plan maintained by the Employer or an Affiliated Employer shall have his actual contribution ratio reduced pursuant to Regulation 1.401(m)-2, the provisions of which are incorporated herein by reference.

(b) For the purposes of this Section "Actual Deferral Percentage" means, with respect to the Highly Compensated Participant group and Non-Highly Compensated Participant group for a Plan Year, the average of the ratios, calculated separately for each

Participant in such group, of the amount of Employer Elective Contributions allocated to each Participant's Elective Account for such Plan Year, to such Participant's "414(s) Compensation" for such Plan Year. The actual deferral ratio for each Participant and the "Actual Deferral Percentage" for each group shall be calculated to the nearest one-hundredth of one percent for Plan Years beginning after December 31, 1988.

Notwithstanding the foregoing, the Employer elects under Code Section 401(k)(3)(A), that Subsections (a) and (b) be applied by using the Actual Deferral Percentage for the Non-Highly Compensated Participant group for the current Plan Year rather than the preceding Plan Year.

(c) Employer Elective Contributions allocated to each Non-Highly Compensated Participant's Elective Account shall be reduced by Excess Deferred Compensation to the extent such excess amounts are made under this Plan or any other plan maintained by the Employer.

(d) For the purposes of Sections 4.5(a) and 4.6, a Highly Compensated Participant and a Non-Highly Compensated Participant shall include any Employee eligible to make a deferral election pursuant to Section 4.2, whether or not such deferral election was made or suspended pursuant to Section 4.2.

(e) For the purposes of this Section and Code Sections 401(a)(4), 410(b) and 401(k), if two or more plans which include cash or deferred arrangements are considered one plan for the purposes of Code Section 401(a)(4) or 410(b) (other than Code Section 410(b)(2)(a)(ii) as in effect for Plan Years beginning after December 31, 1988), the cash or deferred arrangements included in such plans shall be treated as one arrangement.

In addition, two or more cash or deferred arrangements may be considered as a single arrangement for purposes of determining whether or not such arrangements satisfy Code Sections 401(a)(4), 410(b) and 401 (k). In such a case, the cash or deferred arrangements included in such plans and the plans including such arrangements shall be treated as one arrangement and as one plan for purposes of this Section and Code Sections 401(a)(4), 410(b) and 401(k). For Plan Years beginning after December 31, 1989, plans may be aggregated under this paragraph (e) only if they have the same plan year.

Notwithstanding the above, an employee stock ownership plan described in Code Section 4975(e)(7) may not be combined with this Plan for purposes of determining whether the employee stock ownership plan or this Plan satisfies this Section and Code Sections 401(a)(4), 410(b) and 401(k).

(f) For the purposes of this Section, if a Highly Compensated Participant is a Participant under two or more cash or deferred arrangements (other than a cash or deferred arrangement which is part of an employee stock ownership plan as defined in Code Section 4975(e)(7)) of the Employer or an Affiliated Employer, all such cash or deferred

arrangements shall be treated as one cash or deferred arrangement for the purpose of determining the actual deferral ratio with respect to such Highly Compensated Participant. However, if the cash or deferred arrangements have different Plan Years, this paragraph shall be applied by treating all cash or deferred arrangements ending with or within the same calendar year as a single arrangement.

(g) If the Employer determines, before the end of a Plan Year that the limitations of this Section may be exceeded for such Plan Year, the Employer may direct Highly Compensated Employees to reduce their Deferred Compensation to the extent that such contributions may constitute Excess Contributions.

4.6 ADJUSTMENT TO ACTUAL DEFERRAL PERCENTAGE TESTS

In the event that the initial allocations of the Employer's Elective Contributions made pursuant to Section 4.4 do not satisfy one of the tests set forth in Section 4.5(a), the Administrator shall adjust Excess Contributions pursuant to the options set forth below:

(a) On or before the fifteenth day of the third month following the end of each Plan Year, the Highly Compensated Participant having the highest amount of Employer Elective Contributions allocated to his Elective Account shall have his portion of Excess Contributions distributed to him and/or at his election recharacterized as a voluntary Employee contribution pursuant to Section 4.13 until one of the tests set forth in Section 4.5(a) is satisfied, or until the amount of Employer Elective Contributions allocated to his Elective Account equals the amount of Employer Elective Contributions allocated to the account of the Highly Compensated Participant having the second highest amount of Employer Elective Contributions allocated to his Elective Account.

This process shall continue until one of the tests set forth in Section 4.5(a) is satisfied. For each Highly Compensated Participant, the amount of Excess Contributions is equal to the Elective Contributions made on behalf of such Highly Compensated Participant (determined prior to the application of this paragraph) minus the amount of Elective Contributions allocated on behalf of such Highly Compensated Participant (determined after application of this paragraph).

However, in determining the amount of Excess Contributions to be distributed and/or recharacterized with respect to an affected Highly Compensated Participant as determined herein, such amount shall be reduced by any Excess Deferred Compensation previously distributed to such affected Highly Compensated Participant for his taxable year ending with or within such Plan Year.

(1) With respect to the distribution of Excess Contributions pursuant to (a) above, such distribution:

(i) may be postponed but not later than the close of the Plan Year following the Plan Year to which they are allocable;

(ii) shall be made first from unmatched Deferred Compensation and, thereafter, simultaneously from Deferred Compensation which is matched and matching contributions which relate to such Deferred Compensation;

(iii) shall be adjusted for Income; and

(iv) shall be designated by the Employer as a distribution of Excess Contributions (and Income).

(2) With respect to the recharacterization of Excess Contributions pursuant to (a) above, such recharacterized amounts:

(i) shall be deemed to have occurred on the date on which the last of those Highly Compensated Participants with Excess Contributions to be recharacterized is notified of the recharacterization and the tax consequences of such recharacterization;

(ii) shall not exceed the amount of Deferred Compensation on behalf of any Highly Compensated Participant for any Plan Year;

(iii) shall be treated as voluntary Employee contributions for purposes of Code Section 401(a)(4) and Regulation 1.401(k)-1(b). However, for purposes of Sections 2.2 and 4.4(f), recharacterized Excess Contributions continue to be treated as Employer contributions that are Deferred Compensation. Excess Contributions recharacterized as voluntary Employee contributions shall continue to be nonforfeitable and subject to the same distribution rules provided for in Section 4.2(c);

(iv) are not permitted if the amount recharacterized plus voluntary Employee contributions actually made by such Highly Compensated Participant, exceed the maximum amount of voluntary Employee contributions (determined prior to application of Section 4.7(a)) that such Highly Compensated Participant is permitted to make under the Plan in the absence of recharacterization; and

(v) shall be adjusted for Income.

(3) Any distribution and/or recharacterization of less than the entire amount of Excess Contributions shall be treated as a pro rata distribution and/or recharacterization of Excess Contributions and Income.

(b) Within twelve (12) months after the end of the Plan Year, the Employer may make a special Qualified Non-Elective Contribution on behalf of eligible Non-Highly Compensated Participants in an amount sufficient to satisfy one of the tests set forth in Section 4.5(a). Such contribution shall be allocated to the Participant Elective Account of each Non-Highly Compensated Participant who has completed a Year of Service during the Plan Year and who is employed by the Employer on the last day of the Plan Year, in the same proportion that each such Non-Highly Compensated Participant's Compensation for the year bears to the total Compensation of all such Non-Highly Compensated Participants.

4.7 ACTUAL CONTRIBUTION PERCENTAGE TESTS

(a) The "Actual Contribution Percentage" for the Highly Compensated Participant group shall not exceed the greater of:

(1) 125 percent of such percentage for the Non-Highly Compensated Participant group; or

(2) the lesser of 200 percent of such percentage for the Non-Highly Compensated Participant group, or such percentage for the Non-Highly Compensated Participant group plus 2 percentage points.

However, to prevent the multiple use of the alternative method described in this paragraph and Code Section 401(m)(9)(A), any Highly Compensated Participant eligible to make elective deferrals pursuant to Section 4.2 or any other cash or deferred arrangement maintained by the Employer or an Affiliated Employer and to make Employee contributions or to receive matching contributions under this Plan or under any other plan maintained by the Employer or an Affiliated Employer shall have his actual contribution ratio reduced pursuant to Regulation 1.401(m)-2.

The provisions of Code Section 401(m) and Regulations 1.401(m)-1(b) and 1.401(m)-2 are incorporated herein by reference.

(b) For the purposes of this Section and Section 4.9, "Actual Contribution Percentage" for a Plan Year means, with respect to the Highly Compensated

Participant group and Non-Highly Compensated Participant group, the average of the ratios (calculated separately for each Participant in each group) of:

(1) an Actual Contribution Amount which shall be equal to the sum of voluntary Employee contributions made pursuant to Section 4.13 and Excess Contributions recharacterized as voluntary Employee contributions pursuant to Section 4.6(a) on behalf of each such Participant for such Plan Year; to

(2) the Participant's "414(s) Compensation" for such Plan Year.

Notwithstanding the foregoing, the Employer elects under Code Section 401(m)(2)(A), that Subsections (a) and (b) be applied by using the Actual Contribution Percentage for the Non-Highly Compensated Participant group for the current Plan Year rather than the preceding Plan Year.

(c) For purposes of determining the "Actual Contribution Percentage", the Actual Contribution Amount and the amount of Excess Aggregate Contributions pursuant to Section 4.8(c), the Administrator may elect to take into account, with respect to Employees eligible to have voluntary Employee contributions pursuant to Section 4.13 allocated to their accounts, all or a portion of Employer Matching Contributions made pursuant to Section 4.1(b), Elective Contributions (as defined in Section 1.13) and qualified non-elective contributions (as defined in Code Section 401(m)(4)(C)) contributed to any plan maintained by the Employer.

(d) Such Elective Contributions and qualified non-elective contributions shall be treated as Employer matching contributions subject to Regulation 1.401(m)-1(b)(2) which is incorporated herein by reference. However, the Plan Year must be the same as the plan year of the plan to which the Elective Contributions and the qualified nonelective contributions are made.

(e) For purposes of this Section and Code Sections 401(a)(4), 410(b) and 401(m), if two or more plans of the Employer to which matching contributions, Employee contributions, or both, are made are treated as one plan for purposes of Code Sections 401(a)(4) or 410(b) (other than the average benefits test under

Code Section 410(b)(2)(A)(ii)), such plans shall be treated as one plan.

In addition, two or more plans of the Employer to which matching contributions, Employee contributions, or both, are made may be considered as a single plan for purposes of determining whether or not such plans satisfy Code Sections 401(a)(4), 410(b) and 401(m). In such a case, the aggregated plans must satisfy this Section and Code Sections 401(a)(4), 410(b) and 401 (m) as though such aggregated plans were a single plan. Plans may be aggregated under this paragraph (e) only if they have the same plan year.

Notwithstanding the above, an employee stock ownership plan described in Code Section 4975(e)(7) may not be aggregated with this Plan for purposes of determining whether the employee stock ownership plan or this Plan satisfies this Section and Code Sections 401(a)(4), 410(b) and 401(m).

(f) If a Highly Compensated Participant is a Participant under two or more plans (other than an employee stock ownership plan as defined in Code Section 4975(e)(7)) which are maintained by the Employer or an Affiliated Employer to which matching contributions, Employee contributions, or both, are made, all such contributions on behalf of such Highly Compensated Participant shall be aggregated for purposes of determining such Highly Compensated Participant's actual contribution ratio. However, if the plans have different plan years, this paragraph shall be applied by treating all plans ending with or within the same calendar year as a single plan.

(g) For purposes of Sections 4.7(a) and 4.9, a Highly Compensated Participant and Non-Highly Compensated Participant shall include any Employee eligible to have voluntary Employee contributions pursuant to Section 4.13 (whether or not voluntary Employee contributions are made) allocated to his account for the Plan Year.

(h) If the Employer determines, before the end of a Plan Year, that the limitations of this Section may be exceeded for such Plan Year, the Employer may direct Highly Compensated Employees to reduce their Voluntary Contributions to the extent that such contributions may constitute Excess Aggregate Contributions.

4.8 REPEAL OF MULTIPLE USE TEST

The multiple use test described in Regulation 1.401(m)-2 and Sections 4.5 and 4.7 of this Plan shall not apply for Plan Years beginning after December 31, 2001.

4.9 ADJUSTMENT TO ACTUAL CONTRIBUTION PERCENTAGE TESTS

(a) In the event that the "Actual Contribution Percentage" for the Highly Compensated Participant group exceeds the "Actual Contribution Percentage" for the Non-Highly Compensated Participant group pursuant to Section 4.7(a), the Administrator (on or before the fifteenth day of the third month following the end of the Plan Year, but in no event later than the close of the following Plan Year) shall direct the Trustee to distribute to the Highly Compensated Participant having the highest Actual Contribution Amount, his portion of Excess Aggregate Contributions (and Income allocable to such contributions) until either one of the tests set forth in Section 4.7(a) is satisfied, or until his Actual Contribution Amount equals the Actual Contribution Amount of the Highly Compensated Participant having the second Highest Actual Contribution Amount. This process shall continue until one of the tests set forth in Section 4.7(a) is satisfied.

(b) Any distribution of less than the entire amount of Excess Aggregate Contributions (and Income) shall be treated as a pro rata distribution of Excess Aggregate Contributions and Income. Distribution of Excess Aggregate Contributions shall be designated by the Employer as a distribution of Excess Aggregate Contributions (and Income).

(c) For each Highly Compensated Participant, the amount of Excess Aggregate Contributions is equal to the total voluntary Employee contributions made pursuant to Section 4.12, Excess Contributions recharacterized as voluntary Employee contributions pursuant to Section 4.6(a) and any qualified non-elective contributions or elective deferrals taken into account pursuant to Section 4.7(c) made on behalf of the Highly Compensated Participant (determined prior to the application of this paragraph) minus the total amount of such contributions (determined after application of this paragraph).

The actual contribution ratio must be rounded to the nearest one-hundredth of one percent. In no case shall the amount of Excess Aggregate Contributions with respect to any Highly Compensated Participant exceed the amount of voluntary Employee contributions made pursuant to Section 4.13, Excess Contributions recharacterized as voluntary Employee contributions pursuant to Section 4.6(a) and any qualified non-elective contributions or elective deferrals taken into account pursuant to Section 4.7(c) on behalf of such Highly Compensated Participant for such Plan Year.

(d) The determination of the amount of Excess Aggregate Contributions with respect to any Plan Year shall be made pursuant to Section 4.9(e) below.

(e) The determination of the amount of Excess Aggregate Contributions with respect to any Plan Year shall be made after first determining the Excess Contributions, if any, to be treated as voluntary Employee contributions due to recharacterization for the Plan Year of any other qualified cash or deferred arrangement (as a defined in Code Section 401(k)) maintained by the Employer that ends with or within the Plan Year or which are treated as voluntary Employee contributions due to recharacterization pursuant to Section 4.6(a).

(f) Notwithstanding the above, within twelve (12) months after the end of the Plan Year, the Employer may make a special Qualified Non-Elective Contribution on behalf of eligible Non-Highly Compensated Participants in an amount sufficient to satisfy one of the tests set forth in Section 4.7(a). Such contribution shall be allocated to the Participant's Elective Account of each Non-Highly Compensated Participant, who has completed a Year of Service during the Plan Year and who is employed by the Employer on the last day of the Plan Year, in the same proportion that each such Non-Highly Compensated Participant's Compensation for the year bears to the total Compensation of all such Non-Highly Compensated Participants. A separate accounting shall be maintained for the purpose of excluding such contributions from the "Actual Deferral Percentage" tests pursuant to Section 4.5(a).

(a) Notwithstanding the foregoing, the maximum "annual additions" credited to a Participant's accounts for any "limitation year" shall equal the lesser of: (1) $30,000 (or, if greater, one-fourth of the dollar limitation in effect under Code Section 415(b)(1)(A)) or (2) twenty-five percent (25%) of the Participant's "415 Compensation" for such "limitation year."

(b) For purposes of applying the limitations of Code Section 415, "annual additions" means the sum credited to a Participant's accounts for any "limitation year" of (1) Employer contributions, (2) Employee contributions, (3) forfeitures, (4) amounts allocated, to an individual medical account, as defined in Code Section 415(1)(2) which is part of a pension or annuity plan maintained by the Employer and (5) amounts derived from contributions paid or accrued, which are attributable to post-retirement medical benefits allocated to the separate account of a key employee (as defined in Code Section 419A(d)(3)) under a welfare benefit plan (as defined in Code Section 419(e)) maintained by the Employer. Except, however, the "415 Compensation" percentage limitation referred to in paragraph (a)(2) above shall not apply to: (1) any contribution for medical benefits (within the meaning of Code Section 419A(f)(2) after separation from Service which is otherwise treated as an "annual addition"; or (2) any amount otherwise treated as an "annual addition" under Code Section 415(l)(1).

(c) For purposes of applying the limitations of Code Section 415, the transfer of funds from one qualified plan to another is not an "annual addition". In addition, the following are not Employee contributions for the purposes of Section 4.9(b)(2): (1) rollover contributions (as defined in Code Sections 402(a)(5), 403(a)(4), 403(b)(8) and 408(d)(3)); (2) repayments of loans made to a Participant from the Plan; (3) repayments of distributions received by an Employee pursuant to Code Section 411(a)(7)(B) (cash-outs); (4) repayments of distributions received by an Employee pursuant to Code Section 411(a)(3)(D) (mandatory contributions); and (5) Employee contributions to a simplified employee pension excludable from gross income under Code Section 408(k)(6).

(d) For purposes of applying the limitations of Code Section 415, "415 Compensation" shall include the Participant's wages, salaries, fees for professional services and other amounts received (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with an Employer maintaining the Plan to the extent that the amounts are includible in gross income (including, but not limited to, commissions paid salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, bonuses, fringe benefits, and reimbursements or other expense allowances under a nonaccountable plan (as described in Code Section 1.62-2(c) and in the case of a Participant who is an Employee within the meaning of Code Section 401(c)(1) and the regulations thereunder, the Participant's earned income (as described in Code Section 401(c)(2) and the regulations thereunder)) paid during each "limitation year".

"415 Compensation" shall exclude (1)(A) contributions made by the Employer to a plan of deferred compensation to the extent that, before the application of the Code Section 415 limitations to the Plan, the contributions are not includible in the gross income of the Employee

for the taxable year in which contributed, (B) contributions made by the Employer to a plan of deferred compensation to the extent that all or a portion of such contributions are recharacterized as a voluntary Employee contribution, (C) Employer contributions made on behalf of an Employee to a simplified employee pension plan described in Code Section 408(k) to the extent such contributions are excludable from the Employee's gross income, (D) any distributions from a plan of deferred compensation regardless of whether such amounts are includible in the gross income of the Employee when distributed except any amount received by an Employee pursuant to an unfunded non-qualified plan to the extent such amounts are includible in the gross income of the Employee; (2) amounts realized from the exercise of a non-qualified stock option or when restricted stock (or property) held by an Employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture; (3) amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option; and (4) other amounts which receive special tax benefits, such as premiums for group term life insurance (but only to the extent that the premiums are not includible in the gross income of the Employee), or contributions made by the Employer (whether or not under a salary reduction agreement) towards the purchase of any annuity contract described in Code Section 403(b) (whether or not the contributions are excludable from the gross income of the Employee). For the purposes of this Section, the determination of "415 Compensation" shall be made by not including amounts that would otherwise be excluded from a Participant's gross income by reason of the application of Code Sections 125, 402(e)(3), 402(h)(1)(B) and, in the case of Employer contributions made pursuant to a salary reduction agreement, Code Section 403(b).

Notwithstanding anything contained herein to the contrary, for purposes of this Section, for Plan Years beginning after December 31, 1997, the term "415 Compensation" shall include: (i) any elective deferral (as defined in Code Section 402(g)(3)) and (ii) any amount which is contributed or deferred by the Employer at the election of the Employee and which is not includible in the gross income of the Employee by reason of Code Sections 125, 132(f)(4), 401(k) or 457.

Notwithstanding anything contained herein to the contrary, for purposes of this Plan, the term "415 Compensation" shall include payments which otherwise would qualify as "415 Compensation" made by Sanford C. Bernstein & Co., Inc. and Bernstein Technologies Inc. through December 31, 2000 but shall not include any special bonuses, profit sharing payments or other compensation paid from SCB Partners Inc. made at any time.

(e) For purposes of applying the limitations of Code Section 415, the "limitation year" shall be the Plan Year.

(f) The dollar limitation under Code Section 415(b)(1)(A) stated in paragraph (a)(1) above shall be adjusted annually as provided in Code Section 415(d) pursuant to the Regulations. The adjusted limitation is effective as of January 1st of each calendar year and is applicable to "limitation years" ending with or within that calendar year.

(g) For the purpose of this Section, all qualified defined benefit plans (whether terminated or not) ever maintained by the Employer shall be treated as one defined benefit plan, and all qualified defined contribution plans (whether terminated or not) ever maintained by the Employer shall be treated as one defined contribution plan.

(h) For the purpose of this Section, if the Employer is a member of a controlled group of corporations, trades or businesses under common control (as defined by Code Section 1563(a) or Code Section 414(b) and (c) as modified by Code Section 415(h)), is a member of an affiliated service group (as defined by

Code Section 414(m)), or is a member of a group of entities required to be aggregated pursuant to Regulations under Code Section 414(o), all Employees of such Employers shall be considered to be employed by a single Employer.

(i) For the purpose of this Section, if this Plan is a Code Section 413(c) plan, all Employers of a Participant who maintain this Plan will be considered to be a single Employer.

(j) (1) If a Participant participates in more than one defined contribution plan maintained by the Employer which have different Anniversary Dates, the maximum "annual additions" under this Plan shall equal the maximum "annual additions" for the "limitation year" minus any "annual additions" previously credited to such Participant's accounts during the "limitation year".

(2) If a Participant participates in both a defined contribution plan subject to Code Section 412 an a defined contribution plan not subject to Code Section 412 maintained by the Employer which have the same Anniversary Date, "annual additions" will be credited to the Participant's accounts under the defined contribution plan subject to Code Section 412 prior to crediting "annual additions" to the Participant's accounts under the defined contribution plan not subject to Code Section 412.

(3) If a Participant participates in more than one defined contribution plan not subject to Code Section 412 maintained by the Employer which have the same Anniversary Date, the maximum "annual additions" under this Plan shall equal the product of (A) the maximum "annual additions" for the "limitation year" minus any "annual additions" previously credited under subparagraphs (1) or (2) above, multiplied by (B) a fraction (i) the numerator of which is the "annual additions" which would be credited to such Participant's accounts under this Plan without regard to the limitations of Code Section 415 and (ii) the denominator of which is such "annual additions" for all plans described in this subparagraph.

(k) If an Employee is (or has been) a Participant in one or more defined benefit plans and one or more defined contribution plans maintained by the Employer, the sum of the defined benefit plan fraction and the defined contribution plan fraction for any "limitation year" beginning prior to January 1, 2000 may not exceed 1.0. Effective as of January 1, 2000, the combined limitation under Code Section 415(e) is not applicable.

(l) Notwithstanding anything contained in this Section to the contrary, the limitations, adjustments and other requirements prescribed in this Section shall at all times comply with the provisions of Code Section 415 and the Regulations thereunder, the terms of which are specifically incorporated herein by reference.

4.11 ADJUSTMENT FOR EXCESSIVE ANNUAL ADDITIONS

(a) If, as a result of a reasonable error in estimating a Participant's Compensation, a reasonable error in determining the amount of elective deferrals (within the meaning of Code Section 402(g)(3)) that may be made with respect to any Participant under the limits of Section 4.10 or other facts and circumstances to which Regulation 1.415-6(b)(6) shall be applicable, the "annual additions" under this Plan would cause the maximum "annual additions" to be exceeded for any Participant, the Administrator shall (1) distribute any elective deferrals (within the meaning of Code Section 402(g)(3)) and/or return any voluntary Employee contributions credited for the "limitation year" to the extent that the return would reduce the "excess amount" in the Participant's accounts (2) hold any "excess amount" remaining after the return of any elective deferrals or voluntary Employee contributions in a "Section 415 suspense account" (3) use the "Section 415 suspense account" in the next "limitation year" (and succeeding "limitation years" if necessary) to reduce Employer contributions for that Participant if that Participant is covered by the Plan as of the end of the "limitation year", or if the Participant is not so covered, allocate and reallocate the "Section 415 suspense account" in the next "limitation year" (and succeeding "limitation years" if necessary) to all Participants in the Plan before any Employer or Employee contributions which would constitute "annual additions" are made to the Plan for such "limitation year" (4) reduce Employer contributions to the Plan for such "limitation year" by the amount of the "Section 415 suspense account" allocated and reallocated during such "limitation year".

(b) For purposes of this Article, "excess amount" for any Participant for a "limitation year" shall mean the excess, if any, of (1) the "annual additions" which would be credited to his account under the terms of the Plan without regard to the limitations of Code Section 415 over (2) the maximum "annual additions" determined pursuant to Section 4.10.

(c) For purposes of this Section, "Section 415 suspense account" shall mean an unallocated account equal to the sum of "excess amounts" for all Participants in the plan during the "limitation year". The "Section 415 suspense account" shall not share in any earnings or losses of the Trust Fund.

(d) The Plan may not distribute "excess amounts", other than voluntary Employee contributions and elective deferrals (within the meaning of Code Section 402(g)(3)) pursuant to Section 4.11(a) above to Participants or Former Participants.

4.12 ROLLOVERS FROM QUALIFIED PLANS

(a) With the consent of the Administrator, cash amounts may be rolled over from other qualified plans by Employees, provided that the trust from which such funds are rolled over permits the rollover to be made and the rollover will not jeopardize the tax exempt status of the Plan or Trust or create adverse tax consequences for the Employer. This Plan shall not accept any trustee to trustee transfers other than direct rollovers.

(b) The amounts rolled over shall be set up in a separate account herein referred to as a "Participant's Rollover Account". Such account shall be fully Vested at all times and shall not be subject to Forfeiture for any reason.

(c) Amounts in a Participant's Rollover Account shall be held by the Trustees pursuant to the provisions of this Plan and may not be withdrawn by or distributed to the Participant, in whole or in part, except as provided in Paragraph (d) of this Section.

(d) At Normal Retirement Date, or such other date when the Participant or his Beneficiary shall be entitled to receive benefits, the fair market value of the Participant's Rollover Account shall be used to provide additional benefits to the Participant or his Beneficiary. Any distributions of amounts held in a Participant's Rollover Account shall be made in a manner which is consistent with and satisfies the provisions of Section 6.5, including, but not limited to, all

notice and consent requirements of Code Section 411(a)(11) and the Regulations thereunder. Furthermore, such amounts shall be considered as part of a Participants benefit in determining whether an involuntary cash-out of benefits without Participant consent may be made.

(e) The Administrator may direct that employee rollovers made after a valuation date be segregated into a separate account for each Participant in a federally insured savings account, certificate of deposit in a bank or savings and loan association, money market certificate, or other short term debt security acceptable to the Trustees until such time as the allocations pursuant to this Plan have been made.

(f) All amounts allocated to a Participant's Rollover Account shall be treated as a Directed Investment Account pursuant to Section 4.14.

(g) For purposes of this Section, the term "qualified plan" shall mean any tax qualified plan under Code Section 401(a). The term "amounts rolled over from other qualified plans" shall mean: (i) distributions received by an Employee from another qualified plan which are eligible for tax free rollover to a qualified plan and which are rolled over by the Employee to this Plan within sixty (60) days following his receipt thereof; (ii) amounts rolled

over to this Plan from a conduit individual retirement account provided that the conduit individual retirement account has no assets other than assets which (A) were previously distributed to the Employee by another qualified plan; (B) were eligible for tax-free rollover to a qualified plan and (C) were deposited in such conduit individual retirement account within sixty (60) days of receipt thereof and other than earnings on said assets; (iii) amounts distributed to the Employee from a conduit individual retirement account meeting the requirements of clause (ii) above, and rolled over by the Employee to this Plan within sixty (60) days of his receipt thereof from such conduit individual retirement account; and (iv) For Plan Years beginning on or after January 1, 1993, any direct rollover of cash from another qualified plan, within the meaning of Reg. 1.401(a)(31)-1T, Q&A 14.

(h) Prior to accepting any rollovers to which this Section applies, the Administrator may require the Employee to establish that the amounts to be rolled over to this Plan meet the requirements of this Section.

4.13 VOLUNTARY CONTRIBUTIONS

(a) In order to allow Participants the opportunity to increase their retirement income, each Participant may elect to voluntarily contribute a portion of his compensation earned while a Participant under this Plan. Such contributions shall be paid to the Trustees within a reasonable period of time but, in any event, within the time period specified by law. The balance in each Participant's Voluntary Contribution Account shall be fully Vested at all times and shall not be subject to Forfeiture for any reason.

(b) A Participant may elect to withdraw his voluntary contributions from his Voluntary Contribution Account and the actual earnings thereon at any time but not more than once a year in a manner which is consistent with and satisfies the provisions of Section 6.5, including, but not limited to, all notice and consent requirements of Code Section 411(a)(11) and the Regulations thereunder. If the Administrator maintains sub-accounts with respect to voluntary contributions (and earnings thereon) which were made on or before a specified date, a Participant shall be permitted to designate which sub-account shall be the source for his withdrawal.

In the event such a withdrawal is made, or in the event a Participant has received a hardship distribution pursuant to Regulation 1.401(k)-1(d)(2)(iii)(B) from any other plan maintained by the Employer, then such Participant shall be barred from making any voluntary contributions to the Trust Fund for a period of twelve (12) months after receipt of the withdrawal or distribution.

(c) At Normal Retirement Date, or such other date when the Participant or his Beneficiary shall be entitled to receive benefits, the fair market value of the Voluntary Contribution Account shall be used to provide additional benefits to the Participant or his Beneficiary.

(d) The Administrator may direct that voluntary contributions made after a valuation date be segregated into a separate account for each Participant in a federally insured savings account, certificate of deposit in a bank or savings and loan association, money market certificate, or other short-term debt security acceptable to the Trustees until such time as the allocations pursuant to this Plan have been made.

(e) All amounts allocated to a Voluntary Contribution Account shall be treated as a Directed Investment Account pursuant to Section 4.14.

4.14 DIRECTED INVESTMENT ACCOUNT

(a) Each Participant shall direct the Trustees as to the investment of all of the interest in his Aggregate Account. The Administrator shall provide pooled and/or mutual funds for such investments and establish procedures to be applied in a uniform nondiscriminatory manner for Participants to direct the Trustees in writing to invest their Aggregate Account. The Aggregate Account of each Participant so directed will be considered a Directed Investment Account.

(b) A separate Directed Investment Account shall be established for each Participant. The Directed Investment Account shall be charged or credited as appropriate with the net earnings, gains, losses and expenses as well as any appreciation or depreciation in market value during each Plan Year attributable to such account.

ARTICLE V
VALUATIONS

5.1 VALUATION OF THE TRUST FUND

The Administrator shall direct the Trustees, as of each Anniversary Date, and at such other date or dates deemed necessary by the Administrator, herein called "valuation date", to determine the net worth of the assets comprising the Trust Fund as it exists on the "valuation date" prior to taking into consideration

any contribution to be allocated for that Plan Year. In determining such net worth, the Trustees shall value the assets comprising the Trust Fund at their fair market value as of the "valuation date" and shall deduct all expenses for which the Trustees have not yet obtained reimbursement from the Employer or the Trust Fund.

5.2 METHOD OF VALUATION

In determining the fair market value of securities held in the Trust Fund which are listed on a registered stock exchange, the Administrator shall direct the Trustees to value the same at the prices they were last traded on such exchange preceding the close of business on the "valuation date". If such securities were not traded on the "valuation date", or if the exchange on which they are traded was not open for business on the "valuation date", then the securities shall be valued at the prices at which they were last traded prior to the "valuation date". Any unlisted

security held in the Trust Fund shall be valued at its bid price next preceding the close of business on the "valuation date", which bid price shall be obtained from a registered broker or an investment banker. In determining the fair market value of assets other than securities for which trading or bid prices can be obtained, the Trustees may appraise such assets itself, or in its discretion, employ one or more appraisers for that purpose and rely on the values established by such appraiser or appraisers.

ARTICLE VI
DETERMINATION AND DISTRIBUTION OF BENEFITS

6.1 DETERMINATION OF BENEFITS UPON RETIREMENT

Every Participant may terminate his employment with the Employer and retire for the purposes hereof on his Normal Retirement Date. Upon such Normal Retirement Date, all amounts credited to such Participant's Combined Account shall become distributable. However, a Participant may postpone the termination of his employment with the Employer to a later date, in which event the participation of such Participant in the Plan, including the right to receive allocations pursuant to Section 4.4, shall continue until his Late Retirement Date. Upon a Participant's Retirement Date, or as soon thereafter as is practicable, the Trustees shall distribute the value of the Participant's accounts in accordance with Section 6.5.

6.2 DETERMINATION OF BENEFITS UPON DEATH

(a) All amounts credited to a Participant's Combined Account shall be fully Vested at all times. The Administrator shall direct the Trustees, in accordance with the provisions of Sections 6.6 and 6.7, to distribute the value of the deceased Participant's accounts to the Participant's Beneficiary.

(b) Upon the death of a Former Participant, the Administrator shall direct the Trustees, in accordance with the provisions of Sections 6.6 and 6.7, to distribute any remaining amounts credited to the accounts of a deceased Former Participant to such Former Participant's Beneficiary.

(c) Any security interest held by the Plan by reason of an outstanding loan to the Participant or Former Participant shall be taken into account in determining the amount of the death benefit.

(d) The Administrator may require such proper proof of death and such evidence of the right of any person to receive payment of the value of the account of a deceased Participant or Former Participant as the Administrator may deem desirable. The Administrator's determination of death and of the right of any person to receive payment shall be conclusive.

(e) The Beneficiary of the death benefit payable pursuant to this Section shall be the Participant's spouse. Except, however, the Participant may designate a Beneficiary other than his spouse if:

(1) the spouse has waived the right to be the Participant's Beneficiary; or

(2) the Participant is legally separated or has been abandoned (within the meaning of local law) and the Participant has a court order to such effect (and there is no "qualified domestic relations order" as defined in Code Section 414(p) which provides otherwise); or

(3) the Participant has no spouse; or

(4) the spouse cannot be located.

In such event, the designation of a Beneficiary shall be made on a form satisfactory to the Administrator. A Participant may at any time revoke his designation of a Beneficiary or change his Beneficiary by filing written notice of such revocation or change with the Administrator. However, the Participant's spouse must again consent in writing to any change in Beneficiary unless the original consent acknowledged that the spouse had the right to limit consent only to a specific Beneficiary and that the spouse voluntarily elected to relinquish such right. In the event no valid designation of Beneficiary exists at the time of the Participant's death, the death benefit shall be payable to his estate.

(f) Any consent by the Participant's spouse to waive any rights to the death benefit must be in writing, must acknowledge the effect of such waiver, and be witnessed by a Plan representative or a notary public. Further, the spouse's consent must be irrevocable and must:

(1) acknowledge the specific nonspouse Beneficiary, or

(2) specifically permit the designation of a Beneficiary by the Participant without any requirement of further consent by the spouse. In this case, the spouse's consent must acknowledge that the spouse has the right to limit consent only to a specific Beneficiary and that the spouse voluntarily elects to relinquish such right. The spouse's consent shall be irrevocable.

6.3 DISABILITY RETIREMENT BENEFITS

No disability benefits, other than those payable upon termination of employment, are provided in this Plan.

6.4 DETERMINATION OF BENEFITS UPON TERMINATION

(a) The Participant's Aggregate Account balance shall remain in a separate account for the Terminated Participant and share in allocations pursuant to Section 4.4 until such time as a distribution is made to the Terminated Participant.

Distribution of the funds due to a Terminated Participant shall be made on the occurrence of an event which would result in the distribution had the Terminated Participant remained in the employ of the Employer (upon the Participant's death or Normal Retirement). However, at the election of the Participant, the Administrator shall direct the Trustees to cause the entire Vested portion of the Terminated Participant's Combined Account to be payable to such Terminated Participant. Any distribution under this paragraph shall be made in a manner which is consistent with and satisfies the provisions of Section 6.5, including, but not limited to, all notice and consent requirements of Code Section 411(a)(11) and the Regulations thereunder.

If the value of a Terminated Participant's Vested benefit derived from Employer and Employee contributions does not exceed $3,500 and has never exceeded $3,500 at the time of termination of employment or at any time thereafter prior to distribution, the Administrator shall direct the Trustees to cause the entire Vested benefit to be paid to such Participant in a single lump sum. Notwithstanding anything contained herein to the contrary, effective for Plan Years beginning on or after January 1, 1998, with respect to any Participant who terminates employment on or after January 1, 1998, the $3,500 limit specified in the preceding sentence shall be increased to $5,000.

(b) A Participant shall become fully Vested in his Participant's Account immediately upon entry into the Plan.

(c) The computation of a Participant's nonforfeitable percentage of his interest in the Plan shall not be reduced as the result of any direct or indirect amendment to this Plan. For this purpose, the Plan shall be treated as having been amended if the Plan provides for an automatic change in vesting due to a change in top heavy status. In the event that the Plan is amended to change or modify any vesting schedule, a Participant with at least three (3) Years of Service as of the expiration date of the election period may elect to have his nonforfeitable percentage computed under the Plan without regard to such amendment. If a Participant fails to make such election, then such Participant shall be subject to the new vesting schedule. The Participant's election period shall commence on the adoption date of the amendment and shall end 60 days after the latest of:

(1) the adoption date of the amendment;

(2) the effective date of the amendment; or

(3) the date the Participant receives written notice of the amendment from the Employer or Administrator.

(d) If any Former Participant shall be reemployed by the Employer as an Eligible Employee, he shall again be eligible to Participate on his date of reemployment.

6.5 DISTRIBUTION OF BENEFITS

(a) The Administrator, pursuant to the election of the Participant, shall direct the Trustees to distribute to a Terminated Participant, Retired Participant, or the Beneficiary of a Deceased Participant, any amount to which he is entitled under the Plan in one lump-sum payment in cash. Subject to Sections 4.13 and 6.10, the Administrator, pursuant to the election of the Participant, shall direct the Trustees to make a lump-sum in-service distribution of all or a portion of any amount which the Participant is entitled to receive as an in-service distribution under the Plan.

(b) Any distribution to a Participant who has a benefit which exceeds, or has ever exceeded, $3,500 at the time of termination of employment or at any time thereafter prior to distribution shall require such Participant's consent if such distribution occurs prior to the later of his Normal Retirement Age or age 62. Notwithstanding anything contained herein to the contrary, effective for Plan Years beginning on or after January 1, 1998, with respect to any Participant who terminates employment on or after January 1, 1998, the $3,500 limit specified in the preceding sentence shall be increased to $5,000. With regard to this required consent:

(1) The Participant must be informed of his right to defer receipt of the distribution. If a Participant fails to consent, it shall be deemed an election to defer the distribution of any benefit. However, any election to defer the receipt of benefits shall not apply with respect to distributions which are required under Section 6.5(c) or Section 4.11.

(2) No consent shall be valid if a significant detriment is imposed under the Plan on any Participant who does not consent to the distribution.

(3) Any distribution made pursuant to this Section shall be made in a manner consistent with all notice and consent requirements of Section 411(a)(11) and the regulations thereunder. Any notice required by Section 1.411(a)-11(c) of the Regulations shall be provided to a Participant not less than thirty (30) days and not more than ninety (90) days before the annuity starting date (as defined in Code Section 417(f)).

However, if a distribution is one to which Code Sections 401(a)(11) and 417 do not apply, such distribution may commence less than 30 days after the notice required under Regulation 1.411(a)-11(c) is given, provided that: (1) the Plan Administrator

clearly informs the Participant that the Participant has a right to a period of at least 30 days after receiving the notice to consider the decision of whether or not to elect a distribution (and, if applicable, a particular distribution option); and (2) the Participant, after receiving the notice, affirmatively elects a distribution.

(c) Notwithstanding any provision in the Plan to the contrary, the distribution of a Participant's benefits made on or after January 1, 1985 shall be made in accordance with the following requirements and shall otherwise comply with Code Section 401(a)(9) and the Regulations thereunder (including Regulation 1.401(a)(9)-2), the provisions of which are incorporated herein by reference:

(1) A Participant's benefits shall be distributed to him not later than April 1st of the calendar year following the later of (i) the calendar year in which the Participant attains age $70^1/2$; or (ii) the calendar year in which the Participant retires; provided, however, that this clause (ii) shall not apply in the case of a Participant who is a "five (5) percent owner" at any time during the five (5) Plan Year period ending in the calendar year in which he attains age 70 2 or, in the case of a Participant who becomes a "five (5) percent owner" during any subsequent Plan Year, clause (ii) shall no longer apply and the required beginning date shall be the April 1st of the calendar year following the calendar year in which such subsequent Plan Year ends. Notwithstanding the foregoing, clause (ii) above shall not apply to any Participant unless the Participant had attained age $70^1/2$ before January 1, 1988 and was not a "five (5) percent owner" at any time during the Plan Year ending with or within the calendar year in which the Participant attained age $66^1/2$ or any subsequent Plan Year.

Notwithstanding the foregoing, effective on or after January 1, 1997, a Participant's benefits shall be distributed not later than April 1 of the calendar year following the later of (i) the calendar year in which the employee attains age $70^1/2$; or (ii) the calendar year in which the employee retires, provided, however, that this clause (ii) shall not apply, except as provided in Code Section 409(d), in the case of an employee who is a five (5) percent owner (as defined in Code Section 416) with respect to the calendar year in which the employee attains age $70^1/2$.

(2) Distributions to a Participant and his Beneficiaries shall only be made in accordance with the incidental death benefit requirements of Code Section 401(a)(9)(G) and the Regulations thereunder.

(d) The restrictions imposed by this Section shall not apply if a Participant has, prior to January 1, 1984, made a written designation to have his retirement benefit paid in an alternative method acceptable under Code Section 401(a) as in effect prior to the enactment of the Tax Equity and Fiscal Responsibility Act of 1982. Any such written designation made by a Participant shall be binding upon the Plan Administrator notwithstanding any contrary provision of Section 6.5.

(e) For the purpose of this Section, effective on or after June 24, 1994, a Participant may elect to have their life expectancy and their spouse's life expectancy redetermined in accordance with Code Section 401(c)(9)(D). Absent such an election, these life expectancies shall not be recalculated.

(f) This Subsection applies to distributions made on or after January 1, 1993. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Article, a distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

(g) Notwithstanding any provision of this Plan to the contrary, the provisions of this Section 6.5 shall be construed in a manner that complies with Code Section 401(a)(9) and, with respect to distributions made on or after January 1, 2001, the Plan will apply the minimum distribution requirements of Code Section 401(a)(9) in accordance with the Treasury Regulations thereunder that were proposed in January 2001, the provisions of which are hereby incorporated by reference. This subsection (g) shall continue in effect until the end of the last calendar year beginning before the effective date of the final regulations under Code Section 401(a)(9) or such other date as may be specified in guidance published by the Internal Revenue Service.

(h) Definitions:

(i) Eligible rollover distribution: an eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Code Section 401(a)(9); the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); and, effective January 1, 1999, any hardship withdrawal of salary reduction contributions.

(ii) Eligible retirement plan: An eligible retirement plan is an "eligible retirement plan" within the meaning of Code Section 402(c)(8)(B).

(iii) Distributee: A distributee includes an employee or former employee. In addition, the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code Section 414(p), are distributees with regard to the interest of the spouse or former spouse.

(iv) Direct rollover: A direct rollover is a payment by the plan to the eligible retirement plan specified by the distributee.

6.6 DISTRIBUTION OF BENEFITS UPON DEATH

(a) The death benefit payable pursuant to Section 6.2 shall be paid to the Participant's Beneficiary in one lump-sum payment in cash subject to the rules of Section 6.6(b).

(b) Notwithstanding any provision in the Plan to the contrary, distributions upon the death of a Participant made on or after January 1, 1985 shall be made in accordance with the following requirements and shall otherwise comply with Code Section 401(a)(9) and the Regulations thereunder. If it is determined pursuant to Regulations that the distribution of a Participant's interest has begun and the Participant dies before his entire interest has been distributed to him, the remaining portion of such interest shall be distributed to his Beneficiary in one lump sum payment in cash as soon as administratively feasible after the Participant's death but in any event at least as rapidly as tinder the method of distribution selected pursuant to Section 6.5 as of his date of death. If a Participant dies before he has begun to receive any distributions of his interest under the Plan or before distributions are deemed to have begun pursuant to Regulations, then his death benefit shall be distributed to his Beneficiary in one lump sum payment in cash as soon as administratively feasible after the Participant's death but in no event later than December 31st of the calendar year in which the fifth anniversary of his date of death occurs.

(c) Subject to the spouse's right of consent afforded under the Plan, the restrictions imposed by this Section shall not apply if a Participant has, prior to January 1, 1984, made a written designation to have his death benefits paid in an alternative method acceptable under Code Section 401(a) as in effect prior to the enactment of the Tax Equity and Fiscal Responsibility Act of 1982.

(d) If the Beneficiary of the Participant is the Participant's spouse, a distribution made pursuant to this Section may be directly rolled over to an individual retirement account or an individual retirement annuity to the extent provided in Section 6.5(f).

6.7 TIME OF SEGREGATION OR DISTRIBUTION

Except as limited by Sections 6.5 and 6.6, whenever the Trustees are to make a distribution on or as of an Anniversary Date, the distribution may be made on such date or as soon thereafter as is practicable. However, unless a Former Participant elects in writing to defer the receipt of benefits (such election may not result in a death benefit that is more than incidental), the payment of benefits shall occur not later than the 60th day after the close of the Plan Year in which the latest of the following events occurs: (a) the date on which the Participant attains the earlier of age 65 or the Normal Retirement age specified herein; (b) the 10th anniversary of the year in which the Participant commenced participation in the Plan; or (c) the date the Participant terminates his service with the Employer.

6.8 DISTRIBUTION FOR MINOR BENEFICIARY

In the event a distribution is to be made to a minor, then the Administrator may direct that such distribution be paid to the legal guardian, or if none, to a parent of such Beneficiary or a responsible adult with whom the Beneficiary maintains his residence, or to the custodian for such Beneficiary under the Uniform Gift to Minors Act or Gift to Minors Act, if such is permitted by the laws of the state in which said Beneficiary resides. Such a payment to the legal guardian, custodian or parent of a minor Beneficiary shall fully discharge the Trustees, Employer, and Plan from further liability on account thereof.

6.9 LOCATION OF PARTICIPANT OR BENEFICIARY UNKNOWN

In the event that all, or any portion, of the distribution payable to a Participant or his Beneficiary hereunder shall, at the later of the Participant's attainment of age 62 or his Normal Retirement Age, remain unpaid solely by reason of the inability of the Administrator, after sending a registered letter, return receipt requested, to the last known address, and after further diligent effort, to ascertain the whereabouts of such Participant or his Beneficiary, the amount so distributable shall be treated as a Forfeiture pursuant to the Plan. In the event a Participant or Beneficiary is located subsequent to his benefit being reallocated, such benefit shall be restored.

6.10 PRE-RETIREMENT DISTRIBUTION

On or after the time a Participant attains the age of $59^1/_2$ years, the Administrator, at the election of the Participant, shall direct the Trustees to make an in-service distribution of all or a portion of the amount then credited to the accounts maintained on behalf of the Participant. In the event that the Administrator makes a distribution pursuant to this Section, the Participant shall continue to be eligible to participate in the Plan on the same basis as any other Employee. Any distribution made pursuant to this Section shall be made in a manner consistent with Section 6.5, including, but not limited to, all notice and consent requirements of Code Section 411(a)(11) and the Regulations thereunder.

Notwithstanding the above, pre-retirement distributions from a Participant's Elective Account shall not be permitted prior to the Participant attaining age $59^1/_2$ except as otherwise permitted under the terms of the Plan.

6.11 LIMITATIONS ON BENEFITS AND DISTRIBUTIONS

All rights and benefits, including elections, provided to a Participant in this Plan shall be subject to the rights afforded to any "alternate payee" under a "qualified domestic relations order". Furthermore, a distribution to an "alternate payee" shall be permitted if such distribution is authorized by a "qualified domestic relations order," even if the affected Participant has not reached the "earliest retirement age" under the Plan. For the purposes of this Section, "alternate payee," "qualified domestic relations order" and "earliest retirement age" shall have the meaning set forth under Code Section 414(p).

ARTICLE VII
TRUSTEES

7.1 BASIC RESPONSIBILITIES OF THE TRUSTEES

The Trustees shall have the following categories of responsibilities:

(a) Consistent with the "funding policy and method" determined by the Employer, to invest, manage, and control the Plan assets subject, however, to the direction of an Investment Manager if the Trustees should appoint such manager as to all or a portion of the assets of the Plan, provided that the Trustees may enter into contracts with one or more individuals, firms, associations and/or corporations, which qualify as investment managers as defined in Section 3(38) of ERISA, including, but not limited to, Alliance Capital Management L.P., in such form as they in their sole and absolute discretion shall determine, including, but not limited to, contracts for the furnishing of investment advisory services and contracts for opening discretionary accounts granting to such individuals, firms, associations and/or corporations the authority to purchase, sell and otherwise deal in securities and to exercise all of the powers granted to them hereunder, with respect to the investment of the assets of all or any portion of the Trust. The Trustees may terminate the appointment of an investment manager and may add or delete assets from an Account;

(b) At the direction of the Administrator, to pay benefits required under the Plan to be paid to Participants, or, in the event of their death, to their Beneficiaries;

(c) To maintain records of receipts and disbursements and furnish to the Employer and/or Administrator for each Plan Year a written annual report per Section 7.7; and

(d) If there shall be more than one Trustee, they shall act by a majority of their number, but may authorize one or more of them to sign papers on their behalf.

7.2 INVESTMENT POWERS AND DUTIES OF THE TRUSTEES

(a) The Trustees shall invest and reinvest the Trust Fund to keep the Trust Fund invested without distinction between principal and income and in such securities or property, real or personal, wherever situated, as the Trustees shall deem advisable, including, but not limited to, stocks, common or preferred, bonds and other evidences of indebtedness or ownership, and real estate or any interest therein. The Trustees shall at all times in making investments of the Trust Fund consider, among other factors, the short and long-term financial needs of the Plan on the basis of information furnished by the Employer. In making such investments, the Trustees shall not be restricted to securities or other property of the character expressly authorized by the applicable law for trust investments; however, the Trustees shall give due regard to any limitations imposed by the Code or the Act so that at all times the Plan may qualify as a qualified Profit Sharing Plan and Trust.

(b) The Trustees may employ a bank or trust company pursuant to the terms of its usual and customary bank agency agreement, under which the duties of such bank or trust company shall be of a custodial, clerical and record-keeping nature.

7.3 OTHER POWERS OF THE TRUSTEES

The Trustees, in addition to all powers and authorities under common law, statutory authority, including the Act, and other provisions of the Plan, shall have the following powers and authorities, to be exercised in the Trustees' sole discretion:

(a) To purchase, or subscribe for, any securities or other property and to retain the same. In conjunction with the purchase of securities, margin accounts may be opened and maintained;

(b) To sell, exchange, convey, transfer, grant options to purchase, or otherwise dispose of any securities or other property held by the Trustees, by private contracts or at public auction. No person dealing with the Trustees shall be bound to see to the application of the purchase money or to inquire into the validity, expediency, or propriety of any such sale or other disposition, with or without advertisement;

(c) To vote upon any stocks, bonds, or other securities; to give general or special proxies or powers of attorney with or without power of substitution; to exercise any conversion privileges, subscription rights or other options, and to make any payments incidental thereto; to oppose, or to consent to, or otherwise participate in, corporate reorganizations or other changes affecting corporate securities, and to delegate discretionary powers, and to pay any assessments or charges in connection therewith; and generally to exercise any of the powers of an owner with respect to stocks, bonds, securities, or other property;

(d) To cause any securities or other property to be registered in the Trustees' own name or in the name of one or more of the Trustees' nominees, and to hold any

investments in bearer form, but the books and records of the Trustees shall at all times show that all such investments are part of the Trust Fund;

(e) To borrow or raise money for the purposes of the Plan in such amount, and upon such terms and conditions, as the Trustees shall deem advisable; and for any sum so borrowed, to issue a promissory note as Trustees, and to secure the repayment thereof by pledging all, or any part, of the Trust Fund; and no person lending money to the Trustees shall be bound to see to the application of the money lent or to inquire into the validity, expediency, or propriety of any borrowing;

(f) To keep such portion of the Trust Fund in cash or cash balances as the Trustees may, from time to time, deem to be in the best interests of the Plan, without liability for interest thereon;

(g) To accept and retain for such time as the Trustees may deem advisable any securities or other property received or acquired as Trustees hereunder, whether or not such securities or other property would normally be purchased as investments hereunder;

(h) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;

(i) To settle, compromise, or submit to arbitration any claims, debts, or damages due or owing to or from the Plan, to commence or defend suites or legal or administrative proceedings, and to represent the Plan in all suits and legal and administrative proceedings;

(j) To employ suitable agents and counsel and to pay their reasonable expenses and compensation, and such agent or counsel may or may not be agent or counsel for the Employer;

(k) To apply for and procure from responsible insurance companies, to be selected by the Administrator, as an investment of the Trust Fund such Contracts as the Administrator shall deem proper; to exercise, at any time or from time to time, whatever rights and privileges may be granted under such Contracts; to collect, receive, and settle for the proceeds of all such Contracts as and when entitled to do so under the provisions thereof;

(l) To invest funds of the Trust in time deposits or savings accounts bearing a reasonable rate of interest in the Trustees' bank;

(m) To invest in Treasury Bills and other forms of United States government obligations;

(n) To sell, purchase and acquire put or call options if the options are traded on and purchased through a national securities exchange registered under the Securities Exchange Act of 1934, as amended, or, if the options are not traded on a national securities exchange, are guaranteed by a member firm of the New York Stock Exchange;

(o) To deposit monies in federally insured savings accounts or certificates of deposit in banks or savings and loan associations;

(p) To pool all or any of the Trust Fund, from time to time, with assets belonging to any other qualified employee pension benefit trust created by the Employer or an affiliated company of the Employer, and to commingle such assets and make joint or common investments and carry joint accounts on behalf of this Plan and such other trust or trusts, allocating undivided shares or interests in such investments or accounts or any pooled assets of the two or more trusts in accordance with their respective interests;

(q) To do all such acts and exercise all such rights and privileges, although not specifically mentioned herein, as the Trustees may deem necessary to carry out the purposes of the Plan.

(r) Directed Investment Account. The powers granted to the Trustees shall be exercised in the sole fiduciary discretion of the Trustees. However, if Participants are so empowered by the Administrator, each Participant may direct the Trustees to separate and keep separate all or a portion of his share of his account; and further each Participant is authorized and empowered, in his sole and absolute discretion, to give directions to the Trustees in such form as the Trustees may require concerning the investment of the Participant's Directed Investment Account, which directions must be followed by the Trustees subject, however, to restrictions on payment of life insurance premiums. Neither the Trustees nor any other persons including the Administrator or otherwise shall be under any duty to question any such direction of the Participant or to review any securities or other property, real or personal, or to make any suggestions to the Participant in connection therewith, and the Trustees shall comply as promptly as practicable with directions given by the Participant hereunder. Any such direction may be of a continuing nature or otherwise and may be revoked by the Participant at any time in such form as the Trustees may require. The Trustees may refuse to comply with any direction from the Participant in the event the Trustees, in their sole and absolute discretion, deem such directions improper by virtue of applicable law. The Trustees shall not be responsible or liable for any loss or expense which may result from the Trustees' refusal or failure to comply with any directions from the Participant. Any costs and expenses related to compliance with the Participant's directions shall be borne by the Participant's Directed Investment Account.

7.4 LOANS TO PARTICIPANTS

(a) The Trustees may make loans to Participants and Beneficiaries under the circumstances listed in Subsection (b) below:

(b) (1) Loans shall be made available to all Participants and Beneficiaries on a reasonably equivalent basis; (2) loans shall not be made available to Highly Compensated Employees in an amount greater than the amount made available to other Participants and Beneficiaries; (3) loans shall bear a reasonable rate of interest; (4) loans shall be adequately secured; and (5) shall provide for repayment over a reasonable period of time.

(c) Loans shall not be made to any Shareholder-Employee unless an exemption for such loan is obtained pursuant to Act Section 408 and further provided that such loan would not be subject to tax pursuant to Code Section 4975.

(d) Loans made pursuant to this Section (when added to the outstanding balance of all other loans made by the Plan to the Participant) shall be limited to the lesser of:

(1) $50,000 reduced by the excess (if any) of the highest outstanding balance of loans from the Plan to the Participant during the one year period ending on the day before the date on which such loan is made, over the outstanding balance of loans from the Plan to the Participant on the date on which such loan was made, or

(2) one-half ($^1/_2$) of the present value of the nonforfeitable accrued benefit of the Participant under the Plan.

For purposes of this limit, all plans of the Employer shall be considered one plan.

(e) Loans shall provide for level amortization with payments to be made not less frequently than quarterly over a period not to exceed five (5) years. All loans shall be due and payable upon termination of employment.

(f) Any loans shall be made pursuant to a Participant loan program. Such loan program shall be established in writing and must include, but need not be limited to, the following:

(1) the identity of the person or positions authorized to administer the Participant loan program;

(2) a procedure for applying for loans;

(3) the basis on which loans will be approved or denied;

(4) limitations, if any, on the types and amounts of loans offered;

(5) the procedure under the program for determining a reasonable rate of interest;

(6) the types of collateral which may secure a Participant loan; and

(7) the events constituting default and the steps that will be taken to preserve Plan assets.

Such Participant loan program shall be contained in a separate written document which, when properly executed, is hereby incorporated by reference and made a part of the Plan. Furthermore, such Participant loan program may be modified or amended in writing from time to time without the necessity of amending this Section.

7.5 DUTIES OF THE TRUSTEES REGARDING PAYMENTS

At the direction of the Administrator, the Trustees shall, from time to time, in accordance with the terms of the Plan, make payments out of the Trust Fund. The Trustees shall not be responsible in any way for the application of such payments.

7.6 TRUSTEES' COMPENSATION AND EXPENSES AND TAXES

The Trustees shall be paid such reasonable compensation as shall from time to time be agreed upon in writing by the Employer and the Trustees. An individual serving as Trustee who already receives full-time pay from the Employer shall not receive compensation from the Plan. In addition, the Trustees shall be reimbursed for any reasonable expenses, including reasonable counsel fees incurred as Trustees. Such compensation and expenses shall be paid from the Trust Fund unless paid or advanced by the Employer. All taxes of any kind and all kinds whatsoever that may be levied or assessed under existing or future laws upon, or in respect of, the Trust Fund or the income thereof, shall be paid from the Trust Fund.

7.7 ANNUAL REPORT OF THE TRUSTEES

Within a reasonable period of time after the later of the Anniversary Date or receipt of the Employer's contribution for each Plan Year, the Trustees shall furnish to the Employer and Administrator a written statement of account with respect to the Plan Year for which such contribution was made setting forth:

(a) the net income, or loss, of the Trust Fund;

(b) the gains, or losses, realized by the Trust Fund upon sales or other disposition of the assets;

(c) the increase, or decrease, in the value of the Trust Fund;

(d) all payments and distributions made from the Trust Fund; and

(e) such further information as the Trustees and/or Administrator deems appropriate. The Employer, forthwith upon its receipt of each such statement of account, shall acknowledge receipt thereof in writing and advise the Trustees and/or Administrator of its approval or disapproval thereof. Failure by the Employer to disapprove any such statement of account within thirty (30) days after its receipt thereof shall be deemed an approval thereof. The approval by the Employer of any statement of account shall be binding as to all matters embraced therein as between the Employer and the Trustees to the same extent as if the account of the Trustees had been settled by judgment or decree in an action for a judicial settlement of its account in a court of competent jurisdiction in which the Trustees, the Employer and all persons having or claiming an interest in the Plan were parties; provided, however, that nothing herein contained shall deprive the Trustees of its right to have its accounts judicially settled if the Trustees so desires.

7.8 AUDIT

(a) If an audit of the Plan's records shall be required by the Act and the regulations thereunder for any Plan Year, the Administrator shall direct the Trustees to engage on behalf of all Participants an independent qualified public accountant for that purpose. Such accountant shall, after an audit of the books and records of the Plan in accordance with generally accepted auditing standards, within a reasonable period after the close of the Plan Year, furnish to the Administrator and the Trustees a report of his audit setting forth his opinion as to whether any statements, schedules or lists that are required by Act Section 103 or the Secretary of Labor to be filed with the Plan's annual report, are presented fairly in conformity with generally accepted accounting principles applied consistently. All auditing and accounting fees shall be an expense of and may, at the election of the Administrator, be paid from the Trust Fund.

(b) If some or all of the information necessary to enable the Administrator to comply with Act Section 103 is maintained by a bank, insurance company, or similar institution, regulated and supervised and subject to periodic examination by a state or federal agency, it shall transmit and certify the accuracy of that

information to the Administrator as provided in Act Section 103(b) within one hundred twenty (120) days after the end of the Plan Year or by such other date as may be prescribed under regulations of the Secretary of Labor.

7.9 RESIGNATION, REMOVAL AND SUCCESSION OF TRUSTEES

(a) A Trustee may resign at any time by delivering to the Employer, at least thirty (30) days before its effective date, a written notice of his resignation.

(b) The Employer may remove a Trustee by mailing by registered or certified mail, addressed to such Trustee at his last known address, at least thirty (30) days before its effective date, a written notice of his removal.

(c) Upon the death, resignation, incapacity, or removal of any Trustee, a successor may be appointed by the Employer; and such successor, upon accepting such appointment in writing and delivering same to the Employer, shall, without further act, become vested with all the estate, rights, powers, discretion, and duties of his predecessor with like respect as if he were originally named as a Trustee herein. Until such a successor is appointed, the remaining Trustee or Trustees shall have full authority to act under the terms of the Plan.

(d) The Employer may designate one or more successors prior to the death, resignation, incapacity, or removal of a Trustee. In the event a successor is so designated by the Employer and accepts such designation, the successor shall, without further act, become vested with all the estate, rights, powers, discretion, and duties of his predecessor with the like effect as if he were originally named as Trustee herein immediately upon the death, resignation, incapacity, or removal of his predecessor.

(e) Whenever any Trustee hereunder ceases to serve as such, he shall furnish to the Employer and Administrator a written statement of account with respect to the portion of the Plan Year during which he served as Trustee. This statement shall be either (i) included as part of the annual statement of account for the Plan Year required under Section 7.7; or (ii) set forth in a special statement. Any such special statement of account should be rendered to the Employer no later than the due date of the annual statement of account for the Plan Year. The procedures set forth in Section 7.7 for the approval by the Employer of annual statements of account shall apply to any special statement of account rendered hereunder and approval by the Employer of any such special statement in the manner provided in Section 7.7 shall have the same effect upon the statement as the Employer's approval of an annual statement of account. No successor to the Trustee shall have any duty or responsibility to investigate the acts or transactions of any predecessor who has rendered all statements of account required by Section 7.7 and this subparagraph.

7.10 TRANSFER OF INTEREST

Notwithstanding any other provision contained in this Plan, the Trustees at the direction of the Administrator shall transfer the Vested interest, if any, of such Participant in his account to another trust forming part of a pension, profit sharing or stock bonus plan maintained by such Participant's new employer and represented by said employer in writing as meeting the requirements of Code Section 401(a), provided that the trust to which such transfers are made permits the transfer to be made.

ARTICLE VIII
AMENDMENT, TERMINATION AND MERGERS

8.1 AMENDMENT

(a) The Employer shall have the right at any time to amend the Plan by action of the Board of Directors (or authorized committee thereof) in accordance with its by-

laws, subject to the limitations of this Section. However, any amendment which affects the rights, duties or responsibilities of the Trustees may only be made with the Trustees' written consent. Also, any amendment which affects the rights, duties or responsibilities of the Administrator may only be made with the Administrator's written consent. Any such amendment shall become effective as provided therein upon its execution. The Trustees shall not be required to execute any such amendment unless the Trust provisions contained herein are a part of the Plan and the amendment affects the duties of the Trustees hereunder. Notwithstanding anything to the contrary in this Section, any amendment may be made retroactively, if necessary, to bring the Plan into conformity with applicable law.

(b) No amendment to the Plan shall be effective if it authorizes or permits any part of the Trust Fund (other than such part as is required to pay taxes and administration expenses) to be used for or diverted to any purpose other than for the exclusive benefit of the Participants or their Beneficiaries or estates; or causes any reduction in the amount credited to the account of any Participant; or causes or permits any portion of the Trust Fund to revert to or become property of the Employer.

(c) Except as permitted by Regulations, no Plan amendment or transaction having the effect of a Plan amendment (such as a merger, plan transfer or similar transaction) shall be effective if it eliminates or reduces any "Section 411(d)(6) protected benefit" or adds or modifies conditions relating to "Section 411(d)(6) protected benefits" the result of which is a further restriction on such benefit unless such protected benefits are preserved with respect to benefits accrued as of the later of the adoption date or effective date of the amendment. "Section 411(d)(6) protected benefits" are benefits described in Code Section 411(d)(6)(A), early retirement benefits and retirement-type subsidies, and optional forms of benefit.

8.2 TERMINATION

(a) The Employer shall have the right at any time to terminate the Plan and Trust by delivering to the Trustees and Administrator written notice of such termination. Upon any full or partial termination, all amounts credited to the affected Participants' Combined Accounts shall become 100% Vested as provided in

Section 6.4 and shall not thereafter be subject to forfeiture, and all unallocated amounts shall be allocated to the accounts of all Participants in accordance with the provisions hereof.

(b) Upon the full termination of the Plan, the Employer shall direct the distribution of the assets of the Trust Fund to Participants in a manner which is consistent with and satisfies the provisions of Section 6.5. Distributions to a Participant shall be made in one lump-sum payment in cash. Except as permitted by Regulations, the termination of the Plan shall not result in the reduction of "Section 411(d)(6) protected benefits" in accordance with Section 8.1(c).

8.3 MERGER OR CONSOLIDATION

This Plan and Trust may be merged or consolidated with, or its assets and/or liabilities may be transferred to any other plan and trust only if the benefits which would be received by a Participant of this Plan, in the event of a termination of the Plan immediately after such transfer, merger or consolidation, are at least equal to the benefits the Participant would have received if the Plan had terminated immediately before the transfer, merger or consolidation, and such transfer, merger or consolidation does not otherwise result in the elimination or reduction of any "Section 411(d)(6) protected benefits" in accordance with Section 8.1(c)

ARTICLE IX
MISCELLANEOUS

9.1 PARTICIPANT'S RIGHTS

This Plan shall not be deemed to constitute a contract between the Employer and any Participant or to be a consideration or an inducement for the employment of any Participant or Employee. Nothing contained in this Plan shall be deemed to give any Participant or Employee the right to be retained in the service of the Employer or to interfere with the right of the Employer to discharge any Participant or Employee at any time regardless of the effect which such discharge shall have upon him as a Participant of this Plan. Except as may be specifically provided by law, neither the establishment of the Trust hereby created, nor any modification thereof, nor the creation of any Account, nor the payment of any benefits, shall be construed as giving to any Participant or other person any equitable right against the Administrator or Employer, or any officer or Employee thereof, or the Trustees, except as provided herein. Under no circumstances shall the terms of employment of any Participant be modified or in any way be affected hereby.

9.2 ALIENATION

(a) Subject to the exceptions provided below, no benefit which shall be payable out of the Trust Fund to any person (including a Participant or his Beneficiary) shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge the same shall be void; and no such benefit shall in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements, or torts of any such person, nor shall it be subject to attachment or legal process for or against such person, and the same shall not be recognized by the Trustees, except to such extent as may be required by law.

(b) This provision shall not apply to the extent a Participant or Beneficiary is indebted to the Plan, as a result of a loan from the Plan. At the time a distribution is to be made to or for a Participant's or Beneficiary's benefit, such proportion of the amount distributed as shall equal such loan indebtedness shall be paid by the Trustees to the Trustees or

the Administrator, at the direction of the Administrator, to apply against or discharge such loan indebtedness. Prior to making a payment, however, the Participant or Beneficiary must be given written notice by the Administrator that such loan indebtedness is to be so paid in whole or part from his Participant's Combined Account. If the Participant or Beneficiary does not agree that the loan indebtedness is valid claim against his Vested Participant's Combined Account, he shall be entitled to a review of the validity of the claim in accordance with procedures provided in Sections 2.12 and 2.13.

(c) This provision shall not apply to a "qualified domestic relations order" defined in Code Section 414(p), and those other domestic relations orders permitted to be so treated by the Administrator under the Provisions of the Retirement Equity Act of 1984. The Administrator shall establish a written procedure to determine the qualified status of domestic relations orders and to administer distributions under such qualified orders. Further, to the extent provided under a "qualified domestic relations order", a former spouse of a Participant shall be treated as the spouse or surviving spouse for all purposes under the Plan.

(d) Notwithstanding anything herein to the contrary, effective August 5, 1997, the provisions of this Section 9.2 shall not apply to any offset of a Participant's benefits provided under the Plan against an amount that the Participant is ordered or required to pay to the Plan under any of the circumstances set forth in Code Section 401(a)(13)(C) and Sections 206(d)(4) and 206(d)(5) of ERISA.

9.3 CONSTRUCTION OF PLAN

This Plan and Trust shall be construed and enforced according to the Act and the laws of the State of New York, other than its laws respecting choice of law, to the extent not preempted by the Act.

9.4 *GENDER AND NUMBER*

Wherever any words are used herein in the masculine, feminine or neuter gender, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

9.5 LEGAL ACTION

In the event any claim, suit, or proceeding is brought regarding the Trust and/or Plan established hereunder to which the Trustees or the Administrator may be a party, they shall be entitled to be reimbursed from the Trust Fund for any and all costs, attorney's fees, and other expenses pertaining thereto incurred by them for which they shall have become liable. The Employer shall indemnify each Trustee and Administrator against any and all claims, loss, damages, expenses, and liability arising from any action or failure to act, except when the same is

judicially determined to be due to gross negligence or willful misconduct of such Trustees and/or Administrator. The Employer agrees to indemnify the Trustees and/or Administrator against any liability imposed as a result of a claim asserted by any person or persons where the Trustees have acted in good faith.

9.6 PROHIBITION AGAINST DIVERSION OF FUNDS

(a) Except as provided below and otherwise specifically permitted by law, it shall be impossible by operation of the Plan or of the Trust, by termination of either, by power of revocation or amendment, by the happening of any contingency, by collateral arrangement or by any other means, for any part of the corpus or income of any trust fund maintained pursuant to the Plan or any funds contributed thereto to be used for, or diverted to, purposes other than the exclusive benefit of Participants, Retired Participants, or their Beneficiaries.

(b) In the event the Employer shall make an excessive contribution under a mistake of fact pursuant to Act Section 403(c)(2)(A), the Employer may demand repayment of such excessive contribution at any time within one (1) year following the time of payment and the Trustees shall return such amount to the Employer within the one (1) year period. Earnings of the Plan attributable to the excess contributions may not be returned to the Employer but any losses attributable thereto must reduce the amount so returned.

9.7 BONDING

Every Fiduciary, except a bank or an insurance company, unless exempted by the Act and regulations thereunder, shall be bonded in an amount not less than 10% of the amount of the funds such Fiduciary handles; provided, however, that the minimum bond shall be $1,000 and the maximum bond, $500,000. The amount of funds handled shall be determined at the beginning of each Plan Year by the amount of funds handled by such person, group, or class to be covered and their predecessors, if any, during the preceding Plan Year, or if there is no preceding Plan Year, then by the amount of the funds to be handled during the then current year. The bond shall provide protection to the Plan against any loss by reason of acts of fraud or dishonesty by the Fiduciary alone or in connivance with others. The surety shall be a corporate surety company (as such term is used in Act Section 412(a)(2)), and the bond shall be in a form approved by the Secretary of Labor. Notwithstanding anything in the Plan to the contrary, the cost of such bonds shall be an expense of and may, at the election of the Administrator, be paid from the Trust Fund or by the Employer.

9.8 EMPLOYER'S AND TRUSTEES' PROTECTIVE CLAUSE

Neither the Employer nor the Trustees, nor their successors, shall be responsible for the validity of any Contract issued hereunder or for the failure on the part of the insurer to make payments provided by any such Contract, or for the action of any person which may delay payment or render a Contract null and void or unenforceable in whole or in part.

9.9 INSURER'S PROTECTIVE CLAUSE

Any insurer who shall issue Contracts hereunder shall not have any responsibility for the validity of this Plan or for the tax or legal aspects of this Plan. The insurer shall be protected and held harmless in acting in accordance with any written direction of the Trustees, and shall have no duty to see to the application of any funds paid to the Trustees, nor be required to question any actions directed by the Trustees. Regardless of any provision of this Plan, the insurer shall not be required to take or permit any action or allow any benefit or privilege contrary to the terms of any Contract which it issues hereunder, or the rules of the insurer.

9.10 RECEIPT AND RELEASE FOR PAYMENTS

Any payment to any Participant, his legal representative, Beneficiary, or to any guardian or committee appointed for such Participant or Beneficiary in accordance with the provisions of the Plan, shall, to the extent thereof, be in full satisfaction of all claims hereunder against the Trustees and the Employer, either of whom may require such Participant, legal representative, Beneficiary, guardian or committee, as a condition precedent to such payment, to execute a receipt and release thereof in such form as shall be determined by the Trustees or Employer.

9.11 ACTION BY THE EMPLOYER

Whenever the Employer under the terms of the Plan is permitted or required to do or perform any act or matter or thing, it shall be done and performed by a person duly authorized by its legally constituted authority.

9.12 NAMED FIDUCIARIES AND ALLOCATION OF RESPONSIBILITY

The "named Fiduciaries" of this Plan are (1) the Employer, (2) the Administrator and (3) the Trustees. The named Fiduciaries shall have only those specific powers, duties, responsibilities, and obligations as are specifically given them under the Plan. In general, the Employer shall have the sole responsibility for

making the contributions provided for under Section 4.1; and shall have the sole authority to appoint and remove the Trustees and the Administrator; to formulate the Plan's "funding policy and method"; and to amend or terminate, in whole or in part, the Plan. The Administrator shall have the sole responsibility for the administration of the Plan, which responsibility is specifically described in the Plan. The Trustees shall have the sole responsibility of management of the assets held under the Trust, except those assets, the management of which has been assigned to an Investment Manager, who shall be solely responsible for the management of the assets assigned to it, all as specifically provided in the Plan. Each named Fiduciary warrants that any directions given, information furnished, or action taken by it shall be in accordance with the provisions of the Plan, authorizing or providing for such direction, information

or action. Furthermore, each named Fiduciary may rely upon any such direction, information or action of another named Fiduciary as being proper under the Plan, and is not required under the Plan to inquire into the propriety of any such direction, information or action. It is intended under the Plan that each named Fiduciary shall be responsible for the proper exercise of its own powers, duties, responsibilities and obligations under the Plan. No named Fiduciary shall guarantee the Trust Fund in any manner against investment loss or depreciation in asset value. Any person or group may serve in more than one Fiduciary capacity. In the furtherance of their responsibilities hereunder, the "named Fiduciaries" shall be empowered to interpret the Plan and Trust and to resolve ambiguities, inconsistencies and omissions, which findings shall be binding, final and conclusive.

9.13 HEADINGS

The headings and subheadings of this Plan have been inserted for convenience of reference and are to be ignored in any construction of the provisions hereof.

9.14 APPROVAL BY INTERNAL REVENUE SERVICE

(a) Notwithstanding anything herein to the contrary, contributions to this Plan are conditioned upon the initial qualification of the Plan under Code Section 401. If the Plan receives an adverse determination with respect to its qualification, then the Plan may return such contributions to the Employer within one year after such determination, provided the application for the determination is made by the time prescribed by law for filing the Employer's return for the taxable year in which the Plan was adopted, or such later date as the Secretary of the Treasury may prescribe.

(b) Notwithstanding any provisions to the contrary, except Sections 3.6, 3.7, and 4.1(f), any contribution by the Employer to the Trust Fund is conditioned upon the deductibility of the contribution by the Employer under the Code and, to the extent any such deduction is disallowed, the Employer may, within one (1) year following the disallowance of the deduction, demand repayment of such disallowed contribution and the Trustees shall return such contribution within one (1) year following the disallowance. Earnings of the Plan attributable to the excess contribution may not be returned to the Employer, but any losses attributable thereto must reduce the amount so returned.

9.15 UNIFORMITY

All provisions of this Plan shall be interpreted and applied in a uniform, nondiscriminatory manner. In the event of any conflict between the terms of this Plan and any Contract purchased hereunder, the Plan provisions shall control.

ARTICLE X
PARTICIPATING EMPLOYERS

10.1 ADOPTION BY OTHER EMPLOYERS

Notwithstanding anything herein to the contrary, with the consent of the Employer and Trustees, any other corporation or entity, whether an affiliate or subsidiary or not, may adopt this Plan and all of the provisions hereof, and participate herein and be known as a Participating Employer, by a properly executed document evidencing said intent and will of such Participating Employer.

Bernstein Technologies Inc. is a Participating Employer under this Plan.

10.2 REQUIREMENTS OF PARTICIPATING EMPLOYERS

(a) Each such Participating Employer shall be required to use the same Trustees as provided in this Plan.

(b) The Trustees may, but shall not be required to, commingle, hold and invest as one Trust Fund all contributions made by Participating Employers, as well as all increments thereof.

(c) The transfer of any Participant from or to an Employer participating in this Plan, whether he be an Employee of the Employer or a Participating Employer, shall not affect such Participant's rights under the Plan, and all amounts credited to such Participant's Combined Account as well as his accumulated service time with the transferor or predecessor, and his length of participation in the Plan, shall continue to his credit.

(d) All rights and values forfeited by termination of employment shall inure only to the benefit of the Participants of the Employer or Participating Employer by which the forfeiting Participant was employed.

(e) Any expenses of the Trust which are to be paid by the Employer or borne by the Trust Fund shall be paid by each Participating Employer in the same proportion that the total amount standing to the credit of all Participants employed by such Employer bears to the total standing to the credit of all Participants.

10.3 DESIGNATION OF AGENT

Each Participating Employer shall be deemed to be a part of this Plan; provided, however, that with respect to all of its relations with the Trustees and Administrator for the purpose of this Plan, each Participating Employer shall be deemed to have designated irrevocably the Employer as its agent. Unless the context of the Plan clearly indicates the contrary, the word

"Employer" shall be deemed to include each Participating Employer as related to its adoption of the Plan.

10.4 EMPLOYEE TRANSFERS

It is anticipated that an Employee may be transferred between Participating Employers, and in the event of any such transfer, the Employee involved shall carry with him his accumulated service and eligibility. No such transfer shall affect a termination of employment hereunder, and the Participating Employer to which the Employee is transferred shall thereupon become obligated hereunder with respect to such Employee in the same manner as was the Participating Employer from whom the Employee was transferred.

10.5 PARTICIPATING EMPLOYER'S CONTRIBUTION

All contributions made by a Participating Employer, as provided for in this Plan, shall be determined separately by each Participating Employer, and shall be paid to and held by the Trustees for the exclusive benefit of the Employees of such Participating Employer and the Beneficiaries of such Employees, subject to all the terms and conditions of this Plan. On the basis of the information furnished by the Administrator, the Trustees shall keep separate books and records concerning the affairs of each Participating Employer hereunder and as to the accounts and credits of the Employees of each Participating Employer. The Trustees may, but need not register Contracts so as to evidence that a particular Participating Employer is the interested Employer hereunder, but in the event of an Employee transfer from one Participating Employer to another, the employing Employer shall immediately notify the Trustees thereof.

10.6 AMENDMENT

The Plan may be amended pursuant to Section 8.1 hereof without the consent of a Participating Employer.

10.7 DISCONTINUANCE OF PARTICIPATION

Any Participating Employer shall be permitted to discontinue or revoke its participation in the Plan. At the time of any such discontinuance or revocation, satisfactory evidence thereof and of any applicable conditions imposed shall be delivered to the Trustees. The Trustees shall thereafter transfer, deliver and assign Contracts and other Trust Fund assets allocable to the Participants of such Participating Employer to such new Trustees as shall have been designated by such Participating Employer, in the event that it has established a separate pension plan for its Employees provided, however, that no such transfer shall be made if the result is the elimination or reduction of any "Section 411(d)(6) protected benefits" in accordance with Section 8.1(c). If no successor is designated, the Trustees shall retain such assets for the Employees of said Participating Employer pursuant to the provisions of Article VII hereof. In no such event shall any part of the corpus or income of the Trust as it relates to such Participating

Employer be used for or diverted for purposes other than for the exclusive benefit of the Employees of such Participating Employer.

10.8 ADMINISTRATOR'S AUTHORITY

The Administrator shall have authority to make any and all necessary rules or regulations, binding upon all Participating Employers and all Participants, to effectuate the purpose of this Article.

10.9 GUARANTEES

All Plan benefits will be paid only from, and the Participants and/or Beneficiaries shall look solely to, the Trust Fund, and neither the Employer nor the Trustees shall have any duty or liability to furnish the Trust with any funds, securities or other assets except as expressly provided in the Plan.

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Exhibit 10.7

AMENDMENT
TO THE
PROFIT SHARING PLAN FOR EMPLOYEES
OF
ALLIANCE CAPITAL MANAGEMENT L.P.

Amendment (this "**Amendment**") to the Profit Sharing Plan for Employees of Alliance Capital Management L.P. (the "**Plan**").

WHEREAS, Alliance Capital Management L.P. ("Alliance") desires to amend the Plan as provided herein; and

WHEREAS, pursuant to Section 15.01 of the Plan, Alliance has the authority to amend the Plan, subject to action by the Board of Directors of the general partner of Alliance, or a Committee thereof designated by such Board;

NOW, THEREFORE, the Plan is hereby amended, effective January 1, 2004, unless otherwise specified, as follows:

1. Section 1.15 of the Plan is amended by adding the following paragraph at the end thereof:

   Compensation shall include Deemed 125 Compensation. "Deemed 125 Compensation" shall mean, in accordance with Internal Revenue Service Revenue Ruling 2002-27, 2002-20 I.R.B. 925, any amounts not available to a Member in cash in lieu of group health coverage because the Member is unable to certify that he or she has other health coverage. An amount shall be treated as Deemed 125 Compensation only if the Employer does not request or collect information regarding the Member's other health coverage as part of the enrollment process for the health plan.

2. Section 1.18(c) of the Plan is amended by deleting clauses (6) and (9) and by renumbering the remaining clauses accordingly.

3. Section 1.24(a)(4) of the Plan is amended to read as follows:

   (4) each hour for which an Employee has been awarded, or is otherwise entitled to, back pay from an Employer or Affiliate,

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irrespective of mitigation of damages, if he is not entitled to credit for such hour under any other paragraph in this Subsection (a).

4. Section 1.43 of the Plan is amended to add the following language at the end thereof:

   Testing Compensation shall include Deemed 125 Compensation, as defined in Section 1.15 of the Plan.

5. Section 1.38 of the Plan is amended by adding the following language at the end thereof:

   Notwithstanding the foregoing, effective January 1, 2004, the Required Beginning Date of any Member who attained age $70^1/2$ prior to January 1, 1998 is the April 1 of the calendar year following the calendar year in which occurs the later of the Member's (i) attainment of age $70^1/2$ or (ii) Separation from Service; provided that, if such a Member who has commenced receiving minimum distributions in accordance with Section 401(a)(9) of the Code does not elect, pursuant to Section 10.08(h) of the Plan, to cease receiving such minimum distributions, the Required Beginning Date of such Member shall be age $70^1/2$.

6. Section 2.01(a) of the Plan is amended by adding at the end thereof the following language:

   Any person who was either (i) a participant in the SCB Savings or Cash Option Plan for Employees prior to December 31, 2003 or (ii) eligible to participate in the SCB Savings or Cash Option Plan for Employees prior to December 31, 2003, shall become a Member for all purposes of the Plan on January 1, 2004, or if not an Employee on January 1, 2004, on the Employee's rehire date.

7. Article III of the Plan is amended by adding a new Section 3.08 at the end thereof to read as follows:

   3.08 *Sanford Bernstein Participants.* With respect to each Employee who was an employee of either Sanford C. Bernstein & Co, Inc. ("SCB") or Bernstein Technologies Inc. ("BTI") or one of

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their respective subsidiaries and who became an Employee of an Employer or an Affiliate on or after October 2, 2000, the Employee's service with SCB, BTI and their respective subsidiaries on or prior to such date shall be considered as service with an Employer or Affiliate.

8. Section 4.02 of the Plan is amended by adding at the end a new sentence to read as follows:

   For purposes of this Section 4.02, no contribution shall be made pursuant to this Section 4.02 with respect to Catch-up Contributions.

9. Section 5.01 of the Plan is amended by substituting the words "a portion" for the words "up to five percent (5%)" where they appear therein and substituting "13,000" for "7,000" where it appears therein:

10. Section 5.03(a) of the Plan is amended by adding the following language at the end thereof:

Notwithstanding the foregoing provisions of this Section, effective January 1, 2004, the Plan will accept a Rollover Contribution from a qualified plan described in Sections 401(a) or 403(a) of the Code, an annuity contract described in Section 403(b) of the Code and an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and the portion of a distribution from an individual retirement account or annuity described in Section 408(a) or 408(b) of the Code that is eligible to be rolled over and would otherwise be includible in the Member's taxable gross income; provided that, the Plan shall not accept a Rollover Contribution of any after-tax employee contributions that would not otherwise be includible in the Member's taxable gross income.

11. Article V of the Plan is amended by adding a new Section 5.07 at the end thereof to read as follows:

Section: 5.07. *Catch-up Contributions.* (a) Notwithstanding any other provision of the Plan (other than this Section 5.07), in accordance with election procedures established by the Committee, a Catch-up Eligible Member may make additional Member Salary Deferrals for any Plan Year, without regard to (i) the limitations on Member Salary Deferral Elections set forth in Section 5.01; (ii) the limitations provided in Code section 401(a)(30), 402(h), 403(b)(1)(E), 404(h), 408(k), 408(p), 415 or 457; or (iii) the Actual Deferral Percentage limitations described in Article 5 of the Plan and Code section 401(k)(3), but only, in the case of clause (iii) as applied to a Member who is a Highly Compensated Employee, to the extent of the highest amount of Member Salary Deferrals that could be retained under the Plan by such Member for such year in accordance with Article 5 and Code section 401(k)(8)(C) (the "Applicable Maximum"). To the extent the Member Salary Deferrals by a Catch-up Eligible Member for any year exceed the Applicable Maximum, such Member's Salary Deferrals shall be deemed to be Catch-up Contributions under the Plan.

The Catch-up Contributions by any Member during any Plan Year shall not exceed $3,000 for any year beginning with 2004 or such other amount as provided under Code section 414(v).

(c) Notwithstanding any other provision of the Plan (other than this Section 5.07), Catch-up Contributions shall not be taken into account in applying the limits of Code sections 401(a)(30), 402(h), 403(b), 408, 415(c) or 457 under the Plan or any other plan maintained by the Employer. In addition, Catch-up Contributions shall not be taken into account in applying any provision under the Plan which effectuates any of the foregoing limitations, including without limitation the provisions of Articles 5, 16 and 17.

(d) This Section 5.07 is intended to comply with Code section 414(v), Treasury Regulation Section 1.414(v)-1, and any successor or other guidance issued by the Department of Treasury, and accordingly shall be interpreted consistently with such intention.

(e) "Catch-up Contribution" means a contribution under the Plan by a Catch-up Eligible Member, pursuant to Section 5.07.

(f) "Catch-up Eligible Member" means a Member who (a) is eligible to make Member Salary Deferrals pursuant to Section 5.01 and (b) is age 50 or older. For purposes of paragraph (b) above, a

Member who is projected to attain age 50 before the end of the Plan Year shall be deemed to be age 50 as of January 1 of such Plan Year. The determination of a "Catch-up Eligible Member" shall be made in accordance with the requirements of Treasury Regulation Section 1.414(v)-1 and any successor or other guidance provided under Code Section 414(v) by the Department of Treasury.

12. Section 7.07(f) of the Plan is amended by adding the following language at the end thereof:

Notwithstanding any other provision to the contrary, a Borrower who has a loan (or loans) outstanding under the SCB Savings or Cash Option Plan for Employees on December 31, 2003 which is transferred to the Plan as a result of the merger of SCB Savings or Cash Option Plan for Employees into the Plan shall be entitled to keep such loan (or loans) outstanding under the Plan until the loan (or loans) is repaid pursuant to the terms of such outstanding loan (or loans).

13. Section 7.07 is amended to read as follows:

Section 7.07. *Loans*

(a) Notwithstanding anything in this Plan to the contrary, the Committee, in its discretion, may authorize a loan to a Member who is a "party in interest" with respect to the Plan within the meaning of Section 3(14) of the Act under the circumstances listed in Subsection (b) below:

(b) (1) loans shall be made available on a reasonably equivalent basis; (2) loans shall not be made available to Highly Compensated Employees in a manner that is more favorable than the manner loans are made available to other Members; (3) loans shall bear a reasonable rate of interest; (4) loans shall be adequately secured; and (5) loans shall provide for repayment over a reasonable period of time.

(c) Loans made pursuant to this Section (when added to the outstanding balance of all other loans made by the Plan to the Member) shall be limited to the lesser of:

(1) $50,000 reduced by the excess (if any) of the highest outstanding balance of loans from the Plan to the Member during the one-year period ending on the day before the date on which such loan is made, over the outstanding balance of loans from the Plan to the Member on the date on which such loan was made, or

(2) one-half ($^1/_2$) of the present value of the non-forfeitable accrued benefit of the Member under the Plan.

For purposes of this limit, all plans of the Employer shall be considered one plan.

(d) Loans shall provide for level amortization with payment to be made not less frequently than quarterly over a period not to exceed five (5) years, unless the loan is for the purpose of acquiring a dwelling unit used within a reasonable time as the principal residence of the Member. All loans shall be due and payable upon termination of employment.

(e) All loans shall be made pursuant to a Member loan program. Such loan program shall be established in writing by the Committee and must include, but need not be limited to, the following:

(1) the identity of the person(s) or position(s) authorized to administer the Member loan program;

(2) a procedure for applying for loans;

(3) the basis on which loans will be approved or denied;

(4) limitations, if any, on the types and amounts of loans offered;

(5) the procedure under the program for determining a reasonable rate of interest;

(6) the types of collateral which may secure a Member loan; and

(7) the events constituting default and the steps that will be taken to preserve Plan assets.

Such Member loan program shall be contained in a separate written document which, when properly executed, is hereby incorporated by reference and made a part of the Plan. Furthermore, such Member loan program may be modified or amended by the Committee in writing from time to time without the necessity of amending this Section.

14. Section 9.04 of the Plan is amended by adding the following language at the end thereof:

Notwithstanding any other provision to the contrary, each Member who was a participant in the SCB Savings or Cash Option Plan for Employees prior to December 31, 2003 shall be fully vested in his Account.

15. The last sentence of Section 9.05 of the Plan is amended to read as follows:

The unvested portion of the Member's Company Contributions Account shall be forfeited upon the Accounting Date coincident with or immediately following the Member's Separation from Service.

16. The first sentence of Section 9.06(a) of the Plan is amended to read as follows:

A Member who separates from service prior to the full vesting of his entire Company Contributions Account, shall forfeit the unvested balance in that Account upon the Accounting Date coincident with or immediately following the Member's Separation from Service.

17. Section 10.06 of the Plan is amended in its entirety to read as follows:

Notwithstanding other provision of the Plan to the contrary, a Member shall be eligible to receive payment, or to commence payment, under the Plan of his benefits no later than sixty (60) days after the end of the Plan Year in which the latest of the following occurs:

(a) the Member's attainment of age his Normal Retirement Date;

(b) The tenth (10th) anniversary of the year in which the Member began participation in the Plan; or

(c) The Member's Separation from Service.

18. Section 10.08 of the Plan is amended by adding new paragraphs (g) and (h) at the end thereof to read as follows:

(g) Effective as of January 1, 2003, notwithstanding anything to the contrary contained in this Plan, distributions shall be made in a manner that complies with Code Section 401(a)(9) and Appendix A attached hereto.

(h) Each Member who (i) attained age $70^1/_2$ before January 1, 1999, (ii) commenced distributions pursuant to Code Section 401(a)(9) and (iii) is an Employee of the Employer on January 1, 2004, may make an irrevocable affirmative election, subject to the terms of any applicable "qualified domestic relations order" as defined in Section 414(p) of the Code, to cease receiving such

distributions at any time prior to the Member's Separation from Service.

19. Article X of the Plan is amended by adding a new Section 10.10 at the end thereof to read as follows:

Section 10.10. *Pre-Retirement Distribution.* (a) On or after a Member's attainment at age 59 1/2, the Committee, at the election of the Member, shall direct the Trustees to make an in-service distribution of any portion of the vested balance of the Member's Account.

(b) Each Member who was a participant in the SCB Savings or Cash Option Plan for Employees may elect to withdraw his Member Contributions Account and the actual earnings thereon at any time but not more than once in any Plan Year.

(c) In the event that the Committee makes a distribution pursuant to this Section 10.09 the Member shall continue to be eligible to participate in the Plan on the same basis as any other Employee. Any distribution made pursuant to this Section 10.09 shall be made in a manner consistent with other applicable provisions of this Article X, including, but not limited to, all notice and consent requirements of Code Section 411(a)(11) and the Regulations thereunder.

20. Section 11.03 of the Plan is amended in its entirety to read as follows:

11.03 *Claim and Appeal Procedure.*

(b) *Initial Claim.*

(i) Any claim by an Employee, Member or Beneficiary ("Claimant") with respect to eligibility, participation, contributions, benefits or other aspects of the operation of the Plan shall be made in writing to the Committee (or its designee) for such purpose. The Committee (or its designee) shall provide the Claimant with the necessary forms and make all determinations as to the right of any person to a disputed benefit. If a Claimant is denied benefits under the Plan, the Committee (or its designee) shall notify the Claimant

in writing of the denial of the claim within ninety (90) days (or within forty-five (45) days if the claim involves a determination of a claim for disability benefits) after the Committee receives the claim, provided that in the event of special circumstances such period may be extended.

(ii) In the event of special circumstances, the maximum period in which a claim must be determined may be extended as follows:

(A) With respect to any claim, other than a claim that involves a determination of a claim for disability benefits, the ninety (90) day period may be extended for a period of up to ninety (90) days (for a total of one hundred eighty (180) days). If the initial ninety (90) day period is extended, the Committee or its designee shall notify the Claimant in writing within ninety (90) days of receipt of the claim. The written notice of extension shall indicate the special circumstances requiring the extension of time and provide the date by which the Committee expects to make a determination with respect to the claim. If the extension is required due to the Claimant's failure to submit information necessary to decide the claim, the period for making the determination shall be tolled from the date on which the extension notice is sent to the Claimant until the earlier of (i) the date on which the Claimant responds to the Committee's request for information, or (ii) expiration of the forty-five (45) day period commencing on the date that the Claimant is notified that the requested additional information must be provided.

(B) With respect to a claim that involves a determination of a claim for disability benefits, the forty-five (45) day period may be extended as follows:

(I) Initially, the forty-five (45) day period may be extended for a period to up to an additional thirty (30) days (the "Initial Disability Extension Period"), provided that the Committee determines that such an extension is necessary due to matters beyond the control of the Plan and, within forty-five (45) days of receipt of the claim, the Committee or its designee notifies the Claimant in writing of such extension, the special circumstances requiring the extension of time, the date by which the Committee expects to make a determination with respect to the claim and such information as required under clause (III) below.

(II) Following the Initial Disability Extension Period the period for determining the Claimant's claim may be extended for a period of up to an additional thirty (30) days, provided that the Committee determines that such an extension is necessary due to matters beyond the control of the Plan and within the Initial Disability Extension Period, notifies the Claimant in writing of such additional extension, the special circumstances requiring the extension of time, the date by which the Committee expects to make a determination with respect to the claim and such information as required under clause (III) below.

(III) Any notice of extension pursuant to this Paragraph (B) shall specifically explain the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim, and the additional information needed to resolve those issues, and the Claimant shall be afforded forty-five (45) days within which to provide the specified information.

(IV) If an extension is required due to the Claimant's failure to submit information necessary to decide the claim, the period for making the determination shall be tolled from the date on which the extension notice is sent to the Claimant until the earlier of (i) the date on which the Claimant responds to the Committee's request for information, or (ii) expiration of the forty-five (45) day period commencing on the date that the Claimant is notified that the requested additional information must be provided.

(iii) If notice of the denial of a claim is not furnished within the required time period described herein, the claim shall be deemed denied as of the last day of such period.

(iv) If a claim is wholly or partially denied, the notice to the Claimant shall set forth:

(A) The specific reason or reasons for the denial;

(B) Specific reference to pertinent Plan provisions upon which the denial is based;

(C) A description of any additional material or information necessary for the Claimant to complete the claim request and an explanation of why such material or information is necessary;

(D) Appropriate information as to the steps to be taken and the applicable time limits if the Claimant wishes to submit the adverse determination for review; and

(E) A statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse determination on review.

(c) *Claim Denial Review.*

(i) If a claim has been wholly or partially denied, the Claimant may submit the claim for review by the Committee. Any request for review of a claim must be made in writing to the Committee no later than sixty (60) days (or within one hundred and eighty (180) days if the claim involves a determination of a claim for disability benefits) after the Claimant receives notification of denial or, if no notification was provided, the date the claim is deemed denied. The Claimant or his duly authorized representative may:

(A) Upon request and free of charge, be provided with reasonable access to, and copies of, relevant documents, records, and other information relevant to the Claimant's claim; and

(B) Submit written comments, documents, records, and other information relating to the claim. The review of the claim determination shall take into account all comments, documents, records, and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial claim determination.

(ii) The decision of the Committee upon review shall be made within sixty (60) days (or within forty-five (45) days if the claim involves a determination of a claim for disability benefits) after receipt of the Claimant's request for review, unless special circumstances (including, without limitation, the need to hold a hearing) require an extension. In the event of special circumstances, the maximum period in which a claim must be determined may be extended as follows:

(A) With respect to any claim, other than a claim that involves a determination of a claim for disability

benefits, the sixty (60) day period may be extended for a period of up to one hundred twenty (120) days.

(B) With respect to a claim that involves a determination of a claim for disability benefits, the forty-five (45) day period may be extended for a period of up to forty-five (45) days.

If the sixty (60) day period (or forty-five (45) day period where the claim involves a determination of a claim for disability benefits) is extended, the Committee or its designee shall, within sixty (60) days (or within forty-five (45) days if the claim involves a determination of a claim for disability benefits) of receipt of the claim for review, notify the Claimant in writing. The written notice of extension shall indicate the special circumstances requiring the extension of time and provide the date by which the Committee expects to make a determination with respect to the claim upon review. If the extension is required due to the Claimant's failure to submit information necessary to decide the claim, the period for making the determination shall be tolled from the date on which the extension notice is sent to the Claimant until the earlier of (i) the date on which the Claimant responds to the Committee's request for information, or (ii) expiration of the forty-five (45) day period commencing on the date that the Claimant is notified that the requested additional information must be provided.

(iii) If notice of the decision upon review is not furnished within the required time period described herein, the claim on review shall be deemed denied as of the last day of such period.

(iv) The Committee, in its sole discretion, may hold a hearing regarding the claim and request that the Claimant attend. If a hearing is held, the Claimant shall be entitled to be represented by counsel.

(v) The Committee's decision upon review on the Claimant's claim shall be communicated to the Claimant in writing. If the claim upon review is denied, the notice to the Claimant shall set forth:

(A) The specific reason or reasons for the decision, with references to the specific Plan provisions on which the determination is based;

(B) A statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claim; and

(C) A statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA.

(vi) Any review of a claim involving a determination of a claim for disability benefits shall not afford deference to the initial adverse benefit determination and shall not be determined by any individual who made the initial adverse benefit determination or a subordinate of such individual. In deciding a review of any adverse benefit determination that is based in whole or in part on a medical judgment, including determinations with regard to whether a particular treatment, drug, or other item is experimental, investigational, or not medically necessary or appropriate, the Committee shall consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment.

(d) All interpretations, determinations and decisions of the Committee with respect to any claim, including without limitation the appeal of any claim, shall be made by the Committee, in its sole discretion, based on the Plan and comments, documents, records, and other information presented to it, and shall be final, conclusive and binding.

(e) The claims procedures set forth in this section are intended to comply with United States Department of Labor Regulation § 2560.503-1 and should be construed in accordance with such regulation. In no event shall it be interpreted as expanding the rights of Claimants beyond what is required by United States Department of Labor Regulation § 2560.503-1.

21. Section 17.01(g) of the Plan is amended by adding the following sentence at the end thereof:

Top-Heavy Compensation shall include Deemed 125 Compensation, as defined in Section 1.15 of the Plan.

22. Article XVIII of the Plan is amended by adding a new Section 18.05 at the end thereof to read as follows:

18.05 *Merger of SCOPE.* Effective January 1, 2004, the SCB Savings or Cash Option Plan for Employees is merged into and with the Plan and the balances held in participants' accounts under SCOPE shall be transferred into the corresponding accounts under the Plan to be maintained on behalf of such Members. Unless otherwise provided herein, the benefits of each participant in the SCB Savings or Cash Option Plan for Employees who is not credited with an hour of service after December 31, 2003 shall be governed by the terms of such plan as of the date of the participant's termination of employment. Any election made under SCOPE by a participant shall be deemed to have been made under the Plan; provided that a salary deferral election made under SCOPE shall be applied under the Plan as if it were a salary deferral election made with respect to Compensation, as defined under 1.15 of the Plan, and shall be reduced, to the extent necessary to avoid exceeding the maximum limits on the amount that may be deferred pursuant to Section 5.01 by a Member.

23. The Plan is amended by adding an Appendix A to the end thereof to read as follows:

APPENDIX A
REQUIRED DISTRIBUTION RULES

Section 1. *General.* Pursuant to Section 10.08 of the Plan, this Appendix A describes the required distribution rules for Members who have reached their Required Beginning Date, as those terms are defined in the Plan, as well as the incidental death benefit requirements. The terms of this Appendix A shall apply solely to the extent required under Code Section 401(a)(9) and shall be null and void to the extent that they are not required under Section 401(a)(9) of the Code. Any capitalized terms not otherwise defined in this Appendix A have the meaning given those terms in the Plan. Notwithstanding any other provision of the Plan, distributions must be made in compliance with Treasury Regulations under Code Section 401(a)(9).

Section 2. *Required Distributions.* As of any Member's Required Beginning Date, the Member must begin to receive distributions of his or her benefits under the Plan.

Section 3. *Single-Sum Distribution.* A Member may satisfy the requirements of this Appendix A by receiving a single lump-sum distribution on or before his or her Required Beginning Date.

Section 4. *Time and Manner of Distribution.*

4.1 Death of Member Before Distributions Begin. If the Member dies before distributions begin, the Member's entire interest must be distributed, or begin to be distributed no later than as follows:

(a) If the Member's surviving spouse is the Member's sole designated beneficiary, then distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Member died, or by December 31 of the calendar year in which the Member would have attained age $70^{1}/_{2}$, if later.

(b) If the Member's surviving spouse is not the Member's sole designated beneficiary, then distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Member died.

(c) If there is no designated beneficiary as of September 30 of the year following the year of the Member's death, the Member's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Member's death.

(d) If the Member's surviving spouse is the Member's sole designated beneficiary and the surviving spouse dies after the Member but before distributions to the surviving spouse begin, this Section 4.1, other than Section 4.1(a), will apply as if the surviving spouse were the Member.

For purposes of this Section 4.1 and Section 6, unless Section 4.1(d) applies, distributions are considered to begin on the Member's Required Beginning Date. If Section 4.1(d) applies,

distributions are considered to begin on the date distributions are required to begin to the surviving spouse under Section 4.1(a).

4.2 Forms of Distribution. Unless the Member's interest is distributed in a single sum on or before the Required Beginning Date, as of the first Distribution Calendar Year distributions must be made no slower than required under Sections 5 and 6 of this Appendix A.

Section 5. *Required Minimum Distributions During Member's Lifetime.*

1. Amount of Required Minimum Distribution for Each Distribution Calendar Year. During the Member's lifetime, the minimum amount that will be distributed for each Distribution Calendar Year is the lesser of:

(a) the quotient obtained by dividing the Participant's Account Balance by the distribution period in the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the Treasury Regulations, using the Member's age as of the Member's birthday in the Distribution Calendar Year, or

(b) if the Member's sole designated beneficiary for the Distribution Calendar Year is the Member's spouse, the quotient obtained by dividing the Participant's Account Balance by the number in the Joint and Last Survivor Table set forth in Section 1.401(a)(9)-9 of the Treasury Regulations, using the Member's and spouse's attained ages as of the Member's and spouse's birthdays in the Distribution Calendar Year.

2. Lifetime Required Minimum Distributions Continue Through Year of Member's Death. Required minimum distributions will be determined under this Section 5 beginning with the first Distribution Calendar Year and up to and including the Distribution Calendar Year that includes the Member's date of death.

Section 6. *Required Minimum Distributions After Member's Death*

6.1 Death On or After Date Distributions Begin.

(a) Member Survived by Designated Beneficiary. If the Member dies on or after the date distributions begin and there is a designated beneficiary, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Member's death is the quotient obtained by dividing the Participant's Account Balance by the longer of the remaining Life Expectancy of the Member or the remaining Life Expectancy of the Member's designated beneficiary, determined as follows:

(1) The Member's remaining Life Expectancy is calculated using the age of the Member in the year of death, reduced by one for each subsequent year.

(2) If the Member's surviving spouse is the Member's sole designated beneficiary, the remaining Life Expectancy of the surviving spouse is calculated for each Distribution Calendar Year after the year of the Member's death using the surviving spouse's age as of the spouse's birthday in that year. For Distribution Calendar Years after the year of the surviving spouse's death, the remaining Life Expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in the calendar year of the spouses death, reduced by one for each subsequent calendar year.

(3) If the Member's surviving spouse is not the Member's sole designated beneficiary, the designated beneficiary's remaining Life Expectancy is calculated using the age of the beneficiary in the year following the year of the Member's death, reduced by one for each subsequent year.

(b) No Designated Beneficiary. If the Member dies on or after the date distributions begin and there is no designated beneficiary as of September 30 of the year after the year of the Member's death, the minimum a mount that will be distributed for each Distribution Calendar Year after the year of the Member's death is the quotient obtained by dividing the Participant's Account Balance by the Member's remaining Life Expectancy calculated using the age of the Member in the year of death, reduced by one for each subsequent year.

6.2 Death Before Date Distributions begin.

(a) Member Survived by Designated Beneficiary. If the Member dies before the date distributions begin and there is a

designated beneficiary, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Member's death is the quotient obtained by dividing the Participant's Account Balance by the remaining Life Expectancy of the Member's designated beneficiary, determined as provided in Section 6.1.

(b) No Designated Beneficiary. If the Member dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the Member's death, distribution of the Member's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Member's death.

(c) Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin. If the Member dies before the date distributions begin, the Member's surviving spouse is the Member's sole designated beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under Section 4.1(a), this Section 6.2 will apply as if the surviving spouse were the Member.

6.3 *Election to Apply 5-Year Rule to Distributions to Designated Beneficiaries.* If the Member dies before distributions begin and there is a designated beneficiary, distribution to the designated beneficiary is not required to begin by the date specified in Section 4 of this Appendix, but the Member's entire interest will be distributed to the designated beneficiary by December 31 of the calendar year containing the fifth anniversary of the Member's death. If the Member's surviving spouse is the Member's sole designated beneficiary and the surviving spouse dies after the Member but before distributions to either the Member or the surviving spouse begin, this election will apply as if the surviving spouse were the Member.

Section 7. *Definitions.*

7.1 Designated Beneficiary. The individual who is designated as the beneficiary under Section 2.04 of the Plan and is the designated beneficiary under Section 401(a)(9) of the Internal Revenue Code and Section 1.401(a)(9)-1, Q&A-4, of the Treasury Regulations.

7.2 Distribution Calendar Year. A calendar year for which a minimum distribution is required. For distributions beginning before the Member's death, the first Distribution Calendar Year is the calendar year immediately preceding the calendar year which contains the Member's Required Beginning Date. For distributions beginning after the Member's death, the first Distribution Calendar Year is the calendar year in which distributions are required to begin under Section 4.1. The required minimum distribution for the Member's first Distribution Calendar Year will be made on or before the Member's Required Beginning Date. The required minimum distribution for other Distribution Calendar Years, including the required minimum distribution for the Distribution Calendar Year in which the Member's Required Beginning Date occurs, will be made on or before December 31 of that Distribution Calendar Year.

7.3 Life Expectancy. Life expectancy as computed by use of the Single Life Table in Section 1.401(a)(9)-9 of the Treasury Regulations.

7.4 Member's Account Balance. The account balance as of the last valuation date in the calendar year immediately preceding the Distribution Calendar Year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the account balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The account balance for the valuation calendar year includes any amounts rolled over or transferred to the plan either in the valuation calendar year or in the Distribution Calendar Year if distributed or transferred in the valuation calendar year.

7.5 Required Beginning Date. The date specified in Section 1.38 of the plan.

Section 8. Under regulations prescribed by the Secretary of the Treasury, any amount paid to a Member's child shall be treated as if it had been paid to such Member's surviving spouse if such amount will become payable to such spouse upon the child reaching maturity or such other designated event which may be permitted under such regulations.

Section 9. *TEFRA Section 242(b)(2) Elections*. Notwithstanding the other provisions of this Appendix A, other than the last

sentence of Section 1 of this Appendix A, distributions may be made under a designation made before January 1, 1984, in accordance with Section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and the provisions of the plan that relate to Section 242(b)(2) of TEFRA.

Section 10. This Appendix A is not intended to defer the timing of distribution beyond the date otherwise required under the Plan or to create any benefits (including but not limited to death benefits) or distribution forms that are not otherwise offered under the Plan.

QuickLinks

Exhibit 10.7
AMENDMENT TO THE PROFIT SHARING PLAN FOR EMPLOYEES OF ALLIANCE CAPITAL MANAGEMENT L.P.

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Exhibit 10.8

AMENDMENT
TO
SCB SAVINGS OR CASH OPTION PLAN FOR EMPLOYEES

Amendment (this "**Amendment**") to the SCB Savings or Cash Option Plan for Employees (the "**Plan**")

WHEREAS, Alliance Capital Management L.P. ("Alliance") desires to amend the Plan as provided herein; and

WHEREAS, pursuant to Section 8.1 of the Plan, Alliance has the authority to amend the Plan, subject to action by the Board of Directors of the general partner of Alliance, or a Committee thereof designated by such Board;

NOW, **THEREFORE**, the Plan is hereby amended, effective as of December 31, 2003, unless otherwise specified, as follows:

1. Section 4.1(c) of the Plan is amended by adding the following language at the end thereof:

Notwithstanding any provision of the Plan to the contrary, with respect to the Plan Year ending December 31, 2003 (the "2003 Plan Year"), the Employer's Non-Elective Contribution shall be made to the Plan in accordance with the following:

(a) The discretionary Base Contribution shall be allocated in accordance with Section 4.4(b)(3)(i) except that, for purposes of such allocation, the Taxable Wage Base, a Participant's Excess Compensation and Compensation shall be multiplied by 20/27;

(b) The discretionary Excess Contribution shall be allocated in accordance with Section 4.4(b)(3)(ii) except that:

(i) "Base Compensation" instead of "Compensation" shall be used;

(ii) the result determined under Section 4.4(b)(3)(ii), as modified pursuant to this Section 4.1(c), shall be multiplied by 7/27; and

(iii) each Participant who is employed by an Employer on the last day of the 2003 Plan Year shall be eligible for the Excess Contribution without regard to whether such Participant completed a Year of Service during the 2003 Plan Year and without regard to whether such Participant is a Highly

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Compensated Employee who is also a shareholder of Sanford C. Bernstein Inc.;

(c) The total amount that may be allocated to the Plan on behalf of any Participant with respect to the 2003 Plan Year as a Base Contribution pursuant to Section 4.4(b)(3)(i) shall not exceed $4,444.44; and

(d) "Base Compensation" shall mean that part of a Participant's Compensation equal to such Participant's base salary (or draw, if no base salary) received for services rendered to an Employer, including Deemed 125 Compensation and any portion of base salary (or draw, if no base salary) deferred by the Participant and which is not includible in the gross income of the Participant by reason of Code Sections 125, 132(f)(4) or 401(k), but shall not include, by way of example rather than by way of limitation, overtime pay, bonuses, severance pay, distributions on Units, reimbursement for moving expenses, reimbursement for educational expenses, reimbursement for any other expenses, contributions or benefits paid under this Plan or any other plan of deferred compensation, or any other extraordinary item of compensation or income; provided that in the case of a Participant whose compensation from an Employer includes commissions, commissions shall be included only to the extent that the Participant's aggregate compensation taken into account does not exceed $100,000. In addition, Base Compensation shall not include amounts paid to non-resident aliens which do not constitute income from United States sources (within the meaning of Code Section 862) except in the case of a non-resident alien who is a Participant and for whom the Company so specifies. Base Compensation for any Plan Year shall not exceed the Section 401(a)(17) Limitation.

2. Section 4.1 of the Plan is amended by adding a new paragraph (g) at the end thereof to read as follows:

(g) *Special Rules for 2003*. Notwithstanding Section 4.1(b) of the Plan, with respect to the 2003 Plan Year, the Employer Elective Contribution pursuant to Section 4.1(b) made on behalf of eligible Participants shall be equal to:

(i) On behalf of each Participant who is eligible for a Elective Contribution for the 2003 Plan Year as set forth in Section 4.4(b)(2), a discretionary "Regular Matching Contribution" shall be made to the Plan equal to 100% of each such Participant's Deferred Compensation with respect to the 2003 Plan Year times 20/27, up to a maximum Regular Matching Contribution for any Participant of $370.37; plus

(ii) On behalf of each Participant who is employed by an Employer on the last day of the Plan Year (without regard to the eligibility requirements of Section 4.4(b)(2) which shall not apply to the allocation of the Additional Matching Contribution), a discretionary "Additional Matching Contribution" shall be made to the Plan equal to 100% of each such Participant's Deferred Compensation with respect to the 2003 Plan Year times 7/27, up to a maximum limit on the amount of any such Additional Matching Contribution as is specified by the Employer prior to the end of the Plan Year.

3. Section 4.4(b)(2) of the Plan is amended by adding the following language at the end:

Notwithstanding the foregoing, with respect to the Employer's Regular Matching Contribution pursuant to Section 4.1(g)(i) of the Plan, to each Participant whose rate of base salary (or draw if no base salary), excluding overtime, bonuses and commissions, as of the first day of the Plan Year (or if not employed by the Employer on the first day of the Plan Year, as of the Participant's date of reemployment), annualized based on 26 bi-weekly pay periods per year, is less than $50,000 and with respect to the Employer's Additional Matching Contribution pursuant to Section 4.1(g)(ii) of the Plan, an allocation to each Participant who is eligible for an Additional Matching Contribution pursuant to Section 4.1(g)(ii) of the Plan.

4. The Plan is amended by adding an Appendix A to the end thereof to read as follows:

APPENDIX A
REQUIRED DISTRIBUTION RULES

Section 1. *General.* Pursuant to Section 10.08 of the Plan, this Appendix A describes the required distribution rules for Participants who have reached their Required Beginning Date, as those terms are defined in the Plan, as well as the incidental death benefit requirements. The terms of this Appendix A shall apply solely to the extent required under Code Section 401(a)(9) and shall be null and void to the extent that they are not required under Section 401(a)(9) of the Code. Any capitalized terms not otherwise defined in this Appendix A have the meaning given those terms in the Plan. Notwithstanding any other provision of the Plan, distributions must be made in compliance with Treasury Regulations under Code Section 401(a)(9).

Section 2. *Required Distributions.* As of any Participant's Required Beginning Date, the Participant must begin to receive distributions of his or her benefits under the Plan.

Section 3. *Single-Sum Distribution.* A Participant may satisfy the requirements of this Appendix A by receiving a single lump-sum distribution on or before his or her Required Beginning Date.

Section 4. *Time and Manner of Distribution.*

4.1 Death of Participant Before Distributions Begin. If the Participant dies before distributions begin, the Participant's entire interest must be distributed, or begin to be distributed no later than as follows:

(a) If the Participant's surviving spouse is the Participant's sole designated beneficiary, then distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age $70^1/2$, if later.

(b) If the Participant's surviving spouse is not the Participant's sole designated beneficiary, then distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(c) If there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(d) If the Participant's surviving spouse is the Participant's sole designated beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this Section 4.1, other than Section 4.1(a), will apply as if the surviving spouse were the Participant.

For purposes of this Section 4.1 and Section 6, unless Section 4.1(d) applies, distributions are considered to begin on the Participant's Required Beginning Date. If Section 4.1(d) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under Section 4.1(a).

4.2 Forms of Distribution. Unless the Participant's interest is distributed in a single sum on or before the Required Beginning Date, as of the first distribution calendar year distributions must be made no slower than required under Sections 5 and 6 of this Appendix A.

Section 5. *Required Minimum Distributions During Participant's Lifetime.*

1. Amount of Required Minimum Distribution for Each Distribution Calendar Year. During the Participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:

(a) the quotient obtained by dividing the Participant's account balance by the distribution period in the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the Treasury Regulations, using the Participant's age as of the Participant's birthday in the distribution calendar year, or

(b) if the Participant's sole designated beneficiary for the distribution calendar year is the Participant's spouse, the quotient obtained by dividing the Participant's account balance by the number in the Joint and Last Survivor Table set forth in Section 1.401(a)(9)-9 of the Treasury Regulations, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the distribution calendar year.

2. Lifetime Required Minimum Distributions Continue Through Year of Participant's Death. Required minimum distributions will be determined under this Section 5 beginning with the first distribution calendar year and up to and including the distribution calendar year that

includes the Participant's date of death.

Section 6. *Required Minimum Distributions After Participant's Death*

6.1 Death On or After Date Distributions Begin.

(a) Participant Survived by Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is a designated beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's designated beneficiary, determined as follows:

(1) The Participant's remaining life expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(2) If the Participant's surviving spouse is the Participant's sole designated beneficiary, the remaining life expectancy of the surviving spouse is calculated for each distribution calendar year after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year. For distribution calendar years after the year of the surviving spouse's death, the remaining life expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in the calendar year of the spouses death, reduced by one for each subsequent calendar year.

(3) If the Participant's surviving spouse is not the Participant's sole designated beneficiary, the designated beneficiary's remaining life expectancy is calculated using the age of the beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(b) No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no designated beneficiary as of September 30 of the year after the year of the

Participant's death, the minimum a mount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the Participant's remaining life expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

6.2 Death Before Date Distributions begin.

(a) Participant Survived by Designated Beneficiary. If the Participant dies before the date distributions begin and there is a designated beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant's designated beneficiary, determined as provided in Section 6.1.

(b) No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(c) Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin. If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole designated beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under Section 4.1(a), this Section 6.2 will apply as if the surviving spouse were the Participant.

6.3 Election to Apply 5-Year Rule to Distributions to Designated Beneficiaries. If the Participant dies before distributions begin and there is a designated beneficiary, distribution to the designated beneficiary is not required to begin by the date specified in Section 4 of this Appendix, but the Participant's entire interest will be distributed to the designated beneficiary by December 31 of the calendar year containing the fifth anniversary of the Participant's death. If the Participant's surviving spouse is the Participant's sole designated beneficiary and the surviving spouse dies after the Participant but before distributions to either the Participant or the surviving spouse begin,

this election will apply as if the surviving spouse were the Participant.

Section 7. *Definitions.*

7.1 Designated Beneficiary. The individual who is designated as the beneficiary under Section 2.04 of the Plan and is the designated beneficiary under Section 401(a)(9) of the Internal Revenue Code and Section 1.401(a)(9)-1, Q&A-4, of the Treasury Regulations.

7.2 Distribution Calendar Year. A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant's required beginning date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin under Section 4.1. The required minimum distribution for the Participant's first distribution calendar year will be made on or before the Participant's required beginning date. The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant's required beginning date occurs, will be made on or before December 31 of that distribution calendar year.

7.3 Life Expectancy. Life expectancy as computed by use of the Single Life Table in Section 1.401(a)(9)-9 of the Treasury Regulations.

7.4 Participant's Account Balance. The account balance as of the last valuation date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the account balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The account balance for the valuation calendar year includes any amounts rolled over or transferred to the plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.

7.5 Required Beginning Date. The April 1st following the end of the calendar year in which occurs the later of (x) the Participant's attainment of age $70^{1}/_{2}$ and (y) the Participant's termination of employment. Notwithstanding the foregoing, with respect to a Participant who is a (5% owner, as defined in Section 416(i) of the Code, the "Required beginning Date" shall be the April 1st following the end of the calendar year in which the Participant attains age $70^{1}/_{2}$, whether or not he is then employed.

Section 8. Pursuant to procedures prescribed by the Committee, a Participant may elect, prior to his or her Required Beginning Date, to receive distributions in compliance with this Appendix A pursuant to the "fixed amortization method" or "fixed annuity method" under Rev. Rul. 2002-62. A Participant who has so elected may subsequently revoke such election and receive payments under the provisions of this Appendix A other than Section 8.

Section 9. Under regulations prescribed by the Secretary of the Treasury, any amount paid to a Participant's child shall be treated as if it had been paid to such Participant's surviving spouse if such amount will become payable to such spouse upon the child reaching maturity or such other designated event which may be permitted under such regulations.

Section 10. *TEFRA Section 242(b)(2) Elections.* Notwithstanding the other provisions of this Appendix A, other than the last sentence of Section 1 of this Appendix A, distributions may be made under a designation made before January 1, 1984, in accordance with Section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and the provisions of the plan that relate to Section 242(b)(2) of TEFRA.

Section 11. This Appendix A is not intended to defer the timing of distribution beyond the date otherwise required under the Plan or to create any benefits (including but not limited to death benefits) or distribution forms that are not otherwise offered under the Plan.

QuickLinks

Exhibit 10.8
AMENDMENT TO SCB SAVINGS OR CASH OPTION PLAN FOR EMPLOYEES
APPENDIX A REQUIRED DISTRIBUTION RULES

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Exhibit 10.9

Amendment to the Retirement Plan for Employees of Alliance Capital Management L.P.

Amendment (this "**Amendment**") dated as of August 1, 2003 to the Retirement Plan for Employees of Alliance Capital Management L.P. (the "**Plan**").

WHEREAS, Alliance Capital Management L.P. ("**Alliance**") desires to amend the Plan as provided herein; and

WHEREAS, pursuant to Section 13.01 of the Plan, Alliance has the authority to amend the Plan, subject to action by the Board of Directors of the general partner of Alliance, or a committee thereof designated by such Board;

NOW, THEREFORE, the Plan is amended as follows:

SECTION 1. *Definitions.* Capitalized terms used herein and not otherwise defined shall have the meanings herein that are assigned to such terms in the Plan.

SECTION 2. *Amendments to Article 1 of the Plan.*

(a) A new Section 1.18.1 is hereby added to the Plan as follows:

1.18.1 "DOMESTIC PARTNER" means, in the case of a Participant who dies before his Retirement Pension Starting Date, his Domestic Partner (as defined below) on the date of his death if such Domestic Partner satisfied the requirements for being a Domestic Partner as set forth below during the entire one (1) year period ending on the Participant's date of death. "Domestic Partner" is an individual who, together with the Participant, satisfies the following requirements: (i) both the Participant and the domestic partner are at least 18 years of age; (ii) both the Participant and the domestic partner are of the same gender; (iii) both the Participant and the domestic partner are mentally competent to enter into a contract according to the laws of the state in which they reside; (iv) each of the Participant and the domestic partner is the sole domestic partner of the other; (v) neither of the Participant nor the domestic partner is legally married to any other individual, and, if previously married, a legal divorce or annulment has been obtained or the former spouse is deceased; (vi) neither of the Participant nor the domestic partner is related by blood to a degree of closeness that would prohibit legal marriage in the jurisdiction in which they legally reside; (vii) the Participant and the domestic partner reside together in the same residence, have done so for a period of no less than the most recent six-month period, intend to do so indefinitely and share the common necessities of life; (viii) the Participant and domestic partner have mutually agreed to be responsible for each other's common welfare; and (ix) the Participant has designated the domestic partner as his or her domestic partner by completing and returning an "Affidavit of Same-Sex Domestic Partnership' to the appropriate Company person indicated on such affidavit."

(b) Section 1.42 of the Plan is hereby amended by adding the words "or Domestic Partner" after the word "Spouse" in each place where such word appears.

SECTION 3. *Amendments to Article 7 of the Plan.*

(a) Section 7.02(a) of the Plan is hereby amended in its entirety to read as follows:

"7.02 (a) Except as provided in Subsection (b), if a Participant who is vested in any portion of his Accrued benefit should die prior to his Retirement Pension Starting Date, his Spouse or Domestic Partner shall be entitled to receive a Qualified Preretirement Survivor Annuity."

(b) Section 7.02(b) of the Plan is hereby amended by adding the words "or Domestic Partner" after "Spouse" in each place where such word appears. For the avoidance of doubt, this amendment shall not apply to Section 7.02(b)(2) of the Plan.

SECTION 4. *Amendment to Article 10 of the Plan.* Section 10.01 of the Plan is hereby amended by designating the current Section 10.01 as 10.01(a) and by adding a new Section 10.01(b) to read as follows:

"(b) For purposes of applying the limitations described in this Section 10.01, if benefits under the Plan are received in any form other than a straight life annuity, or if such benefits relate to rollover contributions to the Plan, then such benefit must be adjusted to a straight life annuity, beginning at the same age, which is the actuarial equivalent of such benefit. In order to determine the actuarial equivalence of different forms of benefit payment for this purpose, the interest rate assumptions may not be less than the greater of 5 percent or the rate specified for purposes of Section 1.02 of the Plan. For limitation years beginning on or after January 1, 1995, the actuarially equivalent straight life annuity for purposes of applying the limitations under Section 415(b) of the Code to benefits that are not subject to Section 417(e)(3) of the Code is equal to the greater of the equivalent annual benefit computed using the interest rate and mortality table, or tabular factor, specified in Section 1.02 of the Plan for actuarial equivalence for the particular form of benefit payable, and the equivalent annual benefit computed using a 5 percent interest rate assumption and the applicable mortality table. For Plan benefits subject to Section 417(e)(3) of the Code, the equivalent annual straight life annuity is equal to the greater of the equivalent annual benefit computed using the interest rate and mortality table, or tabular factor, specified in Section 1.02 of the Plan for actuarial equivalence for the particular form of benefit payable, and the equivalent annual benefit computed using the annual interest rate on 30-year Treasury securities as specified by the Commissioner of the Internal Revenue Service, and the mortality table described in Revenue Ruling 95-6."

SECTION 5. *Amendment to Article 11 of the Plan.* Section 11.05(a) of the Plan is hereby amended by replacing the last two lines of the vesting schedule in such Section with the following:

"Five or more Years 100%"

SECTION 6. *Effective Date.* This Amendment shall be effective as of August 1, 2003.

SECTION 7. *Effect of Amendment.* Except as amended hereby, the Plan shall remain unchanged and effective as of the date first adopted. The Plan as amended hereby shall continue in full force and effect.

SECTION 8. *Governing Law.* This Amendment shall be governed by and construed in accordance with the laws of the State of New York, except insofar as they have been superseded by the provisions of ERISA.

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Exhibit 10.9
Amendment to the Retirement Plan for Employees of Alliance Capital Management L.P.

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Exhibit 10.10

Amendment to the SCB Savings or Cash Option Plan for Employees

Amendment (this "**Amendment**") dated as of August 1, 2003 to the SCB Savings or Cash Option Plan for Employees (the "**Plan**")

WHEREAS, Alliance Capital Management L.P. ("**Alliance**") desires to amend the Plan as provided herein; and

WHEREAS, pursuant to Section 8.1 of the Plan, Alliance has the authority to amend the Plan, subject to action by the Board of Directors of the general partner of Alliance, or a committee thereof designated by such Board;

NOW, THEREFORE, the Plan is amended as follows:

SECTION 1. *Definition.* Capitalized terms used herein and not otherwise defined shall have the meanings herein that are assigned to such terms in the Plan.

SECTION 2. *Amendment to Article 1 of the Plan.*

(a) Section 1.17 of the Plan is hereby amended in its entirety to read as follows:

"1.17 'Excess Aggregate Contributions' means, with respect to a Plan Year, the excess (as determined pursuant to Section 4.9) of the aggregate amount of the voluntary Employee Contributions made pursuant to Section 4.13, Excess Contributions recharacterized as voluntary Employee contributions pursuant to Section 4.6(a) and any employer matching contributions, qualified non-elective contributions or elective deferrals taken into account pursuant to Section 4.7(c) on behalf of Highly Compensated Participants for such Plan Year, over the maximum amount of such contributions permitted under the limitations of Section 4.7(a)."

(b) Section 1.20 of the Plan is hereby amended in its entirety to read as follows:

"1.20 'Excess Deferred Compensation' means, with respect to a Plan Year, the excess (as determined pursuant to Section 4.5) of Elective Contributions made on behalf of Highly Compensated Participants for the Plan Year over the maximum amount of such contributions permitted under Section 4.5(a). Excess Contributions, including amounts recharacterized pursuant to Section 4.6(a)(2), shall be treated as an "annual addition" pursuant to Section 4.10(b)."

SECTION 3. *Amendments to Article 4 of the Plan.*

(a) Section 4.5 of the Plan is hereby amended by adding a new paragraph (h) to read as follows:

"(h) The Excess Contributions attributable to all Highly Compensated Participants, in the aggregate, shall be determined as the sum of the Excess Contributions (if any) determined for each Highly Compensated Participant, as follows: The amount (if any) by which the

---

Employer Elective Contributions allocated to each Highly Compensated Participant's Elective Account must be reduced for the Participant's Actual Deferral Percentage to equal the highest permitted Actual Deferral Percentage under the Plan shall be determined. To calculate the highest permitted Actual Deferral Percentage under the Plan, the Actual Deferral Percentage of the Highly Compensated Participant with the highest Actual Deferral Percentage is reduced by the amount required to cause the Participant's Actual Deferral Percentage to equal the Actual Deferral Percentage of the Highly Compensated Participant with the next highest Actual Deferral Percentage. If a lesser reduction would enable the Plan to satisfy the Actual Deferral Percentage test, only this lesser reduction may be made. This process must be repeated until the Plan would satisfy the Actual Deferral Percentage test. The sum of the foregoing reductions determined for each Highly Compensated Participant shall equal the dollar amount of the Excess Contributions attributable to all Highly Compensated Participants, in the aggregate."

(b) Section 4.9 of the Plan is hereby amended by adding a new paragraph (g) as follows:

"(g) The Excess Aggregate Contributions attributable to all Highly Compensated Participants, in the aggregate, shall be determined as the sum of the Excess Aggregate Contributions (if any) determined for each Highly Compensated Participant, as follows: The amount (if any) by which the aggregate amount of the voluntary Employee Contributions made pursuant to Section 4.13, Excess Contributions recharacterized as voluntary Employee contributions pursuant to Section 4.6(a) and any employer matching contributions, qualified non-elective contributions or elective deferrals taken into account pursuant to Section 4.7(c) allocated to each Highly Compensated Participant's Elective Account must be reduced for the Participant's Contribution Percentage to equal the highest permitted Contribution Percentage under the Plan shall be determined. To calculate the highest permitted Contribution Percentage under the Plan, the Contribution Percentage of the Highly Compensated Participant with the highest Contribution Percentage is reduced by the amount required to cause the Participant's Contribution Percentage to equal the Contribution Percentage of the Highly Compensated Participant with the next highest Contribution Percentage. If a lesser reduction would enable the Plan to satisfy the Actual Contribution Percentage test, only this lesser reduction may be made. This process must be repeated until the Plan would satisfy the Actual Contribution Percentage test. The sum of the foregoing reductions determined for each Highly Compensated Participant shall equal the dollar amount of the Excess Aggregate Contributions attributable to all Highly Compensated Participants, in the aggregate."

SECTION 4. *Effective Date.* This Amendment shall be effective as of August 1, 2003.

SECTION 5. *Effect of Amendment.* Except as amended hereby, the Plan shall remain unchanged and effective as of the date first adopted. The Plan as amended hereby shall continue in full force and effect.

SECTION 6. *Governing Law.* This Amendment shall be governed by and construed in accordance with the laws of the State of New York, except insofar as they have been superseded by the provisions of ERISA.

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Exhibit 12.1

Alliance Capital Management L.P.
Consolidated Ratio Of Earnings To Fixed Charges
(In Thousands)

	Years Ended		
	12/31/2003	12/31/2002	12/31/2001
Fixed Charges:			
Interest Expense	$ 25,286	$ 27,385	$ 32,051
Estimate of Interest Component In Rent Expense(1)	—	—	—
Total Fixed Charges	25,286	27,385	32,051
Earnings:			
Income Before Income Taxes	358,488	643,133	652,175
Other	1,236	2,847	2,133
Fixed Charges	25,286	27,385	32,051
Total Earnings	$ 385,010	$ 673,365	$ 686,359
Consolidated Ratio Of Earnings To Fixed Charges	15.23	24.59	21.41

(1) Alliance Capital Management L.P. has not entered into financing leases during these periods.

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Exhibit 12.1
Alliance Capital Management L.P. Consolidated Ratio Of Earnings To Fixed Charges (In Thousands)

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Exhibit 21.1

SUBSIDIARIES OF ALLIANCE CAPITAL

Each of the entities listed below are wholly-owned subsidiaries of Alliance Capital, unless otherwise indicated:

Alliance Capital Management Corporation of Delaware
(Delaware)

ACM Software Services Ltd.
(Delaware)

Alliance Capital Asset Management (India) Private Ltd.
(India; 75% owned)

Alliance Capital Australia Limited
(Australia)

Alliance Capital Management Australia Limited
(Australia; 50% owned)

Alliance Capital Management New Zealand Limited
(New Zealand; 50% owned)

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)

AllianceBernstein Investment Research and Management, Inc.
(Delaware)

Alliance Global Investor Services, Inc.
(Delaware)

Alliance Capital Oceanic Corporation
(Delaware)

Alliance Capital Portfolio and Fund Management Egypt S.A.
(Egypt; no current business activities)

Alliance Capital Asset Management (Japan) Ltd.
(Japan)

ACM Global Investor Services S.A. ("ACMGIS")
(Luxembourg)

ACM Fund Services (Espana) S.L.
(Spain; no current business activities)

ACM International (France) SAS
(France)

Alliance Capital Limited
(UK)

Alliance Capital Services Limited
(UK)

Cursitor Alliance LLC
(Delaware)

Alliance-Cecogest S.A.
(France; no current business activities)

Cursitor Holdings Limited
(UK; no current business activities)

Alliance Asset Allocation Limited
(UK; no current business activities)

Dimensional Trust Management Limited
(UK; no current business activities)

Cursitor Services Limited
(UK; no current business activities)

Meiji-Alliance Capital Corporation
(Delaware; 50% owned)

New-Alliance Asset Management (Asia) Limited ("New-Alliance")
(Hong Kong; 50% owned)

ACM New-Alliance (Luxembourg) S.A.
(Luxembourg; 50% owned by New-Alliance, 1% owned by ACMGIS)

Alliance Capital Management (Singapore) Ltd.
(Singapore)

Alliance Capital Management (Proprietary) Limited ("ACMPL")
(South Africa; 80% owned)

Alliance-Odyssey Capital Management (Namibia)(Proprietary) Limited
(Namibia; 100% owned by ACMPL)

Alliance-MBCA Capital (Private) Limited
(Zimbabwe; 50% owned by ACMPL)

Alliance Capital Whittingdale Limited
(UK)

ACM Investments Limited
(UK)

Whittingdale Holdings Limited
(UK)

Whittingdale Nominees Limited
(UK; no current business activities)

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)

Albion Alliance LLC
(Delaware; 37.2% owned)

Alliance SBS-AGRO Capital Management Company
(Russia; 49% owned)

Far Eastern Alliance Asset Management
(Taiwan; 20% owned)

Hanwha Investment Trust Management Company, Ltd.
(Korea; 20% owned)

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Exhibit 23.1

Independent Auditors' Consent

The General Partner
Alliance Capital Management Holding L.P.:

We consent to the use of our report dated January 29, 2004, with respect to the statements of financial condition of Alliance Capital Management Holding L.P. as of December 31, 2003 and 2002, and the related statements of income, changes in partners' capital and comprehensive income and cash flows for each of the years in the three-year period ended December 31, 2003, and all related financial statement schedules, which report appears in the December 31, 2003 annual report on Form 10-K of Alliance Capital Management Holding L.P.

We also consent to the use of our report dated January 29, 2004, with respect to the consolidated statements of financial condition of Alliance Capital Management L.P. and subsidiaries as of December 31, 2003 and 2002, and the related consolidated statements of income, changes in partners' capital and comprehensive income and cash flows for each of the years in the three-year period ended December 31, 2003, which report appears in the December 31, 2003 annual report on Form 10-K of Alliance Capital Management Holding L.P. Our report contained an explanatory paragraph that relates to a change in the method of accounting for goodwill and certain intangible assets in 2002.

/s/ KPMG LLP

New York, New York
March 9, 2004

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Exhibit 23.1

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Exhibit 24.1

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, Lewis A. Sanders, Gerald M. Lieberman and Mark R. Manley, and each of them, to act severally as attorneys-in-fact and agents, with full power of substitution and re-substitution, for the undersigned in any and all capacities, for the purposes of signing the Alliance Capital Management L.P. Annual Report on Form 10-K and the Alliance Capital Management Holding L.P. Annual Report on Form 10-K for the fiscal year ended December 31, 2003 and filing the same, with exhibits thereto, and other documents in connection therewith, with the U.S. 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: March 1, 2004

/s/ HENRI DE CASTRIES

Henri de Castries

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Exhibit 24.1
POWER-OF-ATTORNEY

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Exhibit 24.2

POWER-OF-ATTORNEY

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Date: March 1, 2004

/s/ CHRISTOPHER M. CONDRON

Christopher M. Condron

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Exhibit 24.2
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Exhibit 24.3

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Date: March 1, 2004

/s/ DENIS DUVERNE

Denis Duverne

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Exhibit 24.3
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Exhibit 24.4

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Date: March 1, 2004

/s/ RICHARD S. DZIADZIO

Richard S. Dziadzio

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Exhibit 24.5

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Date: March 1, 2004

/s/ BENJAMIN D. HOLLOWAY

Benjamin D. Holloway

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Exhibit 24.5
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Exhibit 24.6

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Date: March 1, 2004

/s/ W. EDWIN JARMAIN

W. Edwin Jarmain

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Exhibit 24.7

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Date: March 1, 2004

/s/ PETER D. NORIS

Peter D. Noris

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Exhibit 24.7
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Exhibit 24.8

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Date: March 1, 2004

/s/ FRANK SAVAGE

Frank Savage

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Exhibit 24.9

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Date: March 1, 2004

/s/ LORIE A. SLUTSKY

Lorie A. Slutsky

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Exhibit 24.9
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Exhibit 24.10

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Date: March 1, 2004

/s/ PETER J. TOBIN

Peter J. Tobin

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Exhibit 24.10
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Exhibit 24.11

POWER-OF-ATTORNEY

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Date: March 1, 2004

/s/ STANLEY B. TULIN

Stanley B. Tulin

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Exhibit 24.11
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Exhibit 24.12

POWER-OF-ATTORNEY

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Date: March 1, 2004

/s/ DAVE H. WILLIAMS

Dave H. Williams

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Exhibit 24.12
POWER-OF-ATTORNEY

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Exhibit 31.1

I, Lewis A. Sanders, Chief Executive Officer, certify that:

1. I have reviewed this report on Form 10-K of Alliance Capital Management L.P.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15-15) for the registrant and we have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) [Paragraph omitted pursuant to SEC Release Nos. 33-8238 and 34-47986]

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 9, 2004

/s/ LEWIS A. SANDERS

Lewis A. Sanders
Chief Executive Officer
Alliance Capital Management Corporation

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Exhibit 31.2

I, Robert H. Joseph, Jr., Chief Financial Officer, certify that:

1. I have reviewed this report on Form 10-K of Alliance Capital Management L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d(e)) for the registrant and we have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) [Paragraph omitted pursuant to SEC Release Nos. 33-8238 and 34-47986]

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 9, 2004

/s/ ROBERT H. JOSEPH, JR.

Robert H. Joseph, Jr.
Chief Financial Officer
Alliance Capital Management Corporation

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Exhibit 31.2

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Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Alliance Capital Management L.P. (the "Company") on Form 10-K for the year ending December 31, 2003 to be filed with the Securities and Exchange Commission on or about March 15, 2004 (the "Report"), I, Lewis A. Sanders, Chief Executive Officer of Alliance Capital Management Corporation, general partner of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 9, 2004

/s/ LEWIS A. SANDERS

Lewis A. Sanders
Chief Executive Officer
Alliance Capital Management Corporation

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Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

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Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Alliance Capital Management L.P. (the "Company") on Form 10-K for the year ending December 31, 2003 to be filed with the Securities and Exchange Commission on or about March 15, 2004 (the "Report"), I, Robert H. Joseph, Jr., Chief Financial Officer of Alliance Capital Management Corporation, general partner of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 9, 2004

/s/ ROBERT H. JOSEPH, JR.

Robert H. Joseph, Jr.
Chief Financial Officer
Alliance Capital Management Corporation

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Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002