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FORM 10-K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

[X] ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 1999
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission file number 000-29961

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

| Delaware | 13-4064930 |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| 1345 Avenue of the Americas New York, N.Y. (Address of principal executive offices) | 10105 (Zip Code) |

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes _X_ No ____

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. [ ]

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

172,243,906 units of limited partnership interest in Alliance Capital Management L.P. were outstanding as of March 1, 2000.

DOCUMENTS INCORPORATED BY REFERENCE

Certain pages of the 1999 Annual Report are incorporated by reference in Part II of this Form 10-K.

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## GLOSSARY OF CERTAIN DEFINED TERMS

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

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

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

"Alliance Capital Units" refers to units of limited partnership interest 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 and to 100,000 units of general partnership interest in Alliance Holding.

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

"AXA Financial" refers to AXA Financial, Inc., formerly The Equitable Companies Incorporated.

"ECMC" refers to Equitable Capital Management Corporation, a wholly-owned subsidiary of Equitable.

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

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

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

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

"1999 Annual Report" refers to the Alliance Capital Management L.P. and Alliance Capital Management Holding L.P. 1999 Annual Report to Unitholders.

## PART I

### Item 1. Business

#### General

In October 1999 Alliance Holding reorganized by transferring its business and assets to Alliance Capital, a newly formed private partnership, in exchange for all of the Alliance Capital Units ("Reorganization"). Since the Reorganization Alliance Capital has conducted the diversified investment management services business conducted by Alliance Holding prior to the Reorganization 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. As of March 1, 2000 Alliance Holding held approximately 42% of the outstanding Alliance Capital Units. The Alliance Holding Units trade publicly on the New York

Stock Exchange, Inc. ("NYSE") while the Alliance Capital Units do not trade publicly and are subject to significant restrictions on transfer. Alliance is the General Partner of both Alliance Capital and Alliance Holding.

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

On February 19, 1998 Alliance Holding declared a two for one Alliance Holding Unit split payable to Alliance Holding Unitholders of record on March 11, 1998. No adjustments have been made to the number of Alliance Holding Units outstanding or per Alliance Holding Unit amounts prior to March 11, 1998 except in Item 5, Item 6, Item 7, Item 8 and Item 11.

As of March 1, 2000 AXA, AXA Financial, Equitable and certain subsidiaries of Equitable were the beneficial owners of 95,855,945 Alliance Capital Units or approximately 55.7% of the issued and outstanding Alliance Capital Units and 1,544,356 Alliance Holding Units or approximately 2.1% of the issued and outstanding Alliance Holding Units. As of March 1, 2000 Alliance Holding was the owner of 71,855,296 Alliance Capital Units or approximately 41.7% of the issued and outstanding Alliance Capital Units.

As of March 1, 2000 AXA and its subsidiaries owned approximately 60.3% of the issued and outstanding shares of the common stock of AXA Financial. AXA Financial is a public company with shares traded on the NYSE. AXA Financial owns all of the shares of Equitable. For insurance regulatory purposes all shares of common stock of AXA Financial beneficially owned by AXA have been deposited into a voting trust. See "Item 12. Security Ownership of Certain Beneficial Owners and Management".

AXA, a French company, is the holding company for an international group of insurance and related financial services companies. AXA's insurance operations include activities in life insurance, property and casualty insurance and reinsurance. The insurance operations are diverse geographically with activities principally in Western Europe, North America, the Asia/Pacific area, and, to a lesser extent, in Africa and South America. AXA is also engaged in asset management, investment banking, securities trading, brokerage, real estate and other financial services activities principally in the United States, as well as in Western Europe and the Asia/Pacific area.

Alliance Capital, one of the nation's largest investment advisers, provides diversified investment management services to institutional clients and high net-worth individuals and, through various investment vehicles, to individual investors.

Alliance Capital's separately managed accounts consist primarily of the active management of equity and fixed income accounts for institutional investors and high net-worth individuals. Alliance Capital's institutional clients include corporate and public employee pension funds, the general and separate accounts of Equitable and its insurance company subsidiary, endowments, foundations, and other domestic and foreign institutions. Alliance Capital's mutual funds management services, which developed as a diversification of its institutional investment management business, consist of the management, distribution and servicing of mutual funds and cash management products, including money market funds and deposit accounts.

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

Assets Under Management
(in millions)

| | December 31, | | | | |
|---|---|---|---|---|---|
| | 1995 | 1996 | 1997 | 1998 | 1999 |
| Separately Managed Accounts (1)(4) | $ 97,275 | $ 119,507 | $ 133,706 | $ 168,121 | $ 198,878 |
| Mutual Funds Management (4): | | | | | |
| Alliance Mutual Funds | 23,134 | 27,624 | 40,376 | 60,722 | 96,372 |
| Variable Products | 12,292 | 17,070 | 23,830 | 31,364 | 40,906 |
| Cash Management Services (2) | 13,820 | 18,591 | 20,742 | 26,452 | 32,165 |
| Total | $ 146,521 | $ 182,792 | $ 218,654 | $ 286,659 | $ 368,321 |

Revenues
(in thousands)

| | Years Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 1995 | 1996 | 1997 | 1998 | 1999 |
| Separately Managed Accounts (1) | $ 232,132 | $ 280,909 | $ 322,850 | $ 373,018 | $ 453,029 |
| Mutual Funds Management : | | | | | |
| Alliance Mutual Funds | 277,815 | 327,769 | 432,520 | 674,234 | 1,089,525 |
| Variable Products (3) | 29,632 | 44,967 | 67,805 | 93,174 | 124,058 |
| Cash Management Services (2) | 91,135 | 127,265 | 146,152 | 174,829 | 187,635 |
| Other | 8,541 | 7,607 | 6,009 | 8,801 | 15,058 |
| Total | $ 639,255 | $ 788,517 | $ 975,336 | $1,324,056 | $1,869,305 |

(1) Includes the general and separate accounts of Equitable and its insurance company subsidiary.
(2) Includes money market deposit accounts brokered by Alliance Capital for which no investment management services are performed.
(3) 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.
(4) Assets under management exclude certain non-discretionary advisory relationships and reflect 100% of the assets managed by unconsolidated affiliates.

SEPARATELY MANAGED ACCOUNTS

As of December 31, 1997, 1998 and 1999 separately managed accounts for institutional investors and high net-worth individuals represented approximately 61%, 59% and 54%, respectively, of total assets under management by Alliance Capital. The fees earned from the management of these accounts represented approximately 33%, 28% and 24% of Alliance Capital's revenues for 1997, 1998 and 1999, respectively.

Separately Managed Accounts Assets Under Management (1)
(in millions)

| | December 31, | | | | |
|---|---|---|---|---|---|
| | 1995 | 1996 | 1997 | 1998 | 1999 |
| Equity & Balanced: | | | | | |
| Domestic | $42,706 | $51,292 | $61,259 | $87,032 | $105,965 |
| International & Global | 3,854 | 10,903 | 7,883 | 7,370 | 11,591 |
| Fixed Income: | | | | | |
| Domestic | 32,553 | 36,042 | 39,079 | 41,911 | 43,299 |
| International & Global | 1,891 | 2,381 | 2,759 | 4,030 | 5,151 |
| Passive: | | | | | |
| Domestic | 12,787 | 15,478 | 19,860 | 23,050 | 26,472 |
| International & Global | 3,484 | 3,411 | 2,866 | 4,728 | 6,400 |
| Total | $97,275 | $119,507 | $133,706 | $168,121 | $198,878 |

(1) Includes 100% of the assets managed by unconsolidated affiliates of $587 million at December 31, 1999, $432 million at December 31, 1998 and $203 million at December 31, 1997.

Revenues From Separately Managed Accounts Management
(in thousands)

| | Years Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 1995 | 1996 | 1997 | 1998 | 1999 |
| Investment Services: | | | | | |
| Equity & Balanced: | | | | | |
| Domestic | $132,802 | $157,511 | $184,200 | $238,063 | $311,342 |
| International & Global | 10,373 | 32,453 | 30,192 | 16,371 | 27,370 |
| Fixed Income: | | | | | |
| Domestic | 67,102 | 65,449 | 80,600 | 89,286 | 82,417 |
| International & Global | 3,784 | 5,392 | 7,007 | 7,968 | 10,600 |
| Passive: | | | | | |
| Domestic | 5,919 | 8,015 | 9,187 | 9,911 | 8,827 |
| International & Global | 3,870 | 3,612 | 3,034 | 2,997 | 3,759 |
| | 223,850 | 272,432 | 314,220 | 364,596 | 444,315 |
| Service and Other Fees | 8,282 | 8,477 | 8,630 | 8,422 | 8,714 |
| Total | $232,132 | $280,909 | $322,850 | $373,018 | $453,029 |

Investment Management Services

Alliance Capital's separately managed accounts consist primarily of the active management of equity accounts, balanced (equity and fixed income) accounts and fixed income accounts for institutional investors and high net-worth individuals. Alliance Capital also provides active management for international (non-U.S.) and global (including U.S.) equity, balanced and fixed income portfolios, asset allocation portfolios, venture capital portfolios, investment partnership portfolios known as hedge funds and portfolios that invest in real estate investment trusts. Alliance Capital provides "passive" management services for equity, fixed income and international accounts. As of December 31, 1999 Alliance Capital's accounts were managed by 140 portfolio managers with an average of 17 years of experience in the industry and 10 years of experience with Alliance Capital.

Equity and Balanced Accounts. Alliance Capital's separately managed equity and balanced accounts contributed approximately 22%, 19% and 18% of Alliance Capital's total revenues for 1997, 1998 and 1999, respectively. Assets under management relating to active equity and balanced accounts grew from approximately $34.3 billion as of December 31, 1994 to approximately $117.6 billion as of December 31, 1999.

Alliance Capital has had a distinct and consistent style of equity investing. Alliance Capital does not emphasize market timing as an investment tool but instead emphasizes long-term trends and objectives, generally remaining fully invested. Alliance Capital's equity strategy is to invest in the securities of companies experiencing growing earnings momentum which are known as growth stocks. The result of these investment characteristics is that Alliance Capital's client portfolios tend to have, as compared to the average of companies comprising the Standard & Poor's Index of 500 Stocks ("S&P 500"), a greater market price volatility, a lower average yield and a higher average price-earnings ratio.

Alliance Capital's principal method of securities evaluation is through fundamental analysis undertaken by its internal staff of full-time research analysts, supplemented by research undertaken by Alliance Capital's portfolio managers. Alliance Capital holds frequent investment strategy meetings in which senior management, portfolio managers and research analysts discuss investment strategy. Alliance Capital's portfolio managers construct and maintain portfolios that adhere to each client's guidelines and conform to Alliance Capital's current investment strategy.

Alliance Capital's balanced accounts consist of an equity component and a fixed income component. Typically, from 50% to 75% of a balanced account is managed in the same manner as a separate equity account, while the remaining fixed income component is oriented toward capital preservation and income generation.

Fixed Income Accounts. Alliance Capital's separately managed fixed income accounts contributed approximately 9%, 7% and 5% of Alliance Capital's total revenues for 1997, 1998 and 1999, respectively. Assets under management relating to active fixed income accounts increased from approximately $34.1 billion as of December 31, 1994 to approximately $48.5 billion as of December 31, 1999.

Alliance Capital's fixed income management services include conventional actively managed bond portfolios in which portfolio maturity structures, market sector concentrations and other characteristics are actively shifted in anticipation of market changes. Fixed income management services also include managing portfolios which invest in foreign government securities and other foreign debt securities. Sector concentrations and other portfolio characteristics are heavily committed to areas that Alliance Capital's portfolio managers believe have the best investment values. Alliance Capital also manages portfolios that are limited to specialized areas of the fixed income markets, such as mortgage-backed securities and high-yield bonds.

Passive Management. Alliance Capital's strategy in passive portfolio management is to provide customized portfolios to meet specialized client needs, such as a portfolio designed to replicate a particular index. Alliance Capital offers domestic and international indexation strategies, such as portfolios designed to match the performance characteristics of the S&P 500 and the Morgan Stanley Capital International Indices and enhanced indexation strategies designed to add incremental returns to a benchmark. Alliance Capital also offers a variety of structured fixed income portfolio applications, including immunization (designed to produce a compound rate of return over a specified time, irrespective of interest rate movements), dedication (designed to produce specific cash flows at specific times to fund known liabilities) and indexation (designed to replicate the return of a specified market index or benchmark). As of December 31, 1999 Alliance Capital managed approximately $32.9 billion in passive portfolios.

Private Investing Services. In 1996 Alliance Capital acquired a minority interest in Albion Alliance LLC ("Albion Alliance") which is Alliance Capital's primary vehicle for providing global investing services in respect of private and illiquid securities to institutions and high net-worth individuals.

Alliance Corporate Finance Group Incorporated ("ACFG"), a wholly-owned subsidiary of Alliance Capital, was formed in 1993 when the business of ECMC was acquired to manage investments in private mezzanine financings and private investment limited partnerships. Private mezzanine financings are investments in the subordinated debt and/or preferred stock portions of leveraged transactions (such as leveraged buy-outs and leveraged recapitalizations). Such investments are usually coupled with a contingent interest component or investment in an equity participation, which provide the potential for capital appreciation. Because Albion Alliance is now Alliance Capital's primary vehicle for providing these types of services, it is not expected that ACFG will manage any new private investments other than for Equitable and its subsidiaries.

ACFG manages two private mezzanine investment funds designed for institutional investors, with an aggregate of approximately $199.4 million under management as of December 31, 1999. As of that date Equitable and its insurance company subsidiary had investments of approximately $40.0 million in these funds.

Structured Products. Alliance Capital manages 34 structured products with an aggregate of $10.0 billion in assets as of December 31, 1999. $6.7 billion of these assets are included in mutual fund assets under management and $3.3 billion are included in separately managed assets under management as of December 31, 1999. Structured products consist of securities, typically multiple classes of senior and subordinated debt obligations together with an equity component, issued by a special purpose company. An actively or passively managed portfolio of equity or fixed income securities or other financial products generally backs such securities. A majority of Alliance Capital's structured product assets are based on a short duration fixed income strategy, including the seven "Pegasus" transactions which, as of December 31, 1999, had an aggregate of $5.2 billion in assets under management. Alliance Capital also manages two collateralized bond obligation funds whose pools of collateral debt securities consist primarily of privately-placed, fixed rate corporate debt securities acquired from Equitable and its affiliates. As of December 31, 1999 these funds had an aggregate of approximately $131.5 million in assets under management. As of that date AXA Financial and its insurance company subsidiaries had investments of approximately $86.4 million in these funds.

Hedge Funds. As of December 31, 1999, Alliance Capital managed hedge funds which had approximately $1.9 billion in assets under management and separately managed hedge accounts which had approximately $1.0 billion in assets under management in four distinct strategies. Alliance Capital's hedge funds are privately placed domestic and offshore investment vehicles. The portfolios of the hedge funds consist of various types of securities, including equities, domestic and foreign government and other debt securities, convertible securities, warrants, options and futures. The hedge funds take short positions, including the purchase of put options on securities, market indices or futures. The hedge funds employ the use of leverage through securities exposure and borrowings.

Clients

The approximately 1,775 separately managed accounts for institutions and high net-worth individuals (other than investment companies) for which Alliance Capital acts as investment manager include corporate employee benefit plans, public employee retirement systems, the general and separate accounts of Equitable and its insurance company subsidiary, 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 HRT and EQAT (See "Individual Investor Services - Variable Products"), represented approximately 20%, 22% and 26% of total assets under management by Alliance Capital at December 31, 1999, 1998 and 1997, respectively, and approximately 8%, 11% and 14% of Alliance Capital's total revenues for 1999, 1998 and 1997, respectively. Taken as a whole they comprise Alliance Capital's largest institutional client.

As of December 31, 1999 corporate employee benefit plan accounts represented approximately 11% 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 32% of total assets under management as of December 31, 1999.

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, 1999. Since Alliance Capital's fee schedules vary based on the type of account, the table does not reflect the ten largest revenue generating clients.

| Client or Sponsoring Employer | Type of Account |
|---|---|
| AXA and its subsidiaries (including Equitable and | Equity, Fixed Income, Passive, Global |
| its insurance company subsidiary)..... | Equity, Global Fixed Income |
| North Carolina Retirement System..... | Passive Equity, U.S. Equity, Global Equity |
| Foreign Government Central Bank..... | Equity, Global Equity, Fixed Income, Global Fixed Income |
| State Board of Administration of Florida..... | Equity, Fixed Income |
| New York State Common Retirement System ..... | Equity |
| Frank Russell Trust..... | U.S. Equity, Global Equity |
| Sun America..... | Equity |
| SEI Investment..... | Equity |
| Foreign Government Central Bank..... | U.S. Fixed Income, Global Fixed Income, U.S. Equity, Global Equity, Asian Equity |
| L.A. Fire and Police Pension Fund..... | Passive |

These institutional clients accounted for approximately 22% of Alliance Capital's total assets under management at December 31, 1999 and approximately 6% of Alliance Capital's total revenues for the year ended December 31, 1999 (32% and 11%, respectively, if the investments by the separate accounts of Equitable in EQAT and HRT 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, 1999. AXA and the general and separate accounts of Equitable and their subsidiaries accounted for approximately 10% of Alliance Capital's total assets under management at December 31, 1999 and approximately 3% of Alliance Capital's total revenues for the year ended December 31, 1999 (20% and 8%, respectively, if the investments by the separate accounts of Equitable in EQAT and HRT 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, the relative attractiveness of Alliance Capital's investment style or level of performance under prevailing market conditions, changes in the investment patterns of clients that result in a shift in assets under management and other circumstances such as changes in the management or control of a client.

Investment Management Agreements and Fees

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

In providing investment management services to institutional clients, Alliance Capital is principally compensated on the basis of fees calculated as a percentage of assets under management. Fees are generally billed quarterly and are calculated on the value of an account at the beginning or end of a quarter or on the average of such values during the quarter. As a result, fluctuations in the amount or value of assets under management are reflected in revenues from management fees within two calendar quarters.

Management fees paid on equity and balanced accounts are generally charged in accordance with a fee schedule that ranges from 0.90% (for the first $10 million in assets) to 0.25% (for assets over $60 million) per annum of assets under management. Fees for the management of fixed income portfolios generally are charged in accordance with lower fee schedules, while fees for passive equity portfolios typically are even lower. Fees for the management of hedge funds are higher than the fees charged for equity and balanced accounts and also provide for the payment of performance fees or carried interests to Alliance Capital. With respect to approximately 6% of assets under management, Alliance Capital charges performance-based fees, which consist of a relatively low base fee plus an additional fee if investment performance for the account exceeds certain benchmarks. No assurance can be given that such fee arrangements will not become more common in the investment management industry. Utilization of such fee arrangements by Alliance Capital on a broader basis could create greater fluctuations in Alliance Capital's revenues.

ACFG's fees for corporate finance activities generally involve the payment of a base management fee ranging from 0.10% to .50% of assets under management per annum. In some cases ACFG receives performance fees generally equivalent to 20% of gains in excess of a specified hurdle rate.

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 by marketing specialists who solicit business for the entire range of Alliance Capital's institutional account management services. Marketing specialists are dedicated to corporate and insurance plans as well as public retirement systems, multi-employer pension plans and the hedge fund marketplace. Alliance Capital's institutional marketing structure supports its commitment to provide comprehensive and timely client service. A client service representative is assigned to each institutional account. This individual is available to meet with the client as often as necessary and attends client meetings with the portfolio manager.

MUTUAL FUNDS MANAGEMENT

Alliance Capital (i) manages and sponsors a broad range of open-end and closed-end mutual funds other than EQAT and markets wrap fee accounts ("Alliance Mutual Funds"), (ii) is the sub-advisor of certain portfolios of EQAT which is the funding vehicle for variable annuity insurance and variable life insurance products offered by Equitable and its insurance company subsidiary, (iii) manages other funds which serve as funding vehicles for variable annuity insurance and variable life insurance products offered by other insurance companies ("Variable Products"), (iv) provides cash management services (money market funds and federally insured deposit accounts) that are marketed to individual investors through broker-dealers, banks, insurance companies and other financial intermediaries, (v) manages and sponsors certain structured products, and (vi) manages and sponsors certain hedge funds. The net assets comprising the Alliance Mutual Funds, Variable Products, money market funds and deposit accounts, structured products and hedge funds on December 31, 1999 amounted to approximately $169.4 billion. The assets of the Alliance Mutual Funds, Variable Products, money market funds, structured products and hedge funds are managed by the same investment professionals who manage Alliance Capital's accounts of institutional investors and high net-worth individuals.

Revenues From Mutual Funds Management
(in thousands)

| | Years Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 1995 | 1996 | 1997 | 1998 | 1999 |
| Alliance Mutual Funds (1): | | | | | |
| Investment Services ..... | $ 147,036 | $ 173,260 | $ 235,613 | $ 389,839 | $ 648,719 |
| Distribution Revenues .... | 107,012 | 128,917 | 167,321 | 241,948 | 379,273 |
| Shareholder Servicing Fees | 16,558 | 19,156 | 22,957 | 36,230 | 54,562 |
| Other Revenues ..... | 7,209 | 6,436 | 6,629 | 6,217 | 6,971 |
| | 277,815 | 327,769 | 432,520 | 674,234 | 1,089,525 |
| Variable Products: | | | | | |
| Investment Services (2) .. | 29,051 | 43,901 | 66,376 | 91,506 | 121,959 |
| Distribution Revenues .... | 203 | 551 | 772 | 730 | 772 |
| Shareholder Servicing Fees | 12 | 15 | 16 | 18 | 18 |
| Other Revenues ..... | 366 | 500 | 641 | 920 | 1,309 |
| | 29,632 | 44,967 | 67,805 | 93,174 | 124,058 |
| Cash Management Services: | | | | | |
| Investment Services (3) .. | 56,642 | 74,441 | 82,770 | 107,051 | 116,765 |
| Distribution Revenues .... | 23,328 | 39,481 | 48,758 | 59,168 | 61,727 |
| Shareholder Servicing Fees | 9,951 | 12,085 | 13,354 | 7,227 | 7,752 |
| Other Revenues ..... | 1,214 | 1,258 | 1,270 | 1,383 | 1,391 |
| | 91,135 | 127,265 | 146,152 | 174,829 | 187,635 |
| Total ..... | $ 398,582 | $ 500,001 | $ 646,477 | $ 942,237 | $1,401,218 |

(1) Includes fees received by Alliance Capital in connection with certain structured products, hedge funds and wrap fee accounts.

(2) Net of certain fees paid to Equitable for services rendered by Equitable in marketing the variable annuity insurance and variable life products for which HRT was the funding vehicle. All of the portfolios of HRT were transferred to EQAT effective October 18, 1999 and such fees are no longer payable to Equitable.

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

Alliance Mutual Funds

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) which are not registered under the Investment Company Act and which are not publicly offered to United States persons ("Offshore Funds"). On December 31, 1999 net assets in the Alliance Mutual Funds totaled approximately $96.4 billion.

| Type of Alliance Mutual Funds | Net Assets as of December 31, 1999 (in millions) |
|---|---|
| U.S. Funds - Open-End: | |
| Equity and Balanced | $ 46,668.2 |
| Taxable Fixed Income | 6,973.9 |
| Tax Exempt Fixed Income | 3,357.6 |
| Offshore Funds (Open and Closed-End): | |
| Taxable Fixed Income | 14,847.2 |
| Equity and Balanced | 8,336.3 |
| Wrap Fee Programs | 10,472.6 |
| U.S. Funds - Closed-End | 3,533.3 |
| Unconsolidated Affiliates (1) | 2,182.4 |
| Total | $ 96,371.5 |

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

Variable Products

EQAT is the funding vehicle for the variable annuity and variable life insurance products offered by Equitable and its insurance company subsidiary. The Alliance Variable Products Series Fund is a funding vehicle for variable annuity and variable life insurance products offered by other unaffiliated insurance companies. On December 31, 1999 the net assets of the portfolios of the Variable Products totaled approximately $40.9 billion:

| | Net Assets as of December 31, 1999 |
|---|---|
| | (in millions) |
| EQAT: | |
| Common Stock Portfolio | $ 16,593.5 |
| Aggressive Stock Portfolio | 4,602.2 |
| Growth Investors Portfolio | 2,698.4 |
| Equity Index Portfolio | 2,639.5 |
| Balanced Portfolio | 2,136.7 |
| Global Portfolio | 1,990.6 |
| Growth & Income Portfolio | 1,503.3 |
| Money Market Portfolio | 1,443.6 |
| High Yield Portfolio | 566.6 |
| Conservative Investors Portfolio | 476.0 |
| EQ/Alliance Premier Growth Portfolio | 474.3 |
| Small Cap Growth Portfolio | 403.8 |
| Quality Bond Portfolio | 330.9 |
| International Portfolio | 288.5 |
| Intermediate Government Portfolio | 202.9 |
| Alliance Variable Products Series Fund | 4,554.9 |
| Total | $ 40,905.7 |

Distribution. The Alliance Mutual Funds are distributed to individual investors through broker-dealers, insurance sales representatives, banks, registered investment advisers, financial planners and other financial intermediaries. Alliance Fund Distributors, Inc. ("AFD"), a registered broker-dealer and a wholly-owned subsidiary of Alliance Capital, serves as the principal underwriter and distributor of the U.S. Funds and serves as a placing or distribution agent for most of the Offshore Funds. There are 215 sales representatives who devote their time exclusively to promoting the sale of shares of Alliance Mutual Funds by financial intermediaries.

Alliance Capital maintains a mutual fund distribution system (the "System") which permits open-end Alliance Mutual Funds to offer investors various options for the purchase of mutual fund shares, including the purchase of Front-End Load Shares and Back-End Load Shares. The Front-End Load Shares are subject to a conventional front-end sales charge paid by investors to AFD at the time of sale. AFD in turn compensates the financial intermediaries distributing the funds from the front-end sales charge paid by investors. For Back-End Load Shares, investors do not pay a front-end sales charge although, if there are redemptions before the expiration of the minimum holding period (which ranges from one year to four years), investors pay a contingent deferred sales charge ("CDSC") to AFD. While AFD is obligated to compensate the financial intermediaries at the time of the purchase of Back-End Load Shares, it receives higher ongoing distribution fees from the funds. Payments made to financial intermediaries in connection with the sale of Back-End Load Shares under the System, net of CDSC received, reduced cash flow from operations by approximately $393.4 million and $232.5 million during 1999 and 1998, respectively. Management of Alliance Capital believes AFD will recover the payments made to financial intermediaries for the sale of Back-End Load Shares from the higher distribution fees and CDSC it receives over periods not exceeding 5 1/2 years.

The rules of the National Association of Securities Dealers, Inc. effectively limit the aggregate of all front-end, deferred and asset-based sales charges paid to AFD with respect to any class of its shares by each open-end U.S. Fund to 6.25% of cumulative gross sales of shares of that class, plus interest at the prime rate plus 1% per annum.

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

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

During 1999 the ten financial intermediaries responsible for the largest volume of sales of open-end U.S. Funds and Variable Products were responsible for 61% of such sales. AXA Advisors, LLC (formerly EQ Financial Consultants, Inc.), ("AXA Advisors"), a wholly-owned subsidiary of Equitable that utilizes members of Equitable's insurance agency sales force as its registered representatives, has entered into a selected dealer agreement with AFD and since 1986 has been responsible for a significant portion of total sales of shares of open-end U.S. Funds and Offshore Funds (7%, 5% and 4% in 1997, 1998 and 1999, respectively). AXA Advisors is under no obligation to sell a specific amount of fund shares and also sells shares of mutual funds sponsored by organizations unaffiliated with Equitable.

Subsidiaries of Merrill Lynch & Co., Inc. (collectively "Merrill Lynch") were responsible for approximately 24%, 26% and 26% of open-end Alliance Mutual Fund sales in 1997, 1998 and 1999, respectively. Citigroup Inc. ("Citigroup"), parent company of Salomon Smith Barney, was responsible for approximately 7% of open-end Alliance Mutual Fund sales in 1997, 6% in 1998 and 6% in 1999. 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 1993 accounted for more than 10% of the sales of open-end Alliance Mutual Funds.

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

Based on industry sales data reported by the Investment Company Institute (January 2000), Alliance Capital's market share in the U.S. mutual fund industry is 1.38% of total industry assets and Alliance Capital accounted for 1.94% of total open-end industry sales in the U.S. during 1999. While the performance of the Alliance Mutual Funds is a factor in the sale of their shares, there are other factors contributing to success in the mutual fund management business that are not as important in the institutional account management business. These factors include the level and quality of shareholder services (see "Shareholder and Administration Services" below) and the amounts and types of distribution assistance and administrative services payments. Alliance Capital believes that its compensation programs with financial intermediaries are competitive with others in the industry.

Under current interpretations of the Glass-Steagall Act and other 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 1999 banks and their affiliates accounted for approximately 8% 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 vary between .145% and 1.50% per annum 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 levels. Fees paid by the U.S. Funds, EQAT and the Variable Products are fixed annually by negotiation between Alliance Capital and the board of directors or trustees of each U.S. Fund and EQAT, including a majority of the disinterested directors or trustees. Changes in fees must be approved by the shareholders of each U.S. Fund and EQAT. In general, the investment management agreements with the U.S. Funds, EQAT and the Variable Products 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. Currently, Alliance Capital believes that California and South Dakota are the only states to impose such a limit. The expense ratios for the U.S. Funds during their most recent fiscal year ranged from .33% to 4.12%. In connection with newly organized U.S. Funds, Alliance Capital may also agree to reduce its fee or bear certain expenses to limit expenses during an initial period of operations.

Cash Management Services

Alliance Capital provides cash management services to individual investors through a product line of money market fund portfolios and three types of brokered money market deposit accounts. Net assets in these products as of December 31, 1999 totaled approximately $32.1 billion.

| | Net Assets as of December 31, 1999 |
|---|---|
| | (in millions) |
| Money Market Funds: | |
| Alliance Capital Reserves (two portfolios) ..... | $ 13,507.1 |
| Alliance Government Reserves (two portfolios) .... | 7,336.9 |
| ACM Institutional Reserves (five portfolios) ..... | 5,447.2 |
| Alliance Municipal Trust (eight portfolios) ..... | 3,862.4 |
| Alliance Money Market Fund (three portfolios) .... | 1,274.5 |
| ACM International Reserves (one portfolio) ..... | 313.9 |
| Money Market Deposit Accounts (three products) ..... | 419.4 |
| Unconsolidated Affiliates (1) ..... | 4.0 |
| Total..... | $ 32,165.4 |

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

Alliance Capital also offers a managed assets program, which provides customers of participating financial intermediaries with a Visa card, access to automated teller machines and check writing privileges. The program is linked to the customer's chosen Alliance money market fund. The program serves to enhance relationships with financial intermediaries and to attract and retain investments in the Alliance money market funds, as well as to generate fee income.

Under its investment management agreement with each money market fund, Alliance Capital is paid an investment management fee equal to 0.50% per annum of the fund's average net assets except for ACM Institutional Reserves which pays a fee between 0.20% and 0.45% of its average net assets. In the case of certain money market funds, the fee is payable at lesser rates with respect to average net assets in excess of $1.25 billion. For distribution and account maintenance services rendered in connection with the sale of money market deposit accounts, Alliance Capital receives fees from the participating banks that are based on outstanding account balances. Because the money market deposit account programs involve no investment management functions to be performed by Alliance Capital, Alliance Capital's costs of maintaining the account programs are less, on a relative basis, than its costs of managing the money market funds.

On December 31, 1999 more than 99% of the assets invested in Alliance Capital's cash management programs were attributable to regional broker-dealers and other financial intermediaries, with the remainder coming directly from the public. On December 31, 1999 more than 500 financial intermediaries offered Alliance Capital's cash management services. Alliance Capital's money market fund market share (not including deposit products), as computed based on market data reported by the Investment Company Institute (December 1999), has increased from 1.42% of total money market fund industry assets at the end of 1994 to 2.01% at December 31, 1999.

Alliance Capital makes payments to financial intermediaries for distribution assistance and shareholder servicing and administration. Alliance Capital's money market funds pay fees to Alliance Capital at annual rates of up to 0.25% of average daily net assets pursuant to "Rule 12b-1" distribution plans except for Alliance Money Market Fund which pays a fee of up to 0.45% of its average daily net assets. Such payments are supplemented by Alliance Capital in making payments to financial intermediaries under the distribution assistance and shareholder servicing and administration program. During 1999 such supplemental payments totaled approximately $66.6 million ($58.0 million in 1998). There are 7 employees of Alliance Capital who devote their time exclusively to marketing Alliance Capital's cash management services.

A principal risk to Alliance Capital's cash management services business is the acquisition of its participating financial intermediaries by companies that are competitors or that plan to enter the cash management services business. As of December 31, 1999 the five largest participating financial intermediaries were responsible for assets aggregating approximately $25.3 billion, or 79% of the cash management services total.

Many of the financial intermediaries whose customers utilize Alliance Capital's cash management services are broker-dealers whose customer accounts are carried, and whose securities transactions are cleared and settled, by the Pershing Division ("Pershing") of Donaldson, Lufkin & Jenrette Securities Corporation ("DLJ Securities Corporation"), a subsidiary of AXA Financial. Pursuant to an agreement between Pershing and Alliance Capital, Pershing recommends that certain of its correspondent firms use Alliance Capital's money market funds and other cash management products. As of December 31, 1999 DLJ Securities Corporation and these Pershing correspondents were responsible for approximately $20.6 billion or 64% 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 are investment companies registered under the Investment Company Act and are managed under the supervision of boards of directors or trustees, which include disinterested directors or trustees who must approve investment management agreements and certain other matters. The investment management agreements between the money market funds and Alliance Capital provide for an expense limitation of 1% per annum or less of average daily net assets. See "Mutual Funds Management - Investment Management Agreements and Fees".

Shareholder and Administration Services

Alliance Fund Services, Inc. ("AFS"), a wholly-owned subsidiary of Alliance Capital, provides registrar, dividend disbursing and transfer agency related services for each U.S. Fund and provides servicing for each U.S. Fund's shareholder accounts. As of December 31, 1999 AFS employed 482 people. AFS operates out of offices in Secaucus, New Jersey, and San Antonio, Texas. Under each servicing agreement AFS receives a monthly fee. Each servicing agreement must be approved annually by the relevant U.S. Fund's board of directors or trustees, including a majority of the disinterested directors or trustees, and may be terminated by either party without penalty upon 60 days' notice.

Most U.S. Funds utilize Alliance Capital and AFS 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 AFS are accruing revenues for providing clerical and accounting services to the U.S. Funds and these closed-end funds at the rate of approximately $8.6 million per year.

ACM Fund Services S.A. ("ACMFS"), a wholly-owned subsidiary of Alliance Capital, is the registrar and transfer agent of substantially all of the Offshore Funds. As of December 31, 1999 ACMFS employed 20 people. ACMFS operates out of offices in Luxembourg and receives a monthly fee for its registrar and transfer agency services. Each agreement between ACMFS and an Offshore Fund may be terminated by either party upon 60 days' notice.

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

YEAR 2000

Alliance Capital's systems and facilities passed into the new millenium successfully and are continuing to operate without disruption in 2000. Alliance Capital incurred approximately $43 million in costs related to its Year 2000 initiatives.

COMPETITION

The financial services industry is highly competitive and new entrants are continually attracted to it. No one or small number of competitors is dominant in the industry. Alliance Capital is subject to substantial competition in all aspects of its business. Pension fund, institutional and corporate assets are managed by investment management firms, broker-dealers, banks and insurance companies. Many of these financial institutions have substantially greater resources than Alliance Capital. Alliance Capital competes with other providers of institutional investment products and services primarily on the basis of the range of investment products offered, the investment performance of such products and the services provided to clients. Based on an annual survey conducted by Pensions & Investments, as of December 31, 1998 Alliance Capital was ranked 11th out of 754 managers based on U.S. tax-exempt assets under management, 5th out of the 20 largest managers of international index assets, 7th out of the 25 largest managers of domestic equity index funds and 12th out of the 25 largest domestic bond index managers.

Many of the firms competing with Alliance Capital for institutional clients also offer mutual fund shares and cash management services to individual investors. Competitiveness in this area is chiefly a function of the range of mutual funds and cash management services offered, investment performance, quality in servicing customer accounts and the capacity to provide financial incentives to financial intermediaries through distribution assistance and administrative services payments funded by "Rule 12b-1" distribution plans and the investment adviser's own resources.

CUSTODY AND BROKERAGE

Neither Alliance Capital nor its subsidiaries maintains custody of client funds or securities, which is maintained by client-designated banks, trust companies, brokerage firms or other custodians. Custody of the assets of Alliance Mutual Funds, EQAT and money market funds is maintained by custodian banks and central securities depositories.

Alliance Capital generally has the discretion to select the brokers or dealers to be utilized to execute transactions for client accounts. Broker-dealers affiliated with AXA Financial and Equitable effect transactions for client accounts only if the use of the broker-dealers has been specifically authorized or directed by the client.

REGULATION

Alliance Capital, Alliance Holding, Albion Alliance, ACFG and Alliance are investment advisers registered under the Investment Advisers Act. Each U.S. Fund is registered with the Securities and Exchange Commission ("SEC") under the Investment Company Act and the shares of most U.S. Funds are qualified for sale in all states in the United States and the District of Columbia, except for U.S. Funds offered only to residents of a particular state. AFS is registered with the SEC as a transfer agent and AFD is registered with the SEC as a broker-dealer. AFD is subject to minimum net capital requirements ($8.4 million at December 31, 1999) imposed by the SEC on registered broker-dealers and had aggregate regulatory net capital of $14.2 million at December 31, 1999.

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

Alliance Capital's assets under management and revenues derived from the general accounts of Equitable and its insurance company subsidiary are directly affected by the investment policies for the general accounts. Among the numerous factors influencing general account investment policies are regulatory factors, such as (i) laws and regulations that require diversification of the investment portfolios and limit the amount of investments in certain investment categories such as below investment grade fixed maturities, equity real estate and equity interests, (ii) statutory investment valuation reserves, and (iii)

risk-based capital guidelines for life insurance companies approved by the National Association of Insurance Commissioners. These policies have recently resulted in the shifting of general account assets managed by Alliance Capital into categories with lower management fees.

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

EMPLOYEES

As of December 31, 1999 Alliance Capital and its subsidiaries employed 2,396 employees, including 277 investment professionals, of whom 140 are portfolio managers, 122 are research analysts and 15 are order placement specialists. The average period of employment of these professionals with Alliance Capital is approximately 8 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.

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 2016. Alliance Capital and Alliance Holding currently occupy approximately 407,000 square feet at this location. Alliance Capital also occupies approximately 114,097 square feet at 135 West 50th Street, New York, New York under leases expiring in 2016. Alliance Capital also occupies approximately 4,594 square feet at 709 Westchester Avenue and 21,057 square feet at 925 Westchester Avenue, White Plains, New York under leases expiring in 2004. Alliance Capital and its subsidiaries, AFD and AFS, occupy approximately 134,261 square feet of space in Secaucus, New Jersey pursuant to a lease which extends until 2016, approximately 92,067 square feet of space in San Antonio, Texas pursuant to a lease which extends until 2009, and approximately 59,033 square feet at the Glenmaura Corporate Centre, Scranton, Pennsylvania, under a lease expiring in 2004.

Alliance Capital also leases space in San Francisco, California; Chicago, Illinois; Greenwich, Connecticut; Minneapolis, Minnesota; and Beechwood, Ohio, and its subsidiaries and affiliates lease space in Windhoek, Namibia; London, England; Paris, France; Tokyo, Japan; Sydney, Australia; Toronto, Canada; Luxembourg; Singapore; Manama, Bahrain; Mumbai, New Delhi, Bangalore, Pune, Calcutta and Chennai, India; Johannesburg, South Africa; and Istanbul, Turkey. Subsidiaries and affiliates of Alliance Capital have offices in Vienna, Austria; Svo Paolo, Brazil; Hong Kong, China; Seoul, Korea; Warsaw, Poland; Moscow, Russia; Cairo, Egypt; Talinn, Estonia; Harare, Zimbabwe; Prague, Czech Republic; and Bucharest, Romania.

Item 3. Legal Proceedings

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

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

On March 24, 2000 Alliance Capital announced that a memorandum of understanding had been signed with the lawyers for the plaintiffs settling this action. Under the settlement Alliance Capital will permit Fund shareholders to invest up to $250 million in Alliance Mutual Funds free of initial sales charges. Like all class action settlements, the settlement is subject to court approval.

Alliance Capital assumed all of Alliance Holding's liabilities in respect of this litigation in connection with the Reorganization. Alliance Capital and Alliance Holding believe that the allegations in the amended complaint are without merit and intend to vigorously defend against this action. While the ultimate outcome of this matter cannot be determined at this time, management of Alliance Capital and Alliance Holding does not expect that it will have a material adverse effect on Alliance Capital's or Alliance Holding's results of operations or financial condition.

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 1999.

PART II

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

Market for the Alliance Capital Units and the Alliance Holding Units

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

On March 1, 2000 there were approximately 671 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:

| 1999 | High | Low |
|---|---|---|
| First Quarter | 26 7/8 | 24 1/2 |
| Second Quarter | 32 5/16 | 24 1/8 |
| Third Quarter | 33 7/16 | 25 |
| Fourth Quarter | 34 | 24 5/16 |

| 1998 | High | Low |
|---|---|---|
| First Quarter | 27 7/8 | 18 13/16 |
| Second Quarter | 29 | 23 7/8 |
| Third Quarter | 28 | 19 5/8 |
| Fourth Quarter | 27 1/2 | 19 3/4 |

On February 19, 1998, Alliance Holding declared a two for one Alliance Holding Unit split payable to Unitholders of record on March 11, 1998. The high and low sale prices above have been adjusted to reflect the Alliance Holding Unit split to the extent necessary.

On March 1, 2000 the closing price of the Alliance Holding Units on the NYSE was $37.125 per Unit. As of March 1, 2000 there were approximately 1,659 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 its respective Partnership Agreement). Prior to the Reorganization, Alliance Holding's Available Cash Flow was derived from the operations now conducted by Alliance Capital. Subsequent to the completion of the Reorganization in the fourth quarter of 1999, when Alliance Capital commenced operations, Alliance Holding's principal sources of income and cash flow are attributable to its ownership of approximately 42% of the outstanding Alliance Capital Units.

On February 14, 2000 Alliance Capital paid a distribution of Available Cash Flow in respect of the fourth quarter of 1999 and a Special Distribution in the aggregate amount of $0.91 per Alliance Capital Unit.

During its two most recent fiscal years Alliance Holding made the following distributions of Available Cash Flow:

| Quarter During 1999 With Respect to Which a Cash Distribution Was Paid from Available Cash Flow | Amount of Cash Distribution Per Alliance Holding Unit | Payment Date |
|---|---|---|
| First Quarter | $ 0.54 | May 24, 1999 |
| Second Quarter | 0.54 | August 16, 1999 |
| Third Quarter | 0.56 | November 15, 1999 |
| Fourth Quarter | 0.85 | February 14, 2000 |
| | $ 2.49 | |

| Quarter During 1998 With Respect to Which a Cash Distribution Was Paid from Available Cash Flow | Amount of Cash Distribution Per Alliance Holding Unit | Payment Date |
|---|---|---|
| First Quarter | $ 0.38 | May 18, 1998 |
| Second Quarter | 0.42 | August 18, 1998 |
| Third Quarter | 0.39 | November 23, 1998 |
| Fourth Quarter | 0.43 | February 23, 1999 |
| | $ 1.62 | |

On February 19, 1998 Alliance Holding declared a two for one Alliance Holding Unit split payable to Unitholders of record on March 11, 1998. The cash distribution per Alliance Holding Unit amounts above have been adjusted to reflect the Unit split to the extent necessary.

Item 6. Selected Financial Data

The Selected Consolidated Financial Data of Alliance Capital Management L.P. which appears on page 47 of the 1999 Annual Report is incorporated by reference in this Annual Report on Form 10-K.

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

Management's Discussion and Analysis of Financial Condition and Results of Operations which appears on pages 48 through 62 of the 1999 Annual Report is incorporated by reference in this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

The quantitative and qualitative disclosures about market risk contained in Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 61 through 62 of the 1999 Annual Report are incorporated by reference in this Annual Report on Form 10-K.

Item 8. Financial Statements and Supplementary Data

The Consolidated Financial Statements of Alliance Capital Management L.P. and subsidiaries and the report thereon by KPMG LLP which appear on pages 63 through 84 of the 1999 Annual Report are incorporated by reference in this Annual Report on Form 10-K.

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

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

PART III

Item 10. Directors and Executive Officers of the Registrant

General Partner

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

The General Partner does not receive any compensation from Alliance Capital or Alliance Holding for services rendered to Alliance Capital or Alliance Holding as General Partner. The General Partner holds a 1% general partnership interest in Alliance Capital and 100,000 units of general partnership interest in Alliance Holding. As of March 1, 2000 Equitable, ACMC and ECMC, affiliates of the General Partner, held 95,855,945 Alliance Capital Units and 1,544,356 Alliance Holding Units.

The General Partner is reimbursed by Alliance Capital for all expenses incurred by it in carrying out its activities as General Partner of Alliance Capital and Alliance Holding, including compensation paid by the General Partner to its directors and officers (to the extent such persons are not compensated directly as employees of Alliance Capital) and the cost of directors and officers liability insurance obtained by the General Partner. The General Partner was not reimbursed for any such expenses in 1999 except for directors' fees and directors and officers liability insurance.

Directors and Executive Officers of the General Partner

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

| Name | Age | Position |
|---|---|---|
| Dave H. Williams..... | 67 | Chairman of the Board and Director |
| Luis Javier Bastida..... | 54 | Director |
| Donald H. Brydon..... | 54 | Director |
| Bruce W. Calvert..... | 53 | Director, Vice Chairman and Chief Executive Officer |
| John D. Carifa..... | 55 | Director, President and Chief Operating Officer |
| Henri de Castries..... | 45 | Director |
| Kevin C. Dolan..... | 46 | Director |
| Denis Duverne..... | 47 | Director |
| Alfred Harrison..... | 62 | Director and Vice Chairman |
| Herve Hatt..... | 35 | Director |
| Michael Hegarty..... | 55 | Director |
| Benjamin D. Holloway..... | 75 | Director |
| Edward D. Miller..... | 59 | Director |
| Peter D. Noris..... | 44 | Director |
| Frank Savage..... | 61 | Director |
| Stanley B. Tulin..... | 50 | Director |
| Reba W. Williams..... | 63 | Director |
| Robert B. Zoellick..... | 46 | Director |
| David R. Brewer, Jr..... | 54 | Senior Vice President and General Counsel |
| Robert H. Joseph, Jr..... | 52 | Senior Vice President and Chief Financial Officer |

Mr. Williams joined Alliance in 1977 and has been the Chairman of the Board since that time. He was elected a Director of Equitable on March 21, 1991 and was elected to the AXA Financial Board of Directors in May of 1992. 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. Mr. Williams is the husband of Mrs. Reba W. Williams, a Director of Alliance.

Mr. Bastida was elected a Director of Alliance in February 1995. He is Head of Global Asset Management and Private Banking and a member of the Executive Committee of Banco Bilbao Vizcaya, Argentaria S.A. ("BBVA"). Mr. Bastida has been with BBVA since 1976. Prior to that he worked for General Electric. He is Chairman of Finanzia, the Specialized Finance subsidiary of BBVA and of Canal International Holding, and a Director of Privanza, the Private Bank of the same group.

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

Mr. Calvert joined Alliance in 1973 as an equity portfolio manager and was elected Chief Executive Officer on January 6, 1999. He served as Chief Investment Officer from May 3, 1993 until January 6, 1999. He was elected Vice

Chairman on May 3, 1993. 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. Carifa joined Alliance in 1971 and was elected President and Chief Operating Officer on May 3, 1993. He was the Chief Financial Officer from 1973 until 1994. He was an Executive Vice President from 1986 to 1993 and he was a Senior Vice President from 1980 to 1986. He was elected a Director of Alliance in 1992.

Mr. de Castries was elected a Director of Alliance in October 1993. Since January 2000, he has been Vice Chairman of AXA's Management Board. Prior thereto, he was 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, Equitable and Donaldson Lufkin & Jenrette, Inc. ("DLJ"). 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. DLJ and Equitable are subsidiaries of AXA Financial.

Mr. Dolan was elected a Director of Alliance in May 1995. He was Chief Executive Officer of AXA Investment Managers Paris, a subsidiary of AXA until September 1999 and is now the Senior Executive Vice President for AXA Investment Managers on a global basis. Mr. Dolan has been with AXA since 1993. From 1983 to 1993 Mr. Dolan was Deputy General Manager of BFCE and CEO of BFCE Investment Corporation. AXA is a parent of Alliance Capital and Alliance Holding.

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

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

Mr. Hatt was elected a Director of Alliance in May 1998. He has been Senior Vice President - Asset Management Activities and Group Strategic Planning of AXA since March 1998. From 1992 to 1998 he was a senior engagement manager with McKinsey & Company, the management consultants, in London and in Paris. AXA is a parent of Alliance Capital and Alliance Holding.

Mr. Hegarty was elected a Director of Alliance in May 1998. He is Senior Vice Chairman, Chief Operating Officer and a Director of AXA Financial. Mr. Hegarty joined AXA Financial in 1998. He previously served as Vice Chairman of the Chase Manhattan Corporation and the Chase Manhattan Bank. In addition to serving as a Director of Alliance and AXA Financial, Mr. Hegarty is a Director of DLJ. AXA Financial and Equitable are parents of Alliance Capital and Alliance Holding. DLJ and Equitable are subsidiaries of AXA Financial.

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 and was also a Director of DLJ until March 1990. Mr. Holloway was a Director of Rockefeller Center Properties, Inc. and is a Director Emeritus of The Duke University Management Corporation, 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. Miller was elected a Director of Alliance in July 1997. He has been a Director, President and Chief Executive Officer of AXA Financial since August 1997. He was President of Equitable from August 1997 to January 1998 and has been Chairman of Equitable since January 1998 and Chief Executive Officer and a Director of Equitable since August 1997. He became a member of AXA's Management Board in January 2000. He was Senior Executive Vice President of AXA until becoming a member of AXA's Management Board. From 1996 to 1997, he was Senior Vice Chairman of Chase Manhattan Corporation. Prior thereto, he was President of Chemical Bank (which merged with Chase in 1996) from 1994 to 1996 and Vice Chairman from 1991 to 1994. He is also a Director of DLJ, AXA Canada and KeySpan Energy Corporation, formed as a result of the merger of Long Island Lighting Company and Brooklyn Union Gas Co. AXA, AXA Financial and Equitable are parents of Alliance Capital and Alliance Holding. DLJ and Equitable are subsidiaries of AXA Financial.

Mr. Noris was elected a Director of Alliance in July 1995. Since 1995 Mr. Noris has been Executive Vice President and Chief Investment Officer of AXA Financial. Since 1995 Mr. Noris has been the Executive Vice President and Chief Investment Officer of Equitable. Prior to that he was Vice President - Investment Strategy 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.

Mr. Savage was elected a Director of Alliance in May 1993. He has been Chairman of Alliance Capital Management International, a division of Alliance Capital, since May 1994. Mr. Savage is a Director of ACFG, a subsidiary of Alliance Capital, and was Chairman of ACFG from July 1993 to August 1996. Prior to that, he was with ECMC, serving as Vice Chairman from June 1986 to April 1992, and Chairman from April 1992 to July 1993. In addition, Mr. Savage is a Director of Lockheed Martin Corporation, Qualcomm Inc., and Enron Corp.

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. Mr. Tulin was elected a Director of DLJ in June 1997. 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; Treasurer of Brandeis University Graduate School of International Economics and Finance; and a Board Member of the New York City Opera. AXA Financial and Equitable are parents of Alliance Capital and Alliance Holding. DLJ and Equitable are subsidiaries of AXA Financial.

Mrs. Williams was elected a Director of Alliance in October 1993. She is currently the Director of Special Projects of Alliance Capital. She serves on the Boards of Directors of the India Liberalisation Fund, The Spain Fund, The Austria Fund and The Southern Africa Fund. Mrs. Williams, who has worked at McKinsey & Company and as a securities analyst at Mitchell, Hutchins, Inc., has a Masters in Business Administration and a Ph.D. in Art History. Mrs. Williams is the wife of Mr. Dave H. Williams, Chairman of the Board and a Director of Alliance.

Mr. Zoellick was elected a Director of Alliance in February 1997. He is a Resident Fellow and member of the Board of The German Marshall Fund of the United States (a non-profit foundation), a Research Scholar at the Belfer Center at Harvard University, and a Senior International Advisor at Goldman, Sachs & Co. In 1999, Mr. Zoellick was the President and CEO of the Center for Strategic and International Studies, an independent non-profit policy institute. He served as the John M. Olin Professor in National Security Affairs at the U.S. Naval Academy in 1997-98. From 1993 through 1997, Mr. Zoellick was an Executive Vice President at Fannie Mae, the largest investor in home mortgages in the U.S. Before joining Fannie Mae, he was Deputy Chief of Staff of the White House and Assistant to the President from 1992 to 1993. From 1989 to 1992, Mr. Zoellick was the Counselor of the State Department and later also Under Secretary of State for Economics. From 1985 to 1988, Mr. Zoellick served at the Department of Treasury in a number of posts, including Counselor to Secretary James A. Baker III. He serves on the boards of Jones Intercable and Said Holdings and the Advisory Board of Enron Corp. Mr. Zoellick also serves on the boards of numerous non-profit entities.

Mr. Brewer joined Alliance in 1987 and has been Senior Vice President and General Counsel since 1991. From 1987 until 1990 Mr. Brewer was Vice President and Assistant General Counsel of Alliance.

Mr. Joseph joined Alliance in 1984 and has been Senior Vice President and Chief Financial Officer since December 1994. He was Senior Vice President and Controller from 1989 until January 1994 and Senior Vice President-Finance from

January 1994 until December 1994. From 1986 until 1989 Mr. Joseph was Vice President and Controller of Alliance and from 1984 to 1986 Mr. Joseph was a Vice President and the Controller of AFS, a subsidiary of Alliance Capital.

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

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

The General Partner has an Audit Committee composed of its independent directors Mr. Holloway and Mr. Zoellick. 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, with respect to the Year 2000 initiative and certain other matters. The Audit Committee also reviews various matters relating to the accounting and auditing policies and procedures of Alliance Capital and Alliance Holding. The Audit Committee held 4 meetings in 1999.

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

The General Partner pays directors who are not employees of Alliance Capital, Alliance Holding, AXA Financial or any affiliate of AXA Financial an annual retainer of $18,000 plus $1,000 per meeting attended of the Board of Directors and $500 per meeting of a committee of the Board of Directors not held in conjunction with a Board of Directors meeting. Alliance Capital reimburses Messrs. Bastida, Brydon, de Castries, Dolan, Duverne, Hatt, Holloway and Zoellick for certain expenses incurred in attending Board of Directors' meetings. Other directors are not entitled to any additional compensation from the General Partner for their services as directors. The Board of Directors meets quarterly.

Section 16 (a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the General Partner's directors and executive officers, and persons who own more than 10% of the Alliance Holding Units to file with the SEC initial reports of ownership and reports of changes in ownership of Alliance Holding Units. To the best of Alliance Holding's knowledge, during the year ended December 31, 1999 all Section 16(a) filing requirements applicable to its executive officers, directors and 10% beneficial owners were complied with except that a Statement of Changes in Beneficial Ownership on Form 4 was filed late on behalf of Mr. Michael Hegarty, a Director of Alliance, in respect of his purchase of Alliance Holding Units.

Item 11. Executive Compensation

The following Summary Compensation Table sets forth all plan and non-plan compensation awarded to, earned by or paid to the Chairman of the Board and each of the four most highly compensated executive officers of the General Partner at the end of 1999 ("Named Executive Officers"):

| | | Annual Compensation | | | Long Term Compensation: Awards | | Long Term Compensation: Payouts | |
|---|---|---|---|---|---|---|---|---|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) |
| Name and Principal Position | Year | Salary ($) | Bonus ($) | Other Annual Compen-sation ($) (1) | Restricted Stock Award(s) ($) | Options/ (#Units) | LTIP Payouts ($) (1) | All other Compensation ($) (2) |
| Dave H. Williams | 1999 | 274,996 | $5,500,000 | --- | 0 | 0 | $ 0 | 419,581 |
| Chairman of the Board | 1998 | 274,976 | 4,500,000 | --- | | | | |
| | 1997 | 274,976 | 3,000,000 | --- | 0 | 0 | 0 | 835,027 |
| John D. Carifa | 1999 | 269,232 | 7,200,000 | 6,601,411 | 0 | 0 | 0 | 1,506,082 |
| President & Chief Operating | 1998 | 250,000 | 5,000,000 | --- | 0 | 500,000 | 0 | 1,209,640 |
| Officer | 1997 | 250,000 | 4,000,000 | --- | 0 | 0 | 0 | 686,979 |
| Bruce W. Calvert | 1999 | 269,232 | 6,200,000 | --- | 0 | 0 | 0 | 1,506,856 |
| Vice Chairman & | 1998 | 250,000 | 4,500,000 | 264,273 | 0 | 500,000 | 0 | 1,208,311 |
| Chief Executive Officer | 1997 | 250,000 | 4,000,000 | --- | 0 | 0 | 0 | 687,532 |
| Robert H. Joseph, Jr. | 1999 | 172,692 | 738,000 | 610,429 | 0 | 15,000 | 0 | 283,348 |
| Senior Vice President & | 1998 | 163,846 | 591,500 | 257,798 | 0 | 20,000 | 0 | 187,737 |
| Chief Financial Officer | 1997 | 160,000 | 494,000 | --- | 0 | 20,000 | 0 | 110,335 |
| David R. Brewer, Jr. | 1999 | 172,692 | 741,500 | 879,670 | 0 | 15,000 | 0 | 283,348 |
| Senior Vice President | 1998 | 163,846 | 595,000 | 199,448 | 0 | 20,000 | 0 | 187,737 |
| & General Counsel | 1997 | 157,692 | 495,500 | 104,646 | 0 | 20,000 | 0 | 110,037 |

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

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

Column (e) for 1999 includes for Mr. Joseph, among other perquisites and personal benefits, $588,246 representing the dollar value of the difference between the exercise price and fair market value of Alliance Holding Units acquired as a result of the exercise of options and $9,000 for personal tax services.

Column (e) for 1999 includes for Mr. Brewer, among other perquisites and personal benefits, $860,222 representing the dollar value of the difference between the exercise price and fair market value of Alliance Holding Units acquired as a result of the exercise of options and $6,000 for personal tax services.

Column (e) for 1998 includes for Mr. Calvert, among other perquisites and personal benefits, $247,323 for costs, including housing, cost-of-living adjustment, tax equalization and car allowance, for a temporary assignment in London and $16,950 for personal tax services.

Column (e) for 1998 includes for Mr. Joseph, among other perquisites and personal benefits, $240,000 representing the dollar value of the difference between the exercise price and fair market value of Alliance Holding Units acquired as a result of the exercise of options and $9,000 for personal tax services.

Column (e) for 1998 and 1997 includes for Mr. Brewer, among other perquisites and personal benefits, $187,000 and $98,000 respectively, representing the dollar value of the difference between the exercise price and the fair market value of Alliance Holding Units acquired as a result of the exercise of options and, for 1998, $5,700 for personal tax services.

(2) Column (i) includes award amounts vested and earnings credited in 1997, 1998 and 1999 in respect of the Alliance Partners Compensation Plan. Column (i) does not include any amounts in respect of awards made in 1999 in respect of the Alliance Partners Compensation Plan since none of these awards have vested and no earnings have been credited in respect of the 1999 awards.

Column (i) includes the following amounts for 1999:

| | Earnings Accrued On Partners Plan Balances | Vesting of Awards and Accrued Earnings Under Capital Accumulation Plan | Vesting of Awards and Accrued Earnings Under Alliance Partners Compensation Plan | Profit Sharing Plan Contribution | Term Life Insurance Premiums | Total |
|---|---|---|---|---|---|---|
| Dave H. Williams | $ 14,669 | $ 83,581 | $ 281,141 | $ 23,000 | $ 17,190 | $ 419,581 |
| John D. Carifa | 5,735 | 33,442 | 1,438,366 | 23,000 | 5,539 | 1,506,082 |
| Bruce W. Calvert | 5,060 | 34,891 | 1,438,366 | 23,000 | 5,539 | 1,506,856 |
| Robert H. Joseph, Jr. | 0 | 0 | 256,862 | 23,000 | 3,486 | 283,348 |
| David R. Brewer, Jr. | 0 | 0 | 256,862 | 23,000 | 3,486 | 283,348 |

Option Grants in 1999

The table below shows information regarding grants of options made to the Named Executive Officers under the 1993 Unit Option Plan and the 1997 Long Term Incentive Plan ("Alliance Capital Option Plans") during 1999. The amounts shown for each of the Named Executive Officers as potential realizable values are based on assumed annualized rates of appreciation of five percent and ten percent over the full ten-year term of the options, which would result in Alliance Holding Unit prices of approximately $48.77 and $77.65, respectively. The amounts shown as potential realizable values for all Alliance Holding Unitholders represent the corresponding increases in the market value of 72,259,583 outstanding Alliance Holding Units held by all Alliance Holding Unitholders as of December 31, 1999, which would total approximately $1.4 billion and $3.4 billion, respectively. No gain to the optionees is possible without an increase in Alliance Holding Unit price which will benefit all Alliance Holding Unitholders proportionately. These potential realizable values are based solely on assumed rates of appreciation required by applicable SEC regulations. Actual gains, if any, on option exercises and Alliance Holding Unitholdings are dependent on the future performance of the Alliance Holding Units. There can be no assurance that the potential realizable values shown in this table will be achieved.

Option Grants In 1999

| | Individual Grants (1) | | | | Potential Realizable Value at Assumed Annual Rates of Unit Price Appreciation for Option Term | |
|---|---|---|---|---|---|---|
| Name | Number of Securities Underlying Options Granted (#) | % of total Options Granted to Employees in Fiscal Year (2) | Exercise Price ($/Unit) | Expiration Date | 5% ($) | 10% ($) |
| Dave H. Williams | 0 | N/A | N/A | N/A | N/A | N/A |
| John D. Carifa | 0 | N/A | N/A | N/A | N/A | N/A |
| Bruce W. Calvert | 0 | N/A | N/A | N/A | N/A | N/A |
| Robert H. Joseph, Jr. | 15,000 | .8 | 30.25 | 12/06/09 | 277,800 | 711,000 |
| David R. Brewer, Jr. | 15,000 | .8 | 30.25 | 12/06/09 | 277,800 | 711,000 |

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

(2) Options in respect of 2,000,000 Alliance Holding Units were granted in 1999.

Aggregated Option Exercises in 1999 and 1999 Year-End Option Values

The following table summarizes for each of the Named Executive Officers the number of options exercised during 1999, the aggregate dollar value realized upon exercise, the total number of Alliance Holding Units subject to unexercised options held at December 31, 1999, and the aggregate dollar value of in-the-money, unexercised options held at December 31, 1999. Value realized upon exercise is the difference between the fair market value of the underlying Alliance Holding Units on the exercise date and the exercise price of the option. Value of unexercised, in-the-money options at fiscal year-end is the difference between its exercise price and the fair market value of the underlying Alliance Holding Units on December 31, 1999, which was $29.9375 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 1999
And December 31, 1999 Option Values

| | | | Number of Alliance Holding Units Underlying Unexpired Options at December 31, 1999 | | Value of Unexercised In-the-Money Options at December 31, 1999 ($) (1) | |
|---|---|---|---|---|---|---|
| Name | Options Exercised (# Units) | Value Realized ($) | Exercisable | Unexercisable | Exercisable | Unexercisable |
| Dave H. Williams | 0 | N/A | 0 | 0 | 0 | 0 |
| John D. Carifa | 400,000 | 6,525,000 | 380,000 | 470,000 | 6,065,000 | 2,875,625 |
| Bruce W. Calvert | 0 | N/A | 740,000 | 460,000 | 13,255,000 | 2,673,125 |
| Robert H. Joseph, Jr. | 30,620 | 588,246 | 120,500 | 63,000 | 2,295,070 | 571,875 |
| David R. Brewer, Jr. | 34,058 | 860,222 | 148,750 | 59,000 | 3,046,711 | 490,875 |

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

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

Compensation Agreements with Certain Executive Officers

In connection with Equitable's 1985 acquisition of DLJ, the parent of ACMC in 1985, ACMC entered into employment agreements with Messrs. Williams, Carifa and Calvert. Each agreement provided for deferred compensation payable in stated monthly amounts for ten years commencing at age 65, or earlier in a reduced amount in the event of disability or death, if the individual involved so elects. The right to receive such deferred compensation is vested. Assuming payments commence at age 65, the annual amount of deferred compensation payable for ten years to Messrs. Williams, Carifa and Calvert is $425,731, $522,036, and $434,612, respectively. While Alliance Capital assumed responsibility for payment of these deferred compensation obligations, ACMC and Alliance are required, subject to certain limitations, to make capital contributions to Alliance Capital in an amount equal to the payments, and ACMC is also obligated to the employees for the payments. ACMC's obligations to make capital contributions to Alliance Capital are guaranteed, subject to certain limitations, by Equitable Investment Corporation ("EIC"), a wholly-owned subsidiary of Equitable, the parent of Alliance.

Certain Employee Benefit Plans

Retirement Plan. Alliance Capital maintains a qualified, non-contributory, defined benefit retirement plan covering most employees of Alliance Capital who have completed one year of service and attained age 21. Employer contributions are determined by application of actuarial methods and assumptions to reflect the cost of benefits under the plan. Each participant's benefits are determined under a formula which takes into account years of credited service, the participant's

average compensation over prescribed periods and Social Security covered compensation. The maximum annual benefit payable under the plan may not exceed the lesser of $100,000 or 100% of a participant's average aggregate compensation for the three consecutive years in which he received the highest aggregate compensation from Alliance Capital or such lower limit as may be imposed by the Internal Revenue Code on certain participants by reason of their coverage under another qualified plan maintained by Alliance Capital. A participant is fully vested after the completion of five years of service. The plan generally provides for payments to or on behalf of each vested employee upon such employee's retirement at the normal retirement age provided under the plan or later, although provision is made for payment of early retirement benefits on an actuarially reduced basis. Normal retirement age under the plan is 65. Death benefits are payable to the surviving spouse of an employee who dies with a vested benefit under the plan.

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

| | Estimated Annual Benefits | | | | | | |
|---|---|---|---|---|---|---|---|
| Average Final Compensation | Years of Service at Retirement | | | | | | |
| | 15 | 20 | 25 | 30 | 35 | 40 | 45 |
| $100,000 | $19,078 | $25,437 | $31,796 | $38,156 | $44,515 | $49,515 | $54,515 |
| 150,000 | 30,328 | 40,437 | 50,546 | 60,656 | 70,765 | 78,265 | 85,765 |
| 200,000 | 41,578 | 55,437 | 69,296 | 83,156 | 97,015 | 100,000 | 100,000 |
| 250,000 | 52,828 | 70,437 | 88,046 | 100,000 | 100,000 | 100,000 | 100,000 |
| 300,000 | 64,078 | 85,437 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |

Assuming they are employed by Alliance Capital until age 65, the credited years of service under the plan for Messrs. Williams, Carifa, Calvert, Joseph and Brewer would be 20, 40, 38, 28 and 22, 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 five individuals for 1999 is $160,000, $160,000, $160,000, $160,000 and $160,000, respectively.

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

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

| Name | Estimated Annual Retirement Benefit |
|---|---|
| Dave H. Williams | $ 55,838.28 |
| John D. Carifa | 124,495.56 |
| Bruce W. Calvert | 154,501.80 |

Item 12. Security Ownership of Certain Beneficial Owners and Management

Principal Security Holders

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

Alliance Capital has no information that any person beneficially owns more than 5% of the outstanding Alliance Capital Units except Equitable, ACMC and ECMC, wholly-owned subsidiaries of AXA Financial as reported on Amendment No. 7 to Schedule 13D dated November 3, 1999, filed with the SEC by AXA and certain of its affiliates pursuant to the Securities Exchange Act of 1934. The following table and notes have been prepared in reliance upon such filing for the nature of ownership and an explanation of overlapping ownership.

| Name and Address of Beneficial Owner | Amount and Nature of Beneficial Ownership | Percent of Class |
|---|---|---|
| AXA (1)(2)(3)(4)<br>25, avenue Matignon<br>75008 Paris<br>France | 95,855,945 | 55.7% |
| AXA Financial (4)<br>1290 Avenue of the Americas<br>New York, NY 10019 | 95,855,945 | 55.7% |

(1) Based on information provided by AXA Financial, at March 1, 2000, AXA and certain of its subsidiaries beneficially owned approximately 60.3% of AXA Financial's outstanding common stock. For insurance regulatory purposes the shares of capital stock of AXA Financial beneficially owned by AXA and its subsidiaries have been deposited into a voting trust ("Voting Trust") which has an initial term of 10 years commencing May 12, 1992. The trustees of the Voting Trust (the "Voting Trustees") are Claude Bebear, Patrice Garnier and Henri de Clermont-Tonnerre, each of whom serves on either the Management Board (in the case of Mr. Bebear) or Supervisory Board (in the case of Messrs. Garnier and de Clermont-Tonnerre) of AXA. The Voting Trustees have agreed to exercise their voting rights to protect the legitimate economic interests of AXA, but with a view to ensuring that certain minority shareholders of AXA do not exercise control over AXA Financial or certain of its insurance subsidiaries.

(2) Based on information provided by AXA, on March 1, 2000, approximately 20.3% of the issued ordinary shares (representing 31.9% of the voting power) of AXA were owned directly and indirectly by Finaxa, a French holding company. As of March 1, 2000, 60.7% of the shares (representing 70.7% of the voting power) of Finaxa were owned by four French mutual insurance companies (the "Mutuelles AXA") (one of which, AXA Assurances I.A.R.D. Mutuelle, owned 34.8% of the shares, representing 40.4% of the voting power), and 22.3% of the shares of Finaxa (representing 13.3% of the voting power) were owned by Paribas, a French bank. Including the ordinary shares owned by Finaxa, on March 1, 2000, the Mutuelles AXA directly or indirectly owned approximately 23.3% of the issued ordinary shares (representing 36.7% of the voting power) of AXA.

(3) The Voting Trustees may be deemed to be beneficial owners of all Alliance Capital Units beneficially owned by AXA and its subsidiaries. In addition, the Mutuelles AXA, as a group, and Finaxa may be deemed to be beneficial owners of all Alliance Capital Units beneficially owned by AXA and its subsidiaries. By virtue of the provisions of the Voting Trust Agreement, AXA may be deemed to have shared voting power with respect to the Alliance Capital Units. AXA and its subsidiaries have the power to dispose or direct the disposition of

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

(4) By reason of their relationship, AXA, the Voting Trustees, the Mutuelles AXA, Finaxa, AXA Financial, Equitable, Equitable Holdings, LLC, EIC, ACMC and ECMC may be deemed to share the power to vote or to direct the vote and to dispose or direct the disposition of all or a portion of the 95,855,945 Alliance Capital Units.

Alliance Holding, 1345 Avenue of the Americas, New York, NY 10105, owns 71,855,296 or 41.7% of the outstanding Alliance Capital Units.

Management

The following table sets forth, as of March 1, 2000, 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 |
|---|---|---|
| Dave H. Williams (1) | 759,036 | * |
| Luis Javier Bastida | 0 | * |
| Donald H. Brydon (1) | 0 | * |
| Bruce W. Calvert (1) | 500,000 | * |
| John D. Carifa (1) | 1,020,000 | * |
| Henri de Castries (1) | 0 | * |
| Kevin C. Dolan (1) | 0 | * |
| Denis Duverne (1) | 0 | * |
| Alfred Harrison (1) | 365,410 | * |
| Herve Hatt (1) | 0 | * |
| Michael Hegarty (1) | 18,000 | * |
| Benjamin D. Holloway | 0 | * |
| Edward D. Miller (1) | 0 | * |
| Peter D. Noris (1) | 0 | * |
| Frank Savage (1) | 10,000 | * |
| Stanley B. Tulin (1) | 0 | * |
| Reba W. Williams (1)(2) | 759,036 | * |
| Robert B. Zoellick | 0 | * |
| David R. Brewer, Jr. (1) | 0 | * |
| Robert H. Joseph, Jr. (1) | 0 | * |
| All Directors and executive officers of the General Partner as a Group (20 persons) | 2,672,446 | 1.6% |

* 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. Williams, Brydon, de Castries, Dolan, Duverne, Hatt, Hegarty, Miller, Noris and Tulin are directors and/or officers of AXA, AXA Financial and/or Equitable. Messrs. Williams, Calvert, Carifa, Harrison, Savage, Brewer, Joseph and Mrs. Reba W. Williams are directors and/or officers of Alliance.
(2) Includes 759,036 Alliance Capital Units owned by Mr. Dave H. Williams.

Management

The following table sets forth, as of March 1, 2000, 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 |
|---|---|---|
| Dave H. Williams (1)(2) | 1,009,876 | 1.4% |
| Luis Javier Bastida | 0 | * |
| Donald H. Brydon (1) | 0 | * |
| Bruce W. Calvert (1)(3) | 1,290,000 | 1.8% |
| John D. Carifa (1)(4) | 1,435,336 | 2.0% |
| Henri de Castries (1) | 2,000 | * |
| Kevin C. Dolan (1) | 0 | * |
| Denis Duverne (1) | 2,000 | * |
| Alfred Harrison (1) | 342,940 | * |
| Herve Hatt (1) | 0 | * |
| Michael Hegarty (1) | 0 | * |
| Benjamin D. Holloway | 11,600 | * |
| Edward D. Miller (1) | 0 | * |
| Peter D. Noris (1) | 2,000 | * |
| Frank Savage (1) | 81,000 | * |
| Stanley B. Tulin (1) | 4,000 | * |
| Reba W. Williams (1)(5) | 1,009,876 | 1.4% |
| Robert B. Zoellick | 600 | * |
| David R. Brewer, Jr. (1)(6) | 254,750 | * |
| Robert H. Joseph, Jr. (1)(7) | 148,500 | * |
| All Directors and executive officers of the General Partner as a Group (20 persons)(8) | 4,584,602 | 6.4% |

* 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. Williams, Brydon, de Castries, Dolan, Duverne, Hatt, Hegarty, Miller, Noris and Tulin are directors and/or officers of AXA, AXA Financial and/or Equitable. Messrs. Williams, Calvert, Carifa, Harrison, Savage, Brewer, Joseph and Mrs. Reba W. Williams are directors and/or officers of Alliance.
(2) Includes 160,000 Alliance Holding Units owned by Mrs. Reba W. Williams.
(3) Includes 790,000 Alliance Holding Units which may be acquired within 60 days under Alliance Capital Option Plans.
(4) Includes 440,000 Alliance Holding Units which may be acquired within 60 days under Alliance Capital Option Plans.
(5) Includes 849,876 Alliance Holding Units beneficially owned by Mr. Dave H. Williams.
(6) Includes 152,750 Alliance Holding Units which may be acquired within 60 days under Alliance Capital Option Plans and 1,000 Alliance Holding Units owned by Mr. Brewer's wife.
(7) Includes 128,500 Alliance Holding Units which may be acquired within 60 days under Alliance Capital Option Plans.
(8) Includes 1,511,250 Alliance Holding Units which may be acquired within 60 days under Alliance Capital Option Plans.

The following tables set forth, as of March 1, 2000, the beneficial ownership of the common stock of AXA Financial, AXA and Finaxa by each director and each Named Executive Officer of the General Partner and by all directors and executive officers of the General Partner as a group:

AXA Financial Common Stock

| Name of Beneficial Owner | Number of Shares and Nature of Beneficial Ownership | Percent of Class |
|---|---|---|
| Dave H. Williams (1) | 200,000 | * |
| Luis Javier Bastida | 0 | * |
| Donald H. Brydon (2) | 0 | * |
| Bruce W. Calvert (3) | 100,000 | * |
| John D. Carifa (4) | 100,000 | * |
| Henri de Castries (2)(5) | 86,665 | * |
| Kevin C. Dolan (2) | 0 | * |
| Denis Duverne (2)(6) | 53,999 | * |
| Alfred Harrison | 0 | * |
| Herve Hatt (2) | 0 | * |
| Michael Hegarty (2)(7) | 296,794 | * |
| Benjamin D. Holloway | 108 | * |
| Edward D. Miller (2)(8) | 732,711 | * |
| Peter D. Noris (9) | 216,333 | * |
| Frank Savage | 136 | * |
| Stanley B. Tulin (10) | 278,753 | * |
| Reba W. Williams (11) | 200,000 | * |
| Robert B. Zoellick | 0 | * |
| David R. Brewer, Jr. | 0 | * |
| Robert H. Joseph, Jr. | 0 | * |
| All Directors and executive officers of the General Partner as a Group (20 Persons) (12) | 2,065,499 | * |

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

(1) Represents 200,000 shares subject to options held by Mr. Williams, which options Mr. Williams has the right to exercise within 60 days.
(2) Excludes shares beneficially owned by AXA. Messrs. Brydon, de Castries, Dolan, Duverne, Hatt, and Miller are officers of AXA.
(3) Represents 100,000 shares subject to options held by Mr. Calvert, which options Mr. Calvert has the right to exercise within 60 days.
(4) Represents 100,000 shares subject to options held by Mr. Carifa, which options Mr. Carifa has the right to exercise within 60 days.
(5) Represents 86,665 shares subject to options held by Mr. de Castries, which options Mr. de Castries has the right to exercise within 60 days.
(6) Includes 49,999 shares subject to options held by Mr. Duverne, which options Mr. Duverne has the right to exercise within 60 days and 4,000 shares owned jointly by Mr. Duverne and his spouse, Sylvie Duverne.
(7) Includes 295,956 shares subject to options held by Mr. Hegarty, which options Mr. Hegarty has the right to exercise within 60 days.
(8) Includes 732,511 shares subject to options held by Mr. Miller, which options Mr. Miller has the right to exercise within 60 days.
(9) Represents 216,633 shares subject to options held by Mr. Noris, which options Mr. Noris has the right to exercise within 60 days.
(10) Includes 253,280 shares subject to options held by Mr. Tulin, which options Mr. Tulin has the right to exercise within 60 days and 8,000 shares owned jointly by Mr. Tulin and his spouse, Riki P. Tulin.

(11) Represents 200,000 shares subject to options held by Mr. Williams, which options Mr. Williams has the right to exercise within 60 days.

(12) Includes 2,035,044 shares subject to options, which options may be exercised within 60 days.

AXA Common Stock

| Name of Beneficial Owner | Number of Shares and Nature of Beneficial Ownership | Percent of Class |
|---|---|---|
| Dave H. Williams (1) | 10,000 | * |
| Luis Javier Bastida | 0 | * |
| Donald H. Brydon (2) | 6,250 | * |
| Bruce W. Calvert (3) | 2,500 | * |
| John D. Carifa (4) | 3,000 | * |
| Henri de Castries (5) | 122,750 | * |
| Kevin C. Dolan (6) | 29,350 | * |
| Denis Duverne (7) | 26,042 | * |
| Alfred Harrison | 0 | * |
| Herve Hatt (8) | 2,500 | * |
| Michael Hegarty (9) | 3,750 | * |
| Benjamin D. Holloway | 0 | * |
| Edward D. Miller (10) | 12,500 | * |
| Peter D. Noris (11) | 4,250 | * |
| Frank Savage | 0 | * |
| Stanley B. Tulin (12) | 8,500 | * |
| Reba W. Williams (13) | 10,000 | * |
| Robert B. Zoellick | 300 | * |
| David R. Brewer, Jr. | 0 | * |
| Robert H. Joseph, Jr. | 0 | * |
| All Directors and executive officers of the General Partner as a Group (20 persons) (14) | 231,692 | * |

* Number of shares listed represents less than one percent (1%) of the AXA common stock outstanding. Holdings of AXA American Depositary Shares are expressed as their equivalent in AXA common stock. Each AXA American Depositary Share is equivalent to one-half of a share of AXA common stock.

(1) Represents 10,000 shares subject to options held by Mr. Williams, which options Mr. Williams has the right to exercise within 60 days.

(2) Represents 6,250 shares subject to options held by Mr. Brydon, which options Mr. Brydon has the right to exercise within 60 days.

(3) Represents 2,500 shares subject to options held by Mr. Calvert, which options Mr. Calvert has the right to exercise within 60 days.

(4) Includes 2,500 shares subject to options held by Mr. Carifa, which options Mr. Carifa has the right to exercise within 60 days.

(5) Includes 59,125 shares subject to options held by Mr. de Castries, which options Mr. de Castries has the right to exercise within 60 days and 7,500 shares owned by Mr. de Castries' three minor children.

(6) Represents 29,350 shares subject to options held by Mr. Dolan, which options Mr. Dolan has the right to exercise within 60 days.

(7) Includes 16,000 shares held jointly with Mr. Duverne's wife, 42 shares owned by Mr. Duverne's children and 10,000 shares subject to options held by Mr. Duverne, which options Mr. Duverne has the right to exercise within 60 days.

(8) Represents 2,500 shares subject to options held by Mr. Hatt, which options Mr. Hatt has the right to exercise within 60 days.

(9) Represents 3,750 shares subject to options held by Mr. Hegarty, which options Mr. Hegarty has the right to exercise within 60 days.

(10) Represents 12,500 shares subject to options held by Mr. Miller, which options Mr. Miller has the right to exercise within 60 days.

(11) Represents 4,250 shares subject to options held by Mr. Noris, which options Mr. Noris has the right to exercise within 60 days.
(12) Includes 7,500 shares subject to options held by Mr. Tulin, which options Mr. Tulin has the right to exercise within 60 days.
(13) Represents 10,000 shares subject to options held by Mr. Williams, which options Mr. Williams has the right to exercise within 60 days.
(14) Includes 150,225 shares subject to options, which options may be exercised within 60 days.

| | Finaxa Common Stock | |
|---|---|---|
| Name of Beneficial Owner | Number of Shares and Nature of Beneficial Ownership | Percent of Class |
| Dave H. Williams | 0 | * |
| Luis Javier Bastida | 0 | * |
| Donald H. Brydon | 0 | * |
| Bruce W. Calvert | 0 | * |
| John D. Carifa | 0 | * |
| Henri de Castries | 71,001 | * |
| Kevin C. Dolan | 0 | * |
| Denis Duverne | 0 | * |
| Alfred Harrison | 0 | * |
| Herve Hatt | 0 | * |
| Michael Hegarty | 0 | * |
| Benjamin D. Holloway | 0 | * |
| Edward D. Miller | 0 | * |
| Peter D. Noris | 0 | * |
| Frank Savage | 0 | * |
| Stanley B. Tulin | 0 | * |
| Reba W. Williams | 0 | * |
| Robert B. Zoellick | 0 | * |
| David R. Brewer, Jr. | 0 | * |
| Robert H. Joseph, Jr. | 0 | * |
| All Directors and executive officers of the General Partner as a Group (20 persons) | 71,001 | * |

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

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

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

In addition, the Alliance Capital Partnership Agreement and the Alliance Holding Partnership Agreement grant broad rights of indemnification to the General Partner and its directors and affiliates and authorize Alliance Capital and Alliance Holding to enter into indemnification agreements with the directors, officers, partners, employees and agents of Alliance Capital and its affiliates and Alliance Holding and its affiliates. Alliance Capital and Alliance Holding have granted broad rights of indemnification to officers of the General Partner and employees of Alliance Capital and Alliance Holding. The foregoing indemnification provisions are not exclusive, and Alliance Capital and Alliance Holding are authorized to enter into additional indemnification arrangements. Alliance Capital and Alliance Holding have obtained directors and officers liability insurance.

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

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

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

## Item 13. Certain Relationships and Related Transactions

### Competition

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

### Financial Services

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

Alliance Capital acts as the investment manager for the general and separate accounts of Equitable and its insurance company subsidiary pursuant to investment advisory agreements. During 1999 Alliance Capital received approximately $54.1 million in fees pursuant to these agreements. In connection with the services provided under these agreements Alliance Capital provides ancillary accounting, valuation, reporting, treasury and other services under service agreements. During 1999 Alliance Capital received approximately $8.9 million in fees pursuant to these agreements. Equitable provides certain legal and other services to Alliance Capital relating to certain insurance and other regulatory aspects of the general and separate accounts of Equitable and its insurance company subsidiary. During 1999 Alliance Capital paid approximately $1.2 million to Equitable for these services.

During 1999 Alliance Capital paid Equitable approximately $39.7 million for certain services provided by Equitable with respect to the marketing of the variable annuity insurance and variable life insurance products for which HRT was the funding vehicle until October 18, 1999 when all of the portfolios of HRT were transferred to EQAT and such payments terminated.

Equitable has issued life insurance policies to ACMC on certain employees of Alliance Capital, the costs of which are borne by ACMC without reimbursement by Alliance Capital. During 1999 ACMC paid approximately $5.2 million in insurance premiums on these policies.

Alliance Capital and its employees are covered under various insurance policies maintained by Equitable and its subsidiaries. The amount of premiums for these group policies paid by Alliance Capital to Equitable was approximately $218,000 for 1999.

Alliance Capital provides investment management services to certain employee benefit plans of Equitable and DLJ. Advisory fees from these accounts totaled approximately $5.0 million for 1999 including $3.6 million from the separate accounts of Equitable.

In April 1996 Alliance Capital acquired the United States investing activities and business of National Mutual Funds Management ("NMFM"), a subsidiary of AXA. In connection therewith Alliance Capital entered into investment management agreements with AXA Asia Pacific Holdings Limited (formerly National Mutual Holdings Limited), the parent of NMFM and a subsidiary of AXA, and various of its subsidiaries (collectively, the "AXA Asia Pacific Group"). The AXA Asia Pacific Group paid approximately $3.2 million in advisory fees to Alliance Capital in 1999. Alliance Capital earned an additional $32,500 in advisory fees from the AXA Asia Pacific Group in 1999, which fees were paid in full in 2000.

AXA Advisors was Alliance Capital's third largest distributor of U.S. Funds in 1999 for which AXA Advisors received sales concessions from Alliance Capital on sales of $1,065 million. In 1999 AXA Advisors also distributed certain of Alliance Capital's cash management products. AXA Advisors received distribution payments totaling $9.8 million in 1999 for these services.

DLJ Securities Corporation and Pershing distribute certain Alliance Mutual Funds and cash management products and receive sales concessions and distribution payments. In addition, Alliance Capital and Pershing have an agreement pursuant to which Pershing recommends to certain of its correspondent firms the use of Alliance Capital's cash management products for which Pershing is allocated a portion of the revenues derived by Alliance Capital from sales through the Pershing correspondents. Amounts paid by Alliance Capital to DLJ Securities Corporation, Pershing and Wood Struthers & Winthrop Management Corp., a subsidiary of DLJ, in connection with the above distribution services were $96.3 million in 1999. DLJ and its subsidiaries also provide Alliance Capital with brokerage and various other services, including clearing, investment banking, research, data processing and administrative services. Brokerage, the expense of which is borne by Alliance Capital's clients, aggregated approximately $1.9 million for 1999. During 1999 Alliance Capital paid $600,000 to DLJ and its subsidiaries for all other services.

During 1999 Alliance Capital reimbursed Equitable in the amount of $700,000 for rent and the use of certain services and facilities.

Alliance Capital and its subsidiaries provide investment management services to AXA Reinsurance Company, a subsidiary of AXA, and its affiliates, pursuant to discretionary investment advisory agreements. AXA Reinsurance Company and its affiliates paid Alliance Capital approximately $1.1 million during 1999 for such services. Alliance Capital earned an additional $99,000 in management fees from AXA Reinsurance Company and its affiliates during 1999, which fees were paid in full in 2000.

Alliance Capital and its subsidiaries also provide investment management services to AXA World Funds, a Luxembourg fund, pursuant to a sub-advisory agreement between Alliance Capital and AXA Funds Management SA, a subsidiary of AXA. Alliance Capital earned approximately $189,000 in management fees during 1999, which fees were paid in full in 2000.

Other Transactions

During 1999 Alliance Capital paid certain legal and other expenses incurred by Equitable and its insurance company subsidiary relating to the general and separate accounts of Equitable and such subsidiary for which it has been or will be fully reimbursed by Equitable. The largest amount of such indebtedness outstanding during 1999 was approximately $73,000 which represents the amount outstanding on September 30, 1999.

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

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

In 1999 GIE Informatique AXA, an affiliate of AXA, entered into a technology cost contribution agreement with various AXA subsidiaries, including Alliance Capital, to enable the participants to share the costs and benefits of cooperative technology development through GIE Informatique AXA. All participants are joint owners of the technology and processes developed under this agreement. In 1999 Alliance Capital's share of such costs was approximately $1,142,000. Alliance Capital anticipates continuing to pay its share of such costs under this agreement in 2000.

During 1999 four money market mutual funds sponsored by Alliance Capital ("Money Market Funds") owned an aggregate of $570 million of funding agreements issued by General American Life Insurance Company ("General American"). The funding agreements had a maturity date of July 10, 2000 but permitted the holder to redeem the principal amount thereof on seven days written notice. The Money Market Funds gave written redemption notices on August 2, 1999. On August 10,

1999 General American announced that in light of the redemption notices issued by owners of a substantial portion of the funding agreements, including the Money Market Funds, it was unable to honor the redemption notices in a timely fashion. Equitable obtained letters of credit in favor of the Money Market Funds under which the Money Market Funds were entitled to draw on July 10, 2000, the maturity date of the funding agreements, to pay principal in an amount up to the face amount of the funding agreements. Alliance Capital entered into a reimbursement agreement with Equitable under which it agreed to reimburse Equitable for all amounts drawn down by the Money Market Funds under the letters of credit and pay certain fees and expenses to Equitable. The letters of credit were terminated on October 4, 1999 when Metropolitan Life Insurance Company assumed General American's liabilities under the funding agreements and agreed to honor the redemption requests. Alliance Capital paid $1,066,362 to or on behalf of Equitable under the reimbursement agreement in 1999 and is obligated to pay an additional $70,744.

Mrs. Reba W. Williams, the wife of Dave H. Williams, was employed by Alliance Capital during 1999 and received compensation in the amount of $100,000.

Certain of the hedge funds managed by Alliance Capital pay a portion of the carried interests or performance fees to certain portfolio managers, research analysts and other investment professionals who are associated with the management of the hedge funds. Alliance Capital provides investment management services to the hedge funds and is entitled to receive between 75% and 100% of the aggregate carried interests or performance fees paid by such funds. Alliance Capital received approximately $47 million from the hedge funds in 1999 primarily in respect of the performance by the hedge funds in 1998. Mr. Alfred Harrison, a Director and Vice Chairman of the General Partner, received $4,618,064 in 1999 in respect of his association with the hedge funds.

ACMC and the General Partner are obligated, subject to certain limitations, to make capital contributions to Alliance Capital in an amount equal to the payments Alliance Capital is required to make as deferred compensation under the employment agreements entered into in connection with Equitable's 1985 acquisition of DLJ, as well as obligations of Alliance Capital to various employees and their beneficiaries under Alliance Capital's Capital Accumulation Plan. In 1999 ACMC made capital contributions to Alliance Capital in the amount of $1,092,000 in respect of these obligations. ACMC's obligations to make these contributions are guaranteed by EIC subject to certain limitations. All tax deductions with respect to these obligations, to the extent funded by ACMC, Alliance or EIC, will be allocated to ACMC or Alliance.

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

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



Schedules are omitted because they are not applicable, or the required information is set forth in the financial statements or notes thereto.

(b) Reports on Form 8-K.

Neither Alliance Capital nor Alliance Holding filed a report on Form 8-K during the last quarter of 1999.

(c) Exhibits.

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

| Exhibit | Description |
|---|---|
| 2.1 | Agreement and Plan of Reorganization dated August 20, 1999 among Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.), Alliance Capital Management L.P. (formerly Alliance Capital Management L.P. II), Alliance Capital Management Corporation and the Equitable Life Assurance Society of the United States (incorporated by reference to Exhibit (a)(1) to the Form 10-Q for the quarterly period ended September 30, 1999 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed on November 15, 1999). |
| 3.1 | Amended and Restated Certificate of Limited Partnership dated October 29, 1999 of Alliance Capital Management L.P. (formerly Alliance Capital Management L.P. II) (incorporated by reference to Exhibit 2.1 to the Registration Statement of Form 8-A of Alliance Capital Management L.P. (formerly Alliance Capital Management L.P. II) filed on March 15, 2000). |
| 3.2 | Amended and Restated Agreement of Limited Partnership dated October 29, 1999 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) (incorporated by reference to Exhibit (a)(2) to the Form 10-Q for the quarterly period ended September 30, 1999 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed on November 15, 1999). |
| 3.3 | Amended and Restated Agreement of Limited Partnership dated October 29, 1999 of Alliance Capital Management L.P. (formerly Alliance Capital Management L.P. II) (incorporated by reference to Exhibit (a)(3) to the Form 10-Q for the quarterly period ended September 30, 1999 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed on November 15, 1999). |
| 10.1 | Unit Option Plan Agreement dated December 6, 1999 with Robert H. Joseph, Jr. |
| 10.2 | Unit Option Plan Agreement dated December 6, 1999 with David R. Brewer, Jr. |
| 10.3 | Amended and Restated Alliance Partners Compensation Plan dated December 6, 1999. |
| 10.4 | Restricted Unit Award Agreement dated December 31, 1999 with Bruce W. Calvert. |
| 10.5 | Restricted Unit Award Agreement dated December 31, 1999 with John D. Carifa. |
| 10.6 | Restricted Unit Award Agreement dated December 31, 1999 with Alfred Harrison. |
| 10.7 | Restricted Unit Award Agreement dated December 31, 1999 with Robert H. Joseph, Jr. |
| 10.8 | Restricted Unit Award Agreement dated December 31, 1999 with David R. Brewer, Jr. |
| 10.9 | Commercial Paper Dealer Agreement, dated as of December 14, 1999. |
| 10.10 | Extendible Commercial Notes Dealer Agreement, dated as of December 14, 1999. |
| 10.11 | Amended and Restated Investment Advisory and Management Agreement dated October 29, 1999 among Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.), Alliance Corporate Finance Group Incorporated and The Equitable Life Assurance Society of the United States (incorporated by reference to Exhibit (a)(6) to the Form 10-Q for the quarterly period ended September 30, 1999 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed on November 15, 1999). |
| 10.12 | Amended and Restated Accounting, Valuation, Reporting and Treasury Services Agreement dated October 29, 1999 between Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.), Alliance Corporate Finance Group Incorporated and The Equitable Life Assurance Society of the United States (incorporated by reference to Exhibit (a)(7) to the |

Form 10-Q for the quarterly period ended September 30, 1999 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed on November 15, 1999).

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

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

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

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

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

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

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

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

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

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

10.23 Revolving Credit Agreement dated as of July 20, 1998 among Alliance Capital Management L.P., as Borrower, and the lending institutions listed on Schedule 1 thereto, collectively as Banks, and

Nations Bank, N.A., The Chase Manhattan Bank and the Bank of New York, individually as Co-Agents, Nations Bank N.A., as Administrative Agent, The Chase Manhattan Bank, as Syndication Agent, and the Bank of New York, as Documentation Agent (incorporated by reference to Exhibit 10.106 to the Form 10-K for the fiscal year ended December 31, 1998).

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

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

10.26 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).

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

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

10.29 Unit Option Plan Agreement dated December 5, 1995 with David R. Brewer, Jr. (incorporated by reference to Exhibit 10.82 to the Form 10-K for the fiscal year ended December 31, 1995 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed April 1, 1996).

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

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

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

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

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

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

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

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

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

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

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

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

10.42 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).

10.43 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).

10.44 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).

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

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

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

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

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

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

10.51 Unit Option Plan Agreement dated May 16, 1990 with David R. Brewer, Jr. (incorporated by reference to Exhibit 10.33 to the Form 10-K for the fiscal year ended December 31, 1990 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed

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| | March 28, 1991). |
| 10.52 | Unit Option Plan Agreement dated May 16, 1990 with Robert H. Joseph, Jr. (incorporated by reference to Exhibit 10.32 to the Form 10-K for the fiscal year ended December 31, 1990 of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) filed March 28, 1991). |
| 10.53 | 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). |
| 10.54 | 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). |
| 11.1 | Computation of Pro Forma Earnings per Unit for the years ended December 31, 1999, 1998 and 1997. |
| 13.1 | Pages 47 through 84 of the 1999 Annual Report. |
| 21.1 | Subsidiaries of the Registrant |
| 23.1 | Consent of KPMG LLP |
| 24.1 | Power of Attorney by Luis Javier Bastida |
| 24.2 | Power of Attorney by Donald H. Brydon |
| 24.3 | Power of Attorney by Henri de Castries |
| 24.4 | Power of Attorney by Kevin C. Dolan |
| 24.5 | Power of Attorney by Denis Duverne |
| 24.6 | Power of Attorney by Alfred Harrison |
| 24.7 | Power of Attorney by Herve Hatt |
| 24.8 | Power of Attorney by Michael Hegarty |
| 24.9 | Power of Attorney by Benjamin D. Holloway |
| 24.10 | Power of Attorney by Edward D. Miller |
| 24.11 | Power of Attorney by Peter D. Noris |
| 24.12 | Power of Attorney by Stanley B. Tulin |
| 24.13 | Power of Attorney by Robert B. Zoellick |
| 27.1 | Financial Data Schedule |

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

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

Date: March 28, 2000

By: /s/ Bruce W. Calvert
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Bruce W. Calvert
Vice Chairman and Chief Executive Officer

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

Date: March 28, 2000

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

Date: March 28, 2000

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

Directors

/s/ Dave H. Williams
- ---------------------------------
Dave H. Williams
Chairman and Director

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- ---------------------------------
Luis Javier Bastida
Director

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- ---------------------------------
Donald H. Brydon
Director

/s/ Bruce W. Calvert
- ---------------------------------
Bruce W. Calvert
Director

/s/ John D. Carifa
- ---------------------------------
John D. Carifa
Director

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Henri de Castries
Director

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Kevin C. Dolan
Director

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Denis Duverne
Director

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Alfred Harrison
Director

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Herve Hatt
Director

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Michael Hegarty
Director

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Benjamin D. Holloway
Director

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Edward D. Miller
Director

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Peter D. Noris
Director

/s/ Frank Savage
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Frank Savage
Director

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Stanley B. Tulin
Director

/s/ Reba W. Williams
- ---------------------------------
Reba W. Williams
Director

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- ---------------------------------
Robert B. Zoellick
Director

/s/ David R. Brewer, Jr.
- ---------------------------------
David R. Brewer, Jr.
(Attorney-in-Fact)

ALLIANCE CAPITAL MANAGEMENT L.P.
UNIT OPTION PLAN AGREEMENT

AGREEMENT, dated December 6, 1999 between Alliance Capital Management L.P. (the "Partnership"), Alliance Capital Management Holding L.P. ("Alliance Holding") and Robert H. Joseph, Jr. (the "Employee"), an employee of the Partnership or a subsidiary of the Partnership.

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

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

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

2. Term and Exercise Schedule. This Option shall not be exercisable to any extent prior to December 6, 2000 or after December 6, 2009 (the "Expiration Date"). Subject to the terms and conditions of this Agreement and the Plan, the Employee shall be entitled to exercise the Option prior to the Expiration Date and to purchase Units hereunder in accordance with the schedule set forth in Section 3 of Exhibit A.

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

3. Notice of Exercise, Payment and Certificate. Exercise of this Option, in whole or in part, shall be by delivery of a written notice to the Partnership and Alliance Holding pursuant to Section 13 which specifies the number of Units being purchased and is accompanied by payment

therefor in cash. Promptly after receipt of such notice and purchase price, the Partnership and Alliance Holding shall deliver to the person exercising the Option a certificate for the number of Units purchased. Units to be issued upon the exercise of this Option may be either authorized and unissued Units or Units which have been reacquired by the Partnership, a subsidiary of the Partnership, Alliance Holding or a subsidiary of Alliance Holding.

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

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

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

(c) Other Termination. If the Partnership terminates the Employee's employment for any reason other than death, Disability or for Cause, the Employee shall have the right to exercise this Option, to the extent that he was entitled to do so on the date of the termination of his employment, for a period which ends not later than the earlier of (i) three months after such termination, and (ii) the Expiration Date. "Cause" shall mean (A) the Employee's continuing willful failure to

perform his duties as an employee (other than as a result of his total or partial incapacity due to physical or mental illness), (B) gross negligence or malfeasance in the performance of the Employee's duties, (C) a finding by a court or other

governmental body with proper jurisdiction that an act or acts by the Employee constitutes (1) a felony under the laws of the United States or any state thereof (or, if the Employee's place of employment is outside of the United States, a serious crime under the laws of the foreign jurisdiction where he is employed, which crime if committed in the United States would be a felony under the laws of the United States or the laws of New York), or (2) a violation of federal or state securities law (or, if the Employee's place of employment is outside of the United States, of federal, state or foreign securities law) by reason of which finding of violation described in this clause (2) the Board determines in good faith that the continued employment of the Employee by the Partnership would be seriously detrimental to the Partnership and its business, (D) in the absence of such a finding by a court or other governmental body with proper jurisdiction, such a determination in good faith by the Board by reason of such act or acts constituting such a felony, serious crime or violation, or (E) any breach by the Employee of any obligation of confidentiality or non-competition to the Partnership.

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

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

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

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

8. Dilution and Other Adjustments. The existence of this Option shall not impair the right of the Partnership or Alliance Holding or their respective partners to, among other things, conduct, make or effect any change in the Partnership's or Alliance Holding's business, any issuance of debt obligations or other securities by the Partnership or Alliance Holding, any grant of options

with respect to an interest in the Partnership or Alliance Holding or any adjustment, recapitalization or other change in the partnership interests of the Partnership or Alliance Holding (including, without limitation, any distribution, subdivision, or combination of limited partnership interests), or any incorporation of the Partnership or Alliance Holding. In the event of such a change in the partnership interests of the Partnership or Alliance Holding, the Board shall make such adjustments to this Option, including the purchase price specified in Section 1, as it deems appropriate and equitable. In the event of incorporation of the Partnership or Alliance Holding, the Board shall make such arrangements as it deems appropriate and equitable with respect to this Option for the Employee to purchase stock in the resulting corporation in place of the Units subject to this Option. Any such adjustment or arrangement may provide for the elimination of any fractional Unit or shares of stock which might otherwise become subject to this Option. Any decision by the Board under this Section shall be final and binding upon the Employee.

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

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

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

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

13. Notices. Any notice under this Agreement shall be in writing and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, registered, postage prepaid, and addressed, in the case of the Partnership, to the Secretary of Alliance Capital Management Corporation at 1345 Avenue of the Americas, New York, New York 10105, or if the Partnership should move its principal office, to such principal office, in the case of Alliance Holding, to the Secretary of Alliance Capital Management Corporation at 1345 Avenue of the Americas, New York, New York 10105, or if Alliance Holding should move its principal office, to

such principal office, and, in the case of the Employee, tohis last permanent address as shown on the Partnership's records, subject to the right of either party to designate some other address at any time hereafter in a notice satisfying the requirements of this Section.

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

ALLIANCE CAPITAL MANAGEMENT L.P.

By: Alliance Capital Management Corporation, its General Partner

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

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.

By: Alliance Capital Management Corporation, General Partner

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

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

Exhibit A To Unit Option Plan Agreement Dated December 6, 1999
between Alliance Capital Management L.P.,
Alliance Capital Management Holding L.P. and Robert H. Joseph, Jr.

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

2. The per Unit price to purchase Units pursuant to the Option granted under this Agreement is $30.25 per Unit.

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

| | | |
|---|---|---|
| 1. | December 6, 2000 | 20% |
| 2. | December 6, 2001 | 20% |
| 3. | December 6, 2002 | 20% |
| 4. | December 6, 2003 | 20% |
| 5. | December 6, 2004 | 20% |

ALLIANCE CAPITAL MANAGEMENT L.P.
UNIT OPTION PLAN AGREEMENT

AGREEMENT, dated December 6, 1999 between Alliance Capital Management L.P. (the "Partnership"), Alliance Capital Management Holding L.P. ("Alliance Holding") and David R. Brewer, Jr. (the "Employee"), an employee of the Partnership or a subsidiary of the Partnership.

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

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

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

2. Term and Exercise Schedule. This Option shall not be exercisable to any extent prior to December 6, 2000 or after December 6, 2009 (the "Expiration Date"). Subject to the terms and conditions of this Agreement and the Plan, the Employee shall be entitled to exercise the Option prior to the Expiration Date and to purchase Units hereunder in accordance with the schedule set forth in Section 3 of Exhibit A.

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

3. Notice of Exercise, Payment and Certificate. Exercise of this Option, in whole or in part, shall be by delivery of a written notice to the Partnership and Alliance Holding pursuant to Section 13 which specifies the number of Units being purchased and is accompanied by payment

therefor in cash. Promptly after receipt of such notice and purchase price, the Partnership and Alliance Holding shall deliver to the person exercising the Option a certificate for the number of Units purchased. Units to be issued upon the exercise of this Option may be either authorized and unissued Units or Units which have been reacquired by the Partnership, a subsidiary of the Partnership, Alliance Holding or a subsidiary of Alliance Holding.

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

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

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

(c) Other Termination. If the Partnership terminates the Employee's employment for any reason other than death, Disability or for Cause, the Employee shall have the right to exercise this Option, to the extent that he was entitled to do so on the date of the termination of his employment, for a period which ends not later than the earlier of (i) three months after such termination, and (ii) the Expiration Date.

"Cause" shall mean (A) the Employee's continuing willful failure to perform his duties as an employee (other than as a result of his total or partial incapacity due to physical or mental illness), (B) gross negligence or malfeasance in the performance of the Employee's duties, (C) a finding by a court or other

governmental body with proper jurisdiction that an act or acts by the Employee constitutes (1) a felony under the laws of the United States or any state thereof (or, if the Employee's place of employment is outside of the United States, a serious crime under the laws of the foreign jurisdiction where he is employed, which crime if committed in the United States would be a felony under the laws of the United States or the laws of New York), or (2) a violation of federal or state securities law (or, if the Employee's place of employment is outside of the United States, of federal, state or foreign securities law) by reason of which finding of violation described in this clause (2) the Board determines in good faith that the continued employment of the Employee by the Partnership would be seriously detrimental to the Partnership and its business, (D) in the absence of such a finding by a court or other governmental body with proper jurisdiction, such a determination in good faith by the Board by reason of such act or acts constituting such a felony, serious crime or violation, or (E) any breach by the Employee of any obligation of confidentiality or non-competition to the Partnership.

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

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

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

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

8. Dilution and Other Adjustments. The existence of this Option shall not impair the right of the Partnership or Alliance Holding or their respective partners to, among other things, conduct, make or effect any change in the Partnership's or Alliance Holding's business, any issuance of debt obligations or other securities by the Partnership or Alliance Holding, any grant of options

with respect to an interest in the Partnership or Alliance Holding or any adjustment, recapitalization or other change in the partnership interests of the Partnership or Alliance Holding (including, without limitation, any distribution, subdivision, or combination of limited partnership interests), or any incorporation of the Partnership or Alliance Holding. In the event of such a change in the partnership interests of the Partnership or Alliance Holding, the Board shall make such adjustments to this Option, including the purchase price specified in Section 1, as it deems appropriate and equitable. In the event of incorporation of the Partnership or Alliance Holding, the Board shall make such arrangements as it deems appropriate and equitable with respect to this Option for the Employee to purchase stock in the resulting corporation in place of the Units subject to this Option. Any such adjustment or arrangement may provide for the elimination of any fractional Unit or shares of stock which might otherwise become subject to this Option. Any decision by the Board under this Section shall be final and binding upon the Employee.

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

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

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

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

13. Notices. Any notice under this Agreement shall be in writing and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, registered, postage prepaid, and addressed, in the case of the Partnership, to the Secretary of Alliance Capital Management Corporation at 1345 Avenue of the Americas, New York, New York 10105, or if the Partnership should move its principal office, to such principal office, in the case of Alliance Holding, to the Secretary of Alliance Capital Management Corporation at 1345 Avenue of the Americas, New York, New York 10105, or if Alliance Holding should move its principal office,

to such principal office, and, in the case of the Employee, to his last permanent address as shown on the Partnership's records, subject to the right of either party to designate some other address at any time hereafter in a notice satisfying the requirements of this Section.

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

ALLIANCE CAPITAL MANAGEMENT L.P.

By: Alliance Capital Management Corporation, its General Partner

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

ALLIANCE CAPITAL MANAGEMENT HOLDING L.P.

By: Alliance Capital Management Corporation, General Partner

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

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

Exhibit A To Unit Option Plan Agreement Dated December 6, 1999
between Alliance Capital Management L.P.,
Alliance Capital Management Holding L.P. and David R. Brewer, Jr.

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

2. The per Unit price to purchase Units pursuant to the Option granted under this Agreement is $30.25 per Unit.

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

| | | |
|---|---|---|
| 1. | December 6, 2000 | 20% |
| 2. | December 6, 2001 | 20% |
| 3. | December 6, 2002 | 20% |
| 4. | December 6, 2003 | 20% |
| 5. | December 6, 2004 | 20% |

AMENDED AND RESTATED
ALLIANCE PARTNERS COMPENSATION PLAN
(as amended through December 6, 1999)

Alliance Capital Management Holding L.P. (together with any successor to all or substantially all of its business and assets, "Holding") and its successor and affiliate Alliance Capital Management L.P. (together with any successor to all or substantially all of its business and assets, "Alliance") have established this Alliance Partners Compensation Plan to (i) create a compensation program to attract and retain eligible employees expected to make a significant contribution to the future growth and success of Holding and Alliance, including their respective subsidiaries and (ii) foster the long-term commitment of these employees through the accumulation of capital and increased ownership of equity interests in Holding.

## ARTICLE I
## DEFINITIONS; ELIGIBILITY

1. Definitions. Whenever used in the Plan, each of the following terms shall have the meaning for that term set forth below:

(a) "Account" means, with respect to Pre-1999 Awards, a separate bookkeeping account established for each Participant for each such Award, with the amount of the Award credited to the Account together with Earnings thereafter credited thereon.

(b) "Affiliate" means (i) any entity that, directly or indirectly, is controlled by Alliance and (ii) any entity in which Alliance has a significant equity interest, in either case as determined by the Board or, if so authorized by the Board, the Committee.

(c) "Alliance Units" means units representing assignments of beneficial ownership of limited partnership interests in Alliance.

(d) "Award" means any Pre-1999 Award or any Post-1998 Award.

(e) "Award Agreement" means any written agreement, contract or other instrument or document evidencing any Award, which may, but need not, be executed or acknowledged by a Participant.

(f) "Board" means the Board of Directors of the general partner of Holding and Alliance.

(g) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(h) "Committee" shall mean the Board or one or more committees of the Board designated by the Board to administer the Plan.

(i) "Company" shall mean Holding, Alliance and any corporation or other entity of which Holding or Alliance (i) has sufficient voting power (not depending on the happening of a contingency) to elect at least a majority of its board of directors or other governing body, as the case may be, or (2) otherwise has the power to direct or cause the direction of its management and policies.

(j) "Director" shall mean any member of the Board.

(k) "Disability" shall mean, with respect to a Participant, a good faith determination by the Committee that the Participant is physically or mentally incapacitated and has been unable for a period of six consecutive months to perform substantially all of the duties for which the Participant was responsible immediately before the commencement of the incapacity. In order to assist the Committee in making such a determination and as reasonably requested by the Committee, a Participant will (i) make himself or herself available for medical examination by one or more physicians chosen by the Committee and approved by the Participant, whose approval shall not be unreasonably withheld, (ii) grant the Committee and any such physicians access to all relevant medical information relating to the Participant, (iii) arrange to furnish copies of medical records to the Committee and such physicians, and (iv) use his or her best efforts to cause the Participant's own physicians to be available to discuss the Participant's health with the Committee and its chosen physicians.

(l) "Earnings" means an amount computed as of the end of each calendar year equal to the product of (A) the balance of the Participant's Account as of the Effective Date of the Award credited thereto and (B) a percentage equal to the higher of (1) the "Alliance Growth Rate" for the period from such Effective Date through the end of the calendar year as of which the computation is being made (the "Earnings Period") and (2) the "Cumulative Compound Reference Rate" for the Earnings Period. For purposes of the foregoing, the "Alliance Growth Rate" means 1 plus the cumulative percentage increase or decrease in the level of Alliance's pre-tax operating earnings per Alliance Unit for each calendar year during the

Earnings Period, compounded annually, multiplied by the square of 1 plus the Reference Rate at the end of the Earnings Period, based on such product, determining the resultant compound annual growth rate (using the number of years in the Earnings Period plus two) and on the basis of such computation, determining the cumulative compound growth rate over the Earnings Period. Alliance's pre-tax operating earnings per Alliance Unit shall be based on Alliance's earnings for each year during the Earnings Period, including the weighted average number of Alliance Units outstanding during each such year, as determined in accordance with generally accepted accounting principles. For purposes of the foregoing, the "Cumulative Compound Reference Rate" means 1 plus the cumulative Reference Rate determined by taking the Reference Rate at the end of each calendar year during the Earnings Period, compounded annually, multiplied by the square of 1 plus the Reference Rate at the end of the Earnings Period, based on such product, determining the resultant compound annual rate (using the number of years in the Earnings Period plus two) and on the basis of such computation, determining the cumulative compound rate over the Earnings Period. All computations shall be made by the Committee and the resulting amounts rounded to the nearest one hundredth.

(m) "Effective Date" of an Award means December 31 of the calendar year for which the Award is initially granted under the Plan pursuant to Section 3(a) or 9 hereof.

(n) "Eligible Employee" shall mean, for any calendar year, an employee of a Company whom the Committee determines to be eligible for an Award; provided, that in connection with Pre-1999 Awards, Eligible Employees for any calendar year shall be limited to those employees whose annual compensation from the Companies for such year, excluding any Award, exceeds the amount prescribed by Code section 414(q)(1)(B) as adjusted from time to time and is such that the employees are "highly-compensated employees" by reference to ERISA sections 201(2), 301(a)(3) and 401(a)(1), as determined by the Committee.

(o) "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

(p) "Fair Market Value" shall mean, with respect to a Holding Unit as of any given date and except as otherwise expressly provided by the Board, the closing price of a Holding Unit on the New York Stock Exchange on such date or, if no sale of Holding Units occurs on the New York Stock Exchange on such date, the closing price of a Holding Unit on such Exchange on the last preceding day on which such sale occurred.

(q) "Final Account Balance" means the aggregate of the vested balances of a Participant in each Account maintained for the Participant as of the end of the calendar year immediately preceding the calendar year in which the employment of the Participant with the Companies terminates for any reason or, if the Participant's employment with the Companies terminates as of a calendar year end, as of that year end.

(r) "Holding Units" means units representing assignments of beneficial ownership of limited partnership interests in Holding.

(s) "Participant" means any Eligible Employee of any Company who has been designated by the Committee to receive an Award for any calendar year and who thereafter remains employed by a Company.

(t) "Partner's Pool" means, for each calendar year commencing with 1995, the sum of (i) the maximum amount first available to be awarded under this Plan with respect to that year; (ii) the aggregate amount previously forfeited pursuant to Sections 6 or 12 and not subsequently re-granted under the Plan; provided, that with respect to Restricted Units forfeited pursuant to Section 6, the amount that shall be added to the Partner's Pool pursuant to this Section 1(t) shall be the number of such Restricted Units multiplied by the Grant Value thereof; and (iii) an amount equal to the difference between the amount of the Partners Pool for the immediately preceding calendar year (as computed pursuant to this Subsection for that prior year) and the aggregate amount of Awards for such year; provided, that the Board or Committee may increase the amount otherwise available for awards under the Plan in any year by a reduction in the amount otherwise available for awards under the Alliance bonus pool for that year.

(u) "Plan" means the Alliance Partners Compensation Plan, as set forth herein and as amended from time to time.

(v) "Person" shall mean any individual, corporation, partnership, association, joint-stock company, trust, unincorporated organization, government or political subdivision thereof or other entity.

(w) "Post-1998 Award" means any Award subject to the provisions of Article II hereof.

(x) "Pre-1999 Award" means any Award subject to the provisions of Article III hereof.

(y) "Reference Rate" for any year means the average of the rates of interest on 6-month commercial paper (6-month certificates of deposit after August 31, 1997) as reflected on "Federal Reserve statistical release" H.15 (or any successor publication thereto) as of the last day of the calendar year for or as of which such rate is to be determined and as of the last day of the immediately prior twelve calendar months.

(z) "Restricted Unit" shall mean any Holding Unit granted under Section 3(a) of the Plan and designated as a Restricted Unit.

(aa) "Retirement" with respect to a Participant shall mean that the employment of the Participant with the Company has terminated either (i) on or after the Participant's attaining age 65, or (ii) on or after the Participant's attaining age 55 at a time when the sum of the Participant's age and aggregate full calendar years of service with the Company, including service prior to April 21, 1988 with the corporation then named Alliance Capital Management Corporation, equals or exceeds 70.

(bb) "Termination of Employment" shall mean that the Participant involved is no longer performing services as an employee of any Company other than pursuant to a severance or special termination arrangement.

2. Eligibility. The Committee, in its sole discretion, will designate those Eligible Employees employed by a Company at the end of a calendar year who are to receive Awards for that year. In making such designation, the Committee will consider an Eligible Employee's position with a Company, the manner in which the Eligible Employee is expected to contribute to the future growth and success of the Company and such other criteria as it shall deem relevant. The Committee may vary the amount of Awards to a particular Participant from year to year and may determine that a Participant who received an Award to a particular year is not eligible to receive any Award with respect to any subsequent year. An Eligible Employee who is a member of the Committee during a particular year shall be eligible to receive an Award for that year only if the Award is approved by the majority of the other members of the Committee.

ARTICLE II
POST-1998 AWARDS

3. Grant of Awards.

(a) Not later than thirty days after the end of each calendar year commencing with 1999, the Committee may make Awards, effective as of the Effective Date of such calendar year, in such amounts as the Committee determines in its sole discretion. The amount of each such Award shall initially be denominated in a specific cash amount. Except as otherwise provided below, each such Award shall be treated hereunder as a Post-1998 Award. In its sole discretion, the Committee may determine that the aggregate amount of Awards for any year will be less than the Partners Pool for that year.

(b) As soon as reasonably practicable after the grant of Post-1998 Awards for each year as described in Section 3(a) above, the Committee shall determine, in its sole discretion, the Grant Value of a Holding Unit for such Awards. For this purpose, "Grant Value" shall mean the effective per-Unit cost of acquiring or issuing the Holding Units to be awarded with respect to such Post-1998 Awards. Upon determination of the Grant Value for each relevant year, each Post-1998 Award for such year shall be denominated, and shall thereafter be treated for all purposes as, a grant of that number of Restricted Units equal to the quotient of the original cash-denominated amount of such Award, divided by the Grant Value for such Award, rounded down to the nearest integer.

(c) A Participant to whom a Post-1998 Award is made shall, reasonably promptly after either the vesting of Restricted Units subject to a Post-1998 Award or the determination of the Grant Value for the relevant year as described in Section 3(b) above, be provided with a statement indicating the number of Restricted Units subject to such Award, subject to and pursuant to the terms of the Plan and the applicable Award Agreement.

(d) Notwithstanding the foregoing, the Committee shall have the authority, in its sole discretion, to treat any Award for a calendar year commencing with 1999 as a Pre-1999 Award. In such case, (i) the provisions of this Article II (other than Sections 3(a) and 3(d)) shall not apply to such Award; (ii) an Account shall be established with respect to such Award; and (iii) such Award shall otherwise be treated as subject in all respects to the provisions of Article III of the Plan; provided, that, notwithstanding Section 11 of the Plan, the amount of such Account (including Earnings thereon) will vest at the same rate as the rate at which

restrictions would have lapsed with respect to the applicable Restricted Units in accordance with Section 5, had such Award instead been treated as a Post-1998 Award.

4. Restricted Units.

(a) Restricted Units may not be sold, assigned, transferred, pledged or otherwise encumbered, except as provided in the Plan or the applicable Award Agreements. Each certificate issued in respect of Restricted Units with respect to which transfer restrictions remain in effect shall bear an appropriate legend, in the form determined by the Committee. Upon the lapse of the restrictions applicable to such Restricted Units, the owner thereof shall have the right, upon request, to receive a certificate or certificates representing such Units free of the legend (to the extent permissible and appropriate under relevant securities or other law). Until receipt of any such request, the Committee shall cause certificates representing such Units to be held on the Participant's behalf by the recordkeeper designated by the Committee under the Plan.

(b) Distributions paid on or in respect of any Restricted Units (whether vested or unvested) shall be paid directly to the relevant Participant.

5. Vesting of Restricted Units.

(a) Except as provided in Section 5(b) below, restrictions shall lapse with respect to the Restricted Units subject to each Post-1998 Award in equal annual installments during the Vesting Period (as determined below) with respect to such Award, with restrictions as to the first such installment lapsing on the first anniversary of the date determined for this purpose by the Committee in connection with such Award (the "Grant Date"), and restrictions as to the remaining installments lapsing on subsequent anniversaries of the Grant Date, provided in each case that the Participant is employed by a Company on such anniversary. The "Vesting Period" with respect to each Post-1998 Award shall be as set forth in the

following table, based on the Participant's age as of the Effective Date with respect to such Award:

| Age of Participant As of Effective Date | Vesting Period |
|---|---|
| Up to and including 47 | 8 years |
| 48 | 7 years |
| 49 | 6 years |
| 50-57 | 5 years |
| 58 | 4 years |
| 59 | 3 years |
| 60 | 2 years |
| 61 | 1 year |
| 62 or older | Fully vested at grant |

(b) In the event of a Participant's Termination of Employment due to death or Disability, restrictions on any remaining Restricted Units held by such Participant shall immediately lapse.

6. Forfeitures. In the event of a Participant's Termination of Employment for reasons other than death or Disability, all rights and interests in all of such Participant's Restricted Units with respect to which restrictions have not previously lapsed will be immediately forfeited; provided, however, that, in its sole discretion, the Committee may determine to accelerate the Participant's vesting of any such rights and interests and avoid the forfeiture of the Participant's otherwise unvested Restricted Units. Any amounts forfeited pursuant to this Section 6 shall increase the amount of the Partners Pool as provided for in Section 1(t)(ii).

7. Section 83(b) Election. A Participant will not make an election under section 83(b) of the Code with respect to an award of Restricted Units unless, prior to the date such election is filed with the Internal Revenue Service, the Participant (i) notifies the Committee of the Participant's intention to file such election, (ii) furnishes the Committee with a copy of the election to be filed and (iii) pays (or makes arrangements for the payment thereof satisfactory to the Committee) the withholding amount to Alliance in accordance with Section 17(i).

8. Adjustment of Restricted Units. In the event that the Committee determines that any distribution (whether in the form of cash, limited partnership interests, other securities, or other property), recapitalization (including, without limitation, any subdivision or combination of limited

partnership interests), reorganization, consolidation, combination, repurchase, or exchange of limited partnership interests or other securities of Holding, issuance of warrants or other rights to purchase limited partnership interests or other securities of Holding, any incorporation of Holding, or other similar transaction or event affects the Holding Units such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee may, if so authorized by the Board, in such manner as it may deem equitable, adjust the number of Holding Units or other securities of Holding (or number and kind of other securities or property) subject to outstanding Awards, or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding Award.

## ARTICLE III
## PRE-1999 AWARDS

9. Grant of Awards. Not later than thirty days after the end of each calendar year prior to 1999, the Committee may make Pre-1999 Awards, effective as of December 31 of the year to which the Award relates, in such amounts as the Committee determines in its sole discretion. A Participant to whom a Pre-1999 Award is made shall promptly thereafter be notified of the Award in writing by the Committee. The amount of each Pre-1999 Award made to a Participant will be credited to a separate Account as of the Effective Date of the Award. In its sole discretion, the Committee may determine that the aggregate amount of Awards for any year will be less than the Partners Pool for that year.

10. Earnings on an Account. As of the end of each calendar year following the year for which an Account is established, each Account maintained for a Participant who was employed by the Company at the end of that year will be credited or debited, as applicable, with the amount, if any, necessary to reflect Earnings as of that date. As soon as practicable after the end of each such calendar year, a statement shall be provided to each such Participant indicating the current balance in each Account maintained for the Participant as of the end of the calendar year.

11. Vesting of Amounts in a Participant=s Account. With respect to each Pre-1999 Award made for 1995, a Participant's rights and interest therein and any Earnings thereon credited to the Participant's Account will vest at the rate of 33a percent for each full calendar year that the Participant is employed by a Company after 1995. With respect to each Pre-1999 Award made for a calendar year after 1995, a Participant's rights and interest therein and any Earnings thereon credited to the Participant's Account will vest at the rate of
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percent for each full calendar year that the Participant is employed by a Company after the Effective Date of the Award. Notwithstanding any provision of this Article III to the contrary, a Participant's rights and interest in the balance in the Participant's Account to the extent not then vested shall become fully vested upon the Participant's death, Disability or Retirement.

12. Forfeiture of a Participant=s Account Balances. If a Participant ceases to be employed by any of the Companies, the balance of any Account maintained for a Participant on the effective date of the Participant's Termination of Employment that is not then fully vested (and that does not vest upon such termination) pursuant to Section 11 or Section 3(d) will thereupon be forfeited; provided, however, that, in its sole discretion, the Committee may determine to accelerate the Participant's vesting in any such Account and avoid the forfeiture of the Participant's otherwise unvested Account balance. Any amounts forfeited pursuant to this Section 12 shall increase the amount of the Partners Pool as provided for in Section 1(t)(ii).

13. Distributions of a Participant=s Final Account Balances.

(a) In the event a Participant's employment with the Companies terminates by reason of the Participant's death, the Participant's Final Account Balance, plus interest as provided in Subsection (d)(i) of this Section, will be distributed to the Participant's Beneficiary in a single-sum cash payment within 45 days after the later of the date the Committee receives (i) written notification in form satisfactory to it of the Participant's death, and (ii) any tax waiver or governmental document deemed relevant by the Committee with respect to making the payment.

(b) In the event a Participant's employment with the Companies terminates by reason of the Participant's Disability or Retirement, the Participant's Final Account Balance, plus interest as provided in Subsection (d)(ii) of this Section, will be distributed to the Participant or to the Participant's Beneficiary, as the case may be, in cash in five equal annual installments, the first to be made on a date within 45 days after the January 1 immediately following the effective date of such Disability or Retirement and the others to be made within 45 days of January 1 in each of the four subsequent calendar years; provided, however, that a payment shall be made in a single-sum in an amount up to 50 percent of his or her Final Account Balance, plus interest as provided in Subsection (d)(i) of this Section, if the Participant elects to receive such a payment by written notice submitted to the Committee at least twelve months before the effective date of the Participant's Disability or Retirement, as the case may be. Any such single-sum payment shall be made within 45 days after the

effective date of the Participant's Disability or Retirement, as the case may be, and the subsequent five equal installment payments, which shall total (i) the Final Account Balance reduced by the single-sum payment computed without regard to Subsection (d)(i) of this Section plus (ii) interest as provided in Subsection (d)(ii) of this Section, shall be made within 45 days of January 1 in each of the five subsequent calendar years.

(c) In the event a Participant's employment with the Companies terminates for any reason other than the Participant's death, Disability or Retirement, the Participant's Final Account Balance, plus interest as provided in Subsection (d)(ii) of this Section, will be distributed to the Participant or the Participant's Beneficiary, as the case may be, in cash in five equal annual installments, the first to be made on a date within 45 days after the January 1 immediately following the effective date of the Participant's Termination of Employment and the others within 45 days of January 1 in each of the four subsequent calendar years.

(d) (i) Each single-sum payment to be made pursuant to Subsection (a) or (b) of this Section shall include interest on the Final Account Balance to be paid at the Reference Rate as of the date the Final Account Balance is to be determined.

(ii) Each installment payment to be made pursuant to Subsection (b) or (c) of this Section shall be calculated by considering the portion of the Participant's Final Account Balance payable in installments as an indebtedness that accrues interest at the Reference Rate as of the date the Final Account Balance is determined and that will be amortized by equal payments on January 1 of the five calendar years in which the installments payments are to be made sufficient to fully discharge the deemed indebtedness by the final installment payment.

## ARTICLE IV
## ADMINISTRATION; MISCELLANEOUS

14. Administration of the Plan. The Plan is intended to be an unfunded, non-qualified deferred compensation plan within the meaning of ERISA and shall be administered by the Committee as such. The Committee shall have the full power and authority to administer and interpret the Plan and to take any and all actions in connection with the Plan, including, but not limited to, the power and authority to prescribe all applicable procedures, forms and agreements. The Committee's interpretation and construction of the Plan, including its

computation of Grant Value, number of Restricted Units to be awarded each Participant, and Earnings, shall be conclusive and binding on all persons having an interest in the Plan.

15. Authority to Vary Terms of Awards. The Committee shall have the authority to grant Awards other than as described in Articles II and III, subject to such terms and conditions as the Committee shall determine in its discretion.

16. Amendment, Suspension and Termination of the Plan. The Committee reserves the right at any time, without the consent of any Participant or Beneficiary and for any reason, to amend, suspend or terminate the Plan in whole or in part in any manner; provided that no such amendment, suspension or termination shall adversely affect any right of any Participant or Beneficiary with respect to any Post-1998 Award or, with respect to any Pre-1999 Award, any balance in any Account, prior to such amendment, suspension or termination.

17. General Provisions.

(a) To the extent provided by the Committee, each Participant may file with the Committee a written designation of one or more persons, including a trust or the Participant's estate, as the Beneficiary entitled to receive, in the event of the Participant's death, any amount or property to which the Participant would otherwise have been entitled under the Plan. A Participant may, from time to time, revoke or change his or her Beneficiary designation by filing a new designation with the Committee. If (i) no such Beneficiary designation is in effect at the time of a Participant's death, (ii) no designated Beneficiary survives the Participant, or (iii) a designation on file is not legally effective for any reason, then the Participant's estate shall be the Participant's Beneficiary.

(b) Neither the establishment of the Plan nor the grant of any Award or any action of any Company, the Board of Directors, or the Committee pursuant to the Plan, shall be held or construed to confer upon any Participant any legal right to be continued in the employ of any Company. Each Company expressly reserves the right to discharge any Participant without liability to the Participant or any Beneficiary, except as to any rights which may expressly be conferred upon the Participant under the Plan.

(c) The right of any Participant or Beneficiary to receive payments under Article III of the Plan shall be an unsecured claim against

the general assets of Alliance. All distribution to be made under Article III of the Plan shall be paid from the general funds of Alliance and no special or separate fund shall be established and no segregation of assets shall be made to assure payments of any such distributions. No Participant or Beneficiary shall have any right, title or interest whatsoever in, or to, any investments which Alliance may make to assist it in meeting its obligations under the Plan. Nothing contained in the Plan, and no action taken pursuant to the Plan, shall create or be construed to create a trust of any kind, or a fiduciary relationship between any Company and any other person.

(d) No right to receive any payment under the Plan may be transferred or assigned, pledged or otherwise encumbered by any Participant or Beneficiary other than by will, by the applicable laws of descent and distribution or by a court of competent jurisdiction. Any other attempted assignment or alienation of any payment hereunder shall be void and of no force or effect.

(e) If any provision of the Plan shall be held illegal or invalid, the illegality or invalidity shall not affect the remaining provisions of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included in the Plan.

(f) Any notice to be given by the Committee under the Plan to a Participant or Beneficiary shall be in writing addressed to the Participant or Beneficiary, as the case may be, at the last address shown for the recipient on the records of any Company or subsequently provided in writing to the Committee. Any notice to be given by a Participant under the Plan shall be in writing addressed to the Committee at the address of Alliance.

(g) Section headings herein are for convenience of reference only and shall not affect the meaning of any provision of the Plan.

(h) The provisions of the Plan shall be governed and construed in accordance with the laws of the State of New York.

(i) There shall be withheld from each payment made pursuant to the Plan any tax or other charge required to be withheld therefrom pursuant to any federal, state or local law. A Company by whom a Participant is employed shall also be entitled to withhold from any compensation payable to a Participant any tax imposed by Section 3101 of the Code, or any successor provision, on any Award made to the

Participant; provided, however, that if for any reason the Company does not so withhold the entire amount of such tax on a timely basis, the Participant shall be required to reimburse Alliance for the amount of the tax not withheld promptly upon Alliance's request therefore. With respect to Restricted Units: (i) in the event that the Committee determines that any federal, state or local tax or any other charge is required by law to be withheld with respect to the Restricted Units, the vesting of Restricted Units, or an election under Section 83(b) of the Code (a "Withholding Amount") then, in the discretion of the Committee, either (X) prior to or contemporaneously with the delivery of Restricted Units to the recipient, the recipient shall pay the Withholding Amount to Alliance in cash or in vested Holding Units already owned by the recipient (which are not subject to a pledge or other security interest), or a combination of cash and such Units, having a total fair market value, as determined by the Committee, equal to the Withholding Amount; (Y) Alliance shall retain from any vested Restricted Units to be delivered to the recipient that number of Units having a fair market value, as determined by the Committee, equal to the Withholding Amount (or such portion of the Withholding Amount that is not satisfied under clause (X) as payment of the Withholding Amount; or (Z) if Restricted Units are delivered without the payment of the Withholding Amount pursuant to either clause (X) or (Y), the recipient shall promptly pay the Withholding Amount to Alliance on at least seven business days notice from the Committee either in cash or in vested Holding Units owned by the recipient (which are not subject to a pledge or other security interest), or a combination of cash and such Units, having a total fair market value, as determined by the Committee, equal to the Withholding Amount, and (ii) in the event that the recipient does not pay the Withholding Amount to Alliance as required pursuant to clause (i) or make arrangements satisfactory to Alliance regarding payment thereof, Alliance may withhold any unpaid portion thereof from any amount otherwise due the recipient from Alliance.

RESTRICTED UNIT AWARD AGREEMENT

UNDER THE AMENDED AND RESTATED
ALLIANCE PARTNERS COMPENSATION PLAN

You have been granted restricted Units under the Amended and Restated Alliance Partners Compensation Plan (the "Plan"), as specified below, in connection with your 1999 award under the Plan:

Participant ("you"): Bruce W. Calvert

Amount of Award (to be converted to Restricted Units): $1,875,000

Date of Grant: December 31, 1999

Vesting Commencement Date: January 31, 2000

In connection with your grant of restricted Units, you, Alliance Capital Management Holding L.P. 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 restricted Units. 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. The restricted Units granted under this Agreement are referred to in the Agreement as the "Restricted Units."

1. Restrictions. Until restrictions lapse as described in Paragraph 2, you may not sell, transfer, pledge or otherwise assign or dispose of any Restricted Units.

2. Vesting of Restricted Units. (a) Except as provided in Paragraph 2(b) below, restrictions will lapse with respect to the Restricted Units in equal annual installments during the applicable Vesting Period (as defined below), with restrictions as to the first such installment lapsing on the first anniversary of the Vesting Commencement Date set forth above, and restrictions as to the remaining installments lapsing on the subsequent anniversaries of the Vesting Commencement Date, provided in each case that you are employed by a Company on such anniversary. The Vesting Period is as set forth in the following table, based on your age as of December 31, 1999:

| Your Age As of December 31, 1999 | Vesting Period |
|---|---|
| Up to and including 47 | 8 years |
| 48 | 7 years |
| 49 | 6 years |
| 50-57 | 5 years |
| 58 | 4 years |
| 59 | 3 years |
| 60 | 2 years |
| 61 | 1 year |
| 62 or older | Fully vested at grant |

(b) If your employment with the Companies terminates due to death or Disability, restrictions on any remaining Restricted Units that you hold as of the date of your termination shall immediately lapse.

3. Forfeitures. If your employment with the Companies terminates for reasons other than death or Disability, you will immediately forfeit all of your rights and interests in any Restricted Units as to which restrictions have not previously lapsed, unless the Committee determines, in its sole discretion, to accelerate the vesting of those Restricted Units.

4. Unit Certificates. Your Restricted Units will be held for you by Alliance. After your Restricted Units have vested, a certificate for those Units will be released to you.

5. Distributions. Any distributions paid by Alliance Capital Management Holding L. P. in connection with Restricted Units (whether or not vested) will be paid directly to you.

6. Section 83(b) Election. You agree not to make an election under section 83(b) of the Code with respect to your Restricted Units unless, before you file the election with the Internal Revenue Service, you (i) notify the Committee of your intention to file the election, (ii) furnish the Committee with a copy of the election to be filed and (iii) pay (or make satisfactory arrangements for paying) the necessary tax withholding amount to Alliance in accordance with Section 8.

7. Tax Withholding. If the Committee determines that any federal, state or local tax or any other charge is required by law to be withheld with respect to the Restricted Units, the vesting of Restricted Units, or an election under Section 83(b) of the Code (a "Withholding Amount") then, in the discretion of the

Committee, either (a) prior to or contemporaneously with the delivery to you of Restricted Units, you agree to pay the Withholding Amount to Alliance in cash or in vested Units that you already own (which are not subject to a pledge or other security interest), or a combination of cash and such Units, having a total fair market value equal to the Withholding Amount; (b) Alliance Capital Management Holding L.P. will retain from any vested Restricted Units to be delivered to you that number of Units having a fair market value, as determined by the Committee, equal to the necessary Withholding Amount; or (c) if Restricted Units are delivered without the payment of the Withholding Amount under either clause (a) or (b) above, you agree promptly to pay the Withholding Amount to Alliance on at least seven business days notice from the Committee either in cash or in vested Units that you already own (which are not subject to a pledge or other security interest), or a combination of cash and such Units, having a total fair market value equal to the Withholding Amount. You agree that if you do not pay the Withholding Amount to Alliance or make satisfactory payment arrangements as described above, Alliance may withhold any unpaid portion of the Withholding Amount from any amount otherwise due to you.

8. Adjustments in Authorized Units. In the event of a partnership restructuring, extraordinary distribution or similar event, the Committee has the sole discretion to adjust the number of Restricted Units in accordance with the Plan.

9. 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.

10. Miscellaneous.

(a) 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.

(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 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 December 31, 1999.

Alliance Capital Management Holding L.P.

By: Alliance Capital Management Corporation, its General Partner

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

Participant

/s/ Bruce W. Calvert
---
Name: Bruce W. Calvert

RESTRICTED UNIT AWARD AGREEMENT

UNDER THE AMENDED AND RESTATED
ALLIANCE PARTNERS COMPENSATION PLAN

You have been granted restricted Units under the Amended and Restated Alliance Partners Compensation Plan (the "Plan"), as specified below, in connection with your 1999 award under the Plan:

Participant ("you"): John D. Carifa

Amount of Award (to be converted to Restricted Units): $1,875,000

Date of Grant: December 31, 1999

Vesting Commencement Date: January 31, 2000

In connection with your grant of restricted Units, you, Alliance Capital Management Holding L.P. 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 restricted Units. 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. The restricted Units granted under this Agreement are referred to in the Agreement as the "Restricted Units."

1. Restrictions. Until restrictions lapse as described in Paragraph 2, you may not sell, transfer, pledge or otherwise assign or dispose of any Restricted Units.

2. Vesting of Restricted Units. (a) Except as provided in Paragraph 2(b) below, restrictions will lapse with respect to the Restricted Units in equal annual installments during the applicable Vesting Period (as defined below), with restrictions as to the first such installment lapsing on the first anniversary of the Vesting Commencement Date set forth above, and restrictions as to the remaining installments lapsing on the subsequent anniversaries of the Vesting Commencement Date, provided in each case that you are employed by a Company on such anniversary. The Vesting Period is as set forth in the following table, based on your age as of December 31, 1999:

| Your Age As of December 31, 1999 | Vesting Period |
|---|---|
| Up to and including 47 | 8 years |
| 48 | 7 years |
| 49 | 6 years |
| 50-57 | 5 years |
| 58 | 4 years |
| 59 | 3 years |
| 60 | 2 years |
| 61 | 1 year |
| 62 or older | Fully vested at grant |

(b) If your employment with the Companies terminates due to death or Disability, restrictions on any remaining Restricted Units that you hold as of the date of your termination shall immediately lapse.

3. Forfeitures. If your employment with the Companies terminates for reasons other than death or Disability, you will immediately forfeit all of your rights and interests in any Restricted Units as to which restrictions have not previously lapsed, unless the Committee determines, in its sole discretion, to accelerate the vesting of those Restricted Units.

4. Unit Certificates. Your Restricted Units will be held for you by Alliance. After your Restricted Units have vested, a certificate for those Units will be released to you.

5. Distributions. Any distributions paid by Alliance Capital Management Holding L. P. in connection with Restricted Units (whether or not vested) will be paid directly to you.

6. Section 83(b) Election. You agree not to make an election under section 83(b) of the Code with respect to your Restricted Units unless, before you file the election with the Internal Revenue Service, you (i) notify the Committee of your intention to file the election, (ii) furnish the Committee with a copy of the election to be filed and (iii) pay (or make satisfactory arrangements for paying) the necessary tax withholding amount to Alliance in accordance with Section 8.

7. Tax Withholding. If the Committee determines that any federal, state or local tax or any other charge is required by law to be withheld with respect to the Restricted Units, the vesting of Restricted Units, or an election under Section 83(b) of the Code (a "Withholding Amount") then, in the discretion of the

Committee, either (a) prior to or contemporaneously with the delivery to you of Restricted Units, you agree to pay the Withholding Amount to Alliance in cash or in vested Units that you already own (which are not subject to a pledge or other security interest), or a combination of cash and such Units, having a total fair market value equal to the Withholding Amount; (b) Alliance Capital Management Holding L.P. will retain from any vested Restricted Units to be delivered to you that number of Units having a fair market value, as determined by the Committee, equal to the necessary Withholding Amount; or (c) if Restricted Units are delivered without the payment of the Withholding Amount under either clause (a) or (b) above, you agree promptly to pay the Withholding Amount to Alliance on at least seven business days notice from the Committee either in cash or in vested Units that you already own (which are not subject to a pledge or other security interest), or a combination of cash and such Units, having a total fair market value equal to the Withholding Amount. You agree that if you do not pay the Withholding Amount to Alliance or make satisfactory payment arrangements as described above, Alliance may withhold any unpaid portion of the Withholding Amount from any amount otherwise due to you.

8. Adjustments in Authorized Units. In the event of a partnership restructuring, extraordinary distribution or similar event, the Committee has the sole discretion to adjust the number of Restricted Units in accordance with the Plan.

9. 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.

10. Miscellaneous.

(a) 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.

(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 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 December 31, 1999.

Alliance Capital Management
Holding L.P.

By: Alliance Capital
Management Corporation, its
General Partner

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

Title Senior Vice President
& Chief Financial Officer

Participant

/s/ John D. Carifa
---

Name: John D. Carifa

RESTRICTED UNIT AWARD AGREEMENT

UNDER THE AMENDED AND RESTATED
ALLIANCE PARTNERS COMPENSATION PLAN

You have been granted restricted Units under the Amended and Restated Alliance Partners Compensation Plan (the "Plan"), as specified below, in connection with your 1999 award under the Plan:

Participant ("you"): Alfred Harrison

Amount of Award (to be converted to Restricted Units): $1,875,000

Date of Grant: December 31, 1999

Vesting Commencement Date: January 31, 2000

In connection with your grant of restricted Units, you, Alliance Capital Management Holding L.P. 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 restricted Units. 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. The restricted Units granted under this Agreement are referred to in the Agreement as the "Restricted Units."

1. Restrictions. Until restrictions lapse as described in Paragraph 2, you may not sell, transfer, pledge or otherwise assign or dispose of any Restricted Units.

2. Vesting of Restricted Units. (a) Except as provided in Paragraph 2(b) below, restrictions will lapse with respect to the Restricted Units in equal annual installments during the applicable Vesting Period (as defined below), with restrictions as to the first such installment lapsing on the first anniversary of the Vesting Commencement Date set forth above, and restrictions as to the remaining installments lapsing on the subsequent anniversaries of the Vesting Commencement Date, provided in each case that you are employed by a Company on such anniversary. The Vesting Period is as set forth in the following table, based on your age as of December 31, 1999:

| Your Age As of December 31, 1999 | Vesting Period |
|---|---|
| Up to and including 47 | 8 years |
| 48 | 7 years |
| 49 | 6 years |
| 50-57 | 5 years |
| 58 | 4 years |
| 59 | 3 years |
| 60 | 2 years |
| 61 | 1 year |
| 62 or older | Fully vested at grant |

(b) If your employment with the Companies terminates due to death or Disability, restrictions on any remaining Restricted Units that you hold as of the date of your termination shall immediately lapse.

3. Forfeitures. If your employment with the Companies terminates for reasons other than death or Disability, you will immediately forfeit all of your rights and interests in any Restricted Units as to which restrictions have not previously lapsed, unless the Committee determines, in its sole discretion, to accelerate the vesting of those Restricted Units.

4. Unit Certificates. Your Restricted Units will be held for you by Alliance. After your Restricted Units have vested, a certificate for those Units will be released to you.

5. Distributions. Any distributions paid by Alliance Capital Management Holding L. P. in connection with Restricted Units (whether or not vested) will be paid directly to you.

6. Section 83(b) Election. You agree not to make an election under section 83(b) of the Code with respect to your Restricted Units unless, before you file the election with the Internal Revenue Service, you (i) notify the Committee of your intention to file the election, (ii) furnish the Committee with a copy of the election to be filed and (iii) pay (or make satisfactory arrangements for paying) the necessary tax withholding amount to Alliance in accordance with Section 8.

7. Tax Withholding. If the Committee determines that any federal, state or local tax or any other charge is required by law to be withheld with respect to the Restricted Units, the vesting of Restricted Units, or an election under Section 83(b) of the Code (a "Withholding Amount") then, in the discretion of the

Committee, either (a) prior to or contemporaneously with the delivery to you of Restricted Units, you agree to pay the Withholding Amount to Alliance in cash or in vested Units that you already own (which are not subject to a pledge or other security interest), or a combination of cash and such Units, having a total fair market value equal to the Withholding Amount; (b) Alliance Capital Management Holding L.P. will retain from any vested Restricted Units to be delivered to you that number of Units having a fair market value, as determined by the Committee, equal to the necessary Withholding Amount; or (c) if Restricted Units are delivered without the payment of the Withholding Amount under either clause (a) or (b) above, you agree promptly to pay the Withholding Amount to Alliance on at least seven business days notice from the Committee either in cash or in vested Units that you already own (which are not subject to a pledge or other security interest), or a combination of cash and such Units, having a total fair market value equal to the Withholding Amount. You agree that if you do not pay the Withholding Amount to Alliance or make satisfactory payment arrangements as described above, Alliance may withhold any unpaid portion of the Withholding Amount from any amount otherwise due to you.

8. Adjustments in Authorized Units. In the event of a partnership restructuring, extraordinary distribution or similar event, the Committee has the sole discretion to adjust the number of Restricted Units in accordance with the Plan.

9. 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.

10. Miscellaneous.

(a) 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.

(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 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 December 31, 1999.

Alliance Capital Management Holding L.P.

By: Alliance Capital Management Corporation, its General Partner

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

Participant

/s/ Alfred Harrison
---
Name: Alfred Harrison

RESTRICTED UNIT AWARD AGREEMENT

UNDER THE AMENDED AND RESTATED
ALLIANCE PARTNERS COMPENSATION PLAN

You have been granted restricted Units under the Amended and Restated Alliance Partners Compensation Plan (the "Plan"), as specified below, in connection with your 1999 award under the Plan:

Participant ("you"): Robert H. Joseph, Jr.

Amount of Award (to be converted to Restricted Units): $460,000

Date of Grant: December 31, 1999

Vesting Commencement Date: January 31, 2000

In connection with your grant of restricted Units, you, Alliance Capital Management Holding L.P. 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 restricted Units. 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. The restricted Units granted under this Agreement are referred to in the Agreement as the "Restricted Units."

1. Restrictions. Until restrictions lapse as described in Paragraph 2, you may not sell, transfer, pledge or otherwise assign or dispose of any Restricted Units.

2. Vesting of Restricted Units. (a) Except as provided in Paragraph 2(b) below, restrictions will lapse with respect to the Restricted Units in equal annual installments during the applicable Vesting Period (as defined below), with restrictions as to the first such installment lapsing on the first anniversary of the Vesting Commencement Date set forth above, and restrictions as to the remaining installments lapsing on the subsequent anniversaries of the Vesting Commencement Date, provided in each case that you are employed by a Company on such anniversary. The Vesting Period is as set forth in the following table, based on your age as of December 31, 1999:

| Your Age As of December 31, 1999 | Vesting Period |
|---|---|
| Up to and including 47 | 8 years |
| 48 | 7 years |
| 49 | 6 years |
| 50-57 | 5 years |
| 58 | 4 years |
| 59 | 3 years |
| 60 | 2 years |
| 61 | 1 year |
| 62 or older | Fully vested at grant |

(b) If your employment with the Companies terminates due to death or Disability, restrictions on any remaining Restricted Units that you hold as of the date of your termination shall immediately lapse.

3. Forfeitures. If your employment with the Companies terminates for reasons other than death or Disability, you will immediately forfeit all of your rights and interests in any Restricted Units as to which restrictions have not previously lapsed, unless the Committee determines, in its sole discretion, to accelerate the vesting of those Restricted Units.

4. Unit Certificates. Your Restricted Units will be held for you by Alliance. After your Restricted Units have vested, a certificate for those Units will be released to you.

5. Distributions. Any distributions paid by Alliance Capital Management Holding L. P. in connection with Restricted Units (whether or not vested) will be paid directly to you.

6. Section 83(b) Election. You agree not to make an election under section 83(b) of the Code with respect to your Restricted Units unless, before you file the election with the Internal Revenue Service, you (i) notify the Committee of your intention to file the election, (ii) furnish the Committee with a copy of the election to be filed and (iii) pay (or make satisfactory arrangements for paying) the necessary tax withholding amount to Alliance in accordance with Section 8.

7. Tax Withholding. If the Committee determines that any federal, state or local tax or any other charge is required by law to be withheld with respect to the Restricted Units, the vesting of Restricted Units, or an election under Section 83(b) of the Code (a "Withholding Amount") then, in the discretion of the Committee, either (a) prior to or contemporaneously with the delivery to you of Restricted Units, you agree to pay the Withholding Amount to Alliance in cash or in vested Units that you already own (which are not subject to a pledge or other security interest), or a combination of cash and such Units, having a total fair market value equal to the Withholding Amount; (b) Alliance Capital Management Holding L.P. will retain from any vested Restricted Units to be delivered to you that number of Units having a fair market value, as determined by the Committee, equal to the necessary Withholding Amount; or (c) if Restricted Units are delivered without the payment of the Withholding Amount under either clause (a) or (b) above, you agree promptly to pay the Withholding Amount to Alliance on at least seven business days notice from the Committee either in cash or in vested Units that you already own (which are not subject to a pledge or other security interest), or a combination of cash and such Units, having a total fair market value equal to the Withholding Amount. You agree that if you do not pay the Withholding Amount to Alliance or make satisfactory payment arrangements as described above, Alliance may withhold any unpaid portion of the Withholding Amount from any amount otherwise due to you.

8. Adjustments in Authorized Units. In the event of a partnership restructuring, extraordinary distribution or similar event, the Committee has the sole discretion to adjust the number of Restricted Units in accordance with the Plan.

9. 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.

10. Miscellaneous.

(a) 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.

(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 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 December 31, 1999.

Alliance Capital Management
Holding L.P.

By: Alliance Capital
Management Corporation, its
General Partner

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

Participant

/s/ Robert H. Joseph, Jr.
---
Name: Robert H. Joseph, Jr.

RESTRICTED UNIT AWARD AGREEMENT

UNDER THE AMENDED AND RESTATED
ALLIANCE PARTNERS COMPENSATION PLAN

You have been granted restricted Units under the Amended and Restated Alliance Partners Compensation Plan (the "Plan"), as specified below, in connection with your 1999 award under the Plan:

Participant ("you"): David Brewer

Amount of Award (to be converted to Restricted Units): $460,000

Date of Grant: December 31, 1999

Vesting Commencement Date: January 31, 2000

In connection with your grant of restricted Units, you, Alliance Capital Management Holding L.P. 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 restricted Units. 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. The restricted Units granted under this Agreement are referred to in the Agreement as the "Restricted Units."

1. Restrictions. Until restrictions lapse as described in Paragraph 2, you may not sell, transfer, pledge or otherwise assign or dispose of any Restricted Units.

2. Vesting of Restricted Units. (a) Except as provided in Paragraph 2(b) below, restrictions will lapse with respect to the Restricted Units in equal annual installments during the applicable Vesting Period (as defined below), with restrictions as to the first such installment lapsing on the first anniversary of the Vesting Commencement Date set forth above, and restrictions as to the remaining installments lapsing on the subsequent anniversaries of the Vesting Commencement Date, provided in each case that you are employed by a Company on such anniversary. The Vesting Period is as set forth in the following table, based on your age as of December 31, 1999:

| Your Age As of December 31, 1999 | Vesting Period |
|---|---|
| Up to and including 47 | 8 years |
| 48 | 7 years |
| 49 | 6 years |
| 50-57 | 5 years |
| 58 | 4 years |
| 59 | 3 years |
| 60 | 2 years |
| 61 | 1 year |
| 62 or older | Fully vested at grant |

(b) If your employment with the Companies terminates due to death or Disability, restrictions on any remaining Restricted Units that you hold as of the date of your termination shall immediately lapse.

3. Forfeitures. If your employment with the Companies terminates for reasons other than death or Disability, you will immediately forfeit all of your rights and interests in any Restricted Units as to which restrictions have not previously lapsed, unless the Committee determines, in its sole discretion, to accelerate the vesting of those Restricted Units.

4. Unit Certificates. Your Restricted Units will be held for you by Alliance. After your Restricted Units have vested, a certificate for those Units will be released to you.

5. Distributions. Any distributions paid by Alliance Capital Management Holding L. P. in connection with Restricted Units (whether or not vested) will be paid directly to you.

6. Section 83(b) Election. You agree not to make an election under section 83(b) of the Code with respect to your Restricted Units unless, before you file the election with the Internal Revenue Service, you (i) notify the Committee of your intention to file the election, (ii) furnish the Committee with a copy of the election to be filed and (iii) pay (or make satisfactory arrangements for paying) the necessary tax withholding amount to Alliance in accordance with Section 8.

7. Tax Withholding. If the Committee determines that any federal, state or local tax or any other charge is required by law to be withheld with respect to the Restricted Units, the vesting of Restricted Units, or an election under Section 83(b) of the Code (a "Withholding Amount") then, in the discretion of the

Committee, either (a) prior to or contemporaneously with the delivery to you of Restricted Units, you agree to pay the Withholding Amount to Alliance in cash or in vested Units that you already own (which are not subject to a pledge or other security interest), or a combination of cash and such Units, having a total fair market value equal to the Withholding Amount; (b) Alliance Capital Management Holding L.P. will retain from any vested Restricted Units to be delivered to you that number of Units having a fair market value, as determined by the Committee, equal to the necessary Withholding Amount; or (c) if Restricted Units are delivered without the payment of the Withholding Amount under either clause (a) or (b) above, you agree promptly to pay the Withholding Amount to Alliance on at least seven business days notice from the Committee either in cash or in vested Units that you already own (which are not subject to a pledge or other security interest), or a combination of cash and such Units, having a total fair market value equal to the Withholding Amount. You agree that if you do not pay the Withholding Amount to Alliance or make satisfactory payment arrangements as described above, Alliance may withhold any unpaid portion of the Withholding Amount from any amount otherwise due to you.

8. Adjustments in Authorized Units. In the event of a partnership restructuring, extraordinary distribution or similar event, the Committee has the sole discretion to adjust the number of Restricted Units in accordance with the Plan.

9. 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.

10. Miscellaneous.

(a) 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.

(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 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 December 31, 1999.

Alliance Capital Management Holding L.P.

By: Alliance Capital Management Corporation, its General Partner

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

Participant

/s/ David Brewer
---
Name: David Brewer

COMMERCIAL PAPER DEALER AGREEMENT

[4(2) Program]

This Commercial Paper Dealer Agreement, dated as of December 14, 1999, confirms the agreement among Goldman, Sachs & Co. ("Goldman"), Banc of America Securities LLC ("BancAmerica") and Alliance Capital Management L.P. (the "Partnership"), whereby each of Goldman and BancAmerica, severally and not jointly, will act as a dealer with respect to the promissory notes to be issued by the Partnership, which will be issued either in physical bearer form or book-entry form. Each of Goldman and BancAmerica is also sometimes referred to herein as a "Dealer" and collectively as the "Dealers." Notes in book-entry form will be represented by master notes registered in the name of a nominee of The Depository Trust Company ("DTC") and recorded in the book-entry system maintained by DTC. The promissory notes shall (a) be issued in denominations of not less than $250,000; (b) have maturities not exceeding 270 days from the date of issue; and (c) not contain any condition of redemption or right to prepay. Such notes, including the master notes, shall hereinafter be referred to as "Commercial Paper" or "Notes." Certain terms used in this Agreement are defined in paragraph 12 below. Any Exhibits described in this Agreement are hereby incorporated by reference into this Agreement and made fully a part hereof.

1. (a) The Partnership represents and warrants to the Dealers that: (i) the Partnership has been duly organized and is validly existing as a limited partnership in good standing under the laws of the State of Delaware; (ii) this Agreement and the issuing and paying agency agreement dated as of December 14, 1999 with U.S. Bank Trust National Association (the "Issuing and Paying Agent", which term shall include any successor issuing and paying agent under such agreement), a copy of which has been provided to each of the Dealers (as such agreement may be amended or supplemented from time to time, the "Issuing Agreement"), have been duly authorized, executed and delivered by the Partnership and each constitutes the valid and legally binding obligation of the Partnership enforceable in accordance with its respective terms subject to any applicable law relating to or affecting indemnification for liability under the securities laws, and except to the extent such enforceability may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally and the applicability of equitable principles thereto whether in a proceeding of law or in equity; (iii) the Notes have been duly authorized and, when issued and duly delivered in accordance with the Issuing Agreement, will constitute the valid and legally binding obligations of the Partnership, enforceable in accordance with their terms, except to the extent such enforceability may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally and the applicability of equitable principles thereto whether in a proceeding of law or in equity; (iv) the private placement memorandum approved by the Partnership for distribution pursuant to Section 7 hereof (the "Private Placement Memorandum") and the Annual Report on Form 10-K of Alliance Capital Management Holding L.P., formerly Alliance Capital Management L.P. ("Alliance Holding"), for the fiscal year ended December 31, 1998 and other documents subsequently filed with the Securities and Exchange Commission pursuant to Section 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), by Alliance Holding and, so long as it remains subject to the reporting requirements of the Exchange Act, by the

Partnership (together, the "Offering Materials"), taken as a whole, except insofar as any information therein relates to Goldman or BancAmerica (or their respective affiliates) in its capacity as dealer hereunder, do not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; (v) the offer and sale of the Notes in the manner contemplated by this Agreement will be exempt from the registration requirements of the Securities Act of 1933, as amended (the "Act"), pursuant to Section 4(2) thereof, and no indenture in respect of the Notes is required to be qualified under the Trust Indenture Act of 1939, as amended; and (vi) the Partnership is not an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

(b) Each sale of a Note by the Partnership under this Agreement shall constitute an affirmation that the foregoing representations and warranties remain true and correct at the time of sale, and will remain true and correct at the time of delivery, of such Note.

2. Each of the Dealers may, from time to time, but shall not be obligated to, purchase Commercial Paper from the Partnership.

3. Prior to the initial issuance of Commercial Paper, the Partnership shall have delivered to each of the Dealers an incumbency certificate identifying persons authorized to sign Commercial Paper on the Partnership's behalf and containing the true signatures of each of such persons.

4. Prior to the initial issuance of Commercial Paper, the Partnership shall have supplied each of the Dealers with an opinion or opinions of counsel addressing the matters set forth in paragraph 1(a)(i)-(iii) and (v) - (vi) above and such other matters as the Dealers shall reasonably request, such opinion or opinions to be in form and substance satisfactory to the Dealers.

5. All transactions in Commercial Paper between each of the Dealers and the Partnership shall be in accordance with the custom and practice in the commercial paper market. In accordance with such custom and practice, the purchase of Commercial Paper by the applicable Dealer shall be negotiated verbally between the applicable Dealer's personnel and the authorized representative of the Partnership. Such negotiation shall determine the principal amount of Commercial Paper to be sold, the discount rate or interest rate applicable thereto, and the maturity thereof. The applicable Dealer's fee

for such sales shall be included in the discount rate with respect to Commercial Paper issued at a discount, or stated separately as a fee, in the case of Commercial Paper bearing interest. The applicable Dealer shall confirm each transaction made with the Partnership in writing in such Dealer's customary form. Delivery and payment of Commercial Paper shall be effected in accordance with the Issuing Agreement.

6. The applicable Dealer shall pay for the Notes purchased by such Dealer in immediately available funds on the business day such Notes, executed in a manner satisfactory to such Dealer, are delivered to such Dealer in the case of physical bearer Notes, or in the case of book-entry Notes, on the business day such Notes are credited to such Dealer's Participant Account at DTC. Payment shall be made in any manner permitted in the Issuing Agreement.

The amount payable by the applicable Dealer to the Partnership shall be (i) in the case of discount Notes, the face value thereof less the original issue discount and less the compensation payable to such Dealer and (ii) in the case of interest to follow Notes, the face value thereof less the compensation payable to such Dealer.

7. From and after the date of this Agreement, the Partnership will supply to each of the Dealers on a continuing basis three copies of all annual and quarterly and other reports filed by the Partnership and Alliance Holding pursuant to Section 13 of the Exchange Act, and reports mailed by the Partnership or Alliance Holding to their unitholders (in their capacity as unitholders), plus such other information as the Dealers may reasonably request. The Partnership understands, however, that the Dealers shall distribute or otherwise use any informational documents concerning the Partnership, including the Private Placement Memorandum, only with the prior review and approval of the Partnership. The Partnership further undertakes to supply copies of such reports when requested by any Commercial Paper customer of the Dealers, as set forth in the Private Placement Memorandum. The Partnership further agrees to notify the Dealers promptly upon the occurrence of any event or other development, the result of which causes the informational documents and the Partnership's or Alliance Holding's annual or quarterly and other reports filed pursuant to Section 13 of the Exchange Act, taken as a whole, to include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

8. (a) The Partnership agrees to indemnify and hold harmless each Dealer and each person, if any, who controls such Dealer within the meaning of either Section 15 of the Act or Section 20 of the Exchange Act (collectively, the "Indemnitee"), against any and all losses, claims, damages, liabilities or expenses, joint or several, to which any Indemnitee may become subject, under the Act, the Exchange Act, or otherwise, insofar as such losses, claims damages, liabilities or expenses (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of material fact contained in the Offering Materials, taken as a whole, or the omission or alleged omission to state therein a material fact necessary to make the statements therein, in light of the circumstances in which they are made, not misleading, or any breach of its agreements contained in this Agreement, and the Partnership further agrees to reimburse each Indemnitee for any legal or other expenses reasonably incurred by it in connection with investigating or defending any such loss, claim, damage, liability, expense or action; provided, however, that the Partnership will not be liable in any such case to the extent that any such loss, claim damage, liability or expense arises out of or is based upon such untrue statement or omission contained in the Offering Materials which relates to the Dealers (or their respective affiliates) in their capacity as dealer hereunder.

(b) In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in paragraph 8(a) is for any reason held unavailable (otherwise than in accordance with the provision stated therein), the Partnership shall contribute to the aggregate costs of satisfying any loss, damage, liability or expense sought to be charged against or incurred by any Indemnitee in such proportion as is appropriate to reflect the relative benefits received by the Partnership on the one hand and the Dealers on the other from the offering of the Notes. For purposes of this paragraph 8(b), the "relative benefits" received by the Partnership shall be equal to the aggregate net proceeds received by the Partnership from Notes

sold pursuant to this Agreement and the "relative benefits" received by each Dealer shall be equal to the aggregate commissions and fees earned by such Dealer hereunder.

9. The Dealers and the Partnership hereby establish and agree to observe the following procedures in connection with offers, sales and subsequent resales or other transfers of the Notes:

(a) Offers and sales of the Notes by or through the Dealers shall be made only to: (i) investors reasonably believed by the applicable Dealer to be Qualified Institutional Buyers or Institutional Accredited Investors and (ii) non-bank fiduciaries or agents that will be purchasing Notes for one or more accounts, each of which is reasonably believed by the Dealer to be an Institutional Accredited Investor.

(b) Resales and other transfers of the Notes by the holders thereof shall be made only in accordance with the restrictions in the legend described in clause (e) below.

(c) No "general solicitation or general advertising" within the meaning of Regulation D shall be used in connection with the offering of the Notes. Without limiting the generality of the foregoing, without the prior written approval of the other parties hereto, no party hereto shall issue any press release or place or publish any "tombstone" or other advertisement relating to the Notes.

(d) No sale of Notes to any one purchaser shall be for less than $250,000 principal or face amount, and no Note shall be issued in a smaller principal or face amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom such purchaser is acting must purchase at least $250,000 principal or face amount of Notes.

(e) Offers and sales of the Notes by the Partnership through a Dealer acting as agent for the Partnership shall be made in accordance with Rule 506 under the Securities Act, and shall be subject to the restrictions described in the legend appearing on Exhibit A hereto. A legend substantially to the effect of such Exhibit A shall appear as part of the Private Placement Memorandum used in connection with offers and sales of Notes hereunder, as well as on each individual certificate representing a Note and each master note representing book-entry Notes offered and sold pursuant to this Agreement.

(f) Each Dealer shall furnish or shall have furnished to each purchaser of Notes for which it has acted as the Dealer a copy of the then-current Private Placement Memorandum unless such purchaser has previously received a copy of the Private Placement Memorandum as then in effect. The Private Placement Memorandum shall expressly state that any person to whom Notes are offered shall have an opportunity to ask questions of, and receive information from, the Partnership and the applicable Dealer and shall provide the names, addresses and telephone numbers of the persons from whom information regarding the Partnership may be obtained.

(g) The Partnership agrees, for the benefit of the Dealers and each of the holders and prospective purchasers from time to time of the Notes that, if at any time the Partnership shall not be subject to Section 13 or 15(d) of the Exchange Act, the

Partnership will furnish, upon request and at its expense, to the Dealers and to holders and prospective purchasers of Notes information required by Rule 144A(d)(4)(i) in compliance with Rule 144A(d).

(h) In the event that any Note offered or to be offered by the Dealers would be ineligible for resale under Rule 144A, the Partnership shall immediately notify the Dealers (by telephone, confirmed in writing) of such fact and shall promptly prepare and deliver to the Dealers an amendment or supplement to the Private Placement Memorandum describing the Notes that are ineligible, the reason for such ineligibility and any other relevant information relating thereto.

10. The Partnership hereby represents and warrants to each Dealer, in connection with offers, sales and resales of Notes, as follows:

(a) The Partnership hereby confirms to each Dealer that within the preceding six months neither the Partnership nor any person other than the Dealers acting on behalf of the Partnership has offered or sold any Notes, or any substantially similar security of the Partnership to, or solicited offers to buy any such security from, any person other than the Dealers; provided, that the parties hereto acknowledge that, within the preceding six months, the Dealers have offered and sold commercial paper notes on behalf of the Partnership and Alliance Holding as described in paragraph 11 below. The Partnership also agrees that as long as the Notes are being offered for sale by the Dealers as contemplated hereby and until at least six months after the offer of Notes hereunder has been terminated, neither the Partnership nor any person other than the Dealers will offer the Notes or any substantially similar security of the Partnership for sale to, or solicit offers to buy any such security from, any person other than the Dealers if, as a result of the doctrine of "integration" referred to in Rule 502 under the Securities Act, such offer or sale would render invalid the exemption from the registration requirements of the Security Act provided by Section 4(2) thereof for the offer and sale of the Notes, it being understood that such agreement is made with a view to bringing the offer and sale of the Notes within the exemption provided by Section 4(2) of the Securities Act and shall survive any termination of this Agreement. The Partnership hereby represents and warrants that it has not taken or omitted to take, and will not take or omit to take, any action that would cause the offering and sale of Notes hereunder to be integrated with any other offering of securities, whether such offering is made by the Partnership or some other party or parties.

(b) The Partnership represents and agrees that the proceeds of the sale of the Notes are not currently contemplated to be used for the purpose of buying, carrying or trading securities within the meaning of Regulation T and the interpretations thereunder by the Board of Governors of the Federal Reserve System. In the event that the Partnership determines to use such proceeds for the purpose of buying, carrying or trading securities, whether in connection with an acquisition of another company or otherwise, the Partnership shall give the Dealers at least five business days' prior written notice to that effect. The Partnership shall also give the Dealers prompt notice of the actual date that it commences to purchase securities with the proceeds of the Notes. Thereafter, in the event that a Dealer purchases Notes as principal and does not resell

such Notes on the day of such purchase, to the extent necessary to comply with Regulation T and the interpretations thereunder, such Dealer will sell such Notes either (i) only to offerees it reasonably believes to be Qualified Institutional Buyers or to Qualified Institutional Buyers it reasonably believes are acting for other Qualified Institutional Buyers, in each case in accordance with Rule 144A or (ii) in a manner which would not cause a violation of Regulation T and the interpretations thereunder.

11. Each of the Dealers confirms that, in connection with the offer and sale of commercial paper notes referred to in paragraph 10(a) above, (a) it made offers and sales only to Institutional Accredited Investors or Qualified Institutional Buyers and (b) it did not engage in any form of "general solicitation or general advertising" within the meaning of Regulation D.

12. The following are definitions for certain terms used in this Agreement:

(a) "Institutional Accredited Investor" shall mean an institutional investor that is an accredited investor within the meaning of Rule 501 under the Securities Act and that has such knowledge and experience in financial and business matters that it is capable of evaluating and bearing the economic risk of an investment in the Notes, including, but not limited to, a bank, as defined in Section 3(a)(2) of the Securities Act, or a savings and loan association or other institution, as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity.

(b) "Non-bank fiduciary or agent" shall mean a fiduciary or agent other than (a) a bank, as defined in Section 3(a)(2) of the Securities Act, or (b) a savings and loan association, as defined in Section 3(a)(5)(A) of the Securities Act.

(c) "Qualified Institutional Buyer" shall have the meaning assigned to that term in Rule 144A under the Securities Act.

(d) "Regulation D" shall mean Regulation D (Rules 501 et seq.) under the Securities Act.

(e) "Rule 144A" shall mean Rule 144A under the Securities Act.

13. This Agreement may be terminated by the Partnership or either Dealer, with respect to such Dealer, upon thirty days' written notice to the Dealers or the Partnership, as the case may be. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

14. This Agreement shall inure to the benefit of and be binding upon the undersigned parties and their respective successors, but no other person, partnership, association, company or corporation.

If the foregoing accurately reflects our agreement, please sign the enclosed copy in the space provided below and return it to the undersigned.

The parties hereto have caused the execution of this Agreement on the date first provided above.

Alliance Capital Management L.P.

By: Alliance Capital Management Corporation, its General Partner

By: /s/ Anne S. Drennan
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Title: Senior Vice President and Treasurer

Goldman, Sachs & Co.

By: /s/ William R. Harrison
---
Authorized Signatory

Banc of America Securities LLC

By: /s/ Stephen R. Austen
---
Title: Managing Director

EXHIBIT A

FORM OF LEGEND FOR
PRIVATE PLACEMENT MEMORANDUM AND NOTES

THE NOTES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY OTHER APPLICABLE SECURITIES LAW, AND OFFERS AND SALES THEREOF MAY BE MADE ONLY IN COMPLIANCE WITH AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS. BY ITS ACCEPTANCE OF A NOTE, THE PURCHASER WILL BE DEEMED TO REPRESENT THAT IT HAS BEEN AFFORDED AN OPPORTUNITY TO INVESTIGATE MATTERS RELATING TO THE ISSUER AND THE NOTES, THAT IT IS NOT ACQUIRING SUCH NOTE WITH A VIEW TO ANY DISTRIBUTION THEREOF AND THAT IT IS (A) AN INSTITUTIONAL INVESTOR THAT IS AN ACCREDITED INVESTOR WITHIN THE MEANING OF RULE 501(a) UNDER THE ACT (AN "INSTITUTIONAL ACCREDITED INVESTOR") AND THAT EITHER IS PURCHASING NOTES FOR ITS OWN ACCOUNT, IS A U.S. BANK (AS DEFINED IN SECTION 3(a)(2) OF THE ACT) OR A SAVINGS AND LOAN ASSOCIATION OR OTHER INSTITUTION (AS DEFINED IN SECTION 3(a)(5)(A) OF THE ACT) ACTING IN ITS INDIVIDUAL OR FIDUCIARY CAPACITY OR IS A FIDUCIARY OR AGENT (OTHER THAN A U.S. BANK OR SAVINGS AND LOAN ASSOCIATION) PURCHASING NOTES FOR ONE OR MORE ACCOUNTS EACH OF WHICH IS SUCH AN INSTITUTIONAL ACCREDITED INVESTOR OR (B) A QUALIFIED INSTITUTIONAL BUYER ("QIB") WITHIN THE MEANING OF RULE 144A UNDER THE ACT THAT IS ACQUIRING NOTES FOR ITS OWN ACCOUNT OR FOR ONE OR MORE OTHER ACCOUNTS, EACH OF WHICH IS A QIB AND WITH RESPECT TO EACH OF WHICH THE PURCHASER HAS SOLE INVESTMENT DISCRETION; AND THE PURCHASER ACKNOWLEDGES THAT IT IS AWARE THAT THE SELLER MAY RELY UPON THE EXEMPTION FROM THE REGISTRATION PROVISIONS OF SECTION 5 OF THE ACT PROVIDED BY RULE 144A. BY ITS ACCEPTANCE OF A NOTE, THE PURCHASER THEREOF SHALL ALSO BE DEEMED TO AGREE THAT ANY RESALE OR OTHER TRANSFER THEREOF WILL BE MADE ONLY (A) IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE ACT, EITHER (1) TO THE ISSUER OR TO GOLDMAN, SACHS & CO., BANC OF AMERICA SECURITIES LLC OR ANOTHER PERSON DESIGNATED BY THE ISSUER AS A PLACEMENT AGENT FOR THE NOTES (COLLECTIVELY, THE "PLACEMENT AGENTS"), NONE OF WHICH SHALL HAVE ANY OBLIGATION TO ACQUIRE SUCH NOTE, (2) THROUGH A PLACEMENT AGENT TO AN INSTITUTIONAL ACCREDITED INVESTOR OR A QIB, OR (3) TO A QIB IN A TRANSACTION THAT MEETS THE REQUIREMENTS OF RULE 144A AND (B) IN MINIMUM AMOUNTS OF $250,000.

EXTENDIBLE COMMERCIAL NOTES DEALER AGREEMENT

This Extendible Commercial Notes Dealer Agreement, dated as of December 14, 1999, confirms the agreement among Goldman, Sachs & Co. ("Goldman"), Banc of America Securities LLC ("BancAmerica") and Alliance Capital Management L.P. (the "Partnership"), whereby each of Goldman and BancAmerica, severally and not jointly, will act as a dealer with respect to the promissory notes to be issued by the Partnership, which will be issued either in physical bearer form or book-entry form. Each of Goldman and BancAmerica is also sometimes referred to herein as a "Dealer" and collectively as the "Dealers." Notes in book-entry form will be represented by master notes registered in the name of a nominee of The Depository Trust Company ("DTC") and recorded in the book-entry system maintained by DTC. The promissory notes shall (a) be issued in denominations of not less than $250,000; (b) have maturities not exceeding 390 days from the date of issue; and (c) shall have such terms as attached as Exhibit B hereto and as specified in the Private Placement Memorandum (as defined below). Such notes, including the master notes, shall hereinafter be referred to as "Notes." Certain terms used in this Agreement are defined in paragraph 12 below. Any Exhibits described in this Agreement are hereby incorporated by reference into this Agreement and made fully a part hereof.

1. (a) The Partnership represents and warrants to the Dealers that: (i) the Partnership has been duly organized and is validly existing as a limited partnership in good standing under the laws of the State of Delaware; (ii) this Agreement and the issuing and paying agency agreement dated as of December 14, 1999 with U.S. Bank Trust National Association (the "Issuing and Paying Agent", which term shall include any successor issuing and paying agent under such agreement), a copy of which has been provided to each of the Dealers (as such agreement may be amended or supplemented from time to time, the "Issuing Agreement"), have been duly authorized, executed and delivered by the Partnership and each constitutes the valid and legally binding obligation of the Partnership enforceable in accordance with its respective terms subject to any applicable law relating to or affecting indemnification for liability under the securities laws, and except to the extent such enforceability may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally and the applicability of equitable principles thereto whether in a proceeding of law or in equity; (iii) the Notes have been duly authorized and, when issued and duly delivered in accordance with the Issuing Agreement, will constitute the valid and legally binding obligations of the Partnership, enforceable in accordance with their terms, except to the extent such enforceability may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally and the applicability of equitable principles thereto whether in a proceeding of law or in equity; (iv) the private placement memorandum approved by the Partnership for distribution pursuant to Section 7 hereof (the "Private Placement Memorandum") and the Annual Report on Form 10-K of Alliance Capital Management Holding L.P., formerly Alliance Capital Management L.P. ("Alliance Holding"), for the fiscal year ended December 31, 1998 and other documents subsequently filed with the Securities and Exchange Commission pursuant to Section 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), by Alliance Holding and, so long as it remains subject to the reporting requirements of the Exchange Act, by the Partnership (together, the "Offering Materials"), taken as a whole, except insofar as any information therein relates to Goldman or BancAmerica (or their respective affiliates) in its capacity as dealer hereunder, do not include any untrue statement of a material fact or omit to

state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; (v) the offer and sale of the Notes in the manner contemplated by this Agreement will be exempt from the registration requirements of the Securities Act of 1933, as amended (the "Act"), pursuant to Section 4(2) thereof, and no indenture in respect of the Notes is required to be qualified under the Trust Indenture Act of 1939, as amended; and (vi) the Partnership is not an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

(b) Each sale of a Note by the Partnership under this Agreement shall constitute an affirmation that the foregoing representations and warranties remain true and correct at the time of sale, and will remain true and correct at the time of delivery, of such Note.

2. Each of the Dealers may, from time to time, but shall not be obligated to, purchase Notes from the Partnership.

3. Prior to the initial issuance of Notes, the Partnership shall have delivered to each of the Dealers an incumbency certificate identifying persons authorized to sign Notes on the Partnership's behalf and containing the true signatures of each of such persons.

4. Prior to the initial issuance of Notes, the Partnership shall have supplied each of the Dealers with an opinion or opinions of counsel addressing the matters set forth in paragraph 1(a)(i)-(iii) and (v) - (vi) above and such other matters as the Dealers shall reasonably request, such opinion or opinions to be in form and substance satisfactory to the Dealers.

5. All transactions in Notes between each of the Dealers and the Partnership shall be in accordance with the custom and practice in the commercial paper market. In accordance with such custom and practice, the purchase of Notes by the applicable Dealer shall be negotiated verbally between the applicable Dealer's personnel and the authorized representative of the Partnership. Such negotiation shall determine the principal amount of Notes to be sold, the discount rate or interest rate applicable thereto, and the maturity thereof. The applicable Dealer's fee for such sales shall be included in the discount rate with respect to Notes issued at a discount, or stated separately as a fee, in the case of Notes bearing interest. The applicable Dealer shall confirm each transaction made with the Partnership in writing in such Dealer's

customary form. Delivery and payment of Notes shall be effected in accordance with the Issuing Agreement.

6. The applicable Dealer shall pay for the Notes purchased by such Dealer in immediately available funds on the business day such Notes, executed in a manner satisfactory to such Dealer, are delivered to such Dealer in the case of physical bearer Notes, or in the case of book-entry Notes, on the business day such Notes are credited to such Dealer's Participant Account at DTC. Payment shall be made in any manner permitted in the Issuing Agreement. The amount payable by the applicable Dealer to the Partnership shall be (i) in the case of discount Notes, the face value thereof less the original issue discount and less the compensation payable to such Dealer and (ii) in the case of interest to follow Notes, the face value thereof less the compensation payable to such Dealer.

7. (a) From and after the date of this Agreement, the Partnership will supply to each of the Dealers on a continuing basis three copies of all annual and quarterly and other reports filed by the Partnership and Alliance Holding pursuant to Section 13 of the Exchange Act, and reports mailed by the Partnership or Alliance Holding to their unitholders (in their capacity as unitholders), plus such other information as the Dealers may reasonably request. The Partnership understands, however, that the Dealers shall distribute or otherwise use any informational documents concerning the Partnership, including the Private Placement Memorandum, only with the prior review and approval of the Partnership. The Partnership further undertakes to supply copies of such reports when requested by any customer of the Dealers in respect of Notes, as set forth in the Private Placement Memorandum.

(b) The Partnership further agrees to notify the Dealers promptly upon the occurrence of any event or other development, the result of which causes the informational documents and the Partnership's or Alliance Holding's annual or quarterly and other reports filed pursuant to Section 13 of the Exchange Act, taken as a whole, to include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(c) The Partnership agrees to give the Dealers (i) prompt notice (but in any event prior to any subsequent issuance of Notes hereunder) of any amendment to, modification of or waiver with respect to, the Notes or the Issuing and Paying Agency Agreement, including a complete copy of any such amendment, modification or waiver, (ii) in the event it elects not to redeem any Notes on the applicable Initial Redemption Date (as defined in the Private Placement Memorandum), written notice of such election by 11:00 a.m. on such Initial Redemption Date, and (iii) not less than five nor more than 25 days' notice of any proposed redemption of the Notes.

8. (a) The Partnership agrees to indemnify and hold harmless each Dealer and each person, if any, who controls such Dealer within the meaning of either Section 15 of the Act or Section 20 of the Exchange Act (collectively, the "Indemnitee"), against any and all losses, claims, damages, liabilities or expenses, joint or several, to which any Indemnitee may become subject, under the Act, the Exchange Act, or otherwise, insofar as such losses, claims damages, liabilities or expenses (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of material fact contained in the Offering Materials, taken as a whole, or the omission or alleged omission to state therein a material fact necessary to make the statements therein, in light of the circumstances in which they are made, not misleading, or any breach of its agreements contained in this Agreement, and the Partnership further agrees to reimburse each Indemnitee for any legal or other expenses reasonably incurred by it in connection with investigating or defending any such loss, claim, damage, liability, expense or action; provided, however, that the Partnership will not be liable in any such case to the extent that any such loss, claim damage, liability or expense arises out of or is based upon such untrue statement or omission contained in the Offering Materials which relates to the Dealers (or their respective affiliates) in their capacity as dealer hereunder.

(b) In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in paragraph 8(a) is for any reason held unavailable (otherwise than in accordance with the provision stated therein), the Partnership shall contribute

to the aggregate costs of satisfying any loss, damage, liability or expense sought to be charged against or incurred by any Indemnitee in such proportion as is appropriate to reflect the relative benefits received by the Partnership on the one hand and the Dealers on the other from the offering of the Notes. For purposes of this paragraph 8(b), the "relative benefits" received by the Partnership shall be equal to the aggregate net proceeds received by the Partnership from Notes sold pursuant to this Agreement and the "relative benefits" received by each Dealer shall be equal to the aggregate commissions and fees earned by such Dealer hereunder.

9. The Dealers and the Partnership hereby establish and agree to observe the following procedures in connection with offers, sales and subsequent resales or other transfers of the Notes:

(a) Offers and sales of the Notes by or through the Dealers shall be made only to: (i) investors reasonably believed by the applicable Dealer to be Qualified Institutional Buyers or Institutional Accredited Investors and (ii) non-bank fiduciaries or agents that will be purchasing Notes for one or more accounts, each of which is reasonably believed by the Dealer to be an Institutional Accredited Investor.

(b) Resales and other transfers of the Notes by the holders thereof shall be made only in accordance with the restrictions in the legend described in clause (e) below.

(c) No "general solicitation or general advertising" within the meaning of Regulation D shall be used in connection with the offering of the Notes. Without limiting the generality of the foregoing, without the prior written approval of the other parties hereto, no party hereto shall issue any press release or place or publish any "tombstone" or other advertisement relating to the Notes.

(d) No sale of Notes to any one purchaser shall be for less than $250,000 principal or face amount, and no Note shall be issued in a smaller principal or face amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom such purchaser is acting must purchase at least $250,000 principal or face amount of Notes.

(e) Offers and sales of the Notes by the Partnership through a Dealer acting as agent for the Partnership shall be made in accordance with Rule 506 under the Securities Act, and shall be subject to the restrictions described in the legend appearing on Exhibit A hereto. A legend substantially to the effect of such Exhibit A shall appear as part of the Private Placement Memorandum used in connection with offers and sales of Notes hereunder, as well as on each individual certificate representing a Note and each master note representing book-entry Notes offered and sold pursuant to this Agreement.

(f) Each Dealer shall furnish or shall have furnished to each purchaser of Notes for which it has acted as the Dealer a copy of the then-current Private Placement Memorandum unless such purchaser has previously received a copy of the Private Placement Memorandum as then in effect. The Private Placement Memorandum shall expressly state that any person to whom Notes are offered shall have an opportunity to ask questions of, and receive information from, the Partnership and the applicable Dealer

and shall provide the names, addresses and telephone numbers of the persons from whom information regarding the Partnership may be obtained.

(g) The Partnership agrees, for the benefit of the Dealers and each of the holders and prospective purchasers from time to time of the Notes that, if at any time the Partnership shall not be subject to Section 13 or 15(d) of the Exchange Act, the Partnership will furnish, upon request and at its expense, to the Dealers and to holders and prospective purchasers of Notes information required by Rule 144A(d)(4)(i) in compliance with Rule 144A(d).

(h) In the event that any Note offered or to be offered by the Dealers would be ineligible for resale under Rule 144A, the Partnership shall immediately notify the Dealers (by telephone, confirmed in writing) of such fact and shall promptly prepare and deliver to the Dealers an amendment or supplement to the Private Placement Memorandum describing the Notes that are ineligible, the reason for such ineligibility and any other relevant information relating thereto.

10. The Partnership hereby represents and warrants to each Dealer, in connection with offers, sales and resales of Notes, as follows:

(a) The Partnership hereby confirms to each Dealer that within the preceding six months neither the Partnership nor any person other than the Dealers acting on behalf of the Partnership has offered or sold any Notes, or any substantially similar security of the Partnership to, or solicited offers to buy any such security from, any person other than the Dealers; provided, that the parties hereto acknowledge that, within the preceding six months, the Dealers have offered and sold commercial paper notes on behalf of the Partnership and Alliance Holding as described in paragraph 11 below. The Partnership also agrees that as long as the Notes are being offered for sale by the Dealers as contemplated hereby and until at least six months after the offer of Notes hereunder has been terminated, neither the Partnership nor any person other than the Dealers will offer the Notes or any substantially similar security of the Partnership for sale to, or solicit offers to buy any such security from, any person other than the Dealers if, as a result of the doctrine of "integration" referred to in Rule 502 under the Securities Act, such offer or sale would render invalid the exemption from the registration requirements of the Security Act provided by Section 4(2) thereof for the offer and sale of the Notes, it being understood that such agreement is made with a view to bringing the offer and sale of the Notes within the exemption provided by Section 4(2) of the Securities Act and shall survive any termination of this Agreement. The Partnership hereby represents and warrants that it has not taken or omitted to take, and will not take or omit to take, any action that would cause the offering and sale of Notes hereunder to be integrated with any other offering of securities, whether such offering is made by the Partnership or some other party or parties.

(b) The Partnership represents and agrees that the proceeds of the sale of the Notes are not currently contemplated to be used for the purpose of buying, carrying or trading securities within the meaning of Regulation T and the interpretations thereunder by the Board of Governors of the Federal Reserve System. In the event that the

Partnership determines to use such proceeds for the purpose of buying, carrying or trading securities, whether in connection with an acquisition of another company or otherwise, the Partnership shall give the Dealers at least five business days' prior written notice to that effect. The Partnership shall also give the Dealers prompt notice of the actual date that it commences to purchase securities with the proceeds of the Notes. Thereafter, in the event that a Dealer purchases Notes as principal and does not resell such Notes on the day of such purchase, to the extent necessary to comply with Regulation T and the interpretations thereunder, such Dealer will sell such Notes either (i) only to offerees it reasonably believes to be Qualified Institutional Buyers or to Qualified Institutional Buyers it reasonably believes are acting for other Qualified Institutional Buyers, in each case in accordance with Rule 144A or (ii) in a manner which would not cause a violation of Regulation T and the interpretations thereunder.

11. Each of the Dealers confirms that, in connection with the offer and sale of commercial paper notes referred to in paragraph 10(a) above, (a) it made offers and sales only to Institutional Accredited Investors or Qualified Institutional Buyers and (b) it did not engage in any form of "general solicitation or general advertising" within the meaning of Regulation D.

12. The following are definitions for certain terms used in this Agreement:

(a) "Institutional Accredited Investor" shall mean an institutional investor that is an accredited investor within the meaning of Rule 501 under the Securities Act and that has such knowledge and experience in financial and business matters that it is capable of evaluating and bearing the economic risk of an investment in the Notes, including, but not limited to, a bank, as defined in Section 3(a)(2) of the Securities Act, or a savings and loan association or other institution, as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity.

(b) "Non-bank fiduciary or agent" shall mean a fiduciary or agent other than (a) a bank, as defined in Section 3(a)(2) of the Securities Act, or (b) a savings and loan association, as defined in Section 3(a)(5)(A) of the Securities Act.

(c) "Qualified Institutional Buyer" shall have the meaning assigned to that term in Rule 144A under the Securities Act.

(d) "Regulation D" shall mean Regulation D (Rules 501 et seq.) under the Securities Act.

(e) "Rule 144A" shall mean Rule 144A under the Securities Act.

13. This Agreement may be terminated by the Partnership or either Dealer, with respect to such Dealer, upon thirty days' written notice to the Dealers or the Partnership, as the case may be. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

14. This Agreement shall inure to the benefit of and be binding upon the undersigned parties and their respective successors, but no other person, partnership, association, company or corporation.

If the foregoing accurately reflects our agreement, please sign the enclosed copy in the space provided below and return it to the undersigned.

The parties hereto have caused the execution of this Agreement on the date first provided above.

Alliance Capital Management L.P.

By: Alliance Capital Management Corporation, its General Partner

By: /s/ Anne S. Drennan
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Title: Senior Vice President and Treasurer

Goldman, Sachs & Co.

By: /s/ William R. Harrison
---
Authorized Signatory

Banc of America Securities LLC

By: /s/ Stephen R. Austen
---
Title: Managing Director

EXHIBIT A

FORM OF LEGEND FOR
PRIVATE PLACEMENT MEMORANDUM AND NOTES

THE NOTES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY OTHER APPLICABLE SECURITIES LAW, AND OFFERS AND SALES THEREOF MAY BE MADE ONLY IN COMPLIANCE WITH AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS. BY ITS ACCEPTANCE OF A NOTE, THE PURCHASER WILL BE DEEMED TO REPRESENT THAT IT HAS BEEN AFFORDED AN OPPORTUNITY TO INVESTIGATE MATTERS RELATING TO THE ISSUER AND THE NOTES, THAT IT IS NOT ACQUIRING SUCH NOTE WITH A VIEW TO ANY DISTRIBUTION THEREOF AND THAT IT IS (A) AN INSTITUTIONAL INVESTOR THAT IS AN ACCREDITED INVESTOR WITHIN THE MEANING OF RULE 501(a) UNDER THE ACT (AN "INSTITUTIONAL ACCREDITED INVESTOR") AND THAT EITHER IS PURCHASING NOTES FOR ITS OWN ACCOUNT, IS A U.S. BANK (AS DEFINED IN SECTION 3(a)(2) OF THE ACT) OR A SAVINGS AND LOAN ASSOCIATION OR OTHER INSTITUTION (AS DEFINED IN SECTION 3(a)(5)(A) OF THE ACT) ACTING IN ITS INDIVIDUAL OR FIDUCIARY CAPACITY OR IS A FIDUCIARY OR AGENT (OTHER THAN A U.S. BANK OR SAVINGS AND LOAN ASSOCIATION) PURCHASING NOTES FOR ONE OR MORE ACCOUNTS EACH OF WHICH IS SUCH AN INSTITUTIONAL ACCREDITED INVESTOR OR (B) A QUALIFIED INSTITUTIONAL BUYER ("QIB") WITHIN THE MEANING OF RULE 144A UNDER THE ACT THAT IS ACQUIRING NOTES FOR ITS OWN ACCOUNT OR FOR ONE OR MORE OTHER ACCOUNTS, EACH OF WHICH IS A QIB AND WITH RESPECT TO EACH OF WHICH THE PURCHASER HAS SOLE INVESTMENT DISCRETION; AND THE PURCHASER ACKNOWLEDGES THAT IT IS AWARE THAT THE SELLER MAY RELY UPON THE EXEMPTION FROM THE REGISTRATION PROVISIONS OF SECTION 5 OF THE ACT PROVIDED BY RULE 144A. BY ITS ACCEPTANCE OF A NOTE, THE PURCHASER THEREOF SHALL ALSO BE DEEMED TO AGREE THAT ANY RESALE OR OTHER TRANSFER THEREOF WILL BE MADE ONLY (A) IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE ACT, EITHER (1) TO THE ISSUER OR TO GOLDMAN, SACHS & CO., BANC OF AMERICA SECURITIES LLC OR ANOTHER PERSON DESIGNATED BY THE ISSUER AS A PLACEMENT AGENT FOR THE NOTES (COLLECTIVELY, THE "PLACEMENT AGENTS"), NONE OF WHICH SHALL HAVE ANY OBLIGATION TO ACQUIRE SUCH NOTE, (2) THROUGH A PLACEMENT AGENT TO AN INSTITUTIONAL ACCREDITED INVESTOR OR A QIB, OR (3) TO A QIB IN A TRANSACTION THAT MEETS THE REQUIREMENTS OF RULE 144A AND (B) IN MINIMUM AMOUNTS OF $250,000.

Alliance Capital Management Holding L.P.
Pro Forma Calculation of Earnings Per Alliance Holding Unit
Years Ended December 31,

| Basic Net Income Per Alliance Holding Unit (in thousands) | 1999 | 1998 | 1997 |
|---|---|---|---|
| Equity in earnings of Operating Partnership | $204,338 | $132,457 | $ 52,407 |
| Income taxes | 18,218 | 12,528 | 0 |
| Net income - Basic | $186,120 | $119,929 | $ 52,407 |
| Weighted average Alliance Holding Units outstanding - Basic | 71,354 | 70,276 | 69,190 |
| Basic net income per Alliance Holding Unit | $ 2.61 | $ 1.71 | $ 0.76 |
| **Diluted Net Income Per Alliance Holding Unit (in thousands)** | | | |
| Net income - Basic | $186,120 | $119,929 | $ 52,407 |
| Additional allocation of equity in earnings of the Operating Partnership resulting from assumed dilutive effect of employee options | 7,056 | 4,447 | 1,970 |
| Net income - Diluted | $193,176 | $124,376 | $ 54,377 |
| Weighted average Alliance Holding Units outstanding - Diluted | 76,270 | 75,116 | 73,721 |
| Diluted net income per Alliance Holding Unit | $ 2.53 | $ 1.66 | $ 0.74 |

Selected Consolidated Financial Data
(In thousands)

| | Alliance Capital Management Holding L.P. | | | | |
|---|---|---|---|---|---|
| | Operating Partnership(1) | Years Ended December 31, | | | |
| | 1999 | 1998 | 1997 | 1996 | 1995 |
| Income Statement Data: | | | | | |
| Revenues: | | | | | |
| Investment advisory and services fees: | | | | | |
| Alliance mutual funds | $ 887,443 | $ 588,396 | $384,759 | $291,601 | $232,730 |
| Separately managed accounts: | | | | | |
| Affiliated clients | 51,647 | 58,051 | 52,930 | 44,901 | 43,978 |
| Third-party clients | 392,668 | 306,545 | 261,290 | 227,530 | 179,872 |
| Distribution revenues | 441,772 | 301,846 | 216,851 | 169,071 | 130,543 |
| Shareholder servicing fees | 62,332 | 43,475 | 36,327 | 31,272 | 26,575 |
| Other revenues | 33,443 | 25,743 | 23,179 | 24,142 | 25,557 |
| | 1,869,305 | 1,324,056 | 975,336 | 788,517 | 639,255 |
| Expenses: | | | | | |
| Employee compensation and benefits | 508,566 | 340,923 | 264,251 | 214,880 | 172,301 |
| Promotion and servicing: | | | | | |
| Distribution plan payments to financial intermediaries: | | | | | |
| Affiliated | 106,170 | 82,444 | 56,118 | 30,533 | 23,710 |
| Third-party | 232,506 | 178,643 | 121,791 | 115,112 | 86,743 |
| Amortization of deferred sales commissions | 163,942 | 108,853 | 73,841 | 53,144 | 50,501 |
| Other | 118,110 | 90,400 | 60,416 | 48,868 | 40,161 |
| General and administrative | 184,754 | 162,323 | 120,283 | 100,854 | 88,889 |
| Interest | 22,585 | 7,586 | 2,968 | 1,923 | 1,192 |
| Amortization of intangible assets | 3,852 | 4,172 | 7,006 | 15,613 | 8,747 |
| Reduction in recorded value of intangible assets | -- | -- | 120,900 | -- | -- |
| | 1,340,485 | 975,344 | 827,574 | 580,927 | 472,244 |
| Income before income taxes | 528,820 | 348,712 | 147,762 | 207,590 | 167,011 |
| Income taxes | 67,171 | 55,796 | 18,806 | 14,244 | 11,624 |
| Net income $ 461,649 | $ 292,916 | $128,956 | $193,346 | $155,387 | |
| Net income excluding impact of performance fees | $ 398,416 | $ 270,366 | $109,572 | $182,490 | $145,677 |
| Net income before noncash charge(5) | $ 461,649 | $ 292,916 | $249,856 | $193,346 | $155,387 |
| Cash distributions(1)(2) | $ 441,783 | $ 278,363 | $238,571 | $184,546 | $148,937 |
| Balance sheet data at period end: | | | | | |
| Total assets | $1,661,061 | $1,132,592 | $784,460 | $725,897 | $575,058 |
| Debt and long-term obligations(3) | $ 491,004 | $ 238,089 | $130,429 | $ 52,629 | $ 30,839 |
| Partners' capital | $ 552,667 | $ 430,273 | $398,051 | $476,020 | $406,709 |
| Assets under management at period end (in millions)(4) | $ 368,321 | $ 286,659 | $218,654 | $182,792 | $146,521 |

(1) As discussed in Notes 1 and 2 to the consolidated financial statements, the financial information above reflects the operations of Alliance Capital Management Holding L.P prior to the Reorganization effective October 29, 1999 and Alliance Capital Management L.P. (the "Operating Partnership") thereafter.

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

(4) Assets under management exclude certain non-discretionary advisory relationships and include 100% of the assets managed by unconsolidated affiliates.

(5) $121 million to reduce the recorded value of goodwill and contracts associated with the acquisition of Cursitor Holdings, L.P. and Cursitor Holdings Limited in 1996.

Management's Discussion and Analysis of
Financial Condition and Results of Operations

Reorganization

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

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

number includes the approximately 95.1 million Alliance Holding Units exchanged by affiliates of AXA Financial. At December 31, 1999, Alliance Holding owned approximately 72.3 million, or 42%, of the issued and outstanding Alliance Capital Units. ACMC owns 100,000 general partnership Units in Alliance Holding and a 1% general partnership interest in the Operating Partnership. At December 31, 1999, AXA Financial was the beneficial owner of approximately 2% of Alliance Holding's outstanding Units and approximately 55% of the Operating Partnership's outstanding Units which, including the general partnership interests, equates to an economic interest of approximately 57% in the Operating Partnership.

The Operating Partnership's consolidated financial statements and notes should be read in conjunction with the consolidated financial statements and notes of Alliance Holding included in this report.

The Operating Partnership

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

All services currently provided by the Operating Partnership were provided by Alliance Holding prior to the Reorganization.

The Operating Partnership's revenues are largely dependent on the total value and composition of assets under its management. Assets under management grew 28.5% to $368.3 billion as of December 31, 1999 primarily as a result of market appreciation, good investment performance and strong net sales of Alliance mutual funds. Active equity and balanced account assets under management, which comprise approximately 59.6% of total assets under management, grew 41.9%. Active fixed income account assets under management, which comprise 30.8% of total assets under management, increased by 10.4%.

On December 22, 1998, a subsidiary of Alliance Holding acquired Whittingdale Holdings Limited ("Whittingdale"), with $1.5 billion in assets under management. The purchase price consists of an initial payment of $4.8 million in cash and two deferred payments, based on the attainment of certain revenue levels by Whittingdale, currently estimated to be $6.9 million in the aggregate. The acquisition was accounted for under the purchase method with the results of Whittingdale included in the consolidated financial statements from the acquisition date. In connection with the Reorganization, the Operating Partnership assumed all of Alliance Holding's rights and obligations with respect to the Whittingdale acquisition.

In 1999, sales of Alliance mutual fund shares grew to $58.0 billion compared to sales of $40.1 billion in 1998. The increase, principally domestic equity mutual funds and equity funds sold to both U.S. and non-U.S. investors, combined with an increase in mutual fund redemptions, resulted in net Alliance mutual fund sales of $30.2 billion, an increase of 26.4% from $23.9 billion in 1998.

Assets Under Management(1):

| (Dollars in billions) | 12/31/99 | 12/31/98 | % Change | 12/31/98 | 12/31/97 | % Change |
|---|---|---|---|---|---|---|
| Alliance mutual funds: | | | | | | |
| Mutual funds | $ 96.4 | $ 60.7 | 58.8% | $ 60.7 | $ 40.4 | 50.2% |
| Variable products | 40.9 | 31.4 | 30.3 | 31.4 | 23.8 | 31.9 |
| Cash management products | 32.1 | 26.5 | 21.1 | 26.5 | 20.8 | 27.4 |
| | 169.4 | 118.6 | 42.8 | 118.6 | 85.0 | 39.5 |
| Separately managed accounts: | | | | | | |
| Affiliated clients | 29.8 | 28.9 | 3.1 | 28.9 | 28.4 | 1.8 |
| Third-party clients | 169.1 | 139.2 | 21.5 | 139.2 | 105.3 | 32.2 |
| | 198.9 | 168.1 | 18.3 | 168.1 | 133.7 | 25.7 |
| Total | $368.3 | $286.7 | 28.5% | $286.7 | $218.7 | 31.1% |

Assets Under Management by Investment Orientation(1):

| (Dollars in billions) | 12/31/99 | 12/31/98 | % Change | 12/31/98 | 12/31/97 | % Change |
|---|---|---|---|---|---|---|
| Active equity & balanced | | | | | | |
| Domestic | $191.4 | $142.1 | 34.7% | $142.1 | $ 98.1 | 44.9% |
| Global & international | 28.1 | 12.6 | 123.0 | 12.6 | 12.7 | (0.8) |
| Active fixed income | | | | | | |
| Domestic | 97.6 | 88.5 | 10.3 | 88.5 | 76.2 | 16.1 |
| Global & international | 15.7 | 14.1 | 11.3 | 14.1 | 8.0 | 76.3 |
| Index | | | | | | |
| Domestic | 29.1 | 24.7 | 17.8 | 24.7 | 20.8 | 18.8 |
| Global & international | 6.4 | 4.7 | 36.2 | 4.7 | 2.9 | 62.1 |
| Total | $368.3 | $286.7 | 28.5% | $286.7 | $218.7 | 31.1% |

Average Assets Under Management(1):

| (Dollars in billions) | 1999 | 1998 | % Change | 1998 | 1997 | % Change |
|---|---|---|---|---|---|---|
| Alliance mutual funds | $136.9 | $100.5 | 36.2% | $100.5 | $ 72.9 | 37.9% |
| Separately managed accounts: | | | | | | |
| Affiliated clients | 29.8 | 29.5 | 1.0 | 29.5 | 28.1 | 5.0 |
| Third-party clients | 147.9 | 120.5 | 22.7 | 120.5 | 99.4 | 21.2 |
| Total | $314.6 | $250.5 | 25.6% | $250.5 | $200.4 | 25.0% |

Analysis of Assets Under Management(1):

| (Dollars in billions) | 1999 | | | 1998 | | | 1997 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Separately Managed Accounts | Alliance Mutual Funds | Total | Separately Managed Accounts | Alliance Mutual Funds | Total | Separately Managed Accounts | Alliance Mutual Funds | Total |
| Balance at beginning of year | $168.1 | $118.6 | $286.7 | $133.7 | $ 85.0 | $218.7 | $119.5 | $63.3 | $182.8 |
| Acquisitions | -- | -- | -- | 1.4 | 0.1 | 1.5 | -- | -- | -- |
| New business/sales | 8.8 | 52.3 | 61.1 | 7.0 | 34.3 | 41.3 | 3.9 | 21.0 | 24.9 |
| Terminations/redemptions | (3.4) | (27.8) | (31.2) | (3.5) | (16.2) | (19.7) | (6.8) | (8.6) | (15.4) |
| Net cash management sales | -- | 5.7 | 5.7 | -- | 5.8 | 5.8 | -- | 2.2 | 2.2 |
| Cash flow | (4.7) | (1.6) | (6.3) | (0.3) | (1.5) | (1.8) | (5.0) | (1.0) | (6.0) |
| Appreciation | 30.1 | 22.2 | 52.3 | 29.8 | 11.1 | 40.9 | 22.1 | 8.1 | 30.2 |
| Net change | 30.8 | 50.8 | 81.6 | 34.4 | 33.6 | 68.0 | 14.2 | 21.7 | 35.9 |
| Balance at end of year | $198.9 | $169.4 | $368.3 | $168.1 | $118.6 | $286.7 | $133.7 | $85.0 | $218.7 |

(1) Excludes certain non-discretionary advisory relationships and includes 100% of assets under management of unconsolidated affiliates. Includes $2.2 billion mutual fund assets and $0.6 billion separately managed account assets at December 31, 1999, $1.4 billion mutual fund assets and $0.4 billion separately managed account assets at December 31, 1998 and $0.7 billion mutual fund assets and $0.2 billion separately managed account assets at December 31, 1997. Certain amounts in the 1998 and 1997 presentation have been reclassified to conform to the 1999 presentation.

Assets under management at December 31, 1999 were $368.3 billion, an increase of $81.6 billion or 28.5% from December 31, 1998. Alliance mutual fund assets under management at December 31, 1999 were $169.4 billion, an increase of $50.8 billion or 42.8% from December 31, 1998, due principally to market appreciation of $22.2 billion and net sales of mutual funds, variable products and cash management products of $22.5 billion, $2.0 billion and $5.7 billion, respectively. Separately managed account assets under management for third-party and affiliated clients at December 31, 1999 were $198.9 billion, an increase of $30.8 billion or 18.3% from December 31, 1998. This increase was due to market appreciation of $30.1 billion, new third-party client accounts of $8.8 billion and net asset additions to affiliated client accounts of $0.9 billion, offset by third-party client account terminations and net asset withdrawals of $9.0 billion.

Assets under management at December 31, 1998 were $286.7 billion, an increase of $68.0 billion or 31.1% from December 31, 1997. Alliance mutual fund assets under management at December 31, 1998 were $118.6 billion, an increase of $33.6 billion or 39.5% from December 31, 1997, due principally to market appreciation of $11.1 billion and net sales of mutual funds, variable products and cash management products of $15.4 billion, $2.7 billion and $5.8 billion, respectively. Separately managed account assets under management at December 31, 1998 were $168.1 billion, an increase of $34.4 billion or 25.7% from December 31, 1997. This increase was due to market appreciation of $29.8 billion, new third-party client accounts of $7.0 billion, the acquisition of Whittingdale, with $1.4 billion in separately managed account assets under management on the date of acquisition, and net asset additions to affiliated client accounts of $0.5 billion, offset by third-party client account terminations and net asset withdrawals of $4.3 billion.

Cursitor Alliance LLC ("Cursitor Alliance"), a subsidiary of the Operating Partnership formed in connection with a 1996 acquisition, provides global asset allocation services to U.S. and non-U.S. institutional investors. Due to poor relative investment performance, Cursitor Alliance continues to experience client account terminations and asset withdrawals although the decline in assets under management has slowed since the first quarter of 1998. Cursitor Alliance's assets under management aggregated $1.3 billion, $1.7 billion and $3.5 billion at December 31, 1999, 1998, and 1997, respectively. See "Reduction in Recorded Value of Intangible Assets" and "Capital Resources and Liquidity".

Basis of Presentation - Pro Forma Results

The pro forma financial information of the Operating Partnership for all periods presented assumes the Reorganization occurred on January 1, 1997, and reflects the Operating Partnership as a private partnership that is not subject to a federal tax of 3.5% on partnership gross income from the active conduct of a trade or business. The pro forma financial information does not necessarily reflect the results of operations that would have been obtained had the Reorganization occurred on January 1, 1997, nor is the pro forma financial information necessarily indicative of the results of operations that may be achieved for any future period.

Pro Forma Consolidated Results of Operations(1)

| (Dollars in millions) | 1999 | 1998 | % Change | 1998 | 1997 | % Change |
|---|---|---|---|---|---|---|
| Revenues | $ 1,869.3 | $ 1,324.1 | 41.2% | $ 1,324.1 | $ 975.3 | 35.8% |
| Expenses | $ 1,340.5 | $ 975.4 | 37.4 | $ 975.4 | $ 827.5 | 17.9 |
| Income before income taxes | $ 528.8 | $ 348.7 | 51.6 | $ 348.7 | $ 147.8 | 135.9 |
| Income taxes | $ 34.0 | $ 25.2 | 34.9 | $ 25.2 | $ 18.8 | 34.0 |
| Net income | $ 494.8 | $ 323.5 | 53.0 | $ 323.5 | $ 129.0 | 150.8 |
| Net income excluding impact of performance fees | $ 429.0 | $ 298.5 | 43.6 | $ 298.5 | $ 109.6 | 172.4 |
| Net income before reduction in recorded value of intangible assets | $ 494.8 | $ 323.5 | 53.0% | $ 323.5 | $ 249.9 | 29.5% |
| Pre-tax margin(2) | 37.0% | 34.1% | 34.1% | 32.9% | | |

(1) Pro forma amounts assume the Alliance Holding Reorganization occurred on January 1, 1997. The pro forma financial information reflects the Operating Partnership as a private partnership that is not subject to a federal tax of 3.5% on partnership gross income from the active conduct of a trade or business.
(2) Calculated after netting distribution revenues against total expenses; excludes the reduction in recorded value of Cursitor Alliance intangible assets.

Pro forma net income for 1999 increased $171.3 million or 53.0% to $494.8 million from pro forma net income of $323.5 million for 1998. The increase was principally due to an increase in investment advisory and services fees, resulting from higher average assets under management, and higher performance fees which were offset partially by higher operating expenses, principally employee compensation and benefits, promotion and servicing, and higher income taxes.

Pro forma net income for 1998 was $323.5 million, an increase of 150.8% from pro forma net income of $129.0 million for 1997. Pro forma 1998 net income increased $73.6 million or 29.5% compared to pro forma 1997 net income of $249.9 million before the $120.9 million noncash charge recorded in 1997 to reduce the value of Cursitor Alliance intangible assets. See "Reduction in Recorded Value of Intangible Assets" and "Capital Resources and Liquidity". The 29.5% increase was principally due to an increase in investment advisory and services fees, resulting from higher average assets under management, which were offset partially by higher operating expenses, principally employee compensation and benefits, promotion and servicing, and higher income taxes.

Basis of Presentation - Combined Results

The following is a discussion of the combined results of operations for 1999 of the Operating Partnership and, prior to the Reorganization, Alliance Holding, compared to 1998, and of 1998 compared to 1997. The combined presentation is considered meaningful in understanding the diversified investment management business operated by Alliance Holding prior to the Reorganization and by the Operating Partnership thereafter. All information prior to the Reorganization is that of Alliance Holding.

Revenues(1)

| (Dollars in millions) | 1999 | 1998 | % Change | 1998 | 1997 | % Change |
|---|---|---|---|---|---|---|
| Investment advisory and services fees: | | | | | | |
| Alliance mutual funds | $ 887.4 | $ 588.4 | 50.8% | $ 588.4 | $384.8 | 52.9% |
| Separately managed accounts: | | | | | | |
| Affiliated clients | 51.6 | 58.1 | (11.2) | 58.1 | 52.9 | 9.8 |
| Third-party clients | 392.7 | 306.5 | 28.1 | 306.5 | 261.3 | 17.3 |
| Distribution revenues | 441.8 | 301.9 | 46.3 | 301.9 | 216.8 | 39.3 |
| Shareholder servicing fees | 62.3 | 43.5 | 43.2 | 43.5 | 36.3 | 19.8 |
| Other revenues | 33.5 | 25.7 | 30.4 | 25.7 | 23.2 | 10.8 |
| Total | $1,869.3 | $1,324.1 | 41.2% | $1,324.1 | $975.3 | 35.8% |

(1) Reflect revenues of Alliance Holding prior to the Reorganization and revenues of the Operating Partnership thereafter.

Investment Advisory and Services Fees

Investment advisory and services fees, the largest component of the Operating Partnership's revenues, are generally calculated as a small percentage of the value of assets under management and vary with the type of account managed. Fee income is therefore affected by changes in the amount of assets under management, including market appreciation or depreciation, the addition of new client accounts or client contributions of additional assets to existing accounts, withdrawals of assets from and termination of client accounts, purchases and redemptions of mutual fund shares, and shifts of assets between accounts or products with different fee structures. The Operating Partnership's investment advisory and services fees increased 39.7% and 36.3% in 1999 and 1998, respectively.

Certain investment advisory contracts provide for a performance fee, in addition to or in lieu of a base fee, that is calculated as a percentage of the related investment results over a specified period of time. Performance fees are recorded as revenue at the end of the measurement period and will generally be higher in favorable markets and lower in unfavorable markets, which may increase the volatility of the Operating Partnership's revenues and earnings. Performance fees earned on separately managed accounts and mutual funds aggregated $162.2 million, $52.9 million, and $35.0 million in 1999, 1998 and 1997, respectively. Higher performance fees in 1999 were primarily the result of strong capital markets, superior investment performance, new client accounts with performance fee arrangements and a refinement of the procedures for estimating such fees.

Investment advisory and services fees from Alliance mutual funds increased by $299.0 million or 50.8% for 1999, primarily as a result of a 36.2% increase in average assets under management and higher performance fees of $88.3 million. The growth in investment advisory fees from Alliance mutual funds exceeded the growth in average assets under management primarily as a result of increases in sales of higher fee-based mutual fund products, principally domestic equity mutual funds, and the higher performance fees discussed above. Investment advisory and services fees from Alliance mutual funds increased by $203.6 million or 52.9% for 1998, primarily as a result of a 37.9% increase in average assets under management.

Investment advisory and services fees from affiliated clients, primarily the General Accounts of ELAS, decreased by $6.5 million or 11.2% for 1999, due primarily to a decrease in performance fees of $5.7 million. Investment advisory and services fees from affiliated clients increased 9.8% for 1998, due principally to a 5.0% increase in average assets under management and an increase in performance fees of $1.8 million.

Investment advisory and services fees from third-party clients increased by $86.2 million or 28.1% for 1999 and by $45.2 million or 17.3% for 1998, principally due to increases in average assets under management of 22.7% and 21.2%, respectively. The increase in average assets under management was primarily a result of market appreciation. A $26.7 million increase in performance fees also contributed to the higher fees in 1999.

Distribution Revenues

The Operating Partnership's subsidiary, Alliance Fund Distributors, Inc., ("AFD"), acts as distributor of the Alliance mutual funds and receives distribution plan fees from those funds in reimbursement of distribution expenses it incurs. Distribution revenues increased 46.3% and 39.3% in 1999 and 1998, respectively, principally due to higher average equity mutual fund assets under management attributable to strong sales of Back-End Load Shares under the Operating Partnership's mutual fund distribution system (the "System"), described under "Capital Resources and Liquidity", and market appreciation.

Shareholder Servicing Fees

The Operating Partnership's subsidiaries, Alliance Fund Services, Inc. and ACM Fund Services S.A., provide transfer agency services to the Alliance mutual funds. Shareholder servicing fees increased 43.2% and 19.8% in 1999 and 1998, respectively, the result of increases in the number of mutual fund shareholder accounts serviced and increased fee rates. The number of shareholder accounts serviced increased to approximately 5.4 million as of December 31, 1999, compared to approximately 3.8 million and 3.2 million as of December 31, 1998 and 1997, respectively.

Other Revenues

Other revenues consist principally of administration and recordkeeping services provided to the Alliance mutual funds and the General Accounts of ELAS and its insurance subsidiary. Investment income and changes in value of other investments are also included in other revenues. Other revenues increased for 1999 principally as a result of higher reimbursements for administration and recordkeeping services, increases in the market value of investments in hedge funds sponsored by the Operating Partnership and dividend income. Other revenues increased for 1998 as a result of changes in the market value of hedge fund investments.

Expenses(1)

| (Dollars in millions) | 1999 | 1998 | % Change | 1998 | 1997 | % Change |
|---|---|---|---|---|---|---|
| Employee compensation and benefits | $ 508.6 | $340.9 | 49.2% | $340.9 | $264.3 | 29.0% |
| Promotion and servicing | 620.6 | 460.3 | 34.8 | 460.3 | 312.1 | 47.5 |
| General and administrative | 184.8 | 162.3 | 13.9 | 162.3 | 120.3 | 34.9 |
| Interest | 22.6 | 7.6 | 197.4 | 7.6 | 3.0 | 153.3 |
| Amortization of intangible assets | 3.9 | 4.3 | (9.3) | 4.3 | 6.9 | (37.7) |
| Reduction in recorded value of intangible assets | -- | -- | -- | -- | 120.9 | -- |
| Total | $1,340.5 | $975.4 | 37.4% | $975.4 | $827.5 | 17.8% |

(1) Reflect expenses of Alliance Holding prior to the Reorganization and expenses of the Operating Partnership thereafter.

Employee Compensation and Benefits

In connection with the Reorganization, all employees of Alliance Holding became employees of the Operating Partnership effective October 29, 1999. Employee compensation and benefits, which represent approximately 37.9% of total expenses in 1999, include salaries, commissions, fringe benefits and incentive compensation based on profitability. Provisions for future payments to be made under certain deferred compensation arrangements are also included in employee compensation and benefits expense.

Employee compensation and benefits increased 49.2% and 29.0% in 1999 and 1998, respectively, primarily as a result of higher incentive compensation due to increased operating earnings and increased base compensation and commissions. Base compensation increased principally due to an increase in the number of employees working in the mutual fund and technology areas and to salary increases. The Operating Partnership had 2,396 employees at December 31, 1999 compared to 2,075 and 1,670 employees of Alliance Holding at December 31, 1998 and 1997, respectively. Commissions increased primarily due to higher mutual fund sales.

Promotion and Servicing

Promotion and servicing expenses, which represent approximately 46.3% of total expenses in 1999, include distribution plan payments to financial intermediaries for distribution of sponsored mutual funds and cash management services' products and amortization of deferred sales commissions paid to financial intermediaries for the sale of Back-End Load Shares under the System. See "Capital Resources and Liquidity". Also included in this expense category are travel and entertainment, advertising, promotional materials, and investment meetings and seminars for financial intermediaries that distribute the Operating Partnership's mutual fund products.

Promotion and servicing expenses increased 34.8% and 47.5% in 1999 and 1998, respectively, primarily due to increased distribution plan payments resulting from higher average domestic, offshore and cash management assets under management. An increase in amortization of deferred sales commissions of $55.1 million for 1999 as a result of higher sales of Back-End Load Shares also contributed to the increase in promotion and servicing expense. Other promotion and servicing expenses increased for 1999 and 1998 primarily as a result of higher travel and entertainment costs and higher promotional expenditures incurred in connection with mutual fund sales initiatives.

General and Administrative

General and administrative expenses, which represent approximately 13.8% of total expenses in 1999, are costs related to operations, including technology, professional fees, occupancy, communications, equipment and similar expenses. General and administrative expenses increased 13.9% and 34.9% in 1999 and 1998, respectively, due principally to higher technology expenses incurred in connection with the Year 2000 project, the Euro conversion and other technology initiatives as well as increased occupancy costs. A $10.0 million provision was recorded in 1998 for the future acquisition of the minority interest in Cursitor Alliance. See "Capital Resources and Liquidity".

Interest

Interest expense is incurred on the Operating Partnership's borrowings and on deferred compensation owed to employees. Interest expense increased for 1999 and 1998 primarily as a result of higher debt and an increase in interest accrued on deferred compensation liabilities.

Amortization of Intangible Assets

Amortization of intangible assets is primarily attributable to the intangible assets recorded in connection with the acquisitions made by the Operating Partnership and the acquisition of ACMC, Inc., the predecessor of both Alliance Holding and the Operating Partnership, by ELAS during 1985. Amortization of intangibles decreased for both 1999 and 1998 principally due to the noncash charge recorded in 1997 to reduce the value of Cursitor Alliance intangible assets. See "Reduction in Recorded Value of Intangible Assets".

Reduction in Recorded Value of Intangible Assets

The Operating Partnership recorded a noncash charge of $120.9 million during the second quarter of 1997 to reduce the unamortized value of intangible assets to fair value due to the significant decline in Cursitor Alliance's assets under management and profitability.

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 $67.2 million in 1999 increased by $11.4 million primarily as a result of higher pre-tax income partially offset by a lower combined effective tax rate. The $37.0 million increase in 1998 was principally due to the 3.5% federal tax on partnership gross business income of Alliance Holding, effective January 1, 1998, and higher pre-tax income.

Capital Resources and Liquidity

Partners' capital of the Operating Partnership was $552.7 million at December 31, 1999, an increase of $122.4 million or 28.4% from Alliance Holding's partners' capital of $430.3 million at December 31, 1998. Alliance Holding's partners' capital at December 31, 1998 increased by $32.2 million or 8.1% from $398.1 million at December 31, 1997.

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

The Operating Partnership's and Alliance Holding's combined cash and cash equivalents increased by $5.0 million in 1999. Cash inflows included $224.1 million from operations, proceeds from borrowings net of debt repayments of $188.6 million and $14.1 million of proceeds from employee options exercised for Alliance Holding Units. Cash outflows included $357.9 million in distributions to partners and $63.5 million in capital expenditures.

Under certain circumstances through February 28, 2006, the Operating Partnership has an option to purchase the minority interest in Cursitor Alliance and the holders of the minority interest have an option to sell the minority interest to the Operating Partnership for cash, Alliance Holding Units, or a combination thereof with a value of not less than $10.0 million or more than $37.0 million ("Buyout Price"). The Buyout Price will be determined based on the amount of global asset allocation investment advisory revenues earned by Cursitor Alliance during a twelve-month period ending on the February 28th preceding the date either option is exercised. Due to the decline in Cursitor Alliance revenues, management believes that the Buyout Price for the minority interest will be $10.0 million, which will be substantially higher than its fair value. Accordingly, the Operating Partnership recorded a $10.0 million provision for the Buyout Price in the first quarter of 1998.

The Operating Partnership's mutual fund distribution system includes a multi-class share structure. The System permits the Operating Partnership's open-end mutual funds to offer investors various options for the purchase of mutual fund shares, including the purchase of Front-End Load Shares and Back-End Load Shares. The Front-End Load Shares are subject to a conventional front-end sales charge paid by investors to AFD at the time of sale. AFD in turn compensates the financial intermediaries distributing the funds from the front-end sales charge paid by investors. For Back-End Load Shares, investors do not pay a front-end sales charge although, if there are redemptions before the expiration of the minimum holding period (which ranges from one year to four years), investors pay a contingent deferred sales charge ("CDSC") to AFD. While AFD is obligated to compensate the financial intermediaries at the time of the purchase of Back-End Load Shares, it receives higher ongoing distribution fees from the funds. Payments made to financial intermediaries in connection with the sale of Back-End Load Shares under the System, net of CDSC received, reduced cash flow from operations by approximately $393.4 million (combined amount) and $232.5 million during 1999 and 1998, respectively. Management believes AFD will recover the payments made to financial intermediaries for the sale of Back-End Load Shares from the higher distribution fees and CDSC it receives over periods not exceeding 51/2 years.

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

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

The revolving credit facilities contain covenants which, among other things, require the Operating Partnership to meet certain financial ratios. The Operating Partnership was in compliance with the covenants at December 31, 1999.

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

At December 31, 1999 and 1998, the Operating Partnership and Alliance Holding had $384.7 million and $179.5 million of commercial paper outstanding, respectively, at effective interest rates of 5.9% and 5.5%, respectively. There were no borrowings outstanding under the revolving credit facilities or the ECN Program on these dates.

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.

Year 2000

The Operating Partnership's systems and facilities have passed into the new millennium successfully, and are continuing to operate without disruption in 2000. The Operating Partnership incurred approximately $43 million of costs related to the Year 2000 initiative.

Commitments and Contingencies

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

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

On October 29, 1996, plaintiffs filed a motion for leave to file an amended complaint. The principal allegations of the proposed amended complaint are that (i) the Fund failed to hedge against currency risk despite representations that it would do so, (ii) the Fund did not properly disclose that it planned to invest in mortgage-backed derivative securities, and (iii) two advertisements used by the Fund misrepresented the risks of investing in the Fund. On October 15, 1998, the United States Court of Appeals for the Second Circuit issued an order granting plaintiffs' motion to file an amended complaint alleging that the Fund misrepresented its ability to hedge against currency risk and denying plaintiffs' motion to file an amended complaint alleging that the Fund did not properly disclose that it planned to invest in mortgage-backed derivative securities and that certain advertisements used by the Fund misrepresented the risks of investing in the Fund.

On December 1, 1999, the United States District Court for the Southern District of New York granted the defendants' motion for summary judgment on all claims against all defendants. On December 14 and 15, 1999, the plaintiffs filed motions for reconsideration of the Court's ruling. These motions are currently pending with the Court.

The Operating Partnership assumed all of Alliance Holding's liabilities in respect of this litigation in connection with the Reorganization. The Operating Partnership and Alliance Holding believe that the allegations in the proposed amended complaint are without merit and intend to vigorously defend against these claims. While the ultimate outcome of this matter cannot be determined at this time, management does not expect that it will have a material adverse effect on the Operating Partnership's results of operations or financial condition.

Changes in Accounting Principles

The accounting policies summarized below are followed by the Operating Partnership subsequent to the October 29, 1999 Reorganization and were followed by Alliance Holding prior to the Reorganization.

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

On January 1, 1998, Alliance Holding adopted Statement of Financial Accounting Standards No. 130 ("SFAS 130"), "Reporting Comprehensive Income", which establishes the disclosure requirements for reporting comprehensive income in an entity's financial statements. Total comprehensive income is reported in the Consolidated Statements of Changes in Partners' Capital and Comprehensive Income and includes net income, unrealized gains and losses on investments classified as available-for-sale, and foreign currency translation adjustments. The accumulated balance of comprehensive income items is displayed separately in the partners' capital section of the Consolidated Statements of Financial Condition.

Alliance Holding adopted Statement of Financial Accounting Standards No. 131 ("SFAS 131"), "Disclosures about Segments of an Enterprise and Related Information", in its 1998 consolidated financial statements. 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 on 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.

In March 1998, the AICPA issued Statement of Position 98-1 ("SOP 98-1"), "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use". Alliance Holding adopted the provisions of SOP 98-1 effective January 1, 1998. SOP 98-1 requires capitalization of external and certain internal costs incurred to obtain or develop internal-use computer software during the application development stage. Capitalized internal-use software is amortized on a straight-line basis over the lesser of the estimated useful life of the software or six years. The adoption of SOP 98-1 did not have a material impact on the consolidated financial statements.

Cash Distributions

The Operating Partnership is required to distribute all of its Available Cash Flow (as defined in the Alliance Capital Partnership Agreement) to the General Partner and Alliance Capital Unitholders. Alliance Holding is also required to distribute all of its available cash flow (as defined in the Alliance Holding Partnership Agreement). The combined Available Cash Flow of the Operating Partnership for the two months ended December 31, 1999 and Alliance Holding for the ten months ended October 29, 1999 and of Alliance Holding for each of the years ended December 31, 1998 and 1997 were as follows:

Cash Distributions

| (Dollars in thousands) | 1999 | 1998 | 1997 |
|---|---|---|---|
| Available Cash Flow | $405,328 | $278,363 | $238,571 |
| Special distribution | 36,455 | -- | -- |
| Total distribution | $441,783 | $278,363 | $238,571 |

Market Risk, Risk Management and Derivative Financial Instruments

The Operating Partnership's investments consist of investments, available-for-sale and other investments. Investments, available-for-sale include equity and fixed income mutual funds and money market investments. The carrying value of the money market investments approximates fair value. Although investments, available-for-sale are purchased for long-term investment, the portfolio strategy considers them available-for-sale from time-to-time due to changes in market interest rates, equity prices and other relevant factors. Other investments include investments in hedge funds sponsored by the Operating Partnership.

Non Trading Market Risk Sensitive Instruments

Investments With Interest Rate Risk - Fair Value

The table below provides the Operating Partnership's potential exposure, measured in terms of fair value, to an immediate 100 basis point increase in interest rates from the levels prevailing at December 31, 1999. A 100 basis point fluctuation in interest rates is a hypothetical rate scenario used to calibrate potential risk and does not represent management's view of future market changes. While these fair value measurements provide a representation of interest rate sensitivity of fixed income mutual funds and fixed income hedge funds, they are based on the portfolio exposures at a particular point in time and may not be representative of future market results. These exposures will change as a result of ongoing changes in investments in response to management's assessment of changing market conditions and available investment opportunities (in thousands):

| December 31, 1999 | At Point Change | +100 Basis |
|---|---|---|
| Fixed income investments | $6,069 | $(290) |

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, 1999. A 10% decrease in equity prices is a hypothetical scenario used to calibrate potential risk and does not represent management's view of future market changes. While these fair value measurements provide a representation of equity price sensitivity of equity mutual funds and equity hedge funds, they are based on the portfolio exposures at a particular point in time and may not be representative of future market results. These exposures will change as a result of ongoing portfolio activities in response to management's assessment of changing market conditions and available investment opportunities (in thousands):

| At December 31, 1999 | -10% Equity Price Change | |
|---|---|---|
| Equity investments | $56,310 | $(5,631) |

Derivative Financial Instruments

The Operating Partnership utilizes an interest rate cap to reduce its exposure to interest rate risk by effectively placing an interest rate ceiling or "cap" on interest payable on up to $100 million of the debt outstanding under the Operating Partnership's commercial paper program and five-year revolving credit facility. The $100 million notional principal amount does not represent the Operating Partnership's exposure to credit risk, but is only a basis to determine the payment obligation of the counterparty. During the three-year term of the interest rate cap, the Operating Partnership will receive monthly payments from the counterparty based on the excess, if any, of the stated reference rate over 6% times the notional amount. Should the counterparty fail to perform its obligations under the agreement, the Operating Partnership's borrowing costs on the first $100 million of debt outstanding could exceed 6%. However, at this time the Operating Partnership does not have any reason to believe that the counterparty would fail to perform. While the notional amount is the most commonly used measure of volume in the derivatives market, it is not used by the Operating Partnership as a measure of risk as the notional amount exceeds the possible loss that could arise from the interest rate cap. Mark to market exposure is a point-in-time measure of the value of a derivative contract on the open market. A positive value indicates existence of credit risk for the Operating Partnership as the counterparty would owe money to the Operating Partnership if the contract were closed. At year end 1999, the market value of the Operating Partnership's derivative was $1,267,000 representing the time value and intrinsic value components of the fair value. The table below provides the interest rate sensitivity of the interest rate cap. These exposures will change as a result of ongoing portfolio and risk management activities (in thousands, except for term):

| | Notional Amount | Term/ Years | -100 Basis Point Change | Fair Value at December 31, 1999 | + 100 Basis Point Change |
|---|---|---|---|---|---|
| Interest rate cap | $100,000 | 3 | $(682) | $1,267 | $997 |

Debt - Fair Value

At year end 1999, the aggregate fair value of long-term debt issued by the Operating Partnership was $5.6 million. The table below provides the potential fair value exposure to an immediate 100 basis point decrease in interest rates from those prevailing at year-end 1999 (in thousands):

| | At December 31, 1999 | -100 Basis Point Change |
|---|---|---|
| Long-term debt | $5,627 | $279 |

Forward-looking Statements

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

Consolidated Statements of Financial Condition
(In thousands)

| | Alliance Holding December 31, 1999 | Alliance Holding December 31, 1998 |
|---|---|---|
| Assets | | |
| Cash and cash equivalents | $ 80,185 | $ 75,186 |
| Receivable from brokers and dealers for sale of shares of Alliance mutual funds | 218,569 | 159,095 |
| Fees receivable: | | |
| Alliance mutual funds | 189,866 | 80,167 |
| Separately managed accounts: | | |
| Affiliated clients | 7,136 | 6,682 |
| Third-party clients | 112,847 | 86,166 |
| Investments, available-for-sale | 98,620 | 94,743 |
| Furniture, equipment and leasehold improvements, net | 140,045 | 96,401 |
| Intangible assets, net | 98,068 | 102,001 |
| Deferred sales commissions, net | 604,723 | 375,293 |
| Other investments | 57,786 | 25,125 |
| Other assets | 53,216 | 31,733 |
| Total assets | $1,661,061 | $1,132,592 |
| Liabilities and Partners' Capital | | |
| Liabilities: | | |
| Payable to Alliance mutual funds for share purchases | $ 254,151 | $ 199,316 |
| Accounts payable and accrued expenses | 225,922 | 202,980 |
| Accrued compensation and benefits | 235,120 | 106,929 |
| Debt | 390,079 | 190,210 |
| Minority interests in consolidated subsidiaries | 3,122 | 2,884 |
| Total liabilities | 1,108,394 | 702,319 |
| Commitments and contingencies | | |
| Partners' capital: | | |
| General Partner | 5,812 | 4,617 |
| Limited partners; 171,861,373 and 170,365,963 Units issued and outstanding | 575,385 | 457,010 |
| | 581,197 | 461,627 |
| Less: Capital contributions receivable from General Partner | 31,154 | 30,519 |
| Deferred compensation expense | -- | 500 |
| Accumulated other comprehensive income | (2,624) | 335 |
| Total partners' capital | 552,667 | 430,273 |
| Total liabilities and partners' capital | $1,661,061 | $1,132,592 |

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

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Income
(In thousands)

| | 1999 | | | Years Ended December 31, | |
|---|---|---|---|---|---|
| | Two Months Ended December 31 | Ten Months Ended October 29 | Combined for 1999 | 1998 | Alliance Holding 1997 |
| Revenues: | | | | | |
| Investment advisory and services fees: | | | | | |
| Alliance mutual funds | $228,834 | $ 658,609 | $ 887,443 | $ 588,396 | $384,759 |
| Separately managed accounts: | | | | | |
| Affiliated clients | 8,339 | 43,308 | 51,647 | 58,051 | 52,930 |
| Third-party clients | 87,082 | 305,586 | 392,668 | 306,545 | 261,290 |
| Distribution revenues | 87,611 | 354,161 | 441,772 | 301,846 | 216,851 |
| Shareholder servicing fees | 11,636 | 50,696 | 62,332 | 43,475 | 36,327 |
| Other revenues | 7,313 | 26,130 | 33,443 | 25,743 | 23,179 |
| | 430,815 | 1,438,490 | 1,869,305 | 1,324,056 | 975,336 |
| Expenses: | | | | | |
| Employee compensation and benefits | 137,771 | 370,795 | 508,566 | 340,923 | 264,251 |
| Promotion and servicing: | | | | | |
| Distribution plan payments to financial intermediaries: | | | | | |
| Affiliated | 18,739 | 87,431 | 106,170 | 82,444 | 56,118 |
| Third-party | 45,017 | 187,489 | 232,506 | 178,643 | 121,791 |
| Amortization of deferred sales commissions | 31,229 | 132,713 | 163,942 | 108,853 | 73,841 |
| Other | 23,176 | 94,934 | 118,110 | 90,400 | 60,416 |
| General and administrative | 33,385 | 151,369 | 184,754 | 162,323 | 120,283 |
| Interest | 5,856 | 16,729 | 22,585 | 7,586 | 2,968 |
| Amortization of intangible assets | 641 | 3,211 | 3,852 | 4,172 | 7,006 |
| Reduction in recorded value of intangible assets | -- | -- | -- | -- | 120,900 |
| | 295,814 | 1,044,671 | 1,340,485 | 975,344 | 827,574 |
| Income before income taxes | 135,001 | 393,819 | 528,820 | 348,712 | 147,762 |
| Income taxes | 8,098 | 59,073 | 67,171 | 55,796 | 18,806 |
| Net income | $126,903 | $ 334,746 | $ 461,649 | $ 292,916 | $128,956 |

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

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Partners' Capital and Comprehensive Income
(In thousands)

| | For the Years Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | Limited Partner's Capital | Capital Contributions Receivable | Deferred Compensation Expense | Other Comprehensive Income | Accumulated Total Partners' Capital | General Partner's Capital |
| Balance at December 31, 1996 | $ 5,108 | $ 505,711 | $(27,904) | $(6,500) | $ (395) | $ 476,020 |
| Comprehensive Income: | | | | | | |
| Net income | 1,290 | 127,666 | -- | -- | -- | 128,956 |
| Other comprehensive income: | | | | | | |
| Unrealized gain on investments, net | -- | -- | -- | -- | 458 | 458 |
| Foreign currency translation adjustment, net | -- | -- | -- | -- | (2,069) | (2,069) |
| Comprehensive Income | 1,290 | 127,666 | -- | -- | (1,611) | 127,345 |
| Cash distributions to partners ($1.285 per Alliance Holding Unit) | (2,186) | (216,418) | -- | -- | -- | (218,604) |
| Amortization of deferred compensation expense | -- | -- | -- | 3,000 | -- | 3,000 |
| Capital contributions from General Partner | -- | -- | 761 | -- | -- | 761 |
| Compensation plan accrual | 20 | 1,960 | (1,980) | -- | -- | -- |
| Proceeds from options for Alliance Holding Units exercised | 95 | 9,434 | -- | -- | -- | 9,529 |
| Balance at December 31, 1997 | 4,327 | 428,353 | (29,123) | (3,500) | (2,006) | 398,051 |
| Comprehensive Income: | | | | | | |
| Net income | 2,929 | 289,987 | -- | -- | -- | 292,916 |
| Other comprehensive income: | | | | | | |
| Unrealized gain on investments, net | -- | -- | -- | -- | 837 | 837 |
| Foreign currency translation adjustment, net | -- | -- | -- | -- | 834 | 834 |
| Comprehensive Income | 2,929 | 289,987 | -- | -- | 1,671 | 294,587 |
| Cash distributions to partners ($1.60 per Alliance Holding Unit) | (2,744) | (271,700) | -- | -- | -- | (274,444) |
| Amortization of deferred compensation expense | -- | -- | -- | 3,000 | -- | 3,000 |
| Capital contributions from General Partner | -- | -- | 716 | -- | -- | 716 |
| Compensation plan accrual | 21 | 2,091 | (2,112) | -- | -- | -- |
| Proceeds from options for Alliance Holding Units exercised | 84 | 8,279 | -- | -- | -- | 8,363 |
| Balance at December 31, 1998 | 4,617 | 457,010 | (30,519) | (500) | (335) | 430,273 |
| Comprehensive Income: | | | | | | |
| Net income | 3,347 | 331,399 | -- | -- | -- | 334,746 |
| Other comprehensive income: | | | | | | |
| Unrealized gain on investments, net | -- | -- | -- | -- | 370 | 370 |
| Foreign currency translation adjustment, net | -- | -- | -- | -- | 1,035 | 1,035 |
| Comprehensive Income | 3,347 | 331,399 | -- | -- | 1,405 | 336,151 |
| Cash distributions to partners ($2.07 per Alliance Holding Unit) | (2,608) | (258,137) | -- | -- | -- | (260,745) |
| Amortization of deferred compensation expense | -- | -- | -- | 500 | -- | 500 |
| Capital contributions from General Partner | -- | -- | 686 | -- | -- | 686 |
| Compensation plan accrual | 18 | 1,752 | (1,770) | -- | -- | -- |
| Proceeds from options for Alliance Holding Units exercised | 120 | 11,853 | -- | -- | -- | 11,973 |
| Balance prior to October 29, 1999, Reorganization | 5,494 | 543,877 | (31,603) | -- | 1,070 | 518,838 |
| Comprehensive income: | | | | | | |
| Net income | 1,269 | 125,634 | -- | -- | -- | 126,903 |
| Other comprehensive income: | | | | | | |
| Unrealized gain on investments, net | -- | -- | -- | -- | 1,645 | 1,645 |
| Foreign currency translation adjustment, net | -- | -- | -- | -- | (91) | (91) |
| Comprehensive income | 1,269 | 125,634 | -- | -- | 1,554 | 128,457 |
| Cash distributions to partners | (971) | (96,141) | -- | -- | -- | (97,112) |
| Capital contributions from General Partner | -- | -- | 406 | -- | -- | 406 |
| Compensation plan accrual | (1) | (42) | 43 | -- | -- | -- |
| Proceeds from options for Alliance Holding Units exercised | 21 | 2,057 | -- | -- | -- | 2,078 |
| Balance at December 31, 1999 | $ 5,812 | $ 575,385 | $(31,154) | $-- | $ 2,624 | $ 552,667 |

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

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows
(In thousands)

| | 1999 | | | Years Ended December 31, | |
|---|---|---|---|---|---|
| | Two Months Ended December 31 | Ten Months Ended October 29 | Combined for 1999 | Alliance Holding 1998 | 1997 |
| Cash flows from operating activities: | | | | | |
| Net income | $ 126,903 | $ 334,746 | $ 461,649 | $ 292,916 | $ 128,956 |
| Adjustments to reconcile net income to net cash (used in) provided from operating activities: | | | | | |
| Amortization and depreciation | 35,641 | 152,635 | 188,276 | 129,374 | 92,773 |
| Reduction in recorded value of intangible assets | -- | -- | -- | -- | 120,900 |
| Other, net | 3,646 | 18,120 | 21,766 | 12,873 | 6,570 |
| Changes in assets and liabilities: | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| (Increase) in receivable from brokers and dealers for sale of shares of Alliance mutual funds | (43,637) | (15,777) | (59,414) | (90,389) | (37,725) |
| (Increase) in fees receivable from Alliance mutual funds | (79,314) | (30,386) | (109,700) | (22,302) | (11,125) |
| (Increase) decrease in fees receivable from affiliated clients | 11,648 | (12,104) | (456) | (1,675) | (3,878) |
| (Increase) in fees receivable from third-party clients | (7,632) | (18,950) | (26,582) | (11,772) | (15,612) |
| (Increase) in deferred sales commissions | (67,114) | (326,258) | (393,372) | (232,514) | (150,301) |
| (Increase) in other investments | (16,626) | (17,935) | (34,561) | (14,708) | (1,237) |
| (Increase) in other assets | (21,791) | (278) | (22,069) | (10,666) | (10,091) |
| Increase in payable to Alliance mutual funds for share purchases | 46,813 | 7,981 | 54,794 | 102,321 | 41,481 |
| Increase (decrease) in accounts payable and accrued expenses | 20,501 | (190) | 20,311 | 73,583 | 20,584 |
| Increase (decrease) in accrued compensation and benefits, less deferred compensation | (43,863) | 167,304 | 123,441 | 27,634 | 14,342 |
| Net cash (used in) provided from operating activities | (34,825) | 258,908 | 224,083 | 258,025 | 195,637 |
| Cash flows from investing activities: | | | | | |
| Purchase of investments | (301,448) | (888,180) | (1,189,628) | (476,826) | (516,720) |
| Proceeds from sale of investments | 287,425 | 900,130 | 1,187,555 | 430,266 | 506,116 |
| Purchase of businesses, net of cash acquired | -- | (142) | (142) | (2,911) | -- |
| Additions to furniture, equipment and leasehold improvements, net | (13,033) | (50,463) | (63,496) | (31,910) | (35,341) |
| Net cash (used in) investing activities | (27,056) | (38,655) | (65,711) | (81,381) | (45,945) |
| Cash flows from financing activities: | | | | | |
| Proceeds from issuance of debt | 867,854 | 2,043,616 | 2,911,470 | 926,012 | 126,863 |
| Repayment of debt | (707,001) | (2,015,874) | (2,722,875) | (826,375) | (60,451) |
| Cash distributions to partners | (97,112) | (260,745) | (357,857) | (274,444) | (218,604) |
| Capital contributions from General Partner | 406 | 686 | 1,092 | 716 | 761 |
| Proceeds from options for Alliance Holding Units exercised | 2,078 | 11,973 | 14,051 | 8,363 | 9,529 |
| Net cash provided from (used in) financing activities | 66,225 | (220,344) | (154,119) | (165,728) | (141,902) |
| Effect of exchange rate changes on cash and cash equivalents | 529 | 217 | 746 | 509 | (1,470) |
| Net increase in cash and cash equivalents | 4,873 | 126 | 4,999 | 11,425 | 6,320 |
| Cash and cash equivalents at beginning of the period | 75,312 | 75,186 | 75,186 | 63,761 | 57,441 |
| Cash and cash equivalents at end of the period | $ 80,185 | $ 75,312 | $ 80,185 | $ 75,186 | $ 63,761 |

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

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. Reorganization

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

As part of the Reorganization, Alliance Holding offered each Alliance Holding Unitholder the opportunity to exchange Alliance Holding Units for Alliance Capital Units on a one-for-one basis. In the exchange offer, approximately 99.6 million Alliance Holding Units were exchanged for Alliance Capital Units. This number includes the approximately 95.1 million Alliance Holding Units exchanged by affiliates of AXA Financial. At December 31, 1999, Alliance Holding owned approximately 72.3 million, or 42%, of the issued and outstanding Alliance Capital Units. ACMC owns 100,000 general partnership Units in Alliance Holding and a 1% general partnership interest in the Operating Partnership. At December 31, 1999, AXA Financial was the beneficial owner of approximately 2% of Alliance Holding's outstanding Units and approximately 55% of the Operating Partnership's outstanding Units which, including the general partnership interests, equates to an economic interest of approximately 57% in the Operating Partnership.

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

The Operating Partnership's consolidated financial statements and notes should be read in conjunction with the consolidated financial statements and notes of Alliance Holding included in this report.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Operating Partnership's consolidated financial statements have been prepared in accordance with generally accepted accounting principles. The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

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

Principles of Consolidation

The consolidated financial statements include the Operating Partnership and its majority-owned subsidiaries. The equity method of accounting is used for unconsolidated subsidiaries in which the Operating Partnership's ownership interests range from 20 to 50 percent and the Operating Partnership exercises significant influence over operating and financial policies. All significant intercompany transactions and balances among the consolidated entities have been eliminated.

Cash and Cash Equivalents

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

Investments

Investments, principally investments in Alliance mutual funds, are classified as available-for-sale securities. These investments are stated at fair value with unrealized gains and losses reported as a separate component of accumulated other comprehensive income in partners' capital. Realized gains and losses on the sale of investments are included in income currently and are determined using the specific-identification method.

Furniture, Equipment and Leasehold Improvements

Furniture, equipment and leasehold improvements are stated at cost, less accumulated depreciation and amortization. Depreciation is recognized on a straight-line basis over the estimated useful lives of eight years for furniture and three to six years for equipment. Leasehold improvements are amortized on a straight-line basis over the lesser of their estimated useful lives or the terms of the related leases.

Intangible Assets

Intangible assets consist principally of goodwill resulting from acquisitions and costs assigned to contracts of businesses acquired. Goodwill is being amortized on a straight-line basis over estimated useful lives ranging from twelve to forty years. Costs assigned to investment contracts of businesses acquired are being amortized on a straight-line basis over estimated useful lives of twenty years. Impairment of intangible assets is evaluated by comparing the undiscounted cash flows expected to be realized from those intangible assets to their recorded values, pursuant to Statement of Financial Accounting Standards No. 121 ("SFAS 121"), "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of ". If the expected future cash flows are less than the carrying value of intangible assets, an impairment loss is recognized for the difference between the carrying amount and the estimated fair value of those intangible assets.

Deferred Sales Commissions

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

Derivative Financial Instruments

Derivative financial instruments are used to manage exposure to adverse movements in interest rates. Payments to be received as a result of interest rate cap agreements are recognized as adjustments to interest expense. Premiums paid are included in other assets and amortized to interest expense over the period for which the cap is effective.

Revenue Recognition

Investment advisory and services base fees are recorded as revenue as the related services are performed. Certain investment advisory contracts provide for a performance fee, in addition to or in lieu of a base fee, that is calculated as a percentage of the related investment results over a specified period of time. Performance fees are recorded as revenue at the end of the measurement period.

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.

Option Plans

The Operating Partnership applies the provisions of Accounting Principles Board Opinion No. 25 ("APB 25"), "Accounting for Stock Issued to Employees", under which compensation expense is recorded on the date of grant only if the market price of the underlying Alliance Holding Units exceeds the exercise price. Statement of Financial Accounting Standards No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation", requires entities to recognize the fair value of all stock-based awards on the date of grant as expense over the vesting period or, alternatively, to continue to apply the provisions of APB 25 with disclosure of pro forma net income as if the fair-value method defined in SFAS 123 had been applied for employee stock option grants made in 1995 and subsequent years.

Pension and Other Post-retirement Plans

On January 1, 1998, Alliance Holding adopted Statement of Financial Accounting Standards No. 132 ("SFAS 132"), "Employers' Disclosures about Pension and Other Post-retirement Benefits", which revises employers' disclosures about pension and other post-retirement benefit plans. SFAS 132 does not change the method of accounting for such plans.

Advertising

Advertising costs are expensed as incurred and are included in other promotion and servicing expenses.

Foreign Currency Translation

Assets and liabilities of foreign subsidiaries are translated into United States dollars at exchange rates in effect at the balance sheet dates, and related revenues and expenses are translated into United States dollars at average exchange rates in effect during each period. Net foreign currency gains and losses resulting from the translation of assets and liabilities of foreign operations into United States dollars are reported as a separate component of accumulated other comprehensive income in partners' capital. Net foreign currency gains and losses for the three-year period ended December 31, 1999 were not material.

Cash Distributions to Partners

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.

Comprehensive Income

On January 1, 1998, Alliance Holding adopted Statement of Financial Accounting Standards No. 130 ("SFAS 130"), "Reporting Comprehensive Income", which establishes the disclosure requirements for reporting comprehensive income in an entity's financial statements. Total comprehensive income is reported in the Consolidated Statements of Changes in Partners' Capital and Comprehensive Income and includes net income, unrealized gains and losses on investments classified as available-for-sale, and foreign currency translation adjustments. The accumulated balance of comprehensive income items is displayed separately in the partners' capital section of the Consolidated Statements of Financial Condition. Prior year ~financial statements have been reclassified to conform to the requirements of SFAS 130.

Reclassifications

Certain amounts in the 1998 and 1997 consolidated financial statements have been reclassified to conform with the 1999 presentation.

3. Pro Forma Financial Information (Unaudited)

The following table summarizes the unaudited condensed 1999, 1998 and 1997 results of operations of the Operating Partnership as if the Reorganization (See Note 1) had occurred on January 1, 1997. The pro forma financial information reflects the Operating Partnership ~as a private partnership that is not subject to a federal tax of 3.5% on partnership gross income from the active conduct of a trade or business.

The pro forma financial information does not necessarily reflect the results of operations that would have been obtained had the Reorganization occurred on January 1, 1997, nor is the pro forma financial information necessarily indicative of the results of operations that may be achieved for any future period.

| (in thousands) | 1999 | 1998 | 1997 |
|---|---|---|---|
| Revenues | $1,869,305 | $1,324,056 | $975,336 |
| Expenses | 1,340,485 | 975,344 | 827,574 |
| Income before income taxes | 528,820 | 348,712 | 147,762 |
| Income taxes | 34,067 | 25,196 | 18,806 |
| Net income | $ 494,753 | $ 323,516 | $128,956 |

4. Acquisitions

On December 22, 1998, a subsidiary of Alliance Holding acquired Whittingdale Holdings Limited ("Whittingdale"). The purchase price consists of an initial payment of $4.8 million in cash and two deferred payments, based on the attainment of certain revenue levels by Whittingdale, initially estimated to be $5.4 million in the aggregate payable on February 15, 2000 and 2001, respectively. In connection with the Reorganization, the Operating Partnership assumed all of Alliance Holding's rights and obligations with respect to the Whittingdale acquisition. Accounts payable and accrued expenses at December 31, 1999 included $5.4 million representing the initial estimate of the deferred payments. Subsequent to December 31, 1999, the estimate of the aggregate deferred payments was revised to $6.9 million. The Operating Partnership also has agreed to pay up to $6.7 million to the former owner of Whittingdale. The amount of this payment is based upon revenues in the year 2003 and will be expensed if and when the payment is incurred.

The acquisition was accounted for under the purchase method with the results of Whittingdale included in the consolidated financial statements from the acquisition date. The excess of the purchase price over the fair value of net assets acquired resulted in the recognition of goodwill of approximately $8.8 million, which increased to $10.3 million in 2000, and is being amortized over twenty years. Pro forma financial information for the year ended December 31, 1998, reflecting the effects of the acquisition, is not presented because it would not be materially different from the actual results reported.

On February 29, 1996, Alliance Holding acquired substantially all of the assets and liabilities of Cursitor Holdings, L.P. ("CHLP") and all of the outstanding shares of Cursitor Holdings Limited, currently Cursitor Alliance Holdings Limited (collectively, "Cursitor"), for approximately $159.0 million. The acquisition of Cursitor, which was accounted for under the purchase method, resulted in the formation of a new subsidiary, Cursitor Alliance LLC ("Cursitor Alliance"), in which CHLP owns a 7% minority equity interest which the Operating Partnership has an option to purchase (See Note 11).

During the second quarter of 1997, management of Alliance Holding determined that the value of the intangible assets recorded in connection with the 1996 acquisition of Cursitor was impaired and reduced the unamortized value by $120.9 million to estimated fair value.

5. Investments, Available-for-Sale

At December 31, 1999 and 1998, investments available-for-sale consisted solely of investments in Alliance mutual funds. The amortized cost, gross unrealized gains and losses and fair value of investments, available-for-sale were as follows (in thousands):

| | Amortized Cost | Unrealized Gains | Gross Unrealized Losses | Gross Fair Value |
|---|---|---|---|---|
| December 31, 1999 | $95,016 | $3,791 | $(187) | $98,620 |
| December 31, 1998 | $93,154 | $2,169 | $(580) | $94,743 |

Proceeds from sales of investments, available-for-sale were approximately $1,187,555,000, $430,266,000 and $506,116,000 in 1999, 1998 and 1997, respectively. Gross gains and gross losses realized from the sales for the years ended December 31, 1999, 1998 and 1997 were not material.

6. Furniture, Equipment and Leasehold Improvements

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

| | December 31, 1999 | 1998 |
|---|---|---|
| Furniture and equipment | $133,824 | $95,886 |
| Leasehold improvements | 92,251 | 66,954 |
| | 226,075 | 162,840 |
| Less: Accumulated depreciation and amortization | 86,030 | 66,439 |
| Furniture, equipment and leasehold improvements, net | $140,045 | $96,401 |

7. Intangible Assets

Intangible assets consist of (in thousands):

| | December 31, 1999 | 1998 |
|---|---|---|
| Goodwill, net of accumulated amortization of $20,013 and $17,693 in 1999 and 1998, respectively | $80,434 | $ 83,276 |
| Costs assigned to investment contracts of businesses acquired, net of accumulated amortization of $89,514 and $88,423 in 1999 and 1998, respectively | 17,634 | 18,725 |
| Intangible assets, net | $98,068 | $102,001 |

8. Other Investments

Other investments are comprised of (in thousands):

| | December 31, 1999 | 1998 |
|---|---|---|
| Investments in sponsored partnerships and other investments | $48,335 | $19,559 |
| Investments in unconsolidated affiliates | 9,451 | 5,566 |
| Other investments | $57,786 | $25,125 |

9. Debt

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

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

The revolving credit facilities contain covenants which, among other things, require the Operating Partnership to meet certain financial ratios. The Operating Partnership was in compliance with the covenants at December 31, 1999.

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

At December 31, 1999 and 1998, the Operating Partnership and Alliance Holding had $384.7 million and $179.5 million of commercial paper outstanding, respectively, at effective interest rates of 5.9% and 5.5%, respectively. There were no borrowings outstanding under the revolving credit facilities or the ECN Program on these dates. The recorded amount of outstanding commercial paper approximates fair value.

Debt also includes notes issued to CHLP in the aggregate principal amounts of $5.4 million and $10.8 million at December 31, 1999 and 1998, respectively. The notes bear interest at 6% per annum and the note outstanding at December 31, 1999 is payable in 2000. The recorded amounts of the notes approximate their fair value.

10. Interest Rate Cap Agreement

Alliance Holding entered into a three-year interest rate cap agreement with a major U.S. commercial bank, effective in December 1998, which was assumed by the Operating Partnership in connection with the Reorganization. The purpose of this agreement is to reduce the Operating Partnership's exposure to interest rate risk by effectively placing an interest rate ceiling or "cap" of 6% per annum on interest payable on up to $100 million of the debt outstanding under the commercial paper program and the five-year revolving credit facility. The fair value of the interest rate cap was approximately $1,267,000 at December 31, 1999, and the carrying value of the unamortized premium was $594,000.

The $100 million notional principal amount does not represent the Operating Partnership's exposure to credit risk, but is the basis for determining the payment obligation of the counterparty. During the term of the interest rate cap, the Operating Partnership will receive monthly payments from the counterparty based on the excess, if any, of the stated reference rate of 6% times the notional amount. Should the counterparty fail to perform its obligations under the agreement, the borrowing costs on the first $100 million debt outstanding could exceed 6%. However, at this time, the Operating Partnership does not have any reason to believe that the counterparty would fail to perform.

## 11. 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, 1999 aggregated $466,019,000 and are payable as follows: $31,110,000, $30,205,000, $29,365,000, $29,391,000 and $28,384,000 for the years 2000 through 2004, respectively, and a total of $317,564,000 for the remaining years 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, 1999, 1998 and 1997 was $31,907,000, $25,062,000, and $21,262,000, respectively.

In connection with the Cursitor acquisition, Alliance Holding obtained an option to purchase the minority interest held by CHLP in Cursitor Alliance, and CHLP obtained an option to sell its minority interest to Alliance Holding for cash, Alliance Holding Units, or a combination thereof with a value of not less than $10.0 million or more than $37.0 million ("Buyout Price"). The Operating Partnership assumed all of Alliance Holding's rights and obligations with respect to CHLP in connection with the Reorganization. The Buyout Price will be determined based on the amount of global asset allocation investment advisory revenues earned by Cursitor Alliance during a twelve-month period ending on the February 28th preceding the date either option is exercised. Due to the decline in Cursitor Alliance revenues, management believes that the Buyout Price for the minority interest will be $10.0 million, which will be substantially higher than its fair value. Accordingly, a $10.0 million provision for the Buyout Price was recorded in the first quarter of 1998.

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

On October 29, 1996, plaintiffs filed a motion for leave to file an amended complaint. The principal allegations of the proposed amended complaint are that (i) the Fund failed to hedge against currency risk despite representations that it would do so, (ii) the Fund did not properly disclose that it planned to invest in mortgage-backed derivative securities, and (iii) two advertisements used by the Fund misrepresented the risks of investing in the Fund. On October 15, 1998, the United States Court of Appeals for the Second Circuit issued an order granting plaintiffs' motion to file an amended complaint alleging that the Fund misrepresented its ability to hedge against currency risk and denying plaintiffs' motion to file an amended complaint alleging that the Fund did not properly disclose that it planned to invest in mortgage-backed derivative securities and that certain advertisements used by the Fund misrepresented the risks of investing in the Fund.

On December 1, 1999, the United States District Court for the Southern District of New York granted the defendants' motion for summary judgment on all claims against all defendants. On December 14 and 15, 1999, the plaintiffs filed motions for reconsideration of the Court's ruling. These motions are currently pending with the Court.

The Operating Partnership assumed all of Alliance Holding's liabilities in respect of this litigation in connection with the Reorganization. The Operating Partnership and Alliance Holding believe that the allegations in the proposed amended complaint are without merit and intend to vigorously defend against these claims. While the ultimate outcome of this matter cannot be determined at this time, management of the Operating Partnership does not expect that it will have a material adverse effect on the Operating Partnership's results of operations or financial condition.

## 12. Net Capital

Alliance Fund Distributors, Inc. ("AFD"), a wholly-owned subsidiary of the Operating Partnership, serves as distributor and/or underwriter for certain Alliance mutual funds. AFD is registered as a broker-dealer under the Securities Exchange Act of 1934 and is subject to the minimum net capital requirements imposed by the Securities and Exchange Commission. AFD's net capital at December 31, 1999 was $14,187,000, which was $5,763,000 in excess of its required net capital of $8,424,000.

## 13. Employee Benefit Plans

In connection with the Reorganization, all employees of Alliance Holding became employees of the Operating Partnership effective October 29, 1999 and the Operating Partnership assumed all employee benefit plans previously administered by Alliance Holding. The Operating Partnership and its subsidiaries maintain a number of qualified and nonqualified employee benefit and incentive compensation plans. Except as indicated, the aggregate amount available for annual employee bonuses and contributions to the various employee benefit plans discussed below is based on a percentage of the consolidated operating profits of the Operating Partnership and its subsidiaries.

The Operating Partnership maintains a qualified profit sharing plan covering substantially all U.S. and certain foreign employees. The amount of the annual contribution to the plan is determined by a committee of the Board of Directors of the General Partner. Contributions are limited to the maximum amount deductible for federal income tax purposes, generally 15% of the total annual compensation of eligible participants. Aggregate contributions for 1999, 1998 and 1997 were $11,415,000, $10,049,000 and $8,744,000, respectively.

The Operating Partnership maintains a qualified noncontributory defined benefit retirement plan in the U.S. covering substantially all U.S. employees and certain foreign employees. Benefits are based on years of credited service, average final base salary and primary Social Security benefits. The Operating Partnership's funding policy is to contribute annually an amount not to exceed the maximum amount that can be deducted for federal income tax purposes. Plan assets are comprised principally of corporate equity securities, U.S. Treasury securities and shares of Alliance mutual funds.

The projected benefit obligation under the retirement plan at December 31, 1999 and 1998 was comprised of (in thousands):

| | 1999 | 1998 |
|---|---|---|
| Benefit obligation at beginning of year | $33,481 | $26,169 |
| Service cost | 3,599 | 2,769 |
| Interest cost | 2,313 | 1,891 |
| Actuarial gains/losses | (7,799) | 3,313 |
| Benefits paid | (452) | (661) |
| Benefit obligation at end of year | $31,142 | $33,481 |

Changes in plan assets at fair value for the years ended December 31, 1999 and 1998 were comprised of (in thousands):

| | 1999 | 1998 |
|---|---|---|
| Plan assets at fair value at beginning of year | $32,244 | $24,300 |
| Actual return on plan assets | 6,070 | 8,605 |
| Benefits paid | (452) | (661) |
| Plan assets at fair value at end of year | $37,862 | $32,244 |

The following table presents the retirement plan's funded status and amounts recognized in the consolidated statements of financial condition at December 31, 1999 and 1998 (in thousands):

| | 1999 | 1998 |
|---|---|---|
| Funded status | $ 6,720 | $(1,237) |
| Unrecognized net gain from past experience different from that assumed and effects of changes in assumptions | (15,773) | (5,139) |
| Prior service cost not yet recognized in net periodic pension cost | (1,308) | (1,421) |
| Unrecognized net plan assets at January 1, 1987 being recognized over 26.3 years | (1,906) | (2,049) |
| Accrued pension expense included in accrued compensation and benefits | $(12,267) | $(9,846) |

Net expense under the retirement plan for the years ended December 31, 1999, 1998 and 1997 was comprised of (in thousands):

| | 1999 | 1998 | 1997 |
|---|---|---|---|
| Service cost | $ 3,599 | $ 2,769 | $ 2,143 |
| Interest cost on projected benefit obligations | 2,313 | 1,891 | 1,600 |
| Expected return on plan assets | (3,160) | (2,393) | (1,995) |
| Net amortization and deferral | (331) | (271) | (272) |
| Net pension charge | $ 2,421 | $ 1,996 | $ 1,476 |

Actuarial computations at December 31, 1999, 1998 and 1997 were made utilizing the following assumptions:

| | 1999 | 1998 | 1997 |
|---|---|---|---|
| Discount rate on benefit obligations | 8.00% | 7.00% | 7.50% |
| Expected long-term rate of return on plan assets | 10.00% | 10.00% | 10.00% |
| Annual salary increases | 5.66% | 5.66% | 5.50% |

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

The Operating Partnership maintains a nonqualified unfunded deferred compensation plan known as the Capital Accumulation Plan and assumed obligations under contractual unfunded deferred compensation arrangements covering certain executives which are not funded from the incentive compensation pool.

The Capital Accumulation Plan was frozen on December 31, 1987 and no additional awards have been made. The Board of Directors of the General Partner may terminate the Capital Accumulation Plan at any time without cause, in which case the Operating Partnership's liability would be limited to benefits that have vested. Benefits due eligible executives under the contractual unfunded deferred compensation arrangements vested on or before December 31, 1987. Payment of vested benefits under both the Capital Accumulation Plan and the contractual unfunded deferred compensation arrangements will generally be made over a ten-year period commencing at retirement age. ACMC, Inc., a subsidiary of AXA Financial, 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, 1999, 1998 and 1997 were $1,727,000, $2,112,000 and $1,980,000, respectively.

During 1995, the Operating Partnership established an unfunded deferred compensation plan known as the Alliance Partners Compensation Plan (the "Plan") under which certain awards may be granted to eligible executives. A committee comprised of certain executive officers of the General Partner administers the Plan and determines the aggregate amount and recipients of awards. Awards made in 1995 vest ratably over three years. Awards made after 1995 generally vest ratably over eight years. Until distributed, the 1995 through 1998 awards are generally credited with earnings based on the Operating Partnership's earnings growth rate. Payment of vested 1995 through 1998 benefits will generally be made in cash over a five-year period commencing at retirement or termination of employment although, under certain circumstances, full or partial lump sum payments may be made. Effective for 1999, annual awards are payable in Alliance Holding Units and a subsidiary of the Operating Partnership purchases Alliance Holding Units for the account of each participant. The Alliance Holding Units may not be transferred until vested. The vesting periods range from one to eight years depending on the age of the participant. Participants receive distributions on non-vested Alliance Holding Units during the vesting period. 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 1999, 1998 and 1997 aggregating $48,210,000, $25,825,000 and $21,725,000, respectively. The amounts charged to employee compensation and benefits expense for the Plan for the years ended December 31, 1999, 1998 and 1997 were $12,044,000, $6,587,000 and $9,822,000, respectively.

During 1994, certain key employees of Shields Asset Management, Incorporated ("Shields") and its wholly-owned subsidiary, Regent Investor Services Incorporated ("Regent") entered into employment agreements with Alliance Holding and were issued 1,290,320 new Alliance Holding Units with an aggregate fair market value of approximately $15,000,000, which was amortized as employee compensation expense ratably over five years. The Operating Partnership assumed all of Alliance Holding's obligations with respect to such employees in connection with the Reorganization. Aggregate amortization of $500,000 was recorded for the year ended December 31, 1999 and $3,000,000 was recorded for each of the years ended December 31, 1998 and 1997.

14. Employee Unit Award and Option Plans

In connection with the Reorganization, the Operating Partnership assumed all obligations under the employee award and option plans previously administered by Alliance Holding.

During 1988, a Unit Option Plan (the "Unit Option Plan") was established under which options to purchase Alliance Holding Units were granted to certain key employees. A committee of the Board of Directors of the General Partner administers the Unit Option Plan and determines the grantees and the number of options to be granted. Options may be granted for terms of up to ten years and each option must have an exercise price of not less than the fair market value of Alliance Holding Units on the date of grant. Options are exercisable at a rate of 20% of the Alliance Holding Units subject to options on each of the first five anniversary dates of the date of grant. As of December 31, 1999, 2,423,250 options to purchase Alliance Holding Units were outstanding under the Unit Option Plan. No more options may be granted under the Unit Option Plan.

During 1993, the 1993 Unit Option Plan, the Unit Bonus Plan and the Century Club Plan (together the "1993 Plans") were established by Alliance Holding. Committees of the Board of Directors of the General Partner administer the 1993 Plans and determine the recipients of grants and awards. Under the 1993 Unit Option Plan, options to purchase Alliance Holding Units may be granted to key employees for terms of up to ten years. Each option must have an exercise price of not less than the fair market value of Alliance Holding Units on the date of grant. Options are exercisable at a rate of 20% of the Alliance Holding Units subject to options on each of the first five anniversary dates of the date of grant. Under the Unit Bonus Plan, Alliance Holding Units may be awarded to key employees in lieu of all or a portion of the cash bonuses they would otherwise receive under the Operating Partnership's incentive compensation program. Under the Century Club Plan, employees whose primary responsibilities are to assist in the distribution of Alliance mutual funds are eligible to receive an award of Alliance Holding Units. The aggregate number of Alliance Holding Units that can be the subject of options granted or that can be awarded under the 1993 Plans may not exceed 6,400,000 Alliance Holding Units. As of December 31, 1999, 6,054,600 Alliance Holding Units were subject to options granted and 310,286 Alliance Holding Units were subject to awards made under the 1993 Plans.

During 1997, the 1997 Long Term Incentive Plan (the "1997 Plan") was established by Alliance Holding. Committees of the Board of Directors of the General Partner administer the 1997 Plan and determine the recipients of Alliance Holding Unit awards, including options, restricted Alliance Holding Units and phantom restricted Alliance Holding Units, performance awards, other Alliance Holding Unit based awards, or any combination thereof. Awards under the 1997 Plan may be granted to key employees for terms established at the time of grant by the Committees. The aggregate number of Alliance Holding Units that can be the subject of options granted or that can be awarded under the 1997 Plan may not exceed 16,000,000 Alliance Holding Units.

During 1999, 1998, and 1997, the Committees authorized the grant of options to employees of the Operating Partnership to purchase 2,000,000, 2,777,000 and 2,125,000 Alliance Holding Units, respectively, under the Unit Option Plan, the 1993 Plans and the 1997 Plan. The per Alliance Holding Unit weighted-average fair value of options granted during 1999, 1998 and 1997 was $3.88, $3.86 and $2.18, respectively, on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions: risk-free interest rates of 5.7%, 4.4%, and 5.7% for 1999, 1998 and 1997, respectively; expected dividend yield of 8.7% for 1999, 6.5% for 1998 and 8.0% for 1997; and a volatility factor of the expected market price of Alliance Holding's Units of 29% for 1999 and 1998, and 26% for 1997.

The Operating Partnership applies APB 25 in accounting for its option plans and, accordingly, no compensation cost has been recognized for employee options in the consolidated financial statements. Had the Operating Partnership determined compensation cost based on the fair value at the grant date for its employee options under SFAS 123, the Operating Partnership's and Alliance Holding's combined net income for 1999 and Alliance Holding's net income for 1998 and 1997 would have been reduced to the pro forma amounts indicated below (in thousands):

| | 1999 | 1998 | 1997 |
|---|---|---|---|
| SFAS 123 Pro forma net income | $455,546 | $289,831 | $127,367 |

Pro forma net income reflects options granted beginning January 1, 1995. Therefore, the full impact of calculating compensation cost for options under SFAS 123 is not reflected in the pro forma net income amounts presented above because compensation cost is reflected over the options' vesting period of five years and compensation cost for options granted prior to January 1, 1995 is not considered.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected Alliance Holding Unit price volatility. Because employee options have characteristics 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 the options.

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

| | Alliance Holding Units | Weighted Average Exercise Price Per Alliance Holding Unit |
|---|---|---|
| Outstanding at January 1, 1997 | 10,068,200 | $ 9.54 |
| Granted | 2,125,000 | $18.28 |
| Exercised | (1,183,800) | $ 8.06 |
| Forfeited | (371,800) | $10.64 |
| Outstanding at December 31, 1997 | 10,637,600 | $11.41 |
| Granted | 2,777,000 | $26.28 |
| Exercised | (938,972) | $ 8.91 |
| Forfeited | (205,200) | $13.14 |
| Outstanding at December 31, 1998 | 12,270,428 | $14.94 |
| Granted | 2,000,000 | $30.18 |
| Exercised | (1,477,878) | $ 9.51 |
| Forfeited | (303,800) | $17.79 |
| Outstanding at December 31, 1999 | 12,488,750 | $17.95 |
| Exercisable at December 31, 1999 | 6,129,550 | |

Exercise prices for options outstanding as of December 31, 1999 ranged from $3.66 to $30.94 per Alliance Holding Unit. The weighted-average remaining contractual life of those options is 7.0 years.

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

| Range of Exercise Prices | Options Outstanding: Number Outstanding as of 12/31/99 | Options Outstanding: Weighted Average Remaining Contractual Life | Options Outstanding: Weighted Average Exercise Price | Options Exercisable: Number Exercisable as of 12/31/99 | Options Exercisable: Weighted Average Exercise Price |
|---|---|---|---|---|---|
| $ 3.66 - $ 9.81 | 2,576,750 | 3.8 | $ 8.31 | 2,246,350 | $ 8.12 |
| 9.88 - 12.56 | 3,340,200 | 5.6 | 11.16 | 2,617,000 | 10.92 |
| 13.75 - 18.47 | 1,849,800 | 7.9 | 18.34 | 715,800 | 18.34 |
| 18.78 - 26.31 | 2,757,000 | 8.9 | 26.16 | 550,400 | 26.06 |
| 27.31 - 30.94 | 1,965,000 | 9.9 | 30.24 | -- | -- |
| $ 3.66 - $30.94 | 12,488,750 | 7.0 | $17.95 | 6,129,550 | $12.12 |

15. 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, beginning January 1, 1998, a 3.5% federal tax on partnership gross income from the active conduct of a trade or business.

The provision for income taxes, which are all currently payable, consists of (in thousands):

| | Years Ended December 31, 1999 | 1998 | 1997 |
|---|---|---|---|
| Partnership unincorporated business taxes | $25,607 | $16,047 | $11,186 |
| Federal tax on partnership gross business income | 33,104 | 30,600 | -- |
| Corporate subsidiaries: | | | |
| Federal | 4,250 | 3,855 | 4,800 |
| State, local and foreign | 4,210 | 5,294 | 2,820 |
| Provision for income taxes | $67,171 | $55,796 | $18,806 |

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, 1999 | | 1998 | | 1997 | |
|---|---|---|---|---|---|---|
| UBT statutory rate | $21,153 | 4.0% | $13,948 | 4.0% | $ 5,910 | 4.0% |
| Federal tax on partnership gross business income | 33,104 | 6.3 | 30,600 | 8.8 | -- | -- |
| Corporate subsidiaries' federal, state, local and foreign income taxes | 8,212 | 1.5 | 8,878 | 2.5 | 7,206 | 4.9 |
| Reduction in recorded value of intangible assets | -- | -- | -- | -- | 4,705 | 3.2 |
| Miscellaneous | 4,702 | 0.9 | 2,370 | 0.7 | 985 | 0.6 |
| Provision for income taxes and effective tax rates | $67,171 | 12.7% | $55,796 | 16.0% | $18,806 | 12.7% |

Under Statement of Financial Accounting Standards No. 109 ("SFAS 109"), "Accounting for Income Taxes", deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The tax effect of significant items comprising the net deferred tax assets are as follows (in thousands):

| | December 31, 1999 | 1998 |
|---|---|---|
| Deferred tax asset: | | |
| Differences between book and tax treatment of deferred compensation plans | $ 6,587 | $3,287 |
| Differences between book and tax basis of intangible assets | 1,690 | 1,847 |
| Other, primarily accruals deductible when paid | 1,955 | 2,056 |
| | 10,232 | 7,190 |
| Deferred tax liability: | | |
| Differences between book and tax basis of furniture, equipment and leasehold improvements | 411 | 290 |
| Differences between book and tax basis of investment partnerships | 736 | -- |
| | 1,147 | 290 |
| Net deferred tax asset | 9,085 | 6,900 |
| Valuation allowance | 8,185 | 6,000 |
| Deferred tax asset, net of valuation allowance | $ 900 | $ 900 |

The net change in the valuation allowance for the year ended December 31, 1999 was $2,185,000. The valuation allowance primarily relates to uncertainties on the deductibility for UBT purposes of certain compensation related items and the amortization expense related to certain intangibles. The deferred tax asset is included in other assets.

16. 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 these consolidated financial statements. 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 on a 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, 1999, 1998 and 1997 were as follows:

Services

Total revenues derived from the Operating Partnership's and, prior to the Reorganization, Alliance Holding's investment management services for the years ended December 31, were (in millions):

| | 1999 | 1998 | 1997 |
|---|---|---|---|
| Separately managed accounts | $ 453 | $ 373 | $323 |
| Alliance mutual funds | | | |
| Mutual funds | 1,090 | 674 | 432 |
| Variable products | 124 | 93 | 68 |
| Cash management services | 187 | 175 | 146 |
| Other | 15 | 9 | 6 |
| Total | $1,869 | $1,324 | $975 |

Geographic Information

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

| | 1999 | 1998 | 1997 |
|---|---|---|---|
| Total revenues: | | | |
| United States | $ 1,541 | $ 1,122 | $ 884 |
| International | 328 | 202 | 91 |
| Total | $ 1,869 | $ 1,324 | $ 975 |
| Long-lived assets: | | | |
| United States | $ 803 | $ 536 | $ 400 |
| International | 40 | 38 | 29 |
| Total | $ 843 | $ 574 | $ 429 |
| Assets under management: | | | |
| United States | $316,919 | $250,894 | $197,292 |
| International | 51,402 | 35,765 | 21,362 |
| Total | $368,321 | $286,659 | $218,654 |

Major Customers

The Alliance mutual funds are distributed to individual investors through broker-dealers, insurance sales representatives, banks, registered investment advisers, financial planners and other financial intermediaries. AXA Advisors, LLC ("AXA Advisors"), a wholly-owned subsidiary of AXA Financial that uses members of the AXA Financial insurance agency sales force as its registered representatives, has entered into a selected dealer agreement with AFD and has been responsible for 4%, 5% and 7% of U.S. and offshore mutual fund sales in 1999, 1998, and 1997, respectively. Subsidiaries of Merrill Lynch & Co., Inc. ("Merrill Lynch") were responsible for approximately 26%, 26% and 24% of U.S. and offshore mutual fund sales in 1999, 1998, and 1997, respectively. Citigroup, Inc. ("Citigroup"), parent company of Salomon Smith Barney, was responsible for approximately 6% of U.S. and offshore mutual fund sales in 1999 and 1998 and 7% in 1997. AXA Advisors, Merrill Lynch and Citigroup are under no obligation to sell a specific amount of fund shares and each also sells shares of mutual funds that it sponsors and which are sponsored by unaffiliated organizations.

AXA and the general and separate accounts of ELAS (including investments by the separate accounts of ELAS in the funding vehicles EQ Advisors Trust and The Hudson River Trust for certain periods) accounted for approximately 20%, 22% and 26% of total assets under management at December 31, 1999, 1998 and 1997, respectively, and approximately 8%, 11% and 14% of total revenues for the years ended December 31, 1999, 1998 and 1997, respectively. No single institutional client other than AXA and ELAS accounted for more than 1% of total revenues for the years ended December 31, 1999, 1998 and 1997, respectively.

17. Related Party Transactions

Investment management, distribution, and shareholder and administrative 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 to the Alliance mutual funds are as follows (in thousands):

| | Years Ended December 31, | | |
|---|---|---|---|
| | 1999 | 1998 | 1997 |
| Investment advisory and services fees | $887,443 | $588,396 | $384,759 |
| Distribution revenues | 441,772 | 301,846 | 216,851 |
| Shareholder servicing fees | 62,332 | 43,475 | 36,327 |
| Other revenues | 9,935 | 8,572 | 8,579 |

Investment management and administration services are provided to AXA and to AXA Financial and certain of its subsidiaries other than the Operating Partnership (the "AXA Financial Subsidiaries") and certain of their affiliates. In addition, certain AXA Financial Subsidiaries distribute Alliance mutual funds, for which they receive commissions and distribution payments. Sales of Alliance mutual funds through the AXA Financial Subsidiaries, excluding cash management products, aggregated approximately $1,228 million, $859 million and $594 million for the years ended December 31, 1999, 1998 and 1997, respectively. The Operating Partnership and its employees are covered by various insurance policies maintained by the AXA Financial Subsidiaries. In addition, the Operating Partnership pays fees for other services and technology provided by AXA and the AXA Financial Subsidiaries.

Aggregate amounts included in the consolidated financial statements for transactions with the AXA Financial Subsidiaries and certain of their affiliates are as follows (in thousands):

| | Years Ended December 31, | | |
|---|---|---|---|
| | 1999 | 1998 | 1997 |
| Revenues: | | | |
| Investment advisory and services fees | $ 54,647 | $58,051 | $52,930 |
| Other revenues | 8,003 | 7,931 | 7,739 |
| Expenses: | | | |
| Distribution payments to financial intermediaries | 106,170 | 82,444 | 56,118 |
| General and administrative | 4,950 | 5,076 | 5,819 |

18. Supplemental Cash Flow Information

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

| | Years Ended December 31, | | |
|---|---|---|---|
| | 1999 | 1998 | 1997 |
| Interest | $ 10,206 | $ 4,043 | $ 1,803 |
| Income taxes | 68,369 | 15,460 | 15,724 |

19. Accounting Pronouncements

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

20. Cash Distribution

On January 13, 2000, the General Partner declared a total distribution of $157,974,000 representing a distribution from Available Cash Flow (as defined in the Alliance Capital Partnership Agreement) of the Operating Partnership of $121,519,000 for the two months ended December 31, 1999 and a special distribution of $36,455,000. The distribution is payable on February 14, 2000 to holders of record on February 1, 2000.

Independent Auditors' Report

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

We have audited the accompanying consolidated statement of financial condition of Alliance Capital Management L.P. and subsidiaries ("Alliance Capital") as of December 31, 1999, and the related consolidated statements of income, changes in partners' capital and comprehensive income and cash flows for the two-month period ended December 31, 1999. We have also audited the statement of financial condition of Alliance Capital Management Holding L.P., the predecessor to Alliance Capital, at December 31, 1999 and the related consolidated statements of income, changes in partners' capital and comprehensive income and cash flows for the ten-month period ended October 29, 1999 (date of Reorganization -- Note 1) and the consolidated statements of income, changes in partners' capital and comprehensive income and cash flows for each of the years in the two-year period ended December 31, 1998. These consolidated financial statements are the responsibility of the management of Alliance Capital Management Corporation, 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 generally accepted auditing standards. 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 and Alliance Capital Management Holding L.P. as of December 31, 1999 and 1998, respectively, and the results of their operations and their cash flows for each of the periods presented in conformity with generally accepted accounting principles.

New York, New York
February 2, 2000

SUBSIDIARIES OF ALLIANCE CAPITAL

Alliance Capital Management
Corporation of Delaware
(Delaware)

ACM Software Services Ltd.
(Delaware)

Alliance Capital Asset Management
(India) Private Ltd.
(India)

Alliance Capital Management
Australia Limited
(Australia)

Alliance Capital Management
(Asia) Ltd.
(Delaware)

Alliance Capital (Mauritius)
Private Limited
(Mauritius)

Alliance Corporate Finance
Group Incorporated
(Delaware)

Alliance Capital Management
(Brasil) Ltda.
(Brazil)

Alliance Capital Management
(India) Ltd.
(Delaware)

ACAM Trust Company Private Limited
(India)

Alliance Capital Management
Canada, Inc.
(Canada)

Alliance Capital Management
(Turkey) Ltd.
(Delaware)

Alliance Capital (Luxembourg) S.A.
(Luxembourg)

Alliance Eastern Europe Inc.
(Delaware)

Alliance Capital Global
Derivatives Corporation
(Delaware)

Alliance Barra Research
Institute, Inc.
(Delaware)

Alliance Fund Distributors, Inc.
(Delaware)

Alliance Fund Services, Inc.
(Delaware)

Alliance Capital Oceanic Corporation
(Delaware)

Alliance Capital Management
(Japan) Inc.
(Delaware)

ACM Fund Services, S.A.
(Luxembourg)

ACM Fund Services (Espana) S.L.
(Spain)

ACSYS Software India Pvt. Ltd.
(India)

Alliance Capital Limited
(UK)

Alliance Capital Services Limited
(UK)

Cursitor Alliance LLC
(Delaware)

Alliance Cecogest
(France)

Cursitor-Eaton Asset
Management Company
(New York)

Cursitor Alliance Holdings Limited
(UK)

Cursitor Management Co. SA
(Luxembourg)

Alliance Asset Allocation Limited
(UK)

Dimensional Trust Management Limited
(UK)

Draycott Partners, Ltd.
(Massachusetts)

Meiji-Alliance Capital Corporation
(Delaware)

New-Alliance Asset Management
(Asia) Limited
(Hong Kong)

ACM New-Alliance (Luxembourg) S.A.
(Luxembourg)

Cursitor Alliance Services Limited
(UK)

East Fund Managementberatung GmbH
(Austria)

East Fund Management (Cyprus) LTD
(Cyprus)

EFM Consultanta Financiara Bucuresti SRL
(Romania)

ACM CIIC Investment Management Limited
(Cayman Islands)

BCN Alliance Capital Management S.A.
(Brazil)

Alliance Capital Management (Singapore) Ltd.
(Singapore)

Alliance Capital Investment Trust Management
Limited K.K.
(Japan)

Alliance Odyssey Capital Management (Proprietary) Limited
(South Africa)

Alliance-Odyssey Capital Management (Namibia)(Proprietary) Limited
(Namibia)

Alliance-MBCA Capital (Prfivate) Limited
(Zimbabwe)

Alliance Capital Whittingdale Limited
(UK)

ACM Investments Limited
(UK)

Whittingdale Holdings Limited
(UK)

Whittingdale Nominees Limited
(UK)

Independent Auditors' Consent

The Board of Directors
Alliance Capital Management L.P.:

We consent to the use of our report dated February 2, 2000 relating to the consolidated statements of financial condition of Alliance Capital Management L.P. and subsidiaries ("Alliance Capital") as of December 31, 1999, and the related consolidated statements of income, changes in partners' capital and comprehensive income, and cash flows for the two-month period ended December 31, 1999; and the consolidated statements of financial condition of Alliance Capital Management Holding L.P., the predecessor to Alliance Capital at December 31, 1999, and the related consolidated statements of income, changes in partners' capital and comprehensive income, and cash flows for the ten-month period ended October 29, 1999 (date of reorganization) and the consolidated statements of income, changes in partners' capital and comprehensive income, and cash flows for each of the years in the two-year period ended December 31, 1998, incorporated herein by reference in the annual report on Form 10-K of Alliance Capital.

/s/ KPMG LLP

New York, New York
March 28, 2000

POWER-OF-ATTORNEY

KNOWN TO ALL MEN BY THESE PRESENTS, that the person whose signature appears below hereby revokes all prior powers granted by the undersigned to the extent inconsistent herewith and constitutes and appoints Bruce W. Calvert, John D. Carifa and David R. Brewer, Jr., and each of them, to act severally as attorneys-in-fact and agents, with full power of substitution and resubstitution, for the undersigned in any and all capacities, for the sole purpose of signing the Alliance Capital Management L.P. Annual Report on Form 10-K for the fiscal year ended December 31, 1999 and filing the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact, or their substitute or substitutes, may do or cause to be done by virtue hereof.

Date: February 14, 2000

/s/ Luis Javier Bastida
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Luis Javier Bastida

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Date: February 14, 2000

/s/ Donald H. Brydon
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Donald H. Brydon

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Date: February 14, 2000

/s/ Kevin C. Dolan
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Kevin C. Dolan

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Date: February 14, 2000

/s/ Denis Duverne
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Denis Duverne

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Date: February 14, 2000

/s/ Herve Hatt
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Herve Hatt

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Date: February 14, 2000

/s/ Alfred Harrison
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Alfred Harrison

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Date: February 14, 2000

/s/ Michael Hegarty
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Michael Hegarty

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Date: February 14, 2000

/s/ Benjamin D. Holloway
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Benjamin D. Holloway

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Date: February 14, 2000

/s/ Edward D. Miller
---
Edward D. Miller

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Date: February 14, 2000

/s/ Peter D. Noris
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Peter D. Noris

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Date: February 14, 2000

/s/ Stanley B. Tulin
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Stanley B. Tulin

POWER-OF-ATTORNEY

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Date: February 14, 2000

/s/ Robert B. Zoellick
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Robert B. Zoellick

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Date: February 14, 2000

/s/ Henri de Castries
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Henri de Castries

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Alliance Capital Management L.P.
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DEC-31-1999
JAN-01-1999
DEC-31-1999
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