February 9, 1994

File No. ----------

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

APPLICATION FOR AN EXEMPTIVE ORDER UNDER
SECTION 2(a)(7)
OF THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

ALLIANCE CAPITAL MANAGEMENT L.P.
1345 Avenue of the Americas
New York, New York 10105

(Name of companies filing this application
and address of principal executive offices)

David R. Brewer, Jr.
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Alliance Capital Management Corporation
1345 Avenue of the Americas
New York, New York 10105
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Copies to:

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An application identical in form to this application, except for this cover page and the signature and signature verification pages, is being filed on paper and not electronically by The Equitable Companies Incorporated and The Equitable Life Assurance Society of the United States.

Application for an Exemptive Order Under
Section 2(a)(7) of the Public Utility
Holding Company Act of 1935

Alliance Capital Management L.P. ("Alliance"), The Equitable Life Assurance Society of the United States ("Equitable Life"), The Equitable Companies Incorporated ("Equitable") and all of their direct and indirect subsidiaries (collectively, the "Equitable Entities") hereby request an order from the Securities and Exchange Commission (the "Commission") under Section 2(a)(7) of the Public Utility Holding Company Act of 1935 (the "Act") declaring that each Equitable Entity is not a holding company with respect to Seagull Energy Corporation ("Seagull") for purposes of the Act under the circumstances described herein.

Information Concerning Seagull. The information contained in this application with respect to Seagull and transactions involving Seagull is based solely upon the Application for Declaration of Non-Subsidiary Status Pursuant to Section 2(a)(8) of the Act filed by Seagull with the Commission on December 29, 1993 (the "Section 2(a)(8) Application") and has not been independently verified.

Seagull was incorporated in 1973 as a Texas corporation and was wholly-owned by Houston Oil & Minerals Corporation ("HOM"). On March 12, 1991, Seagull became an independent company as a result of the spin-off of its shares to the shareholders of HOM. Seagull is a natural gas exploration and production company whose operations are focused in three principal geographic regions: (a) offshore Texas and Louisiana in the Gulf of Mexico, (b) in the Mid-Continent Region located in western Oklahoma and the Texas Panhandle and (c) in the Mid-South Region, which is located in eastern Texas, northern Louisiana, eastern Oklahoma and western Arkansas. Seagull's other business segments are (i) pipeline operations, which include natural gas supply, marketing and transportation, pipeline transportation of hydrocarbon products and petrochemicals, pipeline engineering, design, construction and operation, and natural gas processing; and (ii) natural gas transmission and distribution operations in Alaska.

On June 17, 1985, Seagull acquired all of the distribution assets of the Alaskan natural gas distribution division of ENSTAR Corporation, generally known as "ENSTAR

Natural Gas Company" ("ENG"). ENG is a "gas utility company" within the meaning of the Act, serving approximately 87,000 customers in South Central Alaska, including the greater Anchorage metropolitan areas. Because Seagull owns and operates ENG as a division of Seagull, rather than as a subsidiary, Seagull became a "public utility company" within the meaning of the Act. When Seagull purchased ENG, it also acquired all of the outstanding shares of Alaska Pipeline Company, an Alaska corporation ("APC"). Seagull operates and manages APC and ENG as a single operating unit. APC operates approximately 340 miles of intrastate natural gas transmission pipelines in South Central Alaska. APC owns no gas distribution assets.

For the fiscal year ended December 31, 1992, Seagull had consolidated revenues of $238.8 million and earnings applicable to common stock of $6.7 million. For the nine months ended September 30, 1993, Seagull had consolidated revenues of $271.9 million and earnings applicable to common stock of $14.75 million. As of September 30, 1993, Seagull had total assets of $1.1 billion.

Seagull's common stock is registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and is listed for trading on the New York Stock Exchange. Accordingly, Seagull is subject to the informational requirements of the Exchange Act and in accordance therewith files reports, proxy statements and other information with the Commission relating to its business, financial position, results of operations and other matters.

Seagull is authorized to issue 100,000,000 shares of common stock, par value $.10 per share, which is the only class of outstanding voting securities of the Company. As of December 15, 1993, 36,051,847 shares of the common stock of Seagull were issued and outstanding. As of the same date, there were approximately 2,946 holders of record of Seagull common stock. As of December 15, 1993, 3,600,024 shares had been reserved for issuance under the Company's employee and director stock option plans. With the possible exception of shares issued upon the exercise of employee and director stock options, the Equitable Entities are aware of no additional shares of common stock that have been issued since such date.

Each share of Seagull's common stock has the same rights and privileges as every other share. The holders of common stock are entitled to one vote for each share held and are not permitted to cumulate their votes in electing directors. The holders of a majority of the outstanding shares of common stock constitute a quorum for shareholder meetings of Seagull. Two-thirds of all the outstanding shares are required for approval of mergers or similar transactions. A total of 10,123,610, 11,120,662 and 15,472,695 shares of Seagull common stock were represented at its 1991, 1992 and 1993 Annual Meetings of Shareholders, representing 90%, 87% and 86%, respectfully, of the shares then outstanding.

Information Concerning the Equitable Entities. With respect to the Equitable Entities, Seagull's stock is held solely by accounts of subsidiaries of Equitable, including certain separate accounts of Equitable Life, a New York stock life insurance company and an investment adviser registered under the Investment Advisers Act of 1940 (the "Advisers Act"), and certain client accounts of Alliance, an investment adviser registered under the Advisers Act. As of February 4, 1994, the Equitable Entities may be deemed to directly or indirectly own, control, or hold with the power to vote 5,418,700 shares or approximately 15.0% of the common stock of Seagull. Certain separate accounts of Equitable Life in the aggregate own 611,800 shares (1.7%) of Seagull. Alliance exercises investment discretion over 4,806,900 shares (13.3%) owned by approximately 110 of its advisory client accounts; of those shares, it also has voting discretion over 3,609,300 shares (10.0%) of Seagull.

As an investment adviser, Alliance provides investment advisory services to corporate employee benefit plans subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), public employee retirement systems, investment companies and separate accounts registered under the Investment Company Act of 1940 (the "Investment Company Act"), foundations, endowment funds, tax-exempt organizations, and other institutional investors and individuals (collectively, the "client accounts"). Alliance currently manages on a discretionary or non-discretionary basis approximately $115 billion in assets for its client accounts as of December 31, 1993. No single client account or client of Alliance owns 5% or more of Seagull's outstanding stock. Alliance Capital Management Corporation is the sole general partner of, and the owner of a 1% general partnership interest in Alliance, a Delaware limited

partnership, and is an indirect wholly-owned subsidiary of Equitable Life, which is a wholly-owned subsidiary of Equitable, a holding company of which 49% of the common stock is owned by AXA, a French insurance holding company. In turn, a group of five French mutual insurance companies (AXA Assurances I.A.R.D. Mutuelle, AXA Assurances Vie Mutuelle, Alpha Assurances I.A.R.D. Mutuelle, Alpha Assurances Vie Mutuelle, Uni Europe Assurance Mutuelle, collectively, the "Mutuelles AXA"), own directly or indirectly approximately 50% of the voting power of AXA.

Applicability of the Act. Section 2(a)(7)(A) of the Act provides that
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a "holding company" is:

> any company which directly or indirectly owns, controls, or holds with power to vote, 10 per centum or more of the outstanding voting securities of public-utility company or of a company which is a holding company by virtue of [Section 2(a)(7)] unless the Commission, as hereinafter provided [in Section 2(a)(7)], by order declares such company not to be a holding company. . .

Absent an exemption, a holding company is subject to the various registration, investment and other restrictions of the Act.

Absent relief from the Act, one or more of the Equitable Entities might be deemed to be a "holding company" under the Act by virtue of having to aggregate shares of Seagull owned by them with the shares of Seagull held for the account of investment advisory clients over which Alliance has investment or voting discretion, or both./1/ Section 2(a)(7) of the Act provides that the Commission shall issue an order declaring that a company is not a holding company if the Commission finds that the company:

> (i) does not, either alone or pursuant to an arrangement or understanding with one or more other persons, directly or indirectly control a public-utility or holding company either through one or more intermediary persons or by any means or device whatsoever, (ii) is not an intermediary company through which such control is exercised, and (iii)

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1. Relief is not being requested with respect to shares of Seagull held in the separate accounts managed by Equitable Life, which total less than 2.0% of Seagull's stock.

> does not, directly or indirectly, exercise (either alone or pursuant to an arrangement or understanding with one or more persons) such a controlling influence over the management or policies of any public-utility or holding company as to make it necessary or appropriate in the public interest or for the protection of investors or consumers that the applicant be subject to the obligations, duties, and liabilities imposed in this title upon holding companies.

In addition, Pursuant to Section 20 of the Act, the Commission has the authority to issue orders as it may deem necessary or appropriate to carry out the provisions of the Act.

As set forth in detail below, the Equitable Entities believe that an exemption from the Act is justified with respect to Seagull shares that are owned by clients of the Equitable Entities as to which an Equitable Entity, either solely or with another entity, exercises investment or voting discretion, or both, but as to which none of the Equitable Entities has any pecuniary interest. None of the Equitable Entities has any current intention of attempting to exercise control over Seagull as a result of the power to exercise investment or voting discretion over shares held in client accounts. Accordingly, regulation under the Act is not justified. Secondly, the powers conferred upon Alliance as a discretionary investment manager, including the power to vote shares, are analogous to the powers conferred on broker-dealers and banks, whose activities are subject to exemptions from the Act with respect to shares over which they may have investment discretion as described below. Thirdly, the Equitable Entities are subject to extensive regulation in their business, and the public policies of the Act would not be served by subjecting the Equitable Entities to additional regulation under the Act.

1. Lack of Control. The Equitable Entities do not in fact exercise
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control over Seagull or exert a controlling influence over the management or policies of Seagull. The Equitable Entities have reported their ownership of Seagull's common stock on Schedule 13G in December 1993. Pursuant to Rule 13d-1(b)(1)(i) under the Exchange Act, a person may not report its beneficial ownership using Schedule 13G (as opposed to the more detailed Schedule 13D) unless "such person has acquired such securities in the ordinary course of his business and not

with the effect of changing or influencing the control of the issuer, nor in connection with or as a participant in any transaction having such purpose or effect." The Equitable Entities have certified in their Schedule 13G that they meet this criterion.

Alliance's business is to manage investment assets on behalf of its clients. Alliance does not "own" the securities acquired for its investment advisory clients. All rights to dividend income, capital appreciation and other economic indicia of ownership of those securities accrue to the client and not Alliance. Moreover, Alliance has no authority to obtain custody or possession of the funds or securities of its investment advisory clients and does not hold those securities as owners of record. The Seagull shares are owned by more than 110 client advisory accounts of Alliance. As noted above, no single client account of Alliance owns 5% or more of Seagull's shares. As of February 4, 1994, client accounts over which Alliance has only investment discretion own in the aggregate 1,197,600 shares (3.3%) of Seagull's stock. Alliance exercises investment discretion and voting authority with respect to an additional 3,609,300 shares (10.0%) of Seagull's stock.

With respect to all of those accounts, including those over which Alliance has voting discretion, Alliance is subject to general fiduciary obligations to its clients under state laws and Federal statutes, such as the Advisers Act, ERISA (governing U.S. corporate employee benefit plans), and the Investment Company Act (governing investment companies). These laws preclude Alliance from acting other than solely in the best interests of its client. As a result, its fiduciary obligations require that Alliance act in the interests of its clients rather than in its own interests when exercising any discretionary voting authority Alliance may have over clients' securities, when determining whether to dispose of those securities, or when exercising any other investment decisions within its discretion with respect to those securities.

Although, in some instances, clients' objectives may be to acquire a controlling position in a company, it is not normally the business of Alliance to acquire control of companies for clients. Moreover, Alliance would violate its fiduciary obligations to use discretionary powers to exercise control or exert a controlling influence over management or policies of a public-utility company or a holding company in any manner inconsistent with a client's

best interests. Alliance has no incentive to do so because it has no direct economic interest in the clients' securities. In addition, it is generally inconsistent with its business as an investment adviser for Alliance to become involved in the management of a public-utility company. The prime business of Alliance is to provide superior investment performance for its clients and thereby achieve maximum profitability through the receipt of increased advisory fees. It, therefore, is necessary that Alliance retain maximum flexibility in connection with its investments for clients.

Alliance, Equitable Life and Equitable will not be used as intermediaries to control Seagull. The Equitable Entities are all financial services companies or holding companies and provide diversified financial services to their clients. None of those entities, in the normal course of business, would be engaged in controlling a public-utility or holding company. Furthermore, no entity other than Alliance or its client in fact exercises any control over the investment discretion or voting decisions made by Alliance on behalf of the client's accounts.

As indicated by Seagull in the Section 2(a)(8) Application, the Equitable Entities have not sought to, nor do they, have any representatives on Seagull's Board of Directors or any committees thereof. No officer or director of any Equitable Entity serves on Seagull's Board of Directors. None of the Equitable Entities has any arrangement or understanding with Seagull concerning the election of any such person to the Board of Directors of Seagull. Moreover, none of the transactions between Seagull and the Equitable Entities or their affiliates described in the Section 2(a)(8) Application are of the type that would indicate the Equitable Entities control or exercise a controlling influence over Seagull or that regulation under the Act is required.

2. Exemption for Broker-Dealers and Banks. An exemption for Alliance from the provisions of the Act with respect to shares of Seagull held by Alliance's discretionary client accounts would be consistent with the Commission's rules exempting certain banks and broker-dealers from the provisions of the Act applicable to holding companies. Regulation 250.4 provides an exemption for broker-dealers from the provisions of the Act who might otherwise be holding companies with respect to public-utility stocks, provided the stock is not beneficially owned

by the broker-dealer and is subject to any voting instruction that may be given by customers. Regulation 250.3 provides an exemption for banks that, among other things, hold or acquire public utility stocks in the ordinary course of their business as a fiduciary. Like a broker-dealer or bank, Alliance, as an investment adviser, does not have economic beneficial ownership of the securities held on behalf of its client. Although Alliance might have greater investment or voting discretion with respect to its clients' securities than a broker-dealer, Alliance is subject to fiduciary obligations that restrict its ability to vote the securities in other than the best interests of its clients and, like a broker-dealer, could be required to vote according to specific instructions given by a client. For the above reasons, the shares of Seagull that are held in Alliance's client accounts should not be included in the amount attributed to the Equitable Entities for purposes of determining whether the Equitable Entities are holding companies under the Act./2/

3. Public Policy. Section 1(b) of the Act indicates that the principal abuse to which the Act is directed is the unregulated control of public-utility companies in such areas as capital raising, accounting practices, rates and other charges, business expansion, and efficiency of services. The businesses of the Equitable Entities and their affiliates are not that of exercising control or influence over a public-utility or holding company in these areas. As a result, it is not necessary or appropriate in the public interest or for the protection of investors or consumers that Equitable and its subsidiaries be subject to regulation under the Act in these circumstances.

Subjecting Equitable Life and its subsidiaries to regulation under the Act would be detrimental to the public interest and to the interests of investors in various respects. First, the Act would impose duplicative and inconsistent regulation on Equitable Life, which is regulated under state insurance laws, the Exchange Act and the Advisers Act, and on Alliance which is regulated by the Commission under the Advisers Act. Since the scheme of

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2. We note that the staff of the Commission has granted no-action relief under the Act to an investment manager that did not ordinarily exercise voting discretion with respect to shares held in client accounts. See Harris Associates, Inc. (May 31, 1985).

regulation under the Act generally is incompatible with the business of an investment adviser, to avoid the Act's restrictions Alliance would be required to limit its investment advice to discretionary client accounts with respect to Seagull stock. This limitation would act to the detriment of the clients of Alliance who would thereby be precluded from receiving the full benefit of Alliance's advisory services.

Granting the order exempting the Equitable Entities from the provisions of the Act with respect to Seagull would be consistent with Commission rules exempting certain banks and broker-dealers from the provisions of the Act. As described above, Regulation 250.4 provides an exemption for broker-dealers and Regulation 250.3 provides an exemption for banks under circumstances similar to that described in this Application.

WHEREFORE, for the reasons set forth above, the Equitable Entities respectfully request that the Commission issue an order as requested in the introduction to this application.

SIGNATURE

Alliance Capital Management L.P. has caused this application to be duly signed on its behalf by its authorized officer in the City of New York and State of New York, on the 8th day of February, 1994.

[SEAL]

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

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

Name: David R. Brewer, Jr.
Title: Senior Vice President
and General Counsel

ATTEST

/s/ Mark R. Manley
- ---
Name: Mark R. Manley
Title: Vice President

VERIFICATION

COUNTY OF NEW YORK (S)
(S)
(S)
STATE OF NEW YORK (S)

The undersigned, being duly sworn, deposes and says that he has duly executed the attached application dated February 8, 1994, for and on behalf of Alliance Capital Management L.P. ("Alliance"), that he is Senior Vice President and General Counsel of Alliance Capital Management Corporation, the general partner of Alliance, and that all action by shareholders, directors, and other bodies necessary to authorize deponent to execute and file such application has been taken. Deponent further says that he is familiar with such application, and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.

/s/ David R. Brewer, Jr.

Name: David R. Brewer, Jr.
Title: Senior Vice President
and General Counsel

Subscribed and sworn to before me, a notary public, this 8th day of February, 1994.

My commission expires: 8/17/94

/s/ Eileen Beirne

Notary Public, State of New York
No. 5000592
Qualified in Suffolk County
Commission Expires Agusut 17, 1994

EXHIBIT A

Proposed Notice of Application for an
Exemptive Order Under Section 2(a)(7) of
the Public Utility Holding Company Act of 1935

Notice is hereby given that The Equitable Companies Incorporated ("Equitable"), 787 Seventh Avenue, New York, New York, 10019, a holding company, The Equitable Life Assurance Society of the United States ("Equitable Life"), 787 Seventh Avenue, New York, New York 10019, a New York mutual life insurance company, and Alliance Capital Management L.P. ("Alliance"), 1345 Avenue of the Americas, New York, New York 10105, an indirect wholly-owned investment advisory subsidiary of Equitable Life, (collectively, the "Equitable Entities"), have filed an application for an order under Section 2(a)(7) of the Public Utility Holding Company Act of 1935 (the "Act") declaring that each Equitable Entity is not a holding company with respect to Seagull Energy Corporation ("Seagull") for purposes of the Act under the circumstances described below.

The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch.

1. Alliance Capital Management L.P. ("Alliance"), The Equitable Life Assurance Society of the United States ("Equitable Life"), The Equitable Companies Incorporated ("Equitable") and all of their direct and indirect subsidiaries (collectively, the "Equitable Entities") hereby request an order from the Securities and Exchange Commission (the "Commission") under Section 2(a)(7) of the Public Utility Holding Company Act of 1935 (the "Act") declaring that each Equitable Entity is not a holding company with respect to Seagull Energy Corporation ("Seagull") for purposes of the Act under the circumstances described herein. The information contained in this application with respect to Seagull and transactions involving Seagull is based solely upon the Application for Declaration of Non-Subsidiary Status Pursuant to Section 2(a)(8) of the Act filed by Seagull with the Commission on December 29, 1993 (the "Section 2(a)(8) Application") and has not been independently verified.

2. Seagull was incorporated in 1973 as a Texas corporation and was wholly-owned by Houston Oil & Minerals

Corporation ("HOM"). On March 12, 1991, Seagull became an independent company as a result of the spin-off of its shares to the shareholders of HOM. Seagull is a natural gas exploration and production company. On June 17, 1985, Seagull acquired all of the distribution assets of the Alaskan natural gas distribution division of ENSTAR Corporation, generally known as "ENSTAR Natural Gas Company" ("ENG"). ENG is a "gas utility company" within the meaning of the Act, serving approximately 87,000 customers in South Central Alaska, including the greater Anchorage metropolitan areas. Because Seagull owns and operates ENG as a division of Seagull, rather than as a subsidiary, Seagull became a "public utility company" within the meaning of the Act.

3. Seagull's common stock is registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and is listed for trading on the New York Stock Exchange. Seagull is authorized to issue 100,000,000 shares of common stock, par value $.10 per share, which is the only class of outstanding voting securities of the Company. As of December 15, 1993, 36,051,847 shares of the common stock of Seagull were issued and outstanding. As of the same date, there were approximately 2,946 holders of record of Seagull common stock. As of December 15, 1993, 3,600,024 shares had been reserved for issuance under the Company's employee and director stock option plans. With the possible exception of shares issued upon the exercise of employee and director stock options, the Equitable Entities are aware of no additional shares of common stock that have been issued since such date. Each share of Seagull's common stock has the same rights and privileges as every other share. The holders of common stock are entitled to one vote for each share held and are not permitted to cumulate their votes in electing directors.

4. With respect to the Equitable Entities, Seagull's stock is held solely by accounts of subsidiaries of Equitable, including certain separate accounts of Equitable Life, a New York stock life insurance company and an investment adviser registered under the Investment Advisers Act of 1940 (the "Advisers Act"), and certain client accounts of Alliance, an investment adviser registered under the Advisers Act. As of February 4, 1994, the Equitable Entities may be deemed to directly or indirectly own, control, or hold with the power to vote 5,418,700 shares or approximately 15.0% of the common stock of Seagull. Certain separate accounts of Equitable Life in the aggregate own 611,800 shares (1.7%) of Seagull. Alliance exercises investment discretion

over 4,806,900 shares (13.3%) owned by approximately 110 of its advisory client accounts; of those shares, it also has voting discretion over 3,609,300 shares (10.0%) of Seagull.

5. As an investment adviser, Alliance provides investment advisory services to corporate employee benefit plans subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), public employee retirement systems, investment companies and separate accounts registered under the Investment Company Act of 1940 (the "Investment Company Act"), foundations, endowment funds, tax-exempt organizations, and other institutional investors and individuals (collectively, the "client accounts"). Alliance currently manages on a discretionary or non-discretionary basis approximately $115 billion in assets for its client accounts as of December 31, 1993. No single client account or client of Alliance owns 5% or more of Seagull's outstanding stock. Alliance Capital Management Corporation is the sole general partner of, and the owner of a 1% general partnership interest in Alliance, a Delaware limited partnership, and is an indirect wholly-owned subsidiary of Equitable Life, which is a wholly owned subsidiary of Equitable, a holding company of which 49% of the common stock is owned by AXA, a French insurance holding company. In turn, a group of five French mutual insurance companies (AXA Assurances I.A.R.D. Mutuelle, AXA Assurances Vie Mutuelle, Alpha Assurances I.A.R.D. Mutuelle, Alpha Assurances Vie Mutuelle, Uni Europe Assurance Mutuelle, collectively, the "Mutuelles AXA"), own directly or indirectly approximately 50% of the voting power of AXA.

6. The Equitable Entities believe that an exemption from the Act is justified with respect to Seagull shares that are owned by clients of the Equitable Entities as to which an Equitable Entity, either solely or with another entity, exercises investment or voting discretion, or both, but as to which none of the Equitable Entities has any pecuniary interest. None of the Equitable Entities has any current intention of attempting to exercise control over Seagull as a result of the power to exercise investment or voting discretion over shares held in client accounts. Accordingly, regulation under the Act is not justified. Secondly, the powers conferred upon Alliance as a discretionary investment manager, including the power to vote shares, are analogous to the powers conferred on broker-dealers and banks, whose activities are subject to exemptions from the Act with respect to shares over which they may have investment discretion as described below.

Thirdly, the Equitable Entities are subject to extensive regulation in their business, and the public policies of the Act would not be served by subjecting the Equitable Entities to additional regulation under the Act.

7. The Equitable Entities do not in fact exercise control over Seagull or exert a controlling influence over the management or policies of Seagull. As indicated by Seagull in the Section 2(a)(8) Application, the Equitable Entities have not sought to, nor do they, have any representatives on Seagull's Board of Directors or any committees thereof. No officer or director of any Equitable Entity serves on Seagull's Board of Directors. None of the Equitable Entities has any arrangement or understanding with Seagull concerning the election of any such person to the Board of Directors of Seagull.

8. Alliance's business is to manage investment assets on behalf of its clients. Alliance does not "own" the securities acquired for its investment advisory clients. All rights to dividend income, capital appreciation and other economic indicia of ownership of those securities accrue to the client and not Alliance. As of February 4, 1994, client accounts over which Alliance has only investment discretion own in the aggregate 1,197,600 shares (3.3%) of Seagull's stock. Alliance exercises investment discretion and voting authority with respect to an additional 3,609,300 shares (10.0%) of Seagull's stock. With respect to all of those accounts, including those over which Alliance has voting discretion, Alliance is subject to general fiduciary obligations to its clients under state laws and Federal statutes, such as the Advisers Act, ERISA (governing U.S. corporate employee benefit plans), and the Investment Company Act (governing investment companies). These laws preclude Alliance from acting other than solely in the best interests of its client.

9. Although, in some instances, clients' objectives may be to acquire a controlling position in a company, it is not normally the business of Alliance to acquire control of companies for clients. Moreover, Alliance would violate its fiduciary obligations to use discretionary powers to exercise control or exert a controlling influence over management or policies of a public-utility company or a holding company in any manner inconsistent with a client's best interests. Alliance has no incentive to do so because it has no direct economic interest in the clients' securities. In addition, it is generally inconsistent with

its business as an investment adviser for Alliance to become involved in the management of a public-utility company.

10. Alliance, Equitable Life and Equitable will not be used as intermediaries to control Seagull. The Equitable Entities are all financial services companies or holding companies and provide diversified financial services to their clients. None of those entities, in the normal course of business, would be engaged in controlling a public-utility or holding company. Furthermore, no entity other than Alliance or its client in fact exercises any control over the investment discretion or voting decisions made by Alliance on behalf of the client's accounts.

11. An exemption for Alliance from the provisions of the Act with respect to shares of Seagull held by Alliance's discretionary client accounts would be consistent with the Commission's rules exempting certain banks and broker-dealers from the provisions of the Act applicable to holding companies. Like a broker-dealer or bank, Alliance, as an investment adviser, does not have economic beneficial ownership of the securities held on behalf of its client. Although Alliance might have greater investment or voting discretion with respect to its clients' securities than a broker-dealer, Alliance is subject to fiduciary obligations that restrict its ability to vote the securities in other than the best interests of its clients and, like a broker-dealer, could be required to vote according to specific instructions given by a client.

12. The businesses of the Equitable Entities and their affiliates are not that of exercising control or influence over a public-utility or holding company. As a result, it is not necessary or appropriate in the public interest or for the protection of investors or consumers that Equitable and its subsidiaries be subject to regulation under the Act in these circumstances. Subjecting Equitable Life and its subsidiaries to regulation under the Act would be detrimental to the public interest and to the interests of investors in various respects. First, the Act would impose duplicative and inconsistent regulation on Equitable Life, which is regulated under state insurance laws, the Exchange Act and the Advisers Act, and on Alliance which is regulated by the Commission under the Advisers Act. Since the scheme of regulation under the Act generally is incompatible with the business of an investment adviser, to avoid the Act's restrictions Alliance would be required to limit its investment advice to discretionary client accounts

with respect to Seagull stock. This limitation would act to the detriment of the clients of Alliance who would thereby be precluded from receiving the full benefit of Alliance's advisory services.

Interested persons wishing to comment or request a hearing on the Application should submit their views in writing by , 1994, to the
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Secretary, Securities and Exchange Commission, Washington, D.C. 20549 and serve a copy on the relevant Applicants at the addresses specified above. Proof of service (by affidavit or, in case of an attorney at law, by certificate) should be filed with the request. Any request for hearing shall identify specifically the issues of fact or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After said date, the Application, as filed, may be granted.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.